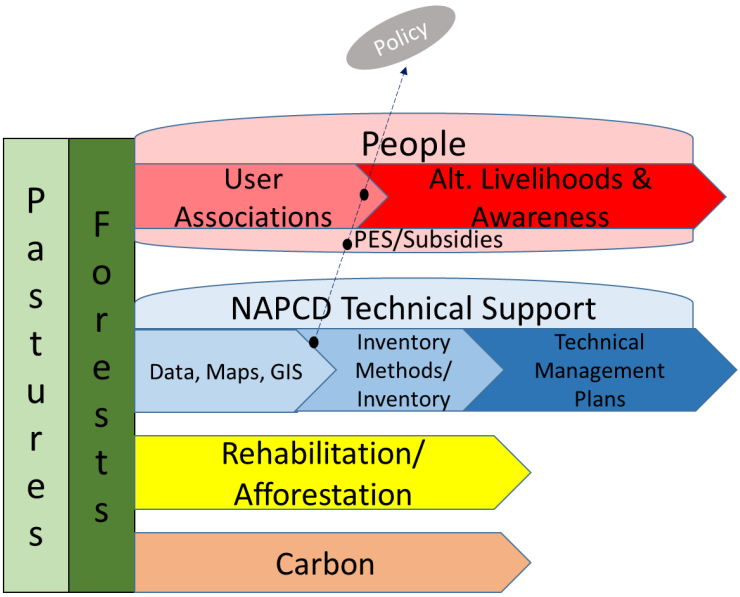
Mid-Term Review of

Sustainable Land and Forest Management in the Greater Caucasus Landscape (UNDP-GEF SLFM)

Project of:
Ministry of Ecology and Natural Resources, Government of Azerbaijan
United Nations Development Programme
Global Environment Facility



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Attached Annexes

Annexes Provided in Separate Electronic Documents

Acronyms and Abbreviations[1]

ASAU – Azerbaijan State Agricultural University
CEO – chief executive officer
CIS – Commonwealth of Independent States
ENPI FLEG – European Neighborhood Policy Instrument, Forest Law Enforcement and Governance Program
EU – European Union
FAO – United Nations Food and Agriculture Organization
FSC – Forest Stewardship Council
FUA – forest user association
GAA – Ganja Agribusiness Association
GEF – Global Environment Facility
GHG – greenhouse gas
GIS – geographic information system
GIZ – Deutsche Gesellschaft für Internationale ZusammenarbeitGerman
GPS – global positioning system
ha – hectare
IC – individual contractor
IPCC – Intergovernmental Panel on Climate Change
IPFMPs – integrated rayon-level pasture and forest management plans
LULUCF – land use, land use change, and forestry
LWG – legal working group
M – million
MoA – Ministry of Agriculture
MoENR – Ministry of Ecology and Natural Resources
MOU – memorandum of understanding
MTR – mid-term review
NA – not applicable or not available
NAPCD – National Action Plan to Combat Desertification
NAS – National Academy of Sciences
NGO – non-governmental organization
NTFPs – non-timber forest products
PES – payment for ecosystem services
PIF – project identification form
PIR – project implementation report
PM – project manager
PRF – project results framework
ProDoc – project document
PSC – project steering committee
PUA – pasture user association
RAPCD – Rayon Action Plan to Combat Desertification
REDD+ - Reducing Emissions from Deforestation and Forest Degradation+:

[1]Please see Annex 3 for definitions of some of these acronyms and abbreviations, as well as for definitions of some other terms found in the text.

RS – rapid survey
RSCs – rayon multi-stakeholder committees
SFM – sustainable forest management
SLFM – Sustainable Land and Forest Management
SLM – sustainable land management
UNFCCC – United Nations Framework Convention on Climate Change
UNDP – United Nations Development Programme
USD – US dollar
WWF - World Wildlife Fund

Executive Summary

"The project needs to decrease the pressure on forest and pasture areas. Then they need to show the President this work." - Government stakeholder

Background on Project and MTR

- SLFM is a 5-year UNDP-GEF project in Azerbaijan with USD5.68 million in GEF funding. Project launch was in 2013 and original project close date is Dec. 2017. The implementing partner is MoENR. All field work is focused in the two rayons of Ismayilli and Shamakhi. The project is considered by many to be complex and ambitious in its coverage of pastures, forests, related policies, and carbon.
- Designed in 2011, it took a year for the project to be approved by the Cabinet of Ministers. Several months passed between approval (in early 2013) and inception in July 2013. It took almost a year before activities geared up to a significant pace in mid-2014.
- Extension of project close from Dec. 2017 to Dec. 2018 is recommended, contingent on submission of clear action plan that covers the full proposed remaining period of project.
- Since activities have geared up to a substantial pace, over the past 1.5 years, the project has focused mainly on background work. The exception is afforestation pilots.
- A simplified way to express the project objective is: "Increased forest and pasture cover in the Greater Caucasus achieved via sustainable land and forest management."
- All project components have activities in both forests and pastures. A simplified way to organize the work of the project is: Outcome 1 – Policy. Outcome 2A – Maps/GIS, Inventory, and Management Plans (each item building on the foregoing one). Outcome 2B – Afforestation and Pasture Planting. Outcome 2C – People-oriented Initiatives (such as livelihoods and subsidy pilots). Outcome 3: Carbon.
- The PSC does not have active members outside MoENR, UNDP, and project team. The project has 7 full-time staff: project manager, four team leads, finance assistant, and administrative assistant.
- SLFM works very closely with the EU-UNDP ClimaEast Project, which has financing of US1.3 M and focuses on pastures and carbon. The ClimaEast project manager plays an important role in moving SLFM activities forward.
- While MoENR regulates environmental aspects of pastures, MoA is responsible for promoting animal husbandry. The project has not done much MoA outreach. The rayons are responsible for renting out pasture to pastoralists. MoENR oversees forests.
- The MTR was conducted mostly in Dec. 2015. It adopted an interview-intensive methodology, conducting about 35 interviews with members of the project team, experts retained by the project, national and local level officials, pastoralists, forest users, villagers, and other donors. It included field visits to Ismayilli and Shamakhi.

Big Picture: Overall Impression and Priorities

- Stakeholders present a range of impressions of the project, including: Praise for "comprehensiveness of approach," frustration due to lack of results in the field, and pride for certain aspects, such as innovative afforestation techniques and technical trainings.
- While the project is quite behind in establishing pilots in the field, it has begun to accumulate some innovative and meaningful results. If a targeted and strategic approach

is taken, the project could put itself on track to meaningfully contribute to the objective of increased forest and pasture cover and be an outstanding project.

- Recommendations for addressing key, "big picture" needs are:
    - Develop simplified approach to describing the project and explaining how its parts tie together. See Exhibit 2-2a and 2-2b for a possible approach. As is, stakeholders have a hard time understanding the project.
    - Develop simplified approach to explaining innovativeness and usefulness of results to date and results targeted. See Exhibits 2-3 and 2-4 for possible approaches.
    - Prepare a very clear action plan of what will be achieved from now until end of project. Present this in a simplified way that will be easy for high level stakeholders to understand. Exhibit 2-9 provides a possible approach.
    - Post-MTR, make major and immediate shift away from studies and technical work towards achieving results in the field, particularly with pilots involving people. To achieve this, staffing should be adjusted with more people based in the field and fewer in Baku. An expert with practical experience in alternative livelihoods may be needed to lead people-oriented activities.
    - Design future activities with their potential to increase forest and pasture cover top of mind. Livelihood activities should not be designed for the sake of livelihoods alone, but specifically because they will decrease pressure on forests or pastures. The emphasis should be on contributing to the project objective rather than addressing every sub-output indicated in the project document.
    - For policy work, design a strategy to push for adoption of policies and combine it with a broader awareness strategy. This may require high-level meetings with involvement of UNDP and may involve conferences and media outreach.
    - Conduct further discussion of opportunities in carbon area to determine whether additional carbon work beyond carbon pool estimates should be undertaken.
    - Make replication the ultimate goal of project going forward. Design activities with replicability in mind. All pilots should be launched in 2016, so that by mid-2017, project can be promoting these by inviting potential replicators for site visits.
- Key barriers to success of project are: (1) lack of buy-in and prompt action by MoENR (which requires high-level approval of many project activities), (2) lack of buy-in by rayon governments, and (3) lack of focus and pro-activeness by project team. Related recommendations are:
    - Develop strategy for achieving buy-in by MoENR and rayon governments. The PM, working with the ClimaEast PM, should be responsible for this strategy. UNDP may assist as needed. In January, a high-level meeting between UNDP and MoENR should be arranged to achieve buy-in from the Ministry for a major shift in project activities toward fieldwork and people-oriented initiatives.
    - Increase accountability and monitoring of the project team by PM. Hold weekly internal team meetings to report on progress. At least once a month, hold progress reporting meetings jointly with the ClimaEast PM. Each person should submit written progress report in advance. Failure to make progress or prepare progress reports may be grounds for termination. Hold quarterly meetings with UNDP at which big picture progress (e.g. according to a diagram such as Exhibit 2-9) is reviewed. UNDP should also monitor progress of the PM, who will be responsible

for the strategy of dealing with MoENR and the rayons, as well as project management of activities not overseen by the team leaders.

Outcome 1: Policy

- Project is preparing package of proposed policy amendments and standards for submission to Minister of Ecology. These include: (1) amendments and other legal documents for establishment of forest and pasture user associations, (2) amendments for subsidies for pasture users and private afforesters, and (3) proposed new pasture inventory methodology.
    - The first two (association and subsidy-related items) will eventually be sent to the Cabinet of Ministers, where they will need to be reviewed and agreed upon with appropriate government bodies. They will then require approval by the President's Administration. Amendments to the Land and Forest Codes (for the associations) must next be ratified by the Parliament before being signed into force by the President. All other legal documents (for associations) and amendments (for subsidies) do not require Parliamentary approval but instead will need to receive final consent from the Cabinet of Ministers.
    - The third (proposed new pasture inventory methodology) will be reviewed by MoENR with the National Academy of Sciences. MoENR will then present it to the Ministry of Justice for registration as a legal document, at which point it will come into force.
    - Approval of the new inventory methodology is highly likely. Some stakeholders believe the pasture and forest user association amendments are likely to be approved, while others do not. Most agree it will be very difficult to get the forest and pasture subsidy policies approved, as implementation could cost the government a lot of money.
- The experience of the policy team lead within the Parliament appears to be a strong advantage in terms of designing the legislation in a way that conforms to requirements.
- Overall, the proposed legislation appears quite innovative and relevant. There is some question as to how innovative proposed pasture subsidy amendments are, as the co-financed FAO pasture project ending in 2012 had submitted proposed pasture subsidy policies. These are now sitting in the Cabinet of Ministers.
- Proposed pasture and forest user association policies are completely new. Due to the difficulties in establishing NGOs in Azerbaijan, the policies could play an important role in facilitating the set-up of associations as NGOs. Some suggest the associations would be better off set up as cooperatives, in which case the policy proposals may become irrelevant. (Government departments approving cooperatives are different than those that approve NGOs.)
- The project does not have concrete plans for promoting adoption of its proposed policies. This may lead to a typical problem of donor project proposed policy "sitting" in the Cabinet of Ministers for long periods of time. Thus, adoption of a strategy to push for approval of proposed policies has been suggested above.

Outcome 2A: Maps/GIS, Inventories, and Management Plans

- The project maps/GIS, inventory, and management plan work is also referred to in this report as "NAPCD technical support" as is quite congruent with technical work outlined in MoENR's draft NAPCD. Therefore, it is quite country-driven.

- Work for "Outcome 2A," which includes efforts in both pastures and forests for all sub-components, is progressive in that the maps/GIS were needed to prepare the inventories; and the inventories are needed to prepare the management plans.
- GIS training is considered innovative and meaningful as GIS had not yet been used in the areas of forests and pastures in Azerbaijan.
- The project commissioned two rapid forest surveys for the project rayons to determine where there is forest and where there is not. There is some question about the use of these full rayon surveys (which were costly) for project purposes, particularly if forest inventory work will be done soon in the same areas.
- The pasture inventory methodology prepared by ClimaEast is considered innovative and meaningful as it cut costs from USD100 per ha to USD 0.50 per ha. Further, the last pasture inventory in Azerbaijan was carried out in 1949-51. ClimaEast has carried out inventory work in Ismayilli. SLFM is targeted to supplement this by covering additional area in Ismayilli and inventorying area in Shamakhi, but has not yet started.
- A Greek firm has been contracted to prepare a new forest inventory methodology for Azerbaijan and assist in initial implementation. Stakeholders are very excited about this work. The last detailed forest inventory in Azerbaijan was conducted in 1986 by Georgian experts. Azerbaijan lacks the capacity to do forest inventory.
- ClimaEast has begun to prepare pasture management plans for individual pastoralists in Ismayilli summer pastures. SLFM is targeted to extend this work to additional areas in Ismayilli and to winter pastures in Shamakhi, but has not yet begun. This work is critical as it will be integrated with livelihood and other people-oriented work to reduce pressure on pastures from the large-scale pastoralists.
- There is currently a lack of clarity as to whether the project should prepare a forest management plan. Some note the forest enterprises already have these; and it is not needed. Further, WWF has recently prepared an FSC forest management plan for Ismayilli. Others suggest the SLFM forest management plan will be different than these other plans and facilitate greater afforestation in mountain areas by MoENR. The team should have a decisive discussion on this topic. The discussion should clarify the specific benefits of a forest management plan in terms of afforestation and forest quality and how these benefits may be distinct from the plans already available. Efforts to obtain a copy of WWF's plan should continue. UNDP may help if possible.

Outcome 2B: Afforestation and Pasture Planting

- Project has 4 successful (survival rates over 70%) afforestation sites in Ismayilli on state land with total area of 130 ha. The 2 sites afforested in 2015 are particularly innovative via inclusion of range of species, including rare species and fruit and nut trees. One of the sites alternates every other row between broadleaf and conifer species. The 2 newest sites used row ploughing rather than full field ploughing to reduce carbon emissions. Traditionally, Azerbaijan's afforestation sites focus on broadleaf species only and have full field ploughing. In recent years, most MoENR afforestation has been on the roadside rather than in the mountains.
- Project has a failed afforestation site of 25 ha in Shamakhi on municipal (village) land. The survival rate is 25%. The problem was that the municipality failed to water the trees despite urging.
- ClimaEast has begun pasture planting work in the summer pastures. The approach is to sow grass in small degraded areas (such as 1 to 4 ha) and put a movable fence around these. SLFM is targeted to continue this work in summer pastures and also do planting work (which may include mechanical and chemical approaches) in winter

pastures. The ClimaEast approach is considered innovative, as past efforts sowed large, contiguous areas. Yet, there is concern about sustainability and replicability. Before the projects know which pastoralists will comply with pasture management plans, it is risky to conduct grass planting. This may turn out to have been a waste if subsequent management is poor. Further, it has been indicated that the cost of planting is too high for replication. More discussion on potential replication needs to be conducted. If there is no potential for replication, then funds might be better spent on other, replicable activities.

Outcome 2C: People-Focused Pasture and Forest Initiatives

- Stakeholders point out that, particularly in the case of pastures and also potentially in the case of forests, people are the true missing link to increased pasture and forest cover. The key need, they indicate, is either alternative livelihoods or a subsidy program to incentivize these people to protect the pastures and forests. So far, the project has not achieved much on the ground involving people. It has set up 2 pasture user associations (one in each rayon) and 2 forest user associations (one in each rayon). The ProDoc implies a major role for the associations, but does not specify what they will do.
- Going forward, the project should focus on initiatives for these associations, shifting the bulk of project work and resources to people-oriented initiatives.
- Three types of potential pilots for large-scale pastoralists were identified during the mission: (a) consulting support to improve the profitability of their core business, which may include reducing shepherd and livestock numbers; (b) subsidy pilots whereby large-scale pastoralists are offered hay or barley for delaying departure for summer pastures (thus giving summer pasture grass more time to grow); (c) alternative livelihood activities related to pastoralists' core business (e.g. milk, cheese, and wool processing; sale of these and of meat) or synergistic with that business (e.g. bee raising benefiting from pollination in pasture grasses).
- For forest users, key areas for pilots include: (a) subsidy pilots for afforestation by private individuals (may include planting of fruit trees and planting of vegetables in-between trees on rented land, with subsidy payment for afforestation); and (b) alternative livelihoods for forest users (may include NTFPs, such as processing and/or packaging of berries and medicinals, other forest use, such as fish ponds in the forest, or less related areas, such as bee raising or dairy).
- In the case of pastoralists, the correct target beneficiaries are clear. There are 123 large-scale pastoralists in Shamakhi and 140 in Ismayilli. Probably there is some overlap between these two groups.
- In the case of forest users, the team requires further discussion with its experts and perhaps further work to determine which type of beneficiary offers true potential as a link to increased forest cover. For the afforestation subsidy approach, the link to increased forest cover is clear. For other forest users, more clarification is needed. Some stakeholders assert that grazing in the forest (both by the livestock of those living in the village year around and by the livestock of large-scale pastoralists passing through) is a serious forest degradation issue. If this is correct, livelihood activities tied to increased protection from grazing in the forest would be appropriate to the project. Yet, some stakeholders suggest grazing is not such a significant problem. During the mission, the reviewer found that some Shamakhi pastoralists

who lack summer pasture areas are taking their large flocks to the forest for the summer season, suggesting serious degradation issues.

- In addition to identifying the proper targets for people-oriented incentive and livelihood work, the project must design effective mechanisms to ensure those who receive support will keep their end of the deal, whether it be to protect the forest from grazing or to reduce livestock numbers and implement pasture management plans.
- Marketing support and business plans will be an important part of livelihood work, but project should carefully control extent of business plan work versus action work to ensure it doesn't end up with a stack of business plans, but no action in the field.
- The project has commissioned a number of studies related to forest/pasture use and the condition of the forest/pastures. These reports provide insights on the need to conduct people-oriented initiatives. There is concern the reports will not be utilized. The project may consider pulling out key highlights from these reports and providing a short policy brief to policy makers. At some point, these may be combined with highlights from experiences with the pilots, for a more comprehensive policy brief.
- Pasture and forest user associations should target members who are most appropriate to improving the situation of the pastures and forests. While targets are clear in the case of pastures, more work needs to be done to determine targets for the forest. The set-up and selection of members of these associations prior to determining targeted forest users is of some concern. There appears to be a push for the project to support those who rent land in the forest for restaurants and hotels ("ecotourism"). It is not clear, however, that support of these persons will lead to increased forest cover and quality. If grazing is a key issue, then the selection process may consider those with the greatest potential for reducing grazing in the forest.
- The project should promote economic and empowerment opportunities for women. Probably the best opportunity to do this is via involving women in the aforementioned livelihood activities. The project should target to have a substantial proportion (e.g. 50 percent) of those involved in project livelihood activities and Pasture and Forest User Associations be women.

Outcome 3: Carbon

- Prior to project, Azerbaijan was using IPCC 1996 methodology for carbon pool work. Also, it had not conducted carbon pool field work, other than simple tree counting.
- The project introduced methodology for using IPCC 2006 methodology for carbon pool estimates of forests and pastures. It provided theoretical training on both pastures and forests and field training in the forest area. The trainees, many from MoENR, which is responsible for carbon reporting, have now prepared carbon pool estimates for forests in Ismayilli and Shamakhi.
- Next steps are for the project to prepare carbon pool estimates for pastures in 2 rayons and estimate carbon sequestration from project afforestation and pasture planting.
- Stakeholders suggest further training in carbon pool methodology be conducted to build in-country capacity.
- A decision needs to be made as to whether the project will pursue carbon-specific activities beyond those mentioned above. Possible areas include capacity building in carbon-specific considerations for afforestation and grass planting, capacity building in carbon accounting for ecosystem carbon offsets, and design of ecosystem carbon

offset projects. Most stakeholders, however, believe the project should not pursue these areas and instead focus more generally on increasing forest and grass cover.

Sustainability of Results

- To achieve sustainability of results, all pilots should be designed with replication in mind. The project should implement a replication plan to be carried out in its last year and a half.
- For policy work, the potential for sustainability will be increased by having a strategy (described above) to push for adoption of the policy.
- For the maps/GIS, inventories, and management plans: Potential for sustainability of the inventory work is especially good. Project has introduced or is introducing new methods long overdue and cutting the costs of doing inventories. For management plans, sustainability is less clear. It is very important in the case of pastoralists that mechanisms are developed to ensure they carry out management plans. In the case of forest management plans, as indicated, more discussion is first needed on what added benefit a project supported plan will bring. If there is benefit, sustainability should be an important consideration in design of the work to prepare and promote the plan.
- To ensure sustainability of afforestation work, an exit plan designating responsibility for the sites after project close should be prepared. Further, visits to the sites by potential replicators should be arranged by the project; and replication should be promoted. Issues of sustainability of the pasture planting sites have been discussed. It is suggested that these sites only be included on the land of those pastoralists who agree to implement pasture management plans. Further, discussion is needed as to whether there is potential for the pasture planting to be replicated or whether it is too expensive. If it indeed lacks potential for replication, it would be better to use the money on other aspects of the project that can be replicated.
- Sustainability of people-related work will depend on proper planning. In the case of livelihoods, market assessment and marketing support will be very important. To achieve replication, potential replicators should be invited to visit successful pilots.
- Carbon work has high potential for sustainability, because Azerbaijan is committed to fulfilling carbon reporting obligations. MoENR, whose staff have been the focus of project carbon training, is the organization responsible for reporting the nation's forest and pasture carbon.

Project Expenditures and Cost Effectiveness

- About 30% of GEF funds had been spent by Dec. 8, 2015, leaving 70% remaining.
- Project management expenditures of GEF funds exceed the recommended 5%. These include salaries for PM, finance assistant, and administrative assistant. Now that the project office is set up, expenditures on furniture, supplies, etc. should cease. Salaries are higher in Azerbaijan than in many other countries in which UNDP-GEF operates, so some flexibility beyond the 5% may be needed to maintain core team members.
- The reviewer asked for information on contracts under the project and divided these into the areas of (1) policy, (2A) GIS/maps, inventory, and management plans, (2B) afforestation and pasture planting, (2C) people-oriented initiatives, (3) carbon, and (4) project management. The contract list provided was not complete, but gives an idea of major expenditures and spending areas. Aside from project management, the heaviest

area of expenditure (based on this partial data) is 2B (GIS/maps, inventories, and management plans). The areas of carbon work, afforestation and pasture planting, and policy also show substantial expenditures. Very little to date has been spent on people-initiatives, such as livelihoods work or subsidy mechanisms to protect resources. As these will be a key area of focus for the project going forward, spending should shift heavily in this direction.

- Co-financing is being delivered roughly as expected from UNDP, EU ClimaEast Project, and FAO. FAO's USD500,000 of co-financing, however, was for a project completed before SLFM was initiated. FAO shared documents with SLFM, but this was not the traditional form of co-financing in which activities are integrated. Committed Government of Azerbaijan co-financing of about USD10.7 million does not appear to be moving forward on substantial scale. There has been some limited support for seedlings, transportation, and office space in MoENR. It is recommended that the project strategically target replication of its pilots with Government funding by end of the project. If the pilots are taken up on a large scale for replication, this could be an optimal form of co-financing.

Project Design

- The project adopts a multi-pronged approach to the objective of increasing forest and pasture cover and thus distinguishes itself from previous projects in Azerbaijan that have not fully addressed the complex mix of issues as needed.
- The project has introduced new concepts or directions for Azerbaijan, such as payment for ecosystem services (PES), estimation of carbon pool, and forest and pasture user associations.
- ProDoc ensures that key areas of progressive work needed are covered, such as maps, inventories (which require maps), and management plans (which require inventories).
- ProDoc could have been written more clearly, with the logical links and distinctions between different parts of work made more obvious. There is some confusion as to what is classified as carbon work and what is classified as other forest and pastures work. In ProDoc, afforestation and pasture planting are included under the carbon component. While the team may wish to continue this approach for accounting purposes, for conceptual purposes, it is recommended that afforestation and pasture planting be included under component 2, the forest and pastures component.
- ProDoc might have provided more definition in certain areas, especially with regard to what forest and pasture user associations might do. From MTR mission, it is quite clear that alternative livelihoods, subsidy mechanisms, or other people approaches are a priority. Had this been written into the ProDoc, progress might have been steadier.
- The original indicators in the PRF are difficult for the project team to understand, lack adherence to the S.M.A.R.T. (specific, measurable, achievable, relevant, and time-bound) principles, and in some cases not congruent with current focus of the project. As a result, reporting on the indicators is not very transparent. Reviewer has worked with project team to prepare a preliminary proposed revised PRF (available in Annex 7). The targets under the objective will require replication to occur on a national level, while the outcome targets focus on what the project itself is intended to do with cooperation of partners in the two project rayons. Indicators have been added for areas such as inventory, in which the project has done or is doing important work that is

considered both innovative and meaningful. It is highly recommended that project proponents consider adopting the proposed PRF or develop an alternative one that emphasizes simple indicators that adhere to S.M.A.R.T. principles. The new PRF should be translated into Azerbajani and utilized for periodic discussions on project progress to ensure that the project is on track.

Project Management and Coordination with Other Donors

- As indicated above, with regard to the project team: (1) team should be adjusted according to needs going forward (changing some personnel and positions); and (2) a means should be instituted to ensure all team members are proactively pushing forward their areas with activities that effectively contribute to the project objective and outcomes. In general, the team should move from the situation of having many brilliant and interesting ideas to having a specific action plan from now through end of project. Hard decisions will need to be made, but these are necessary to move forward. Further, to ensure all team members are working hard and full-time, clear requirements with clear penalties (such as termination) need to be articulated.
- As indicated above, the project should develop a specific strategy and associated work plan for keeping MoENR and rayon leadership engaged. This strategy should be led by the SLFM and ClimaEast PMs with oversight and high-level support from UNDP.
- UNDP has played a helpful role in the project, particularly at a high level and particularly when there have been problems. Further, the UNDP-hired ClimaEast project manager has played a very positive role in advancing the SLFM project. Going forward, it is recommended that UNDP be involved in the above-mentioned plan for engaging MoENR and the rayon leadership in a strategic fashion. This may begin with a high level meeting between UNDP and the Ministry to ensure there is buy-in and support for making an immediate shift in the project to field work and people-oriented initiatives. UNDP may also be involved in high-level lobbying with the Cabinet of Ministers for adoption of the project's proposed policies. And lastly, it may be involved in intensified reporting and monitoring of the project team, perhaps with quarterly reporting meetings.
- Coordination with the EU project and GIZ have been very strong. Coordination with FAO may be enhanced and coordination with WWF, initiated. Specific recommendations are:
    - EU: Continue close Clima-East cooperation; consider cooperation with EU in educational and awareness areas as a way to promote project pilots.
    - GIZ: Continue strong cooperation. As GIZ is shifting efforts from the field to national level support, SLFM may find a way to leverage its pilots through GIZ national-level work.
    - FAO: Consider cooperating on pasture subsidy policy, as FAO has already submitted theirs to the Cabinet of Ministers. Ask FAO for assistance in reaching out to MoA on pasture issues and in possible cooperation with MoA extension centers for helping pastoralists improve the economics of their core business. FAO may also have input to offer on their experience with the Cattle Breeding Association, which has 70 to 80 members. SLFM should keep FAO informed of its forest inventory and management plan work, as FAO has a pipeline GEF project (now in PIF application stage) for forest monitoring.
    - WWF: Continue to request access to WWF FSC forest management plan for Ismayilli to inform SLFM decision on whether to go forward with its own forest

management plan. UNDP may wish to help with this at a high level. Also, once forest inventory data is available from the SLFM project, share with WWF who wishes to use it to improve their FSC plan.

Recommendations and Ratings

- Main recommendations are included in the various sub-sections of the executive summary above, especially in the second sub-section, entitled *Big Picture: Overall Impression and Priorities*. A consolidated list of main recommendations as well as more detailed explanations are offered in Section 13.
- Overall ratings for the project are: (1) Progress toward results – MS (moderately satisfactory), (2) Relevance – R (relevant), and (3) sustainability – ML (moderately likely). Detailed explanations on ratings and breakdowns by outcome (and, in some cases, sub-outcome) are offered in Section 13.
- Three GEF Tracking Tools (TT) have been prepared by the project team around the time of the mid-term review. The Land Degradation TT features the project's good progress in knowledge and monitoring type areas. Yet, the Climate Change Mitigation and Sustainable Forest Management TTs reveal the same confusion and lack of transparency with regard to indicators as found in the PRF. More realistic values for the indicators would show that progress on the ground for the project has been limited, while much work to date has been focused on "measuring what's there" rather than improving it.

1. Background on Project and MTR

Sustainable Land and Forest Management in the Greater Caucasus (SLFM) is a UNDP-GEF project being implemented in Azerbaijan. The project is designed with duration of five years and GEF funding of USD5.68 million. Its objective (the long-term goal to which it aims to contribute) is the achievement of sustainable land and forest management in Azerbaijan's Greater Caucasus Mountain Range, generating ecosystem benefits such as: increased carbon storage and sequestration, improved water provision downslope, and improved soil and land quality. The project implementing partner is Azerbaijan's Ministry of Ecology and Natural Resources (MoENR). The project document was signed by the Government in early 2013. The original project close date (still in effect) is December 2017. The project is considered by many stakeholders to be both complex and ambitious in its coverage of forests, pastures, related policies, and carbon. All of the project's field work and pilot initiatives are focused on the two Greater Caucasus rayons (districts) of Ismayilli and Shamakhi. Located in Azerbaijan's North Caucasus Mountain Range, these two rayons are among the nation's total of 60 rayons.

The mid-term review (MTR) for the SLFM Project was conducted in December 2015. This report presents the findings, analysis, and conclusions of the MTR. It begins with an Executive Summary. Section 1 (this section) provides background on the project's history, design, and institutional setup. It also provides relevant background on Azerbaijan's pastures and forests, particularly in the two project rayons. Section 2 reviews overall, big picture findings on project achievements, innovativeness, and relevance, as well as key needs and concerns and recommended ways to address these. Sections 3 through 7 cover in more detail and on an outcome-by-outcome basis project results to date and the recommended way forward. Section 8 looks at sustainability of results. Section 9 examines expenditures and cost-effectiveness. Section 10 reviews project design, including the project results framework (or "logframe"). Section 11 reviews project management and coordination with other donors. Section 12 assesses the gender dimension of the project. Finally, Section 13 presents main recommendations drawn from the analysis presented in the sections preceding it, as well as project ratings and assessment of the GEF Tracking Tools at the time of mid-term review.

1.1 History, Timeline, and Original Design of Project

History and timeline: Exhibit 1-1 shows the rough timeline of the project. Delays are indicated by red ellipses. The project was designed in 2011, with substantial involvement of the current project manager, a UNDP Azerbaijan program manager, and international consultants. The first major delay, which was almost one year, occurred between GEF CEO endorsement in Feb. 2012 and signing of the project document by the Government of Azerbaijan in early 2013. According to stakeholders, the project document "sat for one year" in Azerbaijan's Cabinet of Ministers. During this time, project proponents had meetings with different parts of the Cabinet of Ministers. The main concern raised by the Cabinet of Ministers was that the project had too many different sectors involved. Several months of delay were also added between the time the project document was signed by the government and the time the inception workshop was held, in July 2013. Finally, stakeholders suggest that almost a year after inception passed before the project really geared up to a significant

pace of activity in mid-2014. The project team would like to apply for an extension from the original close date at end of Dec. 2017 to end of Dec. 2018. The reviewer recommends the extension be granted contingent on submission of a very clear action plan. The action plan should cover the full proposed remaining period of the project, from Jan. 2016 to Dec. 2018, and clearly delineate the pilots to be implemented in the field and major achievements to be targeted.

Exhibit 1-1: Rough Project Timeline*

PIF Approval –>GEF Project Approval	GEF Approval –> Project Document Signing by Government	Project Document Signing by Government –> Hiring of Project Manager	Hiring of Project Manager – >Inception workshop	Inception Workshop –> Original Project Close Date	Original Project Close Date ->Possible Extension of Close Date
Oct. 2010 – Feb. 2012	Feb. 2012 – early 2013	early 2013 – May 2013	May 2013 – July 2013	July 2013 – Dec. 2017†	Dec. 2017 – Dec. 2018
1.3 years	≈11 months	≈4 months	3 months	4.5 years	1 year

*Note: Delays indicated by red ellipses and include: (1) roughly one year delay between GEF endorsement and project document signing by Azerbaijan Government, (2) several months between signing of project document by Government and holding of inception workshop, and (3) about one year from inception workshop until project activity geared up with substantial pace of activity.

Explanations offered by stakeholders for the roughly one-year delay from inception to gearing up with substantial activity in mid-2014 vary and include: (1) requirements by the implementing partner, Ministry of Ecology and Natural Resources, MoENR, that it approve various project activities at a high level; (2) in light of the complexity (many interrelated and sometimes interdependent parts) of the project, lack of operational capacity on part of project team to drive project forward; and (3) lengthy process associated with recruiting consultants and subcontractors according to UNDP requirements. The project team appears to have adjusted to the third issue. The first two issues remain concerns. Possible solutions will be raised later in this report.

Since activities have geared up to a substantial pace over the past year and a half, the project has focused mainly on background work and developing the foundation needed to achieve and measure true improvements in pastures and forests in the field. That is, aside from afforestation work (and some pasture grass planting work implemented by partner project ClimaEast), efforts to date have not yet produced tangible results in the field. Instead, the focus has been on areas such as mapping, inventories (for pastures, forests, and carbon), technical training in these areas, policy formulation, and socio-economic analysis. The project team envisions that 2016 is the year in which a shift will be made towards achieving more substantial results in the field.

Original design of project: The original project design states an objective of: "Sustainable land and forest management in the Greater Caucasus Landscape secures the flow of multiple ecosystem services, including carbon storage and sequestration and water provisioning services, while ensuring ecosystem resilience to climate change." The design includes three outcomes: (1) an enabling policy and institutional environment for sustainable land and forest management in Azerbaijan, (2) demonstrated forest recovery and reduction of degradation from grazing and browsing pressures of livestock, (3) objectives and methods to enhance carbon storage potential of forests and pastures integrated in forestry and pasture land-use planning and decision-making. Exhibits 1-2, 1-3, and 1-4, summarize the main outputs and sub-outputs for these outcomes as indicated in the project document.

Outcome 1, the "policy and institutional" outcome, as designed has three main areas of work. First, it calls for the design of policy amendments and standards. Second, it calls for capacity building of policy makers, technical staff, and local pastoralists. Third, it calls for improvement of access to information via: a website, pasture and forest user associations, and innovative mobile communications tools.

Exhibit 1-2: Outcome 1's Outputs and Sub-outputs as Indicated in Project Document

Outcome 1: Enabling policy and institutional environment for integrating sustainable land management (SLM) and sustainable forest management (SFM) principles within the state programs and rayon level land use and forest management frameworks
Output 1.1: A package of modifications in land and forest legislation and related regulations, policies, and standards for SLM and SFM at national and local level, including: - Updated National Action Plan to Combat Desertification (NAPCD) - By-laws (for existing relevant laws) with specific healthy pasture criteria, management standards for SLM/SFM, and guidelines for monitoring and enforcement -Policy and related regulation to create financial incentives (i.e. subsides) for sustainable forest and pastureland management -Amendment to State Program on Pasture Management to enable piloting of SLM practices and strengthen SLM/SFM aspects of pasture management at the national level
Output 1.2: Strengthened capacity of institutions across sectors to collaborate and manage the GC landscape (*to include capacity buidling for both policy makers and technical staff*) -Targeted training program for SFM/SLM for MoENR and other stakeholders (targeted mostly to take place at MoENR training facility in Baku and include national and rayon-level government staff) -"Greater Caucasus Pastureland Curriculum" for livestock owners (pastoralists), rayon and municipal leaders, natural resource managers, researchers, and agency staff and students
Output 1.3: Stakeholders at national and local level have improved access to knowledge and data, strengthened social networks, and new social capital to enable more sustainable management of pastureland and forest resources of the Greater Caucasus - Web-based platform to access information, targeting national and rayon-level users - Improved networks and access to information at local levels in pilot rayons (to include both low-tech forest and pasture user associations and high-tech innovative mobile-based communication tools)

Outcome 2, the "forest and pasture recovery" outcome, as designed has four main areas of work. First, it calls for the establishment of local cooperation mechanisms of: rayon multi-stakeholder committees and pasture and forest user associations. The pasture and forest user associations seemingly overlap with the mandate of Outcome 1's third output. Second, it calls for the design and use of pasture and forest management plans in two rayons. It incorporates

the preparation of maps to achieve this. Third, it calls for improved land use in pilot communities via 12,500 ha of improved pastures and 20,000 ha of improved forestland. Pasture monitoring and implementation of prescribed grazing practices is indicated to achieve the improved pastureland. Fourth it calls for a "payment for ecosystem services" (or subsidy) pilot to improve pasture quality.

Exhibit 1-3: Outcome 2's Outputs and Sub-outputs as Indicated in Project Document

Outcome 2: Demonstrated forest recovery and reduction of degradation from grazing and browsing pressures by livestock
Output 2.1: Pilot rayon and local-level stakeholder cooperation mechanisms for cooperation on land management established in two rayons in the Greater Caucasus. Mechanisms to include: -Rayon multi-Stakeholder Committees (RSCs) -Pasture User Associations (PUAs) -Forest User Associations (FUAs)
Output 2.2: Integrated rayon-level pasture and forest management plans (IPFMPs) accommodating SLM and SFM concerns designed and applied by resource users in 2 rayons to meet the SLM and SFM standards and avoid greenhouse gas (GHG) emissions caused by unsustainable land-use practices -Rapid field survey of forest and pasturelands in each rayon using the latest GPS mapping tools, resulting in development of digital database -GIS database and maps based upon the digital base map for each pilot rayon -Connection of pasture and forest use within each rayon to impacts on vegetation cover and land condition -An annotated map for each rayon showing pasture and forest management action priorities that address the priority areas of land degradation across each rayon
Output 2.3: Improved SLM and SFM compatible land-use in pilot communities -Pasture User Associations, working with Rayon Executive Authorities, and MoENR maintain and/or increase the vegetation cover across 12,500 ha of pastures through improved pasture management -Participatory, user-based implementation of prescribed grazing and monitoring of pasture condition and impact on land degradation of implemented measures (making use of "sustainable pasture advisors") -Monitoring of pasture quality (including baseline determination and updated monitoring) -Improvement of sustainable and multi-functional forest management across 20,000 ha of forestlands
Output 2.4: Payment for ecosystem services (PES) mechanism piloted to reduce over-grazing and restore critical ecosystem services generated by healthy summer pastures in the upper catchments of the Girdiman River, Ismayilli Rayon, in the Greater Caucasus mountains -Establishment of PES management plans with PUA members/leaseholders in the pilot summer pasture area -Revision of pasture lease agreements -Formal launch and operation of PES pilot

Outcome 3, the "carbon" outcome, indicates three main areas of work. First, it calls for development of a plan to reduce emissions from deforestation and land degradation, with the potential creation of value for the carbon stored. Second, it calls for developing methods for monitoring carbon stocks and flows in forests and field work to implement the methodology. Lastly, it calls for pilot restoration of 5,000 ha of forest and 9,000 ha of pastures. The forest restoration calls for afforestation on three different types of land, with measurement of increased carbon stock. The pasture restoration work calls for pasture inventory taking, rehabilitation of pasture, and improved management of pasture. The 9,000 ha of pasture will

be supplemented by 3,000 ha improved via the partner project ClimaEast, for a total of 12,000 ha. In terms of the improved management, this pasture item overlaps heavily with the third output of outcome 2, which calls for 12,500 ha of improved pastures via improved management.

Exhibit 1-4: Outcome 3's Outputs and Sub-outputs as Indicated in Project Document

Outcome 3: Objectives and methods to enhance carbon storage potential of forests and pastures integrated in forestry and pasture land-use planning and decision making
Output 3.1: National LULUCF and REDD+ Action Plan developed and adopted and national and sub-national forest sector reference emissions levels set and communicated to UNFCCC -Development of national REDD+ Action Plan and elaboration of sub-national forest sector reference emissions levels, communicating them to the UNFCCC -Guidance on setting the level of national forest reference GHG emissions
Output 3.2: Carbon flow monitoring protocols integrated in the national forest monitoring system based on refined methodological approaches for carbon stock field assessment -Development of protocols -Field assessment of carbon stocks
Output 3.3: Pilot restoration by reducing grazing and wood collecting pressure of 5,000 ha of degraded community forests and 9,000 ha of pastures -Pilot restoration of 5,000 ha of degraded forest including: (a) restoration/ rehabilitation of municipal forest, (b) restoration/ rehabilitation of riparian forest, (c) restoration/ rehabilitation of forest fund forest, and (d) forest carbon stock measurements of the foregoing -Pilot restoration of 9,000 hectares of pastures and carbon emission reductions, biodiversity, and social benefits measurements, including (a) pasture inventory, (b) pilot pasture restoration demonstration sites (over 9,000 ha, with additional 3,000 ha restored via ClimaEast for total of 12,000 ha), and (c) rotational grazing and rest from grazing

As a preview to findings discussed later in this report, the evaluator found substantial and justified changes made in project implementation to the above-outlined project design. The review also identified a great need to clarify the logic and interrelatedness of the various portions of the project and to prioritize those that contribute best to the project objective. Finally, the review indicates a critical need to adapt the project design to the true situation on the ground and what is really needed to achieve the improvement of pastures and forests in Azerbaijan.

1.2 Project and Relevant Government Institutional Set-up

PSC and Local Coordinating Committees

The Project Steering Committee (PSC) has a target of having two meetings per year. In 2013 (after inception was launched in July), one meeting was held. In 2014, two meetings were held. In 2015, by the time of the MTR in December, no meetings had been held. PSC meeting minutes for the two 2014 meetings indicate quite limited participation, with only UNDP, one person from MoENR (the National Project Director), and project team members in attendance. Typically for UNDP-GEF projects, a broader range of stakeholders is involved, particularly those from other national government departments and possibly those from local government departments and from civil society. In the case of the SLFM project, given the

critical role of the Ministry of Agriculture (MoA) in pastures, MoA would be one of the most obvious candidates for PSC meeting participation.

The project has set up two local project coordinating committees, one in each of the project rayons. The committees include local people (pastoralists or "farmers"), rayon officials, local forest enterprise officials, and municipality officials. (Municipalities, administratively, are one level below the rayon and consist of one or more villages.) These committees correspond to the Rayon multi-Stakeholder Committees (RSCs) envisaged by the project's Output 2.1. In practice, however, they are set up only for the lifetime of the project, rather than to be sustainable, ongoing organizations. Each local committee has about ten persons.

Project Team

The project team is relatively large, with seven full-time persons and two part-time field based persons. In addition, the project receives extensive support from the project manager of Clima-East, an EU-funded UNDP project that works closely with the SLFM project. Five full-time members of the project team are based in a two-room office located at MoENR. The rooms are 40 m^2 each. One is set up for educational purposes, with computers and other technology, initially envisioned as a sub-output of the project. The team members located in MoENR include the project manager and team leaders for each of policy, forests, pastures, and carbon. The two other project staff, one responsible for finance and one responsible for administration, are located at UNDP offices, where the Clima-East Project Manager is also located. The two part-time field directors are based in Ismayilli and Shamakhi, respectively. Exhibit 1-5 summarizes the project team.

A great deal of expertise and experience is represented among the project team, all of whom joined the project either just before or slightly after project inception in mid-2013. Four of the five MoENR based team members formerly held positions within MoENR. The project director is a well-known ecologist who worked for Ministry of Agriculture (MoA) earlier in his career and later worked for MoENR (or its predecessor institutions) for many years. The policy team lead works for an office of Parliament that deals with energy and environment issues and has worked with Parliament since 1990 on issues of ecology and nature reserve management. The forest team lead and the pasture team lead (both from within with MoENR) are top experts in their respective fields in Azerbaijan and have much experience with international projects. The carbon team lead (also from within MoENR) has extensive experience in environmental pollution monitoring. Given the lack of experience with carbon in Azerbaijan, this is perhaps the most appropriate background for the carbon team lead role. Despite the great deal of technical expertise represented by the team, it is important to note that the principle role of the project manager and the team leads is to manage the consultants and subcontracts associated with project implementation and to generally push things forward. Given the changes in project load, it is likely that the full-time roles of the policy and carbon team leaders will be discontinued soon, while those of the pasture and forest team leaders will continue. Part-time roles for the former may be considered depending on final decisions made about project activities going forward. The ClimaEast Project Manager and advisor to SLFM has deep experience in the development and environment field in Azerbaijan, formerly having led pasture related components with GIZ. The financial and

administrative assistants both have substantial previous experience with development projects in Azerbaijan.

Exhibit 1-5: SLFM Project Team

Position	Role and comments	Timeline of Involvement in SLFM	Office Location
Project Manager	Leads project team; ecologist formerly employed by MoENR	2.5 years to date, to continue	MoENR
ClimaEast Project Manager	Leads co-financed ClimaEast project; position is fully co-financed; advises all aspects of SLFM project except policy	1.5 years to date, to continue to end of ClimaEast project, probably Dec. 2017	UNDP
Policy Team Lead	Manages policy component; provides policy expertise	2+ years to date, full-time role likely to cease soon	MoENR
Forest Team Lead	Manages forestry component; provides forestry expertise	2+ years to date, to continue	MoENR
Pasture Team Lead	Managers pasture component; provides pasture expertise	2+ years to date, to continue	MoENR
Carbon Team Lead	Manages carbon component	2+ years to date, full-time role likely to cease soon	MoENR
Financial Assistant	Maintains financial records and provides range of other support as needed	2.5 years to date, to continue	UNDP
Administrative Assistant	Handles administrative aspects of contracts and provides other support as needed	2.5 years to date, to continue	UNDP
Field Director in Ismayilli	Supervises work in field, which to date has emphasized afforestation	NA (part-time position)	Ismayilli
Field Director in Shamakhi	Supervises work in field, which to date has emphasized afforestation	NA (part-time position)	Shamakhi

As the project shifts to greater implementation in the field, more support in the rayons may be needed, as well as more expertise related to launching people-focused initiatives there, such as livelihood activities. At present, the project-financed team includes two part-time field directors, one based in each rayon. They each have academic credentials in forestry and substantial experience. The role of the field directors is to supervise fieldwork implemented under the project, including afforestation and (in the future) pasture restoration, implementation of pasture management plans, and liaison with local pasture and forest users.

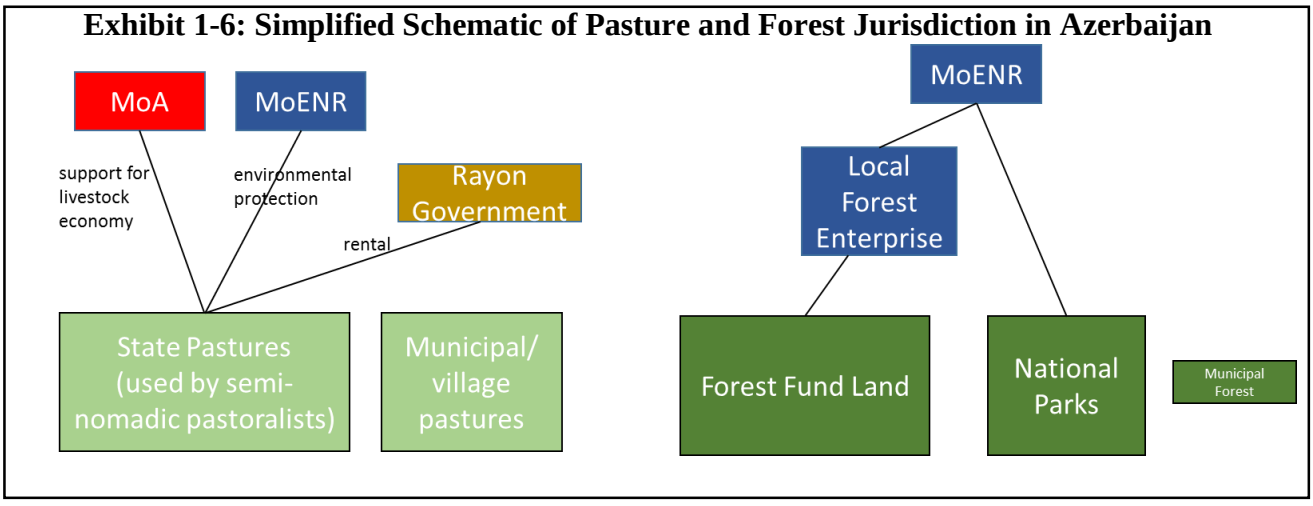
The project has a very close relationship with the EU ClimaEast Project, also implemented by UNDP. ClimaEast is a part of a regional seven-country program. Project financing is about USD1.30 million. ClimaEast's areas of focus are pastures (inventory and restoration) and carbon. ClimaEast's field activities are limited to the rayon of Ismayilli. All ClimaEast activities are considered co-financed activities and thus activities of the SLFM project as well. The very strong support provided to the SLFM project by the ClimaEast project manager covers all SLFM project areas (including forests), aside from the policy work of Outcome 1. The project period of ClimaEast is 2013 to 2016, though the project plans to

apply for an extension until end of 2017. Thus, if both projects receive their desired extensions, ClimaEast will end one year before SLFM ends at the end of 2018.

Government Institutional Set-up of Relevance to Project

For Azerbaijan's pastures, there are problems of overlapping government jurisdictions. Both MoA and MoENR regulate the pastures. MoENR's responsibility is environmental in nature. Thus, it desires to limit the number of grazing animals. MoA's responsibility, in contrast, is economic in nature. According to some, MoA wishes to maximize the number of animals and has not yet recognized the serious future repercussions of the substantial overgrazing now occurring in Azerbaijan's pasture areas. In addition, the pasture, which is state-owned land, is rented out to local pastoralists by the local executive authority (rayon government). The structure of the rayon governments consists of the head of the rayon, under which there are a number of deputies. Of these deputies, the socioeconomic deputy is of greatest relevance to the SLFM Project. Under the socioeconomic deputy is a deputy (or "deputy-deputy") for agriculture, who is the appropriate point person for pasture matters. The project is reaching out to MoENR and the local rayon governments, but has not done much work in reaching out to MoA. Municipalities (or villages) within the rayon also have some of their own pasture land. In general, this is less degraded than the national-level lands. The national-level pasture lands are rented out to semi-nomadic pastoralists who move their herds to different positions in winter and summer, while the village pastures are used by villagers with homes at fixed locations. The left part of Exhibit 1-6 offers a simplified schematic of this overlapping jurisdiction of pastures.

Exhibit 1-6: Simplified Schematic of Pasture and Forest Jurisdiction in Azerbaijan



Forests have a more unified government oversight structure than pastures, with the main responsibility being that of MoENR. MoENR regulates its "forest fund" land via the "forest enterprise" at the rayon level. (The "forest enterprises" are also known as "forest rehabilitation and protection agencies.") National parks, which are also under MoENR, are managed by separate organizations. Some municipal (village) forest also exists, but it is an extremely small portion of the total. A simplified schematic of forest jurisdiction is shown on the right side of Exhibit 1-6. In Soviet times, the main decrees on forests came from the USSR. Today, the system remains quite centralized, with MoENR carefully controlling forest issues, such as any permission for cutting of dead trees, from Baku.

While the institutional structure as described here, especially with regard to pastures, may seem complex, the situation has improved some. Azerbaijan previously had a State Cartography and Land Use Committee, which was dissolved in early 2015. Its duties relevant to pastures and forests have gone to MoENR. So, this is advantageous in bringing together responsibilities in one place. As a result of the changes, just two months ago MoENR established a Land Agency responsible for land use. Staffing of 40 to 45 persons has been announced, though no one has been put in position yet.

Selection of Project Locations

Ismayilli and Shamakhi Rayons were selected by MoENR for the SLFM project due to their location in the Greater Caucasus and their specific characteristics. Ismayilli has the greatest proportion forest cover (33 percent) in the country. Both rayons have substantial erosion and degradation due to their sediment based soil, which is susceptible to erosion and landslides. Further, the two rayons experienced substantial logging and therefore deforestation in the past due to lack of gas supply to the villages. The rayons also have substantial livestock, which cross across the forest in their migration from summer to winter pastures and vice versa. Similarly, livestock from villages near to forests routinely enter the forests for grazing. Lastly, the areas have some ecotourism related businesses (mainly hotels and restaurants) and are considered to have potential for more extensive ecotourism. Other donors that work with MoENR have also been asked by the Ministry to work in these same rayons. WWF, for example, is working in Ismayilli on sustainable forest management. GIZ has worked on various forest and pasture initiatives in both Ismayilli and Shamakhi. Livelihoods in the rayons are primarily agricultural, with Shamakhi Government reporting to the MTR mission that 80 percent of its economy is based on agriculture.

1.3 Background on Pastures and Forests in Azerbaijan, Particularly in Project Areas

This sub-section includes background information on pastures and forests in Azerbaijan, particularly in project areas. This information was mostly gathered during the MTR mission's consultations. It is included here to provide a basis to the reader for understanding what is needed from the project going forward to best contribute to the objective of increased forest and pasture cover in Azerbaijan.

Pastures

Pastures in the project rayons may be divided into two types: (1) State-owned pastures used by semi-nomadic pastoralists, who move seasonally with their livestock and have very large flocks (on the order of 1,000) and (2) municipal (or village) pastures used by local villagers who stay in a fixed location and have a much lower number of livestock (perhaps 10 to 20 per family). The main focus of the project in terms of pasture management and pasture rehabilitation are the state-owned pastures used by the semi-nomadic pastoralists. These

pastures are experiencing increasing livestock numbers and very serious degradation, while the numbers of village livestock seem to be decreasing. Villagers living in fixed locations are constrained in their livestock numbers by the need to purchase hay in the local off-season. As a result, the municipal pastures tend to be in better condition than state-owned pastures.

Reflecting the growth in livestock held by the semi-nomadic pastoralists, a Shamakhi Government official told the MTR mission that livestock numbers in the rayon have increased by 30 percent over the past five years. Project experts estimate that the state-owned pastures in the project rayons have livestock numbers at least two times their carrying capacity. Yet, most admit that, while there is a penalty for going beyond the government allowed stocking rates, these pastures are not well-monitored; and the numbers could be even higher. Local villagers report that animals per ha in the state-owned summer pastures are much higher than in Soviet times, when the pastures were more tightly regulated. They find the production of honey from their bee houses drastically reduced, which is related to the decreasing cover of certain pasture grasses.

Summer and winter pastures: The semi-nomadic pastoralists undergo migration twice annually, once from winter to summer pastures and once back from summer to winter pastures. The distance travelled may perhaps be 30 to 100 km. Winter pastures are at lower elevations and summer pastures are higher in the mountains, at an elevation of around 2,000 m. Ismayilli has both summer and winter pastures, while Shamakhi has mostly winter pastures. Due to overgrazing and elevated livestock numbers, there has been a trend of the pastoralists leaving their winter pastures for the summer pastures earlier and earlier in the summer, thus not allowing the summer pasture grasses to achieve sufficient growth for grazing. Both the winter and summer pastures are considered to be overstocked.

Drivers of pasture overstocking: In addition to looser government control than in Soviet times, other key drivers of overstocking include: (1) the "conflict area" and (2) the slump in the economy. About 20 percent of Azerbaijan's area is considered "conflict area" occupied by Armenians and not under the control of the national government. The conflict area has high quality summer pastures, with volcanic soil, not as susceptible to erosion as the sediment based soils in project areas. Many refugees have fled the conflict areas, where they previously used summer pastures, and now come to the summer pastures of the project areas. Local pastoralists have been required by the government to give up a significant portion of the pasture land they previously rented to accommodate the refugees.

As for the slump in the economy, this is related to the price of oil, to which Azerbaijan's economy is closely linked. When oil prices were high, there was outmigration from project areas (which are primarily rural and agricultural) to the capital, Baku. The construction industry was booming. When the price of oil dropped, many migrants returned to their homes in the rayons, putting increased pressure on natural resources.[2] Instead of a trend of children of pastoralists going into other professions, the MTR mission found anecdotally that the children of the large-scale pastoralists are following in the family tradition. Indeed, it was

[2] For reference, one official from Shamakhi told the MTR mission that about 20 percent of the rayon's population are currently out-migrants.

found that some pastoralists are well-educated in other fields, but choose livestock raising due to the income potential or lack of opportunity in their chosen field.

Rental contracts for state-owned pasture land: The large-scale pastoralists contract out the land from local government. Rental rates (around 1 USD per ha per season) are very low. Rental contracts range from one or two to 15 years, though some stakeholders mention unwritten rules that give pastoralists more security even in the case of short contracts. The maximum stocking allowed by the government for the summer pastures in Ismayilli is 8 sheep her ha, but this number is based on inventory of pastures conducted from 1949 to 1951. Prior to the SLFM project, there was a lack of updated information on the quality of these pastures. The local government lacks the capacity to monitor the true number of livestock, particularly in the remote summer pastures.

The need to improve management and reduce livestock numbers: Most with whom the MTR mission spoke, including the rayon governments, agree there is a need not only to improve "management" (e.g. rotation of grazing areas), but also a need to reduce livestock numbers. Yet, given the drivers of both refugee pastoralists and a poor economy bringing out-migrants back home, the problem seems quite intractable. Numerous stakeholders with whom the MTR mission spoke asserted that one cannot simply require the large-scale pastoralists to decrease livestock numbers. Rather, some kind of incentive or alternative livelihood, such as support for processing products, will need to be offered.

The large-scale semi-nomadic pastoralists: Who are these pastoralists that the project should presumably target if it wishes to improve the degraded pastures? The Ismayilli Government indicates they have 140 large-scale pastoralists going up to their summer pastures. Similarly, the Shamakhi Government indicated to the MTR mission that it has 123 large-scale pastoralists, each with an average of 800 ewes or mother sheep (so, not including lambs, etc.). There is some overlap between the two groups of pastoralists, as some that have winter pastures in Shamakhi also have summer pastures in Ismayilli. Probably, the total group for the two rayons is less than 200 pastoralists. As such, should the project be able to substantially impact, say, 30 pastoralists, the demonstration effect and potential for replication across the full group could be substantial. These pastoralists may be classified into three types: (1) absentee (hire shepherds and do not live in the pastures themselves), (2) family (live in the pastures with their sheep, may also hire shepherds), and (3) collective (group of neighbors that live in the pastures together, may also hire shepherds).

As an example, two pastoralists interviewed by the mission indicate their rental land was substantially reduced in 2006. One, who reports having about 1,500 mother sheep, had his summer pasture area reduced from 540 ha to 340 ha due to the need to give land to refugee pastoralists. These pastoralists also indicate that their fathers and grandfathers were pastoralists. They both have higher educations, but have found less opportunity to use these since the Soviet collapse and closing of local factories.

As will be discussed later in this report, SLFM's socioeconomic study of the pastoralists found that most are not very profitable and generally do not seem to have a clear understanding of their costs and profits. Most tend to hire shepherds for low pay and allow

the shepherds (as part of their compensation) to bring large numbers of their own livestock to graze on the land rented by the pastoralist. The large stocking rates result in lower weights of calves, less milk production, and lower birthrates of ewes. It is possible that reducing the number of shepherds would result in better profits for these pastoralists. Anecdotal results from discussions with pastoralists during the mission suggest an openness to receiving advising on their livestock business, including analyses about shepherds and electronic fence options. At the same time, pastoralists expressed great caution about any pressure to reduce livestock numbers. Finally, despite the increasingly obvious degradation of the pastures, discussions with pastoralists during the mission suggest they are not considering any alternatives for their livestock or own livelihoods at present.

Cultivation of pastures: The pastoralists are allowed to allocate three percent of their summer pasture for growing clover to be used as fodder for lambs. There is some pressure from the pastoralists and MoA to increase this amount to ten percent. Indeed, this is an option the pastoralists raised, when the mission asked them for ideas on how to deal with the overgrazing problem. Yet, experts suggest in the remote summer pastures, the three percent has probably already been exceeded by far and that raising the limit to ten percent, will simply result in further over-cultivation beyond the specified amount. Thus, MoENR is resistant to raising the allowed percentage of clover cultivation. It is also reported that some pastoralists are growing vegetables in their winter pastures.

Moving from extensive to intensive livestock breeding: The long-term solution to the degradation of the pastures proposed by a number of stakeholders is a move from extensive (open grazing) to intensive (fixed location) livestock breeding. The MTR mission learned of different initiatives in this direction in the area, such as a privately-financed, 2,000 head of cattle breeding center in Shamakhi. The mission also learned that MoA has recently called for a shift to intensive livestock breeding. At the same time, stakeholders emphasize that this shift will be a long and slow process that cannot be achieved overnight. The capital expenses for intensive livestock breeding are quite high. For example, if the livestock farm is to be located in winter pasture areas, there will need to be cooling for the livestock sheds during the summer. Thus, even if intensive livestock breeding is the long-term solution, work, such as the project's, on improving management and decreasing livestock numbers in extensive livestock breeding is still urgently needed.

Forests

Azerbaijan has 11 percent forest cover. Some experts suggest that ideally forest cover would be about double this amount, or 22 percent. Currently, 85 percent of forest area is in mountain regions. Of that, 90 percent is natural forest. Pasture areas that have a small area of forest today are believed to have had much more forest in the past.

The major issues facing Azerbaijan's forests are: (1) past deforestation, (2) grazing in the forest, and (3) illegal logging. Past deforestation is considered the most significant and incontrovertible issue. Before the extension of natural gas supply to many villages, logging was used to supply fuelwood to many villages in the Greater Caucasus. Commercial logging for timber has not been conducted in the country since the 1970s. Today, any logging aside

from sanitary cutting, is officially illegal. Natural gas lines continue to be extended to more and more villages so that the need for fuelwood has gone down. Yet, illegal logging still continues on some level. In particular, those villages that lack natural gas for heating continue to log beyond sanitary cutting allowances. Generally they are allowed to do this, with officials "looking the other way," as the villagers lack other alternatives.

Question of severity of illegal logging: During the mission, stakeholders offered a mixed view of whether illegal logging is a serious issue requiring close attention. Most experts indicate grazing in the forest is a more serious issue than illegal logging, but some were hesitant to suggest the problem of illegal logging no longer requires attention. The MTR mission spoke with a village-based forest ranger responsible for protecting 1,000 ha of forest, including eight villages in surrounding areas. He mentioned the challenge of one person ensuring that there is no illegal logging in such a large area. While it appears not to happen very often, the illegal loggers may come in the middle of the night. At the same time, the ongoing existence of certain remote villages to which natural gas lines have not been extended suggests that substantial logging will continue in such areas. While illegally logged wood might either be for the purpose of homes and furniture or for fuelwood, stakeholders suggest fuelwood is really the main use. Given the ban on timber production, imported timber from Russia or Turkey is cheaper than local timber.

Question of severity of damage by grazing in the forest and identifying the most important forest problems to address: Stakeholders also offered a mixed view of how serious a problem grazing in the forest is in terms of damage to the forest. Compared to illegal logging, though, a larger proportion expressed with certainty that grazing in the forest is a serious problem, as the livestock eat young seedlings. Only one or two stakeholders suggested that grazing in the forest is not a very serious problem. Given that one of these holds a key position in a local forest enterprise, however, there is a need to be better assess the magnitude of the grazing issue to facilitate targeted planning for next steps in the project.

Overall, it will be important for the project to understand which types of problems of the forest are most significant in order to determine which it wishes to address. Different problems may be addressed by different activities. For example, past deforestation may be addressed by incentives for private individuals to conduct afforestation. Grazing and illegal logging, on the other hand, may be addressed by support of alternative livelihoods for local people in return for their greater protection of the forests.

Grazing in the forest may be divided into two or three types, each of which may require different solutions. One type is that of villagers allowing their small numbers of livestock to graze freely in the forest neighboring the village. Stakeholders suggest that this is a result of people not watching their animals and simply letting them run loose, whether it be to village pastures or the forests beyond. Another type of grazing in the forest occurs when large-scale pastoralists cross through forests on their way from the winter to summer pastures and vice versa. In some cases, the approved migration routes are quite round about, so that the pastoralists may cut through the forest in the middle of the night to save time and effort. Stakeholders disagree on which of these two types of grazing in the forest is the most serious problem. Yet, as one suggested, the large-scale pastoralists may be an issue that is more

easily addressed. It occurs only at certain times of year, whereas the problem with village livestock is a daily issue. In speaking with a pastoralist in Shamakhi, the MTR mission learned of a third type of scenario not mentioned by experts. Lacking significant summer pastures in the rayon, the large-scale pastoralist takes his sheep to the forest for the summer season. He explained that this practice is common of large-scale pastoralists in Shamakhi as they do not have summer pasture areas. He recognizes that the animals eat young trees and damage the forest and that he risks being fined, but does not see any alternative solution. The areas grazed in include forest fund areas and national forest areas. In general, given the level of grazing in the forest, stakeholders do not believe that some level of managed, sustainable grazing in the forest, such as found in certain other countries, will work in Azerbaijan at this time.

Sanitary cutting: Experts pointed out to the MTR mission that, while allowance for sanitary cutting is made in the national forest code, it is quite restricted in practice. Anecdotal discussions suggest that cutting of dead trees is allowed, though specific permission from MoENR in Baku is required. Those discussions further suggest that other sanitary cutting, such as "thinning" to improve forest quality, is not allowed. Experts with whom the MTR mission spoke were divided on whether more extensive sanitary cutting should be allowed. One expert explained that the ban is meant to discourage illegal logging and should be continued at present time, while another suggested "thinning" be reinstated as a way of improving forest health and providing appropriate fuelwood to those villages still without natural gas. If the project moves forward with preparation of a forest management plan, how the plan addresses the sanitary cutting issue will clearly be an important aspect of the plan.

Non-timber forest products: During the mission, it was learned that use of non-timber forest products (NTFPs), such as berries and medicinals, occurs on a low scale in project areas. During Soviet times, the scale was much more substantial. At that time, there were factories for processing forest berries and fruits. Nowadays, people collect only for their own use or for very limited sales. The factories experienced financial problems after Soviet days and closed down.

Rental of forest land and ecotourism: MoENR appears to have significant interest in increasing ecotourism in the project areas. At present there are a number of entrepreneurs who rent forest land and have simple restaurants and hotels in the forest. As part of their contract, they are responsible for protecting their forest area. While rental of forest land for afforestation is allowed in theory, at present there are no cases of this.

1.4 MTR Methodology

MTR Purpose and Considerations Specific to the SLFM Project

The main purpose of the MTR is two-fold. The first purpose is to provide transparency and accountability for funds spent, identifying both project achievements and project shortcomings. The second purpose is to identify lessons learned from project shortcomings and to make recommendations for course correction. Recommended course corrections, in

turn, have the aim of ensuring the project's targeted outcomes can be achieved by project close and that there is strong potential to achieve the project objective in the near-term. That is, the MTR aims to determine whether the project is on track to making the meaningful impacts targeted and makes recommendations to get the project onto the proper track, if needed. Specific aspects reviewed include relevance of the project and its activities, efficacy (impact/results), efficiency (cost effective use of funds), and sustainability of results.

While the above is generic to most MTRs of UNDP-GEF projects, each MTR may also have specific considerations based on the special situation of the project being reviewed. In the case of SLFM, the reviewer finds that the way forward for the project is the most critical item on the agenda. Due to the complexity of design and lack of congruence between designed activities and realities on the ground, an emphasis was put during the MTR mission on identifying the most critical activities for moving forward the overall purpose of improving forest and pasture quality in the Greater Caucasus.

MTR Methodology

The methodology adopted for the MTR was highly interview intensive. Following initial document review in November 2015, a mission of about two work weeks was conducted from November 30 to December 10, 2015, including a three-day field visit to Ismayilli and Shamakhi. In total, about 35 interviews were conducted. Interviewees included members of the project team, experts retained by the project, national and local level officials, pastoralists, forest users, villagers, and other donors. During this period, the MTR work benefited strongly from the support of the project team and particularly the ClimaEast Project Manager, who provided facilitation for most of the meetings and for the mission overall. Exhibit 1-7 lists the type of stakeholders interviewed, as well as site visits. The international consultant drafted up detailed notes from all meetings. The information gathered was then later collated by key topic area for analysis. Information requests on legislation, expenditures, trainings, and field visits and a request for additional documentation were submitted to and fulfilled by the project team. On the last day of the mission, the reviewer made a presentation to the project team to gather their feedback and worked with the project team on developing a more suitable project results framework.

Exhibit 1-7: Stakeholder Interviews and Site Visits

Project Team and UNDP	
Project Manager (2.5 meetings)	ClimaEast Project Manager (3 meetings)
Legislative Team Lead (1.5 meetings)	Forest Team Lead
Carbon Team Lead	Pasture Team Lead
Financial Assistant	UNDP Deputy Resident Rep. (2 brief meetings)
International Technical Advisor	
Experts Retained by the Project	
Expert on use of project area forest	Expert on pasture status in project areas
Expert on changes in project area forest	Expert on socioeconomics of pastoralists
National Government	
MoENR climate change expert	
Other Donors	
WWF	FAO
GIZ	EU
Field Consultants of SLFM and ClimaEast	
SLFM Shamakhi Field Director	ClimaEast Field Monitor (Ismayilli)
SLFM Ismayilli Field Director	
Local Government	
Deputy-Deputy Director for Agriculture, Shamakhi Rayon Government	Deputy Director for Socioeconomics and Deputy-Deputy Director for Agriculture, Ismayilli Rayon Government
Director of Ismayilli Forest Enterprise	Head of Burovdal Municipality
Pastoralists, Forest Users, Forest Ranger, and Villagers	
Ismayilli Pastoralists (2)	Ismayilli Forest Users (2 involved in ecotourism)
Shamakhi Pastoralist	Shamakhi Forest User (involved in ecotourism)
Shamakhi Village-based Forest Ranger	Villagers from Burovdal (2)
Site visits	
General: visits to various locations in Ismayilli and Shamakhi for stakeholder interviews	Specific visits to pilot sites: Visit to each of two afforestation sites established in Ismayilli in 2015

2. Big Picture: Overall Impression and Priorities

This section makes up the core of the MTR report. It conveys overall impressions and findings about SLFM's results, overall direction, and progress. It also identifies priorities for course correction emerging from these findings. Its content is summarized here and then pursued in more depth in the sub-sections below.

Stakeholders present a range of impressions about the project, though "high complexity" and "comprehensiveness of approach" are common themes. Some feel the project is yet to deliver something to be proud of. Local rayon governments, in particular, are still awaiting action on the ground. Others are proud of particular aspects, such as innovative afforestation techniques or technical trainings.

The reviewer similarly finds room for both praise and concern. In general, the reviewer finds that the project is indeed quite behind in achieving meaningful results in the field. At the same time, the project has begun to accumulate some innovative results that have the potential to be meaningful to the country. If a targeted and strategic approach is taken, the project could put itself on track to meaningfully contribute to the objective of increased forest and pasture cover in the Greater Caucasus Mountain Range and be an outstanding project. That is, setting the basis for this project has been a laborious process, but the project has the potential now to make a very meaningful impact if managed well from here on out.

The MTR identifies a number of key needs that may be addressed to ensure the project can make better progress towards the objective. First, the project and what ties it together into a meaningful whole are very difficult for most stakeholders to understand. Thus, a simplified approach to describing the project and explaining how the parts tie together is recommended. A similar simplified approach should be taken to explain the meaningfulness of results to date and the appeal of project plans going forward. Post-MTR, the project requires a major and immediate shift away from studies and technical work towards achieving results in the field. In particular, pilots involving people, a critical factor in achieving sustainable and increased pasture and forest cover, should be pursued. Wrap up of "almost-complete" initiatives in other areas should not delay initiation of "people activities" and field work. Further, with the need for achievements in the field, staffing should be adjusted such that team size is somewhat reduced in Baku and increased with persons based in the rayons who can drive forward activities there. Also, specific expertise in working with local people, such as practical experience in livelihood and incentive mechanism work, is needed on the project team. The person (perhaps a "livelihoods team lead") would preferably be based in the field or spend large amounts of time there. Going forward, activities should be designed with their potential to increase forest cover and pasture cover top of mind. For example, livelihood activities should not be pursued for the sake of livelihoods alone, but must be selected and designed with clear links to improving pasture or forest quality. Further, activities that have high potential for replication by the government or others should be prioritized. In general, it will be more important to focus on those activities with high potential to promote the project objectives and outcomes rather than to stick to fulfilling every recommended item described in the project document. For the policy work, a proactive and strategic approach for achieving adoption of proposed policies should be adopted. It may be combined with a broader awareness strategy, so that at minimum increased awareness is achieved. Lastly, further assessment of opportunities in the carbon area should be done to determine whether additional carbon work beyond carbon pool estimates should be undertaken.

Key barriers to success of the project must also be addressed. These barriers are: (1) lack of buy-in and prompt action by MoENR, (2) lack of buy-in by rayon governments, and, (3) in some cases and perhaps related to the foregoing, lack of focus and pro-activeness on the part of the project team. Addressing these three barriers should be the responsibility of the SLFM project manager and the Clima-East project manager, with strong guidance and assistance at a high level from UNDP when needed. In particular, strong efforts should be made to bring MoENR on board as a strong supporter of the project's shift to fieldwork and people-oriented activities. This may require a high level "launch" meeting between the Minister or Deputy Minister and UNDP. In addition, concerted strategies should be employed to ensure rayon leaders are not only on board with project activities, but also actively involved. Finally, strategies should be employed by the project managers, backed strongly by UNDP, to ensure the project team is on task and proactively moving the project forward.

2.1 Overall Impressions of Stakeholders

Overall impressions of the SLFM project offered by stakeholders vary (see Exhibit 2-1 for a selection of quotes). Yet, trends in their comments suggest a number of insights. First, rayon stakeholders see a lack of action; and some project team members concede that there is not yet much they are proud of that has been achieved by the project. These comments confirm the impression that the project has not yet achieved many tangible results in the field and needs to immediately, post-MTR, shift to a focus on such results. At the same time, project team members emphasize the project's great strength in its comprehensive nature. One even suggests there should be follow up phases to build on the project's establishment of pasture user and forest user associations. Finally, project team members and other stakeholders mention specific aspects of the project achievements to date that they find exciting. These include the innovative approach to afforestation, carbon aspects, GIS training, and digitized maps.

Exhibit 2-1: Overall Impressions of SLFM Project – Comments from Stakeholders

Local governments: Not much has been achieved on the ground yet
-"For me, it is not interesting to talk only. We have discussed a lot with project staff what needs to be done. Now we hope the project will start doing something here – we have to start with something." *rayon official A* -"Project hasn't done much in terms of implementation. It is just getting started on its activities." *rayon official B*
Positive perceptions of complexity and comprehensiveness of project
-"It is great we have this project to look at pasture management in a complex way. There are other projects that take simple approaches for pilots in the field, but they are not as comprehensive as this one, which covers legislation, capacity building, mapping, and integrated pasture management." *project team member A* -"This is the first three-in-one GEF project that covers forests, land, and carbon." *project team member B* -"The challenge of the project is that it hits many areas: pastures, forests, biodiversity, carbon, and legislation. It is quite complicated….This is a very important project for Azerbaijan. It is so important that it will be best if, after 2018, there will be follow up projects to this one…to scale up the associations…just as the World Bank scaled up the water user associations after the first one was set up in 1998." *project team member C*
Negative perceptions of lack of achievement to date
-"Not excited about any achievements to date as the focus has been on capacity building. Hope that in 2016 there will be quantifiable results." *project team member A* -"Cannot say anything that I am very proud of [yet]. There are lessons learned in forestry." *project team member B*
Positive perceptions about achievements in specific areas
-"Aspects I am most excited about are: We have designed and used a new scheme for reforestation. In planting, we consider climate change issues. We are pursuing forest user associations, which is a very new approach." *project team member D* -"The most innovative aspect of the project is the carbon work." *high level stakeholder* -"Most excited about the GIS/GPS training…very informative and very fresh. Feedback was very positive…also excited about afforestation work…very well implemented and have used a new technique…Excited about preparation of digitized maps…Ministry representatives are very happy we are doing such a thing. They are very eager to get the information." *project team member E*

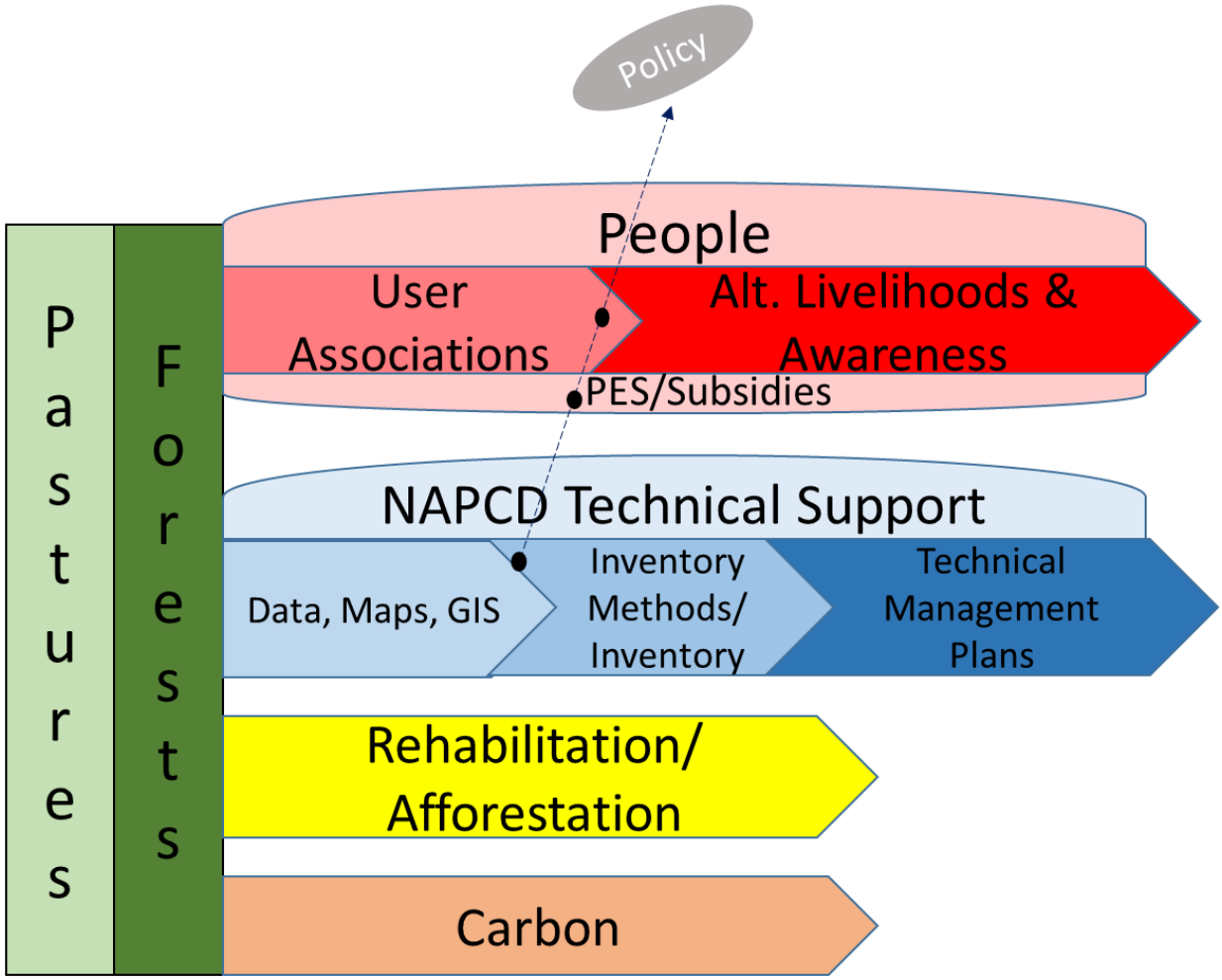
2.2 Key Needs, Results, and Priorities Going Forward

Need for Improved and Simplified Description of Project

One need identified during the MTR mission is that the SLFM team should have an improved and simplified means of describing their project. While the comprehensive, multi-pronged nature of the project is deemed by some as an advantage, the complexity of the project appears also to be leading to a lot of confusion, lack of progress squarely focused on the project objective of increased forest and pasture cover, and inability to "sell" the project to others for their buy-in and support. During the mission, the evaluator found it took a full week of intensive discussions to really understand all the pieces of the project. Clearly, most stakeholders will not have this kind of time and opportunity to understand the project. The evaluator thus suggests the project team think hard about the key constituents of the project, how they fit together, and how they can be explained succinctly to others.

Exhibit 2-2a: Improving and Simplifying Description of Project

What SLFM project is about…



As an example of how this may be achieved, the evaluator has prepared a diagram (see Exhibit 2-2a) that offers a simple means of describing project activity in three dimensions. The verbal explanation that might be offered in conjunction with the diagram is given in Exhibit 2-2b.

Exhibit 2-2b: Possible Project Explanation to Go Along with Diagram in Exhibit 2-2a

"Our project has the objective of increasing forest and pasture cover in the Greater Caucasus. To achieve this, the project is organized in three dimensions. The first dimension, the two vertical bars on the left, are the two sectors of the project: pastures and forests. Everything we do in other dimensions, whether it be mapping, livelihoods, or policy, is done in parallel for both pastures and forests. The second dimension is the five horizontal bars, which are the functional areas of work of the project that are piloted in the project rayons. The bottom of these bars is carbon. We have estimated the carbon pool for forests in our two project rayons and plan to do the same for pastures soon. Second from the bottom is reforestation and pasture rehabilitation. For these, we have conducted planting of forests in the two project rayons and plan to plant pastures soon.

"The blue bar entitled 'NAPCD technical support' includes technical activities explicitly called for in the MoENR's draft National Action Plan to Combat Desertification. This bar has the end output of implementing superior forest and pasture management plans in project rayons. Yet, there are a number of prerequisites to achieving this. That is, work for this bar is progressive. The first step, which we have already achieved, is preparing maps of forests and pastures that are superior to what was previously available and training local officials and experts in use of GIS for mapping. The second step is developing superior inventory methods and preparing these for pastures and forests in the project rayons. Our co-financed project ClimaEast has developed inventory methods for pastures and started to implement these in one project rayon. We will continue this work in the other project rayon. We have also started to develop a new inventory method for forests, which we will later implement in our project rayons. Building on inventory findings, our partner project ClimaEast has started to prepare pasture management plans. We will build on this work to prepare more such plans and will also prepare forest management plans. We will support local pastoralists and forest enterprises in implementing these plans.

"The red bar represents people-related work, which is perhaps the most challenging but important area of work needed to achieve increased forest and pasture cover. So far we have just begun this work by setting up forest and pasture user associations. Building on the association work, we will develop alternative livelihood pilots that will raise people's awareness, secure their agreement to better protect the forest and pastures, and alleviate pressure on these natural resource. In parallel, we will support a somewhat different approach to enhancing pastures and forests -- pilots in which pasture users receive subsidies to implement better pasture management and in which forest users receive subsidies to afforest.

"The third dimension is policy. This dimension cuts across some of the functional areas just described as well as cutting across both pastures and forests. To increase effectiveness, the focus of policy work is limited to three key areas: (1) establishment of pasture and forest user associations, (2) development of subsidies for pastoralists who implement better pasture management and for individuals who carry out afforestation, and (3) official adoption of the project's improved pasture and forest inventory methodologies. We have developed draft policy in most of these areas and will submit to MoENR soon."

Innovative and Meaningful Results and Need of Improved Way to Communicate These

The SLFM project has gotten to a slow start and still appears challenged at finding its way forward to achieving meaningful results in the field. At the same time, the project has begun to accumulate some results that are both innovative and relevant. With a strategy squarely focused on continued innovation and relevance, the project could achieve several other key results going forward. On the basis of the innovativeness and relevance achieved to date, the

reviewer believes the project is on quite a meaningful track. If only certain barriers can be overcome, the project may be able to achieve outstanding results by project close.

Just as the project team is challenged in explaining its complex projects to others, it appears challenged in explaining the specific reasons that its achievements and targeted achievements are innovative and relevant. As with the project description, the reviewer recommends the project team develop a simplified means of conveying the innovativeness (or differentiating features) and relevance (importance to the country and to the big picture of increasing forest and pasture cover) of its achievements and targeted achievements. Further, in designing future activities, the project team can also apply the tests of innovativeness and relevance to proposed ideas to see whether they are attractive. These two factors reflect GEF strategy: (1) GEF funds should be applied only to activities that would not happen in the absence of those funds (innovativeness or differentiating features). (2) GEF funded activities and pilots should lead to greater impact beyond the project itself (such as replication, nationwide adoption, etc.). Exhibit 2-3 lists key SLFM achievements and potential achievements, explaining why they are innovative and relevant/meaningful. The project team may consider this type of table as one approach to presenting project achievements in a meaningful way.

Exhibit 2-3: Conveying Innovativeness and Relevance of Project Achievements and Targeted Achievements

Achievement	Innovativeness or Differentiating Features	Relevance
Already achieved		
Carbon: New methodology developed for estimating carbon pools in forests and pastures; estimates of forest carbon pools made for two rayons	Use of IPCC 2006 methodology and conducting of deep fieldwork for carbon measurements completely new to Azerbaijan	Methodology needed for UNFCCC reporting and could be used for carbon finance; MoENR likely to adopt nationwide
Pasture inventory: Methodology developed and implemented in one rayon by ClimaEast co-financing; method proposed for national level adoption	Last time pasture inventory done in Azerbaijan was 1949-51. Old methodology cost up to USD100 per ha. New method costs around USD0.5 per ha.	Pasture inventory is a priority in draft NAPCD. Needed to develop pasture management plans. Likely to be adopted by MoENR in other areas.
Afforestation: Successful afforestation at four sites covering 90 ha in Ismayilli	Two sites employ innovative afforestation methods not used before in Azerbaijan, including broad mix of species, fencing, and row ploughing to reduce carbon emissions.	Currently, MoENR's main plantings are along the road. However, MoENR has strong interests in these pilots in forest areas and is likely to replicate them.
Pasture rehab: Conducted by partner ClimaEast in summer pastures	Pasture rehab done in small pieces of 1 to 4 ha (as identified by project mapping work), rather than in large swaths as in previous projects	*To be determined*. (*Note: There is some concern that pasture planting will not be replicated due to high cost. This issue should be explored before more project funds are spent in this area*.)
Pasture and forest user associations: Established in two rayons; policies proposed at national level to support these associations	First time for such forest and pasture user associations to be established in Azerbaijan (main prior example is water user associations)	Many stakeholders agree collective approach is the best way to tie alternative livelihood support to requirements for better pasture

		management and better forest protection.
GIS/GPS Training: Training conducted in use of digitized maps	While GIS is not completely new to Azerbaijan, focus on forest and pasture GIS work is.	MoENR has discussed GIS previously, but before project lacked true GIS capabilities.
Subsidies: Policies proposed for payments for pasture management and afforestation by private individuals.	While agricultural subsidies are common, such pasture and forest subsidies would be completely new to Azerbaijan.	Government has strong awareness of the need for innovative models for pasture and forest improvement.
Expected to be achieved		
Carbon: Estimates made for pasture carbon pools in two rayons	*Same as for other carbon item above*	*Same as for other carbon item above*
Pasture inventory: Implemented in other areas of project rayons	*Same as for other pasture inventory item above*	*Same as for other pasture inventory item above*
Forest inventory: New methodology developed and implemented in project rayons	Last true inventory in 1986; latest international practices using digitized maps will be introduced	Pasture inventory is a priority in draft NAPCD. Last true inventory in '86 done by Georgian experts. Azerbaijan currently lacks needed capacity to do forest inventory.
Pasture rehab: Conducted in additional project areas	*Same as for other pasture rehab item above*	*Same as for other pasture rehab item above*
Pasture management plan implementation and alternative livelihoods for pastoralists: Pilots conducted in two rayons	Implementation of pasture management plans combined with alternative livelihood incentives to reduce livestock and follow these plans is completely new to Azerbaijan.	Many stakeholders recognize that the pastoralists themselves are the key issue for pasture quality and that alternative livelihoods is the best (albeit challenging) option.
Alternative livelihoods for forest users: Pilots conducted in two rayons	Support of alternative livelihoods in return for better forest protection, such as less grazing in forest, is new to Azerbaijan	Many stakeholders believe that increased villager engagement in the forest is the way to improve forest protection.
Subsidy pilots: Both afforestation and pasture management pilots conducted in two rayons	Subsidies for pasture management (such as hay provision to delay departure to summer pasture) and private afforestation are completely new to Azerbaijan.	Government has strong interest in innovative models for pasture and forest improvement; pilots will garner strong attention from policy makers
Forest management plan: Designed for and implemented in two rayons	*To be determined. (Note: Stakeholders disagree as to whether such a plan would be differentiated from the WWF plan already prepared for Ismayilli*.)	*To be determined. (Note: Currently, MoENR afforestation is mainly along the road. Some indicate forest management plan will be key tool to enable and encourage afforestation in mountain areas and that existing plans do not do this.)*

To further understand the "relevance" column of Exhibit 2-3, it is useful to consider the relationship between the project and MoENR's National Action Plan to Combat Desertification (NAPCD), which has both legislative and technical priorities, and has not yet

been adopted. The project team has had access to the draft and has carefully designed much of their work based on what the Ministry is desiring to do. As a result, the project can be seen to be highly relevant and in-line with national priorities. For example, policy amendments, such as the project has prepared, are called for in the NAPCD. Further, much of the project's technical work is congruent with NAPCD priorities. For example, pasture inventory (such as will be pursued by the project) is a priority of the NAPCD, as is using GIS approaches in managing the environment (an area in which the project has conducted multiple trainings).

Exhibit 2-3 highlights an important and positive trend discovered during the mission. While the motivation behind project activities was sometimes difficult to uncover, findings when the background was uncovered repeatedly suggested that the project's work is innovative and meaningful. For example, the forest carbon pool estimation work, in its adoption of IPCC 2006 methodology and extensive field work, is completely new to Azerbaijan. Further, it will very likely be adopted by MoENR in future carbon reporting. Similarly, the approach taken to afforestation in the project's most recent two afforestation plots is completely new to Azerbaijan. The plots have a wide range of species. Also, one site alternates conifer rows with broadleaf rows, whereas traditional plantings have tended to be broadleaf only. The project's pasture inventory work conducted by ClimaEast is the first in Azerbaijan since 1949-51. The methodology promoted will drastically reduce costs from the old methodology (USD100 per ha) to about USD0.50 per ha. The in-progress forest inventory methodology work is highly anticipated by many. Azerbaijan's last quality forest inventory was in 1986 and conducted by Georgians. Capacity for doing detailed forest inventories in the country has been lost; and there is thus a need to redevelop it. Finally, if the project is able to implement alternative livelihood work as incentive for pastoralists to implement pasture management plans and as incentive for villagers to better protect the forest, this will be quite a new approach in Azerbaijan. While livelihood work may have been conducted previously, mechanisms linking livelihood work and targeted pasture and forest results would be completely new.

An alternative way the project team may highlight project successes is to emphasize changes from the baseline at project start. Exhibit 2-4 illustrates this methodology, which may include some quantitative indicators. This "change from the baseline methodology" may also be a useful exercise for the team in determining which types of potential future activities: (a) truly offer changes to the baseline and (b) have the potential to achieve scale through replication.

Exhibit 2-4: Conveying Project Achievements via Mapping Changes from the Baseline

Item (all references to situation in Azerbaijan only)	**Status in July 2013** (start of project)	**Status in Dec. 2015** (MTR)	**Expected status in Dec. 2018** (end of project with extension)
Measurement of forest and pasture carbon pools with 2006 IPCC methodology	Never done before in Azerbaijan	Two rayons' forest carbon pools measured (20,000 ha)	Two rayons' forest (20,000 ha) and pasture (12,500 ha) carbon pools measured
Afforestation with new methods with greater mix of species and minimizing release of soil carbon	Never done before in Azerbaijan	70 ha, innovative because of mix of species, row plowing, and fencing	15,070 ha afforested in 6 rayons by MoENR using innovative project methods
Pasture rehabilitation of isolated 1 to 4 ha	Never done before in Azerbaijan using this small patch approach	≈20 ha	70 ha

patches selected based on inventory findings			
Pasture inventory	Not done since 1949-1951 (cost of old method USD100/ha)	New method developed costing about USD0.5/ha	New inventory method approved; implemented in over 39,000 ha in 6 rayons (including MoENR replication)
Forest inventory	None since 1986; done by Georgians; Azerbaijan has lost capacity to do this	New method under development	New inventory method approved; MoENR staff trained; implemented over 135,895 ha in 6 rayons (including MoENR replication)
Pasture management and alternative livelihoods for pastoralists	Pasture management and alternative livelihoods never integrated before in Azerbaijan	Pasture management plans almost complete; livelihood plans not yet developed	over 30 pastoralists (who have over 15,000 livestock prior to initiatives) involved in pasture management integrated with alternative livelihoods
Alternative livelihoods for forest users	Alternative livelihoods never used before in Azerbaijan as a way of ensuring forest protection	*Specific plans not yet developed.*	Over 10 villages and over 100 persons involved in improved forest protection combined with alternative livelihoods
Subsidy pilots in pastures and forests	Never before demonstrated in Azerbaijan	*Specific plans not yet developed.*	5 afforestation subsidy pilots and 5 pasture management pilots demonstrated
Pasture and forest user associations	None – concept unknown	4 associations preliminarily established	10 associations actively pursuing alternative livelihoods
Policy amendments on pasture/forest associations and subsidies	No amendments on associations; FAO has done some past work on subsidy for pastures	40 new amendments drafted – soon to be adopted	20 new amendments adopted
Implementation of new forest management plan.	None – current plans are traditional type of plans; WWF has designed FSC plan, but not yet publicized.	*Specific plans not yet developed. Still need to determine if this is needed.*	Project designed plan implemented over 20,000 ha and has stimulated MoENR to pursue sanitary cutting and afforestation in mountain areas.

Lastly, an additional piece of evidence of the innovativeness and meaningfulness of project activities to date is the project's eight different training events, as summarized in Exhibit 2-5. At least six of these trainings are in areas deemed by stakeholders to be innovative and meaningful: carbon pool assessment (2 trainings), training on GIS/GPS as applied to forests and pastures (2 trainings), forest inventory (1 training), and pasture inventory (1 training). The evaluator received less feedback on the local RAPCD (Regional Action Plan to Combat Desertification) trainings or RAPCD work in general. While RAPCDs are called for in the NAPCD, a high potential for impact with regard to these regional action plans was not

identified. Altogether, the extensive training under the project covered about 150 person-times of training and over 1,000 person days of training. Extensive involvement of MoENR staff in four of the key trainings reflects the potentially strong impact of the project in building MoENR capacity.

Exhibit 2-5: Training Events

Type of training	Number of days	Number of Participants	Type of Participants
1st Forest and pasture carbon pool assessment training – May 2015	2-3 days theoretical 6-7 days field Total 8 to 10 days	13-15 people 18-20 people	8 MoENR persons, 4 students, 1-3 project staff; In field: added 5-7 local forest dept. staff
2nd Forest and pasture carbon pool assessment training – Nov 2015	2-3 days theoretical 6-7 days field Total 8 to 10 days	20 people 25-26 people	8 MoENR persons, 4 students, 8 project staff; In field: added 5-6 local forest dept. staff
1st GIS/GPS training – May 2015	4-5 days theoretical 2 days practical Total 6 to 7 days	24 people 24 people	12 ASAU persons, 10 students, 2 project staff
2nd GIS/GPS training – July 2015	2 days theoretical 5 days practical Total 7 days	22 people 22 people	12 ASAU persons, 10 students
1st Legal Working Group training in Shamakhi and Ismayilli in support of preparation of an RAPCD	2 days theoretical	15 people	10 persons from the rayon committees, 5 persons from PUAs and FUAs
2nd LWG training in Shamakhi and Ismayilli in support of preparation of an RAPCD	2 days theoretical	15 people	10 persons from the rayon committees, 5 persons from PUAs and FUAs
Forest inventory training and capacity building programme	2-3 days theoretical 6-7 days practical Total 8 to 10 days	12-15 people 18-20 people	7 MENR persons, 5 students, 1-3 project staff In field: 5-7 local forest dept. staff
Pasture inventory training and capacity building programme	2-3 days theoretical 6-7 days practical Total 8 to 10 days	12-15 people 18-20 people	7 MENR persons, 5 students, 1-3 project staff In field: 5-7 local agricultural dept. staff

Need for Clear Plan of what will be Achieved by End of Project - and Need of Clear Way to Convey this

In addition to a clear way to describe the SLFM project and its achievements, the reviewer also sees a great need for a clear and simplified plan of what the project will achieve by end of project. One takeaway from the mission is that the project team does not seem very clear on what the key activities will be between mid-term review and project close. The reviewer perceives an approach of checking the project document at the end of the year and preparing next year's annual work plan, without a clear, bigger picture plan for the full lifetime of the project. Such a bigger picture plan is critical and should be written down. Ideally it will be brief and focused, taking only one or two pages. Discussion below will elaborate areas that the reviewer believes should be given greatest emphasis going forward, including people-related activities in the field. At this point, it will be more important for the project team to ensure that they are pursuing high-impact, highly replicable activities that serve the project objectives and outcomes, rather than attempting to address specific activity recommendations included in the project document, which was drafted in 2011. Once such a plan is in place it

can also be used as a tool to help high level stakeholders at MoENR, UNDP, and in the rayon government understand the overall intention of the project. Further, the plan should be repeatedly referred to by the project team to ensure they are on track with the intended big picture direction of the project. The need for a big picture plan is discussed further (as a management tool) later in this section (in Subsection 2.3). A possible approach diagraming such a plan is illustrated by Exhibit 2-9.

Need for Major Shift of Pasture and Forest Work to the Field and to People-Related Activities

"The project needs to decrease the pressure on forest and pasture areas. Then they need to show the President this work." - Government stakeholder

Evidence obtained during the MTR mission suggests the project should make an immediate and substantial shift in its focus post-MTR. It should shift from technical work, studies, and assessments to achieving results on the ground via multiple pilots. UNDP-GEF projects are meant to have substantial impact "on-the-ground." One way they do this is by piloting new models that are then replicated. A project that focuses only on studies, assessments, mappings, and inventories – only determining the natural resources available rather than improving them -- appears to fall short of expectations for UNDP-GEF sustainable land and ecosystem management projects. Generally, such projects are expected to make an impact of tangible environmental improvement, such as increased forest or pasture cover, increased biodiversity, and increased carbon storage. And, many of these projects deeply engage local people in initiatives, as the quality of forests and pastures is often tied intrinsically to the activities of local people.

Exhibit 2-6: Stakeholder Comments Implying Local People are the Key Issue and Regarding Need to Shift Project Work to the Field

Key Role of Local People
-"It's very difficult to change the mentality of the people, but when we implement in the field, the issue is related to the mentality of the people." *project team member B* -"Let's take sheep breeding. Because of too many ewes, they are destroying the land. There should be an alternative to sheep….There is too high a number of animals. We are happy to cooperate with the project on alternatives for the pastoralists." *rayon official* -"Overall opinion about the project….when you go up to the mountain and experts start to talk to the local people – the people start to realize we have a problem. They understand what the situation is, that the natural resources will be destroyed if we keep on the same path." *project expert 1*
Need to Shift Work to the Field
-"Baseline activities should be in place by end of year and then project has to make a fundamental shift: (1) no more enabling activity, (2) no more planning, (3) no more baseline work. By now we should know which pastures and forests are targeted, what is going to be done, and who will do it." *project expert 2*
Alternative View – Final target is the plan. (Note: Reviewer does not agree with this view)
-"If we get integrated forest and pasture management plan completed on paper, I think the project goal is complete." *project team member E*

Indeed, MTR discussions with project team members, experts, local officials, and local people made it extremely obvious that the people – the pastoralists and potentially the people living near the forests – are critical to improving pastures and forests. Exhibit 2-6 shows a

selection of comments in this regard. Yet, while the people are the obvious critical piece (especially in the case of pastures), the project has not yet gotten them substantially involved. Some project team members may even see the goal of the project only to be to "determine what is there" in terms of forest and pasture resources or perhaps to culminate its efforts with "management plans on paper." In contrast, the reviewer strongly urges the team to target pilots in the field that have the potential to increase forest and pasture cover and the potential to be replicated on a wide scale.

Exhibit 2-7: Diagram of Shift in Project to Focus on Pilot Work

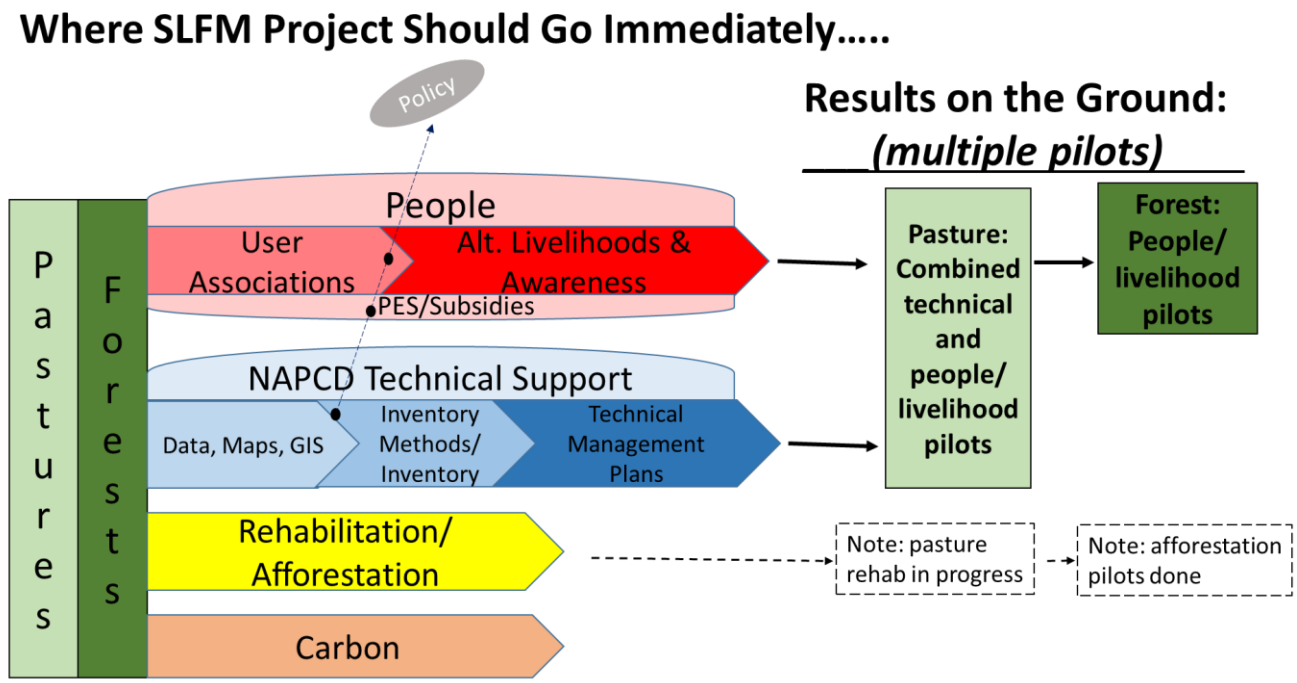


Exhibit 2-7 incorporates Exhibit 2-2a (which was used to describe the key part of the project) to show the recommended direction to which the project should now shift. On the right, a box representing pasture pilots extends vertically to show the incorporation of both livelihoods/people work (red bar on left) and technical NAPCD work (blue bar on left). This is because the pasture management plans coming out of the NAPCD work will be combined with livelihood or subsidy efforts with pastoralists. For forest livelihood pilots, the relevant box has less vertical extension, encompassing only the region of the red bar (people/livelihoods). While some of the mapping and assessment work done to date may help in identifying priority forest areas for livelihoods work, this work will not need to await the preparation of a forest management plan, which will mainly be targeted at MoENR and the local forest enterprise. This is an important point, as otherwise preparation of the forest management plans might delay forest livelihood work. Pasture management plans, however, are almost done, so should not delay pasture livelihoods work. The dotted boxes indicating afforestation and pasture rehabilitation are also priority pilots for potential replication. They are not shown in color as this work appears to already be moving. The afforestation work is more advanced. Some push on the pasture rehabilitation work, however, will be needed.

Recommendation to shift some staffing to the rayons and employ a livelihoods or socio-economic team lead: As a part of the strategy to shift project work to the field and to people

oriented activities, there should also be a shift in project staffing to the rayons. At present, the project management team consists of seven persons based in Baku, the capital, and two part-time persons based in the rayons. It appears there may already be plans to reduce a few Baku based team members to either a part-time or on-call basis, as the bulk of their work has concluded. Given that a good part of the project may shift to people-focused, livelihood activities, the greatest need in the field will be for persons that can conduct liaison with stakeholders in the field, such as frequent visits with pastoralists, and also monitor related work. Exhibit 2-7 shows the number of field visits of the five content-oriented Baku-based project team members in the first 2.25 to 2.5 years of the project. While it shows in total a substantial number of visits for each person, this level of field presence will clearly not be enough to push implementation of people-intensive work. The average number of visits is 0.3 visits per person month, meaning on average the team members each visited the field only once every three months. Further, the average stay in the field is just 0.8 nights per person month, meaning each person spent an average of less than one night per month in the field.

Further, the project will need a person with practical experience in successfully implementing livelihood and incentive mechanism activities to lead much of the work that needs to be done. Indeed, this work will likely represent a majority of project spending going forward, so an experienced person is needed to design activities and manage their implementation. Ideally, this person will be based in the field for the remainder of the project or spend about half their time there.

Exhibit 2-7: Field Visits of Project Team Members

Project Team Member	Dates employed by project (= "reporting period")	Number of visits to Ismayilli or Shamakhi during reporting period	Total nights in field
Project Manager	03 June 2013 – present	13 field visits	33 nights in field
Legislative Team Lead	06 August 2013 – present	11field visits	28 nights in field
Pasture Team Lead	06 August 2013 – present	10 field visits	28 nights in field
Forestry Team Lead	06 August 2013 – present	8 field visits	21 nights in field
Carbon Team Lead	06 August 2013 – present	4 field visits	16 nights in field
Average of 0.3 visits per person per month (or about 1 visit every 3 person months); average of 0.8 nights in field per person-month			

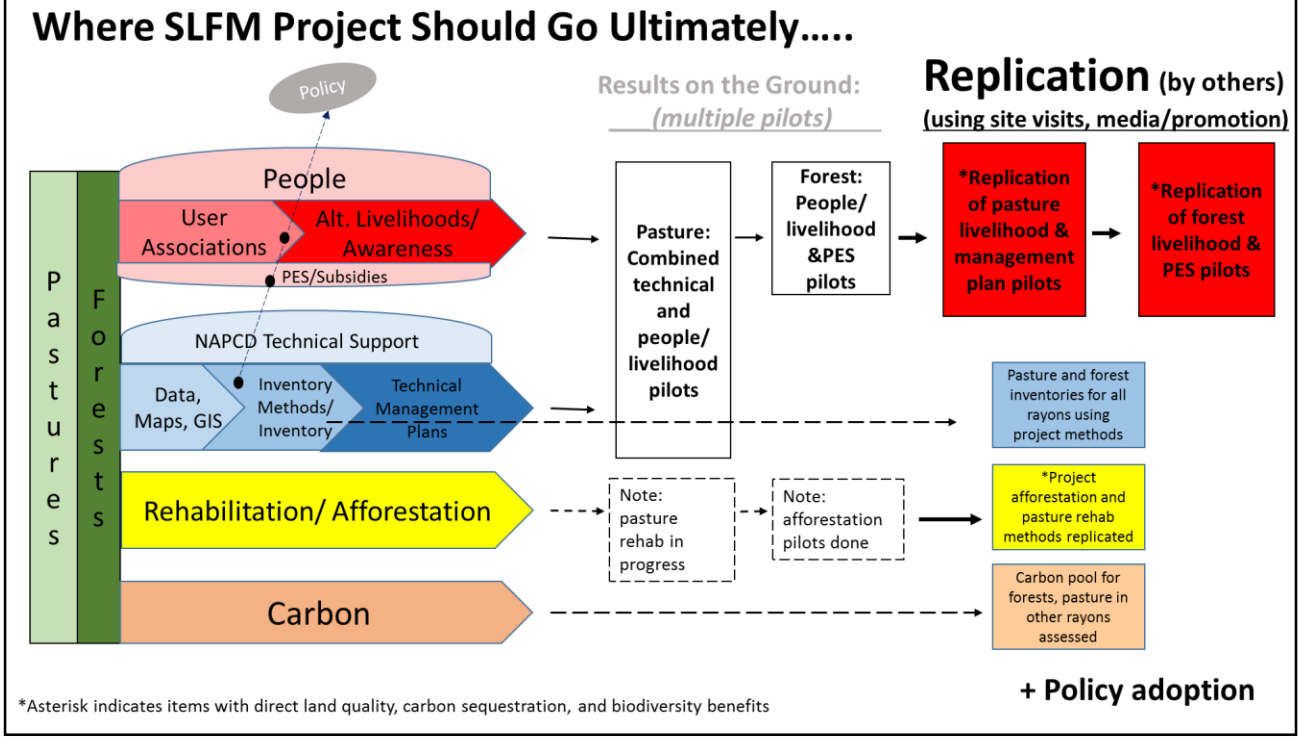
In MTR mission discussions of whether to shift staffing to the field, the questions arose of what types of skills are needed and what type of persons are available. As mentioned, ability to conduct liaison work with local people for livelihoods work and incentive mechanisms will be critical. Such persons should be able to support the pasture and forest team leaders, as well as the project manager, in Baku. Preliminary findings suggest human resources anxious to work hard may be available. The MTR mission met with the part-time Ismayilli based field monitor hired by the ClimaEast Project. The monitor has performed quite well for ClimaEast and is college educated, very familiar with the local area, and knowledgeable. A stakeholder familiar with the local situation in Ismayilli suggests that more quality persons of this profile are likely available to work for the project. Thus, the question becomes whether their capabilities may extend beyond field monitoring to conducting effective liaison work with local people. Costs of field based persons are likely to be significantly less than those of persons based in Baku. Project team members confirmed that there will be "a huge volume of

work in the field that must be implemented." There will also be a need to "keep the local government interested and local forest enterprises interested."

Need to Focus all Future Activities on what will have True Impact on Forest and Pasture Cover and on what will be Replicated

Exhibit 2-8 shows the ultimate recommended direction of the project, which should be to stimulate replication of pilots contributing to increased forest and pasture cover. Exhibit 2-8 encompasses Exhibit 2-7, which suggests the immediate next focus of the project should be creating pilots in the field. If the project receives an extension and thus has three years remaining, these pilots may be implemented during the next 1.5 to two years, while the last 1.5 years of the project should be focused on building awareness of the pilots, inviting visitors, and facilitating the replication of the pilots by others. In Exhibit 2-8, pasture livelihood and management plan pilots, forest livelihood and/or afforestation subsidy pilots, afforestation pilots, and pasture rehabilitation pilots are all indicated as project pilots whose replication should be targeted. Conducted effectively, these pilots and their replication will all lead to direct land quality, carbon sequestration, and biodiversity benefits. The project should also target replication of its forest and pasture inventory work and carbon inventory work. Although these do not directly result in an improved environment, they may facilitate more extensive replication of project pilots that do.

Exhibit 2-8: Ultimate Direction of SLFM: Replication to Increase Forest/ Pasture Cover



To achieve this ultimate recommended direction of replication, the project should focus on pilots that clearly have the potential for replication. At present, for example, the afforestation work and planned livelihoods work is believed to have replication potential. At the same time, there is concern that pasture rehabilitation work (planting of grasses and fencing) is "too expensive" and therefore not replicable. This raises the question of why the project

would pursue pilots that are not replicable. Further justification should be elaborated or, alternatively, this work may be abandoned. It is possible that there is some confusion here related to the pasture rehabilitation replication model. For example, if it is expected that the pastoralists on whose land the grass sowing pilots are occurring will be the first ones to replicate (by sowing grass in more locations on their land), later hopefully followed by other pastoralists who are not part of the pilots, this should be clarified.

In addition to ensuring work is replicable, in designing activities for the rest of the project, special analytic effort should be expended to ensure that these activities have a link to increasing forest and pasture cover. Experience with other projects has shown, for example, that sometimes livelihood work in sustainable land and ecosystem management projects becomes an end in itself rather than a means to the goal of sustainable pasture and forest management. Indeed, the SLFM team may experience pressure in the rayons to conduct general livelihoods work. This pressure should be resisted. The project team should be prepared to patiently explain over and over that any livelihoods work will need to exhibit a direct tie to improved pasture or forest cover and will otherwise not be appropriate to the project. For the pastoralists, it is likely the link between alternative livelihoods and improved condition of the pastures may be secured if livelihood support is made contingent on improved pasture management. For forest livelihoods work, the design of activities that truly benefit forest cover may be more challenging. At present, there is some disagreement as to the severity of impact from grazing in the forest and other present-day anthropogenic activities. If these activities are not really impacting the forest or not doing so in the areas selected for livelihoods work, the work will fail to serve the project objective and outcomes. Indeed, if grazing in the forest turns out not to be much of an issue, a focus on subsidy models for afforestation by private individuals, which addresses the key issue of past deforestation, may be called for. In general, the subsidization of afforestation activities will be easier to justify, while forest related livelihoods activities will require more vigilance in confirming a connection with improved forest quality. Finally, when livelihood activities are designed to address real potential forest or pasture improvement activities, it will also be important to include a mechanism that ensures those receiving support follow through with their part of the deal to improve the protection of pastures and/or forests.

Taking Policy and Awareness Work to the Next Level

Post-MTR, the project should also consider moving its policy and awareness work "to the next level." That is, an effort should be made to ensure this work, which has so far consisted mainly of preparing proposed policy amendments, has true impact. For the policy work, rather than just submitting recommendations that will eventually be forwarded to the Cabinet of Ministers and possibly sit there indefinitely, the project team should come up with a strategy that will maximize the potential of the proposed policies to be adopted. While the project team cannot ensure adoption, it is likely they can increase the possibility of adoption. Further, the strategy they employ may be combined with general promotion of the concepts contained in the policy proposals (forest and pasture user associations and subsidies for afforestation and pasture management) so that the project will generate discussion on and knowledge of these issues. The policy work is discussed in more detail in Section 3. Some key steps that should be considered are: involvement of UNDP Azerbaijan top leadership and Minister of Ecology in meetings with relevant parties in the Cabinet of Ministers and Parliament at a strategic time. Further, the project should consider at the appropriate time holding a high-level SLFM legislative conference, with policy makers attending. The conference could cover both the user associations and the subsidy proposals. It may also

cover the additional topics of livelihoods, afforestation in mountain areas, etc. Media should be involved in the conference; and further media support outside the conference could be a part of the overall policy strategy. The project in its outreach work should be certain to include MoA. FAO may be able to assist in involving MoA. Interestingly, in the past, an FAO project has prepared pasture subsidy policy recommendations which are now sitting with the Cabinet of Ministers. Thus, bringing FAO to the table to jointly promote such policies may be a strategy to consider.

Going forward, the policy work completed to date could also be combined with broader awareness building efforts. So far, for example, the project has completed a number of excellent studies on the status of forests and pastures in project areas. Brief versions of findings of these studies may be prepared on a level appropriate to policy makers to help make them aware of the level of degradation that has occurred and of the fact that pasture livestock loads are already at two to three times carrying capacity. These summaries might be provided as a stand-alone briefing or be combined with succinct reporting on the results of the pilots, as soon as those have been implemented.

Publicizing of the project demos once they are completed will be very important. As one project expert said: "The disadvantage of many projects is that you do something very good and you don't promote it…There should be a plan to publicize the results. We should invite people to see the demos – to a few of the places, so that they can replicate the approach. We have to show it." In-person site visits will be the most important way to promote the demos. A conference and briefings for policy makers may supplement site visits.

Once the project has results in the field, a media strategy may be pursued. During the MTR mission, there was some discussion of which media strategies have the highest potential. Most stakeholders agree that TV is the most effective medium, though quite expensive. One very successful strategy the reviewer has seen before with a UNDP-GEF project is preparation of a documentary featuring the project that is picked up by a prime-time science-oriented television show. One suggestion made during the mission is that the project adopt a strategy cutting across publications and media types. Newspapers and online news sites, as well as other popular websites, may be included. The project has developed its own project website; and this may best serve those already interested in the details of the project. Yet, a separate media strategy is needed to promote policy adoption and replication of pilots. In addition, a social media strategy may be something the project wishes to consider pursuing. After the pilots are operational, the project may wish to retain a media consultant with traditional media experience and, possibly, social media experience. Beyond promoting the project's proposed policies and pilots to policy makers and others, the project may wish to consider using social media to encourage participation among local pastoralists and forest users. An issue, however, is that not all of these have ready access to mobile telephony, particularly from summer pasture locations. Mobile aps have, in addition, been suggested as a way to engage pastoralists with each other and encourage compliance (via peer pressure and peer engagement) with pasture management plans. Research has shown that social involvement via mobile aps and gamification has proven more effective in getting people to adopt new habits (e.g. weight loss, exercise) than has individual use of mobile aps. Finally, the project in its media and awareness strategy may wish to cooperate with the EU, which through its Ecosphera work is pursuing greater public awareness of environmental issues.

Decisions Needed on Carbon Work

At the time of the mid-term review, the project's carbon work appears to be at a fork in the road in terms of what comes next. It is suggested that the project team carefully consider the options and make a clear decision for this component going forward. One option is to simply complete the work that is already in the pipeline. The project has already created carbon pool estimates for forests in the project rayons; and remaining work is to create such estimates for pastures in the two project rayons. Further, project team members have suggested additional training on carbon pool work, as this is a new area for Azerbaijan and more persons need to be trained. The project will also need to prepare projections and later estimates of the increase in the carbon pool due to the project afforestation and pasture rehab work. Results will be used first as targets in the project results framework and, eventually, as achieved amounts.

Whether the project pursues further carbon specific-work (beyond the aforementioned) may depend on both resources and interest in other types of carbon-specific work. During the MTR mission, it was found that most stakeholders believe the project is busy enough with other work and should simply pursue "carbon" through non-carbon specific efforts in afforestation and grassland improvement. At the same time, some areas for carbon specific work that may be considered include: (1) building knowledge and capacity on carbon-specific implications of planting and pasture/forest management methodologies (e.g. how to deal with soil, plant selection, etc.); (2) building in-country capability for carbon accounting for ecosystem carbon offsets (easier for forests, more difficult for pastures); and (3) identifying potential ecosystem carbon offset projects.

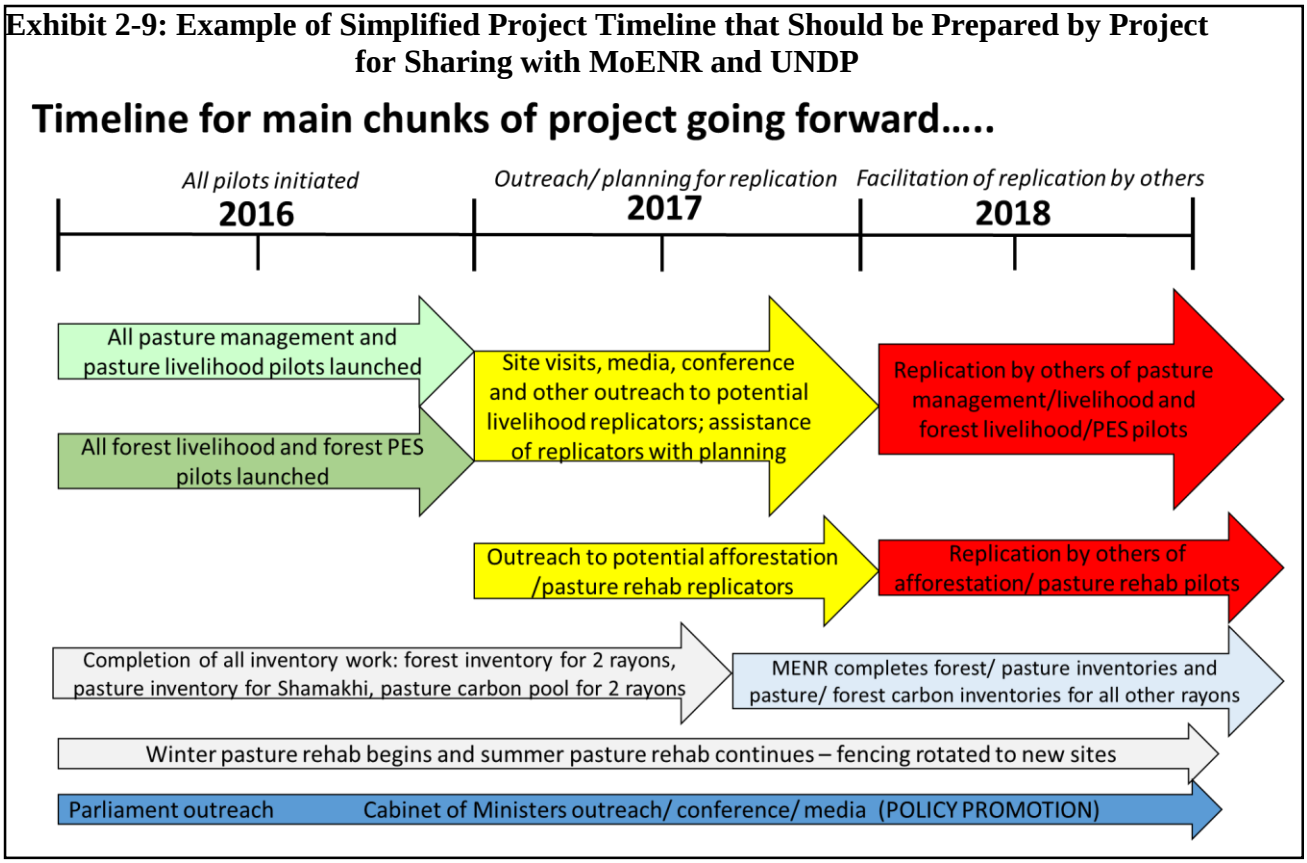
2.3 Biggest Concerns / Potential Barriers to Success

Findings from stakeholder consultations suggest that the project faces three very significant concerns that may impede its ability to deliver meaningful results on the scale expected of a UNDP-GEF project with USD5.68 million in funding. The concerns are: (1) difficulty in obtaining the high-level MoENR buy-in needed to move project activities forward in a timely fashion; (2) lack of buy-in and support at high level in the project rayon governments; and (3) lack of focus and pro-activeness on the part of the project team.

The reviewer recommends that addressing each of these three big concerns needs to be baked into project management. There needs to be a strategy for each of these three items, just as there is a strategy for each of the project components. UNDP at a high level, the project manager, and the Clima-East project manager need to agree on this strategy. The two project managers should then be responsible for implementing the strategy, calling on UNDP at a high level for help when needed. The MoENR buy-in strategy, in particular, may call for a high level meeting between UNDP and the Minister or Deputy Minister very soon (e.g. early January 2016) to launch the project into its new field-oriented phase. In general, for both the Ministry and the rayon governments, simplified communications regarding the project and priorities going forward should be developed. The project managers should consider this their "marketing strategy" for high-level stakeholders. At the rayon level, effective strategies, such as presentations to top rayon officials and invitations to regional conferences (both of which have been applied by the ClimaEast project manager in the case of Ismayilli), should be continued.

With regard to focus and pro-activeness of the project team, key activities to be implemented from now until project close should be identified with rough timelines mapped out. These should be presented in a simplified fashion to make them accessible not only to the project team, but also UNDP and the Ministry. An example of what this might look like is given in Exhibit 2-9. The mission identified some concerns that some project team members are not putting a full-time effort into their SLFM work and not being as proactive as they could be to drive the project forward. To ensure the project team is empowered, working full time on the project, and being effective, there should be meetings for weekly reporting by the team leaders to the project manager, monthly reporting meetings jointly with ClimaEast, and quarterly reporting meetings to UNDP. At all of these meetings, team leaders will be responsible for reporting progress on major project activities. Field directors or other responsible persons in the field may call in to these meetings to report as needed. Repercussions (e.g. termination) for non-performance of team members should be made clear from the start of the post-MTR phase of the project. Blocks to progress arising from the Ministry or rayon governments should be reported to the project managers, who should work with UNDP and team members in the field to resolve them. The SLFM project manager should be responsible for ensuring that all team members are working full-time on the project and making the progress needed to move the project forward in timeline fashion. The project manager's work, in turn, should be monitored by UNDP.

Exhibit 2-9: Example of Simplified Project Timeline that Should be Prepared by Project for Sharing with MoENR and UNDP



Additional input from the mission with regard to each of the three main concerns outlined above are given in Annex 2. Annex 2 also includes elaboration on the proposed solutions to these issues.

3. Policy Work: Outcome 1

The project's policy team has been preparing a package of proposed policy amendments and standards for submission to the Minister of Ecology. The expected procedure is that after approval by the Minister, the package will then be sent on to the Cabinet of Ministers for the next step in the approval process. The project team expects the package to be submitted to the Minister in January of 2016. They explain that it would be difficult to submit proposed policies individually rather than as a comprehensive package. The team has shifted their policy work from that indicated in the project document to that which makes sense given the current situation on the ground and the priorities of the Ministry. According to the project document, the project was to prepare recommendations for changing the Forest Code. The team held several meetings with MoENR, however; and MoENR told them very clearly that they do not have any problems with the Forest Code and do not want to change it in the ways originally proposed by the project document.

The policy package covers three main areas: (1) amendments and documents for setting up forest and pasture user associations, (2) amendments for providing subsidies to those managing the pastures and those conducting afforestation, and (3) standards for conducting pasture inventory. All three will be submitted to the Minister of Ecology. The amendments proposed include those for the Forest Code, Land Code, and Code of Municipalities. The proposed amendments are fully focused on the associations and forest and pasture related subsidies, rather than on some of the other areas indicated in the project document.

After approval and/or revision by the Minister, items related to the first two areas (associations and subsidies) are envisioned to be sent to the Cabinet of Ministers, where they will need to be reviewed and agreed upon with appropriate government bodies. They will then require approval by the President's Administration. Amendments to the Land and Forest Codes (for the associations) must next be ratified by the Parliament before being signed into force by the President. All other legal documents (for associations) and amendments (for subsidies) do not require Parliamentary approval but instead will need to receive final consent from the Cabinet of Ministers after approval by the President's Administration. Items related to the last area (pasture inventory methodology) will need to be jointly reviewed by MoENR and the National Academy of Sciences and then sent on to the Ministry of Justice for final registration, at which point the standards will come into official force.

The policy package includes 19 amendments or other documents related to the associations and 21 related to the subsides. (Please see Annex 3 for a full list of items in the policy package that are related to these two areas.) The project document originally envisioned eight to ten proposed changes in policy. Yet, the way the existing legislation works, with so many interrelated aspects, in the end, the project team found that they needed to prepare a total of 40 amendments and related documents for the two areas of proposed policy change, associations and subsidies. While the scope of the proposed policies and standards is generally within the main scope indicated, some areas are a bit further afield than what might be expected. For example, according to the project team, one of the proposed amendments

gives a chance for the rayon government to have municipalities receive a piece of forest from MoENR to be used as community forestry.

The legal team has also prepared eleven documents for setting up a temporary national committee and two temporary rayon committees related to the project. These are included in the listings in Annex 3. As the committees are meant to be temporary, the reviewer sees them more as project management aspects of the project rather than long-term, sustainable achievements.

Different stakeholders have somewhat different perspectives on how difficult it will be to get the policy documents approved. Generally, it is believed that the pasture inventory methodology will be relatively easy to get approved. Some believe the pasture and forest user associations will be approved, while others believe that all policy amendments will be extremely difficult to get approved. Most stakeholders are in agreement that it will be difficult to get the subsidy amendments approved. Subsidy policies will cost the government money; and, thus, their approval not an easy matter. Because the Cabinet of Ministers is a key and challenging link in the approval process and because the Cabinet also approved the SLFM project, the team plans to attach the Cabinet's document indicating approval of the project, as a sort of reminder, to their submission of the amendments.

The experience of the policy team lead within the Parliament appears to be a strong advantage. There are certain methods that should be used in submitting legislation, namely inclusion of certain supporting documents to explain why the legislation is needed. The policy team lead is very familiar with the format of these supporting documents and this familiarity ensures that everything is submitted in the right format and with the right content, thus avoiding future potential roadblocks.

Overall, the proposed legislation appears quite innovative, though for the subsidy legislation there is some question as to how innovative the proposed pasture subsidy amendments are. FAO, in its completed pasture project, which is considered a co-financing project to SLFM, had proposed amendments for pasture subsidies; and these are already sitting in the Cabinet of Ministers, waiting for approval. The nature of the FAO subsidy proposals is something the policy team should follow up on. As MoA may be a good partner in pushing these proposals, SLFM may want to see if they can gain FAO support in reaching out to MoA on such proposals. All stakeholders with whom the mission spoke agree that the pasture and forest user association policy proposals are something completely new. Due to recent legislation, non-governmental organizations (NGOs) face some challenges in Azerbaijan, and it is believed the proposed policy amendments for the pasture and forest user associations would make it easier for them to get established in the face of these challenges.

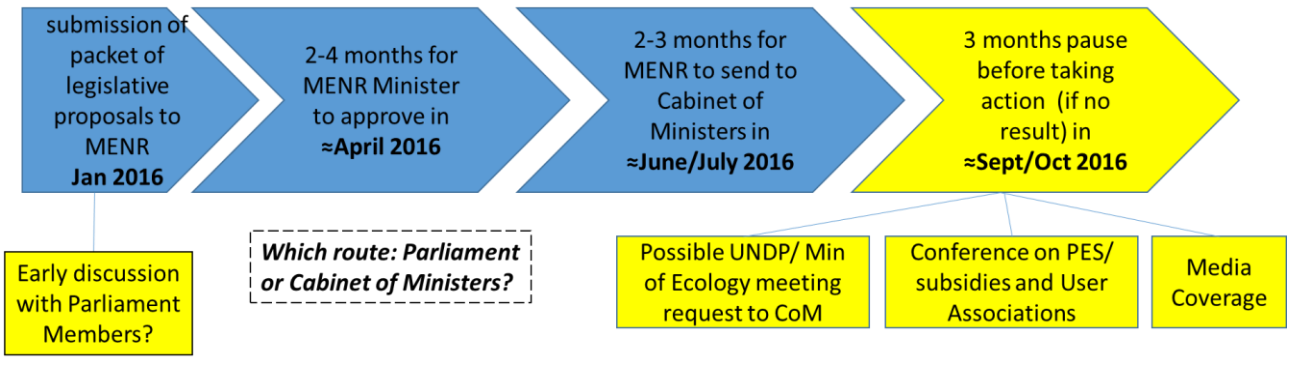
At the same time, some stakeholders have suggested the associations may do better as for-profit cooperatives, which would be easier to register. Their proposal raises the question of the use of the policy work, if in the end cooperatives rather than NGOs will be pursued. Thus, it is recommended that the project team drill down on whether a cooperative structure or an NGO structure will be sought for the associations. If the former, the policy work on

associations will need to be adjusted accordingly, as different laws and approval bodies will be involved.

The reviewer found during the mission that the project does not have concrete plans for promoting adoption of its proposed policies. The reviewer further found that it appears common for donor projects to have their proposed policies "sitting" in the Cabinet of Ministers. While it is challenging to get legislation approved, the reviewer strongly recommends that the project develop a strategy for promoting its legislation, including perhaps high-level meetings, conferences, and media coverage. While, even with such efforts, policy approval cannot be guaranteed, if the efforts are well-designed, they will have the strong co-benefits of awareness building and generation of dialogue on key topics.

Stakeholders confirm that, following a standard course, legislation can take years to get approved. Some, but not all, believe that a proactive approach by the project may help speed up the process. A number of suggestions were made by stakeholders during the mission about how to speed up approval of proposed legislation. These include the following: (1) The project manager and legislative team lead can engage in lobbying to some extent by meeting with relevant members of Parliament to explain the real potential impact of the proposed legislation. (2) The project can organize events at the national and local level, creating a reason to discuss the issues in the proposed legislation. (3) Some kind of celebration to gather people together on the issues may also attract the notice of policy makers (e.g. "Pasture Day"). The project might work with FAO on this. (4) The media may be a strong way to push legislation and get notice from legislators. (5) Arrangement of a high level meeting in which UNDP at a high level goes with the Minister of Ecology to meet relevant parties at the Cabinet of Ministers to discuss the policy is considered by stakeholders as one of the more promising options for pushing policy approval forward. (6) Meetings with members of Parliament and submission of policy directly to Parliament as a more expeditious route was suggested by one stakeholder, though the project team believes the type of legislation proposed should go to the Cabinet of Ministers first.

Exhibit 3-1: Timeline for following up on legislative submissions

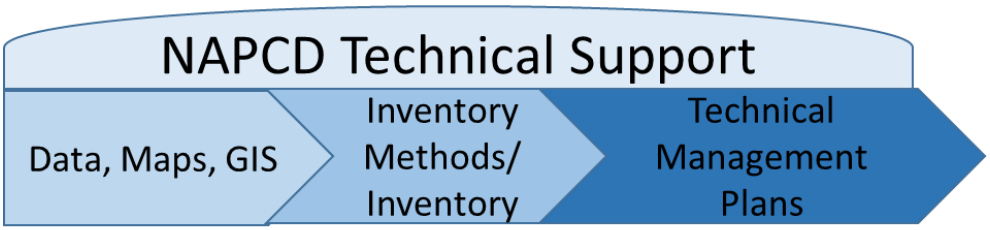


The MTR consultant asked team members about a timeline for high level lobbying and other activities to promote the proposed policy. They indicate it would be inappropriate to lobby or promote the policy right away, before the relevant parties have had time to review it. Based

on their understanding of the probable timeline for submission to the Cabinet of Ministers, they suggest that outreach begin around September 2016. If some of the proposed amendments are instead submitted directly to Parliament or if early liaison with Parliament members may be helpful in general, this might occur as early as January 2016. Exhibit 3-1 shows the timeline implied by input from stakeholders. It is also possible that the national level legislative committee set up by the project could play a role in lobbying for policy approval.

In Exhibit 3-1, the policy package is first submitted to the Minister of Ecology. The Minister may take two to four months to approve, during which time revisions may or may not be requested. After approval by the Minister of Ecology, another two to three months may elapse before MoENR forwards the materials to the Cabinet of Ministers. Then, it is suggested the Cabinet of Ministers be given about three months before a request for a high level meeting, holding of a conference/discussion roundtable, and media outreach occur. If the team decides to pursue a lobbying strategy as recommended here, it may make sense to continue to retain, on a part time basis, the policy team lead or other expert to carry out this work.

Additional information gathered during the mission on the main areas of policy work are given in Annex 3. These areas, in turn, are: forest and pasture user association policy, subsidy policy, inventory methodology, and other policy work.



4. NAPCD Technical Support: Outcome 2A

This section groups together the project's: (1) GIS and mapping work, (2) inventory work, and (3) management plan work under the category of "NAPCD technical support," as this work is called for in MoENR's draft National Action Plan to Combat Desertification. This work falls under Outcome 2 in the project document and is here described as "Outcome 2A," as it is a subset of work for that outcome. As mentioned, the NAPCD technical work is progressive. In the case of both pastures and forests, the maps were required first in order to conduct the inventories; and the inventories are required in order to prepare the management plans. In the case of pastures, the management plans will be required in order to carry out incentive and livelihood work with the pastoralists, though that future work is covered in Section 6 of this report. In the case of forests, in contrast, the management plans are not prerequisites to incentive and livelihood work.

Overall, the NAPCD technical work is viewed as innovative and meaningful, though the pace of progress has been disappointing. For both pastures and forests, the mapping and GIS work is complete and new capabilities have been built in MoENR for GIS. Progress is more mixed in the other areas of inventory and management plants. This section will split review of progress on the NAPCD technical work into two main subsections, one on pastures and one on forests. For each area, it will cover each of mapping, inventory, and management plans.

4.1 Pastures – NAPCD Technical Work

NAPCD technical work on pastures has innovative and meaningful aspects, though much has been driven by partner project ClimaEast, with SLFM progress appearing quite slow. The mapping and GIS work is complete, resulting in new capabilities for the country. A new pasture inventory methodology has been developed and implemented in Ismayilli summer partners by ClimaEast. It is expected to be implemented soon in winter pastures by SLFM, particularly in Shamakhi. Inventory work is particularly important since: (a) no pasture inventory work has been done in Azerbaijan since 1949 to 1951; and (b) the method developed by ClimaEast drastically reduces cost per ha of inventory work from previous methods. Pasture management plans, based on ClimaEast inventory work have been developed under ClimaEast for some Ismayilli summer pastures. SLFM needs to develop more management plans for pastoralists using Ismayilli summer pastures and, once the relevant inventory is done, also develop management plans for winter pastures in Shamakhi.

Exhibit 4-1 summarizes the achievements of the project's pasture NAPCD technical support and plans and targets going forward. SLFM work has focused mainly on map acquisition and

training in GIS and inventory. Other progress in preparing actual pasture inventories and pasture management plans has been driven by partner project ClimaEast. Going forward, this work may shift into higher gear with direct SLFM involvement to develop inventory and management plans for Shamakhi pastures and for additional areas of Ismayilli summer pastures. Ideally, once all this work is complete, MoENR will be stimulated to replicate pasture inventory work in other rayons and, possibly with MoA, develop pasture management plans in other rayons. The project should work hard to enable this kind of replication to occur by end of project.

Exhibit 4-1: Status of Pasture NAPCD Technical Support and Plans Going Forward

Pasture NAPCD Technical Support to Date		
Type of work	**Year**	**Relevance/ impact**
Mapping of summer pasture area with GIS	2015	Basis for project work in these areas
Two trainings in GIS/GPS each of 7 days, each with 22 to 24 people	2015	GIS is new mapping technique for MoENR. Now with this training, likely they will use it in the future.
Pasture inventory training (20 persons about 9 days)	2015	New capacity for MoENR; no pasture inventory done since 1949-51; new method drastically reduces costs
Application by ClimaEast of GIZ/ClimaEast pasture monitoring and inventory methodology to prepare inventory for 3,000 ha of Ismayilli summer pasture	2015	*As above*
Pasture management plans for summer pastures of 27 pastoralists (almost ready) prepared by ClimaEast	2015	Will enable one-on-one technical advising to pastoralists
Pasture NAPCD Technical Support Work Still to be Done by SLFM		
-Additional summer pasture inventory of 2,000 ha in Ismayilli (3,000 ha already done by ClimaEast) -Winter pasture inventory, mostly Shamakhi – about 4,000 ha -Additional summer pasture management plans for 2,000 ha in Ismayilli (3,000 ha, covering about 27 pastoralists, already done by ClimaEast) -Winter pasture management plans for individual pastoralists, mostly in Shamakhi (about 4,000 ha)		
Replication targeted		
-Pasture inventory methodology used by MoENR to develop inventories of pasture areas of other rayons (by end of project) -Pasture management plans prepared by MoENR and MoA for pastoralists in other rayons (by end of project)		

Additional information on pasture-related NAPCD technical work can be found in Annex 4. This additional information covers, in sequence, mapping/GIS for pastures, pasture inventory, and pasture management plans.

4.2 Forests – NAPCD Technical Work

As for forests, mapping work has been completed and development of a new forest inventory method for Azerbaijan is underway. The latter is considered particularly innovative and meaningful for Azerbaijan, as: (a) the last in-depth forest inventory in Azerbaijan was conducted by Georgians in 1986; and (b) Azerbaijan lacks the capacity to prepare forest inventories itself. The preparation of a forest management plan for the rayons under the project is still under discussion. As explained later in this subsection, it is unclear at this time whether work on such a plan is warranted.

Exhibit 4-2 summarizes the achievements of the project's forest NAPCD technical support and plans and targets going forward. SLFM work in this area has focused mainly on rapid assessment of forest cover in two rayons (completed) and development of a forest inventory methodology (in progress). There is some question on the need for the rapid forest assessment work, as the cost was relatively high; and it is expected forest inventory work, which would serve the same purpose, will be carried out soon. Yet, the project team indicates the cost of the inventory may be even higher, so that, in the short-term, it might not be carried out over a wide area. The rapid forest assessment work, conducted over a period of about two months in 2015 at total cost of USD164,480, is said to provide information to distinguish between forest and non-forest components and map out dominant species, but not map out specific boundaries. It is further said that this information will be used in preparing a detailed forest management plan.

Exhibit 4-2: Status of Forest NAPCD Technical Support and Plans Going Forward

Forest NAPCD Technical Support to Date		
Type of work	**Year**	**Relevance/ impact**
Rapid assessment of forests in two rayons to see where forest is	2015	Basis for project work in these areas; other stakeholders, such as MoA will also use
Development of new forest inventory methodology (in process)	2015	Greatly needed in Azerbaijan; last detailed inventory 1986; capacity for forest inventory lacking in Azerbaijan
Forest NAPCD Technical Support Work Still to be Done		
-Completion of design of forest inventory methodology -Application of forest inventory methodology in two rayons -Training in forest inventory methodology -Preparation and implementation of forest management plan in two rayons (*possibly*), thus leading to increased mountain afforestation work in these rayons		
Targeted replication		
-MoENR applies forest inventory methodology to develop inventories for the rest of relevant rayons in the country -Forest management plans developed and applied by MoENR in other rayons (*possibly*), thus leading to increased afforestation in mountain areas		

Ideally, once the inventory methodology is complete, the project will train people in the methodology and prepare forest inventories for the two project rayons. It is envisioned that MoENR would then adopt this methodology and carry it out in other relevant rayons, with replication occurring in a number of rayons before end of project.

As for forest management plans for the project rayons, there is currently disagreement, even within the project team, as to whether this work, indicated in the project document, should be done. WWF has recently prepared an FSC (Forest Stewardship Council) forest management plan for Ismayilli, though the project team has not yet been able to see this plan. Further, some stakeholders indicate forest enterprises in the rayons already have acceptable management plans of their own. At the same time, the argument has been made by one project team member that the management plan envisioned by the project would be superior in guiding MoENR on conducting afforestation in mountain areas and thus stimulate greater afforestation than the plans currently available. At this nexus of the midterm review, it will be important for this issue to be further assessed and for a final decision to be made on whether the project should prepare forest management plans. The project should only prepare these forest management plans if there is a clear advantage in terms of increasing forest cover over those management plans already in place and/or proposed by WWF.

Additional information on forest-related NAPCD technical work can be found in Annex 4. This additional information covers, in sequence: mapping/rapid assessment of forests, forest inventory methodology and implementation, and forest management plans.

Rehabilitation/ Afforestation

5. Afforestation and Pasture Planting Work: Outcome 2B

This section covers the project's afforestation and pasture planting work. It is included here as a part of Outcome 2, given the interrelatedness and conceptual fit with other aspects of Outcome 2, such as pasture management plans. It should be noted, however, that in the project document and original project results framework, afforestation and pasture rehabilitation are included as a part of Outcome 3. Outcome 3 is the carbon component; and the rationale for including afforestation and pasture planting there is their potential for carbon sequestration.

Exhibit 5-1: Project Afforestation Plots

No.	rayon	hectares	year planted	description	innovative?
1	Ishmayilli	40 ha	2015	Endangered broadleaf forest and fruit trees; some confers. Fence and earthen boundary.	Yes, very. Stakeholders have not seen any afforestation with this mix of species.
2	Ishmayilli	30 ha	2015	Mix of conifers and broadleaf and fruit. (Conifers and broadleaf every other row.) Fence and earthen boundary.	Yes. Forest enterprise plantings tend to be one broadleaf species. If conifers, planted mainly to prevent landslides and not planted near broadleaf.
3	Ishmayilli	30 ha	2014	Mainly poplar and Georgian oak. Some rare species.	A little, but not that much.
4	Ishmayilli	30 ha	2014	Mainly poplar and Georgian oak. Some rare species.	A little, but not that much.
5	Shamakhi		2014	Majority died due to lack of watering.	NA

The project's afforestation work is relatively advanced and is both innovative and with the potential for replication on a wide scale. So far, about 155 ha have been afforested, 130 in Ismayilli and 25 in Shamakhi. The nature of these plots and their innovative aspects are described in Exhibit 5-1. In Ismayilli, there are four afforestation plots, all on forest fund land controlled by MoENR. The first two, planted in 2014 are less innovative, but the second two, planted in 2015, exhibit substantial innovation. One of the 2015 plots has a very broad mix of species. The other alternates broadleaf species rows with conifer rows. Both use a row-by-row ploughing technique (rather than full field ploughing) to reduce carbon emissions. All use fencing on some sides and raised land on others to protect the area. Survival rates of trees in the Ismayilli plots have been good, surpassing the 70 percent cutoff prescribed by MoENR. The results in Shamakhi, in contrast, were disappointing, with only a 25 percent survival rate achieved. This plot was on municipal land. In the end, the municipality failed to water the trees. While there has now been an apology and assurance that this won't happen again, the project team is unsure as to whether it will attempt another afforestation plot on municipal

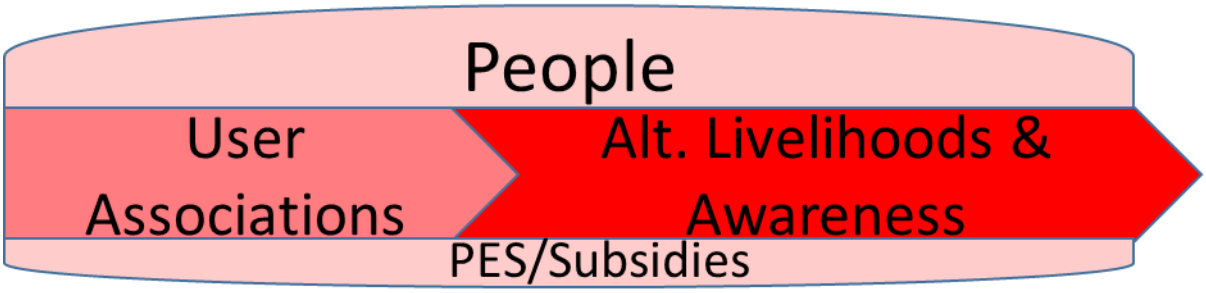
land in Shamakhi. The preference is probably to pass on this opportunity and that would be the reviewer's recommendation. The Minister of Ecology, however, is keen that the project have a successful afforestation plot there.

Less progress has been made on the project's targeted pasture rehabilitation work. Further, there are also some concerns about both the sustainability and potential scale up of such work. So far, ClimaEast has carried out and continues to carry out pasture rehabilitation on small areas (e.g. one or two or three or four ha each) across 5,000 ha of summer pastures in Ismayilli. The areas are fenced for a year. Then, the fence can be moved to a new area for rehabilitation. In the end, a total of 30 ha of this type are targeted for summer pasture areas. The spots for rehabilitation are chosen based on findings from the pasture maps and pasture inventory. In addition to rehabilitation of summer pastures in cooperation with ClimaEast, SLFM will also rehabilitate about 40 ha (also in small pieces) of winter pasture, mainly in Shamakhi. Yet, not much progress has been made in this direction. As mentioned, the inventory has not even been done for this area yet.

Among concerns about the pasture planting work, one key issue is sustainability. Before it is determined whether pastoralists will participate in proposed management plans, the usefulness of pasture rehabilitation work remains unclear. That is, if pasture is planted, but the areas are not then managed sustainably, the expense and effort of the pasture planning will likely go to waste. A more strategic approach, and perhaps one to shift to going forward, is to provide pasture planting services only to those pastoralists that agree to comply with pasture management plans.

Another issue with regard to the pasture planting work is replication. The project team has indicated that they do not believe pasture rehabilitation work will be replicated by MoENR, because it is too expensive. This raises the question of the purpose of this pasture rehabilitation work and whether it is the best use of project funds. Generally, pilots are pursued in UNDP-GEF projects so that they will be observed and replicated --- so that scale-up is achieved. Thus, the project team may wish to reassess their purpose in piloting pasture rehabilitation and whether funds might be used more effectively on other types of pilots that have more potential for replication. At the same time, pastoralists themselves, as renters of pasturelands, may be the potential targets for replication. In that case, in assessing replication potential, it may be worthwhile to analyze whether the expenses of pasture planting are too high, or instead such pilots will be attractive to the pastoralists for replication.

Additional information related to Outcome 2B's afforestation and pasture planting work is presented in Annex 5. This elaboration is based mainly on discussions held during the MTR mission. Topics covered in Annex 5 on afforestation include: prior afforestation work in Azerbaijan, more information on Ismayilli afforestation sites and their differentiating features, and more background on the failure of the Shamakhi afforestation site. Topics covered in Annex 5 on pasture planting include: summer pasture rehabilitation work, FAO project pasture rehabilitation work, the project's future pasture rehabilitation work, and issues with the project's pasture planting work.



6. People-Focused Pasture and Forest Initiatives – Outcome 2C

> "The project needs to decrease the pressure on forest and pasture areas. Then they need to show the President this work." - Government stakeholder

This section covers people-focused pasture and forest initiatives that may be undertaken as a part of SLFM's Outcome 2. To distinguish between groupings of other types of activities in the outcome, such work is classified as "Outcome 2C" in this report. This is an area in which not much progress has been made to date, but that may become the main focus of the project post-MTR. The project document implies a major role in the project for pasture user associations and forest user associations, but does not clearly outline what these associations will do. Based on strong feedback during the mission, in the case of pastures, the key issue is really people (the pastoralists); and the key need is either alternative livelihoods or a subsidy support program to incentivize these persons to adopt the more sustainable pasture management programs proposed by the project. In the case of forests, alternative livelihoods and subsidy schemes for afforestation are also thought to be quite important, though the link between ongoing anthropogenic factors and forest quality needs further clarification. Despite the clear importance of local people to natural resources, the project at the time of mid-term review had not moved forward with any significant people-oriented pilots. As mentioned, the project has set up a forest user association and a pasture user association in each of the two project rayons for a total of four associations. Yet, the association members have not done anything further than attending meetings. Going forward, the project should focus on initiatives for these associations. At the same time, it may wish to consult others on their experience with associations, such as FAO's experience with cattle breeder associations. To successfully shift the bulk of project work and resources to these people-oriented initiatives, the project will need more persons in the field and will also need an experienced person to serve as full-time or part-time livelihood and subsidy mechanism team lead. Ideally, this person would be based in the field or spend half of their time there for the remainder of the project.

During the MTR mission, there was much discussion with stakeholders as to: (1) whether local people were important links in the natural resource issues at hand and (2) how the project could involve local people (assuming they are indeed important links) in pilots that would lead to improved pasture and forest quality. The types of pilots identified are of three types. The first type is the assistance of pastoralists in improving their core business of livestock raising, closely integrated with pursuit of the dual benefit of lowering livestock

numbers and improving management. The second type, applying to both pastoralists and forest users, is the alternative livelihood category, whereby people through opportunities to earn income in other ways are able to lessen their pressure on pastures and/or forests. The third type is some kind of subsidy scheme, which may encourage people to afforest in the case of forests, or to comply with pasture management plans in the case of pastures.

Types of potential support for pastoralists and key points requiring attention: The target group for incentive support is relatively obvious and fairly limited in the case of large-scale pastoralists in the project rayons. In Ismayilli there are 140 of these pastoralists and in Shamakhi 123. Probably, there is also overlap between the two groups (since pastoralists renting winter pastures in Shamakhi may also rent summer pastures in Ismayilli), so that the total target group is less than 200.

Exhibit 6-1 lists examples of types of pasture user support identified during the mission. These are grouped by category. It is recommended that the project team target a number of pilots covering each of the different categories indicated. The work with pastoralists will require a major commitment of time in the field, probably best achieved by having persons based in the field. The project may also benefit from retaining experts in livelihoods to assist in carrying out some of this work. An example of a source of such experts is the Ganja Agribusiness Association (GAA). Experts formerly associated with GAA carried out an insightful socio-economic study on pastoralists for the project. The project will also probably need to develop business plans to support the work with pastoralists. The team should be careful to focus on end results and control the scale of business plan work, rather than ending up with a stack of business plans and no results on the ground, as has been seen in some other projects.

A critical feature to success of this work will be to ensure that the ultimate goal of pasture improvement is not lost in the excitement of pursuing livelihood related work. In some projects of this type, once the idea that livelihoods work will be done is agreed upon, the livelihoods concept takes over and implementers forget to ensure that any livelihood activities undertaken have a clear link to improving the environment, which in this case should be manifested as improved pasture cover and improved pasture quality. A related and important aspect of this work, then, will be to ensure there is a mechanism to link any livelihood or subsidy work with pastoralists to improved pasture management. That is, the team should consider offering support to pastoralists contingent on their complying with management plans. Otherwise, support may be offered and accepted, but promised changes in pasture management (and thus in pasture cover and quality) not achieved.

Some additional explanation of the types of interventions listed in Exhibit 6-1 is due. The technical pasture management plans for the Ismayilli summer pastures are already being prepared and may be at the core of any other people work done with the pastoralists. Yet, for those pastoralists whose management plans encourage a reduction in herd size, it is unlikely the pastoralists will comply without other support. Perhaps one of the most direct and intriguing types of other support proposed arises out of the socio-economic work done by experts formerly with the Ganja Agribusiness Association (GAA). Former GAA experts found that the animal husbandry business of most of the pastoralists studied is not very

profitable. In addition, they found that none of the pastoralists they interviewed are keeping effective accounting records to help them really understand what is going on in their business financially. Further, most have "hired" shepherds that they compensate with a low amount of cash, but also allow to bring their livestock with them. High numbers of livestock mean lower birthrates of ewes and lower weights of all animals, not to mention lower milk production. It is possible that the pastoralists will do better without all of their shepherds (and the shepherds' accompanying animals). As an alternative, pastoralists may consider using an electric fence to cut down on some of their need for shepherds. These findings imply that support in which a sort of business consulting advice service is provided to pastoralists, perhaps with a business proposal to reduce herd numbers in order to achieve increased productivity, is an attractive option for this people-oriented work that may be considered. The MTR mission found that, initially, pastoralists were not interested in reducing the numbers of their own herds. Yet, discussions during consultations suggest pastoralists will be interested in free business advice about the impact of shepherds on their bottom lines and other issues.

Exhibit 6-1: Types of Support Project May Provide to Pastoralists

Category of Support	Type of Support
Technical pasture management	Individual pasture management plan with advice on how to rotate grazing areas and on targeted reduction in number of livestock (p*lans already under preparation*)
Consulting advice on core livestock raising business	Consulting on how to increase profitability of livestock raising. This may entail: -Decreasing numbers so as to raise birthrates and milk productivity, while cutting costs -Eliminating some hired shepherds that come with large flocks of their own; considering option of electronic fence
"Payment for environmental service" or "subsidies"	Providing barley and hay to pastoralists in winter pastures in exchange for their agreement to delay departure for summer pasture. (It is hoped pastoralists will see benefit and in future years do this without payment.)
Alternative livelihood (related value chain link of core business)	-Milk processing -Cheese or butter processing -Wool processing -More effective meat sales
Alternative livelihood (synergistic to core business)	-Bee raising (honey and wax production) – certain grassland species good for bee raising, too; bee home easy to carry along during migration

Another potential category of support for the large-scale pastoralists is "payment for environmental services" or "subsidies." As the project is proposing legislation in the area of subsidies for pasture management, a pilot in this area would very nicely complement and potentially support the case of the proposed legislation. The model thus far proposed by the project team is provision of wheat or barely to the pastoralists in exchange for their agreement to delay their departure to the summer pastures and thus improve the situation of the latter. Pastoralists have offered feedback that they may be interested in this type of incentive mechanism, but that it may have to be adjusted due to high temperatures in the

winter pastures. They may still have to leave the winter pastures at an earlier date than the project desires, they say, but could delay arrival in the summer pastures by spending more time along the road and using the provided wheat and barley in those middle locations.

Alternative livelihood support related to pastoralists' core business of livestock raising is considered especially promising as it may be tied to consulting assistance for raising net profits while decreasing livestock numbers. For example, when pastures are overstocked, milk production is low and may only be enough for self-use. If pastoralists perceive profit to be made from their milk and other dairy products, they may be willing to change their stocking strategy. Further, one pastoralist told the team that if they had a good place to sell their lambs, they would take fewer of them up to the summer pastures each year. At present, pastoralists face the challenge that they are not connected directly with their markets and middle men therefore take a large part of their potential profits. Therefore, livelihoods assistance in processing of livestock related products and particularly in marketing of those products could be an effective way to increase pastoralist profits, even when they decrease livestock numbers. Reaching an agreement with pastoralists to decrease livestock numbers, however, will be challenging as they are very hesitant to commit to this without assurances of success.

In general, market analysis and marketing support will be very important to all livelihood efforts, whether related to livestock or not. As one livelihood expert indicated to the MTR mission, while there have been many successful examples of livelihood work in the areas under discussion, there have also been examples of failure. And, failure is often tied to an incorrect assessment (or lack of assessment) of the target market.

Types of potential support for forest users and key points requiring attention: Potential incentive support for forest users to protect the forest or afforest bare forest land presents certain challenges not found in the case of the large-scale pastoralists. The pastoralists are a clearly identified group fairly limited in number. As mentioned, they are a group of likely less than 200 persons for the two rayons. Further their critical role in any efforts to improve pasture quality in the rayons is obvious and agreed by all parties. In the case of forests, there are many more persons potentially involved and there is also disagreement among stakeholders as to whether these play a key role in forest degradation at present.

Indeed, the reviewer believes the first key issue to be settled prior to initiating forest user incentive work is to determine whether anthropogenic impacts on the forest (grazing and/or illegal logging) continue to be a key issue to be dealt with to improve forest quality. Many stakeholders point out that past illegal logging has been a major issue and has created a need for improving the forests, but that the scale of cutting has been drastically reduced by the introduction of natural gas into most villages. What is not fully agreed is whether grazing at present is degrading the forest and/or serving as a major impediment to natural forest regeneration. The project team has indicated that grazing in the forest is the number one issue. And, indeed, the reviewer was astonished to find in Shamakhi that some pastoralists use the forests as their summer pastures. At the same time, as other stakeholders have suggested the grazing issue is not that serious, it is suggested the full project team (including

the part-time forest experts and field directors) come together to discuss this issue, either coming to a conclusion on it or commissioning further work.

A second big challenge to the forest livelihoods work will be selecting the correct locations in which to work. Assuming grazing and perhaps in some locations illegal logging are seriously degrading the forest or impeding natural regeneration, it is very important that the project identifies areas where this is indeed the case. That is, the grazing problem may be more serious in some areas than in others. It is the areas in which it is a more serious problem that are better candidates for incentive work. Further, site selection should also consider the status and trends of the population. The reviewer has seen some livelihood oriented nature protection incentive projects in which almost all villagers moved away due to urbanization trends, thus rendering the money spent on incentives a waste.

Finally, the third big challenge will be to ensure that whatever incentives are chosen are implemented in a way such that they lead to increased forest protection or increased afforestation. The project would not be fulfilling its mandate if it merely helps to improve the livelihoods of persons living near the forest without ensuring associated mechanisms to improve forest quality. Such mechanisms, for example, may entail a requirement that villagers participating in livelihood incentives organize a team to keep livestock out of the forest.

Types of potential support for forest users are listed by category in Exhibit 6-2. The example in the first category is one that it will make sense to implement regardless of whether there is a grazing-in-the-forest issue or not. The type of pilot suggested is provision of subsidies to private parties for forest land rental and supplies in return for their agreement to afforest the land. The private parties may plant fruit trees and may be allowed to plant vegetables in-between trees. This mechanism would be a way to increase afforestation in the face of limited funding of forest enterprises to afforest directly. The pilot would be fully in line with forest user subsidy policy proposed by the project. Thus, if successful, the pilot could serve as a means of promoting the proposed policy.

The second and third categories offered in Exhibit 6-2 are both livelihoods related. These kind of pilots should only be undertaken if it is determined that indeed local peoples' actions in the forest are degrading the forest or preventing regeneration to a substantial extent. If there is no significant anthropogenic impact on the forest at present, then full focus should be put on afforestation incentives as explained in the previous paragraph. If current human activity, however, is causing substantial problems for the forest, livelihood incentives may be used in exchange for agreement by local people to protect the forest from anthropogenic factors.

One category of alternative livelihoods are those based on forest products. Some experts have pointed out that livelihoods based on forest products (as compared to those based on non-forest products) are more likely to increase peoples' positive feelings about the forest and therefore willingness to protect it. Discussions in the rayons suggest strong potential for alternative livelihood pilots related to forest products, particularly forest berry processing and forest medicinals. During visits to the rayons, the team met with three different "forest users"

all of whom are in the ecotourism business with restaurants and/or hotels. It appears there may be a strong push for support of ecotourism through the project. Further, the Minister of Ecology is said to be keen to promote ecotourism. Yet, the reviewer finds the potential mechanism through which ecotourism support will increase forest protection to be less clear than support that goes to villages where grazing in the forest is a big problem. In general, the existing ecotourism entrepreneurs are not engaging in activities such as grazing in the forest and instead are already protecting their small rented plots from activities such as grazing. Thus, if the project were to consider supporting expansion of ecotourism efforts, there would need to be a strong rationale and clear mechanism of how such support (as compared to other alternative livelihood support outlined) would result in less grazing in the forest or otherwise promote greater forest cover.

Exhibit 6-2: Types of Support Project May Provide to Forest Users

Category of Support	Type of Support for Forest Users
Payment for environmental services (PES) or "subsidies"	-Subsidies for forest land rental and supplies to plant trees (especially fruit trees)
Alternative livelihoods based on forest products or the forest	-Forest berry collection and processing into juices, jams, and medicines; packaging of these products -Forest medicinal or herb collection, processing, and packaging -Fish ponds in the forest
Alternative livelihoods not based on forest products	-Bee keeping -Milk processing and other livestock related value chain activities

Sample timelines for pasture and forest people-focused work: As part of planning going forward, the project should come up with strategic timelines for the launch of people-focused pilots. Instead of a "try one and see" attitude, there should be a comprehensive plan, which may be adjusted as lessons are learned. Exhibits 6-3 and 6-4 (located at the end of this section) show sample timeline plans for people-focused pasture work and people-focused forest work, respectively.

Additional information on pasture and forest people-focused work found in Annex 6: While the main aspects of the project's people-focused pasture and forest initiatives are covered above, Annex 6 presents additional information related to this topic. Elaboration in Annex 6 is based mainly on input gathered during MTR mission consultations. First, as the reviewer had the opportunity to meet with a number of experts preparing studies for the project, some findings from those meetings as relates to people aspects of the project are provided. Second, further findings on the project's user association is provided. Next, additional information on potential pastoralist incentive initiatives, both subsidy based and livelihood based, is given. Lastly, additional information on potential forest user incentive initiatives, both subsidy based and livelihood based, is given.

The subtopics included in Annex 6 for each of these topics include: (1) findings from project studies related to people and their impacts on pastures and forests: (a) findings from project studies on pastures and pastoralists ((i) study on status of pastures in project areas, (ii) study on socioeconomic situation of large-scale pastoralists), (b) additional findings from project

studies on forests and anthropogenic impacts ((i) study on use and sustainable development of forest in project rayons, (ii) study on changes in forest in project rayons); (2) additional findings on user associations: (a) background on user associations, (b) project work so far on user associations, (c) future project work on user associations; (3) additional findings on potential pastoralist incentive initiatives: (a) consulting advice on livestock business, (b) subsidy-based pastoralist incentives, (c) alternative livelihood based pastoralist incentives, (d) promoting the shift from extensive to intensive livestock raising; and (4) additional findings on potential forest user incentive initiatives: (a) determination of main type of forest user incentive and selection of forest areas, (b) subsidy-based forest user incentive work – afforestation by private parties, (c) alternative livelihood based forest user incentive mechanisms, (d) types of alternative livelihood based forest user incentives.

Exhibit 6-3: Sample Timeline to Launch all Pastoralist Pilots in 2016

Dec. 15 2015 – Jan. 31 2016
1. Hold multiple pasture user association meetings
2. Hold meetings with individual pastoralists to identify types of pilots
3. Identify mechanism to ensure ecological benefit

Feb. 1 2016 – March 31 2016
1. Preparation of first set of business plans/ or other type of pilot implementation plan (involvement of at least 6 pastoralists)
2. Consulting advice to all 22 summer pastoralists on improving livestock raising business

April 1 2016 – May 31 2016
1. Procurement and launch of pilots involving first 6 pastoralists
2. Preparation of business plans for pilots involving next 6 pastoralists

June 1 2016 – July 31 2016
1. Procurement and launch of pilots involving second set of 6 pastoralists
2. Preparation of business plans for pilots involving third set of 6 pastoralists

Aug 1 2016 – Sept 30 2016
1. Procurement and launch of pilots involving third set of 6 pastoralists
2. Preparation of business plans for pilots involving remaining pastoralists

Oct 1 2016 – Dec 31 2016
1. Procurement and launch of fourth set of pilots (12 pastoralists).
2. Documenting of results of other pilots; trouble-shooting.

Exhibit 6-4: Sample Timeline to Launch all Forest User Pilots in 2016

Dec. 15 2015 – Jan. 31 2016

1. Hold multiple forest user association meetings
2. Hold meetings with individual forest users or small groups of users to identify types of pilots
3. Identify mechanism to ensure ecological benefit

Feb. 1 2016 – March 31 2016

1. Preparation of first set of business plans and pilot PES afforestation implementation plans (involvement of at least 2 villages and 1 PES pilot contractor).

April 1 2016 – May 31 2016

1. Procurement and launch of pilots involving first 2 forest villages and first 1 or 2 PES pilot afforestation contractor
2. Preparation of business plans for pilots involving next 2 forest villages and next 1 or 2 PES afforestation pilot.

June 1 2016 – July 31 2016

1. Procurement and launch of pilots involving second set of 2 forest villages and next 1 or 2 PES pilots
2. Preparation of business plans for pilots involving third set of 2 villages and next 1 or 2 PES pilots.

Aug 1 2016 – Sept 30 2016

1. Procurement and launch of pilots involving third set of 2 forest villages and next 1 or 2 PES pilots
2. Preparation of business plans for pilots involving remaining 2 villages and rest of PES pilots.

Oct 1 2016 – Dec 31 2016

1. Procurement and launch of fourth set of pilots (4 villages and 2 or more PES afforestation pilots).
2. Documenting of results of other pilots; trouble-shooting.

Carbon

7. Carbon Work – Outcome 3

This section reviews the project's carbon work to date and potential next steps on this work. It begins with a review of the status of carbon work in Azerbaijan prior to the project's own work. This background shows the project's carbon work to be quite innovative in the country and important in moving Azerbaijan's capabilities in carbon reporting forward. The project represents the first time IPCC 2006 methodology (instead of IPCC 1996 methodology) has been used and the first time carbon pools have been measured with extensive field work. Discussion of next steps on carbon work shows a sort of fork in the road. The project may continue the capacity building and inventory work for carbon pool reporting and limit the scope of work to these areas only. Or, the project may seek deeper carbon work, such as capacity building specifically related to carbon considerations in ecosystem planting and management techniques and capacity building in ecosystem carbon offset accounting. It may also pursue identification of potential ecosystem carbon offset projects. The current trend of opinion of stakeholders skews towards limiting the scope to carbon pool reporting only. Further, the great amount of work the project needs to do in other areas suggests it may be wise to limit the additional carbon work undertaken.

Exhibit 7-1 summarizes carbon work to date and its relevance and impact. It also lists potential work going forward and targeted replication of project carbon work. In terms of replication, the project's carbon pool work will very likely be expanded upon by MoENR (with staff that were trained by the project) to cover carbon pools for forests and pastures in other rayons. MoENR will need to do this to meet carbon reporting requirements for Azerbaijan's *Fourth National Communication* and *Second Biennial Update*. Work for these documents will get started soon after the *Third National Communication* is submitted in 2016. Stakeholders feel quite confident that the MoENR Monitoring Department will take up the carbon pool methodology of the project and scale up its use in other rayons.

Exhibit 7-1: Carbon Work to Date and Targets for Rest of Project

Carbon work to date		
Type of work	**Year**	**Relevance/ impact**
1. Three studies by domestic consultants, one for gathering data needed in international consultant's carbon pool calculations.	2014	Data gathering work needed for carbon pool calculations. Not clear if findings of other two reports were used; consultants did engage in discussion with international consultant.
2. International consultant: (a) design of carbon pool estimation methodology for forests and pastures; (b) conducting of theoretical training (forests and pastures) and field training (forests) on carbon pool estimates	2015	Clear positive impact; provision of carbon pool assessment methodology for pastures and forests; trained local people; provided ideas for improving afforestation activities
3. Carbon training (2 times) – theoretical (forests and pastures) and field (forests) with collection of samples from 15 to 16 sites across two rayons; calculation of carbon pool in forests across two rayons	2015	Resulted in forest carbon pool estimates for two rayons; capacity of MENR and others built
4. Preparation of summary of IPCC 2006 methodology for forests and pastures (co-financing of ClimaEast activity)	2015	In process
Carbon work still to be done		
-Site identification for pasture samples, collection of samples from pasture sites, calculation of pasture carbon pools for two rayons -Calculation of carbon sequestered by project afforestation and grass planting sites -Other options: (1) capacity building on carbon specific aspects of planting and management, (2) capacity building on carbon accounting for ecosystem carbon offsets, (3) identification of potential ecosystem carbon offset projects		
Targeted replication		
Ministry adopts carbon methodology of project, does necessary field work in all other relevant rayons, and calculates their carbon pools for forests and for pastures		

Carbon Work in Azerbaijan to Date

Aside from the SLFM Project and its partner the ClimaEast Project, all carbon work in Azerbaijan to date has used the IPCC1996 methodology. Azerbaijan used this methodology to report carbon stock in its *Third National Communication* to the UN Framework Convention on Climate Change (UNFCCC). There was no field work involved in this aside perhaps from some tree counting. Previous carbon work has covered all sectors. Azerbaijan does have substantial tree planting along roads, which is being referred to as "REDD+." In 2012, Azerbaijan ranked first among nations in afforestation on a proportion level. That year, forest cover increased from 10.4 percent to 10.8 percent, an increase of 40 basis points.

Project Carbon Work to Date

Stakeholders agree that the project's carbon work is at a level completely new to Azerbaijan. The innovative aspects of the carbon work center on the retaining of an international expert who developed a methodology for Azerbaijan to assess carbon pools in forests and pastures.

The expert has visited Azerbaijan twice, providing training each time. The training involved MoENR experts, which is significant, since this is the Ministry in charge of carbon reporting for forests and pastures. Both trainings involved field work in the forests to take samples from 15 to 16 selected field sites over the two rayons. They also involved making computations of forest carbon pools for the two project rayons. Now the project needs to do the similar work for pastures, though this will be less field intensive and more lab based due to the nature of pasture carbon deposits and the importance of root systems in holding carbon. Prior to the project, carbon work in Azerbaijan was based mainly on statistics rather than field work. The carbon team has been quite happy with the international consultant hired for the carbon work. The consultant was not only good at methodology design and training, but he also offered important tips on the afforestation work that have resulted in this work being a lot more innovative and carbon sensitive (retaining more carbon in the soil by plowing rows rather than the whole field) than it would have been otherwise.

Prior to the retaining of the international expert, the carbon component commissioned three national experts to conduct carbon related studies. One expert collected data needed for the international expert's carbon pool methodology. The two other experts prepared studies on (a) the current methods used for calculating carbon in Azerbaijan (1996 methods) and (b) comparison of different international methodologies for estimating carbon, respectively. It is not clear how much these two studies were used, though the consultants preparing them were involved in discussions with the international consultant and likely contributed to the overall effort in that way.

ClimaEast, SLFM's partner project, is also undertaking an additional carbon related initiative in preparing a summary of the IPCC 2006 guidelines for forests and grasslands. These guidelines are 220 pages; and the ClimaEast initiative plans to provide a summary of perhaps 30 to 40 pages for Azerbaijan. SLFM is co-financing this activity, which also should be useful in promoting the transition to IPCC 2006 methodology for forests and pastures.

Project Carbon Work Going Forward

As for work of the carbon component going forward, stakeholders did not seem keen for the project to move towards what others might consider the next logical step of creating ecosystem carbon offset projects. An expert in carbon from MoENR pointed out during the MTR mission that under CDM Azerbaijan did not have such a great experience. They had 50 or 60 projects which applied for CDM, but only six or seven were registered in the end. Further, forests and pastures are not considered a top GHG sector for Azerbaijan. Instead, agriculture is considered the top GHG sector. In general, the suggestion from stakeholders is that the project may move forward its aim to increase forest cover and pasture cover by various means, but these do not need to use methodologies specific to carbon pool work. One government stakeholder in particular stressed that the project needs to show the President of Azerbaijan how the country can decrease pressure on the forests and pastures. And, team members stressed that capacity is still low for preparing carbon pool estimates so that more training in this area should be the priority.

8. Sustainability of Results

As discussed in Section 2 and illustrated in Exhibit 2-8, the project should follow up pilot work with initiatives to promote replication of the pilots. Sustainability, as evidenced by project impact that continues beyond the life of the project itself, should be a guiding factor in design of all activities going forward. Comments on potential for sustainability and what can be done to increase sustainability by project area are given below:

Outcome 1. Policy work: Of all the items in the policy package soon to be submitted to MoENR, the pasture inventory methodology is the most likely to be adopted and thus has high potential for sustainability. To increase sustainability of other policy efforts, the project should adopt a strategy to increase potential for adoption of these proposed policies. This will include high-level meetings, a high-level policy conference, and possibly outreach to the media. These activities should be designed so that they provide benefits whether or not the policy is adopted. The high-level policy conference in particular can create awareness that may extend beyond the life of the project.

Outcome 2A. NAPCD technical support work: The work in promoting the pasture inventory methodology developed by the ClimaEast Project has good potential for sustainability as it is likely to be adopted by the Ministry. Similarly, the forest inventory methodology now being developed, if made appropriate to the situation of Azerbaijan, could play an important role in the country going forward. As for pasture management plans, sustainability in the form of implementation of these plans will heavily depend on the project's success in designing incentive mechanisms to accompany them, such as alternative livelihoods for pastoralists and/or ways to increase their incomes (perhaps through milk processing) while decreasing their herd size. Currently, the project faces the decision of whether to undertake a forest management plan for the two project rayons. Such plans will clearly only be sustainable if used and only make sense in terms of the project if their use will contribute to an increase in forest and pasture cover. Thus, the decision of whether to go forward with this work should rest heavily on: (a) whether the plans will be used and (b) if used, whether the plans will contribute to an increase in forest and pasture cover.

Outcome 2B. Afforestation and pasture planting work: So far, it has been seen that the four pilot afforestation sites in Ismayilli based on forest fund land have achieved sustainability with survival rates of over 70 percent, while the site in Shamakhi on municipal land has failed, with survival rate of just 25 percent. The problem in Shamakhi was that the municipality did not water the trees. For the rest of the duration of the project, the team should ensure the Ismayilli sites are properly cared for. Further, the project should prepare an exit strategy for these sites. Who will have access to the fruit and nuts produced in the future? And, who will be responsible for continued maintenance of the sites? Increased sustainability of results will come from promoting the successful sites so that the afforestation methods will be replicated by MoENR. One of the most important ways of promoting the sites for replication will be to have people visit them in person. Discussing the sites at conferences or meetings may also be a useful way to promote them.

As for the pasture planting work, so far this has been conducted under ClimaEast in small patches (one to four ha) in the summer pastures. SLFM will hopefully become active in this domain soon, planting more summer pasture sites and eventually rehabilitating winter pasture sites. Potential sustainability for this work will be very precarious if a strategic approach is not taken. The recommended approach is that the project team ensure pasture planting is only conducted on those sites for which the pastoralist is onboard with abiding by pasture management plans. Otherwise, it is unlikely that the benefits from pasture planting will be sustainable and thus funds spent may be wasted. The potential for replication of the pasture planting work is questionable. The project team has indicated they do not expect replication by MoENR because of the high costs. Yet, if this is the case, it may not make sense to do this work at all on a pilot scale. What needs to be clarified is whether the pastoralists themselves will replicate the planting work within their rented parcels. If planting becomes a part of the overall pasture management plans they implement, replication may occur once the pasture management plans are replicated by other pastoralists.

Outcome 2C. People related work: Initial pasture user associations have been set up, but are unlikely to be sustainable unless they become actively involved in ongoing initiatives such as sustainable livelihoods. Pilots to be undertaken by the project in the areas of subsidies for afforestation or pasture management and livelihood initiatives for pasture and forest users must be designed with potential for sustainability in mind. Further, in a broader sense, they should be designed with potential for replication in mind. In addition, the project should undertake special steps, such as inviting visitors to view pilots, to maximize the probability of replication.

Outcome 3. Carbon work: The carbon work conducted by the project so far has a very good potential for sustainability, as the country has a clear interest in progressing from the IPCC 1996 methodology to the IPCC 2006 methodology for assessing forest and pasture carbon pools, as introduced by the project. To enhance sustainability, further training of MoENR persons should be undertaken and trainees should be involved in pasture carbon pool field work and estimates.

9. Project Expenditures and Cost Effectiveness

This section reviews project expenditures and cost effectiveness in terms of use of GEF funds. It first reviews spending to date by outcome and year, then looks at project management costs as share of total costs, and then examines available information on major contracts by outcome area. It lastly reviews project co-financing, though no data is available for government co-financing, which is believed to have fallen far short of that committed. A key takeaway is that about 30 percent of GEF funds had been spent by Dec. 8, 2015, leaving 70 percent remaining. Further, aside from project management, the heaviest area of expenditures has been that termed in this review as "NAPCD Technical Support," which covers the areas of mapping, inventories, and management plans. The areas of carbon work, afforestation and pasture planting, and policy also show substantial expenditures. Yet, as expected, very little to date has been spent on people-focused initiatives, such as livelihoods work or subsidy mechanisms to protect resources. As these have been identified as a key area of focus for the project going forward, it is believed that spending should also shift heavily in this direction going forward.

Exhibit 9-1 shows SLFM expenditures of GEF funds by year and outcome. As expected, expenditures are quite low in 2013. Inception occurred in July 2013 and not much work was done that year. Expenditures ramp up in 2014 and 2015. Outcome-wise, Outcome 2 expenditures far surpass expenditures for all other outcomes, as well as project management costs. This is to be expected as there is a concentration of project work in the pasture and forest areas that make up Outcome 2. At the same time, given overlap in the project document between Outcome 2 pasture and forest work and Outcome 3 carbon sequestration work, some expenditures for afforestation and pasture planting may be shifted to Outcome 3 to achieve greater compliance with planned budget allocations indicated in the project document. In the analysis for this report, however, afforestation and pasture planting are maintained as a part of Outcome 2 as the conceptual fit is believed to be better.

Exhibit 9-1: Expenditures of GEF Funds by Outcome and Year up to Dec. 8, 2015 (in USD)

Year	Outcome 1: Policy and Capacity Building	Outcome 2: Pastures and Forests – Inventory, Plans, and Associations	Outcome 3: Carbon	Management Costs	Total
2013	13,099	26,808	10,404	42,784	93,095
2014	209,076	279,148	134,094	79,308	701,626
2015 (to Dec. 8)	95,439	592,569	132,891	93,965	914,864
Total	**317,614**	**898,525**	**277,389**	**216,057**	**1,709,585**

Source: UNDP CDRs

Exhibit 9-2 shows GEF expenditures by Outcome as of December 8, 2015 as compared to allocations in the project document. These results bring the important news that GEF funds are only 30.1 percent spent. Work progress up to the time of the MTR has been slow overall, so there is much work left to do, particularly in the area of people-oriented mechanisms, such as alternative livelihoods and subsidy mechanisms to conserve natural resources. Therefore it

is good that almost 70 percent of GEF funds remain. By outcome, it is seen that Outcome 3 (carbon) appears substantially underspent and project management overspent. As mentioned, however, for reporting purposes afforestation expenditures and pasture planting and fencing expenditures could be shifted to Outcome 3. While the reviewer prefers to keep them in Outcome 2 for analysis, the project document indicates these activities as carbon sequestration efforts and puts them in Outcome 3. GEF does not allow shifting of funds between outcomes by more than ten percent of amount originally allocated to the outcome from which money is shifted without special permission from GEF. Thus, administratively, it will be important to shift as much expenditure to the carbon component as is reasonable considering original project design.

Exhibit 9-2: Expenditures by Outcome Compared to Allocations in ProDoc (in USD)

Outcome	Total Spent as of Dec. 8 2015	Total Allocated in ProDoc	Percent of ProDoc Allocation Spent
Outcome 1: Policy/ Capacity	317,614	775,993	40.9%
Outcome 2: Pastures/Forests	898,525	2,368,934	37.9%
Outcome 3: Carbon	277,389	2,251,153	12.3%
Management Costs	216,057	284,000	76.1%
Total	**1,709,585**	**5,680,000**	**30.1%**

Sources: CDRs for amounts spent; SLFM Project Document for allocated amounts

Project management expenditures of GEF funds are also an area for attention. These have already hit 76 percent of the amount allocated in the project document, though two more years, or three years if extension is granted, of project management work remain. Exhibit 9-3 shows the proportion of annual GEF expenditures spent on project management as compared to total annual expenditures of GEF funds. Given the low level of activity in 2013, the proportion spent on project management was 46 percent that year. For 2014 and 2015, the proportions are 11 percent and 10 percent, respectively. These proportions are much more reasonable, but still far surpassing the GEF limit of five percent. To reduce project management expenditures, the salaries of the project team leads, who work in specific areas, has already been shifted to various project outcomes. This move is partly reasonable given that these persons are experts who contribute their area expertise to the project. At the same time, they also provide basic project management services. The recommendation with regard to project management expenses is that non-staffing expenses, such as office refurbishment or computer equipment purchase, be kept to a minimum now that basic office needs should have already been satisfied. At the same time, the basic core team of project manager, project finance manager, and project administrative manager are needed for the smooth implementation of such a large project, particularly because the pace of contracting will need to ramp up as people-oriented activities are implemented. It should be recognized that salary levels in Azerbaijan are higher than in many other countries receiving GEF grants and that it will thus be difficult to keep fully to the five percent level of project management costs. Thus, flexibility on this issue is recommended.

Exhibit 9-3: Proportion of GEF Funds Spent on Project Management as Compared to Total GEF Funds Spent (based on UNDP CDRs through Dec. 8, 2015)

2013	2014	2015	Overall
46%	11%	10%	13%

Exhibits 9-4, 9-5, 9-6, 9-7, and 9-8 list a portion of key contracts by area of work. The MTR consultant requested a list of contracts from the project management team. This list was provided and used to prepare these exhibits. Yet, the consultant noticed that contracts of certain experts interviewed were not included in the list provided. Therefore, it is concluded that the lists are not complete. At the same time, they offer a useful overview of some of the main contracts and areas of expenditure by activity area and are thus discussed below.

Exhibit 9-4 shows the contracts associated with policy work, high-level government capacity building, and promotion activities for which information is available. The largest expenditures include salary for the team lead, preparation of the project website, and organization of training. It is understood that the team lead did a lot of concrete work in preparing the policy package, which is the most important result of this outcome.

Exhibit 9-4: (Portion of) Contracts Associated with Policy Work (Outcome 1)

Topic	Amount in USD	Type of contract / subcontractor	Validity of contact
Project management office team lead for legal area	$64,986	Service contract	Aug 2013 – Dec. 2015
Creation of web-based platform for SLFM project	$29,193	Subcontract (Kripton Innovative Solutions)	Two payments in 2014
Training organization services for the Legal Working Group	$27,915	Subcontract (Mir Holding)	25/07/2014;11/09/2014; 11/06/2015; 05/07/2015
Study tour (Turkey) expenses	$13,293	Travel and organization expenses	Nov. – Dec. 2014
Organization of training program	$9,948	NA	Multiple dates in 2014
Capacity needs assessment	$7,200	IC – local	March – Sept., 2014
Payment for Environmental Services study	$7,200	IC – local	March – Sept., 2014
Video shooting for SLFM project	$5,000	Subcontract (M.Z.)	Two payments in 2015
Design work, preparation and production of promotion materials	$2,714	Subcontract (Uniboard, LLC)	19/03/2014
Total of portion of contracts for policy work on which information is available	**$167,449**	-----	----

Source: Partial contract information collated by project team in Dec. 2015

Exhibit 9-5 shows contracts associated with GIS/mapping work, inventory work, and management plans for both pastures and forests. The largest expenses are for the rapid field surveys of forests in the two project rayons (two contracts totaling USD164,480) and for the purchase of digital/GIS maps (USD105,763). The exhibit does not list the contract for forestry inventory methodology preparation, which is currently underway and which may be a relatively large item. During the MTR mission, it was explained that the rapid field survey was needed to determine locations for work of the project going forward and to establish a baseline against which to measure progress. The rapid field survey used existing hard copy maps and is said to have had the main purpose of showing forested and non-forested areas and where there may be a potential for afforestation. GIZ indicates it has provided maps to SLFM that serve this purpose. It was asked whether the planned forest inventory work will achieve the same objective, thus duplicating effort of the rapid field survey. The explanation

offered by one team member is that the inventory work will not cover the full forest areas of the project rayons, but instead a smaller area of 5,000 ha. Yet, another team member indicated the project will conduct forest inventory work over 20,000 ha. To prepare the inventory methodology and inventory 5,000 ha, according to one team member, companies bid in the range of USD200,000 to USD481,000, showing how expensive inventory work is. The issue is that Azerbaijan lacks the experts to interpret the collected information and enter into the GIS database. Hopefully, the project will be able to contribute to this lack of expertise. Based on expenditures to date in this area (which this report categorizes as "Outcome 2A"), it will be important going forward to consider carefully any other "big ticket" items, as funds will be needed to conduct the people-oriented livelihoods and subsidy mechanisms. Ideally, government co-financing may have supported map purchase and high cost survey work and been supplemented by capacity building financed by the project.

Exhibit 9-5: (Portion of) Contracts Associated with NAPCD Technical Support Work – GIS/Mapping, Inventory, and Management Plans (Outcome 2A)

Topic	Amount (in USD)	Type of contract (subcontractor)	Validity of contact
General/ Cross-cutting			
Expert input on forest and pasture GIS/GPS field mapping	$19,500	IC – international	Oct. 2014 – May 2015
Forests			
Rapid field survey of forests in Ismayilli and Shamakhi rayons	$84,500	Subcontract (Datum)	July 20 – Sept. 30, 2015
Rapid field survey of forests in Ismayilli and Shamakhi rayons	$79,980	Subcontract (Azgeocad)	July 20 – Sept. 30, 2015
½ x Project management team lead for forests**	$32,493	Service contract	Aug 2013 – Dec. 2015
Pastures			
Purchase of digital maps and GIS images	$105,763	Map purchases (Integris)	3 purchase dates in 2014, 2 in 2015
Project management office team lead for pastures	$64,986	Service contract	Aug 2013 – Dec. 2015
Purchase of inventory field equipment	$38,450	Equipment purchase (BCC General Trading)	April 17, 2014
½ x Implementation of pasture inventory and restoration works*	$14,995	IC – International	July – Dec. 2015
RS & GIS work for inventory of summer pasture in selected pilot areas in Ismayilli	$4,800	IC – international	Aug. – Dec. 2015
Total of portion of contracts for GIS/maps, inventory, and management plan work on which information is available	**$280,987**	----	----

*Because this international consultant worked across both inventory and pasture restoration, for rough estimation, the contract amount is split equally between Exhibit 9-5 and Exhibit 9-6.
**Because team lead worked across both afforestation and NAPCD technical support for forests (e.g. inventory, etc.), for rough estimation, the contract value is split between Exhibit 9-5 and Exhibit 9-6.
Source: Partial contract information collated by project team in Dec. 2015

Exhibit 9-6 lists a portion of contracts associated with afforestation and pasture planting. The largest expenditures are associated with afforestation services and seedlings. These total USD130,276. Given that the afforestation sites can serve as a pilot for viewing and hopefully stimulating replication, these funds are believed to be well-spent. At the same time, the failure of the Shamakhi afforestation site is regretful as lack of watering led to a waste of that portion of the afforestation funds.

Exhibit 9-6: (Portion of) Contracts Associated with Afforestation and Pasture Planting (Outcome 2B)

Topic	Amount (in USD)	Type of contract / subcontractor	Validity of contact or payment dates
Forests			
Reforestation and planting services in Ismayilli and Shamakhi	$81,448	Subcontract (Ilgar-MR LLC)	3 payments in 2014, 1 in early 2015
Provision of seedlings and seeds	$48,828	Purchase (Interna-KOM)	1 payment in late 2015
½ x Project management team lead for forests**	$32,493	Service contract	Aug 2013 – Dec. 2015
Pasture			
½ x Implementation of pasture inventory and restoration works*	$14,995	IC – International	July – Dec. 2015
Total of portion of contracts for afforestation and pasture planting on which information is available	**$177,764**	---	----

**Because this international consultant worked across both inventory and pasture restoration, for rough estimation, the contract amount is split equally between Exhibit 9-5 and Exhibit 9-6.
**Because team lead worked across both afforestation and NAPCD technical support for forests (e.g. inventory, etc.), for rough estimation the contract value is split between Exhibit 9-5 and Exhibit 9-6.
Source: Partial contract information collated by project team in Dec. 2015

Exhibit 9-7: (Portion of) Contracts Associated with People-Focused Activities (Livelihoods, Subsidies, etc., Outcome 2C)

Topic	Amount (USD)	Type of contract / subcontractor	Validity of contact
General/ Cross-cutting			
Design of mechanisms on functions of forest and pasture user associations	$8,100	IC – local	Last two months of 2015
Pasture			
Local expert on socio-economic assessment	$7,200	IC – local	March – Sept. 2014
Expert input on land degradation	$7,200	IC – local	March – Dec. 2014
Forests			
No relevant contracts found	---	---	---
Total of portion of contracts for people-focused activities (livelihoods, subsidies, etc.) on which information is available	**$22,500**	---	----

Source: Partial contract information collated by project team in Dec. 2015

Exhibit 9-7 shows a list of a portion of the main contracts related to people-focused conservation mechanisms, such as livelihood and subsidy mechanisms. Not much has been spent (or done) in these areas to date. The MTR reviewer found the socioeconomic

assessment of the large-scale pastoralists to be extremely on-target in terms of what is needed to move the project forward. It could serve as a basis for designing livelihood mechanisms or livestock business advising mechanisms for the pastoralists to reduce pressure on the pastures. Spending in this area, as mentioned, should ramp up post-MTR.

Exhibit 9-8 shows a portion of contracts associated with the project's carbon work. Most of the listed items are in line with the activities undertaken by the component. The international expert's input on carbon flow monitoring is considered especially cost effective. This expert designed the methodology, provided theoretical training, and led field work, which resulted in carbon pool assessments for the forests in Ismayilli and Shamakhi.

Exhibit 9-8: (Portion of) Contracts Associated with Carbon Work (Outcome 3)

Topic	Amount	Type of contract / subcontractor	Validity of contact
Project management office team lead for carbon	$64,986	Service contract	Aug 2013 – Dec. 2015
Equipment	$47,658	Payment for goods	NA
Expert on carbon flow monitoring	$22,750	IC – international	Oct. 2014 – May 2015
Equipment	$15,750	Payment for goods	NA
Expert on carbon emissions prognosis	$14,440	Individual contractor (IC) – local	March – Dec. 2014
Expert on carbon emissions	$14,400	IC – local	March – Dec. 2014
Expert on carbon monitoring	$7,200	IC – local	March – Dec. 2014
Total of portion of contracts for carbon activities on which information is available	**$187,184**	----	-----

Source: Partial contract information collated by project team in Dec. 2015

Exhibit 9-9 shows a portion of contracts and other expenditures associated with project management. After salaries (three persons combined), the next highest expenditures are for the international technical advisor, the project vehicle, and computer hardware/software. For official reporting, the international technical advisor costs had been included by the project team under Outcome 1 (policy). For understanding the project, however, the related expenditures are included here under project management. The advisor's role appears to be more as a comprehensive advisor for the overall project, including support in preparing the 2015 annual work plan, rather than as an advisor on legal and institutional issues. Some of the expenditures included here under project management (such as some of the IT expenses and air conditioner expenses) are for a "training center" located in the project management office at MoENR. This training center did not come up when discussing project activities, so it is not clear how much it has been used.

Exhibit 9-9: (Portion of) Contracts Associated with Project Management

Item	Amount (USD)	Type of contract / subcontractor	Validity of contact
Project management personnel (project manager, finance management, admin manager)	$186,169	Service contracts	Jun. 2013 – Dec. 2015 for project manager, Aug 2013 – Dec. 2015 for admin and finance managers
Senior technical advisor to project	$47,500	IC – international	Dec. 2014 – Dec. 2015
Project vehicle and oil changes	$38,277	Purchase of vehicle and services	Dates in 2013, 2014 and 2015
Computer hardware and software for office/ IT equipment for training center	$36,634	Payment for goods	August 2013, Nov. 2014, Aug. 2015, Dec. 2015
Accommodation and transport services	$19,500	Payment for service ("Venture Capital Investments")	Multiple dates in July and August 2015
Rental of office space at UNDP for project finance and admin staff	$9,753	Payment for office space	Nov. 2014, April 2015
Fuel purchases	$9,471	Payment for fuel	Multiple dates in 2013, 2014, 2015
Analog desk phones	$8,635	Payment for goods	Dates in 2014 and 2015
Furniture	$7,147	Payment for goods	Nov. 2013 and Dec. 2014
Office construction/ repair	$6,629	Payment for service	Sept. 2013 and March and May 2014
Air conditioning	$5,606	Payment for goods	Dates in 2013, 2014
Taxi services	$5,355	Payment for service	Multiple dates in 2013 and 2014
Landline telephone	$1,630	Payment for goods and installation	Dates in 2013 and 2015
Conference room for inception workshop	$1,271	NA	July 2013
Total of portion of contracts for project management on which information is available	**$383,577**	----	-----

Source: Partial contract information collated by project team in Dec. 2015

Exhibit 9-10 shows project co-financing to date by donor as of December 8, 2015 and allows for comparison of this amount to total financing committed by each source in the project document. There are four sources of co-financing: UNDP Core Funds (USD230,000 committed), EU-UNDP ClimaEast Project (USD1.2987 M, full project budget, committed), FAO Sustainable Pasture Management Project (USD500,000, full project budget, committed), and Government of Azerbaijan (USD10.67 M committed, partly as cash and partly as in-kind). The review finds that funds from the other donors are being realized, but government funds are only being provided on a very limited scale. For example, the government is reported to have provided some transport (minority of total) and some seedlings for the afforestation (minority of total) and is providing office space for five of the seven project management team members. The ClimaEast Project has been closely integrated with the SLFM project, so that its co-financing follows the more traditional definition of co-

financing for UNDP-GEF projects. The FAO project appears not to have coordinated much at all with the SLFM project and, indeed, was actually completed before SLFM was launched. Thus, its "co-financing" for SLFM deviates from the traditional definition of co-financing for GEF projects, in which co-financed activities are more closely integrated or associated with GEF financed ones. FAO, however, did provide all of its findings and reports to SLFM and did work in areas quite related to the pasture parts of SLFM.

Exhibit 9-10: Project Co-financing to Date as of Dec. 8, 2015 and Targeted Co-financing

Organization (Project or Funds)	Co-financing to Date (USD)	Timeline of Contributions to Date	Total Committed as per ProDoc (USD)	Comments
UNDP (Core Funds)	$78,902	2013-2015	$230,000	Funds go directly to SLFM expenses
EU-UNDP (ClimaEast Project)	$779,000 (estimate based on time elapsed)	2013-2015	$1.2987 M	Activities closely integrated with SLFM activities
FAO (Sustainable Pasture Management)	$500,000	2010 – 2012	$500,000	Activities were not integrated with SLFM activities, but reports were shared
Government of Azerbaijan	NA, but much, much less than committed amount would imply	2013 – 2015	$10.67 M (of which $4.5 M cash, $6.17 M in kind)	Most co-financing has not materialized due to drop in price of petroleum causing reduction in Government revenues
Total Co-financing	**$1.358 M plus limited government contributions**	**2010-2015**	**Committed $12,698,700**	**---**

Regarding the lack of materialization of most of the government co-financing expected, stakeholders explain that a lot has changed in the situation of Azerbaijan since the project document was drafted. When the price of oil was high during the drafting process (2011), government finances were in quite good shape and substantial co-financing was envisioned. Now that the price of oil is low, government funding is quite limited. In general, the review recommends that, if possible, government funding be used to support any big ticket items that the government might have purchased anyway in the absence of the project. This may include equipment and maps. At the same time, another attractive way for the project to target increased government financing is to achieve successful pilots and advocate their replication by the government.

10. Project Design

10.1 Project Design

The project design has both some great strengths worth praising and some challenges to be improved upon now, with mid-term review course correction. Many stakeholders have praised the project for its comprehensiveness and multi-pronged approach to the objective of increasing forest and pasture cover and quality. They note that past projects have focused on more narrow aspects and thus not fully addressed what is in reality the very complex issue of forest and land degradation in Azerbaijan. The project as designed also deserves strong praise in introducing new concepts or directions for Azerbaijan, such as payment for ecosystem services (PES), estimation of carbon pool, and forest and pasture user associations. While in the case of PES, there are some complaints that this will not work in Azerbaijan, it has been adopted in the form of subsidy policy proposals for pasture and forest users and will hopefully also be tested via pilots, post-MTR. Finally, the project document also ensures key areas of progressive work are covered, such as maps, inventories, and management plans.

The challenges of the project document should also be discussed and addressed. Indeed, they are related to many of the recommendations that are made in this review. First, the project document could have been written more clearly with the logical links between different parts of work made more obvious. The distinctions between different parts of the project could also have been made clearer. As written, especially for nonnative speakers, there is some confusion as to how all the parts of the project fit together. Further, in terms of logic, there may be some confusion as to what is classified as carbon work and what is classified as other forest and pastures work. The project designers have put the afforestation and pasture planting work under Outcome 3, the carbon component, as it will increase carbon sequestration. Yet, ideally, all pasture and forest enhancement work will do this on some scale. Thus, it seems disjointed for some such activities to be considered “carbon” (Outcome 3) activities and some “pasture and forest management” (Outcome 2) activities. For formal accounting purposes, the original approach should be maintained, but for purposes of understanding the project, it is suggested that only activities that take carbon specifically into consideration (such as carbon pool monitoring or design of carbon offset projects) be attributed to the carbon component, while all other activities to enhance forest and pasture cover, including potential livelihood activities, be attributed to the pasture and forest management component.

Finally, a key area in which the project design could be improved is to offer more definition in certain areas, particularly of the purpose of the forest and pasture user associations. From the mid-term review mission, the idea that there is a need for alternative livelihoods or other alternative mechanisms for the large-scale pastoralists in particular became quite clear. Had this been known at the time of the project document (which may have been possible had enough scoping been done), it could have been written more clearly into the project document, perhaps resulting in a faster pace of project progress. While the needs for forests vis-à-vis people-focused activities such as livelihoods and subsidy mechanisms are somewhat

less obvious, the project design could also have offered more definition on potential activities for forest user associations and additional scoping work that may be needed to determine the best among those potential activities. The project document says very little about what the pasture and forest user associations will do. This review attempts for the purpose of course correction to fill that role. PES could also have been given greater definition, with examples of potential PES (or subsidy) schemes that the project might test.

One stakeholder suggests the main flaw of the project document is that it reflects limited understanding of the situation in the country. This, the reviewer believes, may have been ameliorated through greater communication between the international and domestic teams involved in the PPG. The result, according to the stakeholder, is that the project document aims too high in terms of the capacity in the country. Further, it has some items that are not suitable to Azerbaijan and CIS countries in general, such as integrated pasture and forest management plans. These, the stakeholder explains, do not make sense in the CIS because management of pastures and management of forests are under different purviews.

10.2 Project Results Framework/ Indicators

The MTR consultant found that the project results framework (PRF) and original indicators in the project design are not playing an effective role in propelling the project forward or in project M&E. While there may be resistance to altering the original PRF, the consultant urges proponents to consider the practical implications of not doing so. The priority should be on having in the PRF a usable tool that both promotes progress toward the project objective of increasing forest and pasture cover and facilitates M&E, rather than on maintaining fidelity to a system that is not working. The current indicators are difficult for the project team to understand and evaluate. As a result, reporting on indicators to date does not reflect the true situation. Further, given how the project has evolved, the indicators don't cover some of the areas of strong achievement or expected strong achievement, such as pasture and forest inventories.

Adherence to S.M.A.R.T. (specific, measurable, achievable, relevant, and time-bound) principles in indicator design is found to be lacking and may be at the core of inaccurate reporting. For example, the indicator type mentioned most in the PRF, "area under improved management," or "area in which vegetative cover is increased via improved management," is difficult to define and measure. Lack of definition of such indicators at the time of project design is quite problematic. In the reviewer's view, such indicators, to have a nonzero value, would clearly require that the project has reached the point of implementing management plans. Yet, although the project has not yet implemented its pasture management plans (which are under preparation) and has not even decided yet whether to prepare forest management plans, the 2015 PIR indicates the area of forest with improved management as 17,962 ha and the area of pasturelands with improved management as 3,000 ha. Such reporting on results is confusing and misleading. It is also strong evidence for the need in the case of the SLFM project of a PRF with simplified indicators that are easily understood by all involved, easily verified, and match with what the project is actually doing or planning to do.

Another issue with the original PRF is that the objective and outcome indicators seem mixed at times. Objective indicators for improved management include both targets much larger than the areas in which the project will be working and targets similar in scale to the areas in which the project is working. In order to strengthen the logic of the logframe, it is suggested that areas much larger than project areas be used for objective indicators (implying replication of what is demonstrated by the project) and that areas similar to project areas be used as outcome indicators.

Based on the above reasoning, a substantial revision of the project results framework is recommended. The new PRF should be translated into Azerbajani and utilized for periodic discussions on project progress to ensure that the project is on track. An initial draft revision has been undertaken by the MTR consultant working closely with the project manager and finance assistant on the last day of the MTR mission. It is recommended that this draft version be reviewed carefully by project proponents in making a decision as to whether to adopt the draft or pursue preparation of an alternative improved version that carefully adopts S.M.A.R.T. principles. On the one hand, preparation of a PRF that is revamped to the extent being proposed here can be a lengthy process and may require more effort than can be squeezed in as part of an MTR consultancy. On the other hand, the proposed draft PRF is closely in sync with the findings and recommendations of this MTR, both in terms of areas of work and in terms of calling for a replication strategy. Thus, if proponents are in strong agreement with the report, they may also find the draft revised PRF suitable.

The preliminary revised PRF is included in Annex 7. The revised indicators are believed to be much more congruent overall with the real direction and work of the project. For example, objective indicators have been added for area and number of rayons in which new pasture inventory and new forest inventory has been conducted. Proposed objective indicators also include the adoption of a targeted number of types of policies, the afforestation of a targeted area according to new methods introduced by the project, and increased carbon stock achieved via that afforestation. While in some cases a single type of objective indicator, such as "improved management," that brings together multiple outcome indicators is preferred, the reviewer believes such an approach will not be effective in the case of the SLFM Project. Thus, instead, the proposed framework adopts a strategy of scale or degree. Objective indicators, that is, are often scaled up versions of outcome indicators, implying adoption on a national level of project initiatives. Further, while the "improved management" indicator (with enhanced definition) is still included at the objective level, it is considered a weak overall indicator, unlikely to be met on the timescale of the project. For this reason and also to better propel progress forward, a strategy of including multiple objective indicators to show the project's full impact on the nation, has been adopted. The presence of a large number of indicators at the objective and outcome levels ensures that all the many areas of project work are tracked and that progress is encouraged along all the lines that have emerged as meaningful via the MTR assessment.

11. Project Management and Coordination with Other Donors

Institutional Arrangements – Project Management Team

The project management team has been described in Section 1 of this report; and some overall recommendations for the team going forward are given in Section 2. Here we review and elaborate on the discussion. With a project manager, four topic-oriented team leaders (legal, forests, pastures, and carbon), one finance assistant, and one administrative assistant, the project team is quite substantial. Stakeholders indicate that the team leader structure plays a positive role in pushing specific aspects of the project forward. At the same time, there is great concern that the project is not moving forward quickly enough and seems to get stymied in certain areas. Going forward, there are two major recommendations with regard to the project team: (1) adjust the team according to needs going forward (changing some personnel and positions) and (2) institute means to ensure all team members are proactively pushing forward their areas with activities that effectively contribute to the project objective and project outcomes.

Going forward, there will not be a need for a full time legal team leader; and, depending on decisions for carbon activities going forward, there may not be a need for a full-time carbon team leader. There may be some need for a part-time legal team leader, particularly after the correct amount of time has passed after submission of the policy package so that the project can commence lobbying and promotion work. Post-MTR there will be a great need for someone with practical experience in livelihood development and other socioeconomic mechanisms that will lessen pressure on pastures and forests. This is similar to the type of expertise, for example, exhibited by the Ganja Agribusiness Association expert in the socioeconomic analysis of pastoralists, though it should be accompanied if possible with a proven track record in assisting rural people develop business opportunities. A livelihood expert (full or part time) would ideally be willing to be based in the project rayons or spend up to half time there to be involved in the substantial amount of liaison work that will be required. In addition, assistant level persons, such as the outstanding field monitor hired by ClimaEast, who are based in the rayons, will also be needed. Overall, there should be a shift in project human resources to livelihood/people aspects and to a presence in the rayons.

In order to ensure greater pro-activeness of the project team and greater ability to move the project forward, two types of measures should be adopted. One measure is that the project team clarify what the project will do from now until project end by preparing a simple plan (one or two pages) of priority activities and timeline, ensuring activities feed directly into the project objective and outcomes. This MTR report has aimed to provide some examples and suggestions in terms of how to describe the project and upcoming plans more simply. Stakeholders note that the project team consists of a group of brilliant individuals and experts in their fields and that the number of good ideas circulating is quite impressive. The reviewer was also impressed by all the knowledge and good ideas expressed by the project team during the mission. At the same time, she is concerned that there is not a very clear plan about which

of the many ideas will be selected and implemented. While adaptive management along the way is possible, it is very important to have a clear plan post-MTR that will take the team up to the time of close of project.

While the above recommended mechanism is self-motivational, there is also a need for a management mechanism to ensure people are on-track and making progress, as well as giving 100 percent of their working time to the project. While the project already requires periodic reporting of team members, this should be intensified. The team leads and project manager should meet once a week internally and once every two weeks to one month with the ClimaEast project manager, so that each person can report his progress. Once monthly, the team leaders should submit a written report of progress to be presented at the meeting with the ClimaEast project manager. Failure to submit the written report or move the project forward should be reported to UNDP and may be grounds for termination. The team should meet quarterly with UNDP, with each team lead and the project manager reporting progress. In addition to oversight of the full project, the project manager should have specific areas of his own to report at such meetings. As mentioned in Section 2, there is a need to develop a project strategy to keep MoENR fully engaged and to keep the rayon governments fully engaged. The team lead should report on progress in these regards at the team meetings. For all three levels of meetings, the improved PRF can be used to guide discussions and ensure the project is on track.

The field directors if their contracts are to be continued should be required to spend more time in the field and visit project sites more. Their work should be carefully monitored to ensure that they are making quality contributions during the post-MTR phase of the project and are able to work with local people toward the development of livelihood and other people-focused mechanisms. Alternatively, the project may wish to shift its field team to those with livelihood based expertise and /or persons with a profile similar to the ClimaEast field monitor.

Timeliness

As mentioned, the project did not really shift into full gear of activities until mid-2014, almost one year after inception. Even now, the project seems sluggish in the key area of developing people-focused mechanisms, such as livelihood mechanisms for pastoralists. Often, the reason given for this delay is that other work needs to be completed first. Yet, at this point, the MTR consultant's understanding is that enough work has been done for pasture livelihoods work to begin. Further, nothing is stopping forest user oriented work, except for the need to identify the most relevant areas and people.

There are a number of challenges the project has faced in keeping the pace up. One early on was challenges in getting used to the UNDP procurement system and learning how to plan ahead and pursue activities in parallel. It seems progress has been made in this area. Another issue is that the pasture work in particular is seasonal. For example, the pastoralists are only in the summer pastures at certain times. Such seasonality implies an ever greater need for planning than there would be otherwise. A third challenge has been getting MoENR approval for various activities and ensuring the rayon governments are on board. As a result of this last

area of challenge, it has been recommended that the project develop a specific strategy and associated work plan for keeping MoENR and the rayon leadership engaged. This strategy should be led by the SLFM and ClimaEast Project Managers with oversight and high-level support from UNDP as needed.

Because of the great amount of work that remains to be done and the great potential of that work if done well, the reviewer recommends the project pursue a one year extension. This would shift the project close date from December 2017 to December 2018. Yet, the reviewer also recommends this extension be contingent on preparation of a simple and easy to understand plan of what major activities will be undertaken between now and project close and how these will contribute to the project objectives and outcomes.

Role of UNDP

Stakeholder feedback indicates UNDP Azerbaijan plays a very helpful role in the project, particularly at a high level. UNDP leadership is involved in organizing meetings and attends workshops and makes site visits. In particular, when there is a problem, such as miscommunication with a rayon government, the project team calls on high level UNDP leadership for help to resolve the issue. On the working level, UNDP has played a particularly important role in bringing the ClimaEast and SLFM projects together. The UNDP-hired ClimaEast project manager is playing a critical role in facilitating the progress of the SLFM project, bringing both sector expertise and operational strengths to the table. The pairing of these two projects is seen by the reviewer as a very astute move, which greatly enhances the potential for success. Further, UNDP provides strong financing and reporting structures to ensure funds are properly handled.

The nature of the SLFM project is particularly well-suited to UNDP's comparative advantages as an implementing agency. These include its track record in working closely with country governments, building capacity, and implementing multi-pronged projects that cover areas such as policy, livelihoods, and technical aspects.

To further leverage the UNDP value-add and help ameliorate critical challenges faced by the project, the reviewer suggests that the project facilitates a more strategic (reflecting an overall plan) rather than tactical (responding to problems as they happen) role for UNDP support. In particular, as mentioned, two of the greatest barriers to project success are lack of full MoENR buy-in and speedy approval of activities and lack of rayon government buy-in. It has been recommended the SLFM and ClimaEast project managers develop a strategy to address these issues and that UNDP at a high level assist at critical junctures. For example, as the project moves to a new mode of people-focused work in the field, UNDP may wish to meet with the Ministry of Ecology at a high level to ensure buy-in. Further, to ensure the greatest possibility that project-proposed policies are adopted, UNDP may assist by joining the Minister for a high-level meeting with the Cabinet of Ministers at the appropriate time. Finally, as more supervision may be needed to ensure the project team proactively moves the project forward in a timely fashion, UNDP may wish to institute quarterly reporting meetings. To be effective, these meetings will require that the project team prepares a

simplified plan of what is to be achieved from now until the end of project. This simplified plan can then be the basis of discussion at the quarterly meetings.

Monitoring and Evaluation

The project has undertaken some basic steps toward monitoring and evaluation. These include annual project implementation reports (PIRs) and the mid-term review, which is covered in this report. The PIRs include updates in the values of the indicators in the project results framework. The reviewer did not see any input from a regional UNDP technical advisor in the PIRs and is not sure whether regional headquarters is actively involved in the monitoring and evaluation of the project, as they are in some other regions. Beyond the PIRs, the project has required monthly reports from team leaders. While some team leaders submitted detailed reports, others did not.

Going forward, it is recommended that monitoring and evaluation be enhanced. In particular, the project results framework and, with it, the PIRs can be improved. The reviewer found it hard to understand the real progress of the project from reviewing the first two PIRs. As she has worked with the team to develop a project results framework more in line with the direction of the project and easier to understand, this new framework, once finalized by the team, should improve the clarity of the PIRs. To further improve the clarity of PIR reporting, it is suggested that the narrative of the PIRs follow the structure proposed in Exhibit 2-2 and cover in some sequence each of: carbon (for both forests and pastures), afforestation and pasture planting/fencing, NAPCD technical support (including GIS/maps, inventory work, and management plans, with all three covered for both forests and pastures), people-oriented initiatives/ mechanisms (including user associations, subsidy pilots, and livelihood pilots, and covering each of the three areas for both forests and pastures). Furtherly, quarterly reports by each of the team leads and the project manager should be prepared in conjunction with a quarterly review meeting with UNDP.

Coordination with Other Donors

The level of coordination with other donors working in the areas of forests and grasslands varies, in some cases being quite outstanding and in other having the potential to be enhanced. Coordination with other donors (or other donor projects) has been particularly strong in the case of the EU and GIZ. There has also been some coordination with FAO, which may be enhanced. Coordination with WWF should also be enhanced. The status of coordination to date, on a donor-by-donor basis, and suggestions for the future are summarized in Exhibit 11-1. More details on the status of coordination with other donors, as well as ideas of how to enhance coordination in the future, are given in Annex 8.

Exhibit 11-1: SLFM Coordination with Other Donors

Donor	Cooperation to Date	Potential Cooperation Going Forward
EU	Outstanding coordination with EU-UNDP ClimaEast Project on pasture and carbon aspects	Continue Clima-East cooperation; consider cooperation with EU educational and awareness raising efforts to promote SLFM pilots once they are up and running
GIZ	Strong coordination in pasture and forest areas via coordination meeting and sharing of SLFM purchased pasture maps with GIZ and GIZ purchased forest maps with SLFM	Continue strong cooperation. As GIZ may shift efforts from pilots to national level support due to NGO status issues, there may be room to cooperate with GIZ in promoting SLFM's pilots and livelihood efforts with national stakeholders or to cooperate on future mapping and inventory efforts to cut costs.
FAO	FAO Sustainable Pasture Management Project is co-financing of SLFM, but was completed before SLFM. FAO shared all documents.	Possible cooperation in promoting pasture subsidy policy, as FAO project also submitted proposed pasture subsidy policy, which is sitting in Cabinet of Ministers. May ask FAO for help in outreach to MoA on pasture issues and on possible cooperation with MoA extension centers in working with pastoralists on livestock business issues. May also ask FAO for more information about experience with Cattle Breeding Associations they set up. SLFM should also coordinate with FAO on SLFM forest inventory and management plan work, as FAO has a pipeline GEF project (now in PIF application stage) for forest monitoring.
WWF	Cordial relationship, but no cooperation.	Via ENPI-FLEG, WWF has prepared FSC forest management plan for Ismayilli. As SLFM also plans to prepare a forest management plan for the Rayon, SLFM should try and see WWF's plan first. Once inventory data is available from SLFM project, it can be provided to WWF to improve their plan (something they are quite interested in).

12. Gender Dimension

The project document includes specific and fairly extensive discussion of how the gender dimension will be incorporated into the project. Yet, most of this discussion is included in a section entitled *Socioeconomic Benefits, including Gender Dimensions*, with only very limited mention in the activities. As a lesson learned, for future project design work, it is recommend that targeted gender benefits be more explicitly incorporated into outputs and activities described in the project document. Including gender only in a special "gender" or "socioeconomic" section of the ProDoc, without incorporating it into the outputs and activities, is likely to result in little true initiative in the gender area.

The limited mention of gender made in the output and activities section of the ProDoc is found under Output 2.1. There it is mentioned that "women's empowerment NGOs will be asked to provide inputs and guidance to ensure a gender balance is achieved" in the formation of the rayon multi-stakeholder committees. Yet, it does not appear such NGOs were involved in efforts to set up these committees or that gender balance was sought for them. (As mentioned, in the end these committees were set up as temporary organizations, one in each rayon, to make decisions regarding the SLFM Project.)

Also under Output 2.1, the ProDoc indicates that "the PUA and FUA will have appropriate gender representation." This idea is important and, if extended to the livelihood activities to be carried out under the associations, could be the most meaningful way for the project to promote opportunities for women. Yet, it does not appear that this gender representation is being sought out, even though two pasture user associations and two forest user associations have been set up. One stakeholder involved in implementation went so far as to say that Azerbaijan does not have a gender balance problem, so that they did not need to worry about this as in other countries. Yet, judging from parties consulted during the mission, there does appear to be an imbalance. In particular, the three pastoralists and the four "forest users" with whom the reviewer met were all men. The forest user association could present an important opportunity for women, as women are said to be the ones who now most often collect non-timber forest products, such as berries. The "forest users" selected for consultations were all owners of hotels or other forest recreation areas. Yet, as discussed earlier, involvement of the berry collectors in the village (as compared to the resort owners) may present greater potential for livelihood activities that can actually bring conservation benefits. As for the pastoralist user associations and associated livelihoods activities, women have the potential to play a role in processing-type initiatives and association decision-making.

In short, aside from a few female consultants, the project at the time of mid-term review does not show much effort to involve women and provide them with socioeconomic and capacity building opportunities. In fact, even when they might be the most appropriate player (e.g. in the case of forest user associations), they appear to have been overlooked. Yet, as has been emphasized, it is now time for the project to move to a new phase in which substantial focus will be put on livelihood activities. This presents an attractive opportunity to bring the gender dimension into the project. The project should consider aiming to have at least half of its participants in livelihood activities be women. It may approach women's involvement in livelihoods in one of two ways. One approach is to have separate types of livelihood

initiatives for men and women. Another approach is to have initiatives that each involve a combination of both men and women, but that ensure an appropriate number of spots (perhaps with special roles) for women.

13. Recommendations, Ratings, and Tracking Tools

This section first presents key recommendations of the mid-term review. Then, it presents mid-term review ratings of the project, with explanations. Lastly, it provides assessment of indicators and trends in the three GEF Tracking Tools based on mid-term versions of these provided by the project team.

Recommendations

The top recommendations arising from the mid-term review are as follows:

1) Be able to provide a simple description of the project that can be clearly understood by those less familiar with it, enabling them to understand how the various parts tie together into a meaningful whole. Also, be able to explain in a simple way why results achieved to date and results targeted for the future are innovative and meaningful to Azerbaijan. For each of these areas (project description and explanation of significance of project achievements) have both: (a) simple written materials and (b) preparedness to articulate in face-to-face conversation. As a part of this effort, convey the interrelatedness of the various parts of the project and explain clearly how activities ultimately serve the project objective of increased pasture and forest cover. As starting points for (a), consider Exhibit 2-2a for the project description and Exhibits 2-3 and 2-4 for explanation of the significance of project achievements. As for (b), Exhibit 2-2b offers text of how the project may be described live, in a face-to-face conversation. The rationale for working on such simplified descriptions is two-fold: First, the project is complex and it is difficult for those not deeply involved in the project to understand what the project is doing, why these activities are important, and how the pieces of the project fit together and build on each other. As will be discussed in Recommendation 3, there is a need in particular to gain buy-in and support from MoENR and the project rayons at a high level. To achieve real buy-in, these parties need to understand clearly and in a simple way what the project is doing and why it is meaningful. Second, the project team itself may sometimes suffer from "analysis paralysis" and overwhelm due to having too many different moving parts of the project. Having a simple description of the project and a simple understanding of what makes its activities innovative and meaningful will help to guide the team to focus on what matters and to develop an impactful plan for the project going forward.

2) Pursue one year extension of project close until Dec. 2018. Extension is recommended, but should be contingent on preparation of a very clear action plan of what will be achieved from now until end of project. The project team should prepare a simple diagram to convey this plan to high level stakeholders. They should ensure they are pursuing high-impact, highly replicable activities that clearly serve the project objective of increased forest and pasture cover, rather attempting to address each and every specific activity outlined in the project document, which was drafted in 2011. The action plan work may include a detailed written plan, but should also be communicated in a simple way that top leadership of UNDP and MoENR can grasp quickly. The diagram in Exhibit 2-9 provides an example of what the high-level, simplified version of the plan might

look like. The team should leave aside strict adherence to the project document and focus instead on major activities that will contribute to the project objective of increased forest and pasture cover, as well as to the project outcomes. Those activities that contribute best to the project objective and outcomes should be prioritized. The focus should be on the big picture of the objective and outcomes. Details of the project document that are either not appropriate to the situation of Azerbaijan or not impactful in contributing to the project objective and outcomes should be left aside. While the annual work plan preparation exercise is important, it should not be done without a bigger picture, longer-term plan of what is targeted to be achieved between now and end of project.

3) Develop a clear strategy for dealing with two of the major potential barriers to success of the project: (1) potential lack of buy-in and slow approval of activities by MoENR and (2) potential lack of buy-in and lack of support for local activities from the project rayon governments. **This strategy should be developed by the project team and should be the responsibility of the project manager, working with the ClimaEast project manager, to implement. UNDP should be consulted on the strategy and support its implementation at critical junctures, such as through high level meetings. Materials and strategies developed through Recommendations 1 and 2 above should be used to improve communications with MoENR and the rayons**. Stakeholders have indicated that a major barrier to timely implementation of SLFM has been the need to get various activities approved at a high-level within MoENR. The lack of rayon buy-in has also been a cause of delay, particularly in the case of Shamakhi, where leadership has changed. To date, these issues have been dealt with in a tactical way (dealing with problems as they come up). What is recommended is that the team think comprehensively about how they can ensure a smoother course for the project going forward. As a first step, as the project attempts to make a major shift post-MTR to fieldwork and people-oriented activities (explained in Recommendation 5), a high level "launch" meeting between the Minister or Deputy Minister and UNDP occurring in early January could be an effective way to ensure MoENR buy-in for this shift. This meeting would need to employ a clear explanation of project plans, as outlined in Recommendation 2 above.

4) Address concerns with regard to the project team moving the project forward in a timely fashion via intensified reporting and monitoring. The SLFM project manager, with support from the ClimaEast project manager, should be responsible for ensuring team leaders and other key project team members, such as field directors, are making good progress in their work. UNDP, in turn, should monitor the project manager's progress. Weekly meetings should be held internally among the SLFM team and at minimum monthly meetings including written reports on progress by each team member should be held with the ClimaEast project manager and team members located at UNDP. Failure to achieve progress or submit monthly progress reports may result in termination. The SLFM project manager will also have areas of progress to report, including implementation of the MoENR and rayon strategy outlined in Recommendation 3 and management of activities not covered by the team leaders. UNDP should monitor progress reports of the project manager. Quarterly progress meetings should be held with UNDP staff. In these, the simplified description of project plans from now until end of project (such as described in Recommendation 2 and of

which a possible template is offered in Exhibit 2-9) should be referenced to show in the big picture of project plans how the team is progressing.

5) Post-MTR, make a major and immediate shift in project activities away from studies and technical work towards achieving results in the field. In particular, pilots involving people, a critical factor in achieving sustainable pasture and forest cover, should be pursued. To date, the project has not achieved much in the areas of "people" initiatives, aside from setting up four pasture or forest user associations. While some more technical activities are currently still underway, their completion should not delay the initiation of "people activities" and field work. During the mission, it was determined that needed preparatory work for both pasture (in the case of Ismayilli) and forest (in both rayons) people-oriented work has been completed, so that people-oriented pilots can be initiated. The mission revealed strong agreement among stakeholders that large-scale pastoralists are the key issue with regard to increasing pasture cover. Therefore, impacting their behavior in the pastures should be the key focus of pasture work going forward. While certainty is less with regard to the impact of local people on forests, most agree that people-oriented initiatives with regard to forests, particularly initiatives to reducing grazing in the forest, may be important. As mentioned in Recommendation 3, a high-level meeting between UNDP and the Minister or Deputy Minister of Ecology may be a helpful way to obtain high-level MoENR buy-in for the shift in the project to field and people-oriented activities.

6) Pursue pilots in a range of people-oriented areas for both pastures and forests. Pilots in multiple areas can serve as a series of tests for the government to observe and eventually replicate. For large-scale pastoralists, key areas for pilots include: (a) consulting support to large-scale pastoralists to improve the profitability of their core business, which may include reducing the number of shepherds and flock numbers; (b) subsidy pilots whereby large-scale pastoralists are offered hay or barley for delaying departure for summer pastures (thus giving summer pasture grass more time to grow); (c) alternative livelihood activities related to pastoralists' core business (e.g. milk, cheese, and wool processing; sale of these and of meat) or synergistic with that business (e.g. bee raising benefiting from pollination in pasture grasses). For forest users, key areas for pilots include: (a) subsidy pilots for afforestation by private individuals (may include planting of fruit trees and planting of vegetables in-between trees on rented land, with subsidy payment for afforestation supplies); and (b) alternative livelihoods for forest users (may include forest resources, such as processing and/or packaging of berries and medicinals, other forest use, such as fish ponds in the forest, or less related areas, such as bee raising or dairy). As will be discussed in Recommendation 8, inclusion of livelihoods activities for forest users should be contingent on determination that there is a significant, ongoing anthropogenic damage to the forest that the activity will ameliorate.

7) Given the need for achievements in the field and the need shift to people-oriented activities (as explained in Recommendation 5), make adjustments in the project team. Staffing in Baku may be decreased somewhat and persons based in the rayons, who can drive forward activities there, increased. Also, specific expertise in working with local people, such as practical experience in livelihood and incentive mechanism work, is needed on the project team. The person (perhaps a "livelihoods team lead") with such

expertise would preferably be based in the field or spend large amounts of time there. Given changes in project activities, the policy team lead will no longer be needed full-time. Depending on decisions made about the carbon component, the carbon team lead may also not be needed full-time. A livelihoods team lead, with capabilities similar to those of the Ganja Agribusiness Association consultant involved in the socioeconomic studies, may be recruited to drive people-oriented pilots, which may comprise the bulk of spending going forward. Persons similar to the Clima-East Field Monitor, based in the field and capable of carrying out work there, may also be recruited to support the pasture and forest team leads and/or a livelihoods team lead if one is appointed.

8) For people-oriented work, such as livelihoods and subsidy pilots, ensure that the work clearly serves the project objective of increasing forest and pasture cover. This will involve selection of appropriate individuals to participate. In the case of forests, it may require additional analytic work to determine if grazing is the problem and, if so, which locations have the highest potential for improvement via people-oriented activities. Further, the project should set up mechanisms to ensure that forest and pasture users benefiting from these activities agree to improve pasture or forest management and then comply with what they have agreed. **The project may need to resist outside pressure to involve certain persons or segments in the livelihood support if those persons/segments are not highly relevant to increasing pasture or forest cover.** One problem often encountered with projects like SLFM is that livelihood activities are undertaken initially with the goal of decreasing pressure on pastures or forests, but ultimately are not designed carefully enough to do so. The project team may move blindly forward with livelihood activities rather than ensuring a particular activity will truly lead to reduced pressure on natural resources. In the case of pastures in the project rayons, it is clear that the 100-plus large-scale pastoralists in each rayon are the key to improving pasture management. Thus, they are the right target for people-oriented activities. The challenges to the project in the case of these large-scale pastoralists will then be (a) designing activities that result in their agreement to reduce pressure on the pastures and (b) ensuring their compliance in reducing pressure. In the case of forests, it will be more challenging to identify the key to improving forest cover. The project will need to determine whether grazing (and/or illegal logging) are significantly degrading the forests. If so, the project will need to identify locations where the degradation is serious and ongoing. And, it will need to determine what kind of people-oriented activities could relieve this degradation, along with what kind of mechanisms will ensure compliance. If there is not serious ongoing anthropogenic degradation of the forests, the project should focus instead for its forest user activities on subsidies for afforestation only.

9) Aim for replication of project pilots as the ultimate goal. While the project should now shift to a period of intense work in the field and establishment of people-oriented pilots, its ultimate goal will be to get these pilots replicated. Replication potential should be considered in designing activities. Pasture planting activities should be reconsidered if they are too expensive to replicate. By 2017, the project should begin undertaking activities to promote replication of its pilots. GEF projects have an impact by leveraging limited funds to impact policy and to provide examples that are replicated. Thus, the project in choosing its pilots should select pilots that have the potential for replication. Further, it

should aim to initiate all of its pilots over the next year, completing them within two years. By sometime in 2017, the project could begin to promote its pilots, with an emphasis on site visits and perhaps conferences. It may also assist potential replicators in developing plans to replicate project pilots. The way the proposed revised project results framework (provided in Annex 7) is designed, the objective indicators are of a scale that implies replication (beyond the pilot projects) will occur. Priority areas for replication will be the people-oriented pilots, including consulting and change in core business approach for pastoralists, subsidies for pastoralists and private afforesters, and livelihood pilots for both pastoralists and forest users. Also of priority for site visits and replication by interested parties will be the project's already completed afforestation pilots and its soon-to-be-begun pasture planting pilots. For the pasture planting pilots, however, there is some concern, due to their high expense, whether these have potential for replication. If they do not, they should probably not be continued. Other important types of "replication" pursued by the project will be extension of its pasture inventory, forest inventory, and carbon pool work to larger areas and other rayons by MoENR. Development of pasture management plans (and possibly forest management plans) are other areas of project work that should pursue replication by either MoENR or MoA.

10) Adopt a proactive and strategic approach for achieving adoption of proposed policies. This approach may include high-level lobbying. It may be combined with a broader awareness strategy, so that at minimum increased awareness is achieved. **In the pasture subsidy area, the project may work with FAO, which already has a proposed pasture subsidy policy sitting in the Cabinet of Ministers**. The project team should prepare a strategy for pushing for adoption of the policies it has proposed. If assessment of required input is shown to be substantial, the legislative team lead may be hired on a part-time basis to work with the project manager to push the policy adoption strategy forward. Possible elements of this strategy include the following: (1) Project (at appropriate time) arranges high level meeting in which UNDP at a high level goes with the Minister of Ecology to meet relevant parties at the Cabinet of Ministers (and/or Parliament) to discuss the proposed policies. (2) Project manager and legislative team lead engage in ongoing lobbying by meeting with relevant Members of Parliament or other parties to explain the real potential impact of the proposed legislation. (3) Project (after waiting for the appropriate time in the approval process) organizes conferences at the national and local level, creating a reason to discuss the issues in the proposed legislation, resulting in potentially lively discussions. (4) Project (at the appropriate time) organizes celebration to gather people together on the issues so as to attract the notice of policy makers (e.g. "Pasture Day"). The project might work with FAO on this. (5) Media outreach (at the appropriate time) is conducted to push legislation and get notice from legislators. As a part of this strategy (relevant to all five of the foregoing items), the team should determine whether direct submission of the proposed policies to Parliament or at least early lobbying meetings with Parliament will be relevant. If the proposed policies instead go from the Minister of Ecology to the Cabinet of Ministers as currently planned (and early lobbying of Parliament is not deemed appropriate), September 2016 is considered approximately the appropriate timing for a high-level meeting with the Cabinet, for a conference, and for initiation of media outreach.

11) Discuss, deliberate, and make final decisions on direction of carbon work going forward. The main options are to simply wrap this work up with pasture carbon pool

estimates for the two rayons or to extend it to other topical areas such as carbon-specific planting techniques and design of ecosystem carbon offset projects. Right now, there is a lack of clarity for next steps of the carbon work. The component is essentially at a fork in the road. The project should definitely complete carbon pool work by collecting needed samples and developing estimates for pasture carbon pool in the two project rayons. The project will also need to estimate the carbon pool increase represented from its afforestation and pasture planting work. Stakeholders have suggested that additional carbon pool training will also be very useful to build national capacity in this area. The question, then, will be whether in addition to these activities any other carbon specific work will be undertaken. Most stakeholders do not recommend this; and, indeed, the project has a lot of work to do. The team, however, should hold a formal discussion and make a concerted decision on whether further carbon work will be pursued. Possible areas for further work are: capacity building in carbon-specific planting techniques, capacity building in carbon accounting for ecosystem carbon offset projects, and design of ecosystem carbon offset projects.

12) Determine whether it will be useful for the project to pursue forest management plan work or if this work (originally in the project document) should be cancelled. Important to this determination will be clear conveyance of whether and how the forest management plan could lead to increased forest cover. Also important will be an understanding of the WWF FSC forest management plan already prepared for Ismayilli. Some stakeholders suggest no forest management plan is needed and that the forest enterprises already have a sufficient plan. Others suggest the plan could lead to identification of appropriate afforestation sties and thus increased afforestation by MoENR in mountain areas. Similarly, some indicate the WWF plan should be sufficient, while others suggest the WWF plan does not do the same things the proposed SLFM plan will do. These positions need to be supplemented with concrete explanations of what exactly the plans will do and what differentiates the potential SLFM plan from the WWF plan. Further, the SLFM project team (and UNDP, if it can help) needs to continue to try and get access to the WWF FSC forest management plan for Ismayilli so that the content can be taken into consideration as the project makes the decision of whether to move forward with preparing its own forest management plan.

13) In the area of user associations, need to ensure membership is appropriately targeted to those who will play a key role in increasing forest and pasture cover and quality. The project should not constrain the number of user associations based on the project document, but instead determine this number based on the areas they need to work in. The project should give serious consideration to the idea of whether these associations should instead be cooperatives and, if so, whether policy proposals should be adjusted. The reviewer is concerned (particularly with regard to forests) that the user associations and membership have already been set up. Yet, for forests, it is still unclear which persons really hold the key to increased forest cover and quality. So far, the main forest users identified are those in "ecotourism" – those renting land in the forest for hotels or restaurants. Yet, it is not clear how support of these individuals will lead to improved forest cover. Indeed, these forest users do not appear to be damaging the forests and instead help evict grazing animals. The project should craft a more careful strategy in targeting forest user

association members. The project may also wish to consult with FAO on their experience in setting up a cattle breeders association that attained membership of 70 or 80 persons

14) Promote economic and empowerment opportunities for women. Ensure a substantial proportion (e.g. 50 percent) of those involved in project livelihood activities and Pasture and Forest User Associations are women. Livelihood activities may be designed specifically for women or to involve a mix of both women and men. Given women's greater role in collecting non-timber forest products, women may be the best natural fit for some forest user association activities. Pasture user associations may also find good "natural fit" opportunities for women. These may perhaps be in processing roles, as their male relatives continue to herd the sheep.

Project Ratings

A project rating table is provided in Exhibit 13-1. It is structured according to the activity organization suggested in foregoing sections of the MTR report and offers more transparency on various segments of project activity and outcomes than does the ProDoc organization. For completeness, however, a supplemental project rating table adhering to the activity structure of the project document is offered in Annex 9. Overall, at the objective level, progress results are rated as moderately satisfactory (MS). There have been meaningful achievements to date that set the stage for achievement of project outcomes and the project objective, but progress has been too slow. In particular, people-oriented activities to reduce pressure on pastures and forests have neither been designed nor initiated to date. Further, while the focus so far has been on "baseline" activities to determine the current level of forest and pasture resources, neither pasture inventory work nor forest inventory work has been completed at mid-project.

Almost all areas are found to be highly relevant and receive a relevant (R) rating. One area for which relevance is still to be determined is the pasture planting. It is important to understand whether there is potential for replication of this planting and, if so, by whom. There are some indications that pasture planting may be too expensive for replication. If this is true, the activity may not be that relevant, as it may lack the potential for true impact.

The ranking scale used to rate progress toward results and implementation is as follows: Highly Satisfactory (HS), Satisfactory (S), Moderately Satisfactory (MS), Moderately Unsatisfactory (MU), Unsatisfactory (U), or Highly Unsatisfactory (HU). The objective and outcomes are also ranted for relevance. The ranking scale used is: Relevant (R) or Not (Relevant). The ranking scale used for sustainability is: Likely (L), Moderately Likely (ML), Moderately Unlikely (MU), or Unlikely (U).

Exhibit 13 – 1: Project Ratings and Achievement Summary Table: SLFM
With Revised, Recommended Outcome Organization and More Detailed Breakdown for Increased Transparency

Item	MTR Rating	Achievement Description
Progress Towards Results and Relevance		
Overall/ Objective: Increasing forest and pasture cover in Greater Caucasus in Azerbaijan via sustainable land and forest management	MS R	While afforestation is main achievement so far leading to increased cover, other achievements are setting the stage for increased pasture and forest cover. These include: policy proposals, maps, inventory work, management plans, and carbon pool estimates. Yet, pace of project has been too slow. In particular, not much progress has been made in the critical areas of people-oriented activities to reduce pressure on pastures and forest. And, while the project has focused on baseline work so far, such as mapping and inventory work, the inventory work has still not been completed at mid-project.
Outcome 1: Policy	S R	40 policy amendments or revisions drafted and almost ready for submission; three meaningful areas targeted (pasture inventory methodology, pasture and forest user associations, and subsidies for pastures and forests); need to submit proposals; need to design and implement plan for promoting adoption of policies.
Outcome 2A - Forests: Maps, Inventory, and Management Plans	MS R	Mapping and rapid forest survey completed; innovative forest inventory methodology being developed, though yet to be completed and implemented – it is highly anticipated because last detailed inventory was done in 1986 by Georgians and capacity is lacking in-country to do inventory; forest management plan not yet prepared or implemented – currently unclear whether this is still needed.
Outcome 2A – Pastures: Maps, Inventory, and Management Plans	MU R	Mapping and training introducing use of GIS for forests and pastures in Azerbaijan; ClimaEast has introduced and implemented new inventory method for pastures – first pasture inventory work since 1949-51 and has lowered costs drastically; SLFM is yet to extend pasture inventory work to other areas; ClimaEast has developed pasture management plans, but SLFM is yet to develop similar plans for other areas or to implement any such plans. Main concern is that, while co-financed project ClimaEast is making good contributions, SLFM has yet to leverage these.
Outcome 2B – Forests: Afforestation	S R	5 afforestation sites planted; 4 have survived, 2 have innovations that could attract attention and replication from MoENR
Outcome 2B – Pastures: Pasture planting	MU R(tbc)	Some pasture planting done by ClimaEast and is innovative as done in very small patches as identified by maps and inventory; SLFM needs to extend this work, but has not started yet. At the same time, this work should be designated only for areas in which it is confirmed that improved pasture management will occur.
Outcome 2C – Forests: People oriented activities increasing afforestation or lessening pressure on forests	MU R	Target population for forest user initiatives unclear. Need to determine whether there is need to address issue of grazing in forest or only to address the need to afforest. Forest user association set up, but unclear if members targeted correctly. People-oriented activities to improve forest cover and forest protection not yet determined or carried out

Outcome 2C – Pastures People oriented activities lessening pressure in pastures and improving pasture management	MUR	Rough target population identified (large-scale pastoralists in the two rayons), but people-oriented activities to improve pasture not yet determined or carried out; pasture user associations set up.
Outcome 3: Carbon pool reporting	MSR	IPCC 2006 methodology for estimating carbon forest and pasture pool introduced to Azerbaijan and key persons at MoENR trained. Fieldwork conducted for forests and estimates of carbon pools made; fieldwork for pastures and estimates for pastures yet to be done
Implementation and Adaptive Management	MS	While project is achieving some good results, the pace has been too slow and key areas (such as people-oriented activities) have been ignored. Pasture results, in particular, lean heavily on ClimaEast, but SLFM has on its own not made much progress in pasture inventory, pasture planting, or pasture management plans. Project should develop strategy for achieving greater buy-in and more timely support from MoENR and the rayon governments. Project has been strong in adapting the original project design to the real needs of Azerbaijan. As such, much work is considered innovative and meaningful in terms of needs and country priorities.
Sustainability	ML	By focusing on innovative approaches that are needed and meaningful in Azerbaijan, the project has increased potential sustainability. Yet, to further ensure sustainability, project needs to take specific measures for each main project area including, but not limited to: develop and implement a strategy to push for adoption of proposed policies; design all pilots to have potential for replicability; design and implement a replication plan; and invite potential replicators to pilot sites to stimulate their interest in replication.

Tracking Tools

The project team provided the mid-term reviewer with the baseline and mid-term review versions of three GEF tracking tools associated with the project: (1) Climate Change Mitigation Tracking Tool, (2) Land Degradation Tracking Tool, and (3) Sustainable Forest Management Tracking Tool. The mid-term review versions of the tracking tools, as prepared by the project team, are annexes to this report. (Per guidelines, in the electronic version, these three annexes are included as separate files from the main report). Overall, the reviewer finds that the Land Degradation Tracking Tool, with its coverage of knowledge and monitoring related work, highlights good progress made by the project in these areas to date. In contrast, the Climate Change Mitigation and Sustainable Forest Management Tracking Tools, with their emphasis on quantitative achievements in conservation and carbon mitigation/ sequestration related areas, show weaknesses of the project in not having achieved much solid conservation work on the ground. Also, the reviewer finds that many of the mid-term tracking tool values indicated for quantitative items in these areas are not justified by achievements to date.

Exhibits 13-2 summarizes findings and analysis for the Climate Change Mitigation Tracking Tool. The exhibit shows the key targets (column 2), mid-term results provided by the project team (column 3), reviewer's estimates of mid-term results (in parentheses and italics, also in column 3), and the reviewer's comments on each item (column 4). For the Climate Change Mitigation Target Tracking Tool, the reviewer in most cases concludes that the achievements are much less than the project team has indicated in the Tool and much less than the end of project targets. On the one hand, it is believed as the project swings into on-the-ground implementation post-MTR, some of the items should increase in value significantly. On the other hand, the project is still likely to fall far short of the end of project targets set for it, unless great progress can be made in implementing sustainable management regimes over large areas of forest and pasture by that time.

Exhibit 13-2: Climate Change Mitigation Target Tracking Tool Analysis

Item	Target	MTR Achievement Indicated by Project Team (*Reviewer analysis*)	Reviewer Comments
Conservation and enhancement of carbon in non-forest land	21,500 ha	21,400 ha (*Reviewer: about 20 ha pasture planted in small 1-4 ha patches across area of 5,000 ha by ClimaEast*)	ClimaEast has planted pasture in small 1 to 4 ha patches across a total area of 5,000 ha. The total area planted is about 20 ha. So, depending on how we define "enhancement," the enhanced area may be either 20 ha or 5,000 ha, but not 21,400 ha.
Avoided deforestation and forest degradation	20,000 ha	20,000 ha (*reviewer: 0 ha*)	This amount is still zero. The project has not taken any concrete steps in pilot areas to avoid forest degradation,

			though preparation of forest management plan and implementation of such a plan still might occur post-MTR.
Afforestation/ reforestation	5,000 ha	5,000 ha (*reviewer: 130 ha*)	Only 130 ha successfully afforested in Ismayilli. About 20 ha unsuccessfully afforested in Shamakhi.
Good management practices developed and adopted	2*	2* (*reviewer: 2 for pastures, 1** for forests*)	Reviewer agrees that plans for sustainable management are underway for pastures; no progress yet on forests
Carbon stock monitoring system	4†	4† (*reviewer: 4 for forests; 2†† for pastures*)	Reviewer agrees that system for forests has been developed and implemented; system for pastures is still in progress
Lifetime direct GHG emissions avoided	256,666 tons CO_2eq	256,666 tons CO_2eq *(reviewer: 0)*	Reviewer believes this amount is still around zero. GHG emissions will only be avoided once deforestation/ forest degradation and pasture degradation is decreased. So far, aside from map and inventory related work, the only field measures implemented are for forest planting and pasture planting.
Lifetime direct carbon sequestration	747,460 tons CO_2eq	256,666 tons CO_2eq (*reviewer: less than 400 tons* CO_2eq)	This number, as an indicator of carbon sequestered to date on account of the project, is not realistic. So far, all the project has done to sequester carbon is 130 ha of tree planting and 20 ha of grass planting, with planting dates ranging from 0.5 to 1.5 years ago. A back of the envelope order of magnitude calculation‡ suggests a maximum of 400 tons of CO_2eq sequestered to date.

*2 = developing prescriptions for sustainable management

**1 = no action

†4= implementation of science based inventory/ monitoring system

††2 = mapping of forests and other land areas

‡Back of the envelope calculation for forests: 130 ha successfully afforested by project with average spacing between trees of 3 m suggests 260,000 trees. Carbon added each year will be about ½ of the dry weight of tree mass added each year; and dry weight is roughly 73% of green weight. CO_2 weight is then 3.6663 times carbon weight. The trees are very small now and not adding much weight, but even if they had added on average 1 kg each since planting (which occurred between ½ to 1.5 years ago for all plots), that would be just 260,000 kg of green weight or 189,800 kg of dry weight or 94,900 kg of carbon. Then, CO_2 would be 347,932 kg or 348 tons. Assuming carbon sequestered by grasses planted is less than or equal per ha to that of the trees planted, the total for grasses will be maximum (20/130)x348 tons = 54 tons. These very rough, back-of-the envelope calculations suggest an upper limit on carbon sequestered by project work to date of 348 tons + 54 tons = 402 tons (or, say, roughly 400 tons).

Overall, the Land Degradation Tracking Tool shows the project has assisted Azerbaijan in making some progress in terms of capacity, management plans, and resource management tools. Selected items with numerical indicators are presented in Exhibit 13-3 showing this progress. Strengths of the project so far are, in addition, well highlighted in areas of this tool

for knowledge-type work and monitoring systems developed or adopted. While the project to date has been weak in on-the-ground implementation, it has had good achievements in areas such as mapping, GIS, inventories (carbon and pasture), and related trainings. One point is that the Tool, in its terminology for the sections selected for this project, emphasizes "integrated land management." The project team has decided instead, given the institutional structure in Azerbaijan, to focus on two separate streams of work: forests and pastures, respectively. Another point is that, in its "Adaptive Management and Learning" section, the Tool at mid-term appears not to have been filled out correctly. It should have descriptions of the nature of support to the UNCCD 10-Year Strategy Operational Objectives instead of numerical scoring indicators.

Exhibit 13-3: Land Degradation Tracking Tool Analysis (Selected Items)

Item	Baseline	MTR Achievement Indicated by Project Team	Reviewer Comments
Framework strengthening for integrated natural resource management	1 (no framework)	2 (framework discussed and proposed)	Due to institutional structure in Azerbaijan, project has shifted to separate strategies for forest management and pasture management. As such, framework for pastures has been discussed. Progress on forest framework is less clear.
Integrated land management plans	0 (no plan)	2 (plan discussed and proposed)	Pasture management plans are under preparation; no forest management plan has been pursued yet.
Capacity strengthening for integrated land management	2 (initial awareness)	3 (cross sector training courses conducted)	Project has conducted training courses in GIS, pasture inventory, and forest carbon stock assessment.
Spatial coverage of integrated natural resource management in wider landscape	0	5,000 ha	Project has implemented pasture rehabilitation on small 1 to 4 ha plots totaling about 20 ha across a wider 5,000 ha area; project has also developed pasture management plans for some of this area.
Number of new integrated resource management tools introduced	0	1	The new tool indicated in the TT is the pasture inventory methodology, which the project will submit to MoENR soon.
Increased investments via: PES, small credit schemes, voluntary carbon market, eco-labeling/ certification schemes	0 for each of 4 items	0 for each of 4 items	No investments made in these areas; however, draft subsidy policy is considered related progress.

As for the Sustainable Forest Management Tracking Tool, the reviewer concludes that, similar to the climate change mitigation tool, in most cases quantitative achievements indicated in the tool at mid-term are much greater than actual achievements. For example, it is indicated that there has been conservation and enhancement of carbon in forests over 5,000 ha. To the reviewer's knowledge, no such conservation work attributable to the project has occurred, though there has been some mapping and rapid assessment work. Similarly, it is indicated that deforestation or degradation has been avoided over 20,000 ha, while the

reviewer found no evidence that project activities have yet played a role in ameliorating deforestation.

Annex 1: Definitions and Explanatory Notes for Terms

Baku – capital of Azerbaijan, where project management office is located
ClimaEast: EU-UNDP project addressing pastures and carbon in Azerbaijan. Is part of seven country regional project and is close partner project with SLFM. All ClimaEast activities are considered co-financing of SLFM.
forest enterprise – local-level branch of MoENR responsible for forest fund land; also known as "forest rehabilitation and protection agency."
forest fund land: state-owned forest land administered by MoENR
ENPI FLEG – European Neighborhood Policy Instrument, Forest Law Enforcement and Governance Program: multi-country regional project; WWF FSC forest management plan work in Ismayilli was prepared under this project.
EU – European Union: In this document, used in reference to EU donor projects.
FAO – United Nations Food and Agriculture Organization. Azerbaijan branch carried out pasture management project from 2010 to 2012 that is counted as co-financing for SLFM, though project was completed before SLFM started.
FSC – Forest Stewardship Council: organization that provides certification of timber that is harvested in forest managed sustainably, meeting criteria established by the FSC.
local executive authority: rayon government
GIZ – German development company that is known for carrying out development projects on behalf of the German Government.
GPS – global positioning system; system using US Navy satellites for precise positioning and mapping
IPFMPs – integrated rayon-level pasture and forest management plans: a term used in the ProDoc but unlikely to be realized in implementation
Ismayilli: one of two rayons in which project pilots are implemented. Ismayilli has 33 percent forest cover and high elevation summer pastures.
LULUCF – land use, land use change, and forestry: defined by the United Nations as a greenhouse gas inventory sector
LWG – legal working group: one of the teams organized by the project
Manat: Azerbaijan currency. Prior to Dec. 21, 2015 and during MTR, exchange rate was about 1.05 Manat to 1 USD.
MoENR – Ministry of Ecology and Natural Resources: implementing partner of project
MOU – memorandum of understanding
municipality: one administrative level below rayon. Usually includes one or more villages.
NAPCD – National Action Plan to Combat Desertification: document prepared by MoENR that is still in draft form
NGO – non-governmental organization, non-profit
PES – payment for ecosystem services; mechanism by which people who protect or enhance ecosystems are paid for these services
PIF – project identification form: an early stage application for a GEF project. Once the PIF is approved, funding for the project is set aside and detailed project design work commences.
PIR – project implementation report: annual report required of GEF projects
PRF – project results framework: part of project document which has indicators and targets for the project objective and each of its outcomes; also known as "logframe"
ProDoc – UNDP GEF project document

rayon: district; Azerbaijan has 59 rayons.
RAPCD – Rayon Action Plan to Combat Desertification: Project prepared one of these for Ismayilli and one for Shamakhi based on requirements in the draft NAPCD.
REDD+ - Reducing Emissions from Deforestation and Forest Degradation+: an effort to create financial value for developing countries from the carbon stored in forests; the "+" indicates going beyond just deforestation and forest degradation to include the role of conservation, sustainable management of forests and enhancement of carbon stocks.
RSCs – rayon multi-stakeholder committees; established by SLFM for the life of the project to coordinate work in the rayons
Shamakhi: one of two project rayons in which the project pilots are implemented
SLFM – Sustainable Land and Forest Management: shortened name for project under review
WWF - World Wildlife Fund: NGO that is carrying out forestry project in Azerbaijan and has prepared FSC forest management plan for Ismayilli.

Annex 2: Supplement to Subsection 2.3 – Biggest Concerns / Potential Barriers to Success and Solutions

Additional input from the mission with regard to each of the three key potential barriers to the project, as outlined in Subsection 2.3, is given below. The text below also elaborates on the proposed solutions to these barriers, which are first presented in Subsection 2.3.

Achieving ministry buy-in and prompt approval of activities: Stakeholders have suggested that the approach of MoENR is quite top-down and that slowness of the project in achieving results if often due to the need to get Ministry approval for various activities. One stakeholder went so far as to say the reason the project team has focused on trainings and "easy" activities is that, without Ministry buy-in, they are otherwise "going in circles" trying to do the more difficult work. The stakeholder suggests a high-level meeting between UNDP and the Ministry (to take place very soon, such as early January 2016) would be a chance to confirm that the Ministry is serious about implementation. This would require that the next steps of the project are explained to MoENR in a clear and simplified way and with a simple timeline, such as shown in Exhibit 2-9. The stakeholder further suggests that without strong ministry buy-in, activities undertaken with pastoralists will be unsustainable. At the same time, another view is that the project needs to achieve or at least test something on the ground via pilots, with which it can then gain the Ministry buy-in so desperately needed. While MoENR is the key player in terms of pushing the project forward, buy-in from MoA is also highly desirable. As mentioned elsewhere in this report, FAO, which generally works with MoA, may play a role in supporting MoA liaison, particularly given that their co-financed work has also produced a policy for subsidies for pastoralists that has been sitting in the Cabinet of Ministers for at least three years now. In general, the SLFM project manager should lead the efforts of obtaining and maintaining high level MoENR support. This, as needed, should be a key part of his role going forward.

Achieving local government buy-in and engagement in project activities: Stakeholders indicate that weak relationships with the local rayon government have been one of their biggest concerns in terms of barriers to success of the project. One team member suggests that the solution is increased meetings with local government and perhaps involvement of local government in study tour opportunities. The team member explains that it tends to take three to five field visits and meetings to ensure the local government is clear and onboard with something the project is trying to do. This situation suggests that having local team members (perhaps the field directors) that can carry out such meetings will be important going forward. Another team member suggests that developing relationships unofficially with various persons locally can save time. With relationships, you can set up meetings without going through the standard procedure of writing a letter.

The project has faced particular challenge in Shamakhi, where the head of the rayon has changed. Thus, after developing a good relationship with the previous head who was supportive of the project, the team has had to "start over" with the new head, who was not too welcoming of the project at first. There has also been a change in the deputy-deputy for agriculture in Shamakhi, so that the project has had to develop a relationship with the new

person in that role as well. Further, with the afforestation in Shamakhi, the local government changed its mind many times on the location of the afforestation work. And, in the end, the chosen municipality did not water the trees; and they died.

One team member suggests that the way to engage rayon officials is to explain the work and ensure they understand. During the MTR mission, it was very clear that rayon officials understand the need to incentivize pastoralists through alternative livelihoods to improve their pasture management methods. This understanding is a very good fit for what the project needs to do going forward and should thus be leveraged by the project by confirmation, use of similar language, etc.

Another team member suggests that a way to make both the local executive power (rayon government) and local community happy would be to create community usable forest areas on state-owned land. This is something the government may agree to and the project could implement, such as planting of community forest.

Findings during the MTR mission show that already a good strategic approach for rayon relations is being adopted in Ismayilli. The ClimaEast Project Manager has given a presentation to the Ismayilli head of rayon on the pasture inventory and restoration work at the head of rayon's request. (The head has a background in agriculture.) Further, other rayon officials were taken by the ClimaEast project manager to ClimaEast's regional meeting in Moldova.

Pro-activeness of project team: The mission identified some concerns that some project team members are not putting a full-time effort into their SLFM work and not being as proactive as they could be to drive the project forward. So far, the team has been presenting monthly reports and this has been somewhat effective, though not all team leaders have submitted satisfactory reports. As mentioned elsewhere in this report, it is recommended that the project develop an overall timeline for major activities to be completed by project close and that reporting meetings be intensified. The meetings could occur weekly within the project team with verbal reporting to the project manager and monthly with verbal and written reporting to the project manager and ClimaEast manager together. Quarterly reporting meetings could be held with UNDP. The SLFM project manager should be responsible for ensuring that all team members are working full-time on the project and making the progress needed to move the project forward in a timely fashion. Repercussions for non-performance (e.g. termination) should be clearly laid out at the start of the post-MTR phase of the project. The project manager's work, in turn, should be monitored by UNDP.

Annex 3: Supplement to Section 3 – Policy Work

Elaborating on findings presented in Section 3, this annex includes additional information gathered during the mission on the main areas of policy work. These areas, covered in turn below, are: forest and pasture user association policy, subsidy policy, inventory methodology, and other policy work. Following the discussion is a list of legal documents that have been prepared by the project.

Forest and Pasture User Association Policy – Additional Findings

While NGOs are now difficult to register in Azerbaijan, the policy team believes forest and pasture user associations should be more easily accepted by the government than typical NGOs.[3] This is because many NGOs work on policy issues, such as environmental policy or diplomatic policy, while the user associations proposed would not be working on policy, but instead sustainable resource use. According to current law, all NGOs (including associations) must register at the national level with the Ministry of Justice. SLFM's proposed legislation, however, would make approval by local rayon-level divisions of the Ministry of Justice sufficient for forest and pasture user association registration.

The idea for forest and pasture user associations in some ways is derived from the water user associations first established in Azerbaijan in 1998. While eventually scaled up with support from a World Bank project for infrastructure, the water user associations had a lot of problems at first due to the existing code. The water user associations were established to carry out the equitable distribution of water, either on a per person basis or based on number of livestock held by families. One of the key benefits of such associations in general is that the members can approach the government as a group if there are problems. This is more effective than approaching the government as one person.

The project's proposed legislation for pasture and forest user associations, respectively, are similar to each other. Under the nation's Land Code, there is a special Act for the Management of Meadows and Pastures. Via the project, an amendment to the Act is being proposed that would allow land users to create associations to coordinate their use of pastures. Further text has been proposed to indicate that management of these associations can follow simple "regulations for the association" that the project has prepared. This later item includes information on how to establish the association. Further, "special rules for the association" have also been prepared, which show how the association can coordinate with the local and national governments. While the proposed legislation for forest user associations is similar, it also includes a special amendment related to providing community forest (from state-owned forest land) to municipalities (villages). In the past, villages had access to such land, but no longer do.

[3] It is said that five or so years ago it was much easier to set up NGOs in Azerbaijan and to get grants for those organizations than it is today. Recent changes in policy have made setting up an NGO in Azerbaijan very difficult.

As for the idea now being discussed that the associations may do better as for-profit cooperatives, the reviewer recommends this concept be fully evaluated by the project team. If cooperatives are preferred, it will be important to determine the implications for the policy work already done and whether different policy proposals are needed. That is, if the originally proposed policy amendments focus on the establishment of associations (which are NGOs), will this work become irrelevant if cooperatives are sought instead? Will other policy be needed that is more appropriate to the establishment of cooperatives? If, instead, the existing draft policy is to be pursued and most of these associations will pursue registration as NGOs, how will the idea of having them become cooperatives interface with their NGO status? Registration of cooperatives is not handled by Ministry of Justice and is apparently easier than NGO registration.

So far, the project has set up four associations, one pasture and one forest user association in each project rayon, or two associations per rayon. The project document calls for a total of five associations per rayon (for a total of ten in the two rayons together). The project team plans to set up more associations if they have good progress with the first four. The reviewer recommends that the project team not constrain the number of associations based on the project document, but rather on the areas in which they decide to do livelihood work. For example, if livelihood work is pursued in a minimum of ten villages, then perhaps at least ten forest user associations will be needed, unless broader associations with village sub-units are set up.

Subsidy Policy – Additional Findings

The SLFM project document calls for the project to do work in "payment for ecosystem services" (PES). Most with whom the MTR mission discussed this topic feel that it is too early for PES in Azerbaijan. At the same time, it was commented that the project document is not very clear about what specifically PES is. The reviewer believes that the subsidy policy work as well as some of the project pilots that are being discussed may be considered PES. Yet, the term "PES" seems to concern project team members. Thus, it might be best used for promoting the project internationally, while domestically terms such as "support mechanisms" and "subsidies" are used. For the pilot projects, "support mechanisms" or "subsidies" that are being considered that may be termed by some as "PES" are: (1) For pastures, a possible plan to provide hay or barley to large-scale pastoralists in return for their agreement to delay departure from winter pastures for summer pastures. (2) For forests, a possible plan to provide cash incentive payments (or seedlings and supplies) to private parties who rent forest land and agree to afforest it, perhaps also with permission for vegetable planting in-between trees. The reviewer is enthusiastic about the project pursuing pilots of each of the two aforementioned types of "support mechanisms." The ideas suggested are innovative; and pilots would offer the government a chance to see how they perform in implementation. A test of a few carefully selected and well-designed "support mechanisms" such as these could be a very valuable contribution to moving the "PES" (or "support mechanism") discussion forward in Azerbaijan.

Despite their skepticism towards the possibility of a subsidy policy being approved, some project team members suggest that it is a good time to start introducing "PES" or the idea of

"support mechanisms" for pastures and forests in the country. This may be done through the types of pilots mentioned above. The project may also create dialogue for "PES" or "support mechanisms" through holding conferences and meetings and perhaps through media outreach. One team member suggests that a conference on this topic would certainly generate a lot of heated debate.

Subsides to agriculture as the model for subsidies to pasture and forest users: While it is considered very difficult to get the proposed legislation for subsidies to pasture and forest users approved, there is already strong precedent in Azerbaijan's subsidies and other preferential treatment policies for the agriculture sector. These policies were instituted due to the very difficult situation of the agricultural sector after the fall of the USSR, when all support from the times of the commune system was suddenly removed. Today, for example, aside from a small land tax, agriculture is exempt from all other taxes until 2020. Examples of agricultural subsidies include 80 percent payment from the state budget for water used in irrigation (95 percent of agricultural land is irrigated), 70 percent subsidy for fertilizer, and a special 50 Manat (prior to Dec. 21 2015 devaluation, about USD48) subsidy per hectare of each crop of wheat and barley sowed. Tractor purchase will be subsidized 50 percent; and long-term credit made available for the other 50 percent. As for livestock, there is a subsidy for purchasing a special type of cow from Holland (half of the price is subsidized and loan provided by the other half). If this type of cow has a calf, an additional 100 Manat subsidy (previous to devaluation, about USD95) is provided.

Applying subsidies to pastures: The legislative team suggests that subsidies could be provided for sustainable pasture management in the same way that it is provided for wheat production. For example, the government might pay for a pastoralist to construct a shelter for his livestock if he agrees to limit his grazing area, or take some areas out of grazing for a certain period of recovery, or agrees to use only half of his allotted land for grazing. The government can also compensate the pastoralist with a certain amount of hay or barley. In addition, the government may subsidize medicine for livestock and other veterinary help. The team explains that the subsidy measures proposed are multi-faceted and specific, covering a number of different types of subsidies.

FAO and pasture user subsidy policy: During the MTR mission, FAO mentioned that their Sustainable Pasture Management Project had proposed subsidies for pasture management. Their project was completed in 2012. As mentioned, the proposal is now in the Cabinet of Ministers. The subsidy proposal is a part of their proposed Pasture Law, which calls for a national subsidy program to benefit those willing to apply pasture management with sustainable grazing norms. The project team should compare the FAO policy proposals to their own and consider engaging MoA via FAO in efforts to promote subsidies for sustainable pasture management.

Applying subsides to forests and contracts for renting forest land: For forest users, an example of the type of subsidy envisioned by the project team is that a forest user signs a contract with the local forest enterprise to plant trees on rented land. Then, a subsidy for fuel or tractor or a subsidy for the required investment may be provided. While current policy allows for the rental of forest land for tree planting, no specific examples of this occurring

were known to persons consulted. That is, at present, no private parties are renting forest land for afforestation. Instead, there are only two uses of rented forest land: (1) tourism, mainly hotels and restaurants and (2) planting of vegetables inside forest areas, which is allowed to be done between trees. Those who rent forest land also take on responsibility to protect the land. When the contract comes to an end, renewal will be contingent on them having protected the forest well. A typical contract of this type is 15 years.

Further comments on proposed subsidy policies: The proposed forest (and pasture) subsidy policies are not merely the introduction of general concepts. Instead, they call for very specific subsidy measures. In the case of forests, this includes, for example, subsidies for the purchase of fertilizer and trees and may apply to fuel used in planting. The fuel subsidy would be based on area and number and type of trees planted and would be for 50 percent of the cost of fuel estimated to be consumed for afforestation. Checking afterwards that the afforestation has indeed been carried out will be required. The upper mountain zone (summer pastures) are considered very fragile; and it is said that the Minister of Ecology is in fact very interested in a pasture subsidy or support mechanism structure for those areas. Thus, it would make sense to engage the Ministry in lobbying of the Cabinet of Ministers for approval.

Inventory Methodology – Additional Findings

A pasture monitoring methodology for Azerbaijan was developed by GIZ. Then, building on this, the ClimaEast Project (which represents co-financing to SLFM) developed a pasture inventory methodology and applied it in some areas of Ismayilli. As for SLFM's own work with GEF funds, the project plans to submit the pasture monitoring and inventory methodology developed by GIZ and ClimaEast, respectively, to the Government for approval as a standard approach as a part of the policy package. As mentioned, the full package will first be submitted to MoENR. Then the pasture monitoring and inventory proposal will reviewed jointly by MoENR and the National Academy of Sciences (NAS). Last, it be passed to the Ministry of Justice for registration, which will bring the proposal into force. The project has already held discussions with MoA and NAS about the methodology.

Other Policy Related Work – Additional Findings

Other work that has been included under the policy component includes the temporary project committees mentioned, as well as Rayon-level Action Plans to Combat Desertification (RAPCDs). Trainings conducted under the project are in some cases also included under the policy component (which has an institutional aspect). In this report, however, trainings are discussed in conjunction with their subject area, such as carbon or inventory, rather than as a general "institutional" area. Preparation of RAPCD's are required by the draft NAPCD. Yet, the MTR mission did not find much evidence of the meaningfulness of the RAPCD activity. In fact, one stakeholder even suggested there was not much inherent value in the exercise and that the plans would just "sit on the shelf." The project team reports that the RAPCDs have been sent to the rayon governments, but that no action has been taken due to elections in early November and MTR planning after that.

As for committees set up temporarily under the policy component to support the project, there is a national level committee and two rayon level committees. The national-level committee was set up with persons from different ministries and consists of 15 persons, including top management from UNDP, persons from relevant ministries, and representatives from Parliament. While the policy will go to the Cabinet of Ministers first, eventually Parliament will need to approve parts of it related to the associations. Thus, it may be useful to leverage the committee in pushing for approval of relevant parts of the policy package once submitted. The two rayon level committees include rayon officials, municipality (village) officials, members of NGOs working in the rayons, pastoralists, forest users, and the project field directors. There are 13 persons on each committee. The reviewer suggests the local committees should be leveraged to play a role as the project moves to a new stage of more intensive work in the field.

List of Legal Documents Prepared by the Project

Prepared and Translated by the Project Team

Section I. Draft legal acts regulating forest, land and pasture management

1. LNA №3. Project law on the relevant amendments on Land Code
2. LNA №4. Decree on application of Land Code amendments
3. LNA №5. The Rationale of necessity of the law on Land code amendments
4. LNA №6. Decision of the Cabinet of Ministers on amendments to the rules of use and rent of grazing pastures and hay fields
5. LNA №7. Draft model Regulations of Pasture Users Association
6. LNA №8. Conditions of transfer the pastures to the pasture users Association long-term management and Rules of withdrawal in case of violation the conditions
7. LNA №9. Exemplary form of inventory act and agreement between the pasture users Association and local authorities
8. LNA №11. Project law on the relevant amendments on Forest Code
9. LNA №12. Decree on application of Forest Code amendments
10. LNA №13. The Rationale of necessity of the law on Forest code amendments
11. LNA №14. Draft model Regulations of Forest Users Association and Decision of the Cabinet of Ministers on verification the transfer of forest areas to the forest users Association long-term management and Rules of withdrawal in case of violation the conditions
12. LNA №15. The law on amendments to the management of municipal land
13. LNA №16. Decree on the application of the law about amendments on the law of management of municipal land
14. LNA №17. The Rationale of necessity of the law of amendments on the municipal land management
15. LNA №18. Decision of the Cabinet of Ministers on verification of rules and conditions for using forest lands of municipalities and Communities
16. LNA №19. Exemplary form of regulations of forest users Association
17. LNA №20. Conditions of transfer the forest land to the forest users Association long-term management and Rules of withdrawal in case of violation the conditions

18. LNA №21. Exemplary form of act and agreement between the forest enterprise and forest users Association
19. LNA №22. Rules and Conditions of using the forest lands of municipalities and Communities
20. LNA №23-1. The Local Plan of Action to combat Desertification in Ismayilli Rayon
21. LNA №23-2. The Local Plan of Action to combat Desertification in Shamakhi Rayon

Section II. Draft of some normative legal acts regulating the legal and economic relations of ecosystem services

1. LNA №24-1. Disposal of subsidy to the pastures and forest and non-forest land with plant cover users
2. LNA №24-2. Decision of the Cabinet of Ministers on legal acts of subsidy and establishment of relevant structures
3. LNA №24-3. Annex1. Subsidy for pasture users and reforestation using engine fuel and oil
4. LNA №24-3. Annex1. Annex 1 to "Subsidy for pasture users and reforestation using engine fuel and oil"
5. LNA №24-3. Addition to Annex1 (table). Information about the land in property, rent or use
6. LNA №24-3. Annex2. Subsidy for pasture users and reforestation using engine fuel and oil Annex2 (data sample)
7. LNA № 24-3. Annex3. Subsidy for pasture users and reforestation using engine fuel and oil Annex3
8. LNA №24-4. Preferential sale of Mineral fertilizers at the expense of the state budget by legal entities and individuals
9. LNA №24-4. Annex1. Preferential sale of Mineral fertilizers at the expense of the state budget by legal entities and individuals Annex1 (application sample)
10. LNA №24-4. Addition to Annex1. Addition to application (data sample). Information about the land in property, rent or use
11. LNA №24-4. Annex2. Preferential sale of Mineral fertilizers at the expense of the state budget by legal entities and individuals Annex2 (sample)
12. LNA №24-4. Annex3. Preferential sale of Mineral fertilizers at the expense of the state budget by legal entities and individuals Annex3 (sample)
13. LNA №24-5. Subsidy to state budget for pasture users involved in restoration and reforestation
14. LNA №24-5. Annex1. Subsidy to state budget for pasture users involved in restoration and reforestation Annex1 (application sample)
15. LNA №24-5. Addition to Annex1 (table). Information about the land in property, rent or use (sample)
16. LNA №24-5. Annex2. Subsidy to state budget for pasture users involved in restoration and reforestation Annex2 (data sample)
17. LNA №24-5. Annex3. Subsidy to state budget for pasture users involved in restoration and reforestation Annex3 (data sample)
18. LNA №24-6. Annex4. Content of the commission providing state budget with aid and concessions

19. LNA №24-7. Annex5. NLA defining the content and scope of work of Responsible bodies

Section III. Documents on organizational and institutional issues

1. LNA №1-1. Composition of the national Advisory Committee for legal affairs of SLFM project
2. LNA №2. The Composition of the Ismayilli District Committee for legal affairs of SLFM project
3. LNA №2. The Composition of the Shamakha District Committee for legal affairs of SLFM project
4. LNA №1. Temporary Regulations governing the activities of the Ismayilli District Committee by the interested parties
5. LNA №1. Temporary Regulations governing the activities of the Shamakha District Committee by the interested parties
6. Program of the seminar dedicated to the discussion of prepared legal documents on the management of forest, pastures and land (Ismayilli rayon Executive Authorities)
7. Program of the seminar dedicated to the discussion of prepared legal documents on the management of forest, pastures and land (Shamakha rayon Executive Authorities)
8. LNA №1-3. Creation of examples of necessary documents on establishment of relevant forest and pasture Associations
9. LNA №1-4. Minutes of pasture Association founders meeting
10. LNA №1-4. Minutes of forest Association founders meeting
11. LNA №1-2. Memorandum of Understanding between UNDP and Ismayilli rayon Executive Power

Annex 4: Supplement to Section 4 – NAPCD Technical Support

This annex provides additional information elaborating the findings on Outcome 2B, NAPCD Technical Support, covered in Section 4. The additional information covers each of mapping/GIS, inventories, and management plants sequentially, first for pastures and then for forests.

I. Pasture NAPCD Technical Support

Pasture Mapping and GIS – Additional Discussion

Pasture mapping work of the project has included: purchase of maps, preparation of digital GIS maps by consultants, and GIS training. When work began, the project team found that the current maps available did not illustrate the true situation. Part of this work was aimed at determining the boundaries between areas held by various pastoralists. While GIS maps are not new to Azerbaijan, having been used in different fields, the training and pasture map preparation are the first times GIS has been used for pasture and forestry in Azerbaijan. This work is quite likely to influence MoENR, which had talked about GIS before but never used it. GIS is a more cost effective way to do mapping and is thus likely to be attractive to the Ministry. SLFM shared the pasture maps purchased with GIZ, which, in turn, shared forestry related maps they had purchased with SLFM. The training covered use of GIS maps and related equipment and included MoENR and MoA staff. International experts were brought in, which can be an effective way of convincing the ministries to adopt new technologies. The project GIS training is believed to have potential for significant impact, as MoENR is likely to adopt the techniques and use them in mapping other places.

Pasture Inventory – Additional Discussion

The main activities related to pasture inventory work are: development of pasture inventory methodology (carried out by ClimaEast Project), inventory of summer pastures in Ismayilli (carried out by ClimaEast), and training in pasture inventory methodology (carried out by SLFM). The MTR team received favorable feedback from local officials and a national pasture expert on the usefulness of having pasture inventory information. One local official mentioned that with access to the inventory they can know the recommended number of animals per ha and use this in developing their contracts with pastoralists. Further, the inventory work is considered an important prerequisite to preparing pasture management plans, as one needs to know the condition of various areas of the pastures before recommending grazing plans and stocking rates. As mentioned, the last pasture inventory work in Azerbaijan was done in 1949 to 1951. Current prescribed stocking rates are still based on those old findings. Pasture inventory work conducted in the summer pastures of Ismayilli by ClimaEast included the collection of 330 samples analyzed in the lab. A vegetation management map was then developed. The project document targets 9,000 ha of pasture for inventory and management work. So far, about 3,000 ha of summer pasture has been inventoried by ClimaEast and an additional 2,000 ha of summer pasture has been

selected for joint inventory work with SLFM. The other 4,000 ha to be inventoried by SLFM will likely be winter pastures in Shamakhi.

A great benefit of the new pasture inventory methodology is its lower cost. The old method cost about USD100 per ha, while the actual cost for the new inventory (not including salaries) is about USD1,000 for 2,000 ha – or USD0.50 per ha. This cost reduction is a critical point. The key question the Minister of Ecology has asked about pasture inventory is how much it will cost.

Pasture Management Plans – Additional Discussion

The project targets to provide pasture management plans for 9,000 ha of pasture, including 5,000 ha of summer pasture and 4,000 ha of winter pasture. These management plans will be prepared on a pastoralist-by-pastoralist basis. So far, partner project ClimaEast has almost completed preparation of management plans for 27 individual pastoralists covering an area of 3,000 ha of summer pasture in Ismayilli. The ClimaEast management plans are being prepared with a combination of international and national expert input. SLFM will need to prepare management plans for the pastoralists occupying the additional 2,000 ha targeted in Ismayilli and, after inventory is completed, management plans for the 4,000 ha of winter pasture in Shamakhi.

The MTR mission found that some other donor work has been done in pasture management, though it has been more limited in extent. In particular, the FAO pasture project tested the management plan of asking pastoralists to leave 5 ha of pastureland untouched for two years in return for compensation. It turns out the pastoralists appreciated the results and continued to take this approach (of leaving certain areas untouched for a period of time) after the project was over.

Project proponents explain that, while the pastoralist has a general idea of the situation of his pastures ("mental map"), he can't possibly know everything clearly and will benefit from the more detailed understanding provided by project maps. The project in its management plans will come up with a full season plan for the pastoralists as to where to have his livestock graze and when. When working with the pastoralists, the project team does not call these plans "management plans," and instead calls them "recommendations" or "ideas." The exact approach taken in real time will depend not only on the management pan, but also on the weather, as that affects the availability of grass for grazing. One local government official has noted that the kind of scientific support for the pastoralists represented by the management plans will indeed be useful.

The project document mentions preparation of integrated pasture and forest management plans. Most stakeholders with whom this was discussed suggest that such integrated plans are not appropriate to the situation of Azerbaijan. First, the two types of land have somewhat different management. While MoENR has some purview over both, in forests it is the main player, while in pastures it shares authority with MoA. Further, the pasture management plans envisioned are for individual pastoralists, while the forest management plan envisioned may serve a rayon-level forest enterprise. At the same time, there are some serious issues to

consider such as grazing in the forest. Most stakeholders believe that controlled grazing in the forest will not work at this time in Azerbaijan, so that all grazing in the forest should be prohibited. At the same time, findings during the mission indicate that some pastoralists may have a bit of forest on their pastureland. Further, in Shamakhi, the phenomenon is occurring that some pastoralists take their full herds to forest areas in the summer. The reviewer supports the need to prepare separate rather than integrated management plans. Yet, where pastoralists are coming into contact with forest, such as when they have forest on their pasture land or are outright using the forest as summer pasture, guidance on how to deal with forest should be offered in the individual pasture management plans.

One significant point arising from the mission is the need to define what improved pasture management is. The project results framework has indicators for the area of pasture under improved management. Yet, to make this meaningful, improved management will need a definition. For example, will it include reducing the number of animals or rotating use of different areas?

II. Forest NAPCD Technical Support

Forest Mapping – Additional Discussion

As mentioned, the project has benefited from satellite images/ maps shared by GIZ with the project. The maps provided by GIZ distinguish between forest cover and non-forest cover, though do not show which areas are official MoENR forest fund land. The project has also commissioned rapid forest assessments in the two project rayons, based on existing maps. This work, conducted over a period of about two months in 2015 at total cost of USD164,480, is also said to provide information to distinguish between forest and non-forest components and map out dominant species, but does not map out specific boundaries. It is further said that this information will be used in preparing a detailed forest management plan. Yet, the differentiation between this work and the maps provided by GIZ and the forest inventory work to be undertaken is unclear. The roles of these various inputs should be clarified to ensure that no unnecessary work is done in the future and to offer transparency as to the usefulness of this fairly expensive input. The project team has explained that both MoENR and MoA are interested in the results of the rapid forest assessments, since no such updated information has been available for the two project rayons. Still, clarification of the role of the rapid forest assessment work in addressing the project's objective and targeted outcomes, as well as differentiation in role, as compared to the forest inventory work that will be done (targeting 20,000 ha), will be useful.

Forest Inventory – Additional Discussion

According to stakeholders, in principle, Azerbaijan should conduct a forest inventory every ten years. The problem, as explained by stakeholders, is that Azerbaijan in post-Soviet times has not been able to cultivate new forest experts due to the low capacity of its educational sector. Thus, the main forest experts continue to be those trained in Soviet times, over 25 years ago. While there were official forest inventories undertaken in 1994 and 2004, most experts agree that these did not include the required level of fieldwork. The 1986 inventory

carried out by Georgian experts almost 30 years ago uses aerial photographs. According to some stakeholders, despite its greater detail, the USSR methodology used is not really appropriate to Azerbaijan. That's because Russia has a huge area and huge forest resources of many different types. Thus, the Soviet methodology divides the nation's forests into priority and non-priority areas. Another issue is that the Soviet forest inventory methodology is very expensive. Interestingly, this methodology originally came from Germany, but is no longer used there.

Current work – forest inventory methodology in process: SLFM has retained the Greek company Karteka to design a forest inventory methodology for Azerbaijan. As the project team is quite anxious to have this methodology suit the country, they have also hired an individual Russian expert to review the Greek company's work and suggest adjustments appropriate to the situation in Azerbaijan. The system that the Greek company is working on will involve identification of permanent sample plots for monitoring, as well as some incorporation of remote sensing data. The Greek company will prepare a grid for the entire country. It is envisioned that the first inventory will be relatively higher cost due to the requirement of field work at the sample plots, but that in follow up years, such as five to ten years later, satellite images can be used for updating.

Future plans for forest inventory work: After the forest inventory methodology is prepared, inventory work will be carried out in 2016 for the two project rayons, beginning with 5,000 ha in Ismayilli. Eventually, the project will inventory 20,000 ha. This will be combined with training of Azerbaijani citizens in carrying out the methodology. MoENR staff in particular will be trained in the methodology, which will include training in the use of relevant measurement equipment. The project team believes the new inventory methodology will be adopted by MoENR and will be extended by MoENR to obtain a new forest inventory for the entire country.

Value of forest inventory work as verified by many stakeholders: Many stakeholders stressed the importance and high value of this forest inventory work, making a great impression on the reviewer. WWF, which has prepared its FSC forest management plan for Ismayilli, stressed that a proper forest inventory is really needed in order to prepare a good management plan. Thus, they are quite happy to know SLFM is doing this and would like to revise their management plan once the new inventory is available. Local forest enterprise staff and rayon based foresters also confirmed the importance of the inventory work.

Forest Management Plans – Additional Discussion

As mentioned, there is currently disagreement as to whether there is a need in the project to prepare forest management plans for the project rayons. This issue needs to be resolved as quickly as possible. What is needed is to determine whether there is clear justification for the forest management plan preparation in terms of contributing to the overall project objective of increased forest and pasture cover. Thus, the expected use of the forest management plan and determination of how it will be different from other plans already in place will be critical issues to delineate.

WWF work: WWF has recently prepared an FSC forest management plan for all of Ismayilli Rayon. Thus far, the SLFM team has not been able to gain access to the plan. The team should continue to try and gain access; and perhaps UNDP can assist in this at a high level. Access to this plan will be useful in determining whether the SLFM project needs to do its own plan or not for Ismayilli. The FSC plan looks at both technical issues, such as biodiversity, and issues of social use of certain forest areas. While preparing the plan, WWF fielded a questionnaire to ask local villagers for their input. The plan covers 35,000 ha in Ismayilli. Worldwide, FSC is known as a method for certifying forests that harvest timber. Thus, some stakeholders question the appropriateness of FSC to Azerbaijan, where there is no timber harvesting. It does not seem to make sense for Azerbaijan to go through the certification process, as there is no market benefit, but perhaps FSC's management methods are also useful for forests in which there is no harvesting.

Possible use of potential project forest management plan - sanitary cutting and afforestation in mountain areas: Two areas in which improved management plans may be of particular use are sanitary cutting and afforestation in mountain areas. While sanitary cutting is allowed by the Forest Code, in practice, the Ministry is now only allowing cutting of dead trees. It is not allowing thinning work. This strict approach is meant to limit illegal logging. Some experts see the need for this. Others, however, believe thinning should be re-instituted.

As for afforestation in mountain areas, currently MoENR is doing the most afforestation only along roadways, though there is some limited afforestation in forest areas. If a management plan, as some suggest, could stimulate MoENR to pursue more afforestation in mountain areas or more strategically site that afforestation, this would then suggest the management plan work does indeed support the project objective of increasing forest cover.

At the same time, stakeholders indicate that, unlike in the case of pastoralists, the forest management plan is not needed to carry out forest user alternative livelihoods work. The forest management plan it seems will be used primarily by the forest enterprise. There may, however, be some confusion on this issue as well, as it has been stressed by others that forest management plans are all about forest use and do cover use of non-timber forest products.

Annex 5: Supplement to Section 5 – Afforestation and Pasture Planting

This annex provides additional information elaborating the findings related to Outcome 2C, afforestation and pasture planting. Information is based largely on findings from stakeholder consultations during the MTR mission. Additional information related to afforestation efforts is covered first; and additional information related to pasture planting is covered second.

I. Afforestation – Additional Discussion

Prior afforestation work in Azerbaijan: During the mission, many stakeholders were asked about the type of afforestation work they had seen previously in Azerbaijan, particularly in project areas. The point of these queries was to ascertain whether the project was doing anything new or just "run-of-the-mill" afforestation. The strong conclusion after getting stakeholder feedback is that indeed the second two afforestation sites in Ismayilli are quite innovative and interesting. At present, most tree planting in Azerbaijan is not done in plots like those used by the project, but instead occurs as trees planted along the road for visibility/public awareness and as a part of REDD+ initiatives. Overall, Azerbaijan has a program led by MoENR to increase forest cover from the current level of 11 or 12 percent up to 30 to 35 percent by 2050. Progress achieved so far is attributed to afforestation along the road.

Examples of afforestation away from the road either took place in Soviet times or are relatively small in scale. One stakeholder from Shamakhi mentioned that afforestation work he's seen in mountain forest areas is always on plots of less than ten ha – that is, plots of perhaps three or five or seven ha. The trees planted are mainly what are considered "forest" species in the area (broadleaf) and are mainly ash or oak, usually planted in monoculture fashion rather than mixing species. Pine is sometimes planted to prevent landslides, but not in the forest as the project has done. MoENR mountain planting areas are not fenced (as the project afforestation areas are), but are generally deep in the forest, so less susceptible to grazing issues. In Ismayilli, the MTR mission also heard that recent afforestation initiatives within forest areas (and not along the road) have been in small areas and usually just one species, such as Georgian Oak and with no fencing, though perhaps with bushes planted for support. More substantial afforestation was undertaken during Soviet times, but this too was single species, such as Georgian oak.

More information on Ismayilli afforestation sites and their differentiating features: Regarding the 130 ha total of afforestation in Ismayilli, for the first two sites the project used what the team considers relatively old methods, such as full ploughing of the land before planting and less diversity of species. When the project's international carbon expert came to visit, he made two suggestions. His first suggestion was to plough only in rows to reduce carbon emissions from disturbing the soil. This type of ploughing also creates the advantage of a sort of water channel to guide the water to the trees. Of course, digging a single hole for each tree would release even less carbon emissions and thus be the preferred method in terms of carbon. Yet, when asked about this option, the team suggested the approach is too

expensive due to labor intensity. There is a machine that may be purchased in places like Turkey for about USD75,000 that will dig the single holes and may eventually be of interest to the Ministry.

The second suggestion of the international carbon expert is that the project pursue a greater mix of species at subsequent afforestation sites. Based on his recommendation, at one of the two newer sites the project planted broadleaf species every other row and conifer species every other row. This is a completely new approach in Azerbaijan, where conifers are usually only used outside the forest to protect from landslides. At these newer sites, the project also planted fruit tree species or nut species in one area, including walnut and hazelnut trees. And, at one of the newer sites, the project planted a good number of rare and endangered tree species. The team expects the site will be a sort of seedbank or gene bank in the future. Some of the species found at the sites include white poplar, black poplar, sweet chestnut, hawthorn, and hornbeam.

There are some other differentiating features of the sites as well. Whereas Azerbaijan typically used a density of about one meter between trees at such afforestation sites, the project team has increased this distance to between two to four meters at its afforestation plots. The fencing, including barbed wire on one side and a natural earth barrier on another side, is also something not done before for afforestation. Another differentiating feature of the project's afforestation work is that the project made great use of local people in the planting work. Usually, the forest enterprise will have their own staff handle most of the planting.

Stakeholders provided some information on time-scale, survival rates, and costs. The time scale for the planted trees to grow is four to five years, so it is a bit early to assess results, though survival rates in all the Ismayilli plots are doing well at 70 to 80 percent. For the project afforestation sites, some of the seedlings were provided by MoENR co-financing, but most were purchased with GEF funds. In Ismayilli, the afforestation sites have attracted great curiosity of local people as to what is being done. Total estimates of costs for the four Ismayilli afforestation sites as indicated by one team member is about USD90,000. Contracts identified as associated with afforestation for the project total USD130,000.

More background on the failure of Shamakhi afforestation site: The project decided to do afforestation on municipal land rather than state/MoENR managed land for its Shamakhi site. While most of the nation's forest land is forest fund land or national forest overseen by MoENR, villages (or groups of villages), known as municipalities, also have some forest land. At the project's Shamakhi afforestation site, which is 25 ha, mostly fruit trees were planted (e.g. apple, pear, and walnut). As plans were being made for the planting, the municipality changed the site four times, whereas the project was looking to choose the best site for strategic reasons. There was drought in the summer; and the municipality was alerted to the need to water the trees, but did not. Recently, the situation has been discussed with the rayon government and an apology and offer to do better next time has been made. Yet, the project team still does not feel confident of success were they to plant another area in Shamakhi. One of the key issues is that a specific body is needed to take responsibility for the survival rates and care for the plantings for the first two to three years, but no such body has

been identified. One stakeholder suggests a better strategy would have been to ask the municipality to appoint one or two families to take care of the plot. Another stakeholder suggests that municipalities lack funds and are simply not interested in having forested land, particularly if it will require further financial inputs from them. In Shamakhi, the project planted 5,000 to 6,000 trees in 2015 and just 25 percent are still alive. Based on MoENR's cut-off survival rate of 70 percent, the Shamakhi afforestation effort is considered a failure.

II. Pasture Rehabilitation – Additional Discussion

Summer pasture rehabilitation work: The ClimaEast partner project has planted grasses, including esparset, in degraded patches of summer pastures and placed movable fences around the planted areas. Esparset is considered an advantageous species as it has roots that are quite deep (e.g. 20 cm) and that loop around, allowing the grass to grow again above ground in other places. The scale of each planted patch is quite small – perhaps one or three or four ha. So far, this work has been done on the land of nine different pastoralists; and plans are eventually to do this on the land of a total of 22 pastoralists in summer pasture areas. Local villagers who are not large-scale pastoralists but are involved in the project's grass planting work mention that they have not seen this kind of planting before. One mentioned that during Soviet times there was a different approach of planting a large contiguous area (160 ha) with esparset. Yet, this villager mentioned the project is the first time since Soviet times he has seen pasture planting work in his area. The local villagers also mention that through involvement in the project they have come to understand new things, such as the contribution to landslides from overstocking of the grasslands. The project also planted trees on the edge of the pasture with roots extending off a cliff to protect the land from landslides.

FAO project pasture rehabilitation work: Other donor projects have engaged in pasture rehabilitation work in the past, so one question the MTR pursued was whether the approach of ClimaEast (and soon, hopefully, of SLFM) is any different. The FAO project, which is included as co-financing for SLFM, did pasture rehabilitation on 100 ha of winter pasture and 50 ha of summer pasture. The project invested quite a bit in sowing. Yet, the rehabilitation was on a relatively large contiguous areas of pasture. This is quite different from the small, piece-by-piece restoration approach adopted by ClimaEast.

Future pasture rehabilitation work of the project: While partner project ClimaEast has initiated summer pasture sowing work, SLFM has not. In the future, SLFM may extend planting work to more locations in the summer pasture areas of Ismayilli. It also plans to undertake pasture planting work in winter pasture areas of Shamakhi, though no inventory has yet been done in these areas. Because the summer pastures are very delicate, the approach to pasture planting is quite light. No ploughing is allowed; and sowing is by hand. In the winter pastures, more intense work (an "agro-mechanical and agrochemical approach") is allowed, such as use of plowing and fertilizers.

Issues with the project's pasture planting work: The team should address two key issues pointed out by the MTR with regard to pasture planting before finalizing plans for planting work between now and project close. One issue is whether rehabilitation is a good use of funds in the first place, given that the project team considers such efforts unlikely to be

replicated by the government due to high cost. If this is the case, perhaps funds should be used on promising pilot activities that have higher potential for replication. Second, pasture planting work on overstocked grasslands is unlikely to yield sustainable improvement in the pastures unless management plans are implemented. Thus, the project may wish to hold up on doing any more pasture planting work until it is clear which pastoralists are willing to participate in improved pasture management. A final point is that "pasture rehabilitation" may have different meanings to different people. It may mean planting of grasses as ClimaEast is doing, but it may also mean changing of the management regime as is being pursued in another part of the project. (It is for this reason that the report often uses the term "pasture planting" when discussing "Outcome 2B" to be specific that this portion of the work includes planting of grasses.)

Annex 6: Supplement to Section 6 – People-Focused Pasture and Forest Initiatives

This annex is a supplement to Section 6, which presents key findings on people-focused pasture and forest initiatives ("Outcome 2C"). The annex presents additional findings from mission consultations on topics related to those initiatives. First, findings from meetings with experts preparing studies for the project, as relate to people aspects, are presented. Second, additional information on the project's user associations is presented. Finally, addition information on potential pastoralist incentive initiatives and potential forest user incentive initiatives, respectively, are presented in sequence. For the cases of both pastoralists and forest users, both subsidy based and livelihood based initiatives are discussed.

I. Additional Findings from Project Studies Related to People and their Impacts on Pastures and Forests

The reviewer found that the project has conducted a number of studies related to forests, pastures, and carbon. During the mid-term review, meetings with authors of four of these studies were held. The reviewer believes the findings of these experts are both interesting and useful. A concern, however, is that the results of these studies will not be put to good use. Therefore, two recommendations are offered. First, findings from the studies should be utilized to the extent possible in designing project activities going forward. Further, findings from the studies should be summarized in an abbreviated form and presented to policy makers. At the same time, it is recommended that no more such studies should be conducted. Going forward, only work that directly contributes to project targets with regard to inventory work, management plans, policy adoption, and, most importantly, people-oriented incentive pilots should be conducted.

Additional Findings from Project Studies on Pastures and Pastoralists

The MTR mission met with a pasture expert who had done work for the project in assessing the status of pastures in project areas and with an agricultural economy expert who had done a socioeconomic assessment of the large-scale pastoralists in project areas.

Study on status of pastures in project areas: The pasture expert assessed the situation of the pastures in the two project rayons. One of his most striking findings is that there are rented pasture areas where half of the pasture has nothing growing at all. As this area is included in estimates of livestock carrying capacity, the result is a lot of overcapacity. Finding the real number of animals in project areas was one of the expert's key goals. His conclusion is that the pastures, given their current conditions of degradation and areas that should really not be counted as fertile pasture, have current stocking rates that are two to three times carrying capacity. This finding was a surprise to the local government, which has been estimating stocking rates at 1.5 times carrying capacity. His work shows the seriousness of the situation that the project is trying to address and the urgent need to reduce livestock numbers, either through alternative livelihoods or other measures. The expert confirms that at least in some areas improvement of pasture management via methods such as rotation alone

will not be enough and that reduction in number of animals will also be required. The expert's findings validate the assertion that pastoralists are now leaving winter pastures too early (end of May) for summer pastures, thus "completely destroying the grassland area." While cows are prohibited by law in the summer pastures due to their impact on the fragile ecosystem, they are taken there anyway. Finally, the expert also finds that a major problem in the pastures is that people are digging up a valuable medicinal root there, leading to substantial damage to the grasslands.

Study on socioeconomic situation of large-scale pastoralists: The reviewer finds the findings of the socioeconomic study on large-scale pastoralists to be a particularly critical work in terms of supporting the development of project strategy and design going forward. The work was conducted by a consultant formerly with the Ganja Agribusiness Association. The study consists of a general report and in-depth profiles of 16 large-scale pastoralists. The study used a 20-page questionnaire, which is quite in-depth.

Major findings of the socioeconomic research include the following: (1) The birth rate of ewes of summer pasture pastoralists is 0.8 births per year per ewe, which is much lower than international levels, which are 1.5 in Europe and 2.0 in Holland. This is due to lack of food in the pastures, as well as lack of veterinary support. Birth rate is not considered a determinant of overall population as any lambs born are expected to be sold each year. (2) Pastoralists in summer pastures keep on average 30 cows each, though this is more than they need for self-use; and they are not selling the milk. The socioeconomic consultant believes this is because the pastoralists do not think economically, lacking the skill to do so. They end up throwing away excess milk. (3) The pastoralists have with them hired shepherds who are paid a low salary but allowed to bring their own sheep – typically there might be four shepherds each bringing around 150 sheep. The hired shepherds might double the number of sheep on the pastoralist's land (as compared to the number he would have without the shepherds' flocks). The pastoralists may actually be hurting their potential profits by having these shepherds, but don't realize it.

The socioeconomic consultant and his colleagues did a detailed profit-loss analysis for 16 pastoralists and found that it may actually be in the pastoralists' interest to reduce the number of sheep. The findings suggest that only two out of the 16 pastoralists are making a truly decent profit and that the additional costs of the shepherds may not be worth it. A key issue is that the pastoralists do not calculate their profits and losses and do not know the business basics of how to do so.

The socioeconomic consultant believes that subsidies are not the solution, but that alternative livelihoods are. He argues that you can give the pastoralists hay or barley, but this mechanism will not be sustainable once the project is over. His team has found that pastoralists are not really interested in having so many sheep, as each sheep adds additional costs. They would be interested in finding other ways to grow their income.

Additional Findings from Project Studies on Forests and Anthropogenic Impacts

Study on use and sustainable development of forest in project rayons: A key finding of the study on use and sustainable development of project rayon forests is that typical sanitary cutting (aside from cutting of dead trees) is not allowed. The ban is due to concerns about illegal logging, but the expert conducting the study believes this ban reduces forest health and also opportunities for income from the forest. Branches from older trees, for example, if not cleared, will affect the growth of young trees. The expert further found that grazing in the forest is a problematic issue. In this, he includes grazing both by large migratory herds and by villagers' livestock in forest near to the village. He mentioned that "livestock are eating everything in the forest during migration." The expert believes that illegal logging in the forest is no longer a major problem. This issue, he believes, has been gotten under control by the local government and local forest enterprise. The bigger problem is grazing in the forest.

The expert also assessed use of forest resources. He found that people continue to collect berries and fruits from the forest as they did in the past, but that the rate of collection has been much reduced. In Soviet times, there were food processing enterprises under the predecessor to MoENR, but these stopped operating due to financial problems. Now, berry collection is for peoples' own use. The expert also notes bee keeping and the development of recreational areas in the forest as livelihood activities in forest areas. He indicates the tourism facilities are very limited (only restaurants and hotels) and might be expanded to include tourism services, such as hiking trails.

Study on changes in the forest in the project rayons: Using historical data, an expert conducting a study on changes in the forest compared the current situation of the forest to that of ten, 20, and 30 years ago. (Inventory data from 30 years ago is considered the strongest, as the last two inventories did not include much field work.) She both used inventory data and talked with those working in forestry for many years in the area. She also used hydrometeorology data. In general, her findings are quite grim, showing serious degradation of the forest. The expert attributes the changes in the forest to both anthropogenic factors (illegal cutting and grazing) and changes in the local climate. The expert notes that the local forest enterprise has limited financial means and is therefore not able to do everything needed to protect the forest.

Local climate change and impacts on the forest as found by the expert are as follows: Mean rainfall has been going down over the past five years and temperature up. Drought frequency has increased. Droughts are destroying valuable timber species. Autumn comes sooner due to the drought with leaves falling at the end of August rather than in October. Older trees are dying due to drought; and younger trees are having trouble growing. Anthropogenic factors, namely grazing, are changing the structure of the forest. The crowns of trees are smaller and smaller. The expert believes that grazing is quite a big problem and that it is killing the diversity of species.

Some other negative changes in the forest are as follows: Density of trees has dropped from 0.6/ ha to 0.5/ ha and Bonita class (lower number is better) has risen from 3.2 or 3.4 to 3.5.

Despite reduced harvesting mentioned by the other forest expert, the amount of berries and medicinals in the forest is much less than in Soviet times, 30 and 40 years ago. Forest fires have increased due to decreased rainfall and increased temperature. There is a decreasing number of species of trees in the forest as well. Average age of valuable tree species has dropped from 160 years to 60 to 70 years. These impacts over recent decades are part of an even longer term trends that shows overall forest cover in Azerbaijan dropping from around 30 percent in 1900 to about 12 percent today.

The expert emphasizes the importance of protecting forests. They play a key role in climate regulation and water regulation. Forest degradation can affect the overall climate and water supply of a region. A drinking water crisis may be an upcoming problem for the region, due to decreased forest function. Also, while MoENR is investing a lot in afforestation, new areas take ten to twenty years to achieve full functionality, so it is very important to protect existing forest.

In terms of cutting, the history is that logging for timber production was stopped in Azerbaijan in the 1970s. At that time, sanitary cuttings only were allowed. Since 2001, even sanitary cuttings (aside from cuttings of dead trees) have not been allowed.

II. Additional Findings on User Associations

Background on User Associations: During the mission, the MTR consultant found that stakeholders are quite enthusiastic about the approach of having pasture users and forest users pursue alternative livelihood opportunities in groups, rather than as individuals. Facilitating this group approach appears to be the major benefit they see for user associations. At the same time, some raised the potential of user associations not only to promote alternative livelihoods but also to increase awareness. Some emphasized the importance of the involvement of government staff in the associations. An example of this might be the involvement of a local forest ranger (responsible for the protection of, say, 1,000 ha) in the association of forest users associated with the forest he protects. This could lead to a model of the forest ranger and other villagers working together, rather than representing opposite interests, as is now the situation when villagers allow their animals to graze in the forest. At the same time, some stakeholders suggest the importance of a higher level of coordination, with pasture user associations working with the rayon government and forest user associations working with the local forest enterprise.

FAO experience setting up a cattle breeding association through one of its projects may be an interesting model for the project team to explore with FAO. According to FAO, the cattle breeding association they set up has 80 to 90 members and established a milk collecting and cooling center, as well as coordinating sale of the final product. Given the new rules about NGOs, the cattle breeding association may face sustainability issues.

Some potential functions of the project user associations as mentioned by stakeholders include the following: The associations, if utilized for alternative livelihood cooperation, could have the benefit of spreading the risk among participants rather than having one person taking on too much risk. Further, the forest user associations may promote awareness in

sustainable use of forest resources, such as how to collect berries without killing the bushes. Another important function of the associations may be to ensure beneficiary compliance with the deal to protect pasture or forests in return for receiving livelihood type assistance. That is, if it is a group deal, the members will watch each other to ensure that individuals do not "cheat" and continue to degrade the pasture or forest. Associations could bolster an already existing desire by villagers to work together, giving them the tools and knowledge with which to do this and helping to serve as a bridge to the market. In general, local people see a need for a "point of sale" for their products. Already, the Ismayilli Government has provided a place for pastoralists to sell their sheep, but more facilities are needed at this site. In a group selling situation, the participants may agree on a unified price.

Project Work So Far on User Associations: As mentioned, two user associations (one forest and one pasture) have been set up in each of the two project rayons. There are about ten to 15 members in each association. On Nov. 9 and 10, 2015, a meeting was held of the Ismayilli user associations with over 40 persons in attendance. A lot of time was spent explaining how the association may help the members. The members raised a lot of ideas, but do not know how to implement these.

Future Project Work on User Associations: One key issue for the associations going forward will be to determine whether a cooperative model, in which the associations can earn money, rather than an NGO model should be pursued. This may have implications for the draft policy amendments proposed. Cooperatives need to register with the Ministry of Commerce and NGOs with the Ministry of Justice. Some stakeholders have suggested that a cooperative is the preferable model, given that the focus of these associations may be on income generation. On the other hand, for support going forward beyond the project, it may be easier for the government to support an NGO.

The project team has indicated their goal for the coming year for the four established user associations is to help the members earn money. They see the main goal of the associations being to create livelihood opportunities. The simplest model may be to have a station for collecting product and selling it for a standard price, thereby cutting out the middle person. The project team further suggests the associations may be able to apply for other grants from international financial institutions and other donors.

III. Additional Findings on Potential Pastoralist Incentive Initiatives and Related Topics

In terms of timeline, the reviewer suggests that incentive work for both summer pasture and winter pasture pastoralists be initiated as soon as possible. Currently, the team plans to start the summer pasture livelihood work in 2016 and winter pasture work in 2017. It is suggested the latter be accelerated if possible and that it also be determined which if any of the pastoralists in the summer pastures are the same as those in the project's winter pastures. In the summer pastures, there are 28 pastoralists that will be involved in the project and potentially in the livelihoods work or other initiatives. This is a good representation of the whole pool of pastoralists in Ismayilli, which the rayon government indicates numbers 140 persons.

Consulting advice on livestock business: The idea of providing consulting advice to pastoralists on their livestock business emerges from the findings of the socioeconomic study. The MTR mission had the opportunity to raise the idea of reducing herd numbers to increase profits with one pastoralist. He indicated that he would certainly be open to receiving free consulting advice. He had never thought about lowering herd numbers to raise profits, but seemed interested in the idea and open to seeing an economic analysis of the potential impact on profits of reducing sheep numbers and shepherds. Further, the idea of electric fence as a way to reduce shepherds was raised and was also received with interest. This is a device that uses a small 12 kW battery. Other ideas that may be raised with the pastoralists are feeding troughs to use on some days to reduce pressure on the pasture and the collection of manure so it can be spread everywhere as fertilizer. At present, the manure is collected in one place and kills everything there. Irrigation in winter pastures, as has been done under ClimaEast in another country, is also of interest.

Subsidy-Based Pastoralist Incentives: During the MTR mission, positive feedback was received from pastoralists and other knowledgeable persons on the potential of a subsidy mechanism (provision of free wheat or barley) to delay pastoralists' arrival in summer pastures (say, by 15 days) and thus create more sustainability there. The one stakeholder who was skeptical of this idea much prefers the alternative livelihood approach, as subsidies provided by the project will not be sustainable unless adopted for continuation by the government. Two pastoralists with whom the idea was discussed explained that feasibility of the mechanism may depend on the weather. If the weather got hot too early, they could not keep their sheep in winter pastures that long. Yet, if the needed delay to the summer pastures were to be eight to, say, 15 days, they may be able to pause along the way in the middle pastures, which would be cooler, and have their livestock eat the free hay provided by the project there. Another point made is that they will not need to give their animals salt if they feed them hay; and this would be a convenience when on the road. Others suggest the pastoralists will be glad to delay their departure, as it is more convenient to stay in the winter pastures, where they have water supply and permanent living quarters instead of tents, which are their accommodations in the summer pastures.

The project team has suggested if they provide wheat or barley to pastoralists for one or two years to delay departure to summer pastures, the pastoralists will see the economic benefit and continue by purchasing the hay or barley themselves after the project is over. The pastoralists interviewed on this topic were unwilling to commit to such a continuation, yet said that would need to see how it works. The cost of a bale of hay is only 1.2 Manat (about USD1.14 before the recent devaluation), yet the pastoralists are careful with their costs and thus hesitant to invest in this. Compensation through the project would give them a chance to see how it works. At the same time, stakeholders point out there would need to be a method of checking and control, to make sure the pastoralists comply with their agreement to go to the summer pastures later when they accept the hay. A further issue with regard to delaying departure to the summer pastures is that one member of the pastoralist's family or team would still need to go early to the summer pastures to make sure others do not graze on their land in their absence.

A final note related to such folder issues is that pastoralists with whom the MTR mission spoke are also interested in sowing more clover in winter pastures for fodder. Yet, it is not clear if this is environmentally advisable. The current limit is that they can at most plough three to four percent of their winter pastures.

Alternative Livelihood Based Pastoralist Incentives: During the MTR mission discussions, stakeholders identified a need not only for grant support for equipment related to livelihoods, but for consulting support such as business plans. In particular, help will be needed in assessing the market and in figuring out how to market the products. The socioeconomic consultant (formerly with Ganja Agribusiness Association) believes that business plans are needed and suggests that these will require work input of about three or four weeks. One week, according to him, will be required to be spent with the pastoralists in the field; and two to three additional weeks of work in the office will be needed. The additional time required is in particular needed for market research. Assessing the market is particularly important since incorrect market assessment is often the reason for business failure. Discussion with the socioeconomic consultant raised the idea that the pastoralists may be classified into groups based on their characteristics so that separate business plans are not required for each and every pastoralists. Cooperatives, the consultant believes, tend to be more profitable and would be a preferable approach. In terms of mechanism to ensure the pastoralists comply with requirements of reduced livestock numbers and improved pasture management, the consultant suggested the idea that reduction in sheep numbers could be tied to profits or projected profits of the business supported by the project. Compliance is expected to be more likely if this work is carried out through the user association, as pastoralists will watch each other.

The two rayon governments consulted during the mission were also highly in favor of alternative livelihoods as means of reducing sheep numbers and improving pasture management. The idea that pastoralists cannot be expected to reduce sheep numbers without alternatives was stressed. Further, it was suggested that a grant for processing equipment is not the only need, but instead a comprehensive approach, covering business plans, marketing, and public awareness will be needed. The rayon government with whom a compliance mechanism was discussed agreed that there should be a strong requirement that the pastoralists reduce numbers of animals if they receive help. They suggest there be specific rules. While the rayon governments themselves are not responsible for investing in businesses, they are responsible for finding proper partners to do so. Thus, it is possible the rayon governments could work with the project to bring in additional investors to alternative livelihood business ventures supported by the project.

At the same time, the project is working in a sensitive area and will need to take a delicate approach. At first, the summer pasture pastoralists were worried that the project would force them to close their grazing areas. Now, after several visits they realize the project is trying to help them and are more open to support.

Finally, stakeholders emphasize that pastoralists have a hard life. Conditions in the summer pastures, where the pastoralists live in tents, are tough. Further, there is now a danger of

wolves. Thus, it is believed if pastoralists can find a good alternative livelihood option, they will prefer it to their current business.

One interesting idea raised by a stakeholder is to work with MoA's Agricultural Extension Service to promote alternative livelihoods of pastoralists. MoA has recently set up eight regional Agricultural Science Centers. While this effort appears to just be getting off the ground, it may make good sense for the project to approach MoA about potential cooperation.

Some alternative livelihood options for pastoralists can be found listed in Exhibit 6-1 in the main text of this report. Through many discussions during the mission, it was found that a number of potential livelihood options for pastoralists were repeated over and over. Most were related to pastoralists' core business of livestock, though one, bee keeping, instead has a strong synergy in that the bees pollinate on the pasture grasses.

The high potential for bee raising was raised by many stakeholders. While there is already strong growth in bee raising in the area (growing in Shamakhi, for example, from 2,000 to 4,000 bee keeping families over the past five years), productivity of bees may be much less than in Soviet times, due to the degradation of the grasslands and the lower availability of grass for bees to pollinate on. Right now, bee honey is sold from the area, but there is not a formal packaging and branding effort. Also, it is believed there could be good opportunities in beeswax and other bee products.

Business related to livestock includes meat sales, wool sales, and milk and cheese production and sale. A number of ideas and insights were gathered during the mission on these areas. The Ismayilli Rayon Government is helping the pastoralists by setting up buildings to sell meat, but these buildings need additional equipment. One Shamakhi pastoralist with whom the MTR mission spoke mentioned that the milk productivity of his animals is quite low due to lack of grass on the pastures. He suggests if there were good fodder to increase the productivity of animals, a milk processing business (including cheese and butter) could be of interest. First, however, the low milk productivity of the animals would have to be overcome. A rough estimate of costs for a two ton milk processing facility is USD40,000. It is believed a small milk processing installation could play a role in reducing livestock numbers. Cheese doesn't require any special equipment; and the main challenge for cheese is thus the market. Another point made during discussions is that pastoralists produce a lot of wool, but don't know where to sell it. Thus, small stations for the sale of wool may be an advantage. At the same time, some stakeholders prefer dairy products to wool for alternative livelihoods work, as the price of wool is quite low presently. In general, a key issue identified for all these livestock related products is the need to cut out the middle man and then perhaps split the increased profits between the seller and end buyer. Meat selling stations could be improved with the installation of meat cutting equipment. According to one pastoralist, a good place to sell his meat would result in him taking fewer of the lambs born in the winter pasture up to the summer pastures.

Promoting the shift from extensive to intensive livestock raising: While a shift from extensive (semi-nomadic grazing practices) to intensive (fixed location) livestock raising was raised as the ultimate solution to Azerbaijan's pasture degradation problems, most

stakeholders believe an intermediate solution is needed. That is, the shift to intensive livestock raising will be very expensive and most large-scale pastoralists cannot afford it right away. At the same time, the MTR mission found that investors in the rayons are already implementing intensive livestock raising and looking for funding to do more.

One expert suggests that intensive livestock raising should be kept in mind as the ultimate goal, but that project alternative livelihood activities can serve as an intermediate step. The expert believes pastoralists will not be able to make the major shift right away. He suggests that the first step is to educate pastoralists about rotation and good management of pastures and only later introduce the idea of intensive livestock raising. The stakeholder's position, however, raises the question of whether the project should include some efforts to raise awareness of the ultimate goal of intensive livestock raising through conferences or other means.

Very recently, MoA has issued some decisions about changing the management system of livestock from extensive to intensive. Two or three year ago, there was no plan to do this. At this point, it is considered just an idea. The rules do not allow the plowing of enough land to produce the fodder needed. At the same time, the project may wish to be in touch with MoA about this general direction and try and create synergies between project work and MoA strategies that are congruent with lessening pressure on the pastures.

IV. Additional Findings on Potential Forest User Incentive Initiatives

Determination of main type of forest user incentive and selection of forest areas: As discussed in Section 6, there is less consensus on the need to reduce forest user pressure on the forest than there is on the need to reduce pastoralist pressure on the pastures. Thus, for the pastures, it is easier to conclude that incentive mechanisms, whether they be subsidies or alternative livelihood support, are well-placed project activities. Further, with a smaller group of total target persons (perhaps 200 pastoralists total in the two project rayons combined), it will be easier in the case of the pastoralists to achieve significant impact within the target group. In the case of forests, there are many more potential forest users involved. Also, in MTR mission discussions, there was disagreement on the level of pressure from grazing in the forest. In addition, while illegal cutting was generally agreed to be less of an issue, its magnitude is unclear. Thus, in designing incentive activities for forest users, more care will need to be taken to ensure the target participants are the correct ones. Subsidies for afforestation present less ambiguity, but livelihood support applied to those who will not make a difference in pressure on the forest would not be appropriate to the objective and outcomes targeted by this project. The general recommendation of this review is that, before embarking on forest user incentive activity, the project team hold a round table of its experts and field directors to see what is known and if more investigation is required. From assessment of all input gathered during the mission, it is the reviewer's conclusion that grazing in the forest is indeed a serious problem in certain locations and that illegal logging is also a problem, though in fewer places, namely those that lack natural gas for heating.

The project has not yet chosen the priority forest areas in which forest users will be supported. The rapid forest survey conducted and information from the local forest enterprise will be used for selection. Yet, "jumping the gun" in a sense, the project has already formed forest user associations with members. This situation may present the complication that current user association members expect incentives, while the most appropriate places for incentive work have not yet been identified.

In terms of illegal logging, many have indicated that it has been much reduced as natural gas has been extended to many villages. Villages without natural gas still cut a lot of trees, but this logging is overlooked by authorities, as it is clear the villagers do not have alternatives for heating. These villages are mostly in remote places. One area of assistance the project may wish to consider is alternative energy for such villages, such as biogas, perhaps combined with solar heating. Yet, if the gas line will soon be extended to these villages or if the village population is continuously being reduced to very small numbers due to out-migration, these may not be the most strategic villages to assist, given the goal to improve forest quality.

Another challenge in terms of assistance strategy is that the project will probably only be able to help a handful, say ten, villagers from each village. Thus, the question becomes whether it will be most strategic to work in a large village, where impact on the forest is great, or to work in a smaller village, where the project can address a greater proportion of the population.

As for grazing in the forest, overall, stakeholders suggest that this is a problem of both village animals and the herds of large pastoralists. Rangers have difficulty enforcing control in the case of villagers, since animals roaming into the forest is such a common occurrence. One reason for the forest grazing is that some villagers, after the collapse of the USSR, were granted pasture land that is very far from where they live. In theory, it should be easier to control the large-scale pastoralists, given their big herds and given that their main intrusion into the forest takes place during migration, but they may cross the forest in the middle of the night. And, as mentioned, in Shamakhi, there appears to be the astonishing phenomenon of some large-scale pastoralists using the forests as their summer pasture. Stakeholders indicate the grazing problem has improved from the past, but is still an issue.

Subsidy-based forest user incentive work – afforestation by private parties: Several stakeholders expressed enthusiasm for the idea of providing subsidies as incentives to private parties involved in afforestation. Some mentioned the possibility that the private parties could grow fruit trees and intersperse vegetables with the trees while the trees are growing to maturity. The project team offered the term "agroforestry-melioration" to refer to this approach and has some interest in promoting it in the project going forward. Further, payment to private individuals for afforestation will fit with the forest-related subsidy policies proposed by the project. Currently, private individuals are allowed to rent forestland, but none are including afforestation in their activities. Some may just plant vegetables, such as tomatoes, without disturbing the trees. Some stakeholders suggest an afforestation subsidy policy such as described would be attractive to potential forest users on plots of five to ten ha, while others suggest smaller plots as being more appropriate, such as one or two ha. Villagers

may rent land for this or use land they have been allocated, but that is far from their homes in the villages. A pilot of this type by the project would give policy makers the opportunity to see how it works and perhaps encourage them with regard to adopting an afforestation subsidy policy.

An interesting and related point is that many of the villages had fruit orchards in Soviet times, but these have not been kept up in many cases. The question is raised of whether it is worth it to rejuvenate these orchards or plant new ones. The issue of market and market prices for the fruit arise as a key issue.

Some stakeholders mentioned another payment-type approach – paying local people a part-time salary to protect the forest from illegal logging and other activity. Yet, this type of approach is already being implemented in project areas, so a pilot of it is not needed. An alternative will be support for livelihood activities in return for forest protection services.

Alternative Livelihood Based Forest User Incentive Mechanisms: If it is determined that there is a need for alternative livelihoods to reduce people pressure on the forests, an important question will be to determine what kind of mechanisms can be used to ensure pressure is indeed reduced when alternative livelihoods are supported. During the MTR mission, many stakeholders enthusiastically suggested that livelihood support will serve well the purpose of getting people to protect the forest. While some stakeholders believe there should be a clear mechanism for improving forest protection, such as an MOU, others suggest that written agreements make people uncomfortable and the approach should be one of awareness and trust. In particular, if the livelihoods work is related to forest products, such as berries, it was suggested, people will be naturally incentivized to protect the forest. They will thus keep their livestock constrained, so they do not roam in the forest and may even prevent other villages from having their livestock graze in the forest.

Types of Alternative Livelihood Based Forest User Incentives: A number of different types of potential alternative ideas were suggested during the MTR mission for villagers living near or in forests. Some of these are listed in Exhibit 6-2 in the main text. It does not appear that other donors are doing such work in the area, so that the project's forest user livelihood activities integrated with resource conservation would likely be quite differentiated. The reviewer found that, throughout MTR consultations, ideas for types of livelihood work for forest users tended to be repeated and cluster in certain areas. The most common ideas involved non-timber forest products (NTFPs), especially berries and forest medicinals, and ecotourism. In terms of marketing, some suggested the rayons themselves will have a big enough market, eliminating the need to distribute the products in Baku. While the amount of berries in the forest has declined substantially since Soviet times due to forest degradation, experts suggest there is still sufficient resource for scaling up the berry business. Berries and other forest products are mostly collected for self-use now, though some people are selling small amounts. Cornelius cherries, dogrose, and plumberry are types of berry mentioned. Hawthorn and sea buckthorn were also mentioned as high value forest resources. Other NTFPs mentioned were wild apple and wild pear, sweet chestnut, walnut, and loquat. For the berry collection, many are in favor of promoting some kind of processing to make jams or juices. GIZ has some previous experience promoting processing and marketing of a

line of forest related products in Zakatala. This went well at first until their business partner decided to withdraw. In general, stakeholders suggest that support for food processing should also come with support in how to market and sell products. In Soviet times, Ismayilli was a berry processing center. People also brought in berries from other rayons; and these were processed in Ismayilli factories. Today, berry collection in the forest is usually carried out by women, though the men may handle any small-scale selling that is occurring.

As for ecotourism, as mentioned, the reviewer has some concern whether support of existing ecotourism entrepreneurs will offer a clear connection to decreasing pressure on the forest. As seen with the pastoralists, the most appropriate target for livelihoods work may be those who are putting the greatest pressure on the forest, unless others can provide protection services that will reduce the pressure. Ecotourism entrepreneurs with whom the project spoke are interested in processing opportunities, though also have ideas for promoting their tourism business and expanding it. Some other stakeholders mentioned the possibility of developing hunting and hiking. Customers of the tourism business mainly come from Baku, though there are also international guests. The reviewer gets the impression that the ecotourism entrepreneurs are being prioritized by local officials for project support. Thus, it is even more important for the project team to be vigilant about designing forest user activities that have a clear link to either decreasing pressure on the forest or increasing afforestation.

Bee related business, also proposed for pastoralists, was mentioned by many as an alternative for people living near the forest. As for further processing, a machine costing about USD50,000 that allows for beeswax production was mentioned. Local people may need help in procuring such a machine since it is only available in other countries, such as possibly Ukraine and Turkey. At present, in Ismayilli, there is no beeswax production due to lack of such a machine. Honey bees may also provide a sort of poison that can be used to treat allergies and rheumatism. One stakeholder points out that simple bee keeping would require a lot less investment than berry processing, which will require a license, so that bee keeping assistance may be more appropriate to the local situation. On the other hand, the fact that bee keeping is already being carried out by so many families in the area raises the question of whether project assistance in this domain is really needed. Findings suggest the support needed would be not in simple bee keeping (which families are able to launch on their own), but in taking this to the next level, via marketing support or support in producing value added products.

Fish breeding in pools in the forest was also raised several times. The idea that the fish pools could be useful to the forest enterprise, should there be a need to put fire out, was raised.

Annex 7: Preliminary Proposed Revised PROJECT RESULTS FRAMEWORK:

This project will contribute to achieving the following Country Programme Outcome as defined in CPAP or CPD: CPD Outcome 1.3.Relevant national strategies, policies, and capacities strengthened to address environmental degradation, promote a green economy, reduce vulnerability to climate change
Country Programme Outcome Indicators: 1) Carbon intensity of economy (greenhouse gas emissions per unit of output); 2) Percentage of total country area covered by Protected Area network
Primary applicable Key Environment and Sustainable Development Key Result Area (same as that on the cover page, circle one): 2. Catalyzing environmental finance
Applicable GEF Strategic Objective and Program: SFM-REDD-1 SFM-REDD-2 LD-3 CCM-5
Applicable GEF Expected Outcomes: **SFM-REDD-1:** - **Outcome 1.1: Enhanced enabling environment within the forest sector and across sectors.** - **Outcome 1.2 Good management practices applied in existing forests.** **SFM-REDD-2** **- Outcome 2.1: Enhanced capacity to account for GHG emission reduction and increase in Carbon stocks** **LD-3** **- Outcome 3.1: Enhanced, cross-sectoral enabling environment for integrated landscape scale management** **- Outcome 3.2: Integrated landscape management practices adopted by local communities.** **CCM-5** **- Outcome 5.1: Good management practices in LULUCF adopted in the forest land and in the wider landscape.** **- Outcome 5.2: Restoration and enhancement of Carbon stocks in forest and non-forest lands.**
Applicable GEF Outcome Indicators: **SFM-REDD-1:** **Outcome 1.1 Indicator:** *Effectiveness of policy, legal and regulatory frameworks that integrate SFM principles (score as recorded by tracking tool).* **Outcome 1.2 Indicator:** *Enhanced carbon sinks from reduced forest degradation.* **SFM-REDD-2** **- Outcome 2.1 Indicator:** *National institutions certifying carbon credits.* **LD-3** **- Outcome 3.1 Indicator:** *Demonstration results strengthening enabling environment between sectors (incl. agriculture, forestry)* **- Outcome 3.2 Indicator:** *Area under effective land use management with vegetative cover maintained or increased*

Outcome 5.1Indicator*: Number of countries adopting good management practices in LULUCF*
Outcome 5.2 Indicator: Hectares restored

Project Strategy	Indicator	Baseline value	Target by end of Project	Sources of verification	Risks and Assumptions
Objective: Sustainable land and forest management in the Greater Caucasus Landscape secures the flow of multiple ecosystem services, including carbon storage and sequestration, while ensuring ecosystem resilience to climate change.	# of hectares of forest land inventoried using newly designed and introduced forest inventory methodology and carried out by Azerbaijani experts and officials # of rayons in which substantial portion of forest is inventoried using newly designed and introduced forest inventory methodology	0 ha 0 rayons	135,895 ha 6 rayons	MENR forest inventory records	New forest inventory methodology adopted by MENR and National Academy of Sciences; MENR has financial means, human resources, and political will to carry out inventory
	# of hectares of pastures (summer and winter) inventoried using newly designed and introduced pasture inventory methodology carried out by Azerbaijani experts and officials # of rayons in which pastures (summer and/or winter) are inventoried using newly designed and introduced pasture inventory methodology	0 ha 0 rayons	39,000 ha 6 rayons	MENR pasture inventory records	NAPCD adopted in timely fashion. New pasture inventory methodology adopted by MERN and National Academy of Sciences; MENR has financial means, human resources, and political will to carry out inventory
	# of hectares of land afforested or reforested with methods new to Azerbaijan that emphasize mix of different species (e.g. broadleaf and conifer), minimization of carbon emissions in planting process, and, when possible, inclusion of less common species; for those areas planted one year or more before	0 ha	15,155 ha	MENR afforestation records; confirmation calls with local forest enterprises	MENR and local forest enterprises have the financial resources to carry out plantings. Capacity built and interest maintained in new planting methods

Project Strategy	Indicator	Baseline value	Target by end of Project	Sources of verification	Risks and Assumptions
	project close, survival rates should be greater than 70% # of rayons in which new afforestation methods are applied	 0 rayons	 6 rayons		demonstrated by the project.
	# of ha in which pasture management plans, based on the project's approach and including pasture rehabilitation, rotational grazing, strict adherence to recommended and scientifically determined stocking rates using recent inventory, and adherence monitored by PUAs, are being implemented # of rayons in which above types of pasture management plans are being implemented	0 ha 0 rayons	39,000 ha 6 rayons		
	# of ha in which forest management plans, based on the project's approach and including improved sanitary cutting, improved forest protection methods via FUAs, and scientific methods for sustainable use of NTFPs, are being implemented # of rayons in which above types of forest management plans are being implemented	0 ha 0 rayons	135,895 ha 6 rayons		
	Number of areas in which legislation proposed by project is adopted by the Council of Ministers and President, as well as Parliament (if needed) to promote new	0 areas of proposed legislation adopted by Council of Ministers and President, as well as Parliament (if needed)	4 areas of proposed legislation adopted by Council of Ministers and President, as well as Parliament (if needed)	Azerbaijan Registry of Laws: Land Code Amendments and Forest Code Amendments	Political will exists and/or can be generated to adopt the amendments in timely fashion.

Project Strategy	Indicator	Baseline value	Target by end of Project	Sources of verification	Risks and Assumptions
	mechanisms for forest and pasture conservation. There are a maximum of four areas: FUA, PUA, forest user subsidies, and pasture user subsidies.				Modifying law can be a lengthy and unpredictable process that may extend beyond the life of the project itself.
	#ha forest nationwide for which forest carbon pool is calculated using new IPCC 2006 methods introduced by the project	0 ha	60,000 ha	MoENR records; international carbon reporting projects	MoENR has the financial resources and will to carry out this work
	#ha pasture for which pasture carbon pool is calculated using new IPCC 2006 methods introduced by the project	0 ha	38,000 ha	MoENR records, international carbon reporting documents	MoENR has the financial resources and will to carry out this work
	Increased carbon stock achieved via afforestation and pasture rehabilitation conducted according to newly introduced methods	0 tons CO_2	X tons CO_2 (*to be calculated based on above targets for pasture rehabilitation and afforestation*)	MENR afforestation records; confirmation calls with local forest enterprises. MENR and SLFM project pasture rehabilitation records. Carbon calculations by project experts based on above information of afforestation and pasture rehabilitation results.	MENR and local forest enterprises have the financial resources to carry out afforestation projected. Capacity built and interest maintained in new afforestation methods demonstrated by the project. Targeted pasture rehabilitation area is achieved.

Project Strategy	Indicator	Baseline value	Target by end of Project	Sources of verification	Risks and Assumptions
Outcome 1: Enabling policy and institutional environment for integrating SLM and SFM principles within the State programs and rayon level land use and forest management frameworks	Number of areas in which legislation proposed by project is approved by Minister of Ecology and forwarded to Council of Ministers. There are a maximum of four areas: FUA, PUA, forest user subsidies, and pasture user subsidies.	0 areas approved by Minister of Ecology and forwarded to Council of Ministers	4 areas approved by Minister of Ecology and forwarded to Council of Ministers	MENR records of legislation accepted by Minister and forwarded to Council of Ministers	Political will exists within the Ministry of Ecology to move proposed Land Code and Forest Code PUA and FUA amendments and proposed subsidy amendments forward in a timely fashion
	Project proposed new methodologies for forest inventory and for pasture inventory are approved by MENR and National Academy of Science (NAS) and registered by Ministry of Justice as official inventory methodologies of Azerbaijan	0 new forest inventory methodologies adopted 0 new pasture inventory methodologies adopted	1 new forest inventory methodology adopted 1 new pasture inventory methodology adopted	MENR and NAS records of official inventory methodologies	Political will exists within the Ministry to adopt the new inventory methodologies

Project Strategy	Indicator	Baseline value	Target by end of Project	Sources of verification	Risks and Assumptions
	Enhanced social capital defined as trust, norms of reciprocity, and networks related to sustainable land and forest management: # of new mechanisms in place	0 stakeholder collaboration mechanisms 0 SLM/SFM-related websites in place	2 new stakeholder collaboration mechanisms in place: pasture user associations (PUA) and forest users associations (FUA) 1 new open access website/platform for engagement.	Field visits; APR reports; stakeholder interviews; website itself.	Pastoralists and villagers living near forests may be wary of forming associations because of unpleasant memories of Soviet times. This may hamper their participation in the PUA and FUA mechanisms.
Outcome 2: Demonstrated forest recovery and reduction of degradation from grazing and browsing pressures by livestock.	# of hectares of forest land inventoried by project using new forest inventory methodology introduced by project # of rayons in which new forest inventory methodology introduced by project is applied by project	0 ha 0 rayons	20,000 ha 2 rayons	Project APRs, Forest inventory records of project	Required support from rayon Forest Enterprises is not obtained.
	# of hectares of summer and winter pasture inventoried by project using new pasture inventory methodology promoted by project # of rayons in which new pasture inventory methodology promoted by project is applied by project	0 ha 0 rayons	9,000 ha 2 rayons	Project APRs, Pasture inventory records of the project	Required support from rayon governments is not obtained.
	# persons in Azerbaijan newly mastering use of new land use management GIS methodologies	0 persons	10 persons	Project APRs, reports from trainings and	N/A

Project Strategy	Indicator	Baseline value	Target by end of Project	Sources of verification	Risks and Assumptions
	introduced into Azerbaijan by the project			fieldwork showing participation of individuals in actual GIS mapping work	
	# of ha in which project-prepared forest management plan, including improved sanitary cutting, improved forest protection methods via FUAs, and scientific methods for sustainable use of NTFPs, are being implemented # of rayons in which project-prepared forest management plans (as described above) are being implemented	0 ha 0 rayons	20,000 ha 2 rayons	Project multi-functional forest management plan. Communications with Forest Enterprises of project rayons. Field visits.	Required support from MENR and rayon Forest Enterprises to adopt multifunctional forest management plans is not obtained.
	# of ha in which project-prepared pasture management plans, including pasture rehabilitation, rotational grazing, strict adherence to recommended and scientifically determined stocking rates using recent inventory, and adherence monitored by PUAs, are being implemented # of rayons in which project-prepared pasture management plans (as described above) are being implemented	0 ha 2 rayons	12,500 ha 2 rayons	Project pasture management plans Communications with pastoralists and monitoring of pastoralists for implementation of plans Communication with rayon governments	Pastoralists cannot be convinced of the benefit of implementing pasture management plans; pastoralists unwilling to implement pasture management plans, even when incentives are offered
	# ha of afforestation by project achieving 70% or higher survival rate three years after planting and for which afforestation methods new to Azerbaijan are used (e.g. mix of broadleaf and conifer, inclusion of	0 ha	155 ha	Project APRs, site visits, communication with local Forest Enterprise or Municipality, etc.	Sufficient cooperation from local Forest Enterprise or Municipality is

Project Strategy	Indicator	Baseline value	Target by end of Project	Sources of verification	Risks and Assumptions
	rare species, groundwork that minimizes carbon release, etc.) # of rayons in which project applies afforestation methods new to Azerbaijan and over 70% survival rate is achieved	0 rayons	2 rayons		obtained for watering, etc.
	# ha of successful summer pasture rehabilitation and # ha successful winter pasture rehabilitation by project using innovative methods in rehabilitating small patches (e.g. 1 to 4 ha) within larger pasture areas held by pastoralists. # of rayons in which successful pasture rehabilitation is carried out by project	0 ha (summer pasture) 0 ha (winter pasture) 0 rayons	40 ha (summer pasture) 30 ha (winter pasture) 2 rayons	Project APRs, site visits, communication with local pastoralists and rayon government	Sufficient cooperation is obtained from pastoralists to maintain fencing in place while grasses grow in rehabilitated areas
	# of pastoralists that adopt new, project-proposed livelihood approaches (either alternative livelihoods or adjusted plans for livestock business) with commitment to implement new management plans for their pastures # of livestock managed by pastoralists making above commitment at time commitment made	0 pastoralists 0 livestock	at least 30 pastoralists at least 15,000 livestock	Project APRs, site visits, written agreements with pastoralists	Pastoralists are willing to adopt new management plans: (a) in exchange for livelihood incentives or other benefits offered by project or (b) as a result of advising on means to increase profitability of their livestock business

Project Strategy	Indicator	Baseline value	Target by end of Project	Sources of verification	Risks and Assumptions
	# of villages in which alterantive livelihoods or other means of reducing pressure on forests is adopted via project pilots with commitment from villagers to imrpove forest protection # of persons involved in project's alternative livelihood pilots that also make a commitment to better protect the forest	0 villages 0 persons	at least 10 villages at least 100 persons	Project APRs, site visits, interviews with villagers and/or written agreements with villagers	Villagers are willing to reduce pressure on forest and/or adopt new responsibility in protecting the forest in exchange for alternative livelihood incentive support.
	Number of different types of alternative livelihoods or other approaches successfully introduced by project to reduce pressure on forest by local people	0 approaches	4 different types of approaches	Project APRs, site visits	Villagers are willing to reduce pressure on forest in return for alternative livelihood support; market conditions amenable to alternative livelihood initiatives
	Number of different types of alternative livelihoods or other approaches successfully introduced by project to reduce pressure on pastures by local people	0 approaches	4 different types of approaches	Project APRs, site visits	Pastoralists are willing to reduce pressure on forest in return for alternative livelihood support; market conditions amenable to alternative livelihood initiatives
	Number of pastoralists participating (separately) in successful pasture	0	5	Project APRs, site visits	Pasture users willing to make adjustments needed

Project Strategy	Indicator	Baseline value	Target by end of Project	Sources of verification	Risks and Assumptions
	subsidy pilots implemented by the project				to receive subsidy and fulfil agreed upon requirements
	Number of forest users participating (separately) in successful afforestation subsidy pilots implemented by the project	0	5	Project APRs, site visits	Forest users are willing to make partial investment needed to afforest
Outcome 3. Objectives and methods to enhance carbon storage potential of forests and pastures integrated in forestry and pasture land-use planning and decision-making.	Increased carbon stock (in tons CO_2) due to project afforestation and project pasture rehabilitation work (conducted according to newly introduced afforestation and pasture rehabilitation methods) as calculated by stakeholders involved in project carbon pool capacity building	0 tons CO_2	X tons CO_2 (*to be calculated based on above targets for pasture rehabilitation and afforestation*)	SLFM project afforestation and pasture rehabilitation records. Carbon calculations by project experts based on above information on afforestation and pasture rehabilitation results.	Project stakeholders take proper care of afforested areas and rehabilitated pasture areas, through various measures such as watering afforested areas, maintaining fence in place on rehabilitated areas, etc.
	#ha forest for which forest carbon pool is calculated using new IPCC 2006 methods as carried out by trainees of the project # of rayons in which forest carbon pool is calculated using IPCC 2006 methods by trainees of the project	0 ha 0 rayons	20,000 ha 2 rayons		
	#ha pastures for which pasture carbon pool is calculated using new IPCC 2006 methods as carried out by trainees of the project	0 ha	12,500 ha		

Project Strategy	Indicator	Baseline value	Target by end of Project	Sources of verification	Risks and Assumptions
	# of rayons in which pasture carbon pool is calculated using IPCC 2006 methods by trainees of the project	0 rayons	2 rayons		
	# of persons in Azerbaijan who have mastered both theoretical and fieldwork aspects of estimating carbon stocks in forests and pastures	0 persons	20 persons	Project APRs, reports from trainings and fieldwork showing participation of individuals in both actual carbon stock field work and theoretical calculations	N/A

Annex 8: Supplement to Section 11 – Donor Coordination

This annex provides additional discussion on donor coordination to date and ideas for such coordination going forward.

EU: As mentioned in Section 11, the very close coordination with the EU-UNDP Project ClimaEast has been a real strength of SLFM. The ClimaEast Project Manager employed by UNDP plays a critical role in creating synergies between the projects and in assisting to drive the SLFM project forward. ClimaEast is seven-country regional project that focuses on pastures and carbon.

The EU has recently shifted to focus its donor work on three priority areas in each country. Environment is not one of the three areas for Azerbaijan. (The three priorities now are rural development, education, and justice.) Yet, as education is one of the EU's priority areas in Azerbaijan, there may be further potential synergies in this area. During the mission, the ClimaEast Project Manager had a meeting with the EU in which he learned more about their awareness building activities. There may be an opportunity to take the pilots and other activities of SLFM and incorporate them as content into the EU's awareness building work. Once the pilots are operational, SLFM should be in further touch with the EU Delegation about this.

GIZ: The two UNDP Projects (SLFM and ClimaEast) and related GIZ initiatives have shared information and coordinated well. In particular, SLFM shared expensive pasture maps purchased with GIZ and GIZ shared expensive forest maps purchased with SLFM. Further, the UNDP projects and GIZ have held working-level donor coordination meetings on the pasture and forest topics. This is a separate effort, led by project teams, from the higher level donor energy and environment coordination meetings, which are attended by non-project staff from the donors. Due to changing rules for NGOs in Azerbaijan, GIZ is shifting its forest and pastures strategies to national-level initiatives. There may be room for the projects to continue to cooperate in these areas, as SLFM develops pilots on the ground, but also hopes to use these to influence national-level policies and investments.

FAO: FAO and UNDP have a good relationship in Azerbaijan. As mentioned, FAO's USD500,000 pasture project, implemented from 2010-2012, is listed as co-financing for the SLFM project. Yet, as the projects are implemented at different times, there has been no direct cooperation on activities. Instead, FAO has provided its reports to the SLFM project. Yet, this review has shown that there may be areas for more practical cooperation of the projects. First, in the area of policy, it was learned during the mission that the FAO pasture project submitted policy proposals including a proposal for a pasture management subsidy policy to the government. This proposal is already sitting in the Cabinet of Ministers, the place where SLFM targets its policy proposals (including its pasture subsidy policy proposal) eventually to go. SLFM should check with FAO on the content of their pasture subsidy policy proposal and see if there is a way to work together to promote pasture subsidy policies. Second, FAO works closely with MoA. Thus, FAO may be a gateway for SLFM to more closely engage MoA in its initiatives, particularly the activities it will be designing soon to involve pastoralists. It may also be a gateway to engage MoA in SLFM's proposed pasture

policies in general. As for the pastoralist activities, MoA's newly set up extension centers may be relevant; and FAO may also be a good channel for connecting with these.

Lastly, it is important to note that FAO recently submitted a new pipeline project proposal ("PIF") to the GEF. This will be for a forest monitoring system. Clearly, if this project is approved it will have synergies with work done under SLFM. SLFM work, such as the new forest inventory methodology being developed, may be leveraged and built upon by the FAO project. Thus, it is important for SLFM to keep FAO updated of progress as they make their own plans. Given the timeline for GEF projects, if approved, the new FAO project may not start until the last year or so of the SLFM project. Their project is also proposed to have forest rehabilitation work, which again may leverage learnings from the SLFM project if FAO is kept well-informed.

WWF: WWF is currently implementing a forestry project known as ENPI FLEG. This project did a legislative analysis related to forest management. It has also designed a forest management plan for Ismayilli Rayon. As mentioned previously, the management plan is based on FSC (Forest Stewardship Council) standards, which in other countries are used to certify timber-producing forests. Yet, Azerbaijan's forests no longer produce timber. While WWF and the SLFM project have a cordial relationship, WWF has not yet been able to share its management plan with SLFM. An important priority will be for SLFM to get access to this management plan as soon as possible. If UNDP can help with this at a high level, it may be useful. Also, WWF will be glad if the UNDP project can provide some forest inventory results, as they are concerned the plan is not what it should be due to its being based on a weak inventory. WWF indicates the plan is designed to be revisable, once new inventory results are available. There is disagreement among stakeholders as to whether SLFM should do its own forest management plan for Ismayilli. One expert asserts that the FSC plan is different than what SLFM would do and that the SLFM plan will identify good areas for afforestation work. Others suggest that the team needs to see the WWF plan before making a decision. WWF's ENPI-FLEG project is a seven-country EU forestry project for which WWF has funding of USD230,000 for activities in Azerbaijan. Other organizations implementing this project are the World Bank and IUCN. The project will close in September 2016, so there may not be much time for cooperation with SLFM.

Annex 9: Supplement to Section 13 - Supplemental Project Rating Table

The main project rating table is included in Section 13, as Exhibit 13-1. That table follows the outcome-activity structure recommended in this report, which provides more transparency for and insights on results. For completeness, a similar table, organized by the outcome-activity structure implied by the ProDoc is give below in Exhibit A9-1.

Exhibit A9-1: Project Ratings and Achievement Summary Table: SLFM
Based on Original ProDoc Organization of Outcomes

Item	MTR Rating	Achievement Description
Progress Towards Results and Relevance		
Overall/ Objective: Increasing forest and pasture cover in Greater Caucasus in Azerbaijan via sustainable land and forest management	MS R	While afforestation is main achievement so far leading to increased cover, other achievements are setting the stage for increased pasture and forest cover. These include: policy proposals, maps, inventory work, management plans, and carbon pool estimates. Yet, pace of project has been too slow. In particular, not much progress has been made in the critical areas of people-oriented activities to reduce pressure on pastures and forest. And, while the project has focused on baseline work so far, such as mapping and inventory work, the inventory work has still not been completed at mid-project.
Outcome 1: Policy	S R	40 policy amendments and documents drafted and almost ready for submission; three meaningful areas targeted (pasture inventory methodology, pasture and forest user associations, and subsidies for pastures and forests); need to submit proposals; need to design and implement plan for promoting adoption of policies
Outcome 2: Maps, Inventory, and Management Plans; People-oriented Activities to Improve Forest and Pasture Cover	MS R	Good progress on maps and introducing use of GIS for forests and pastures in Azerbaijan; ClimaEast has introduced and implemented new inventory method for pastures – first pasture inventory work since 1949-51 and has lowered costs drastically; SLFM is yet to extend pasture inventory work to other areas; ClimaEast has developed pasture management plans, but SLFM is yet to develop similar plans for other areas or to implement any such plans; innovative forest inventory methodology being developed, though yet to be completed and implemented – it is highly anticipated because last detailed forest inventory was done in 1986 by Georgians and capacity is lacking in-country to do inventory; forest management plan not yet prepared or implemented – currently unclear whether this is still needed; people-oriented activities to improve pasture and forest cover not yet determined or carried out; target population clear for pastures, but unclear for forests; forest and pasture user associations set up, but unclear if forest user association members are the correct targets for such work.
Outcome 3: Carbon and afforestation/ pasture planting	MS R	IPCC 2006 methodology for estimating carbon forest and pasture pool introduced to Azerbaijan and key persons at MoENR trained. Fieldwork conducted for forests and estimates of carbon pools made; fieldwork for

		pastures and estimates for pastures yet to be done. 5 afforestation sites planted; 4 have survived, 2 have innovations that could attract attention and replication from MoENR; pasture planting done by ClimaEast and is innovative as done in very small patches as identified by maps and inventory; SLFM needs to extend this work, but has not started yet.
Implementation and Adaptive Management	MS	While project is achieving some good results, the pace has been too slow and key areas (such as people-oriented activities) have been ignored. Pasture results, in particular, lean heavily on ClimaEast achievements, but SLFM has on its own not made much progress. Project should develop strategy for achieving greater buy-in and more timely support from MoENR and the rayon governments. Project has been strong in adapting the original project design to the real needs of Azerbaijan. As such, much work is considered innovative and meaningful in terms of needs and country priorities.
Sustainability	ML	By focusing on innovative approaches that are needed and meaningful in Azerbaijan, the project has increased potential sustainability. Yet, to further ensure sustainability project needs to take specific measures for each area including, but not limited to: develop and implement a strategy to push for adoption of proposed policies; design all pilots to have potential for replicability and design and implement a replication plan; invite potential replicators to pilot sites to stimulate their interest in replication.