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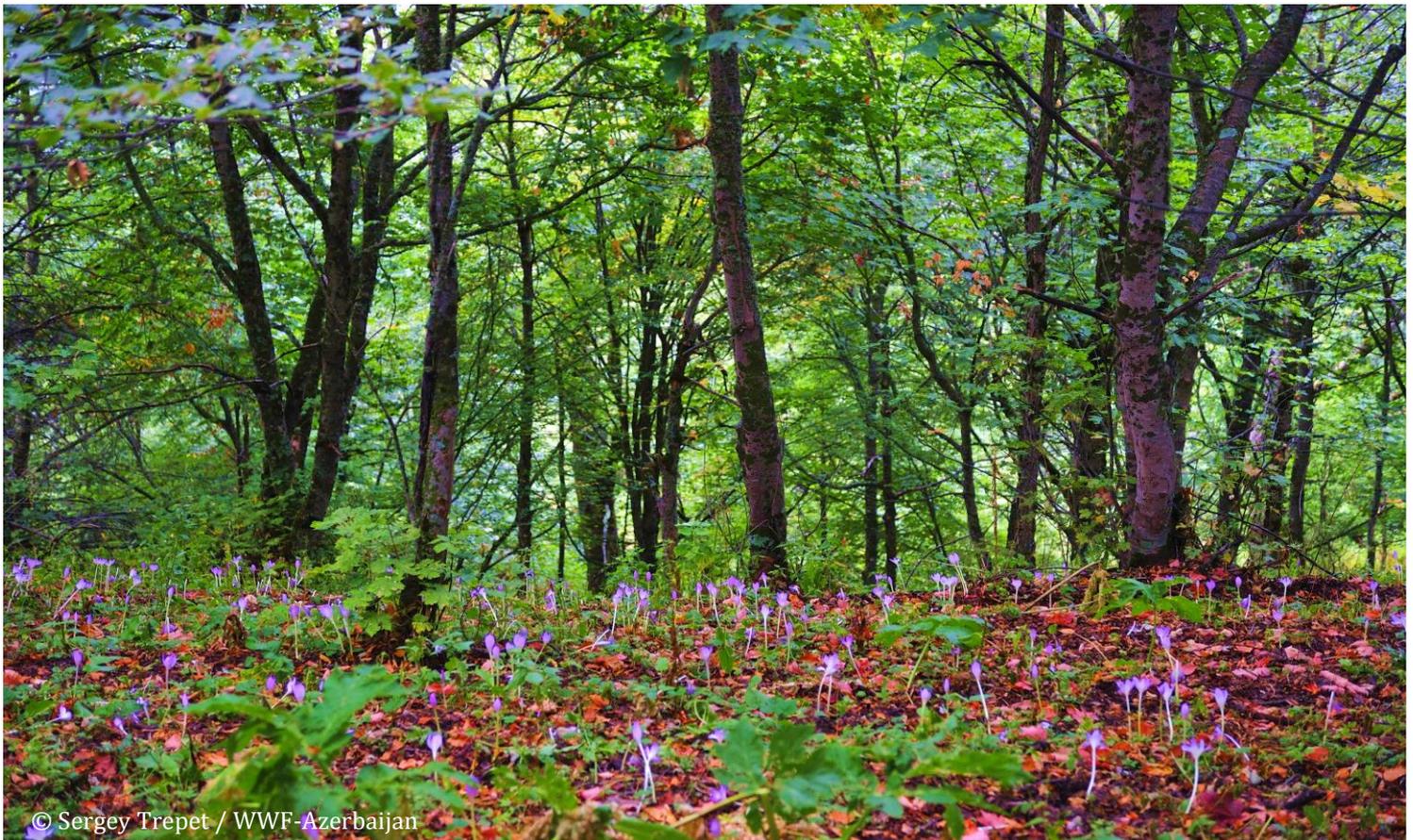


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# Analysis of the Voluntary Forest Certification Potential within Forestry Sector of Azerbaijan

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## EXECUTIVE SUMMARY

This report provides an analysis and evaluation of possibilities applying the Voluntary Forest Certification within Forestry Sector of Azerbaijan.

The research draws attention to current situation in the Azerbaijan forestry sector in terms of conditions for FSC-based certification, existing challenges and opportunities if FSC certification is applied. Further investigations reveal potential national and international markets for certified forest products from Azerbaijan

An analysis shows that forest certification of Azerbaijan forests can only be considered as an instrument for sustainable forest management and could not generate any commercial profit. At the same time there are no serious contradictions between the requirements of the FSC principles and criteria and the current forest management situation. Nevertheless, it is necessary to carry out a significant amount of preparatory activities.

The report shows the possible concrete steps towards promotion of voluntary forest certification in Azerbaijan.

Results of data analysed show necessary legislative and other changes to reflect FSC principles in Azerbaijan forest policy and legislation.

Proposed recommendations include first of all:

- updates and renovations in applicable forest legislation of Azerbaijan,
- certification of a small model area.

## INTRODUCTION

The European Union (EU) funded “European Neighborhood and Partnership Instrument (ENPI) East Countries Forest Law Enforcement and Governance (FLEG) II Program” (the “Program”) is aimed to support the participating countries strengthen forest governance through enhancing their forest policy, legislation and institutional arrangements, and implementing sustainable forest management models on a pilot basis. The Program will be implemented in seven countries of the EU’s European Neighborhood and Partnership Instrument (ENPI) East region: Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine, and the Russian Federation.

Main Program activities to be conducted by WWF in Azerbaijan will involve the evaluation of the forest biodiversity and ecosystem functions (scoping study level), exploration of the forest certification potential in the country, promoting sustainable forest management planning and awareness raising of the stakeholders about the importance of sustainable forest management and the roles of the FLEG II program in this respect. Voluntary forest certification is one of the important components of the FLEG II Program. Certification is an internationally renowned market-based tool used for achieving sustainable forest management. Forests of Azerbaijan have essential ecological role and socio-economic potential, which could create favorable conditions for forest certification. The opinions about potential effectiveness of implementation of forest certification in Azerbaijan vary significantly. Consequently, it is very important to conduct a study, which would reliably assess the pros and cons of implementing this market-based tool in Azerbaijan. The analysis will focus on forest certification potential under the Forest Stewardship Council (FSC) scheme.

Currently, voluntary forest certification is the most efficient tool for the development of the sustainable forest management worldwide. It allows the separation of products harvested by responsible forest users from all other products. In a broad sense, the forest certification is a procedure by which a third party (auditor) independent from the producer and consumer gives a written assurance that the forest management and use, as well as the products produced from wood harvested in this forest, conform to certain requirements. The certified products are marked with a logo, which allows the consumer to easily distinguish the products harvested with account of the sustainable management principles. The forestry is considered to be sustainable if it is economically viable (cost-effective and enables a continuous forest use), environmentally sound (ensures the conservation of the biological diversity, environmental qualities, and the landscape functioning), socially beneficial (provides the social benefits to the residents of the “forest” districts).

The certification under the Forest Stewardship Council (FSC) scheme is one of the world’s most recognized voluntary forest certification schemes. The forests certified according to the FSC system include those leased by large international corporations, small-scale loggers, as well as the forests, belonging to states and private owners. The main objective

of the certification for them is getting a higher profit on sales of their products thanks to access to environmentally sensitive markets, conclusion of the contracts with major international companies, improving of the image and, less frequently, direct escalation in the product price.

Forests of the Republic of Azerbaijan, occupying 11.8 percent of the territory, deliver the functions of soil and water protection together with environmental and recreational functions. In contrast to the usual situation where the commercial forests get certified, the forests of the Azerbaijan Republic belong to the First Group of forests with no commercial harvesting. The wood and timber required for construction and furniture manufacturing are brought from Russia, Ukraine, and Belarus.

A feasibility study on the certification of the forest of the Azerbaijan Republic according to the Forest Stewardship Council scheme has been conducted within the frameworks of this project. The following issues have been covered:

- the concept of the voluntary forest certification according to the Forest Stewardship Council scheme has been articulated
- the current forest situation in Azerbaijan in the context of the FSC certification has been described
- the compliance of the existing normative legal acts to the FSC requirements has been analyzed
- the steps required for the beginning of the certification have been described
- the potential benefits to be gained from the certification and the main difficulties have been identified
- a detailed analysis of the current forest management compliance with the principles and criteria of the forest stewardship council has been conducted
- possible concrete steps towards promotion of voluntary forest certification in Azerbaijan are proposed.

This report expresses the author's position as an independent expert in the forestry sphere and does not necessarily coincide with the position of the interested parties and potential participants of the certification process of the Republic of Azerbaijan.

## 1. GENERAL INFORMATION ABOUT FSC

### 1.1. The Forest Stewardship Council as an international organization

The Forest Stewardship Council, or FSC, is one of the main forest certification organizations. The scheme is striving to achieve sustainable forest management using independent third party assessment of on-ground forestry practices against a set of pre-determined forestry standards and acknowledge that sustainable forestry requires conservation of the full range of forest functions: economic, social, and environmental.

The Forest Stewardship Council is an international non-profit forest certification and labeling system that was established to offer a single, easily recognizable label for wood and forest products that consumers can trust. This label certifies that forest products come from responsibly managed forests.

Founded in 1993 through the collaborative efforts of more than 100 participants representing economic, social, indigenous and environmental interests, the FSC issues certificates for well managed forests.

The FSC was created to allow corporate buyers and the public to identify products coming from responsibly managed forests, with the aim of redirecting the forest products industry towards more sustainable paths.

The FSC has grown rapidly since it began. It has over 800 members in over 80 countries on 5 continents - from large players in forestry to smaller companies, from community forestry groups to indigenous peoples' organizations, from environmental organizations to progressive forestry and wood retail companies - all working in a balanced partnership to improve forest management worldwide.

With certified forests in 80 countries on 5 continents, FSC is the leading standard for responsible certification. Currently, 7% of the world's forests area is FSC certified. According to [www.fsc.org](http://www.fsc.org) Global FSC certified forest area is 182 936 809 ha. The total number of certificates is 1,278 in 81 countries (see Figure 1).

## 1.2. FSC's vision

The world's forests meet the social, ecological and economic rights and needs of the present generation without compromising those of future generations.

## 1.3. FSC's mission

The FSC shall promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests. Environmentally appropriate forest management ensures that the harvest of timber and non-timber products maintains the forest's biodiversity, productivity and ecological processes. Socially beneficial forest management helps both local people and society at large to enjoy long term benefits and also provides strong incentives to local people to sustain the forest resources and adhere to long-term management plans. Economically viable forest management means that forest operations are structured and managed so as to be sufficiently profitable, without generating financial profit at the expense of the forest resources, the ecosystem or affected communities. The tension between the need to generate adequate financial returns and the principles of responsible forest operations can be reduced through efforts to market forest products for their best value.

## Global FSC certified forest area: by region

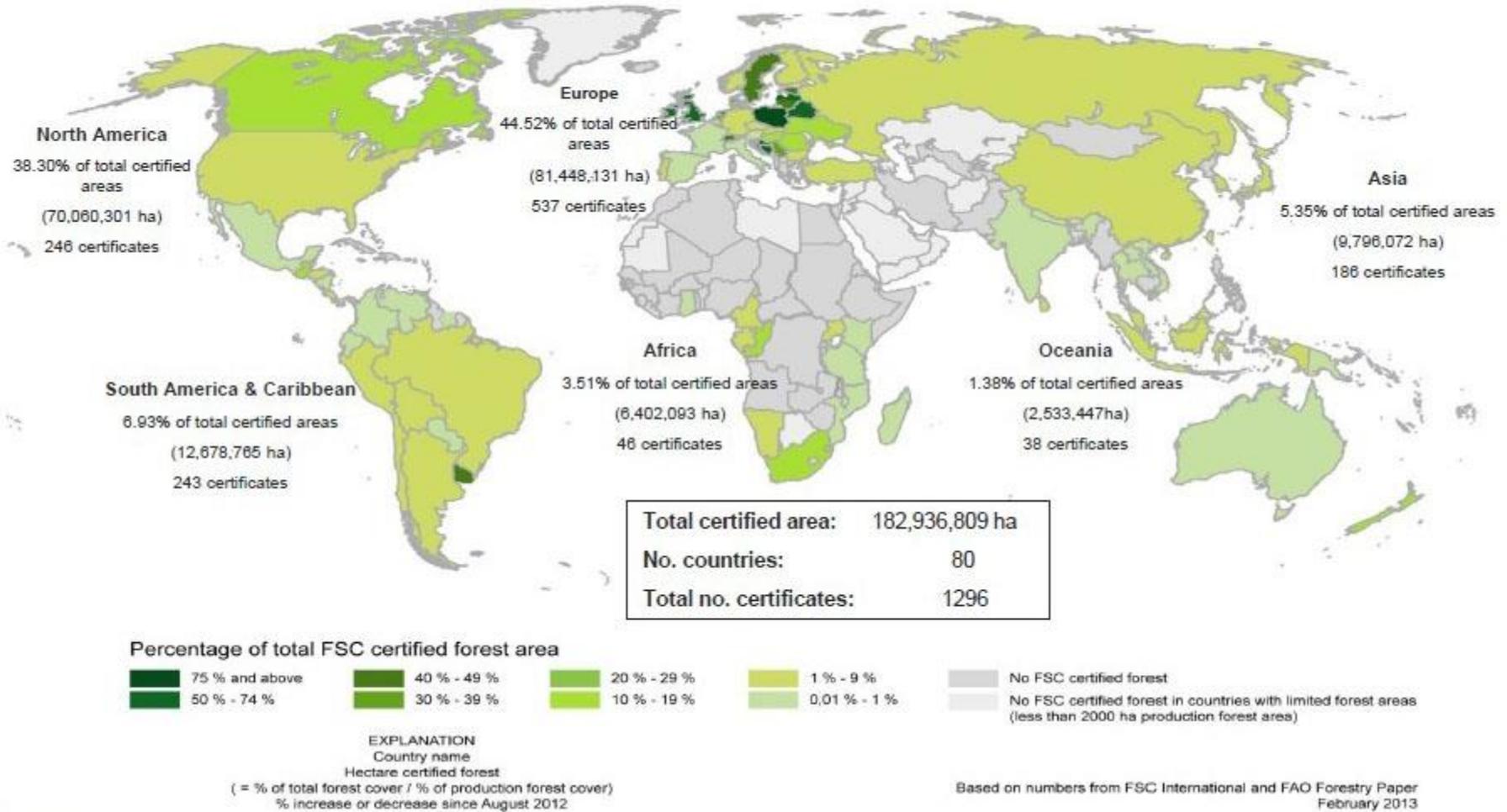


Figure 1.

The number of FSC certificates grows very fast (see figure 2 and 3).

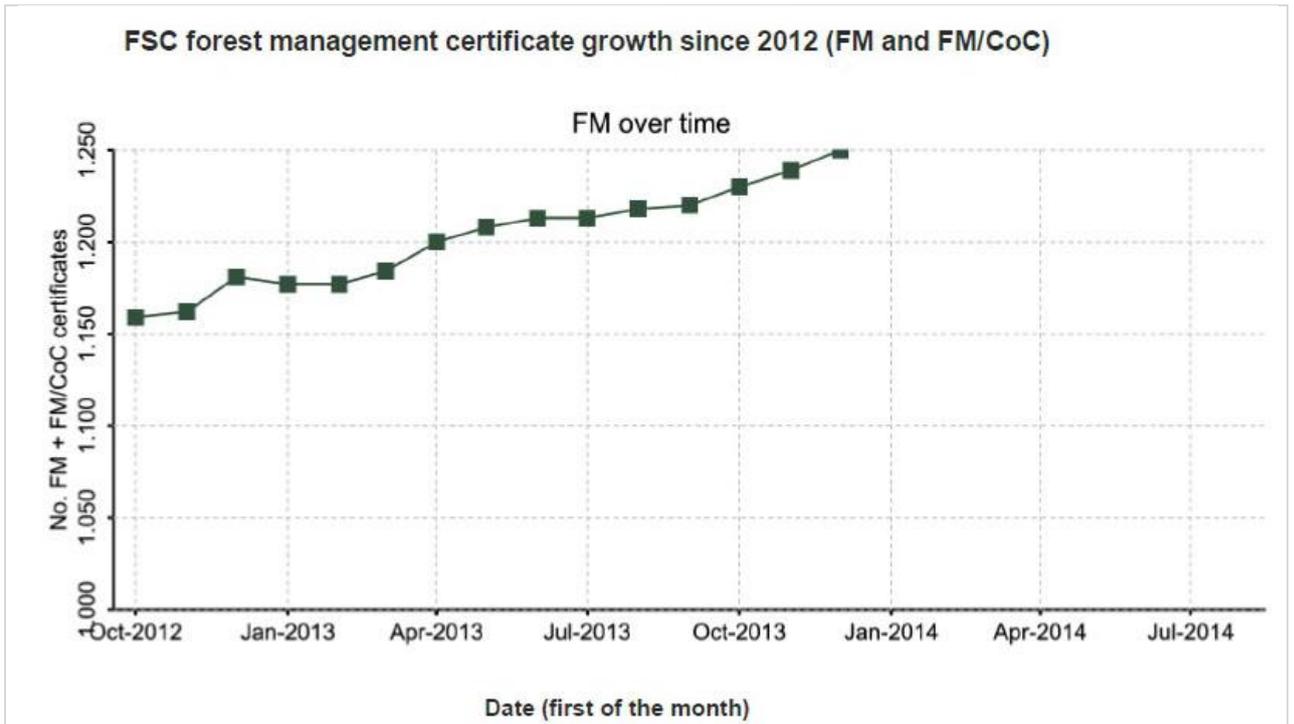


Figure 2

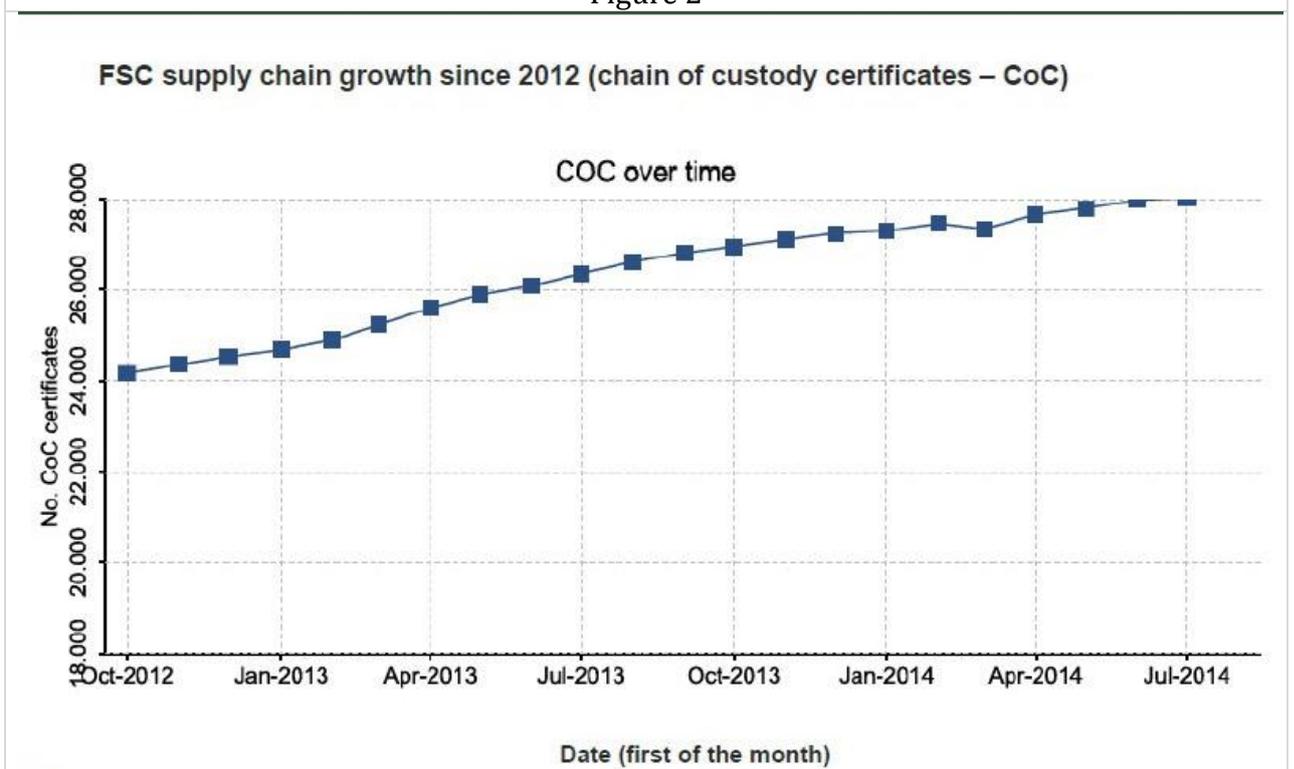


Figure 3

## 1.4. Global Strategy of FSC

Goal 1: Advancing globally responsible forest management

In the face of new challenges for forest management – such as those associated with climate change and the increasing use of biofuels – FSC will strive to engage all regions, forest types and forest managers in the responsible management of forest resources.

Goal 2: Ensure equitable access to the benefits of FSC systems

FSC will develop mechanisms to support forest managers who seek certification in areas where uptake of FSC certification has been slower – among smallholders, community forests and forests managed at a low intensity, especially in the tropics. We will ensure that the economic benefits of FSC certification are more evenly distributed throughout the supply chain.

Goal 3: Ensure integrity, credibility and transparency of the FSC system

FSC will maintain trust in the FSC brand. We will put in place a system to evaluate how well we deliver on our vision, mission and value proposition. We will implement systematic monitoring and evaluation, dedicated research and development, and regular stakeholder surveys.

Goal 4: Create business value for products from FSC certified forests

FSC will become more ‘market facing’ by ensuring our services and activities reward those who buy and sell FSC certified products. We will develop direct, professional relationships with senior representatives of the world’s top 20 forest product companies. We will vigorously explore the potential of combining FSC and Fair Trade certifications to support small scale and community forestry, especially in emerging markets.

Goal 5: Strengthen the global network to deliver on goals 1 through 4

FSC will develop systems to allow us to balance accountability to our key partners, constituents and stakeholders with responsiveness to fast-changing market demands. We will support a strong network of National Partners and overhaul operational and decision-making structures to clarify the division of responsibility between national and international levels.

## 1.5. How does the FSC work

The FSC oversees third party, voluntary certification of forests. The certifications cover all types of situations, including community and group certifications, natural and semi-natural forests, government owned forests and plantations.

The FSC certification also means that the forest has been independently inspected and evaluated for compliance with local laws, respect for indigenous and traditional people’s rights, the health, safety and rights of forest workers, and the provision of a wide range of social benefits.

## 1.6. Forest certification types

The FSC issues three different types of certificates: Forest Management, Chain of Custody and Controlled Wood.

The different types of certificates relate to the different origins of forest products, stages of production and subsequent progress of forest products through the value chain.

Verification against all FSC requirements ensures that materials and products with the FSC label are from responsible sources.

### 1.6.1. Forest Management certification

FSC FM certification confirms that a specific area of forest is being managed in line with the FSC Principles & Criteria.

To achieve FSC Forest Management certification, the forest manager (or owner) contracts an FSC accredited certification body to carry out an assessment.

The certification body normally carries out a brief pre-assessment to allow them to flag up any areas where management may not meet the applicable requirements. Once the forest manager is sure they have filled any gaps, they can apply for a full evaluation.

The main evaluation process is an in depth review of the forest management systems and their results on the ground. The certification body sends a team of experts to assess social, economic and environmental conditions at the forest being evaluated.

At the end of the evaluation, the assessment team reports to the forest manager any areas where management does not meet the applicable requirements, known as 'non-conformities'. If these are minor non-conformities, the certification body can issue a certificate, on condition that actions will be taken to deal with the non-conformities. If these are major non-conformities, the certification body will not issue a certificate until the non-conformities have been solved.

Forest Management certificates are valid for five years, subject to annual checks. All FSC Forest Management certificates can be found here. Smallholders, communities, indigenous people and forest owners who practice low intensity management can find the forest management certification assessment to be disproportionately expensive and complex for their situation.

#### 1.6.2. Chain of Custody certification

FSC Chain of Custody certification allows companies to label their products, which in turn enables consumers to identify and choose products that support responsible forest management.

Mixing of FSC certified and non-certified products must be done under controlled procedures that meet the FSC Chain of Custody requirements.

Chain of Custody certification is essential for businesses seeking to access environmentally and socially aware markets, or to demonstrate compliance with public and private procurement policies that specify environmentally responsible materials. These include the EU Ecolabel scheme for furniture, or the US Green Building Leadership in Energy and Environmental Design (LEED) rating system.

#### 1.6.3. Controlled Wood

Controlled Wood is designed to allow organizations to avoid the categories of wood considered unacceptable. FSC certified wood can only be mixed with FSC Controlled Wood in labelled FSC Mix products.

Controlled Wood is material that can be mixed with certified material during manufacturing FSC mix products. This has enabled manufacturers to manage low and fluctuating supplies of FSC certified forest products, while creating demand for FSC certified wood. Only materials from FSC-acceptable sources can be used as controlled. There are 5 categories of unacceptable material that cannot be mixed with FSC certified materials:

- illegally harvested wood
- wood harvested in violation of traditional and civil rights
- wood harvested in forests in which High Conservation Values are threatened by management activities (HCVs are areas particularly worth of protection)
- wood harvested in forests being converted to plantations or non-forest use
- wood from forests in which genetically modified trees are planted.

The controlled materials can be verified either by the manufacturer according to the 'company' standard for Controlled Wood (FSC-STD-40-005) or through Controlled Wood Forest Management certification, according to the standard FSC-STD-30-010.

Controlled Wood standards are related to both the Forest Management and Chain of Custody certification.

## 1.7. Market benefits of FSC products

### 1.7.1. Direct benefits

Market access – an opportunity to sell to new markets or increase your sales to current buyers with the FSC logo on your products. In many places, consumers prefer to buy certified products. In some countries, local governments, businesses and final consumers demand products with a guarantee that these come from responsibly managed forests. For example, in Canada a number of public agencies will only buy FSC certified timber. The governments of Denmark, Japan, and New Zealand accept FSC certification as proof of legality and sustainability for timber in their public procurement policy.

Premiums prices – FSC certified products can sell for higher prices when compared to uncertified products. For example, FAO reports that, in February 2009, in the Netherlands, FSC certified Sapupira sawnwood from Asia was sold for 1'398 USD/ m<sup>3</sup>, while Sapupira sawnwood without the FSC label netted only 883 USD/ m<sup>3</sup>. At least some of this benefit from the international market should be reflected in price premium for the producers.

Continued financial support – FSC certification is often recognized as a guarantee for responsible forest management. Several public and private organizations with an interest in ensuring the maintenance or enhancement of forest management may use FSC certification as a requirement for continued support. The reason for this is simple: FSC certification guarantees a long-term commitment to responsible forest management.

Researchers have reported many beneficial impacts of FSC certification in various parts of the world, including:

- a shift towards more scientifically rigorous models of forest management, sometimes at the expense of valid local norms or practices
- strengthened internal mechanisms for monitoring, evaluation and reporting
- improved procedures for documentation and bookkeeping
- more efficient delivery and deployment of donor support
- the adoption of more businesslike approaches, even though sometimes at the cost of livelihood needs from the forest.

### 1.7.2. Indirect benefits

Improvement in the efficiency and effectiveness of forest management practices. FSC certification has helped some certificate holders to better understand the financial standing of their forestry operations.

Diversification of forest products and services – one of the core requirements within the FSC certification system is that forest managers do not rely solely on marketing a single product or very few products, but utilize a range of forest products and services. This requirement has in some cases resulted in increased income from forest management as well as avoiding over exploitation of one forest product.

The certification process can also help improve management. Auditors will give recommendations for improvements, or "Corrective Action Requests", based on areas identified as "non-compliant" with the certification requirements. These may be conditions, but they also provide valuable feedback for a process of continuous improvement in your forest management.

Improving community structures and external relations:

- greater emphasis on community structures as the basis for forest management
- enhanced professional status and prestige of the enterprise
- increased frequency of contacts and dialogue with government, industry and donors
- increased acceptance of the enterprise and its stakeholders in local or national policy fora.

Legal and customary rights – While FSC cannot directly enforce national regulations on land use rights, the requirement for FSC certification in some cases has empowered communities to insist on the acknowledgement of their rights. In the majority of cases, this happened in response to certification of large forest enterprises. But, as FSC Principle 1 requires that any certificate holder is able to demonstrate land tenure and use rights, certification bodies can also help to get information and offer support on how to formalize customary rights.

Enhanced professional status, prestige and self-esteem – The FSC standard requires that workers are protected and trained, and some projects have found additional social benefits. The protection of rare, threatened and endangered species and other high conservation values, all of which are requirements in the FSC standards. Through their traditional/institutional knowledge, as well as with the help of experts, communities have established methods for the identification, management and monitoring of biodiversity and high conservation values within their forests.

The negative consequences of globalization and international trade, like overexploitation of some highly demanded forest products, can be avoided when following FSC forest management criteria, such as establishing management plans for forest products of commercial importance and diversification of the forest products for marketing.

Certified forest management units could provide and market environmental services for which intact or functioning forests are needed, such as shade on streams, or protection of soil conservation.

## 1.8. The FSC Principles and Criteria

The FSC Principles & Criteria describe the essential elements or rules of environmentally appropriate, socially beneficial and economically viable forest management.

There are ten principles setting out this vision; each principle is supported by several criteria that provide a way of judging whether the principle has been met in practice.

All ten principles and criteria must be applied in any forest management unit before it can receive FSC certification. The Principles & Criteria apply to all forest types and to all areas within the management unit included in the scope of the certificate. The P&C are applicable worldwide and relevant to forest areas and different ecosystems, as well as cultural, political and legal systems. This means that they are not specific to any particular country or region.

In many countries, FSC working groups have developed FSC National Standards. These are based on the Principles and Criteria, and provide locally appropriate indicators for each criterion to show compliance can be demonstrated in that national situation.

The ten FSC Principles require the forest owner or manager to do the following:

Principle 1: Compliance with laws – The Organization shall comply with all applicable laws, regulations, national-ratified international treaties, conventions and agreements.

Principle 2: Workers rights and employment conditions – The Organization shall maintain or enhance the social and economic wellbeing of workers.

Principle 3: Indigenous peoples' rights – The Organization shall identify and uphold indigenous peoples' legal and customary rights of ownership, use and management of land, territories and resources affected by management activities.

Principle 4: Community relations – The Organization shall contribute to maintaining or enhancing the social and economic well-being of local communities.

Principle 5: Benefits from the forest – The Organization shall efficiently manage the range of multiple products and services of the Management Unit to maintain or enhance long term economic viability, and the range of social and environmental benefits.

Principle 6: Environmental values and impacts – The Organization shall maintain, conserve and/or or restore the ecosystem services and environmental values of the Management Unit, and shall avoid, repair or mitigate negative environmental impact.

Principle 7: Management planning – The Organization shall have a management plan, consistent with its policies and objectives and proportionate to scale, intensity and risks of its management activities. The management plan shall be implemented and kept up to date based on monitoring information in order to promote adaptive management. The associates planning and procedural documentation shall be sufficient to guide staff, inform affected stakeholders and interested stakeholders and to justify management decisions.

Principle 8: Monitoring and assessment – The Organization shall demonstrate that progress towards achieving the management objectives, the impacts of management activities and the condition of the Management Unit, are monitored and evaluated proportionate to scale, intensity and risk of management activities, in order to implement adaptive management.

Principle 9: High conservation values – The Organization shall maintain and/or enhance the. High conservation values in the Management Unit through applying the precautionary approach.

Principle 10: Implementation of management activities – Management activities conducted by or for The Organization for the Management Unit shall be selected and implemented consistent with The Organization's economic, environmental and social policies and objectives and in compliance with the Principles and Criteria collectively.

## 2. CURRENT SITUATION IN THE AZERBAIJAN FORESTRY SECTOR IN TERMS OF CONDITIONS FOR FSC-BASED CERTIFICATION

### 2.1. Forests and forest territories as an object of FSC certification

Azerbaijan covers an area of 86.6 million hectares, of which 1,213.7 thousand hectares are forests and 1,021 thousand ha is currently covered by forest vegetation, corresponding 11.8% of the country area. There is approximately 0.12 hectares of forestland per capita, which is four times (0.48 hectares) lower than the average figures worldwide. Forests are considered to be one of the most valuable natural resources of Azerbaijan that integrate soil, water, trees, bushes, vegetation, wildlife, and microorganisms which mutually affect each other from biological viewpoint in the course of development.

The forests of Azerbaijan (85%) mainly cover the slopes of the Greater Caucasus, Lesser Caucasus and Talysh Mountains. Most of the forests have rather valuable tree types (iron tree, beech tree, hornbeam, lime, maple, etc). The characteristic trees of the forests and their diversity are determined by the climate, soil and topography of the region.

In accordance with the economic and ecological value, location and functions as well as in terms of protection viewpoint, the country's forest resources are rated as the First Group

forests. They are divided into seven protective categories such as: Forest reserves, Resort forests, particularly valuable forest areas, green zones in cities and other populated areas, wild fruit forests, state protective forest belts and other forests.

Forest policy of the country is implemented by the Department for Forests Development under the Ministry of Ecology and Natural Resources.

The department takes care of the protection and preservation of forests, restoration and planting of forests, preparation of planting stocks, storage of forest trees and bushes, preservation of forests and other forestry actions, which includes the efficient and purposeful utilization of forest reserves and related spheres of agriculture. It also works on the improvement of the protection of forest soil, water preservation, a clean environment, sanitarian and hygienic actions, preservation of species of animals in the forests, ensuring biodiversity, the establishment of cultural, scientific and recreational complexes throughout nature, as well as the protection and expansion of the gene pool in the growth of forest seed.

The Department for Forests Development controls 34 establishments for regional forest protection and restoration, 3 institutions of forestation and 3 establishments for forest seeding (The Scientific-Research Institute of Forestry and the Center of Combating Against Pests and Diseases).

The main challenges faced by the Azerbaijan forestry sector were identified in the various national and international documents, consultations and the reports of experts. Those particularly include degradation of forest resources and deforestation; shortages in meeting the needs and demands of the society for goods and other socio-economic as well as other environmental services of the forests; inadequate stakeholders participation and inter-sectoral collaboration in the forest management practices.

## 2.2. Social role of forests in frames of FSC certification

With the total population around 9.4 million, out of which 51.4% are urban and 48.6% are rural, Azerbaijan is the most densely populated country in the Southern Caucasian. Some 80% of the population is concentrated in valleys and low lands, where industrial centers are located, farming is more convenient and irrigation more developed, while around 20% live in mountainous and forested areas.

Natural and legal persons and associations can participate in the management, protection and regeneration of forests in accordance with the legislation of the Azerbaijan Republic. However, since all forest fund land is owned by the state in Azerbaijan, private forestry and the public participation in forest management is not the issue of the national forestry debate.

Powers of local authorities in the use, conservation and protection of forest fund and reproduction of forests are determined in accordance with the Constitution of the Republic of Azerbaijan and the relevant legislation of the country. Transfer of the right of use of forest sites (land) is legalized by amending the agreement, the logging permit, the order or the ticket.

Trees and shrub vegetation located on land owned by private and legal persons belong to them by right of ownership, unless otherwise provided by legislation and may be utilized. The local governments should be able to own forest resources and manage them in order to introduce social programs for the construction of housing, providing low-income families with wood needed for heating and cooking. However, the shortage of gas and wood for heating is quite evident in rural areas.

Until the full nationalization of forests in the former Soviet Azerbaijan, forest located near the villages, historically were mainly community forests. After the introduction of the system of collective farms, community forests were transferred to long-term gratuitous use by those formations.

### 2.3. Ecological role of forests in frames of FSC certification

Azerbaijan's forests have a high ecological value. The biodiversity is very rich. There are 106 species of mammals, 97 species of fish, 363 species of birds, 10 species of amphibians and 52 species of reptiles which have been recorded and classified. Azerbaijan's flora consists of more than 4,500 species of higher plants. Most of the forests have rather valuable tree types (iron tree, beech tree, hornbeam, lime, maple, etc.).

Forests belong to the First Group, so there is no industrial logging. However, there are some ecological problems.

Due to shortage of electricity, gas and coal after the collapse of the Soviet Union, illegal logging rose sharply, especially in the mountains. As a result, deforestation of the mountains is increasing; forest areas are shrinking leading to erosions, landslides and other problems. Soil erosion is also of special concern.

Out of total 8,640 thousand hectares of land, 3,441 (43.2%) experience the problems of degradation and desertification. Main causes of desertification are water erosion 34.3%, irrigation erosion 3.2% and wind erosion 4.3%.

About 300 square km experience regular washing out of soil which is about 1 million cubic meters. The problem of land degradation is especially acute as it results in reduction of arable and forest land. Intense erosion of soil is especially problematic in the hilly and mountainous areas where the slope degree exceeds 15°.

11.8% or about 1,021 thousand ha of Azerbaijan is forested, according to FAO. Of this 42.7% is classified as primary forest, the richest in terms of biodiversity and carbon stock. Azerbaijan had 20,000 ha of planted forest. Azerbaijan's forests contain 54 million metric tons of carbon in living forest biomass. Azerbaijan has some 517 known species of amphibians, birds, mammals and reptiles according to figures from the World Conservation Monitoring Centre. Of these, 0.6% are endemic, meaning they exist in no other country, and 5.2% are threatened. Azerbaijan is home to at least 4,300 species of vascular plants, of which 5.6% are endemic. About 4.6% of the territory of Azerbaijan is protected in the Protected Areas of IUCN categories I-V.

### 2.4. Economic role of forests in frames of FSC certification

There is no industrial forestry in Azerbaijan. Logging is conducted only due to sanitary reasons where it is necessary to improve the health condition of a forest stand. Therefore, there are no large industrial logging enterprises in Azerbaijan.

During the last years, due to the depletion of forest resources, there was a reduction in timber production. At present, forest enterprises produce 31,000 cubic meters of wood a year, mostly from sanitary clearing, which is used as fuel (totals to 2% of the necessary fuel on national basis).

Industrial timber is imported mostly from Russia by private businesses. The volume is about 500,000 cubic meters and it is used for furniture production. For comparison, during the Soviet period, the import of wood from Russia was 1.2-1.5 million cubic meters, natural gas - 8 million cubic meters, coal - 250 thousand tons. The reduction of imported gas and coal resulted in illegal logging of forests, causing their degradation and soil erosion. The deforestation causes wide public concern.

### 2.5. Azerbaijan forests: challenges and problems

The Azerbaijan forest sector experiences problems of different character. Most of them linked with the lack of awareness among the local population on issues of the sustainable forest practices, impact of the climate change on the forests and complications of the legal character.

Below are the most pressing problems faced by the foresters of Azerbaijan:

- destruction of 261 thousand ha of the forestland located at the occupied territories

- large-scale illegal grazing carried out in the forests
- illegal logging
- negative impact of unsustainable tourism and recreation
- impact of global climate change on the forests.

Occupation of the part of the country's territory caused a significant damage to the forests, especially those located in the mountainous areas. Another critical problem is a continuous practice of illegal grazing for firewood in the forests which damages the biodiversity and results in economic and social losses. Illegal logging remains a challenge for the Azerbaijan forest sector since country's independence. Due to the poor gasification of many regions, and especially villages located in proximity to the forests, acts of illegal logging pose a significant threat to the forests. The same threat comes from unsustainable tourism and recreation practices. At the same time, Azerbaijan forests vividly feel the impact of the global climate change in an increase of the fires during the summers. Despite the organized and timely response, there is a need to strengthen the population's awareness on threats posed by the global warming to the forests and nearby areas.

The Azerbaijan government, through the MENR's Forest Development Department, carries out intense activities aimed to bring about solutions to the problems existed in the forestry sector. But the real change will start with the involvement of the environmentally aware society, ready to assist and support implementation of sustainable forest practices in Azerbaijan.

## 2.6. A potential certificate holder.

According to Article 11 of chapter II of the Forest Code of the Republic of Azerbaijan, "The forest fund in the Azerbaijan Republic is owned by the state and is its property. Forests and forest fund lands cannot be privatized". The forests of the Azerbaijan Republic are not leased for the harvesting operations. Therefore, it is the state, represented by the state forest authorities, who could become a potential FSC certificate holder.

Payment of the certification-related expenses is traditionally made by the certificate holder, because it is his/her investment, which should be paid off during the sale of the finished products. But due to the fact that in the case of Azerbaijan the commercial profit is not involved, a search of the grant financing is possible.

In the longer term, forest lease for the production of industrial timber might be possible. In that case, the certification can become a long-term investment for the state, which will be paid off when the forest plots will be leased at a higher price.

At the local level, forest management is conducted by 34 forestry units. At the initial stage, it makes sense to carry out the certification for one forestry unit. This would allow realistic estimation of the certification feasibility for the entire territory.

The "model" territory should possibly meet the following criteria:

- a significant size and landscape diversity of the territory
- an availability of the relevant data on the forest fund state, including the cartographic information
- an interest in the certification on the part of the forest units employees and their readiness to undertake additional obligations on the preparation for the certification
- a presence of the established connections with the main stakeholders (in particular, the indigenous peoples and/or local residents).

## 2.7. Interaction with the stakeholders

The meetings with the key stakeholders conducted within the framework of this project have shown a positive attitude to the certification. However, it is obvious that there is no full understanding of the certification. At the same time, the work with the stakeholders is

one of the key points of the certification process. It is the potential certificate holder (in this case, the Republic of Azerbaijan (the state) represented by the state executive authorities), who should undertake the responsibility for the establishment of the cooperation with the stakeholders. In Azerbaijan, the key stakeholders are the following:

- non-governmental environmental organizations (WWF, Azerbaijan Branch office of the Regional Environmental Centre for the Caucasus)
- forestry sector employees
- forestry units
- residents of the villages leading a traditional way of life and depending on the forest products
- forestry businesses (wood processing enterprises).

The first and the main objective during the preparation for the certification is clarification of the notion and peculiarities of the FSC certification to the interested party. The next objective is to find out an opinion of each stakeholder about the forest management system. In this case it is very important to create an atmosphere of openness and trust and listen to the opinion of the interested party. Each opinion, even negative or "wrong", should be listened to the end and taken into account. Otherwise, some unexpected difficulties may occur during the audit. The final step is to search for the compromise solutions in the conflict situations. A very important point is a formalizing of the negotiations results in the form of minutes of the meetings, agreements, and memorandums on cooperation. Any document should be approved and signed by all the parties participating in the negotiations. The opinions of some of the interested parties are changeable, and the demands are increasing. The availability of such documents will be the proof of the negotiation process during an audit.

## 2.8. The compliance of the legislation with the FSC Principles and Criteria

All forest regulations of the Azerbaijan Republic are aimed at harmonization with and adaptation to the global forestry agenda towards the efforts for sustainable development. A detailed study of the current legislation of Azerbaijan has shown that the major normative documents concerning the forests and forestry, in general, conform to the FSC Principles and Criteria.

The main normative legal act governing the relations in the forests field, is the Forest Code of the Republic of Azerbaijan.

The Forest Code is approved by the Law of the Azerbaijan Republic № 692-IQD dated 22 June 1997 and afterwards Decree of the President of the Azerbaijan Republic № 693 of 30 March 1998 on the application of the Forest Code, approved by the Law of 30 December 1997 is the top legal framework for forestry. It sets out the legal basis for regulation of forest relations, management, conservation, protection and reproduction of forests, increase their environmental and resource potential on the territory of the Azerbaijan Republic.

According the Article 3 of The Code, "The forest legislation of the Azerbaijan Republic is directed on maintenance of rational use of forests, their protection, preservation and reproduction on the basis of principles of scientifically proved management thereof, preservation of biodiversity of forest ecosystems, increasing of ecological potential of forests taking into account their value". In other words, the main purpose of the forestry legislation of Azerbaijan is the development of the sustainable forest management in the country. This objective meets the FSC objectives, but within the FSC certification the sustainable forest management is a broader notion including not only economic and environmental components, but also a social aspect (the right to the resource of the indigenous peoples), which is almost completely omitted in The Forest Code of Azerbaijan.

The Forest Code of Azerbaijan recognizes the priority of the international conventions and agreements over the national legislative acts. According Article 2, "If the rules envisaged in the international contracts of the Azerbaijan Republic, differ from the forest legislation of the Azerbaijan Republic, the requirements of the international contracts are applied". So far, Azerbaijan has ratified the following conventions in the field of the environmental protection: The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); The Convention on Biological Diversity, as well as the basic International Labor Organization conventions. The implementation of these conventions is one of the FSC requirements (Principle 1, Criterion 1.5).

Article 9 of The Forest Code articulates the concept of the forest relations entities. In Azerbaijan they include the public authorities, municipalities, individuals and corporate entities involved in the forest management and using the forest fund. Thus, a list of the forest relations entities is much like the list of the stakeholders mentioned in the FSC Principles and Criteria, but, nevertheless, it is not complete. For example, forest sphere employees and non-governmental organizations are not singled out as separate forest relations entities.

Principle 5 of FSC states that "The Organization shall efficiently manage the range of multiple products and services of the Management Unit to maintain or enhance long term economic viability and the range of environmental and social benefits". This Principle is in accordance with the Article 14 of The Forest Code, stating that "Rights of use of forest fund plots are carried out taking into account recognition of multipurpose value of forests (simultaneous use by different persons and with different purposes)".

Considerable number of Articles in The Forest Code are in accordance with Principle 6 of FSC "Environmental Values and Impacts". For example, the Article 47 "The basic requirements to use of forests" and the Article 56 "The basic requirements to increase of efficiency of forests" are aimed at rational forest use, preservation and strengthening of environmental forest functions.

Article 31 of The Forest Code states that "According to economic and ecological value, location and carried out functions the forest fund of the country is attributed to forests of the First Group and is divided into the following categories of protection: Reserved forests; Resort forests; Especially valuable large forests; Forests of green zones of cities and other settlements; Forests of wild fruit; State forest shelter belts; Other forests". These types of forests (excluding "Resort forests" and "Other forests") belong to the forests with High Conservation Values according the Principle 9 of FSC.

In both documents there is a requirement that harvesting of products and services from the Management Unit should be at or below of a level which can be permanently sustained (Article 34 of The Forest Code and Criterion 5.2 of FSC).

Thus, it is obvious that The Forest Code of Azerbaijan has a considerable overlap with the FSC Principles and Criteria. But, at the same time, it does not cover all FSC requirements. For instance, the notion of the forest monitoring is insufficiently articulated (Article 40 of the Forest Code and Principle 8 of FSC).

In other normative legal acts studied in the framework of this project, including the Land Code, the Law on Environmental Protection, etc., the forest topic is touched upon superficially.

If it is decided to carry out the certification, the legal framework in the forestry field needs to be changed (extended). There is no strict necessity to make changes in the Forest Code, because it does not contain any apparent contradiction with the FSC Principles and Criteria. The current legislation can be supplemented with the documents with a lower legal status, such as Provisions, Recommendations, etc.

It is important to note that, in addition to the current normative legal acts of the Republic of Azerbaijan, a considerable number of policies and programs supplementing the existing legal framework have been developed at the national level. The documents are aimed at the

development of the sustainable forest management and comply with the FSC principles and criteria.

The main document is the National Forest Program of Azerbaijan. The basic aims of the Program are to meet the public expectations from the country's forests in a sustainable way in the long term and provide means to harmonize the forest management policies with the government policy instruments and rapid structural changes and, to identify the challenges and means for development of institutional and legal framework for forest management. In contrast to the Forest Code of Azerbaijan, the National Forest Program states that one of the forestry management objectives is meeting the needs and expectations of the local population. Thus, the local residents are considered as full members of the forest relations, as required by the certification.

The first NFP of Azerbaijan was prepared through wide range of activities from the beginning up to end. Those include country-wide baseline surveys, training of the staff and other interested bodies on specific aspects of forest management, assessment of forestry situation in central and field levels. Many of the tasks at hand are very similar to those, which have to be addressed in the course of the preparation for the certification.

## 2.9. Potential benefits of the certification

Forest certification may provide considerable benefits to a certificate holder. In the table below you can find a list of these benefits, their description and explanations if it is applicable in Azerbaijan or not.

Potential benefit	General description	Applicability in Azerbaijan
<b>The sale of products at the environmentally sensitive markets</b>	The availability of the FSC certificate is a prerequisite for the sale of the products in many countries of Europe, where the import of the non-certified forest products is limited at the state level, and the consumer prefers the products created with account of the sustainable forest management principles	Not applicable in the Republic of Azerbaijan, because there is no industrial timber harvesting, and the wood obtained as a result of the sanitary felling is for local consumption
<b>An increase of the products price</b>	The availability of the FSC certificate drives up the demand for the goods at the environmentally sensitive markets, and, therefore, allows to sell the products at a higher price.	Not applicable in the Republic of Azerbaijan (see item 1)
<b>Receiving the loans from the major international donors</b>	Prior to the loan granting many international donors request from the forest owner/user the confirmation of the aspiration to the sustainable forest management. FSC certificate may serve as such a proof	May be applicable, if, for example, the investment projects on the forest sector development will arise

<b>Image improvement</b>	The availability of the FSC certificate demonstrates the commitment of its holder to the sustainable forest management, and, therefore, improves the image of the forest owner/forest user	Applicable. If the certification is conducted, Azerbaijan will become the first country in its region with 100% certified forests
<b>Development of sustainable forest management</b>	Fulfillment of the requirements of the FSC principles and criteria will lead to the solving of a number of problems (first of all, environmental and social) in the forest sector	Applicable, but it will not solve all the existing problems, in particular, the problem of the illegal logging
<b>Establishing the relations with the stakeholders</b>	The fulfillment of a number of principles of the FSC standard requires the involvement of different interested parties in the forest management process	Applicable
<b>Updating of the data on the forests and building of the system for the forest condition monitoring</b>	The availability of the up-to-date information on the forests is an essential requirement of several FSC principles	Applicable, because it is necessary for getting a certificate

## 2.10. Main challenges and opportunities of FSC certification in Azerbaijan

### Challenge:

Lack of direct interest on the part of the potential certificate holder.

As already noted above, the certification is normally done for the forest areas where the commercial logging is conducted. In this case the certification is an investment, which will provide a bigger profit per unit of product for the certificate holder in the future. In the case of Azerbaijan, the state, as a certificate holder, will not be able to repay its expenditures, because the commercial logging is not conducted there.

### Opportunity:

See the sections of certification options and alternatives.

### Challenge:

The necessity to develop a national FSC standard for the Republic of Azerbaijan.

### Opportunity:

Principles and Criteria of Forest Stewardship Council (version 5) is an internationally recognized responsible forest management standard. However, in order to take into account the diversity of legal, social and geographical conditions valid for the forests located in different parts of the world, any international standard needs to be adapted to the conditions of the given country or region. In practice this means that, in addition to the "Principles and criteria of the sustainable forest management", specific indicators with a set of measurement parameters enabling the assessment at the level of a forest management unit has to be developed. The forest management standard of the Forest Stewardship Council is developed either for the whole country or for its separate parts (individual regions).

In view of a small area of Azerbaijan, the development of one standard for the entire territory of the country will be sufficient.

The standard is subject to accreditation in the Forest Stewardship Council system. To obtain the accreditation the national standard shall be developed in accordance with the procedures described in FSC-STD-60-006 "Process for developing FSC Forest Stewardship Standards". The structure and content of the standard should meet the FSC requirements stated in FSC-STD-01-001 V5-0 EN "FSC Principles and Criteria of Forest Stewardship" and FSC-STD-20-002 "Structure and Content of Forest Stewardship Standards".

To develop the National standard a Working group including the representatives of all forest stakeholders of Azerbaijan is to be established. The standard development and accreditation is a long-term process, which may take years.

Currently, FSC is developing the international generic (universal) indicators, which are recommended to be taken as a basis for the development of the Azerbaijan national standard after their final approval.

**Challenge:**

The lack of experienced consultants in the region, and, therefore, lack of developed schemes for the certification requirements fulfillment.

**Opportunity:**

At the initial stage (during the preparations for the first major audit) it is recommended to involve a third-party consultant experienced in the preparation for the forest management certification and knowing the auditor requirements on each of the criteria.

The main objective of the consultant should be not an elimination of the individual inconsistencies before the audit, but the establishment of a system for the fulfillment of the certification requirements and training of the people responsible for the certification in the Republic of Azerbaijan. Availability of the system will simplify further preparation of the forests for the certification; it will enable a continuous monitoring of the forest use compliance with the FSC principles and criteria and timely identification and elimination of the inconsistencies.

When concluding an agreement with a consultant it is recommended to specify that he himself will have to eliminate significant inconsistencies if any occur during the audit.

**Challenge:**

The lack of the qualitative cartographic information (complete absence of GIS, ALS, and Earth RSD), as forest management tools.

**Opportunity:**

Availability of the up-to-date cartographic information is, on the one hand, the requirement of some FSC criteria, and, on the other hand, it allows and/or simplifies the fulfillment of other criteria.

As the main tool for the creation and processing of the cartographic information, ArcView program or a more complex version of ArcInfo program can be purchased. These programs represent modern software products of the Environmental Systems Research Institute (ESRI), USA.

A good alternative to the fee-based programs of ESRI is the software product QuantumGIS. An official site <http://www.qgis.org/en/site/>

To fulfill the requirements (especially principles 9 and 6) it is recommended to use medium and high resolution space images. It can be Landsat 30-meter resolution images, which are available free of charge on the official website of the United States Geological Survey (<http://glovis.usgs.gov/>), as well as fee-based 0,5-meter resolution images of the companies GEOEYE, WorldView and others.

**Challenge:**

Lack of forest certification examples in the neighboring countries.

Opportunity:

Most of the neighboring countries - Armenia, Iran, Georgia - do not have certified forests. It is possible to draw on the experience of Turkey (8 Forest Management Certificates with total area 2 389 007 ha) as well as on the experience of the enterprises located in the south of the Russian Federation.

### 2.11. Making a decision on certification

Having studied the above mentioned potential benefits of the certification and having evaluated the most problematic points and their possible solutions, Azerbaijan, represented by the authorities, should take a decision on the certification feasibility. In the case of Azerbaijan, the certification may be carried out either for all state forests, or for a specific "model" territory.

It is important to realize that the decision on the certification determines not only economic, but also social and environmental policies of Azerbaijan in the field of the forest use for years to come. By making such a decision the state voluntarily undertakes additional commitments to implement the requirements of the certification standard exceeding the requirements of the current legislation both in terms of the social guarantees for the forest sphere employees, in terms of the environmental norms of the forest use, and in terms of transparency of the financial and organizational activities.

### 2.12. The basic steps of certification:

#### 1. To make a public statement on the certification

One of the basic principles of the FSC certification is transparency. Therefore, after the decision on the certification feasibility is taken, it is advisable to make a public statement about the commitment to the sustainable forest management principles and the intention to carry out FSC certification. Such statement is the evidence of the seriousness of the state intentions, as the forest owner, for the partners and all stakeholders of the certification process at the local, regional, national, and international levels. It would be the most appropriate to make such statement on the official website of the Ministry of Natural Resources of Azerbaijan and publish this information in the industry newspapers or Internet portals.

#### 2. To select a certification body

A full list of certification bodies is available on the web-site of Accreditation Services International, abbreviated as ASI (<http://www.accreditation-services.com/>). When selecting an auditor it's worthwhile to take into account not only a service fee, but also some other aspects. The most important aspects are the following:

- a work experience of the audit company in this region
- an experience in the forest management certification (many audit companies have only experience in the chain of custody certification)
- an availability of a national or regional direction, or a representative of the audit company in the region
- a presence/absence of complaints, objections, and appeals on the audit company activity from the customers and other interested parties
- the auditor's reputation at the market.

3. To prepare for the certification, the preparation of necessary documents and procedures, creation of an easy for search catalogue and training of the personnel are among the necessary steps.

At the initial stage, for the approbation of the possibility of the forest certification in the Republic of Azerbaijan, it is recommended to carry out a certification on the model (pilot)

territory with further transfer of the experience to the residual part of the Azerbaijan forests. If there is a valid justification of such decision (which can be prepared by the consultant) a partial certification is acceptable from the FSC point of view. Such procedure is required for the following:

- the final assessment of the necessity and feasibility of the forest certification in Azerbaijan
- an easier (due to a smaller volume) process of the preparation for the certification requirements fulfillment
- the development of the practice to be transferred to the residual territory
- the search and elimination of errors/deficiencies on smaller volumes and their prevention in the future during the certification of the total volume of the forest
- the cost reduction (cost of the preparatory works, audit cost) at the initial stage.

In case the decision to conduct the certification for the forest fund of the Republic of Azerbaijan is taken, it may become necessary to carry out a preliminary audit. A preliminary audit is a common practice. If the area of the forest plot under certification is above 10 thousand ha, a preliminary audit is obligatory, in case of a smaller area, a preliminary audit is conducted at the wish of the customer. During the preliminary audit, the representatives of the audit company will indicate the inconsistencies, which should be corrected to obtain the certificate. The audit results will be available only to the state, as an applicant, and it will not be disclosed to any other interested parties.

4. To conduct the audit according to the schedule agreed with the audit company.

### 2.13. Financial aspects of certification

The certification costs are borne by the certificate holder, i.e., in the case of Azerbaijan, by the state. The certification costs are divided into direct and indirect.

Direct costs:

- the cost of the audit team services during the major audit (the service fees of various audit companies differ significantly). Therefore, it is recommended to issue a tender for the provision of the certification services and to invite several audit companies to take part in it. In addition, sometimes, when concluding a long-term contract, audit companies make a discount on the services provision. One should not rely solely on the service costs, it is important to take into account the experience and image of the company.
- in case a preliminary audit is conducted - the cost of the audit team services during the preliminary audit.

Indirect costs:

- payment for the consultant's work (same as the service fee of an audit company, it can be different depending on a consultant)
- the meetings with the stakeholders (payments for transport, hotels, joint dinners, coffee breaks, hand-outs preparation, etc.)
- staff training
- the work of the specialist responsible for the certification (considering the area of the Azerbaijan forests it is recommended to assign 0.5 -1 specialist, for example, from the Forestry department of MENR)
- participation of the specialist responsible for the certification in the meetings and briefings organized by FSC.

When calculating the costs one has to keep in mind that these are not one-time expenses. Certification is a process requiring continuous forest management improvements and therefore investments.

## 2.14. Alternative options for certification

### The introduction of the mandatory forest certification

According to the Article 42 of The Forest Code "To obligatory certification are subject wood, sold in standing condition and minor forest resources. The Organization and carrying out of obligatory certification of the specified forest resources are carried out in the order determined by the corresponding executive authority of the Azerbaijan Republic".

However, during the interviews with the stakeholders, availability of the mandatory certification has never been mentioned. Thus, it can be concluded that, in spite of the availability of the relevant article in the Forest Code of Azerbaijan, actually, there is no mandatory certification of the forest and/or forest products. At the same time, the mandatory certification can become an alternative to the FSC certification. A certification procedure and standard are to be developed in order to introduce the certification. Relevant FSC documents can be taken as a basis of these documents, while the specifics of the Republic of Azerbaijan should be taken into account. The mandatory forest certification should contribute to solving major problems in the forest sector, in particular, illegal logging, and facilitate the development of sustainable forest management in the country.

### Certification aimed at getting the certified non-timber forest products

The attention of forestry companies to the production of non-timber forest products has increased in recent years. Accordingly, a number of enterprises established pilot industrial plantations (hazelnuts, walnuts, chestnuts, sea buckthorn, etc.). Unfortunately, the equipment and material of companies engaged in forestry in the field of harvesting of non-timber forest products do not meet modern requirements.

In addition to the certification of the timber products, the certification of the forest areas used for the collection of the non-timber forest products, primarily, nuts, can be considered as an alternative. According to the Article 71 of The Forest Code, "Plots of forest fund are assigned to physical and legal persons in use for preparation of minor forest resources and realization subsidiary of forest management in the order established by the present Code". The availability of such certificate will grant an access to the European markets and raise competitive capacity of the goods compared to the similar goods of the competing countries (for example, Turkey). In case of the sale of goods at the local market it is necessary to run a campaign on FSC popularization among the population.

This type of certification makes sense only in case of the commercial harvesting of the non-timber products and is of no importance for the local market.

At the same time, forest management certification according to the FSC system for getting the certified nuts, is, generally, unfeasible, because, at the present moment, there is a significant number of international certification schemes for food products.

### Chain of custody certification

One of the main objectives of the certification in Azerbaijan is the fight against illegal wood harvesting. In the course of the discussions with the stakeholders, an assumption was made that the local timber processing enterprises officially using the raw materials from Russia and Belarus, are also purchasing and processing illegally harvested local wood. In this case the forest management certification will have no impact on the activity of these enterprises, because formally they do not consume local wood or consume it in a very limited quantity. To exclude the possibility of illegal wood inclusion into the processing, the work on the encouragement of the enterprises for the chain of custody certification can be done.

Chain of Custody certificate certifies that the product is manufactured from the certified raw material (e.g. wood) and documents the process of receipt and movement of the product from the source of raw materials to the finished product.

Stimulation methods:

- clarification of the benefits gained from the certificate availability (for Azerbaijan enterprises this is, first of all, the possibility to enter the new environmentally sensitive markets, which will enable them to sell their goods at a higher price)
- an assistance to the enterprises in the preparation to the certification
- at the state level - reimbursement of the certification costs to an enterprise by means of the temporary tax base reduction
- carrying out the activities on popularization of FSC in Azerbaijan.

In this case the main difficulty is that in the event of the chain of custody certification, the enterprise is obliged to purchase only certified raw materials. Therefore, the companies supplying wood will have to certify the leased areas, which will result in an increase of prices for raw materials.

## 2.15. Certification alternatives

If the certification process is acknowledged inexpedient for the Republic of Azerbaijan, and/or if the state, as the certificate owner, is unwilling to spend the resources (time and money) for the certification, a number of non-profit projects, which will contribute to the development of the sustainable forest management, can be implemented as an alternative. The WWF office or another non-profit organization can undertake the coordination of these projects. The most urgent problems are the following:

- monitoring the illegal logging using high resolution images
- involvement of the local communities in the forest management.

To achieve the greatest efficiency, these should be long-term projects (3 years or more depending on the scale and complexity of the problem), which have to engage maximum number of stakeholders and competent experts.

## 2.16. Steps towards promotion of voluntary forest certification in Azerbaijan

Dissemination of the information on the voluntary forest certification is an important factor in the development of the certification in Azerbaijan. Responsible manufacturers of the certified products on the market of Azerbaijan compete with the manufacturers using illegally logged raw materials or raw materials from questionable sources. In order to exclude such unfair competition, it is necessary to inform the consumer what the Forest Stewardship Council (FSC) is and how its logo on the goods looks like. The customers should be able to distinguish such products from other goods. They have to recognize them and be prepared to give them a preference and, ideally, be ready to pay a small additional price for such green products. A special FSC campaign has to be organized for dissemination of the information on the FSC.

FSC campaign is a project on building up loyalty to the FSC logo and, as a consequence, to the brand of the partner company from the target audience, company employees, and state structures.

Main goals of the FSC campaign are as follows:

- to inform consumers (primarily corporative sector and government, then end-consumers) what FSC certification is and what advantages buying products with this logo gives to consumers

- to give an impetus to large consumer companies, as well as municipal bodies to develop and accept corporative/state purchasing policies that would prefer FSC certified products
- to increase the levels of recognition of the FSC label among the target groups, so that they could accept it as a master sample of eco-labelling
- to influence by that on corporative and state procurement, as well as on customers' preferences in the field of their "greening up".

The planned measures in the framework of the campaign in the FSC certified products promotion should be based on the experience of the same successful campaigns in EU countries (the Netherlands, Switzerland, Denmark, Belgium), in the USA and Canada, taking into account Azerbaijan market conditions and buyers' preferences.

The FSC campaign should consist of three (or more) consecutive stages, each of which is designed for a certain target group.

Stage 1. Familiarization of the key stakeholders

A recommended stage duration - one year

A target group - the state (forest owner) represented by the Forestry Development Department of the Ministry of Natural Resources and Ecology, forest business, social and environmental non-governmental organizations, representatives of the indigenous peoples, leaders of the timber and related industries workers' unions.

Mechanisms:

- holding the joint educational seminars and trainings for all stakeholders
- holding the individual meetings with the stakeholders on a stand-alone basis
- holding the meetings with the groups of stakeholders with a similar attitude to the forest (for example, with the representatives of several indigenous communities).

Recommendations:

- to carry out the above mentioned activities not on a one-off basis, but several times a year. This is important, because the voluntary certification system is not always easily understood by those who have never dealt with such systems. At the initial stage, it is required to explain the basic principles of the FSC certification to the stakeholders, and only after making sure that they fully understand them, proceed to the side issues
- not to be limited to only one of the above-mentioned methods of work with the stakeholders. Personal communication facilitates the establishment of the better contact and allows the stakeholders to openly express their thoughts, while the group meetings are needed for the joint discussion of the issues of concern and search for the best solution
- the stakeholders should be provided with the contact data (phone, e-mail) of the relevant person who can be contacted in case of questions. It is necessary to stimulate and encourage the stakeholders to provide feedback.

Stage 2. Familiarization of the "distributors" of information

A recommended campaign duration - 1.5-2 years

A target group - teachers from the higher educational institutions, owners/directors of the shops and trade networks selling forest products.

#### Mechanisms:

- holding educational seminars and trainings
- distribution of the information booklets containing the information why the forest products consumer should make choice in favor of the FSC certified goods
- preparation of presentations, which can later be used as a training material.

#### Recommendations:

- it is advisable to divide the target group of this stage of the FSC campaign into two subgroups (teachers and owners/director of shops) and work separately with each subgroup. This is important, because the further actions on the information dissemination expected from these subgroups will vary considerably. The teachers from the higher educational institutions are expected to conduct master classes and seminars for students, the shops directors - to hold the initiatives encouraging the consumers to purchase the FSC certified products.

#### Stage 3. Familiarization of a wide range of people

A recommended campaign duration - three years and more

A target group - citizens of the Republic of Azerbaijan

#### Mechanisms:

- educational movies for students and schoolchildren (The movie "I choose forest" created by WWF Russia might become a good educational material for students and schoolchildren - [http://www.wwf.ru/about/what we do/forests/forest movie](http://www.wwf.ru/about/what_we_do/forests/forest_movie) )
- advertising on the Internet
- promotional activities organized jointly with the interested partners (certified enterprises and shops selling FSC certified products)
- posters, stickers, postcards, and calendars
- thematic leaflets
- videos run on the screens (city, transport, and airports)
- billboards
- carrying out of FSC Friday.

FSC Friday is a global celebration of the world's forests, which aims to highlight the importance of the responsible forest management. Every year, schools, businesses, individuals, forest owners/managers and other organizations around the world get involved in spreading the word about FSC and responsible forestry. FSC Friday is celebrated every year on the last Friday in September. In past years, FSC certified businesses have held internal and external awareness-raising events, individuals have used their social media profiles to share FSC stories, schools have held special assemblies, groups have entered FSC competitions and learnt about forests and FSC, and forest management certificate holders have held open days. For more information about FSC Friday visit the official web-site of the event - [www.fscfriday.org](http://www.fscfriday.org)

#### Recommendations:

This stage is the longest and most costly both in terms of time and financial resources. In order to reduce the costs, it is recommended to use already existing information materials - videos (with the added voicework or subtitles in the Azerbaijan language), banners,

posters, etc., and use the support of the volunteers - motivated people, who understand the importance of the sustainable use of natural resources and ready to promote this knowledge in the society.

It is important to understand that carrying out of the FSC campaign does not mean that the consumer will once and forever opt for the FSC certified products. To achieve a long-lasting effect, the consumers need a periodical "reminder" about the FSC by holding small initiatives.

### 3. CORRESPONDENCE OF AZERBAIJAN FORESTRY SECTOR TO FSC CRITERIA

This chapter shows how actual forest system of Azerbaijan meets The Revised Principles and Criteria (P&C) (FSC-STD-01-001 V5-0) which were approved in February 2012 (can be found here <https://ic.fsc.org/the-revised-pc.191.htm>).

The information on FSC requirements fulfillment was received through analysis of applicable legislation and through the interviews with key stakeholders (representatives of Ministry of Ecology and Natural Resources, Ministry of Justice, Forest Protection and Restoration Enterprise). Analysis of P&C fulfillment is shown in the table below with four columns. First column is the FSC criteria number. Then three other columns demonstrate how requirements of the criteria are already met with forest management system of Azerbaijan. Text in the columns shows the requirements of Criteria. The location of the text means that:

- requirement is already fulfilled (text in the second column)
- actual forest management system need some updates or changes (text in the third column), in order to fulfil the requirement
- criteria requirement (documents, procedures etc.) is not met and much has to be done.

In the table below, the "organization" means the company or a management unit, which aims to obtain FSC certificate (and thus needs to meet the requirements of the P&C).

### Correspondence of actual situation in Azerbaijan forestry sector to FSC Principles and Criteria

P&C	Already existing	Need changes	Need to be done
<b>Principle 1: Compliance with laws</b>			
1.1	The Organization has all registration documents to carry out all activities within the scope of the certificate.		
1.2	Organization has all documents confirming rights to manage and use resources within the scope of the certificate. The boundaries of all Management Units within the scope of the certificate are documented and clearly shown on maps.		
1.3	All activities, including the harvest of products and/or supply of ecosystem services, are carried out in compliance with: Applicable laws and regulations and administrative requirements; Obligatory codes of practice, and Legal and customary rights. All applicable charges connected with forest management are paid in time. Activities covered by the management plan and operational plans are designed to comply with all applicable laws.		
1.4	Plans and activities are aimed to systematically provide protection from illegal harvesting, hunting, fishing, trapping, collecting, settlement and other unauthorized activities. Where protection by The Organization is not legally possible, a system is		

	<p>implemented to work with regulatory bodies to identify, report, control and discourage unauthorized or illegal activities.</p> <p>If illegal or unauthorized activities are detected, appropriate actions are undertaken to address them.</p>		
1.5			<p>The Organization has records demonstrating compliance with applicable national laws, local laws, ratified international conventions and obligatory codes of practice, relating to the transportation and trade of forest products up to the point of first sale.</p> <p>The Organization should demonstrate compliance with CITES provisions, including through possession of certificates for harvest and trade in any CITES species that are harvested.</p>
1.6			<p>The Organization need to develop publically available dispute resolution mechanism through engagement with affected stakeholders.</p> <p>Disputes related to issues of applicable laws or customary law that can be settled out of court in a timely manner are responded to promptly, and are either resolved or in the process of being resolved.</p> <p>The Organization keep records of disputes related to issues of applicable laws or customary law.</p>
1.7			<p>The Organization must develop an anti-corruption policy that meets or exceeds</p>

			existing anti-corruption legislation made publicly available at no cost and implemented.
1.8	The Organization must not directly or indirectly engaged in any of the unacceptable activities identified in the Policy for the Association of Organizations with FSC (FSC-POL-01-004)		The Organization should make a publicly available statement about consistent of forest management with the FSC Principles and Criteria and related Policies and Standards.
<b>Principle 2: Workers' rights and employment conditions.</b>			
2.1		Employment practices and conditions for workers conform with or uphold the principles and rights of work addressed in the ILO Core Labor Conventions. Workers can establish or join labor organizations of their own choosing subject only to the rules of the labor organization concerned.	
2.2		The Organization must have an effective mechanism to allow workers to report on sexual harassment and gender discrimination confidentially and without retaliation.	
2.3		A health and safety (H&S) program developed and implemented by The Organization meets or exceeds the ILO Code of Practice on Safety and Health in Forestry Work.	Records are kept on compliance with the H&S program and on accident rates and lost time to accidents. The H&S program is periodically reviewed and informed by the Health and Safety records. Additional to periodic review, a focused review of policies and practices is undertaken after every major incident or accident.

2.4	Wages paid by The Organization meet or exceed legal minimum wage rates.		
2.5			The Organization should develop and implement training program to ensure that all workers are safely and effectively contributing to the implementation of the management plan. Training and education records are kept.
2.6		Fair compensation is provided to workers for loss or damage of property and occupational disease or injuries. Records of grievances related to workers loss or damage of property, occupational diseases or injuries are held.	The Organization should develop publically available dispute resolution process through engagement with workers.

**Principle 3: Indigenous peoples' rights**

3.1			<p>The Organization should hold a systematic process to identify all indigenous peoples within the Management Unit or that may be affected by management activities. Through engagement with the indigenous peoples, the following are identified, documented and/or mapped:</p> <ul style="list-style-type: none"> <li>• Their customary and legal rights of tenure;</li> <li>• Their customary and legal access to, and use rights of the forest resources and ecosystem services;</li> <li>• Their customary and legal rights and obligations that apply within the Management Unit;</li> <li>• The evidence supporting these rights and obligations;</li> <li>• Areas where rights are contested</li> </ul>
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			between indigenous peoples, governments and/or others.
3.2			Indigenous peoples should be informed when, where and how they can comment on and request modification to management activities and plans. Where such rights exist, indigenous peoples are permitted to access and/or transit through the Management Unit where this does not cause non-compliance with standard and the management objectives
3.3			If indigenous people delegate rights of control over management activities a binding agreement should be signed. (probability of implementation is very low)
3.4			Indigenous peoples are informed of their rights, customs and culture defined in UNDRIP and ILO Convention 169.
3.5			The Organization should identify sites of special cultural, ecological, economic, religious or spiritual significance and develop protecting measures. Measures to protect such sites are agreed, documented.
3.6			Traditional knowledge and intellectual property is protected and a binding agreement is concluded with the indigenous peoples through Free, Prior and Informed Consent for the utilization of indigenous peoples' traditional knowledge and intellectual property.

**Principle 4: Community relations.**

4.1			<p>The Organization should systematically identify all local communities within the Management Unit or that may be affected by management activities.</p> <p>Through engagement with the local communities, the following are identified, documented and/or mapped:</p> <ul style="list-style-type: none"> <li>Their customary and legal rights of tenure;</li> <li>Their customary and legal access to, and use rights of the forest resources and ecosystem services;</li> <li>Their customary and legal rights and obligations that apply within the Management Unit;</li> <li>The evidence supporting these rights and obligations;</li> <li>Areas where rights are contested between local communities, governments and/or others.</li> </ul>
4.2			<p>Local communities should be informed of when, where and how they can comment on and request modification to management activities to the extent necessary to protect their rights, resources, lands and territories.</p>
4.3		<p>The Organization should provide reasonable opportunities for employment, training and other services, communicated and provided to local communities, contractors and suppliers.</p>	
4.4		<p>The Organization should provide opportunities for local social and economic development through engagement with</p>	<p>The Organization should provide local development projects and activities and associated budgets and implement it taking</p>

		local communities and other relevant organizations.	into account related activities promoted by relevant organizations.
4.5			The Organization should identify and implement through engagement with local communities, effective measures to avoid and mitigate any significant negative social, environmental and economic impacts of management activities.
4.6			<p>The Organization need to develop publically available dispute resolution process through engagement with local communities.</p> <p>The Organization should hold up to date record of grievances related to the impacts of management activities including:</p> <ul style="list-style-type: none"> <li>• Steps taken to resolve grievances</li> <li>• Outcomes of all grievances resolution processes including fair compensation; and</li> <li>• Unresolved grievances and the reasons why they are not resolved.</li> </ul> <p>The Organization should provide fair compensation to local communities and individuals for damage caused by negative impacts of management activities.</p>
4.7			<p>The Organization identify through culturally appropriate engagement sites of special cultural, ecological, economic, religious or spiritual significance, for which local communities hold legal or customary rights and measures to protect them.</p> <p>Measures to protect such sites must be agreed, documented and implemented</p>

			through culturally appropriate engagement with local communities.
4.8			Traditional knowledge and intellectual property is protected and is only used when the holders of that traditional knowledge and intellectual property have provided their Free, Prior and Informed Consent. Potential certificate holder should conclude binding agreement with the local communities through Free, Prior and Informed Consent for the utilization of local communities' traditional knowledge and intellectual property before such utilization takes place.
<b>Principle 5: Benefits from the forest.</b>			
5.1	The Organization must identify consistent with management objectives the range of resources and ecosystem services. Consistent with management objectives, the identified benefits and products should be produced and/or made available for others to produce, to strengthen and diversify the local economy.		
5.2	Determined maximum allowable annual cut for timber based on the harvest rates analysis, should not exceed a harvest level that can be permanently sustained including by ensuring that harvest rates do not exceed growth over successive harvests.	The Organization should calculate sustainable harvest level for extraction of non-timber forest products. This level is adhered under The Organization's control. Sustainable harvest levels should be based on best available inventory and productivity data.	The Organization should develop and implement strategies to maintain and / or enhance the provision of ecosystem services.

	The Organization should hold records of actual annual harvest rates for timber and the harvest over a ten-year period might not exceed the allowable cut for the same ten-year period.	Where non-timber forest products under The Organization's control are identified as being threatened by management activities, actual harvest rates should be documented. If monitoring of actual harvest rates indicates over-harvesting for commercially harvested non-timber forest products under The Organization's control harvest rates should be adjusted.	
5.3			Strategies to address externalities that result from management activities should be identified and included in the management plan.
5.4			Local goods, services, processing and value-added facilities should be used if cost and quality of them are at least equivalent to non-local versions
5.5	Sufficient funds should be allocated to implement the Management Plan in order to meet the standard and to ensure long-term economic viability. Expenditures and investments are made to implement the Management Plan in order to meet this standard and to ensure long-term economic viability.		
<b>Principle 6: Environmental values and impacts</b>			
6.1			Best available information must be used to assess environmental values within, and, where potentially affected by management activities, outside of the Management Unit, including: <ul style="list-style-type: none"> <li>• Ecosystem functions (including a</li> </ul>

			<p>baseline of carbon stocks and fluxes);</p> <ul style="list-style-type: none"> <li>• Biological diversity (natural community types and their extent, current community types and their extent, rare species and community types, natural disturbance regimes);</li> <li>• Water resources (water quality, riparian habitats, condition and characteristics of watercourses and water bodies; sensitive areas; water bodies needing restoration; and presence of mangroves, wetlands, and other water purifying or flood regulating ecosystems);</li> <li>• Soils (soil types, sensitive soils, soils in need of restoration, etc.); and,</li> <li>• Landscape values.</li> </ul> <p>The Organization should conduct assessments at appropriate scales so that:</p> <ul style="list-style-type: none"> <li>• Impacts of management activities are assessed;</li> <li>• Risks to environmental values are identified;</li> <li>• Necessary conservation measures to protect values are identified; and,</li> <li>• Monitoring of impacts or environmental changes can be conducted.</li> </ul>
6.2		<p>During management planning and prior to site-disturbing activities the organization must identify and assess potential impacts of all management activities on identified environmental values within and outside the Management Unit.</p> <p>The assessment of potential impacts should exist at a level of detail and at a scale that is</p>	

		<p>sufficient to identify and describe:</p> <ul style="list-style-type: none"> <li>• Necessary impact prevention and mitigation measures;</li> <li>• Monitoring to detect and mitigate possible negative impacts can be identified; and</li> <li>• Both site-specific and larger-scale impacts can be identified and addressed.</li> </ul> <p>The potential cumulative impacts of multiple management activities on identified environmental values should be identified and assessed.</p>	
6.3		<p>The Organization should plan and implement management activities to prevent negative impacts and to protect environmental values.</p> <p>Negative impacts to environmental values must be prevented, including through implementation of prescribed management activities.</p> <p>Where impact prevention is unsuccessful, the organization should adopt measures to prevent further damage, and negative impacts to environmental values must be mitigated and repaired.</p>	
6.4		<p>The Organization should use best available information to identify rare and threatened species, and their habitats, including CITES species and those listed on national, regional and local lists of rare and threatened species that are present or likely to be present within the Management Unit</p>	

		<p>and adjacent to the Management Unit. Potential impacts of management activities on rare and threatened species and their habitats must be identified.</p> <p>The rare and threatened species and their habitats must be protected, including through the provision of conservation zones, protection areas, connectivity, and other direct measures for their survival and viability, such as the species' recovery programs.</p> <p>Hunting, fishing, trapping and collection of rare or threatened species must be prevented.</p>	
6.5			<p>Prior to the first assessment and using the best available information and scientifically rigorous methods the organization should identify native ecosystems that exist, or would exist under natural conditions.</p> <p>Prior to the first assessment and using the Best Available Information and scientifically rigorous methods, the organization should conduct representation analysis to identify native ecosystems that are not adequately represented in the protected in the Management Unit in sufficient condition to function as natural ecosystems.</p> <p>Representative sample areas of natural native ecosystems must be designated, protected, and/or restored in the Management Unit;</p>
6.6			<p>The Organization must use best available information to identify the habitat</p>

			<p>characteristics required by the range of naturally occurring species and their genetic diversity that may be affected by management activities.</p> <p>The Organization should engage experts knowledgeable about the local biodiversity, and relevant sources in identifying naturally occurring species and genotypes and their natural distribution.</p> <p>Habitat characteristics to maintain and restore biodiversity must be protected or recruited, including through the implementation of management activities.</p> <p>The Organization should maintain up-to-date information about hunting, fishing, trapping or collecting activities, including authorized or permitted harvest levels;</p> <p>The Organization should implement effective measures to limit hunting, fishing, trapping or collecting activities so that naturally occurring native species, their genetic diversity and their natural distribution are maintained</p>
6.7	<p>Natural water courses and water bodies should be identified and mapped.</p> <p>Natural water courses, and water bodies, and water quality must be protected.</p>		<p>If implemented by the organization protection measures do not protect watercourses and water bodies from impacts of forest harvesting activities, measures should be implemented that restore:</p> <ul style="list-style-type: none"> <li>• Natural water courses, water bodies and their connectivity;</li> <li>• Habitat for aquatic species that breed in surrounding uplands;</li> </ul>

			<ul style="list-style-type: none"> <li>• Habitat for predominantly terrestrial species that breed in adjacent aquatic habitats;</li> <li>• Habitat for species that use riparian areas for feeding, cover, and travel;</li> <li>• Habitat for plant species associated with riparian areas;</li> <li>• Stream shading and inputs of wood and leaf litter into the adjacent aquatic areas;</li> <li>• In stream habitat; and</li> <li>• Water quality and water quantity.</li> </ul>
6.8		The landscape must be managed to maintain and/or restore habitat connectivity and a varying mosaic of species, sizes, ages, spatial scales and regeneration cycles should be consistent with natural forest types and disturbance patterns.	
6.9	No conversion to plantations or non-forest lands occurs.		
6.10	Not implemented		
<b>Principle 7: Management planning</b>			
7.1			Policies (vision and values) that contribute to meeting the requirements of this standard should be described in the management plan. Specific, operational management objectives that collectively address the requirements of this standard should be presented in the management plan.
7.2			The management plan must include management actions, procedures, strategies and other measures to achieve the objectives for management.

7.3			Verifiable targets, and the frequency that they are assessed, should be established for monitoring the progress towards each management objective and used as the basis for monitoring in Principle 8.
7.4			<p>The Organization should periodically revise and update management plan to incorporate:</p> <ul style="list-style-type: none"> <li>• Monitoring results, including results of certification audits;</li> <li>• Evaluation results;</li> <li>• Stakeholder engagement results;</li> <li>• New scientific and technical information, and</li> <li>• Changing environmental, social, or economic circumstances</li> </ul>
7.5			<p>A summary of the management plan must be publicly available at no cost, unless the Organization makes the entire management plan available at no cost, excluding confidential information, in which case a summary is not required</p> <p>The complete management plan, excluding confidential information, should be available to affected stakeholders on request. At its discretion, The Organization may charge for the actual costs of reproduction and handling</p>
7.6			<p>The Organization should develop and implement procedures to ensure that affected stakeholders are proactively and transparently engaged in the following processes:</p> <ul style="list-style-type: none"> <li>• Dispute resolution mechanisms;</li> <li>• Definition of Living wages;</li> </ul>

			<ul style="list-style-type: none"> <li>• Identification of rights;</li> <li>• Local communities' socio-economic development activities;</li> <li>• High Conservation Value assessment, management and monitoring.</li> </ul> <p>Affected stakeholders must be notified in advance of management planning and monitoring processes that are likely to have negative impact on them, and provided with an opportunity for engagement in order to identify ways to avoid or reduce any expected impacts.</p> <p>Interested stakeholders should be notified in advance of, and provided with an opportunity for engagement in management planning and monitoring processes that are likely to have an impact on their interests.</p>
<b>Principle 8: Monitoring and assessment</b>			
<b>8.1</b>			<p>The Organization should develop and implement a regular, comprehensive, and replicable written approach that monitors the implementation of the Management Plan including its policies and objectives and achievement of the verifiable targets.</p>
<b>8.2</b>			<p>The Organization should develop and implement a regular, comprehensive, and replicable written approach that monitors the environmental impacts of management activities.</p> <p>The Organization should develop and implement a regular, comprehensive, and replicable program that monitors social</p>

			<p>impacts of management activities.</p> <p>The Organization should develop and implement a regular, comprehensive, and replicable written approach that monitors changes in environmental conditions.</p>
8.3			<p>The Organization should analyze monitoring and evaluation results and adapt activities in a timely way to ensure that the requirements of this standard are met.</p> <p>The analysis of the monitoring and evaluation results must be incorporated in the periodic revision of the Management Plan.</p> <p>The Organization should revise management objectives, planned targets and / or management activities if their results are not in conformance with the requirements of the standard</p>
8.4			<p>A summary of the monitoring results, excluding confidential information, must be publicly available at no cost.</p>
8.5		<p>The Organization should compile and document information about all products that leave the forest, including, at a minimum, the following information:</p> <ul style="list-style-type: none"> <li>• Species;</li> <li>• Product type;</li> <li>• Volume (or quantity) of product;</li> <li>• Information to trace the material to the cutblock;</li> <li>• Logging or production date; and</li> <li>• Whether or not the material was sold to a Chain of Custody certified</li> </ul>	<p>The Organization has to implement system to track and trace all products that are marketed as FSC certified.</p>

		<p>organization.</p> <p>The Organization should keep sales invoices for a minimum of five years for all products sold with an FSC claim, which identify at a minimum, the following information:</p> <ul style="list-style-type: none"> <li>• Name and address of purchaser;</li> <li>• The date of sale; Species;</li> <li>• Product type;</li> <li>• The volume (or quantity) sold;</li> <li>• Forest Management / Chain of Custody certificate code; and</li> <li>• FSC Product Group.</li> </ul>	
<b>Principle 9: High Conservation Values</b>			
9.1			<p>The Organization should complete an assessment using best available information that identifies and records the location and status of High Conservation Value Categories 1-6; the High Conservation Value Areas they rely upon; and their condition.</p> <p>The assessment must include engagement with affected and interested stakeholders in the conservation of the High Conservation Values.</p>
9.2			<p>The Organization should document threats to identified High Conservation Values using best available information.</p> <p>The Organization should develop management strategies and actions to maintain and/or enhance the identified HCVs and associated areas prior to implementing potentially harmful management activities.</p> <p>Affected and interested stakeholders and</p>

			<p>local and regional experts must be engaged in the identification and development of management strategies and actions to maintain and/or enhance the identified High Conservation Values.</p> <p>The strategies developed must be effective to maintain and/or enhance the high conservation values and are subject to the precautionary approach</p>
9.3			<p>The High Conservation Values and the areas on which they depend must be maintained and/or enhanced.</p> <p>The Organization should apply precautionary approach when strategies and actions for each High Conservation Value are implemented, subject to the scale, intensity and risk of the management activities.</p>

The Organization shall demonstrate that periodic monitoring is carried out to assess changes in the status of High Conservation Values, and shall adapt its management strategies to ensure their effective protection. The monitoring shall be proportionate to the scale, intensity and risk of management activities, and shall include engagement with affected stakeholders, interested stakeholders and experts. (C9.4 V4).

A program of periodic monitoring should assess:

Implementation of strategies;

The status of High Conservation Values including areas on which they depend; and

The effectiveness of the management strategies and actions for the protection of the HCVs.

The monitoring program should include engagement with affected and interested stakeholders and experts.

The monitoring program must have sufficient scope, scale, detail and frequency to detect changes in High Conservation Values, relative to the initial baseline assessment and status identified for each High Conservation Value.

Management strategies and actions should be adapted when monitoring or other new information shows that these strategies and actions are ineffective to protect to ensure the maintenance and/or enhancement of High Conservation Values.

**Principle 10: Implementation of Management Activities**

<p><b>10.1</b></p>	<p>All harvested sites must be regenerated in a timely manner that:</p> <ul style="list-style-type: none"><li>• Protects affected environmental values, for example, exposed soils where these are at risk of erosion; and</li><li>• Is suitable to recover overall pre-harvest or natural forest composition, structure, productivity, full stocking, and optimum growth rates of the managed species in order to maintain or enhance overall production from the Management Unit.</li></ul> <p>Regeneration activities must be implemented in a manner consistent with:</p> <ul style="list-style-type: none"><li>• Regeneration objectives that will produce pre-harvest or more natural conditions;</li><li>• Natural vegetation characteristics of the site determined in the environmental assessment, and</li><li>• The allowable annual cut determination.</li></ul>		
<p><b>10.2</b></p>	<p>Species chosen for regeneration must be of local genotypes and ecologically well adapted to the site, unless clear and convincing justification is provided for using non-local genotypes or non-native species</p> <p>The Organization must choose species for regeneration that are consistent with the</p>		

	regeneration objectives.		
10.3	<p>Alien species might be used only when direct experience and / or the results of scientific research demonstrate that impacts can be controlled and effective measures are in place to control their spread outside the area in which they are established.</p> <p>Spread of invasive species must be controlled.</p> <p>If systems and measures to control invasiveness are ineffective with species introduced by the Organization, programs to eliminate the alien species should be devised and implemented.</p>		
10.4	Genetically Modified Organisms (GMOs) might not be used.		
10.5		The Organization should implement silvicultural practices that are ecologically appropriate for the vegetation, species, sites and management objectives.	
10.6	<p>The Organization must avoid use of fertilizers, or reduce it with the aim of elimination, including by the use of silvicultural practices that avoid or reduce the need for fertilizers.</p> <p>When fertilizers are used, their types, rates and frequencies of application must be documented.</p> <p>When fertilizers are used, environmental values must be protected, including through implementation of measures to</p>		

	prevent damage.		
10.7		<p>The Organization should use integrated pest management, including selection of silviculture systems to avoid, or aim to eliminate the frequency, extent, and amount of chemical pesticide applications, and result in non-use or overall reductions in applications.</p> <p>Chemical pesticides prohibited by FSC's pesticide Policy must not be used in the Management Unit unless derogation has been granted by FSC.</p> <p>Records of pesticide usage must be maintained, including trade name, active ingredient, quantity of active ingredient used, date, location of use, and reason for use.</p> <p>The use of pesticides must comply with the requirements for the transport, storage, handling, application and emergency procedures for clean-up following accidental spillages as specified in ILO publications on the use of chemicals, national publications and national laws and local laws.</p> <p>Application methods should minimize quantities of pesticides use, while achieving effective results, and provide effective protection to surrounding landscapes.</p>	
10.8	Use of biological control agents must comply with the national laws and internationally accepted scientific		

	<p>protocols.  Environmental values must be protected from adverse impacts caused by the use of biological control agents.  The Organization should keep records use of biological control agents including type, quantity used, date of use, location of use, and reason for use.  The use of biological control agents must be minimized, monitored and controlled.</p>		
10.9		<p>The Organization should assess risk of management activities to increase natural hazards.  The Organization should modify management activities and/or develop and implement measures that reduce the identified risks.</p>	
10.10		<p>The Organization should develop and implement measures in existing infrastructure and infrastructure development, transport and silviculture activities to ensure:</p> <ul style="list-style-type: none"> <li>• Erosion control;</li> <li>• Protection of rare and threatened species, habitats, ecosystems and landscape values;</li> <li>• Protection of water quality and quantity within and outside the Management Unit affected by management activities;</li> <li>• Protection of streams, wetlands and water bodies within and outside the Management Unit;</li> <li>• Protection of soils;</li> </ul>	

		<ul style="list-style-type: none"> <li>Free flow of water including natural drainage patterns, and passage of aquatic species.</li> </ul>	
10.11	<p>Harvesting and extraction practices for timber and non-timber forest products should be implemented in a manner that conserves environmental values.</p> <p>Harvesting practices should optimize utilization of forest products and merchantable materials</p> <p>Sufficient amounts of dead and decaying biomass and forest structure should be retained on-site after harvesting to conserve environmental values.</p> <p>The Organization must use harvesting practices that minimize damage to environmental values.</p> <p>Damage to other products and services must be avoided.</p> <p>The Organization must use harvesting practices that minimize damage to standing residual trees and residual woody debris on the ground.</p>		
10.12		The Organization must collect, clean up, transport and dispose all wastes in an environmentally appropriate way.	

As it could be seen from the table above, considerable work should be done to fully comply with the requirements of FSC Principles and Criteria. Nevertheless, in some aspects, the current situation in Azerbaijan forest sector already corresponds with FSC requirements. Principle 1 is fulfilled to a large extent by applicable legislation. FSC requirements about health and safety, management plan, monitoring and environmental values and impacts are higher than current national requirements of Azerbaijan legislation. In all these aspects FSC requirements are covered partly.

Principles completely not covered with Azerbaijan laws deal with indigenous people, community relations and High Conservation Values. To meet requirements of these principles significant work needs to be done. To increase efficiency, decrease the time of work and to avoid mistakes, it is recommended to use the assistance of a consultant with respective qualifications.

## CONCLUSIONS

This report is done in frames of the ENPI FLEG II East Countries Program (Project “Conducting an Analysis of the Voluntary Forest Certification Potential within Forestry Sector of Azerbaijan”). The following issues are described in the report:

- current situation in the Azerbaijan forestry sector in terms of conditions for FSC-based certification
- existing challenges, barriers and difficulties for potential efforts towards forest certification (including social, economic and technical aspects)
- existing opportunities
- necessary legislative and other changes to reflect FSC principles in Azerbaijan forest policy and legislation
- potential national and international markets for certified forest products from Azerbaijan
- possible concrete steps towards promotion of voluntary forest certification in Azerbaijan.

Correspondence of Azerbaijan forestry to FSC criteria are described in details. Main conclusions of the report are the following:

1. According to the Forest Code of Azerbaijan, all forests belong to the state, fall into the First Group of forests and cannot be leased; consequently, it is the state itself represented by the state forest authorities (forestry enterprises) who has to be the certificate holder.
2. In the current situation, the voluntary forest certification can only be perceived as an instrument for sustainable forest management - the fight against illegal logging, building of relations between the stakeholders; and it doesn't generate any commercial profit.
3. Article 42 of the Forest Code of the Republic of Azerbaijan speaks about the mandatory certification of the standing timber and secondary forest resources. However, none of the interviewed stakeholders has ever mentioned this fact, which could be regarded as the lack of practical application of this norm.
4. Article 42 of the Forest Code offers an opportunity for an easier implementation of the certification by means of the legal and regulatory documentation development describing the certification process in detail. At the same time, FSC certification is voluntary and cannot be imposed as mandatory, but it can be taken as a basis. Prohibition of uncertified products could be the next step of certification development.
5. Prior to making a decision about the certification one must make sure regarding the readiness for a long-term certification investment. During the cost planning, both the direct (payment for the work of the audit team) and indirect costs, including the costs associated with the preparation for the certification, have to be taken into account. Ministry of Ecology and Natural Resources, on behalf of the State, need to show strong political will for certification process acceleration.

6. Due to the fact that one of the major purposes of the certification in Azerbaijan is the fight against illegal logging, it's necessary to call the wood processing companies for the chain of custody (CoC) certification, which will allow separation of the legally harvested wood from all the rest.
7. A preliminary analysis of the compliance of the forest management in Azerbaijan with the principles and criteria of the Forest Stewardship Council shows that there are no serious contradictions between the requirements of the FSC principles and criteria and the current forest management situation. Nevertheless, it is necessary to carry out a significant amount of preparatory activities.
8. Applicable forest legislation of Azerbaijan needs some updates and renovations. For example Forest Code has frame structure and need to disclose forest terms in details.
9. An option of a small model area certification can be considered. In this case it is better to take a certain forest management unit - a forestry enterprise (for example, Ismaili forest enterprise).
10. In case of transition to the lease relations where the forests will be handed over for commercial harvesting (for example, selective cuttings), wood enterprises can consider the certification as a long-term investment, which will result in an increase of the rental fee and let the local processing companies to sell the goods to the European markets.
11. In view of the lack of a direct necessity to certify the forests at the moment, it is possible to address the implementation of the long-term projects on the integrated development of the sustainable forest management as an alternative. These projects can be managed, for example, by WWF as a non-governmental non-profit organization in cooperation with other forest relations participants.

## Glossary

This glossary includes internationally accepted definitions from the FSC-STD-01-001 (V5-0) EN (FSC Principles and Criteria for Forest Stewardship)

**Affected stakeholder:** Any person, group of persons or entity that is or is likely to be subject to the effects of the activities of a Management Unit. Examples include, but are not restricted to (for example in the case of downstream landowners), persons, groups of persons or entities located in the neighborhood of the Management Unit. The following are examples of affected stakeholders:

- Local communities,
- Indigenous peoples,
- Workers,
- Forest dwellers,
- Neighbors,
- Downstream landowners,
- Local processors,
- Local businesses,
- Tenure and use rights holders, including landowners,
- Organizations authorized or known to act on behalf of affected stakeholders, for example social and environmental NGOs, labor unions, etc.

**Applicable law:** Means applicable to The Organization as a legal person or business enterprise in or for the benefit of the Management Unit and those laws which affect the implementation of the FSC Principles and Criteria. This includes any combination of statutory law (Parliamentary-approved) and case law (court interpretations), subsidiary regulations, associated administrative procedures, and the national constitution (if present) which invariably takes legal precedence over all other legal instruments.

**Auditor/Certification body:** an individual who is qualified and authorised to undertake all or any portion of an evaluation within an accreditation or certification scheme.

**Biological diversity:** The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species and of ecosystems.

**Chain of custody:** the channel through which products are distributed from their origin in the forest to their end-use.

**Compliance/conformity:** fulfilment by a product, process or service of specified requirements [ISO/IEC Guide 2:1991 paragraph 13.1 and ISO/CASCO 193 paragraph 1.1]. In this manual, the terms "conformity" and "compliance" are used interchangeably.

**Conservation/Protection:** These words are used interchangeably when referring to management activities designed to maintain the identified environmental or cultural values in existence long-term. Management activities may range from zero or minimal interventions to a specified range of appropriate interventions and activities designed to maintain, or compatible with maintaining, these identified values.

**Criterion (pl. Criteria):** A means of judging whether or not a Principle (of forest stewardship) has been fulfilled.

**Customary law:** Interrelated sets of customary rights maybe recognized as customary law. In some jurisdictions, customary law is equivalent to statutory law, within its defined area of competence and may replace the statutory law for defined ethnic or other social groups. In some jurisdictions customary law complements statutory law and is applied in specified circumstances.

**Customary rights:** Rights which result from a long series of habitual or customary actions, constantly repeated, which have, by such repetition and by uninterrupted acquiescence, acquired the force of a law within a geographical or sociological unit.

**Ecosystem:** A dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit.

**Ecosystem function:** An intrinsic ecosystem characteristic related to the set of conditions and processes whereby an ecosystem maintains its integrity (such as primary productivity, food chain, biogeochemical cycles). Ecosystem functions include such processes as decomposition, production, nutrient cycling, and fluxes of nutrients and energy. For FSC purposes, this definition includes ecological and evolutionary processes such as gene flow and disturbance regimes, regeneration cycles and ecological seral development (succession) stages.

**Ecosystem services:** The benefits people obtain from ecosystems. These include

- a. provisioning services such as food, forest products and water;
- b. regulating services such as regulation of floods, drought, land degradation, air quality, climate and disease;
- c. supporting services such as soil formation and nutrient cycling;
- d. and cultural services and cultural values such as recreational, spiritual, religious and other nonmaterial benefits.

**Forest:** A tract of land dominated by trees.

**Free, Prior, and Informed Consent:** A legal condition whereby a person or community can be said to have given consent to an action prior to its commencement, based upon a clear appreciation and understanding of the facts, implications and future consequences of that action, and the possession of all relevant facts at the time when consent is given. Free, prior and informed consent includes the right to grant, modify, withhold or withdraw approval.

**FSC (Forest Stewardship Council):** A global, not-for-profit organization dedicated to the promotion of responsible forest management worldwide based on membership.

**Habitat:** The place or type of site where an organism or population occurs

**High Conservation Value (HCV):** Any of the following values:

HCV1 - Species Diversity. Concentrations of biological diversity\* including endemic species, and rare, threatened or endangered\* species, that are significant at global, regional or national levels.

HCV 2 - Landscape-level ecosystems and mosaics. Large landscape-level ecosystems\* and ecosystem mosaics that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.

HCV 3 - Ecosystems and habitats. Rare, threatened, or endangered ecosystems, habitats\* or refugia\*.

HCV 4 - Critical ecosystem services. Basic ecosystem services\* in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.

HCV 5 - Community needs. Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples\* (for example for livelihoods, health, nutrition, water), identified through engagement with these communities or indigenous peoples.

HCV 6 - Cultural values. Sites, resources, habitats and landscapes\* of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples.

**Indigenous peoples:** People and groups of people that can be identified or characterized as follows:

- The key characteristic or criterion is self identification as indigenous peoples at the individual level and acceptance by the community as their member
- Historical continuity with pre-colonial and/or pre-settler societies
- Strong link to territories and surrounding natural resources
- Distinct social, economic or political systems
- Distinct language, culture and beliefs
- Form non-dominant groups of society
- Resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities.

**Interested stakeholder:** Any person, group of persons, or entity that has shown an interest, or is known to have an interest, in the activities of a Management Unit. The following are examples of interested stakeholders.

- Conservation organizations, for example environmental NGOs
- Labor (rights) organizations, for example labor unions
- Human rights organizations, for example social NGOs
- Local development projects
- Local governments
- National government departments functioning in the region
- FSC National Offices
- Experts on particular issues, for example High Conservation Values

**Living wage:** The level of wages sufficient to meet the basic living needs of an average-sized family in a particular economy.

**Local communities:** Communities of any size that are in or adjacent to the Management Unit, and also those that are close enough to have a significant impact on the economy or the environmental values of the Management Unit or to have their economies, rights or environments significantly affected by the management activities or the biophysical aspects of the Management Unit.

**Local laws:** The whole suite of primary and secondary laws (acts, ordinances, statutes, decrees) which is limited in application to a particular geographic district within a national territory, as well as secondary regulations, and tertiary administrative procedures (rules / requirements) that derive their authority directly and explicitly from these primary and secondary laws. Laws derive authority ultimately from the Westphalian concept of sovereignty of the Nation State.

**Management plan:** The collection of documents, reports, records and maps that describe, justify and regulate the activities carried out by any manager, staff or organization within or in relation to the Management Unit, including statements of objectives and policies.

**Management Unit:** A spatial area or areas submitted for FSC certification with clearly defined boundaries managed to a set of explicit long term management objectives which are expressed in a management plan. This area or areas include(s):

all facilities and area(s) within or adjacent to this spatial area or areas under legal title or management control of, or operated by or on behalf of The Organization, for the purpose of contributing to the management objectives; and

all facilities and area(s) outside, and not adjacent to this spatial area or areas and operated by or on behalf of The Organization, solely for the purpose of contributing to the management objectives.

**Non-timber forest products (NTFP):** All products other than timber derived from the Management Unit.

**The Organization:** The person or entity holding or applying for certification and therefore responsible for demonstrating compliance with the requirements upon which FSC certification is based.

**P&C:** Principles and Criteria of FSC.

**Principle:** An essential rule or element; in FSC's case, of forest stewardship.

**Publicly available:** In a manner accessible to or observable by people generally.

**Rare species:** Species that are uncommon or scarce, but not classified as threatened. These species are located in geographically restricted areas or specific habitats, or are scantily scattered on a large scale. They are approximately equivalent to the IUCN (2001) category of Near Threatened (NT), including species that are close to qualifying for, or are likely to qualify for, a threatened category in the near future. They are also approximately equivalent to imperiled species.

**Ratified:** The process by which an international law, covenant or agreement (including multilateral environmental agreement) is legally approved by a national legislature or equivalent legal mechanism, such that the international law, covenant or agreement becomes automatically part of national law or sets in motion the development of national law to give the same legal effect.

**Reasonable:** Judged to be fair or appropriate to the circumstances or purposes, based on general experience.

**Refugia:** An isolated area where extensive changes, typically due to changing climate or by disturbances such as those caused by humans, have not occurred and where plants and animals typical of a region may survive.

**Risk:** The probability of an unacceptable negative impact arising from any activity in the Management Unit combined with its seriousness in terms of consequences.

**Scale:** A measure of the extent to which a management activity or event affects an environmental value or a management unit, in time or space. An activity with a small or low spatial scale affects only a small proportion of the forest each year, an activity with a small or low temporal scale occurs only at long intervals.

**Uphold:** To acknowledge, respect, sustain and support.

**Use rights:** Rights for the use of resources of the Management Unit that can be defined by local custom, mutual agreements, or prescribed by other entities holding access rights. These rights may restrict the use of particular resources to specific levels of consumption or particular harvesting techniques.

**Workers:** All employed persons including public employees as well as ‘self-employed’ persons. This includes part-time and seasonal employees, of all ranks and categories, including laborers, administrators, supervisors, executives, contractor employees as well as self employed contractors and sub-contractors.

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7. Official web-site of European Neighborhood and Partnership Instrument East Countries Forest Law Enforcement and Governance Program II Azerbaijan Project URL: <http://www.new.enpi-fleg.az/>
8. Official web-site of Forest Stewardship Council International URL: <https://ic.fsc.org/index.htm>
9. Official web-site of Forest Stewardship Council Russia URL: <http://www.fsc.ru/>
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## About FLEG II (ENPI East) Program

The Forest Law Enforcement and Governance (FLEG) II European Neighbourhood and Partnership Instrument (ENPI) East Countries Program supports participating countries' forest governance. At the regional level, the Program aims to implement the 2005 St. Petersburg FLEG Ministerial Declaration and support countries to commit to a time-bound action plan; at the national level the Program will review or revise forest sector policies and legal and administrative structures; and improve knowledge of and support for sustainable forest management and good forest governance in the participating countries, and at the sub-national (local) level the Program will test and demonstrate best practices for sustainable forest management and the feasibility of improved forest governance practices at the field-level on a pilot basis. Participating countries include Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russia, and Ukraine. The Program is funded by the European Union. <http://www.enpi-fleg.org>

## Project Partner



### EUROPEAN COMMISSION

The European Union is the world's largest donor of official development assistance. EuropeAid Development and Cooperation, a Directorate General of the European Commission, is responsible for designing European development policy and delivering aid throughout the world. EuropeAid delivers aid through a set of financial instruments with a focus on ensuring the quality of EU aid and its effectiveness. An active and proactive player in the development field, EuropeAid promotes good governance, human and economic development and tackle universal issues, such as fighting hunger and preserving natural resources. [http://ec.europa.eu/index\\_en.htm](http://ec.europa.eu/index_en.htm)



### WORLD BANK

The World Bank Group is one of the world's largest sources of knowledge and funding for its 188 member-countries. The organizations that make up the World Bank Group are owned by the governments of member nations, which have the ultimate decision-making power within the organizations on all matters, including policy, financial or membership issues. The World Bank Group comprises five closely associated institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), which together form the World Bank; the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID). Each institution plays a distinct role in the World Bank Group's mission to end extreme poverty by decreasing the percentage of people living on less than \$1.25 a day to no more than 3 percent, and promote shared prosperity by fostering the income growth of the bottom 40 percent for every country. For additional information please visit: <http://www.worldbank.org>, <http://www.ifc.org>, <http://www.miga.org>



### IUCN

IUCN, International Union for Conservation of Nature, helps the world find pragmatic solutions to our most pressing environment and development challenges. IUCN's work focuses on valuing and conserving nature, ensuring effective and equitable governance of its use, and deploying nature-based solutions to global challenges in climate, food and development. IUCN supports scientific research, manages field projects all over the world, and brings governments, NGOs, the UN and companies together to develop policy, laws and best practice. IUCN is the world's oldest and largest global environmental organisation, with more than 1,200 government and NGO members and almost 11,000 volunteer experts in some 160 countries. IUCN's work is supported by over 1,000 staff in 45 offices and hundreds of partners in public, NGO and private sectors around the world. [www.iucn.org](http://www.iucn.org)



### WWF

WWF is one of the world's largest and most respected independent conservation organizations, with almost 5 million supporters and a global network active in over 100 countries. WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable, and promoting the reduction of pollution and wasteful consumption. [www.panda.org](http://www.panda.org)