The Cabinet of Ministers of the Azerbaijan Republic

On Some Normative-Legal Acts Related to Forest Economy

Resolution No. 45

Baku, March 15, 2001

In accordance with Article 39 of the Forest Code of the Azerbaijan Republic, the Cabinet of Ministers of the Azerbaijan Republic resolves as follows:

1. To approve List of Indicators of the State Forest Cadastre, Methodology of Economic Valuation of Forests and Rules of Maintenance of the State Forest Cadastre (appended hereto).

2. To repeal resolution of the Cabinet of Ministers of the Azerbaijan SSR No. 79 of February 15, 1982 On Resolution of the Cabinet of Ministers of the USSR No. 17 of January 8, 1982 On State Registration of Forests, Maintenance of the State Forest Cadastre and Sector Control Over Conditions and Use of the State Forest Fund Lands.

3. This Resolution shall come into force from the date of signing.

Prime Minister of the Azerbaijan Republic

A. RASI-ZADE
List of Indicators of the State Forest Cadastre

Legal grounds for the referral of the forest fund to protection categories, grant of short and long-term use over lands of the forest fund, as well as withdrawal or inclusion of lands from and to the forest fund;

Distribution of the forest fund by administrative territories into land categories and forest protection categories;

information on conditions of forest plants;

distribution of areas covered by forests by administrative territories into prevailing genders and age groups;

distribution of forests into bonus categories;

distribution of forests into density groups;

distribution of forests by administration with administrative territorial units;

information related to state registration of the forest fund.
Methodology of Economic Valuation of Forests

I. General conditions and expressions

1.1. This Methodology shall, with consideration of payments being made for the use of forest fund areas (except for mass forest servitude), regulate economic regulation of forests embracing union of forest plants, land, fauna and environment, other components of ecological, economic and social significance and shall establish composition of required original information, calculation of indicators of economic valuation.

1.2. Results of economic valuation of forests shall be used for the following purposes:

- Supply of the economic section of the state forest cadastre;
- Establishment of damages and losses caused through withdrawal of forest fund lands, or natural or anthropogenic impact;
- Development of the system for carrying out of the forest economy and appraisal of the level of economic activities;
- arrangements for multi-purpose use of forests;
- preparation of projects for determination of payment categories for the use of the forest fund, tariff rates for fire-wood;
- organisation of modern forest administration system co-ordinating economic, social and ecological purposes of the forest economy.

1.3. The following shall be objects of economic valuation of forests:

- original valuation object – taxation allocation of forest fund lands;
- intermediary valuation object – overall scope of forest fund sections of the forest area;
- final valuation object – area of operation of the forest economy enterprise.

1.4. Principal expressions used in course of economic valuation of forests:

- forest reserves – types of forest fund used specified by the existing legislation and capable of being evaluated;
- complex valuation of forest reserves – valuation of types of use of the forest fund and services by natural indicators;
- valuation of forest reserves upon monetary (value) indicator.

1.5. Indicators of economic valuation of forests:

- monetary valuation of complex use of the forest fund;
- overall monetary expression of products originating from the forest fund, categories of use and services, potential income capable of being received in course of the period of compensation of expenses in the forest section of certain quality and located within appropriate territory, normative price of forest fund lands characterised by annual net income (or, rent);
- valuation of forest fund lands.

1.6. The following should be taken into consideration in course of economic valuation of forests:

- average (model) level of use of the forest fund on the current level of forest economy activities in forests with economic importance;
value indicator of forest reserves (rent income expected from commencement of operation of forest reserves requiring valuation);
- possible level of use of the forest fund (potential percentage share of individual categories of use out of overall use of the forest fund under specific economic conditions).

II. Economic valuation of use of forest fund areas

2.1. Economic valuation of use of forest fund areas shall be undertaken in two stages:
- complex valuation of categories of use of the forest fund with natural indicators;
- monetary (value) valuation of selected categories of use of the forest fund.

2.2. Results of economic valuation of use of forest fund areas shall constitute basis for the establishment of normative prices of forest lands.

2.3. Information collected in course of determination of tariffs for forests, as well as normative-inquiry information related to complex valuation of forest reserves shall constitute grounds for the economic valuation of elements of complex productivity with natural indicators.

2.4. Contents of normative-inquiry information related to complex valuation of forest reserves, technical requirements and forms associated with preparation thereof shall be prepared and approved by the Production Association Azerbmeshe.

2.5. The following shall be categories of use of the forest fund:
- firewood production;
- production of forest reserves of the second category (stubs, fibre, cortex, etc.);
- supplementary use of forests (grass cuttings, location of bee-houses, production and collection of wild fruits, mushrooms, berries, and other products, oak cones, health treatment herbs, technical raw materials, moss, forest covering, fallen leaves, reed, rush, weed, etc., other types of supplementary use determined in accordance with the list approved by the Production Association Azerbmeshe);
- scientific-research purposes;
- culture, health treatment, tourism and sport;
- needs of hunting industry.

2.6. Tariffs applicable to categories of use of the forest fund and firewood shall be established in accordance with principles of market economy.

2.7. Valuation of forest fund sections used for scientific-research, culture, health treatment, tourism and sport purposes, needs of hunting industry shall be undertaken in accordance with special regulation produced by the relevant scientific-research organisations.

Regulations prepared by scientific-research organisations shall be agreed with the Ministry of Economy, State Committee for Ecology and Control Over Use of Nature of the Azerbaijan Republic and shall be approved in accordance with prescribed procedures.

2.8. Types of payments for the use of the forest fund, tariff prices for firewood production shall be prepared by the Production Association Azerbmeshe, agreed with the Ministry of Economy and Ministry of Finances of the Azerbaijan Republic and approved by the Cabinet of Ministers of the Azerbaijan Republic.

III. Valuation of forest lands
3.1. Valuation of forest lands, including lands under young trees and plantations, shall be carried out with application of regional scales for normative prices of forest funds subject to actual territory of location of forest lands, forest growth conditions of the territory, designation of forests, category of lands.

3.2. Normative price scales for forest lands shall be prepared upon zone-type principle and shall be approved by the Cabinet of Ministers of the Azerbaijan Republic upon recommendation of the State Land Committee of the Azerbaijan Republic.

3.3. Taking into account that tree sections within territories of operation of forest enterprises do not fully comply with normative requirements for forest land prices, subject to application to forests pre-designated for the use, relevant calculation shall be made through selection of tree section of industrial significance (model) with firewood importance.

Taking into account higher quality indicators of productivity of forest lands, valuation of such lands, as well as lands under young trees and plantations, shall be determined through application of 1.3 coefficient on the first quality group of normative prices for planting multi-year plants and rested lands in republican cadastre price regions and sub-regions.

3.4. For the purpose of consideration of current economic conditions and purposeful designation of forests, there shall be considered possibilities for incomplete use of overall production related to categories of use of the forest fund. Proportion of use of individual categories of use of forests shall be established by the Production Association Azerbmeshe.

IV. Economic valuation of non-forest lands

4.1. Normative prices for lands designated for the needs of the forest industry (planting, hays, pastures, gardens, grape yards, etc.) shall be equated in accordance with existing procedures with appropriate normative prices for lands referred to the first quality category in agriculture.

4.2. Existing normative acts shall be used for the purpose of valuation of non-forest lands designated for protection of soils, recreation, water regulatory, production and other purposes.
Rules of Maintenance of the State Forest Cadastre

1. These Rules shall regulate maintenance of the state forest cadastre.

2. State forest cadastre shall constitute registration of the forest fund, ecological, economic, qualitative and quantitative valuation thereof.

3. State forest cadastre shall be formal state document constituting a part of the cadastre of natural resources and shall be maintained upon forest planning, forest inventorisation and other study-audit documentation.

4. State forest cadastre shall in accordance with the unified system be used in administration of forest economy, organisation thereof and transfer of forest lands into category of non-forest lands or withdrawal of forest lands for purposes not associated with the use of the forest fund, determination of amount of charges payable for the use of the forest fund, economic valuation of operations of forest users and persons carrying out forest economy works.

5. State forest cadastre shall be maintained by forest economy enterprises of the Production Association Azerbmeshe.

6. Amendments to the state forest cadastre (increase and decrease) shall each year be noted in relevant sections of the state forest cadastre book and shall be summarised as of January 1 of the following year.

Final results of notes made in books of the state forest cadastre shall be submitted in form of reports by forest economy enterprises to the Production Association Azerbmeshe prior to March 1 of each year.

7. Chiefs of the Production Association Azerbmeshe and enterprises subordinated to the Production Association Azerbmeshe shall be liable for correct preparation timely submission and storage of reports related to the state forest cadastre.

8. Production Association Azerbmeshe shall, in conjunction with relevant authorities:

- ensure state registration of grant of use and lease of forest fund sections, valuation of lands, carrying out geo-botanical and other researches and studies, undertaking operative observations over status of lands, as well as preparation of methodological instruction and regulations required for the purpose of maintenance of the state forest cadastre;
- undertake systematic studies of demand and need for long-term and operative information on volume, status and price of land reserves, take measures for the inclusion of forest economy, environmental protection information originating in connection with permanent improvement of the state forest cadastre into state forest cadastre documents;
- ensure systematisation, study and storage of information related to forest fund sections, as well as publication of necessary state forest cadastre materials.

9. Samples of state forest cadastre book, technical documents (forms and appendixes thereto) regulating the process of maintenance of the state land cadastre shall be approved by the Production Association Azerbmeshe, printed in centralised order and delivered to relevant enterprises.
10. Production Association Azerbmeshe shall by April 30 of each year approve final report of the state land cadastre at its Board meeting and shall submit the report to the Cabinet of Ministers, State Land Committee and State Statistics Committee of the Azerbaijan Republic.