

United Nations Development Programme

Country: Azerbaijan

Project Document

Project Title:	Capacity building for the State Social Protection Fund, extension of 5th phase
UNDAF Outcome:	The State strengthens the system of governance with the involvement of Civil Society and in compliance with its international commitments, with particular emphasis on vulnerable groups
Expected CP Outcome:	Efficiency, accountability and transparency is enhanced through capacity development of State Entities, including gender sensitive approaches
Expected Output:	Strengthened capacity of the State Social Protection Fund (SSPF) of the Republic of Azerbaijan at both central and local levels to deliver social security services in efficient, accountable and transparent manner
Executing Entity:	State Social Protection Fund
Implementing Agencies:	State Social Protection Fund

Brief Description

This is the extension of the 5th phase of the Project launched in September 1, 2008. The project assists the State Social Protection Fund of the Republic of Azerbaijan (SSPF) to introduce a new pension system based on individual accounts. UNDP support will be delivered on two major components of the reform: 1) infrastructural development of the SSPF branch offices to ensure adequate functionality and service delivery; 2) roll-out of the Management Information System to increase the efficiency of business processes and data processing capacity.


Programme Period	<u>2011-2015</u>	Total resources required	US\$ 1,690,000
Key Result Area (Strategic Plan)	<u>Strengthening accountable and responsive governing institutions</u>	Total allocated resources:	US\$ 1,690,000
Atlas Award ID:	<u>00011285</u>	• Regular	_____
Start date:	<u>January 1, 2011</u>	• Other:	
End Date	<u>Dec. 31, 2011</u>	○ UNDP	US\$ 140,000
		○ Donor	_____
		○ Donor	_____
		○ Government	US\$ 1,550,000
		Unfunded budget:	0
		In-kind Contributions	_____

Agree by (Government):



 Salim Muslumov, Chairman, State Social Protection Fund

Agree by (UNDP):



 Fikret Akcura, UNDP Resident Representative

I. Situation Analysis

Upon regaining independence in 1991, Azerbaijan faced significant political, economic and social problems. Among other things, more than a half of the population lived below the poverty line, life expectancy had fallen and the GDP was halved. In late 90th boosting substantial oil reserves, Azerbaijan has managed to attract significant foreign investment and capitalize on higher oil prices in the following years. By mid 2000th oil revenues, coupled with the Government's conservative approach to debt, have enabled Azerbaijan to achieve macroeconomic stability and accelerate economic growth. The country's economic successes allowed to considerably reduce poverty from 46,7% in 2002 to about 11 per cent in 2009.

This can be largely attributed to ambitious and effective program of the Government of Azerbaijan aimed at enhancement of social security, and particularly the national pension system

Since 2003, the State Social Protection Fund (SSPF), with the support of UNDP and the World Bank, managed to significantly strengthen pension system, removing fragmented pension administration responsibilities and months of payment delays and diminishing dependence on the state budget. This was achieved through improvement of administration tools in SSPF, shift-up to Personal Accounts System (PAS) that ensures greater fairness / transparency and accountability, establishment of automated Management Information System (MIS), building capacity to SSPF employees, improvement of record-keeping system. Almost 1.8 mln persons were enrolled to PAS since 2006. Modern archive facilities have been established ensuring due retention of pension files and thus eliminating the risk of their forgery. Delivery of pensions is realized now through ATMs (more than 500 ATMs all over the country) which ensures improved delivery of services to the population.

State Social Protection Fund offices were reorganized and strengthened. SSPF made significant progress towards establishment of automated MIS, which is a core stone of the transparent and accountable system. The computer infrastructure was established in 93% offices (almost all the offices excluding so called "refugee offices"). Main business processes, such as registration of system contributors, submission of financial reports and declarations were automated and corresponding software modules installed in 62 offices out of 88. Introduction of a second funded pillar based on notionally defined contributions and strengthening of "pay-as-you-go" pillar supports the system's long-term sustainability. The share of the transfers from the state budget decreased from 40% in 2002 to 31% in 2010, while the minimum pension grew from 25 AZN to 85 AZN. The achievements of SSPF in reforming the pension and social security system were highly recognized by many international institutions such as UNDP¹, WB², ISSA³, etc.

However, this level of modernization process has not yet reached all regions of the country. In order to achieve the same level of efficiency in all SSPF branch offices, there still is a need for further development, including (a) ensuring full coverage of the SSPF office by the Management Information System; (b) training of SSPF employees in operating MIS; (c) continuous study, application and adoption of the world's best practices to the pension and social insurance system of Azerbaijan.

Partnership with UNDP for realization of the project is vitally important for achievement of the project results. There are several reasons behind that assertion. First, the current activities are logic continuation of the existing project with UNDP. Second, UNDP-supported e-Governance projects constituted a central component of the Government's public administration reform efforts, contributing to enhanced efficiency, transparency and accountability of public. Third, UNDP's mandate to support execution and monitoring of the MDGs and the Millennium Declaration in the country offers it a substantial comparative advantage in supporting the Government to further increase living standards and achieve higher levels of human development.

¹ Salim Muslumov, Oktay Ibrahimov Pension reform in Azerbaijan: challenges and achievements; Development and transition, April 2009. <http://www.developmentandtransition.net/index.cfm?module=ActiveWeb&page=WebPage&DocumentID=714>

² Salim Muslumov, Modernization of Pension Administration: From no Computers to a Sophisticated Record Keeping and MIS System in Three Years. The Case of Azerbaijan; World Bank, Washington D.C., 13 June 2007

³ March 2010, Good practice award: Efficient Governance through application of ICT

II. Strategy

The project will contribute to the achievement of the UNDAF Outcome 3: “By 2015, the State strengthens the system of governance with the involvement of Civil Society and in compliance with its international commitments, with a particular emphasis on vulnerable groups” and is relevant to the UNDP Country Programme Outcome 3.2 “ Efficiency, accountability and transparency within public administration are enhanced through capacity development of State Entities, including gender sensitive approaches.”

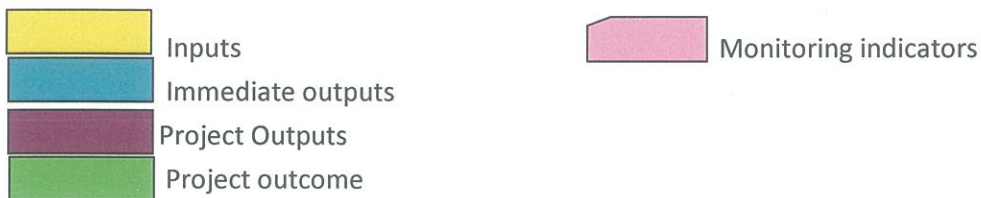
The overall objective of the project is to contribute to better governance in pension and social insurance system through further development and implementation of the SSPF’s automated management system. The latter is a vital component required to achieve greater accountability and efficiency of government institutions.

The project particularly aims at enhancing the managerial and data processing capacity of SSPF and assist SSPF in effective management of the new pension system based on individual accounts. To implement the set objectives the Management Information System (MIS) was developed. The creation of computer infrastructure is completed in 93% (81) offices of SSPF. Main business processes are automated through development of appropriate software modules, which are installed in 62 out of 88 offices of SSPF. Installation of MIS in the remaining offices is foreseen in the framework of the extension of the 5th phase. Now, SSPF is required to complete the remaining activities towards creation of the automated management system in SSPF.

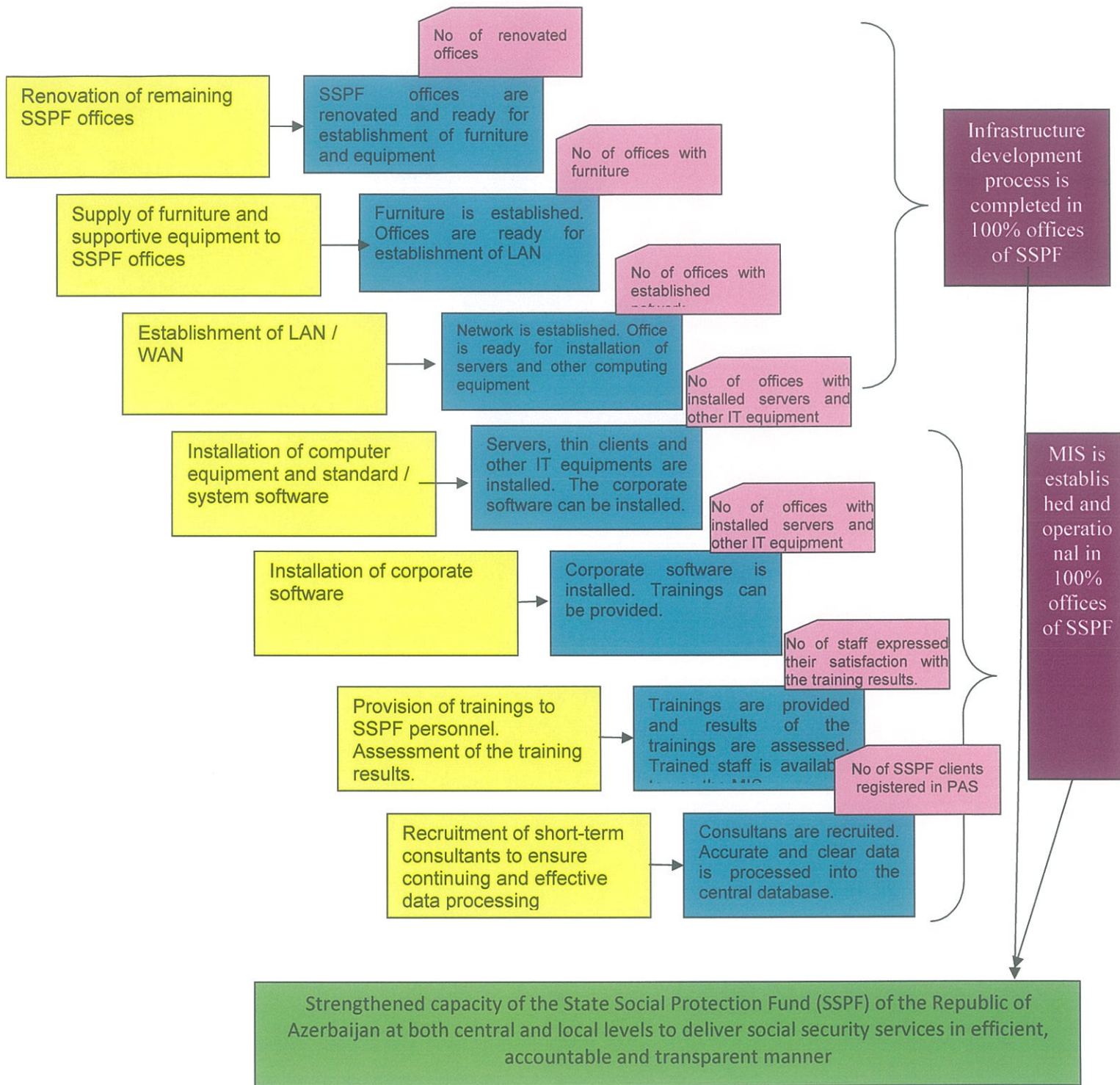
This project extension will focus on achieving the following two targets:

- Infrastructure development process is ensured in 100% offices of SSPF
- MIS is established and fully operational in 100% offices of SSPF

The simplified logic model of the project, omitting the detailed input description is given on the next page.



Simplified logic model of the project



The project is implemented by two key partners: UNDP and SSPF. The implementation agency is SSPF with trained staff and good capacity for project management.

III. RESULTS AND RESOURCES FRAMEWORK

<p>Intended Outcome as stated in the Country Programme Results and Resource Framework:</p> <p>UNDAF outcome 3: State strengthens the system of governance with the involvement of Civil Society and in compliance with its international commitments, with particular emphasis on vulnerable groups.</p> <p>Country Programme 3.2: Efficiency, accountability and transparency is enhanced through capacity development of State Entities, including gender sensitive approaches</p> <p>Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:</p> <p>Number of IT innovations implemented contributing to increased transparency in public administration</p> <p>Baseline (June, 2010): 2; Target: 5</p> <p>Applicable Key Result Area (from 2008-11 Strategic Plan): Strengthening accountable and responsive governing institutions</p> <p>Partnership Strategy: The project will cooperate with various ministries for data exchange (Ministry of Taxes, Ministry of Interior, Ministry of Justice, Ministry of Labour and Social Protection) and will work in coordination with the World Bank supported project</p> <p>Project title and ID (ATLAS Award ID): 00011285</p>				
INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
<p>Output 1</p> <p>Strengthened capacity of the State Social Protection Fund (SSPF) of the Republic of Azerbaijan at both central and local levels to deliver social security services in efficient, accountable and transparent manner</p> <p>Baseline: SSPF has a total of 88 branch offices. Up to now, 65 offices of SSPF were either renovated or built from scratch; 14 offices are located in renovated premises; 9 offices are</p>	n/a	<p>1. Activity result: Infrastructural development process is completed in 7 offices. By the end of the project, 100% SSPF offices are equipped with furniture and auxiliary equipment and have durable LAN solutions.</p> <p>Actions:</p> <ul style="list-style-type: none"> - Identify needs for infrastructural development - Organize procurement of necessary furniture and equipment - Ensure due delivery, installation, and handover of the procured 	<p>UNDP; SSPF</p>	<p>Inputs by UNDP:</p> <ul style="list-style-type: none"> - overall advisory and administrative support; <p>SSPF: \$ 514,290</p> <p>International consultant \$2,500</p> <p>Short-term consultant \$2,000</p> <p>Audio Visual and Printing Production Costs \$1,300</p> <p>Equipment and furniture \$420,000</p>

<p>rented and not renovated; the computers and servers are supplied to all 88 offices; permanent LAN solution is installed in 81 offices of SSPF; 7 offices have limited LAN capacity which covers only personal accounts and finance-budget sections.</p> <p>Indicators: <i>Number of offices with supplied equipment and furniture, installed LAN</i></p>		<p>items and LAN</p>		<p>Travel \$4,000 Contractual services \$60,000 General Operational Support \$24,490</p>
<p>Baseline: Most components of the developed MIS are in place in 62 offices out of 88. Central server centre has been established and works properly. Back-up server centre has been renovated; equipment for back-up server centre is available.</p> <p>1,8 mln Q3 forms submitted to SSPF so far (as of June 17, 2010). 1,7 mln personal accounts opened. Collection of declarations started in 2008. Currently, SSPF clears and cross-checks the submitted declaration and allocates the funds on the Social Security Cards. SSPF collected declarations for 2006-</p>	<p>n/a</p>	<p>2.1 Activity result: MIS is established in 26 SSPF branch offices. MIS is operational in 100% of SSPF offices.</p> <p>Actions:</p> <ul style="list-style-type: none"> - Analyze the gaps in MIS roll-out process - Organize procurement of necessary services for further development of software modules to automate business processes in SSPF; - Organize procurement of necessary computer equipment to support MIS; - Ensure due delivery, installation and integration of the procured equipment and developed 	<p>SSPF, UNDP</p>	<p>Inputs by UNDP:</p> <ul style="list-style-type: none"> - overall advisory and administrative support; <p>SSPF: \$ 878,010 Information Technology Equipment \$50,000 Travel \$2,500 Audio Visual & Printing Production Costs \$700 Equipment and Furniture \$63,000 Contractual Services – Companies \$500,000 Local Consultants \$220,000 General Operational</p>

<p>2009. 80% of declarations for 2006-2008 (~ 3,840,000 declarations) were cleared so far.</p> <p>Database contains information on all registered participants</p> <p>Indicators:</p> <ul style="list-style-type: none"> No of offices with established MIS; Number of SSPF's client (system contributors) registered in the social security system % of processed forms (application and declaration forms) 		<p>software;</p> <ul style="list-style-type: none"> Ensure due usage of MIS by provision of trainings and regular assessment and monitoring of SSPF offices; <p>2.2 Activity result: Accurate and clear data is available in the central database.</p> <p>Actions:</p> <ul style="list-style-type: none"> Organize recruitment of consultants to support SSPF in data cleaning and systematization; 		<p>Support \$41,810</p>
<p>Baseline: A professional project team is in place</p> <p>Indicator: Project Management complies with UNDP Programme and Operational Policies and Procedures</p>	<p>n/a</p>	<p>3. Activity result: Project is being implemented according to the Annual Plan of Activities (APA) and AWP</p> <p>Actions:</p> <ul style="list-style-type: none"> Monitor implementation of the project objectives in branch offices of SSPF; Share experience with the Social security institutions worldwide Prepare annual work plans and budget revisions Quarterly update RMG logs Prepare and maintain inventory lists Ensure project operational and financial closure 	<p>SSPF, UNDP,</p>	<p>Inputs by UNDP: \$140,000 SSPF input: \$157,700 Total: \$297,700</p> <p>Service contracts – individuals \$202,619 Local consultants \$12,000 Travel \$20,000 Rental and Maintenance of Other Equipment \$19,500 Communications and Audio Visual Equipment \$7,500</p>

				<p>IT equipment \$5,000 Rental and Maintenance of Information Technology Equipment \$3,000 Supplies \$3,500 Audio Visual and Printing Production Costs \$300 Miscellaneous operating expenses \$10,000 Miscellaneous expenses \$5,271 Contractual services – companies \$1,500 General Operational Support \$7,510</p>
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Annual Work Plan
Year: 2011

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget description	Budget account
<p><i>And baseline, indicators including annual targets</i></p> <p>Output 1 Strengthened capacity of the State Social Protection Fund (SSPF) of the Republic of Azerbaijan at both central and local levels to deliver social security services in efficient, accountable and transparent manner</p> <p>Baseline: So far, 65 offices of SSPF were either renovated or build from scratch; 14 offices are located in renovated rented premises; 9 offices (Khazar, Sabail, Sabunchu, Mingechevir, Khojali, Khojavend, Jabrail, Kelbejar; Gubadli) are rented and not renovated; LAN is installed in 88 offices of SSPF; in 7 offices out of 88 the limited LAN is installed which covers only personal accounts and</p>	<p>List activity results and associated actions</p> <p>1. Activity result: Infrastructural development process is completed in 7 offices. By the end of the project, 100% SSPF offices are equipped with furniture and auxiliary equipment and have durable LAN solutions.</p> <p>Actions:</p> <ul style="list-style-type: none"> - Identify needs for infrastructural development - Organize procurement of necessary furniture and equipment - Ensure due delivery, installation, and handover of the procured items and LAN 	X	X	X	X	UNDP, Gov			514,290
							International consultant	71200	2,500
		X	X	X	X		Short-term consultant	71300	2,000
			X	X	X		Audio Visual and Printing Production Costs	74200	1,300
		X	X	X	X		Equipment and furniture	72200	420,000
							Travel	71600	4,000
							Consultant services	72100	60,000
							General Operational Support	75100	24,490

<p>personal accounts opened. Collection of declarations started in 2008. Currently, SSPF clears and cross-checks the submitted declaration and allocates the funds on the Social Security Cards. SSPF collected declarations for 2006-2009. 80% of declarations for 2006-2008 (~ 3,840,000 declarations) were cleared so far. Database contains information on all registered participants</p> <p>Indicators: No of offices with established MIS; Number of SSPF's client (system contributors) registered in the social security system % of processed forms (application and declaration forms)</p>																																	
<p><i>offices;</i></p> <p>2.2 Activity result: Activity result: Accurate and clear data is available in the central database.</p> <p>Actions: - Organize recruitment of consultants to support SSPF in data cleaning and systematization;</p>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

Management Arrangements

National Execution (NEX). The project will be nationally executed, implemented by the State Social Protection Fund (SSPF) that will act both as the Implementing Partner and the Beneficiary of the project. Implementation support will be provided by the UNDP Country Office (see Project Governance Arrangements below). In its capacity as Implementing Partner, SSPF will be responsible for overall project management. Besides, it will be responsible for the facilitation of all project activities such as international consultant missions, trainings for respective staff, ensuring appropriate access to project sites, relevant data, records, agencies and authorities. UNDP will provide support and services including procurement and contracting, human resources management and financial services in accordance with the relevant UNDP Rules and Procedures and RBM guidelines.

Project steering committee: The Project Steering Committee will be the executive decision making body for the project, providing guidance to the Project Manager, and approving project revisions. The Project Steering Committee will consist of two members:

- The Executive (Implementing Partner). This position will be held by the Chairman of the State Social Protection Fund (SSPF);
- The Senior Supplier. This position will be held by the UNDP RR / DRR, or a designated UNDP Programme Advisor
- The Senior Beneficiary. This position will be held by a representative of the SSPF.

Project Assurance: UNDP will designate a Development Advisor to provide independent project oversight and monitoring functions, to ensure that project activities are managed and milestones accomplished. The UNDP Development Advisor will be responsible for reviewing Risk, Issues logs, Annual Plan of Activities, budgets and ensuring compliance with the Monitoring and Communications Plan.

Project Support: UNDP will provide financial and administrative support to the project including procurement, contracting, travel and payments.

Expert support: Most of the activities will be conducted by both national and international experts. Additional experts can be hired to provide a third party assessment of the projects activities and accomplishment of project goals and outputs. In addition, they will assist UNDP and the Government in identifying strengths, weaknesses, opportunities and threats that may prejudice the goals of the project, or warrant a revision of activities, objectives or approach.

Project team composition: The project team consists of Project manager and financial, administrative and project analysts/ assistants. Besides, local consultants will be hired to support SSPF in data cleaning and implementation activities.

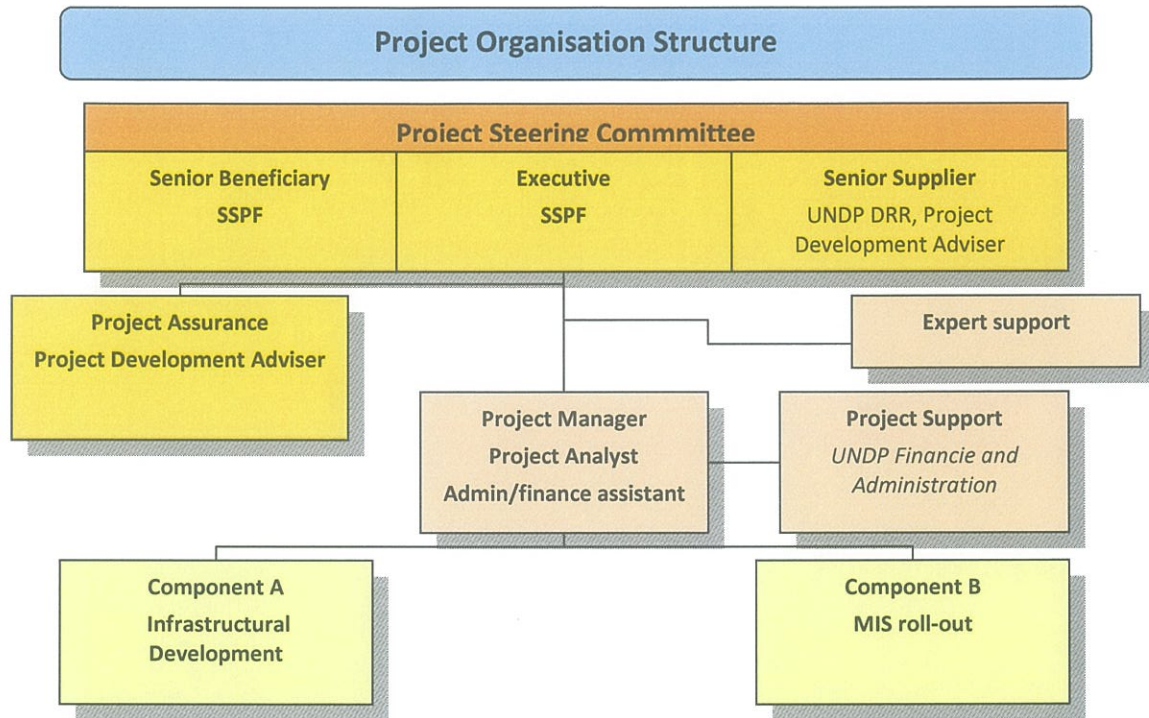
Project Manager: The Project Manager will be tasked with the day-to-day management of project activities, as well as with financial and administrative reporting. He will be responsible for project implementation and will be guided by Annual and Quarterly Work Plans and follow the RBM standards. PM's prime responsibility is to ensure that the project produces the planned outputs by undertaking necessary activities specified in the project document to the required standard of quality and within the specified constraints of time and cost.

Project analyst, finance / administrative staff:

The Project analyst will be responsible for reviewing the work plans and monitoring of project progress and budget implementation, in consultation with the Project Manager prepares the project objectives and action plans, provide consultancy and monitor procurement activities undertaken in the framework of the project. The project's finance and administrative staff will be responsible for day-to-day implementation of

the project's financial and administrative issues, such as preparation of payment requests, due record keeping of project inventory; making of travel arrangements, etc.

The Project Policy-analysis consultant: The Project Policy-analysis consultant will be responsible for conducting legislation and social insurance policy analysis, provide consultative services to local/international experts involved in project, and assist in the planning, drafting reports and preparing summaries of meetings.



Audit Arrangements: The project will be subject to internal audit as required by the UNDP rules and procedures.

Summary of inputs to be provided by partners

Government inputs:

- **\$1,550,000** will be contributed to the project (from SSPF budget) by the Government;
- Free and functional office premises for project related activities and access to any information necessary for the project staff and consultants to complete their tasks;
- Assistance in identification of national experts;
- Assistance to UNDP in identifying the most appropriate people as focal points for provision of necessary data, access to project sites, records;
- A National Project Director (NPD) for the project who is paid by the government for the entire duration of the project;
- Administrative support for the organization of the project's training activities.

UNDP inputs:

- **\$140,000** will be contributed to the project by UNDP;
- Support services in selecting international/local training consultants and staff to be recruited under the project;
- Support services in procurement and financial management;
- Briefing for selected international and local consultants;

- Participation in the organization of training activities, selection of equipment suppliers and organization of training courses;
- Access to UNDP-managed global information systems, the network of UNDP country offices and specialized systems containing operations information, including rosters of consultants and provide of development services.
- Quality control over the project outputs.

4 MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

- On a regular basis – monitoring of the project activities shall be performed by Project Manager through conducting project staff meetings, regular visits to project implementation sites, etc.
- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Steering Committee through Project Assurance, using the standard report format available in the Executive Snapshot.
- a Monitoring and Communication Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Field visits.** A representative from the UNDP office should visit the project site at least once a year. Field visits serve the purpose of results validation, especially when undertaken in the first half of the year. If undertaken in the latter part of the year, the field visit should provide latest information on progress for annual reporting preparation. Field visits should be documented through brief and action-oriented reports, submitted within the week of return to the office.
- **Annual Progress Report.** An Annual Progress Report shall be prepared by the Project Manager and shared with the Project Steering Committee. As minimum requirement, the Annual Progress Report shall consist of the Atlas standard format for the PPR covering the whole year with updated information for each above element of the PPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Steering Committee and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes. Once cleared, key elements of the reports shall feed directly into the annual reporting exercise on results at the outcome level.

Quality Management for Project Activity Results

OUTPUT 1: Strengthened capacity of the State Social Protection Fund (SSPF) of the Republic of Azerbaijan at both central and local levels to deliver social security services in efficient, accountable and transparent manner		
Activity Result 1	<i>Infrastructural development process is completed in 7 offices. By the end of the project, 100% SSPF offices are equipped with furniture and auxiliary equipment and have durable LAN solutions.</i>	Start Date: 01/01/2011 End Date: 31/12/2011
Purpose	Ensure proper and secure working conditions for the SSPF rayon offices staff as well as preparation of necessary network infrastructure to ensure due operation of the MIS in SSPF offices	
Description	<i>Installation of furniture, electric power equipment, other supportive equipment, and LAN in SSPF offices</i>	
Quality Criteria	Quality Method	Date of Assessment
Number / % of offices with supplied equipment and furniture Number / % of offices with installed LAN	Monitoring of the tender processes, quality monitoring after installation, and financial monitoring of the payments according to the contract	Continuous during the installation process.

Activity Result 2.1	<i>MIS is established in 26 SSPF branch offices. MIS is operational in 100% of SSPF offices.</i>	Start Date: 01/01/2011 End Date: 31/12/2011
Purpose	Implementation of the automated information system to achieve greater accountability and efficiency of SSPF	
Description	Development of software modules, installation of necessary hardware, leading to high performance and transparency in data processing at various levels of social insurance management; assessment of MIS use efficiency by SSPF employees.	
Quality Criteria	Quality Method	Date of Assessment
Number / % of offices with complete computer infrastructure Number / % of offices with installed corporate software modules Number of offices with staff level being assessed as "sufficient" at least to operate with MIS	Monitoring of the tender processes, quality monitoring after installation, and financial monitoring of the payments according to the contract	Continuous during the process.
Activity Result 2.2	<i>Accurate and clear data is available in the central database.</i>	Start Date: 01/01/2011 End Date: 31/12/2011
Purpose	Ensure due operation of MIS through processing of cleared registration data and financial reports into the central database.	
Description	Support SSPF in processing of registration and financial data through recruitment of local consultants and creation of data processing and verification group	
Quality Criteria	Quality Method	Date of Assessment

Number of SSPF's clients (system contributors) registered in the social security system % of processed forms (application and declaration forms)	Monitoring of the performance of the hired consultants. The payments are done in accordance with individual contracts.	Continuous during the process.
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Activity Result 3		
<i>Project is being implemented according to the Annual Plan of Activities (APA) and AWP</i>		Start Date: 01/01/2011 End Date: 31/12/2011
Purpose	To ensure project management quality	
Description	Ongoing project management, monitoring and reporting according RMG, case study development about the project	
Quality Criteria	Quality Method	Date of Assessment
Project activities are delivered in time and in agreed quality level, financial resources are used in line with agreed budget. Qualified project staff is available; Number of SSPF offices monitored by project staff; Number of progress reports produced No of positive audit reports; No of steering committee meetings conducted	Audit reports, Minutes of the Steering Committee Meeting's, CDRs, progress reports, Review of procurement plan updates.	Continuous during the project.

5 LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the SBAA between the Government of (country) and UNDP, signed on (date).

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the executing agency.

The executing agency shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

6 ANNEXES

Annex 1: Risk Analysis: Offline Risk Log

Annex 2: Cost-sharing agreement between UNDP and State Social Protection Fund of the Republic of Azerbaijan



RISK LOG

Project Title: Capacity building for the State Social Protection Fund, extension of 5th phase

Award ID:

Date:

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Poor electricity supply in rayon offices of SSPF affects durability of installed servers and PCs.		Operational	I = 4 P = 4	Supply additional electric power equipment to SSPF offices. Ensure due use of electric power equipment in SSPF offices.	State Social Protection Fund	Programme Adviser		The project is continuously monitoring SSPF offices and submit a report with all findings to SSPF management
	Lack of qualified personnel, especially in rayon offices		Organizational	I = 4 P = 4	Ensure continuous capacity building to SSPF personnel through organization of trainings				
2	Considering that there is a number of counterparts involved in various activities (for ex. MCIT is responsible for provision of reliable and		Organizational	P = 3 I = 3	Enhance coordination between Project managers from various state agencies. Conduct roundtables and discussions devoted to advantages and necessity to combine efforts of different projects in implementation of the principles	State agencies	Programme Adviser		

<p>affordable network channels covering all country; Min Taxes and Min Internal Affairs possess very valuable for SSPF electronic data; SSPF can share its data with Min Justice, Min Labour and others), the implementation of these activities is subject to in-time implementation of the third-party obligations</p>				<p>of e-governance in Azerbaijan.</p>				
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