

COVER PAGE

Country: Republic of Azerbaijan

- UNDAF Outcome(s)/Indicator(s):** The effective and transparent management of oil resources leads to increased decent employment in the non-oil sectors (black gold is converted into human gold)
Indicators: Reduced rate of unemployment of population, including of youth, IDPs and refugees, with consideration of gender aspects
- Expected Outcome(s)/Indicator (s):** **CP Outcome 1.1:** Effective and transparent management of state oil and pipeline revenues contribute to development in the non-oil sectors
CP Outcome 1.2 Indicator: Employment in the non-oil sectors increases. Unemployment rate (baseline 6.1% -2008)
- Expected Output(s)/Annual Targets:** The main project output will be developed capacity in MED for monitoring SPPRSD, based on competent staff trained in data collection and analysis and able to assess progress against results-based indicators and to advise on results-oriented target setting.
- Specific targets include:
1. Strengthening the strategic, analytical and management capacity of the Ministry of Economic Development;
 2. Training of the staff of the Department for Development of the Regions and State Programmes of MED in data collection, its analysis and assessment of the performance of state programmes, particularly SPPRSD;
 3. Improved results-oriented policy formulation by developing skills of setting targets that meet the SMART criteria;
 4. Raising public awareness on implementation of SPPRSD
- Executing Entity:** Ministry of Economic Development (MED)
- Implementing Agencies:** United Nations Development Programme and MED Department for Development of the Regions and State Programs

Brief Description

The project supports development of monitoring and reporting system of the Ministry of Economic Development (MED) of Azerbaijan. Project experts will facilitate preparation of a national progress report on the implementation of the State Programme of Poverty Reduction and Sustainable Development (SPPRSD) incorporating national MDGs. Project experts will also offer on-the-job training to the staff of the Department for Development of the Regions and State Programmes in data collection and analysis. Other training and study tour for MED staff to study international experience in monitoring development strategies is also envisaged.

The main **project output** will be developed capacity in MED for monitoring SPPRSD, based on competent staff able to assess progress against results-based indicators and to advise on results-oriented target setting.

The project will also support participatory discussion and a publication of the SPPRSD / MDG progress report. The work

on the progress report will be used to improve SPPRSD target setting in the new action plan for 2011-2015 where targets will become more specific and results oriented.

Programme Period: 2005-2010
Programme Component: Enhanced national and local capacities to plan, monitor, report and evaluate the MDGs and related national development priorities, including within resource frameworks
Project Title: Developing Capacity of the Ministry of Economic Development to Monitor Progress towards Achievement of National MDG Priorities
Project ID:
Project Duration: 18 months
Management Arrangement: NEX

Total Budget	USD 129,781
Allocated resources:	
• Government	USD 0.00
• Regular	USD 0.00
• Other:	
○ TTF	USD 120,696
○ GMS	USD 9,085
• In kind contributions	USD 13,000
Unfunded budget:	N/A

Agreed by

Government of Azerbaijan
Mr. Shahin Mustafayev
Minister of Economic Development



Signature and Date

UNDP
Mr. Bruno Pouezet
Resident Representative



Signature and Date

1. Situation analysis

Economy of Azerbaijan has maintained exceptionally high rates of growth exceeding 20 per cent per year in 2003-2008. Per capita GDP increased from USD 319.3 in 1995 to USD 5,404 in 2008 which placed Azerbaijan among the ranks of middle-income countries. Economic dynamism was supported by effective structural policies and market oriented reforms.

Oil wealth makes it realistic to achieve the national MDGs by 2015. The growth of employment together with targeted social protection has led to improvements in living standards and reduction of the level of poverty from 46.7% in 2002 to 15.8% in 2007¹. By the end of 2008 the poverty level in Azerbaijan was reduced to 13.2%. The rate of unemployment declined from 10.7 per cent in 2003 to 6.1 per cent in 2008². These impressive achievements have been made despite the considerable burden of the unresolved conflict.

Among the main challenges that the country faces are development of competitive non-oil production sectors, significant enhancement of the skill base of the work force and creation of employment outside the oil economy, particularly in regions to alleviate the heavy concentration of economic activity in the capital Baku. These challenges have become more acute in view of the world economic crisis that has led to a sharp decline in oil prices among other.

Social development has yet to catch up with the oil driven growth, particularly in terms of better availability and quality of services for the vulnerable groups, especially at times of the economic slowdown in the context of the global crisis. Government recognizes that MDGs continue to be highly relevant to the country and pursues initiatives aimed at achievement of MDGs.

The Government's commitment to poverty reduction and MDGs was expressed in the first State Programme for Poverty Reduction and Economic Development (SPPRED) for 2003-2005 and the State Programme on Social and Economic Development of the Regions (2004-2008). A new State Programme on Poverty Reduction and Sustainable Development (SPPRSD) for 2008-2015 aligned with MDGs was approved in September 2008. The State Programme on Socio-Economic Development of Regions of the Republic of Azerbaijan in 2009-2013 was approved by Presidential Decree. These two strategic programmes constitute main MDG achievement "initiatives" in the country. Monitoring of both initiatives, along with monitoring and reporting against MDGs, is entrusted in the Ministry of Economic Development that established a special Department for Development of the Regions and State Programmes.

In 2001-2006 a Secretariat existed in the Ministry of Economic Development that coordinated the process of formulation of the SPPRED and after that was responsible for coordinating and monitoring its implementation. In 2006 the Secretariat also coordinated participatory discussion on the formulation of the new SPPRSD to 2015.

In 2005 the Secretariat prepared and published a progress report on implementation of SPPRED which also covered progress towards national MDGs. This report contained an updated poverty assessment, as well as summary reports on the progress in carrying out sector policy measures included in the SPPRED policy matrix. The combined reporting on SPPRED

¹ State Program on Poverty Reduction and Sustainable Development in the Republic of Azerbaijan for 2008-2015

² State Program on Poverty Reduction and Sustainable Development in the Republic of Azerbaijan for 2008-2015; State Program on Poverty Reduction and Economic Development for 2003-2005 Progress Report, Baku, 2005

targets and MDGs strengthened the link between MDGs and the national development strategy. The progress report contained an appendix which set out the national MDG targets, and monitoring indicators.

SPPRED Secretariat was abolished in 2006 and the new Department for Development of the Regions and State Programmes was established within the MED.

The Government of Azerbaijan actively cooperated with the donor community in the design and monitoring of the SPPRED. The ADB provided international expertise on policy formulation; the European Food Security Programme and USAID supported the organization of participatory discussion. USAID in particular assisted in the introduction of regular "Town Hall Meetings", where government officials traveled to the regions to meet with local officials and members of civil society to discuss policy proposals aimed at poverty reduction. UNICEF supported the health and education sector working groups, and the WB contributed to the poverty assessment. The UNDP provided overall back-up and support, and advised on integration of the MDGs into the strategy formulation.

In the implementation period of the SPPRED (2003-2005) UNDP supported a Poverty Monitoring Unit (PMU) within the Secretariat (with a staff of one short-term international expert, and 3-4 national experts). UNDP also took over financial support to the Town Hall Meetings, which continued to represent the main forum for participatory discussion on the implementation process, as well as on priorities for the new programme. UNDP also covered administrative and running costs of the Secretariat, as well as the costs related to launching and publishing annual progress reports.

During this period the ADB also supported the Secretariat with one long-term international expert, and 3 national experts working with the sector working groups. The ADB experts made initial efforts to introduce qualitative methods for assessing implementation of SPPRED policy measures (mainly by means of individual interviews).

To strengthen the alignment with the MDGs, in 2005 the UN agencies worked together with the Secretariat to guide and strengthen the discussion on different MDGs, and helped liaise with sector working groups to refine the formulation of national goals, targets and indicators. (UNDP and WHO provided support for MDG 1; UNICEF for MDGs 2, 4, 5, and 6; UNFPA for MDG 3 (with support from UNIFEM), and UNDP for MDGs 7, 8, 9³). The different agencies worked with the Secretariat experts to produce "vision papers" as inputs to the annual reports, and the formulation of the 10 year strategy.

The UNDP and other donor support to the SPPRED Secretariat ended by 2007. In 2006 the ADB commissioned a review of the SPPRED process.

The new SPPRS D represented an opportunity for the Government to strengthen the monitoring system by connecting policy objectives and MDGs with a set of indicators and targets. This task however places higher requirements for data availability and quality. The main regular data are obtained primarily from the State Statistical Committee (SSC). Other very important information is collected through the Household Budget Survey (HBS) and the Labour Force Survey (LFS), the latter however requiring considerable upgrading in terms of data collection infrastructure, trained personnel and quality control. LFS will need to be upgraded to a full-fledged annual or bi-annual survey which requires additional budget and staff resources at the Statistical

³ Azerbaijan formulated an extra MDG, namely MDG 9 aimed at improving good governance.

Committee. UNDP and MED will need to continue advocating for resolving those outstanding issues in the Government in order to establish a full-fledged LFS.

While the importance of monitoring is widely acknowledged in the Government, there is a lack of clarity as to how monitoring should be used as a management tool. Reporting is rather routine and mechanical collating completed activities but not related to economic and social outcomes. For instance, a policy is considered successful when infrastructure, e.g. schools is built, rather than when children are able to learn more and are well prepared for the requirements of the labour market.

Against this background it would be too ambitious within the proposed project to enhance the whole monitoring system. The project would not be able to perform a vast exercise of revision of data collection systems. It will be more practical to improve the use of the existing data for purposes of result oriented monitoring that would feed into better target setting, moving from reporting activities and outputs to assessment of outcomes.

To achieve this it is necessary to focus on building capacity of the staff in the Department for Development of the Regions and State Programmes of MED. The staff of the Department is responsible for coordinating and reporting on three state programmes under the supervision of MED. The three state programmes coordinated by MED are

1. The State Programme on Poverty Reduction and Sustainable Development in the Republic of Azerbaijan in 2008-2015;
2. The State Programme on Socio-Economic Development of Regions of the Republic of Azerbaijan in 2009-2013; and
3. The State Programme on Food Security in the Republic of Azerbaijan (2008-2015).

Presently the capacity of the new Department in terms of monitoring systems and staffing needs to be strengthened. The staff requires technical support to learn skills to analyse data and economic and social changes, to use programme performance assessment for setting results-oriented targets. The proposed UNDP technical assistance project aims at meeting these capacity building needs.

The intended beneficiaries of the proposed UNDP technical assistance are

- **National government authorities** – strengthened capacity of national government bodies in the area of poverty reduction and social development;
- **Local authorities** – improved evidence base and capacity to meet local development needs, such as delivering services to job-seekers, disabled and local residents at large, promoting employment opportunities, income generation, social integration and social inclusion;
- **Ministry of Economic Development** – enhanced capacity for economic and social data analysis, policy formulation, planning and assessment;
- **Population** – benefiting from more informed and thus better designed policies, improved services mitigating economic and social risks and providing economic opportunities to citizens.

2. Strategy

UNDP and MED have agreed to resume collaboration building on the successful past experience in the design and monitoring of the first SPPRED. The new UNDP technical assistance project will provide a national expert and one international consultant to support the

monitoring and to improve the reporting system of MED and to build capacity of the staff of the Department for Development of the Regions and State Programmes. The *main objectives* of the project are:

- a) strengthening the strategic, analytical and management capacity of the Ministry of Economic Development;
- b) training of the staff of the Department for Development of the Regions and State Programmes of MED in data collection, its analysis and assessment of the performance of state programmes, particularly SPPRSD;
- c) improved results-oriented policy formulation by developing skills of setting targets that meet the SMART⁴ criteria;
- d) Raising public awareness on implementation of SPPRSD (preparation of publication materials).

Responding to the MED capacity building needs the UNDP project will provide one full-time national expert that will work with the Department for Development of the Regions and State Programmes for 1.5 years and will provide on-the-job training to the MED staff. The profile of the project expert will be an economist / statistician with knowledge of the social sector issues. UNDP will also contract with an international consultant to support the monitoring and reporting activities of the Department and to complement any capacity building support provided by the national expert.

Over the first year of the project its key task will be to prepare a SPPRSD / MDG progress report similar to the one issued in 2005 but having a greater emphasis on results and impact assessment. The work on the report will be carried out by the MED staff under the guidance and facilitation of the project experts. The learning aspect of the work on the progress report is essential in view of the particular objective of building sustainable monitoring capacity in MED. The project experts will play a crucial role of knowledge transfer through this process.

The main purpose of the proposed on-the-job training is to build sustainable staff capacity to produce such analytical reports on a regular annual basis upon completion of the project. The national expert is not meant to substitute the MED capacity but to train the staff in order to create such capacity.

It is also proposed that the staff of the MED take training to learn to use the Devinfo software and database that has been developed jointly by UNICEF and State Statistics Committee of Azerbaijan (called Azerbaijaninfo). UNICEF plans user training on Azerbaijaninfo in the near future; it is advisable that MED staff are among the first recipients of this training.

The task of the project experts will also be to liaise with key SPPRSD stakeholders, including the working groups that were engaged in its preparation, on issues of data collection and the contents of the progress assessment.

The work on the SPPRSD / MDG progress report will be used to improve SPPRSD target setting. In the course of performance assessment against the 2008-2010 Action Plan ideas and skills will be developed to set targets according to SMART criteria. Upon completion of the

⁴ Specific, Measurable, Achievable, Relevant and Time-bound.

progress report the remaining half a year of the national expert's time will be devoted to working with MED staff on developing the SPPRSD new action plan for 2011-2015 where targets will be more specific and results oriented, meeting as far as possible the SMART criteria.

The available budget for the project is US\$ 129,781. Any other resources that maybe secured from co-financing will be used for other activities aimed at building monitoring capacity. These may include support to the costs of publication of the progress report, preparation of publication materials, covering translation of various materials into Azeri language. Subject to funds availability, the project will also support participatory fora for discussion of the draft progress report, a possible study tour to an East European country, and training seminars.

Details of the above project activities are specified below.

Project outcome

The expected **outcome of the project** is results-oriented policy measures for poverty reduction and sustainable development based on a sound monitoring system and leading to further reduction of the incidence poverty and improvement of living standards.

Outcome indicator

SPPRSD poverty reduction targets met and positive results of planned policy measures documented through results oriented monitoring and reporting system.

Outputs and activities

The main **project output** will be developed capacity in MED for coordination and monitoring of SPPRSD based on competent staff trained in data collection and analysis and able to assess progress against results-based indicators and to advise on results-oriented target setting.

Output target: Developed capacity in MED to coordinate, monitor and evaluate implementation of state programmes.

Indicators

1. SPPRSD / MDG progress report produced by MED staff with support of the project experts
2. MED staff trained in data collection and analysis (including the use of Azerbaijaninfo database and software)
3. National / regional round tables (or Town Hall meetings) held to discuss progress of SPPRSD and MDGs
4. New results-oriented targets formulated for 2011-2015 SPPRSD Action Plan

Baseline

- No MDG progress reports published since 2005
- There is a need to build analytical skills of new MED staff in monitoring and evaluation
- No participatory discussions of progress towards MDGs held since 2006



- There is a need to formulate the targets of the SPPRSD Action Plan 2008-2010 in accordance with SMART criteria

Activity 1: Expert support to the preparation of the SPPRSD / MDG progress report and on-the-job training of MED staff

UNDP will provide one full time national expert for the period of 1.5 years to be placed in the Department for Development of the Regions and State Programmes of MED. The expert will have qualifications of an economist with good command of statistics, and knowledge of the social sector issues. The expert will lead the work on the SPPRSD / MDG progress report and provide on-the-job training to the MED staff. The expert will have a function of a Team Leader of the report team with management responsibilities and will be supported by a Project Management Assistant.

UNDP will also provide one international consultant to provide ad hoc assistance on SPPRSD monitoring and reporting, as well as to support any capacity building activity targeting the staff of the Department. The consultant will travel to Baku up to two times during the SPPRSD/MDG progress report development, but will continue his or her long-distance support on an ad-hoc basis.

The structure of the progress report will reflect the key sections of the SPPRSD. The MED staff working on the report will be divided into a few thematic groups; as a result each staff member will develop specialisation in a relevant area. The profile of the groups will be decided with the MED. A possible suggested structure may include the following groups of 3-4 staff members each:

1. Economic growth, budget, investments and industry
2. Agriculture, tourism and environment
3. Social sector (education, health and social protection)
4. Labour market, gender and youth issues; culture, governance, and decentralisation.

The national project expert will supervise all the sector groups. The role of the expert will be to assign tasks, assist in data collection and analysis, review and discuss written outputs prepared by the staff and advice on their revision. This work will be done in parallel with on-the-job training aimed at staff capacity building in the analysis of economic statistics and social policy issues.

The methodology of the assessment in the progress report essentially includes collecting and analysing up-to-date statistics on MDG indicators and comparing it with the baseline. Similarly reporting information on implemented policy measures from line ministries will be collated and compared with targets in the Action Plan. An important feature of the data collection and analysis process is close collaboration with all the Government partners. Data quality issues can be discussed with specialists, appropriately commented in the report and supported by alternative estimates.

Conclusions will be strengthened by a method of triangulation where trends apparent from official statistics will be supported by independent studies or available proxies and validated through participatory discussion with partners from the government, international organisations and independent specialists.

Key steps in the preparation of the SPPRSD / MDG progress report include the following:

1. Collect all available statistics on MDG indicators and actions taken from government and independent sources.
2. Analyse up-to-date statistics and analytical evidence comparing the most recent and base line data in order to determine progress against MDGs. Assess the achievability of the targets as defined for the relevant indicators.
3. Conduct a series of interviews and working meetings with key policy makers and experts in government ministries, agencies and research institutions to discuss data and trends.
4. Hold and interim working meeting with stakeholders to discuss preliminary findings.
5. Draft the report based on synthetic assessment of progress towards MDGs using all the above sources of information.

Upon completion of the report the project expert and MED staff will use the experience and skills gained to refine SPPRSD targets in the 2011-2015 Action Plan. SPPRSD outputs within each block of its policy matrix will be specified and quantifiable performance indicators will be developed meeting as far as possible SMART criteria and be gender-sensitive and sex-disaggregated. Methods and skills developed in the course SPPRSD progress assessment will be disseminated to be applied for monitoring other government programmes.

The project expert support to monitoring capacity building in MED will include covering the costs of translation of relevant methodological and other material into Azeri language.

UNDP will explore collaboration in the provision of expert support to MED with other UN agencies, in the first place UNICEF.

Activity 2: Support to participatory discussion and dissemination activities

The SPPRSD / MDG progress report is seen as a national document and not an independent UNDP-sponsored study. It is therefore crucial to ensure the participatory nature of its preparation. Agreement with stakeholders on the contents of data and direction of development trends is a critical output of the review. It is therefore proposed that interpretation of data and conclusions on trends are widely shared and agreed in the course of the work on the report.

Apart from regular communication an interim working meeting with partners may be held at a mid-point, after data have been collected, and a national and several regional workshops (or Town Hall Meetings) are proposed to discuss the draft of the report. Such a consultative process will be important to ensure stakeholder ownership of the report as a national document. It is also envisioned that such participatory events would benefit from gender parity of participants and greater representation of women where possible.

The scope of participatory activities supported by the project will depend on the availability of funds. UNDP will seek co-financing of these activities from UN agencies, particularly UNICEF.

Provided additional funding from UN agencies is secured, the project can support a national workshop and regional meetings to discuss draft progress report. Similarly, the cost of publication of the report, as well as other publishing materials, is covered by the project.

Activity 3: Support to additional training activities

In addition to the on-the-job training for MED staff provided by the project expert other training activities will be supported by the project. The project expert will undertake a training needs assessment of the staff of the Department for Development of the Regions and State Programmes of MED. Based on this assessment the expert will propose an additional training programme for the staff which may include recommendations to attend specific courses available in the country and / or organise a few tailor-made thematic seminars, with an emphasis on gender parity of trainees as much as possible.

It is proposed that all the staff of the Department for Development of the Regions and State Programmes of MED receive training in Azerbaijaninfo database and software as a useful data management and analytical tool. Since UNICEF already plans such training for users, this will not require additional project funds.

MED has also requested to arrange a study tour for MED staff to study international experience in monitoring development strategies. Such a study tour can be organised to UNDP's Bratislava Regional Centre to get acquainted with local system of monitoring implementation of national development plans. UNDP may seek additional funding from Central European emerging donor resources (e.g. Czech or Slovak Trust Funds) to cover the costs of other study tours, if any.

3. PROJECT RESULTS AND RESOURCES FRAMEWORK

<p>Intended Outcome as stated in the Country/ Regional/ Global Programme Results and Resource Framework: CP Outcomes 2.6 & 2.7 (UNDAF): The MDGs and SPRED are advocated, and monitoring systems are established, operational, and compatible with international norms.</p> <p>Outcome indicators as stated in the Country/ Regional/ Global Programme Results and Resources Framework, including baseline and targets. Indicators: % of population in poverty (baseline 49% in 2002, 15.8% in 2007, 13.2% in 2008); MDG indicators in first MDG Report</p> <p>Strategic Plan Outcome: Enhanced national and local capacities to plan, monitor, report and evaluate the MDGs and related national development priorities, including within resource frameworks</p> <p>Partnership Strategy: The project will be implemented jointly with the Ministry of Economic Development and seek involvement of other relevant state agencies such as the State Statistics Committee. The project is likely to benefit from UNICEF support on AzerbaijanInfo.</p> <p>Project title and ID (ATLAS Award ID): Developing Capacity of the Ministry of Economic Development to Monitor Progress towards Achievement of National MDG Priorities</p>			
Intended outputs:	Output targets	Indicative activities	Inputs
<p>Developed capacity in MED for monitoring SPDRSD based on competent staff trained in data collection and analysis and able to assess progress against results-based indicators and to advise on results-oriented target setting.</p>	<p>1. Developed capacity in MED to coordinate and evaluate implementation of state programmes</p> <p><i>Indicators</i></p> <ol style="list-style-type: none"> SPDRSD/MDG progress report produced by MED staff with support of project experts MED staff trained in data collection and analysis (including the use of AzerbaijanInfo database and software) National / regional round tables (or Town Hall meetings) held to discuss progress of SPDRSD and MDGs <p><i>Baseline</i></p> <ul style="list-style-type: none"> No MDG progress reports published since 2005 There is a need to build analytical skills of new MED staff in monitoring and evaluation No participatory discussions of progress towards MDGs held since 2006 There is a need to formulate the targets of the SPDRSD Action Plan 2008-2010 in accordance with SMART criteria 	<ol style="list-style-type: none"> Expert support to the preparation of the SPDRSD / MDG progress report and on-the-job training of MED staff <ol style="list-style-type: none"> Experts provide on-the-job-training and lead preparation of progress report <ul style="list-style-type: none"> National expert, \$1,600/mon International expert, 2 trips Translation of materials Support to participatory discussion and dissemination activities <ol style="list-style-type: none"> Workshops/THMs Publication of the progress report Preparation of publication materials Support to additional training activities <ol style="list-style-type: none"> Study tour to UNDP/Bratislava Training seminars (MDGs, HDI, etc) Project management <ol style="list-style-type: none"> Project Assistant Audit and Evaluation General Management Support 	<p>28,800 USD 26,000 USD 4,000 USD</p> <p>4,000 USD 5,000 USD 1,896 USD</p> <p>20,000 USD 5,000 USD</p> <p>18,000 USD 8,000 USD 9,085 USD</p>
TOTAL PROJECT BUDGET:			129,781 USD

Security Risk

At present Baku is not under any security phase, and the rest of the country, except for the regions bordering the occupied territories, are not under any UN security phase. Security risks will be assessed in accordance to UN security standards. The project will maintain a security risk log as required by UNDP guidelines.

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5. Annual Work Plan Budget Sheet

Year 2009-2010

EXPECTED OUTPUTS	PLANNED ACTIVITIES	RESPONSIBLE PARTY	PLANNED BUDGET			
			Source of Funds	Budget Description	Amount USD	
Developed capacity in MED for monitoring SPRSD based on competent staff trained in data collection and analysis and able to assess progress against results-based indicators and to advise on results-oriented target setting	1. Expert Support	Government	UNDP	71300 Local consultants	28,800	
		Government	UNDP	71200 International consultants	26,000	
		Government	UNDP	71400 Contractual services – Individuals	4,000	
	2. Support to participatory activities	Government	UNDP	71600 Travel	1,000	
		Government	UNDP	72100 Contractual services – Companies	2,000	
		Government	UNDP	72500 Supplies	1,000	
		Government	UNDP	72100 Contractual services – Companies	5,000	
	3. Support to additional training events	Government	UNDP	72100 Contractual services – Companies	1,896	
		Government	UNDP	71600 Travel	20,000	
		Government	UNDP	72100 Contractual services – Companies	3,000	
	4. Project Management	Government	UNDP	72500 Supplies	2,000	
		Government	UNDP	71400 Contractual services – Individuals	18,000	
		Government	UNDP	74100 Professional services	8,000	
	TOTAL			UNDP	75100 Facilities and administration	9,085
	TOTAL					129,781

(Handwritten initials)

6. Management arrangements

A. National Execution (NEX). The project will be nationally executed and implemented by MED who will be the Implementing Partner, and the Beneficiary, of the project. Implementation support will be provided by the UNDP Country Office. In its capacity as Implementing Partner, MED will be responsible for overall project management. MED will ensure procurement and contracting will be consistent with the relevant UNDP Rules and Procedures for procurement and human resource management and RBM guidelines. As the Implementing Partner, MED will also be responsible for the facilitation of all international missions undertaken within the context of this project and its related activities, ensuring appropriate access to project site, relevant data, records, agencies and authorities. UNDP will provide support and services offered to the project as detailed in the project annual and quarterly work plans.

B. Project Governance Arrangements. The project will have a governance structure, aligned with UNDP's new rules for Results Based Management 2 (see Figure A Project Governance Arrangements below).

i. Project Executive Group: the Project Executive Group will be the executive decision making body for the project, providing guidance to the Team Leader and Project Management Assistant, and approving project revisions. It will be responsible for reviewing and updating the project risk log, and the project monitoring and communication plan. The Project Executive Group will consist of three members:

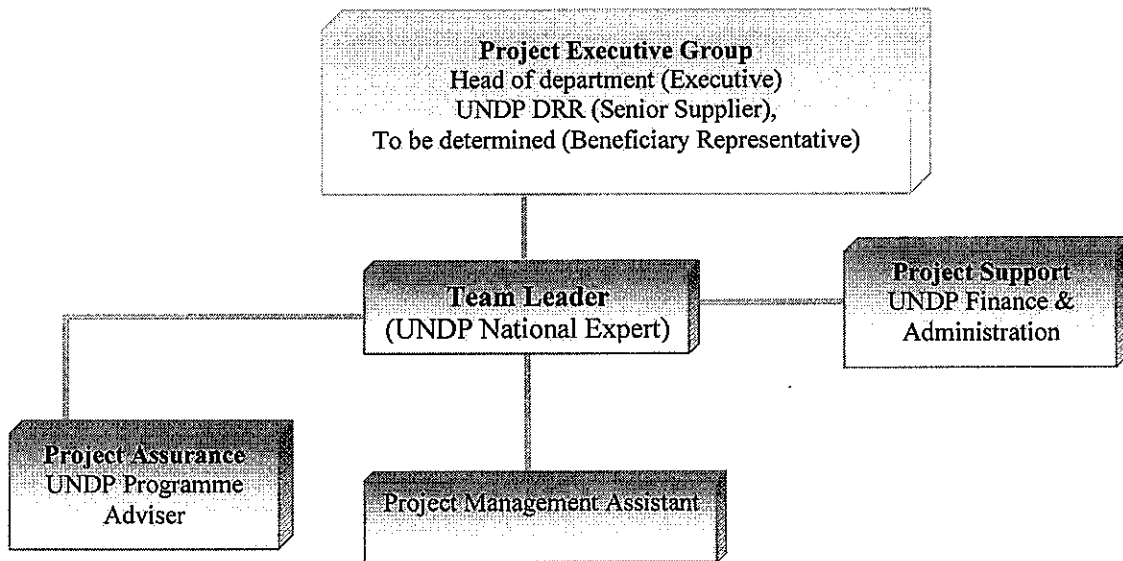
- The Chair (Implementing Partner) will convene the Project Executive Group. This position will be held by the National Project Director, Head of Department for Development of the Regions and State Programmes (Department)
- The Senior Supplier. This position will be held by the UNDP DRR, or a designated UNDP Programme Advisor; and,
- The Beneficiary Representative, who will be designated by MED to represent the Government beneficiaries. The representative will not be a staff member of Department.

ii. Project Management. The project will be managed by the Team Leader who will be the national technical expert recruited by UNDP to provide support to the MED. The Team Leader will be supported by a designated Project Management Assistant who will be tasked with the day-to-day management of project activities, as well as with financial and administrative reporting under the supervision of the Team Leader. The Team Leader will be responsible for project implementation and will be guided by Annual and Quarterly Work Plans and follow the RBM standards. The Project Management Assistant will prepare Quarterly Work plans in advance of each successive quarter and submit them to the Project Executive Group for approval.

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

iv. Project Support. UNDP will provide financial and administrative support to the project including procurement, contracting, travel and payments. UNDP will provide auditing in according to the relevant UNDP Rules and Procedures for auditing NEX projects.

Figure A. Project Governance Arrangements



C. Capacity assessment. Ministry of Economic Development is the main government body which is responsible for formulation, implementation and monitoring of SPPRS and other major state development programmes.

D. Project Inputs. The following inputs will be provided by MED and UNDP in order for the successful implementation of project outputs and activities:

MED inputs

- The Chair and Beneficiary Representative who are members of the Project Executive Group;
- Administrative support for all project objectives;
- Provision of office space and necessary office equipment for the work of UNDP experts
- Coordination and provision of the support required from other Government entities;
- Distribution of all project materials.

UNDP inputs:

- USD 129,781 from UNDP Azerbaijan as a direct financial input to the project;

- The services of a Project Developer, responsible for preparing the Project Document, Work Plan, and Project Resource and Results Framework;
- Coordination of the project activities to ensure concordance with other UNDP-financed projects and activities;
- Direct support for identification, selection and recruitment of International and National Advisors (in support of decisions taken by the Project Executive Group);
- Support services for procurement, contracting and direct payments, as requested by MED;
- Participation in the Quarterly Work Plan formulation, selection of equipment suppliers and vendors, and organization of public relations functions and events.
- Mobilisation of other financial and advisory services to MED.

E. Audit Arrangements

The project will be subject to an independent audit as required by UNDP/NEX Guidelines.

F. Other issues:

All project publications and other visual products will benefit from UNDP publication policy.

7. Monitoring and evaluation

Project monitoring will be performed through four primary mechanisms:

1. Project Work Plans. Achievement of project outputs will be tracked through adherence to the output, activity and financial indicators embedded in the Quarterly, Annual and the Total Project Work Plans. Quarterly Project Progress Reports will be prepared to capture the progress or lack thereof, or any deviation from the original project plan.

2. Project Assurance through the validation of activities and outputs. A designated UNDP Programme Advisor will independently verify project milestones and validate the completion of Quarterly Work Plans and review requested changes to the Annual Project Work Plan. Changes to the project Annual Work Plan will be reviewed and approved by the Project Executive Group.

3. Substantive Performance and Outcome Monitoring and Evaluation. The Project Executive Group will review the project in implementing outputs and provide necessary advice and guidance. The project will also be evaluated in accordance with UNDP guidelines for Project Evaluation. The Project Advisory Board comprised of MED, UNDP, State Statistics Committee and UNICEF.

4. Monitoring and Communications Plan. The project will establish, maintain and update a Monitoring and Communications Plan as well as Risk, Issues and Lessons Learned logs (as required under UNDP RBM). These logs will be established concurrently with the preparation of the first Quarterly Work Plan at the inception of the project. They will be maintained by the Project Manager, and reviewed by the Project Assurance. The Project Executive Group will consider recommendations arising from the quality assurance reviews and introduce such changes to the project as are deemed necessary for effectiveness, performance and risk mitigation.

7. Legal Context

This project document is a basis for the implementation of a series of measures provided for in the Program. This is in accordance with Article 1 of the Standard Basic Agreement concerning assistance between the Government of Azerbaijan and the United Nations Development Program, which was signed by both parties on 6 January 2001.

This document may be amended as follows if signed by the UN/UNDP Office with the agreement of both cosignatories:

- Alterations for the document and additions to it which make no major changes to the Objectives or their expected Results, but which have been necessitated due to redistribution of pre-agreed funds within the total amount of budgetary funds available for the implementation of the project;
- Alterations made as a result of evaluations of events, which have already been implemented, particularly changes to the expected Results brought about by reasonable increases in the planned expenditures.

The project will be implemented nationally in accordance with the binding provisions and recommendations of UN General Assembly Resolution 47/199, which aims to increase decentralisation in the organisation and implementation of events, financed using UNDP funds. In addition to this resolution, in a letter dated December 17, 1993, the UNDP Administrator authorises Permanent UN/UNDP Representatives to provide organisational, administrative or other technical assistance to national Organizations implementing Program events, if so requested by the government. Instruction UNDP/ADM/93/46 gives Permanent UN/UNDP Representatives the right to purchase equipment, sign contracts with local consultants, experts and technical personnel, make sundry expenditures mentioned in the Program budget, and keep account records for events held nationally according to the same procedures used in running the UN/UNDP Office's Administrative Budget.

