

United Nations Development Programme

Country: Republic of Azerbaijan

Project Document

Project Title: **Capacity building for the State Social Protection Fund**

UNDAF Outcome(s): **The state improves its delivery of services and its protection of rights—with the involvement of civil society and in compliance with its international commitments**

Expected CP Outcome(s): **The social protection system is reformed**
(Those linked to the project and extracted from the CP)

Expected Output(s): **Pension system management processes are automated**
(Those that will result from the project)

Executing Entity: **The State Social Protection Fund of the Republic of Azerbaijan**

Implementing Agencies: **The State Social Protection Fund of the Republic of Azerbaijan**

Brief Description

This is the 5th phase of the Project launched in November 1, 2003. The project is to assist the State Social Protection Fund of the Republic of Azerbaijan (SSPF) to modernize its operations in line with internationally accepted Social Security and ICT standards. This will enable SSPF to conduct its responsibilities in new efficient, transparent and accountable manner, thus increasing its overall effectiveness. The major objectives of the project are to enhance the managerial and data processing capacity of SSPF and assist SSPF in introduction of the new pension system based on individual accounts. To implement the set objectives it has been decided to develop the Management Information System (MIS), which is currently installed and operating in the Central office and most local and regional branches of SSPF. Installation of MIS in the remaining offices is foreseen in the framework of the 5th phase. Application of ICT and MIS allows SSPF to increase the level of control and coordination between the headquarters of SSPF and its local branches.

Programme Period	<u>2005-2009</u>	Total resources required	US\$ 3,580,000
Key Result Area (Strategic Plan)	<u>Strengthening responsive governing institutions</u>	Total allocated resources:	US\$ 3,580,000
Atlas Award ID:	<u>00011285</u>	• Regular	_____
Start date:	<u>Sep. 1, 2008</u>	• Other:	_____
End Date	<u>Dec. 31, 2009</u>	o UNDP	US\$ 80,000*
PAC Meeting Date	_____	o Donor	_____
		o Government	US\$ 3,500,000
		Unfunded budget:	0
		In-kind Contributions	_____

- 80,000 USD were already contributed by UNDP for the preparation of the 5th phase of the project

Agree by (Government): 

Agreed by (Executing Entity): 

Agree by (UNDP): 

Situation Analysis

Background

Azerbaijan has made noteworthy and sustained progress towards becoming a fully functioning market economy over the 17 years since independence in 1991.

By the mid-to-late 1990s the government began to adopt effective measures to achieve macroeconomic stability and promote private sector development. It has also been putting in place both the infrastructure needed to realize rapid growth in oil and gas exports, and a policy framework to manage the increase in resource flows. These measures together with the recent oil boom have translated into very rapid economic growth, with Azerbaijan now enjoying one of the highest growth rates worldwide. Though much of this growth is oil driven, the non-oil sector of the economy has been achieving strong growth as well.

The UNDP Country Programme Document 2005-2009 (CPD) for the Republic of Azerbaijan emerged from two national consultation processes: preparation and adoption of the *State Programme for Poverty Reduction and Economic Development* (SPPRED) and preparation of the *United Nations Development Assistance Framework* (UNDAF).

Yet the country's economic successes are not reflected in the lives of its people, 16% of whom live in poverty according to the report of the State Statistic Committee of the Republic of Azerbaijan issued in January, 2008. Creating an environment conducive to social and economic opportunity will require a strengthened system of governance that promotes entrepreneurship, effective delivery of services, and protection of rights.

Development challenges

Azerbaijan's development challenges most relevant to the work and mandate of UNDP are thus interrelated:

- The need to translate oil-related revenues into investment and employment growth in the non-oil sectors of the economy (converting "black gold" into "human gold"); and
- The need for improved efficiency, transparency, and accountability in the public sector.

With support from UNDP and other development partners, the Government is pursuing several major policy strategies and frameworks to meet these challenges. The SPPRED defines a path toward poverty reduction and achievement of Millennium Development Goals (MDGs) within a context of overall economic development. The *State Oil Fund* (SOFAR) provides a mechanism for shielding the country from the difficulties typically faced by oil dependent economies. The *National Information and Communication Technologies Strategy* (NICTS) affirms the Government's commitment to improving the delivery of public services, facilitating private commerce, and expanding information use and dissemination among civil society and the public.

Azerbaijan has a good track record of reforming its social protection (SP) system and policies. Ongoing reform aim to put in place an improved social risk management mechanism through strengthened SP institutions, improved service delivery mechanisms, efficient targeting, better planning and management, good governance and transparent administration, use of automated MIS and strengthened capacity of human resources.

Pension system reform

When the Republic of Azerbaijan gained independence, it inherited a slightly modified version of the pension system operated by the former USSR. This system had been designed for that centralized economy but could not provide adequate and financially sustainable social security services for the population of the country.

Within SSPRED framework, Azerbaijan social safety net (non-contributory) programs were separated from social insurance (contributory) programs. A parametric reform of the pension (PAYGO) system was implemented, including the introduction of stronger links between contributions and benefits through a notional defined contribution (NDC) pension component. Several smaller cash social assistance programs were consolidated into a regular monthly cash allowance targeted at the poorest population. The government has paid particular attention to increasing pensions and social assistance: between January 2005 and January 2008, the minimum pension paid to all beneficiaries increased almost 2.5 times (from AZN 25 to AZN 60)¹.

To rectify this situation, State Social Protection Fund (SSPF) launched ambitious projects for reforming of the pension system. These joint projects with the United Nations Development Program (UNDP) and World Bank (WB) aimed to introduce a new social security scheme and modernize the technological capacity of SSPF using cutting edge information technology. After a thorough analysis, it decided to develop and design the new nationwide system using the most modern ICT products and technologies. Azerbaijan had been using the PAYGO pension scheme where pension depends on the average wage earned over the previous two years. However, serious difficulties in data sharing, validation and record keeping came to light with collapse of the USSR, making it hard for many state agencies to establish how long people had worked and how much they had earned. Transition to a new economic system based on the principles of market economy also dictated further changes in management of the social security system.

Azerbaijan CPD has several outcomes, relevant to the pension system reform:

CP Outcome 1.1 (UNDAF): Effective and transparent management of state oil and pipeline revenues contribute to development in the non-oil sectors.

The Government established SOFAR as a tool to protect Azerbaijan from the difficulties typically faced by economies that are dependent on the production and export of a single natural resource. By accumulating oil revenues in SOFAR, the Government aims to shelter the economy from the volatility of energy prices, encourage fiscal discipline, and prevent fluctuations in the real exchange rate that would reduce the competitiveness of non-oil economic activities. The fund is also expected to enable future generations to benefit from the wealth generated by the exhaustible resources. If used wisely, the oil fund could make an important contribution to combating poverty. The Government has stipulated SOFAR's use exclusively for projects of social and economic significance and is developing a strategy for long-term oil revenue management. To help the Government ensure that SOFAR's allocation toward the best interests of society as a whole, UNDP is prepared to support the Government in exploring:

- Options for allocating SOFAR revenues toward social and economic development (*converting 'black gold' into 'human gold'*). This could include the establishment of a national foundation to support human development activities; an example would be an expansion of the Government's existing commitments to provide scholarships for young people

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CP Outcome 2.1 (UNDAF): The social protection system is reformed.

In collaboration with the World Bank, UNDP will support the Ministry of Labor and Social Protection and the State Social Protection Fund in upgrading national social protection and pension policies and in automating the pension system.

CP Outcome 2.2 (UNDAF): ICT enhances efficiency, transparency, and accountability in the public sector.

Using best practices identified in previous ICT projects, UNDP will support the diffusion of e-governance among state institutions and the establishment of components of the unified state data transmission network.

¹ By the Order of the President of the Republic of Azerbaijan the minimum pension amount became 75 AZN effective September 1, 2008

I. STRATEGY

The Azerbaijan Government agreed in 2001 on a new Pensions Reform Concept. The main principles of the Pension Reform Concept are:

- Separation of the social insurance and pension provision systems from the state social assistance system;
- Use of individual social insurance accounts in new pension scheme;
- Calculation of pensions on the basis of contributions made to the state social insurance system and reflected in the individual accounts.

To fulfil the objectives of the Pension Reform Concept, the Government of Azerbaijan decided in 2003 to unify various pension schemes and establish one state agency – the State Social Protection Fund - responsible for implementation of the state social insurance and pension provision functions. To build up the capacity of the SSPF, Government of Azerbaijan and UNDP launched at 2003 project **Capacity Building for the State Social Protection Fund**.

At 2004, Pension and Social Assistance Project, joint Government WB-SSPF project was launched.²

The UNDP and World Bank projects adopted a complimentary approach with the UNDP funding invested primarily in the development of the automated management system and the WB supporting the rolling-out of the system nationwide as well as social insurance policy and human resources development.

The main objectives of the project Capacity Building for the State Social Protection Fund are:

- Significant increase of the managerial and technological capacity of the State Social Protection Fund of Azerbaijan Republic
- Provision of technological instruments allowing governance of social insurance and pension provision systems in a transparent and fair way
- Design of efficient data flow mechanisms and automation of daily routine procedures
- Development of efficient data exchange mechanisms between Head office and local branches of SSPF
- Establishment of a firm technological base for introduction of a Fully-Funded pension scheme
- Improvement of computer literacy and managerial proficiency of SSPF personnel
- Development of efficient public relations mechanisms.

The project is to assist the State Social Protection Fund of the Republic of Azerbaijan (SSPF) to modernize its operations in line with internationally accepted Social Security and ICT standards. This will enable SSPF to conduct its responsibilities in new efficient, transparent and accountable manner, thus increasing its overall effectiveness. The major objectives of the project are to enhance the managerial and data processing capacity of SSPF and assist SSPF in introduction of the new pension system based on individual accounts. To implement the set objectives it has been decided to develop the Management Information System (MIS), which is currently installed and operating in the Central office and most local and regional branches of SSPF. Installation of MIS in the remaining offices is foreseen in the framework of the 5th phase. Application of ICT and MIS allows SSPF to increase the level of control and coordination between the headquarters of SSPF and its local branches.

The project has undergone four successful phases.

²

See <http://web.worldbank.org/external/projects/main?pagePK=64283627&piPK=73230&theSitePK=301914&menuPK=301946&Projectid=P049892>

In total, in the period from 2003 to December 2007, **7 608 716 USD** has been invested in the UNDP-SSPF project.

In terms of the distribution of funds by activities, the largest share of the investment (34%) related to equipment and software, followed closely (25.6%) by construction and other back-up costs (11.1%). The Construction and related costs came at a later stage in the project with all costs falling into the fourth phase. The training component (including development and delivery) accounted for 1% of investment while other activities all constituted between 3-7% of total project expenditure. The scale of investment rose significantly over the lifetime of the project.

In terms of the sources of the funding government has paid around 75% of the project costs (5,708,716 USD) and UNDP 25 % (1,900,000 USD). The financial contribution of the Government has been rising significantly during the phases of the project and has given solid basis to the SSPF activities. UNDP support has been focused to the sustainability, monitoring and quality issues.

The 5th phase of the project will focus on completion of existing main targets and quality and sustainability issues:

1. Completion and proper implementation of existing main targets and capitalization of development process.
2. Planning of the next steps of SSPF services development with focus on quality and efficiency (for phase 6 or next project).

The main outputs are:

- Completion of the rayon offices improvement
- Internal regulations, manuals and responsibilities improvement
- Technical simplification of the registration process
- Ability to receive electronic declarations
- Improved (cleaned) data
- Awareness raising of the SSPF clients (both individuals and enterprises)
- Better cooperation with other governmental social insurance systems
- Readiness for the next developments (development of online services, online data exchange with other governmental institutions, etc).

The total cost of the phase 5 is USD 3,580,000. It is shared between UNDP (USD 80,000) and Government (USD 3,500,000).

The implementation agency is SSPF with trained staff and good capacity for project management.

II. RESULTS AND RESOURCES FRAMEWORK

<p>Intended Outcome as stated in the Country Programme Results and Resource Framework: <i>UNDAF outcome 2:</i> The state improves its delivery of services and its protection of rights—with the involvement of civil society and in compliance with its international commitment</p> <p><i>Country Programme 2.1: Social protection and pension systems reformed</i></p> <p>Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets: <i>% of pensioners with personal pension accounts, baseline (2005):</i> <i>Number of social security contributors with personal accounts, baseline (2005): 0</i></p> <p>Applicable Key Result Area (from 2008-11 Strategic Plan): Strengthening accountable and responsive governing institutions</p> <p>Partnership Strategy: 2.1. Parliament, CMAR, SPPRED, ME, MYST, MH, MLSPP, WB, BSU, UAFA, Baku Mayor's Office, Internews Azerbaijan, AYU NNGO, NGO Alliance for Child Rights, youth NGOs (as per UNDAF)</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 <i>Rayon offices are improved, i.e.:</i></p> <ul style="list-style-type: none"> • <i>r/o renovated</i> • <i>furniture for r/o supplied</i> • <i>LANs installed</i> • <i>Hardware set up</i> • <i>Software installed</i> • <i>ICT knowledge assessment conducted and the trainings provided</i> 	<p>Targets (year 1) Renovated – 5 Furniture supplied – 10 LAN installed – 10 Hardware/software set up – 20</p> <p>Targets (year 2) Renovated - 5 Furniture supplied - 5</p>	<p>List activity results and associated actions needed to produce each output or annual output targets. Each activity result shall ultimately become an Activity ID in Atlas.</p> <p>1. Continue renovation of rayon offices</p> <ol style="list-style-type: none"> a. Prepare cost estimate b. Announce tender for procurement of civil works c. Obtain bids and have them evaluated by responsible party d. Award and sign a contract 	<p>Project staff, UNDP, PSAP</p>	<p>US\$ 1,355,025</p>

<p>Baseline: Renovated – Furniture supplied – LAN installed – H/s set up – Trainings provided -</p> <p>Indicators: <i>Number of renovated offices,</i> <i>Number of offices with installed LAN;</i> <i>Number of offices with supplied furniture;</i> <i>Number of offices with installed computers and software;</i> <i>Number of offices successfully using MIS</i></p>	<p>LAN installed – 7 Hardware/software set up - 10</p>	<p><i>e. Proceed with contract implementation according to the contracts' terms & conditions</i> <i>f. Monitor the status of contract implementation</i> <i>g. Ensure general management</i> 2. Continue supply of furniture to rayon offices <i>a. Prepare cost estimates</i> <i>b. Announce tender for procurement of furniture</i> <i>c. Obtain bids and have them evaluated by responsible party</i> <i>d. Award and sign contracts</i> <i>e. Proceed with contract implementation according to the contracts' terms & conditions</i> <i>f. Monitor the status of contract implementation</i> <i>g. Ensure general management</i> 3. Continue LAN installation in the rayon offices <i>a. Proceed with the existing contract implementation</i> <i>b. Finalize the installation process (extend the contract)</i> <i>b. Monitor the installation process</i> <i>g. Ensure general management</i> 4. Provision of hardware / software support <i>a. Provide maintenance and support</i></p>		
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	<p><i>to the installed hardware/software</i></p> <p><i>b. Install new versions of the developed software in rayon offices</i></p> <p><i>d. Monitor efficiency of the installed software and level of use in the branch offices</i></p> <p><i>g. Ensure general management</i></p> <p>5. Assess the level of ICT proficiency (literacy) in the branch offices</p> <p><i>a. Conduct on-the-job assessment of the ICT use by SSPF personnel in the local offices</i></p> <p><i>b. Ensure the transfer of knowledge component of PSAP is being implemented in due manner</i></p> <p><i>g. Ensure general management</i></p>	

<p>Output 2 Internal regulations, manuals and responsibilities are improved. Private data protection activities and internal digital document management system are developed.</p> <p>Baseline: There are no evidences of digital document management system in SSPF. Letters complains and all other relevant documentation is in paper mode.</p> <p>Indicators: Action plan is submitted to SSPF and UNDP authorities</p>	<p>Targets (year 2) Develop action plan to analyze the situation with internal regulations and document management system.</p>	<p>1 Provide consultative support to SSPF to eliminate the gaps in data management system.</p> <p>a. Announce selection of consultants b. Obtain resumes and have them evaluated by respective party c. Award and sign a contract; d. Proceed with contract implementation</p>	<p>Project staff, individual consultant, UNDP</p>	<p>US\$ 21,000</p>
<p>Output 3 Registration process is simplified</p> <p>Indicators: Fiber-optic channel is installed, the hardware is procured, software modules are developed and installed</p> <p>Baseline: Data exchange with MoT is available</p>	<p>Targets (year 2) Contributors available in SSPF database supported by the databases of MoA, MoJ, MLSPP, MoT, MCIT</p>	<p>1. Ensure robust data exchange between counterparts of the state E-Governance program; implementation of the Presidential decree on introduction of the "one stop" principle while registering juridical and physical entities.</p> <p>a. Complete ongoing contracts for the development of specialized software on data exchange with a pilot state agency b. Replicate obtained results with regard to other state agencies -</p>	<p>Project staff, SSPF, respective government institutions, sub-contractors</p>	<p>US\$ 324,450</p>

<p>Output 4 Regional offices are ready to receive declaration forms from insured population for 2006-2008.</p> <p>Baseline: 1,5 mln working people are registered and got their personal accounts</p> <p>Local branches of SSPF receive application and declaration forms from employers and after corresponding filing and packing send them to the regional offices. At moment, online submission of forms is not available. This option is foreseen for the next stage of development of MIS.</p> <p>Indicators: Number of regional offices maintaining remote data exchange with SSPF HQ</p>	<p>Targets (year 2): 5 regional offices maintain remote data exchange with SSPF HQ"</p>	<p><i>participants of the state e-governance program.</i></p> <p><i>c. Ensure general management</i></p> <p>1. Enhancement of technological capacity of the regional offices of SSPF</p> <p><i>a. Announce tender for procurement of hardware</i></p> <p><i>b. Obtain bids and have them evaluated by responsible party</i></p> <p><i>c. Award and sign contracts</i></p> <p><i>d. Proceed with contract implementation according to the contracts' terms & conditions</i></p> <p><i>e. Continue implementation of the existing contract for software development</i></p> <p><i>f. Ensure general management</i></p> <p>2. Ensure electronic submission of application and declarations forms</p> <p><i>a. Proceed with the existing contract implementation</i></p> <p><i>b. Monitor the installation process</i></p> <p><i>g. Ensure general management</i></p>	<p>Project staff, UNDP</p> <p>US\$ 139,519</p>
<p>Output 5 Data cleaning and systemization process go properly</p>	<p>Targets (year 1) Register all system contributors submitted their registration forms;</p>	<p>1 Receiving and processing of application and declaration forms from working population</p> <p><i>a. Consultancy support (local consultants / company) available to</i></p>	<p>Project staff, UNDP, local consultants</p> <p>US\$ 341,482</p>

<p>Baseline: 1.5 mln Q3 forms submitted to SSPF so far (as of June, 2008). 1.4 mln personal accounts opened. Database contains information on all registered participants No trainings on subject topic is provided</p> <p>Indicators: Number of registered population in the social security system Number of staff members attended the trainings Number of processed forms (application and declaration forms)</p>	<p>Targets (year 2) Register all system contributors submitted their registration forms;</p>	<p>input and process personal data (application and declaration forms) of insured population for 2006 - 2008 b. Ensure paper and other supplies are available c. Ensure general management 1 Trainings on the financial forms, the legislative framework, various cross-checking options and etc. are provided to SSPF personnel a. Consultancy support available for provision of trainings b. Ensure general management</p>	
<p>Output 6 ICT system of SSPF meets challenges of social insurance system of Azerbaijan</p> <p>Baseline: Most components of the developed MIS are in place and have been installed in renovated local branches of SSPF. SSPF offices have been equipped with servers and computer systems -</p>	<p>Target (year 2) Back-up server centre is established; All business processes are automated SSPF offices use modern ICT systems; Clients of SSPF submit their data electronically;</p>	<p>1 MIS is installed in all branch offices of SSPF and efficiently used for daily data processing a. Continue implementation of signed contracts b. Extend existing contracts to cover missed components of MIS c. General management provided 2 Back-up server centre is functioning as planned</p>	<p>US\$ 946,969</p> <p>Project staff, SSPF, UNDP</p>

<p>workstations and thin client sets. Central server centre has been established and works properly. Back-up server centre has been renovated and waits for procurement and installation of correspondent equipment.</p> <p>Indicators:</p> <p>Level of use of electronic data</p> <p>Number of branch offices using modern ICT systems;</p> <p>Number of clients submitting data electronically;</p> <p>Back-up server centre opened.</p>		<p>a. LAN for Back-up centre is installed</p> <p>b. Remote management centre is equipped and functioning</p> <p>c. Servers required for back-up centre are supplied in framework of PSAP</p> <p>d. IT administrators are hired to operate the system (WB project - PSAP)</p> <p>e. Regular monitoring missions performed</p> <p>f. General management provided</p>		
<p>Output 7</p> <p>Record keeping system is properly functioning. Clients of SSPP (social insurance system participants) are aware of advantages of new system.</p> <p>Baseline:</p> <p>Record keeping system contains information on 1,5 mln system contributors.</p> <p>Participants of the social insurance system have not received individual account balance reports for 2006-2008.</p>	<p>Target (year 2)</p> <p>About 2 mln notifications sent to insured population</p> <p>Database contains accurate data on participants of the social insurance system</p>	<p>1 Ensure effective and efficient functioning of MIS</p> <p>a. Qualified IT specialists administrate computer system (all integral parts of MIS) of SSPP on a remote mode (WB project PSAP)</p> <p>b. Monitor MIS administration process</p> <p>c. Ensure general management</p> <p>2 Social insurance system participants are informed about contributions made to their individual account during 2006-2008</p> <p>a. Ensure procurement and installation of printing and mailing</p>	Project staff, PSAP	US\$ 25,988

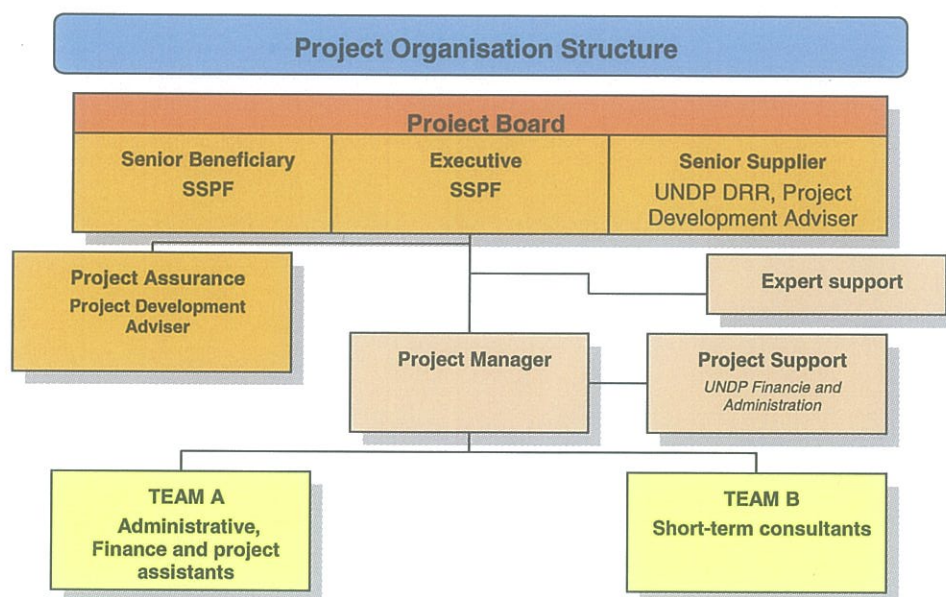
<p>Indicators: MIS contains all necessary data for preparation of notification reports for insured population. Number of notifications printed and mailed;</p> <p>Output 8 Project implementation according to schedule</p> <p>Baseline: V phase to be started in Sep., 2008. Project staff is available.</p> <p>Indicators: Project staff is highly qualified and meet corresponding TOR requirements.</p> <p>Number of monitoring missions performed</p> <p>Number of progress reports produced</p>	<p>Target (year 1, year 2) Project is being duly implemented.</p>	<p>system (WB project PSAP) b. Continue development of web-site c. Ensure general management</p>	<p>SSPF, UNDP, project staff</p>	<p>US\$ 425,567</p>
<p>1. Ongoing project management, monitoring and reporting complies with RMG.</p> <p>a. Continue contracts with existing staff to ensure daily management of project activities</p> <p>b. Monitoring of refurbishment works; efficient use ICT; assess performance of local branches after installation of new computer system</p> <p>c. Share experience with the Social security institutions worldwide</p> <p>d. Ensure daily operation of the office</p> <p>e. Prepare annual work plans and budget revisions</p> <p>f. Prepare RMG logs</p> <p>g. Prepare and maintain inventory lists.</p> <p>h. General management</p> <p>2 Brochures on the results of case study regarding "Capacity building</p>				

		<p><i>for SSPF'' project has been issued and slide show presentation organized</i></p> <ul style="list-style-type: none"> <i>a. Translate the case study to UN official languages</i> <i>b. Sign contract with a publishing company</i> <i>c. Organize PR presentation</i> 		
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<p>Output 2 Internal regulations, manuals and responsibilities are improved. Private data protection activities and internal digital document management system are developed.</p> <p>Baseline: There are no evidences of digital document management system in SSPF. Letters complains and all other relevant documentation is in paper mode.</p> <p>Indicators: Action plan is submitted to SSPF and UNDP authorities</p> <p>Target:</p>	<p>assessment of the ICT use by SSPF personnel in the local offices</p> <p>b. Ensure the transfer of knowledge component of PSAP is being implemented in due manner</p> <p>g. Ensure general management</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>GOV</p> <p>GOV</p>	<p>1060</p> <p>1060</p>	<p>Facilities and Administration</p>	<p>75100</p> <p>75100</p>	<p>200</p> <p>21 000</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>20 000</p> <p>1 000</p>
	<p>1 Provide consultative support to introduce automated document management system in SSPF.</p> <p>a. Announce selection of consultants</p> <p>b. Obtain resumes and have them</p> <p>evaluated by respective party</p> <p>c. Award and sign a contract;</p> <p>d. Proceed with contract implementation</p> <p>g. Ensure general management</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>UNDP</p> <p>UNDP</p> <p>UNDP</p> <p>GOV</p> <p>GOV</p>	<p>1060</p> <p>1060</p> <p>1060</p> <p>1060</p>	<p>International consultants</p> <p>Facilities and Administration</p>	<p>71200</p> <p>75100</p>

<p>Develop action plan to analyze the situation with internal regulations and document management system.</p> <p>Output 3</p>	<p>2. Ensure robust data exchange between counterparts of the state E-Governance program; Implementation of the Presidential decree on introduction of the "one stop" principle while registering juridical and physical entities.</p>	x	x	x	x	x	x	x	GOV	1060	Contractual Services - Companies	72100	309 000	324 450
<p>Registration process is simplified</p> <p>Indicators: Fibre-optic channel is installed, the hardware is procured, software modules are developed and installed</p> <p>Baseline: Data exchange with MoT is available</p> <p>Targets (year 2): Contributors database available in SSPF supported by the databases of MoA, MoJ, MLSPP, MoT, MCIT</p>	<p>a. Complete ongoing contracts</p> <p>b. Replicate obtained results with regard to other state agencies - participants of the state e-governance program.</p> <p>c. Ensure general management</p>	x	x	x	x	x	x	GOV	1060	Facilities and Administration	75100	15 450		
<p>Output 4</p> <p>Regional offices are ready to receive declaration forms from insured population for</p>	<p>1. Enhancement of technological capacity of the regional offices of SSPF</p> <p>a. Announce tender for procurement of hardware</p>	x						GOV	1060	Audio and Visual Production Costs	74200	500	108 014	

IV. MANAGEMENT ARRANGEMENTS



Government inputs:

- USD 3,500,000 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.
- Overall support in preparation of the training courses, including proposing, in consultation with UNDP, the persons to be invited to the training activities. These persons must all be closely connected in their professional capacity with the application of modern ICT practices;
- Assistance in identification of the most appropriate national experts. Such experts should have a clear understanding of the Government's policies related to the sector.
- Assistance to UNDP in identifying the most appropriate people as focal points. The identified focal points, government officials and/or private sector representatives should have a clear understanding of the Government's policies related to ICT reform and modernization. They will work closely with the international and national consultants assigned to the project.
- A National Project Coordinator (NPC) for the project who is paid by the government for the entire duration of the project
- Administrative support for the organization of the project' training activities.

UNDP inputs:

- USD 80,000 were already contributed to finance the project during the transition to the 5th phase period. In particular, the UNDP contribution had been directed to financing of Project staff and local consultants' salaries; covering project operation cost – telephone calls, car maintenance, correspondence as well as local and foreign trips.

- Coordination of the project activities to ensure UNDAF / NICTS goals and objectives
- 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.
- In close collaboration with the senior management of the Project, the quality control over the project outputs.

V. 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 Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule 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 Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review 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 Board 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

Replicate the table for each activity result of the AWP to provide information on monitoring actions based on quality criteria. To be completed during the process "Defining a Project" if the information is available. This table shall be further refined during the process "Initiating a Project".

OUTPUT 1: Improvement of the rayon offices

Activity Result 1 (Atlas Activity ID)		Start 21/09/2008	Date:
		End Date: 31/12/2009	
Purpose	Proper and secure working conditions for the SSPF rayon offices staff		

Description **Improvement of the rayon offices, including renovation, supply of the furniture, computer equipment and training of the staff**

Quality Criteria <i>how/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. what method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
Offices are renovated according schedule, budget and agreed quality level.	Construction works quality monitoring during the building process, financial monitoring of the payments according the agreement.	Continuous during the renovation process.
Furniture is procured according tender regulations and delivered in-time and in agreed quality level.	Monitoring of the tender processes, quality monitoring after delivery, and financial monitoring of the payments according the agreement.	Continuous during the process.
Computer equipment is procured according tender regulations and delivered in-time and in agreed quality level.	Monitoring of the tender processes, quality monitoring after delivery, and financial monitoring of the payments according the agreement.	Continuous during the process.

OUTPUT 2: internal regulations, manuals and responsibilities are improved; private data protection and internal digital document management system are developed.

Activity Result 1 (Atlas Activity ID)	Short title to be used for Atlas Activity ID	Start 21/09/2008	Date:
		End Date: 31/12/2009	
Purpose	Need for the improvement of the internal procedures (regulations, manuals, etc), improvement of data protection regulations and internal digital document management system		

Description **Development of the documentation, rules, implementation. Development of action plan for internal digital document management system development**

and implementation.

Quality Criteria	Quality Method	Date of Assessment
<i>how/with what indicators the quality of the activity result will be measured?</i>	<i>Means of verification. what method will be used to determine if quality criteria has been met?</i>	<i>When will the assessment of quality be performed?</i>
Proper selection of the consultancy. Evaluation of the proposed action plan.	Monitoring of the tender process and evaluation process.	Continuous during the process.
Internal regulations are developed in time and by harmonized internal standard.	Monitoring of the development process.	Continuous during the process.

OUTPUT 3: Registration process simplification

Activity Result 1 (Atlas Activity ID)	<i>Short title to be used for Atlas Activity ID</i>	Start 21/09/2008	Date: End Date: 31/12/2009
Purpose	Ensure robust data exchange between counterparts of the state e-Governance program		
Description	Installation of the hardware, development and implementation of the software, agreements with other institutions		

Quality Criteria	Quality Method	Date of Assessment
<i>how/with what indicators the quality of the activity result will be measured?</i>	<i>Means of verification. what method will be used to determine if quality criteria has been met?</i>	<i>When will the assessment of quality be performed?</i>
Hardware & software for data exchange is procured and installed.	Monitoring of the tender processes, quality monitoring after delivery, and financial monitoring of the payments according the agreement.	Continuous during the process.
Data exchange is implemented.	Monitoring of the process.	Continuous during the process.

OUTPUT 4: Regional offices are ready to receive declaration forms for insured population

Activity Result 1 (Atlas Activity ID)	<i>Short title to be used for Atlas Activity ID</i>	Start 21/09/2008	Date: End Date: 31/12/2009
Purpose	To provide possibility to provide data online to SSPF.		

Description **Software and security solutions development.**

Quality Criteria	Quality Method	Date of Assessment
<i>how/with what indicators the quality of the activity result will be measured?</i>	<i>Means of verification. what method will be used to determine if quality criteria has been met?</i>	<i>When will the assessment of quality be performed?</i>
Secure solution is developed in time.	Monitoring of the tender processes, quality monitoring after delivery, and financial monitoring of the payments according the agreement.	Continuous during the process.

OUTPUT 5: Data input and processing (including cleaning and systematization) goes properly

Activity Result 1 (Atlas Activity ID)	<i>Short title to be used for Atlas Activity ID</i>	Start 21/09/2008	Date: End Date: 31/12/2009
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Purpose **Input data on the level of participation of population in social insurance system.**

Description **Local consultants are involved to data input and processing activity. SSPF personnel are trained to monitor and use electronic data.**

Quality Criteria	Quality Method	Date of Assessment
<i>how/with what indicators the quality of the activity result will be measured?</i>	<i>Means of verification. what method will be used to determine if quality criteria has been met?</i>	<i>When will the assessment of quality be performed?</i>
Relevant consultants are selected to fulfill set objectives in agreed quality and in time.	Monitoring of the performance of the hired consultants. The payments are done in accordance with individual contracts.	Continuous during the process.
Trainings and manuals to the SSPF staff are provided; SSPF staff has obtained relevant skills.	Monitoring of the training preparations, evaluation of the SSPF staff skills after training.	Continuous during the process, evaluation after training.

OUTPUT 6: ICT system of SSPF meets challenges of social insurance system of Azerbaijan

Activity Result 1 (Atlas Activity ID)	<i>Short title to be used for Atlas Activity ID</i>	Start 21/09/2008	Date: End Date: 31/12/2009
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Purpose **Incorporation of efficient ICT tools into Automated Management system**

to increase performance of SSPF personnel.

Description **Ensure constant development of MIS in terms of bringing new efficient methods and tools leading to high performance and transparency in data processing at various levels of social insurance management.**

Quality Criteria <i>how/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. what method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
Data of the clients of SSPF is submitted electronically.	Satisfaction report based on answers of SSPF client.	Continuous during the process.
Back-up server is established.	Onsite inspection with thoroughly tasting.	Continuous during the process.
Manual work is significantly diminished.	Appraisal missions to the local branches of SSPF; satisfaction reports based on answers of SSPF personnel.	Continuous during the process.

OUTPUT 7: Record keeping system of the SSPF is functioning properly. Clients of SSPF are aware of the advantages of the new system.

Activity Result 1 *Short title to be used for Atlas Activity ID* Start Date: 21/09/2008
(Atlas Activity ID) End Date: 31/12/2009

Purpose **Ensuring effective and efficient functioning of MIS**

Description **Involvement of ICT expert of monitoring of use and administration of MIS; provision of regular trainings to SSPF personnel; development of new automated tools to facilitate daily routine procedures.**

Quality Criteria <i>how/with what indicators the quality of the activity result will be measured?</i>	Quality Method <i>Means of verification. what method will be used to determine if quality criteria has been met?</i>	Date of Assessment <i>When will the assessment of quality be performed?</i>
Data in MIS contains accurate data on participants of social insurance system.	Data crosschecking; matching of SSPF data with databases of other state agencies.	Continuous during the process.
The search subsystem of MIS lets a user to find all necessary data from central database of SSPF.	Satisfaction report based on answers of SSPF inspectors from the local branches..	Continuous during the process.
MIS enables the users to generate all kind of reports regarding the participants of the social insurance system and their individual accounts.	Satisfaction report based on answers of SSPF inspectors from the Central office departments.	Continuous during the process..

OUTPUT 8: Project implementation according the schedule

Activity Result 1 *Short title to be used for Atlas Activity ID* Start Date: 21/09/2008
(Atlas Activity ID)

ID)

End Date: 31/12/2009

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
<i>how/with what indicators the quality of the activity result will be measured?</i>	<i>Means of verification. what method will be used to determine if quality criteria has been met?</i>	<i>When will the assessment of quality be performed?</i>
Project activities are delivered in time and in agreed quality level, financial resources are used according budget.	Monitoring of the tender processes, quality monitoring of the workflow, and financial monitoring of the payments according the agreement.	Continuous during the project.
Case study is developed, translated and printed according project plan.	Monitoring of the case study development, financial monitoring of the payments according the agreement.	Continuous during the project.

VI. 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.

VII. ANNEXES

Risk Analysis: Offline Risk Log, Annex 1.

Agreements Any additional agreements, such as cost sharing agreements, project cooperation agreements signed with NGOs³ (where the NGO is designated as the “executing entity”) should be attached: **Agreement between the United Nations Development Programme and the Government of Azerbaijan, Annex 2**

Terms of Reference: TOR for key project personnel, Annex 3

Capacity Assessment: Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)

³ For GEF projects, the agreement with any NGO pre-selected to be the main contractor should include the rationale for having pre-selected that NGO.



OFFLINE RISK LOG

(see [Deliverable Description](#) for the Risk Log regarding its purpose and use)

Project Title:

Award ID:

Date:

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	There is lack of coordination between Azerbaijan government representatives, UNDP and World Bank which may lead to important gaps, overlaps or misunderstandings between partners.	August, 2008	Operational	Text P = 4 I = 4	To organize regular coordination meetings involving representatives of UNDP, WB and SSPF	UNDP Senior Project advisor	Project Expert	14 August 2008	No change
2	Lack of qualified IT personnel / impossibility to		Organizational	I = 5 P = 4	Explain to the Government the implications of low salaries on lack of skilled personnel	State Social Protection Fund	UNDP Programme Advisor	15 June 2007	The Project Manager addressed a letter

	hire skilled personnel to manage MIS, especially in local offices									requesting recruitment of at least 1 IT specialist for each local offices of SSPF
3	Poor electricity supply in rayon offices of SSPF affects durability of installed servers and PCs.	Organizational	I = 4 P = 4	Advise the SSPF to facilitate procurement and supply of power-supply equipment under WB project	State Social Protection Fund	Programme Adviser	15 June 2007	15 June 2007	Reducing Power-supply equipment was procured and is being installed in all SSPF offices	
4	Poor or no conditions in a number of rayon offices of SSPF not planned to be renovated by the project	Financial	I = 4 P = 4	Initiate negotiations with SSPF to allocate additional funds for these needs.	State Social Protection Fund	Programme Adviser	15 June 2007	15 June 2007	Reducing SSPF allocated additionally US\$ 800,000 for renovation of remaining local offices	
5	The project may not be completed according to schedule.	Organizational	I = 4 P = 3	Initiate negotiations with SSPF for prolongation of the project	State Social Protection Fund	Programme Adviser	15 June 2007	15 June 2007	The project is to be extended by December 31, 2009	
6	There seems to be a lack of motivation among SSPF lower level staff (not Project	Financial	P = 4 I = 4	This question should be discussed at the top level and probably is not problem only for SSPF	State Social Protection Fund	Project Expert	August, 2008	August, 2008	No change	

<p>staff), mainly in rayon offices level. The salaries are low, qualification and critical skills of the staff are average or low. At the same time salary and person are connected i.e. after setting off the person you cannot share the work among others and pay them more, as salaries are connected to the country-wide table of ranges and salaries.</p>	
<p>7 According expert's understanding the development process should be led by PIU, but often seems to be limited with PIU.</p>	
	<p>Organizational 1</p>
	<p>P = 4 I = 4</p>
	<p>All relevant departments should be closely connected to the process and should be at the end of the project "owners" of the relevant issues (IT department of IT solutions, HR for training strategy and action plan, etc).</p>
	<p>State Social Protection Fund</p>
	<p>Project Expert</p>
	<p>August, 2008</p>
	<p>No change</p>

<p>The role of PIU is to implement changes with other departments (IT, Human Resources, but often it seems that everything connected to UNDP and WB financed issues should be done also by PIU. This situation puts under question mark sustainability of the processes after the end of UNDP and/or WB project.</p>	8	Considering that there is a number of counterparts involved in various activities (for ex. MCIT is responsible for provision of reliable and	Organizational 1	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 of e-governance in Azerbaijan.	UNDP, state agencies.	UNDP Senior Program advisor	August, 2008	At present SSPF exchanges data with the Ministry of taxes.
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<p>affordable network channels covering all country; Min Taxes and Min Internal Affairs posses 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-part obligations</p>								
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