



USAID
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PUBLIC INVESTMENT POLICY PROJECT

Quarterly Performance Report

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ABBREVIATIONS

ABTC	Azerbaijan Bank Training Center
CER	Center of Economic Reforms
CTO	Cognizant Technical Officer
DAI	Development Alternatives Inc.
EBRD	European Bank for Reconstruction and Development
FPM	Financial Programming Model
GOAZ	Government of Azerbaijan
HPPC	High-Policy Planning Commission
IBRD	International Bank for Reconstruction and Development
IMF	International Monetary Fund
LTTA	Long- Term Technical Assistance
MOED	Ministry of Economic Development
MOED/DEPF	Ministry of Economic Development/Dept. of Economic Policy and Forecast
MOF	Ministry of Finance
MTEF	Medium-Term Financial Framework
MTMF	Medium-Term Macroeconomic Framework
NBA	National Bank of Azerbaijan
PIP	Public Investment Program
PIPP	Public Investment Policy and Program
PIP Project Q4/2005	Public Investment Policy Project Quarter 4, 2005
QPR	Quarterly Performance Report
RMSM-X	Revised Minimum Standard Model-eXtended
SPPRED	State Program for Poverty Reduction and Economic Development
SPPRS	State Program for Poverty Reduction and Sustainable Development
SSC	State Statistics Committee
SSDP	Sector Strategic Development Plan
STTA	Short-Term Technical Assistance
TAMIS	Technical and Administrative Management Information System
TP	Training Plan
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WB	World Bank
WP	Work Plan

Q1/2006 PROGRESS REPORT

The Public Investment Policy Project (PIP Project) continues to be the centerpiece program of USAID in Azerbaijan. The Project's core objective is to help the Government of Azerbaijan (GOAZ) in building up the necessary institutional and technical capacity to formulate and manage a sound public investment policy and program for sustainable broad development of Azerbaijan economy.

The PIP Project addressed most successfully most of the tasks in its Work Plan scheduled for Q1/2006. The timing and sequencing modifications, which influenced the tasks in Q4-2005, remained in order to synchronize with the counterpart agencies and ensure quality delivery. This Quarterly Performance Report (QPR) for Q1/2006 presents an overview of developments in the PIP Project/WP tasks scheduled for the period.

1. STATUS OF WP TASKS IMPLEMENTATION SCHEDULED FOR Q1/2006 BY COMPONENTS

A. Progress on Component A.

Preparing a Medium-Term Macroeconomic and Sectoral Development Framework

The work on a simplified financial programming model (FPM) had been initiated during Q3/2005 and continued in Q1/2006 with the follow up training coordinated with the World Bank. There had been a postponement in the direct work on the model during Q4/2005 caused by the time taken out for participation of the staff involved in FPM in another formal training on integrated cost-benefit analysis, which was also organized by the PIP Project. However, a Technical Note on the MTMF Methodology was completed as planned. The timeframe for the PIP Project Macro Modeling Work was agreed upon with the MOED.

The establishment of macroeconomic and sectoral frameworks for Azerbaijan PIP is crucially important. A coherent and efficient public investment policy is impossible without such clear outline. To initiate an institutional adjustment towards that end, the PIP Project focused efforts related to the WP Tasks #1 & 2 (Establishment of the High-Policy Planning Council). This process took a long period mainly because of scheduling meetings and presentations. The Technical Note was submitted to Mr. Michael Jabbarov, Deputy Minister/MOED, and Mr. Shahin Sadigov, Head/DEPF/MOED. The Project staff conducted a series of presentations for the DEPF staff at MOED. The presentations made it clear that this important matter had to be brought to the attention of higher decision-makers in GOAZ. The Project requested the USAID and the U.S. Embassy for assistance in the cooperation of the top-level officials of GOAZ with PIP Project. The Project hoped to present its proposals on public investment and budgeting reforms at a conference to GOAZ. The U.S. Ambassador, Hon. Reno Harnish, the USAID Country Director James Goggin and PIP Project CTO Geoffrey Minott along with the PIP Project staff held a series of technical meetings at MOED and MOF. Meetings held with the Ministers of Finance (Mr. Avez Alekberov) and Economic Development (Mr. Heydar Babayev) were fruitful. The GOAZ decided to endorse holding of a high-level conference for

PIP Project to present its vision and recommendations. Preparation for the high-level technical conference required additional consultations with the counterparts and subsequent logistic arrangements. The Project team also prepared comprehensive briefing and presentation materials for the counterparts parties. A list of participants was drawn with guidance from the MOED and MOF.

In accordance with WP Task 3.d, the PIP Project staff is creating the necessary database of documents and reference materials on public investments and capital expenditures for the MOED staff. The PIP Project discussed the database structure, query requirements, and practical uses by MOED with Mr. Sh. Sadigov. The PIP Project library was expanded with additional materials and documents on macroeconomics and fiscal issues of natural resource-rich countries. A number of recent IMF and World Bank studies both on Azerbaijan oil boom and other countries' experiences were included into the database. Relevant sector case studies were identified, downloaded from the Internet and filed. The staff reviewed other materials available on web with the idea of possible acquisition of materials on macroeconomics, fiscal issues and sector development issues.

Preparing a Set of National and Sector Priorities for Social and Economic Development

The PIP Project had developed a draft proposal on guiding and instructing the budgetary organizations by the elected leadership of the country on their planning and budgeting work in the framework of the national and sectoral development objectives and priorities and a "Sectoral Medium-Term Expenditure Framework (MTEF)" (Task 4). These priorities, developed by Cabinet of Ministers under the Chairmanship of the President, would address broadly the national, regional and sectoral aspects of development. The priorities would serve in the medium-term as a guide for all central and sectoral agencies to focus their efforts in planning and in budgeting of their sector development plans. These national priorities would draw on the already formulated State Program for Poverty Reduction and Sustainable Development (SPPRSD), the State Program for Social and Economic Development of Regions (SPSEDR), and strategic sector development plans (SSDP) and on their annual performance reports. The central ministries (MOF and MOED) and line ministries under the direction of national priorities and explicit macroeconomic framework would prepare medium-term expenditure programs and investment programs and budget them appropriately.

The PIP Project prepared technical notes explaining and expounding on these topics. The "Importance of Having a Macroeconomic and Sectoral Development Framework" discussed the choosing of national priorities and the "Sector Strategic Development Program" discussed the rationalization and budgeting of expenditure programs. Both documents were widely distributed and discussed with PIP Project counterpart sector ministries. The sector ministries require a sense of national direction and enjoy certainty of availability of resources to perform their mandates.

The PIP Project is continuing to work with MOED to improve the information base and coherence of public investment projects. In cooperation with DEPF/MOED, the PIP Project staff pursued work to improve the PIP Call Circular for 2007-2010. The new PIP Call Circular is a step towards integrating national priorities, investment plans and budgetary constraints.

According to the PIP Project proposal for unifying planning and budgeting framework, a Unified Joint Call Circular that combines all aspects of budgetary processes is essential. The new PIP Call Circular is a prototype and is expected to be a component of a Joint Call Circular to be adopted in the future. In this respect, the PIP Project introduced new requirements, forms and instruction for them in support for preparation of a new draft Call Circular. These forms will begin to build comprehensive information base on types of investment activities, on types of capital expenditures, on linkages of expenditures to nominally-iterated poverty reduction objectives, on linkages to sectoral plans, and on recurrent budget obligations in the medium-term. The MOED has reviewed and concurred with content of the draft PIP Call Circular. The new PIP Call Circular has been sent to all budget organizations. The PIP Project will help MOED to inform and help the budget organizations to complete the unfamiliar set of forms.

The PIP Project is helping MOED to increase its technical capacity in economic modeling of Azerbaijan's economy. For the policy background, the PIP Project staff reviews current statements and decrees issued by the President and the Cabinet of Ministers to distill a semblance of GOAZ objectives that will be broadly consistent with any FPM exercise conducted at the MOED. The PIP Project undertakes this activity to complement and provide ready technical resource to put into use when the GOAZ sets formal national priorities. In the meantime, the public investment programming process remains technically non-synchronized with the overall state budget and does not perform its potentially effective investment policy functions.

At this time, the PIP Project has secured consensus across various high levels of GOAZ authorities on the need for national guiding policies and priorities. The PIP Project is now moving to realize the High-Level Conference among the primary GOAZ stakeholders to further consolidate the support for this proposal. Securing consensus at the High-Level Conference will be the next prime motivator in this effort to develop the set of national priorities. In the meantime, one more state budget cycle and investment cycle is moving ahead without clear national priorities, synchronized planning and programming, and program budgeting practices. Until the end of Q1-2006, the GOAZ has not provided the budgetary organizations with clearly formulated goals, priorities, objectives, and other instructions for their development planning work and PIP preparation.

During the Project work there were ad hoc requests from the counterparts in support of their work. Specifically, Mr. Sh. Sadigov, DEPF/MOED, requested the PIP Project staff to urgently help MOED to review and to provide comments on the draft *Investment Law* under consideration in the Milli Mejlis. PIP Project prepared draft comments to discuss with MOED. But the draft law was withdrawn whereby the comments were not used. The draft comments are attached to this report for reference in any further work on investment legislation. Also, the USAID requested the PIP Project to comment on the draft *Capital Expenditure Profile for Azerbaijan (2006-2015)*. The work was done by John Maguire, the USAID Infrastructure Reform and Finance Project consultant. PIP Project comments were discussed separately with Mr. Maguire.

Development of a Public Investment Policy and Program Manual

The PIP Project is planning (WP Task 9) to produce a Manual for Public Investment Policy and Program (the PIPP Manual) on the basis of modules that will be developed through mid-2006. A preliminary draft outline of the PIPP Manual has been prepared. The modules for the PIPP Manual will be developed in the course of implementation of all core tasks of the WP. In this context, the QPRs of the PIP Project and their attachments serve as the depository of all technical modules that will be inputs for the Manual.

In Q1-2006, much of the PIP Project work centered around advocating and preparing for the High-Level Conference, the two rounds of two-week long intensive training courses, and working closely with MOED in drafting the PIP Call Circular. Therefore, the practical work on the PIPP Manual remained only at consideration of materials in the training courses which would become potential modules. As the design of PIPP Manual matures, the possibility of using the core material in training course on project evaluation as a section in the Manual is gaining support.

Preparation of Sector Strategic Development Plans

The PIP Project staff continued work on the WP Tasks 5, 6 and 10 and summarized all recommendations in the Technical Note on the Sector Strategic Development Plan Preparation. The document has been extensively discussed and then updated with the direct participation of the counterpart agencies.

The PIP Project uses the training workshops as one of the major means to influence the understanding of the counterpart GOAZ officials of the macroeconomic, sectoral and budgetary linkages. In February-March the PIP Project staff held two complete training workshops on SSDP preparation for the department heads and technical specialists from the central and line ministries. The PIP Project sector specialists presented information on the underlying principles for SSDP preparation and distinctive features of individual sector involved. MOED/DMAF sent a good number of staff members who actively participated in discussions. Each training workshop culminated in a presentation of the sector case study and formulation of investment program justification based on strategic goal and medium-term objectives. These efforts were valuable for building capacity of the MOED/DMAF and line ministry staff. They gained much confidence in their ability to produce and evaluate SSDP and MTEF expenditure programs (WP Task 10). The PIP Project staff intends to further address the GOAZ staff proficiency efforts throughout the Project duration.

In Q4/2005, the PIP Project team had addressed the important task of reviewing, analyzing, and offering recommendations for the improvement of sector strategic development plans (SSDPs). The currently operational SSDPs are lists of desired projects to be implemented over the long-term (10 to 15 years) with no consideration of national and sectoral development priorities, cross-sectoral linkages, and budget and other constraints. Despite the broad agreement in the need for change, it remains that the line agencies will take action to improve procedures only if the top decision-makers make the decision and ask for the effort.

The Participatory Process in Formulation of Sector Capital Spending Proposals

The PIP Project had reviewed the participatory processes in the formulation of public capital investment policy in Azerbaijan. A draft note on “Participatory Process in Public Investment Policy Formulation in Azerbaijan- Assessment and Recommendations” was drawn up by a local STTA consultant. In Q1-2006, the PIP Project started to edit and augment this document. The PIP Project sector specialist began sectoral assessments on participatory processes from within the line ministries. The analyses on line ministry practices in public participation in public investments formulation and evaluation will round off this important initiative for the Project.

The preliminary recommendations to be drawn from sector analyses are:

- Promote public education and awareness of sector strategic goals, medium-term objectives and development programs
- Co-ordinate information-sharing and publication of financial annual reports by the SOEs and other agencies in the sector
- Establish the mechanisms for possible readjustment of the investment projects in order to take into account the preferences of the stakeholders
- Conduct regular consultations in the process of preparation of sector investment projects and budgets that includes participation more than to academia and local executive powers
- Create institutional framework (i.e. at the regional level) and sufficient capacity to undertake the proper public information campaign on preparation and use of the public investments
- Institutionalize the involvement in regional investment decision-making and monitoring by the municipalities

In the next quarter, the Participation Note will be distributed and presented to the counterpart organizations and other interested GOAZ agencies. Based on the feedback PIP Project will fashion WP tasks in a more informed manner. Currently, the conditions certainly require nationwide effort and strong endorsement from GOAZ in promoting civil society development, and openness and access to information. The Project will work with the cooperating central and line ministries and also rely on USAID implementing partners and other donor agencies to address this task.

B. Progress in Component B:

Review and evaluation of the Line Agencies’ capital spending programs and investment projects and their recurrent expenditure implications

In Q1-2006, the staff members from the MOF’s Budget and MOED’s Public Investment Policy Divisions and Sectoral Divisions were extensively involved in tasks of financial analysis of case projects. This was a component of the formal training in Integrated Cost-Benefit Analysis. As a result, the staff understood the underlying principles and practical methodologies, which included among others, zero budgeting, recurrent expenditure, cost structure, and discounted cash flow. They learned of the use of financial functions readily

available in Excel software. But this skill may remain largely unused because this type of analysis is usually conducted by specialized institutes or by IFI project preparation teams only. The PIP Project staff encouraged sector ministries to establish fully-functioning sustainable Project Preparation/Analyses Units to manage all stages of PIP projects. Furthermore, it was emphasized to MOF and MOED to prepare and install standardized formal procedure for PIP project formulation, justification, analysis and monitoring. The purpose of financial and economic analysis is to prove that a proposed PIP project is both financially and economically viable and yields the highest return for the opportunity cost of capital. Also, the implications of recurrent costs of a project to the budget were stressed. These costs affect absolutely the long-term sustainability of the projects.

Line agencies' capacity to develop investment programs

The MOED approved and distributed new PIP Call Circular, which the PIP Project drafted. The PIP Circular and its instructions appear to be impacting the agencies in their preparation of projects and financing consideration with respect to budgets. During Q1/2006 the PIP Project sector specialists actively participated in a series of MOED-hosted presentations on the PIP Call Circular preparation for all sector ministries and local authorities. Mr. Sh. Sadigov and Mr. Natig Pashayev of MOED referenced and quoted the PIP Project prepared materials on macroeconomic and sector planning frameworks as well as training reference materials related to project cycle management. Further improvements in SSDPs and subsequent investment program preparation are dependent on the GOAZ commitments to introduce reforms and champion the necessary improvements.

C. Progress on Component C:

Project development, appraisal and monitoring capacity

This component of the PIP Project work has been extensively addressed throughout the Training Program, as discussed further in the report. The PIP Project staff, with support from the STTA International Training Expert Dr. Richard Anson put together training materials, handouts and slide presentations related to the Project Cycle Management and Integrated Benefit-Cost Analysis. To contextualize examples, PIP Project also cooperated with the World Bank and ADB and obtained the required contemporary sector-specific concept papers and feasibility studies. Further consultations with the sector ministries' staff as well as MOED and MOF were held to identify areas where the trainees would benefit at large of the PIPP-organized training efforts.

Identifying, Formulating and Prioritizing Investment Policies and Projects by the Selected Line Agencies

The PIP Project approaches disseminating the importance of this task in a variety of ways. Prioritization calls to firm up linkages between the development planning and budgeting processes. Therefore, the PIP Project promotes this by emphasizing the quality of SSDPs. The procedures applied by the line ministries in planning their capital spending proposals represent the weakest point in the overall government planning process. The new PIP Call Circular of

the MOED also addresses this issue of properly formulating and prioritizing policies and projects. Of course, the strongest venue to instill the appreciation and to train staff is through the intensive training courses, which the PIP Project undertakes. In these courses, line ministries are drilled in practical exercises in identifying, formulating and prioritizing investment policies and projects repeatedly. Because the investment plans are not linked to a budget envelope the Cabinet of Ministers and the President's Office intervene on this pretext to micro-manage the entire PIP process without due consideration to macroeconomic implications and to the cost-benefit analysis of projects. Until the SSDP procedures are solidified and PIP Call Circular is properly adhered to, the project formulation and prioritization will suffer from not impacting the efficiency of public investments.

D. Progress on Component D:

Training Program

RMSM-X Training

The PIP Project staff is contributing to efforts of the GOAZ in developing a medium-term macroeconomic and sector modeling/framework. This initial framework will be for assuring internal consistency for overall economic and investment strategies and policies. The PIP Project is attempting to adopt and use the IMF's Financial Programming Model and the World Bank's Revised Minimum Standards Model-Extended (RMSM-X) model. So far, the PIP Project, together with WLI and WB, arranged training on WB's RMSM-X model. Fourteen technical staff from central economic agencies of GOAZ (MOED, MOF, NBA) and a PIP Project staff attended a training session in Moscow on December 12-21, 2005. The training was very successful and WB agreed to provide funding for the second training round in Baku. The second session used data from Azerbaijan and the case exercises were specific to Azerbaijan's economy.

In February, 2006 Mr. Andriy Storjok, a World Bank economist, visited Baku and met with the PIP Project staff on RMSM-X issues. Mr. Storjok has extensive experience in RMSM-X and has been directly involved in the development of the RMSM-X model for Azerbaijan. Mr. Storjok conducted two follow-up training sessions with the same group that had participated in the training in Moscow. During the first session Mr. Storjok became interested to verify the trainees' knowledge and addressed questions that arrived from the first training. The second training session was focused on introduction and explanation of the WB-developed RMSM-X model for Azerbaijan. Originally the follow-up RMSM-X training was planned for the spring 2006 period in order to provide sufficient time for the trainees to practice and generate questions prior to the review of the Azerbaijan-specific RMSM-X model. The follow-up training had to take place ahead of its planned sequence due to WB scheduling constraints. Nevertheless, the course was highly successful as acknowledged both by the trainer and the trainees. The training revealed areas for further training by the participants. This involves learning about the nature of data and ability to compile and manipulate the data that the models use: GFS, SNA, monetary and balance of payment statistics (international and local), other. The PIP Project, with the help of the IMF and the WB, is planning to organize in-country

training sessions in these areas. In the meantime, the skills of the technical staff from the three principal economic agencies will be utilized to configure a FPM for Azerbaijan economy.

Project Cycle Multi-week Training

The PIP Project undertook two rounds of 2-week training for management and technical staff from MOED, MOF, line ministries and CER on project management. The course looked at all the stages of a project cycle and imparted very detailed technical skills to the participants. Dr. Richard Anson conducted the training course with very close assistance by the sector specialists of the PIP Project. The PIP Project training expert and the entire staff were intensely involved in preparing the sets of training materials, slide presentations, handouts, sector project case studies, interim and final proficiency tests, and course evaluation forms. Every document was translated into Azerbaijani language.

The training was conducted in two rounds with a break of two weeks. Each round consisted of the two-day workshop for the mid-level management on macroeconomic and sector policy issues, sector development and budget planning, and PIP-related topics. The formal workshop was then followed by the 15 days-long formal training for the sector practitioners – technical staff from MOED, MOF and line ministries – in issues related to project cycle management and integrated cost-benefit analysis.

The first round of training was held during February 6-28, 2006 (the workshop for the management – during February 6-7, and the technical project cycle training – during February 8-28). The second round took place during March 13- April 5 (the workshop for the management – during March 13-14, and the technical project cycle training – March 15-April 5). The training sessions were held at the Center for Economic Reforms conference room. The PIP Project assisted the CER refurbish the facilities with furniture and audio-visual equipment to conduct just this type of training. The total number of trainees from the government agencies was 86. The knowledge gained was appraised during and following the training and grades were awarded. The records of achievement were then provided to the supervisors. The participants also evaluated the training program delivery and the PIP Project staff was excited to learn of its appreciation. The second round of training required the additional revision of the training materials and further contextualization which was accomplished on time and the payoff was notable. The PIP Project sector specialists attended and were part of the training during the second session. They were group leaders in sectoral case studies. Their inputs have been noted and will enrich the content and the approach of the upcoming training courses.

Both rounds of training were successfully held. The success and satisfaction were thoroughly expressed by the participants. The training was able to avoid many typical misconceptions and errors from the past trainings held by the international consulting agencies as they were conveyed to PIP Project by the participants. Also, PIP Project pre-diagnosed many potential difficulties in advance and tailored both the content and sequence to address the practical needs of the participants. Finally, the notable characteristic of the training rested in its interactive character that stimulated active participation and contribution from the attendees. The training was dual in nature as the PIP Project staff had the opportunity to learn more of their sector works, issues and proposed solutions. The training also cemented relationships between the

PIP Project staff and counterparts who perceived the Project as the dedicated partner and the vehicle to promote changes in budget efficiency and transparency.

The PIP Project staff had enjoyed partnership ties with the host CER and its instructors had actively participated in preparation and delivery of the training program, learned from it and conveyed new economic methods of analysis to their colleagues. The CER provided three skilled and motivated staff who were trained with the idea that they will become trainers on trainers. The PIP Project also brought another STTA advisor to evaluate and make recommendations to improve the training courses. Ms. Patricia Garcia attended and observed the classes in the second session. She also held a short course on teaching skill to the three CER staff trainees and the PIP Project sector specialists. All performed exemplarily. It was particularly encouraging to see the dedication of the CER staff for the future of the PIP Project envisioned skills dissemination.

The PIP Project reviewed the recommendations of Ms. Garcia and discussed the conduct of the two training courses. These resulted in some important re-considerations. The PIP Project will further review in detail the content and the target audience. The important initial observation is that the MOF, MOED and line ministry sector specialists usually review and evaluate the expenditure programs and projects. They do not actually design and prepare the investment programs and project. Therefore, the technical knowledge that they need has to have broader scope and decision-making components. With these new criteria the courses will most likely be more stream-lined, topic dedicated, and most importantly case-study based. These ideas will be further developed.

2. THE Q1/2006 BENCHMARKS OF THE PMP

Aggregate Performance Indicator 1. Improved capacity of GOAZ in the areas of long-term national and sector development, and investment policy planning.

Progress Indicator C. Medium- to long-term sector development plans in the selected line ministries prepared in line with the national and sector development objectives.

Statement of progress in Q1/2006: In Q1/2006 the PIP Project addressed the important tasks of sector strategic development plans' (SSDP) compliance to the macroeconomic development agenda and budget constraints. It is the overall opinion of the PIP Project staff that most of GOAZ sector ministries operate according to the sector-specific plans which departs from the macroeconomic context and the budget envelope. In most cases, the SSDPs comprise a list of projects to be funded with no particular rationale on socio-economic impact, expected cross-sectoral development outcomes and/or consideration of merit order. In order to address issues associated with SSDP preparation, the PIP Project team conducted workshops with the cooperating counterpart ministries advocating them to revise their existing SSDPs and, based on these, prepare medium-term objectives. Based on these, the investment projects may then be considered. Our counterparts acknowledged the need to revise their SSDPs pursuant to: (a) clear signal and demand from the top level executives; (b) clear formulation and guidance on national strategic (10-15 years) and medium-term priorities (5 years), and (c) requirements for cross-sector and integrated project analysis. Hence, the progress with the existing SSDP

revision is dependent on the government's determination to establish development goals and the national strategic development agenda. The PIP Project team proposed a model for SSDP preparation and will closely monitor developments. As the process of reform may take some time the PIP Project staff will pursue its education efforts. The subject matter was already the centerpiece of the discussions held during the two workshops for decision-makers and the follow-up formal technical trainings in integrated cost-benefit analysis held in February-March 2006.

Aggregate Performance Indicator 2. Improved capital budgeting formulation.

Progress Indicator F. Establish a database of Azerbaijan's public investment projects and depository/library of investment reports and studies.

Statement of progress in Q1/2006: Following the diagnostics and identification of the priority needs, the PIP Project staff continued assistance in setting up of the database and depository library of the PIP-related documents, in both electronic and printed formats. The MOED staff recognized the importance of having resource materials and reference data available handy and used in the process of PIP preparation and appraisal phase. Following the establishment of the clear PIP Procedures, a need in program coding structure will emerge for both management and monitoring, and cost processing purposes. With this objective in mind, the PIP Project staff members (Sabina Ibrahimova, Gulsabah Amirova) were assigned with the task to consolidate the PIPP-related materials for transfer to MOED.

Progress Indicator G. Improved procedural arrangements for public sector budgeting through the development of PIPP Manual.

Statement of progress in Q1/2006: During the period of Q1/2006 the PIP Project staff drafted and discussed the outline for the PIP Manual which will be one of the core methodological contributions of the PIP Project. The PIP Project LTTA and STTA staff defined key elements to be covered in the PIPP Manual. It will be a set of instructions for the sector line ministries to prepare, justify, validate and prioritize their PIP program requests. Correspondingly, MOED and the concerned reviewer agencies will need to follow the formally established appraisal patterns and recommend for inception only projects that will yield the guaranteed highest socio-economic returns.

During Q1/2006 the dialogue with the GOAZ has intensified owing to the SSDP preparation workshops and discussions surrounding integrated cost-benefit analysis. The GOAZ colleagues provided their vision of the PIP process and called for the soonest adoption of the definitive documentation to guide the process of PIP program preparation and management. In turn, the PIP Project staff members emphasized the need to monitor PIP programs after their commissioning and implement a coherent system of ex post program monitoring, reporting and decision-making when reviewing the PIP project submissions in future. Preparations for PIPP Manual will accelerate in Q2/2006 with the task to have the draft document ready for the review by the fall 2006.

Aggregate Performance Indicator 3. Improved investment project preparation, appraisal and monitoring.

Progress Indicator K. Guidelines and instructions for line agencies to use realistic unit costs and user fees in proposed PIP projects developed and submitted to GOAZ.

Statement of progress in Q1/2006: During Q1 2006, the intensive trainings in integrated cost-benefit analysis were conducted involving GOAZ experts in charge of PIP Projects' preparation and management. Review and appraisal of the Azerbaijan-specific internationally-funded projects was a medium of training and consultation. While there exists a internationally practiced methodology for integrated cost-benefit analysis of public programs/projects the economic cost structure was not developed in Azerbaijan yet. When conducting the economic appraisal and validating a project for economic sustainability it is critical to use economic (shadow) costs and prices. Unfortunately, GOAZ does not possess and use a reliable cost data for domestic tradable goods, labor, exchange rate, land, other. Hence, economic analysis is not performed. It is also noteworthy that none of the active international lender institutions in place (IBRD, ADB, EBRD) use the standardized economic cost structure. Assumptions, rather, are used for preparation of feasibility studies. This approach and assumptions do not provide for accuracy and is, in fact, a fragile mechanism for analysis. Hence, in Q2-3 2006 the PIP project staff plans to address this issue and invite the qualified Azerbaijani think tanks and research institutes to help develop a model for use and periodic update of economic (shadow) pricing.

Preliminary discussions with Mr. Vagif Rustamov, Director from the MOED's Center of Economic Reforms, revealed their organization interest and willingness to cooperate with PIP Project in this field of the research work. It seems also possible to invite the Azerbaijan Economic Research Center to participate in this task as well. To facilitate economic research PIP Project may select, in coordination with USAID, to grant funds for the selected qualified Azerbaijan research institutions to pursue this task.

Aggregate Performance Indicator 4. Increased proficiency and knowledge of GOAZ counterpart organizations in public investment policy and efficiency.

Progress Indicator O. High-Level Workshop for senior policy and decision makers on linkages between planning, public investment and budgeting prepared and delivered.

Statement of progress in Q1/2006: The High-Level Workshop has been postponed for 3 months due to the various organizational reasons.

3. COOPERATION WITH GOAZ COUNTERPART ORGANIZATIONS

The PIP Project organized workshops and training seminars and provided good opportunities to further strengthen cooperation and understanding between the Project and the GOAZ agencies. The counterparts from central and sector ministries openly expressed desire to formalize the PIPP process and hoped the highest executive authorities would take actions in this respect. At the same time the Project staff called not to wait for a decision "from above" and, rather, make changes in the PIP preparation process.

A number of technical meetings, presentations and discussions were held in MOF with the First Deputy Minister Ilgar Fatizade and Deputy Minister Azer Bayramov. The meetings covered topics related to the PIP Project activities and proposals to improve macroeconomic and sectoral framework.

4. COORDINATION WITH DONORS, IFIs AND USAID PARTNERS

In Q1/2006 the PIP Project staff continued maintaining good cooperation with the international donor organizations, particularly with the IMF, World Bank, ADB and UNDP. The PIP Project experts met on regular basis with Christos Kostopoulos, Senior Country Economist for Azerbaijan. Reports and outputs of the WB's IBTA-II project on the PIP were obtained and reviewed. In the context of preparation and localization of the PIP Training Program meetings were held with the World Bank office: Ms. Saida Bagirova, Acting Resident Representative; Mrs. Gulana Hajiyeva, Operations Officer on Environment; Mr. Nidjat Veliyev, Operations Officer on Infrastructure; and Mr. Rasim Jafarov, Economist on the PIPP Training Program and Case Study Methodology. A meeting was held with Mr. Andreas Tarnudser, the SECO expert for SDC External Evaluation Projects. Mr. Tarnudser was briefed on the PIP Project and its Work and Training Plans for agricultural sector. Both sides exchanged views on the current situation in the agricultural sector, namely on last structural adjustments, legislation base, state subsidies and tax exemptions, regional problems, crediting, machinery issues at the meeting.

The Report on Capital Expenditure Profile for Azerbaijan (2006-2015), prepared by Mr. John Maguire, the USAID consultant, under USAID supported Infrastructure Reform and Finance Project, was reviewed and commented upon the CTO request. Later in February a meeting was held with Mr. Maguire to review comments and receive feedback.

In early January 2006 the PIP Project staff members participated in the Catholic Relief Service (DFID-funded project) ceremony organized on the occasion of launching their website as a context-sensitive development tool.

PIP Project exchanged views on PIP Project progress with the Chiefs of Party from other USAID projects concerned with the energy reform, microfinance, health, and training matters. PIP Project COP and DCOP participated in partners meetings and had opportunity to get familiarized with the new USAID initiatives and contractor organizations.

5. ADMINISTRATIVE TASKS

PIP Project continued to operate as a fully-registered DAI Azerbaijan Branch Office and followed the established national regulations. Specific program-related logistical activities were implemented:

Logistical Support for the Training Program:

Logistical and financial issues related to carrying out of training program were discussed with the Center of Economic Reform management. Documentation related to the purchase order execution was prepared in compliance with the Azerbaijani law and the established

DAI/USAID financial reporting requirements. Logistical arrangements were made to organize and conduct the Management Training Workshop repeated two times in Park Inn Hotel on February 6-7 and March 13-14.

NXP Procurement for CER:

One of the objectives of the PIP Project is to promote institutional capacity of CER and increase their capacity to conduct complex economic research works using modern computer programs. USAID had endorsed this effort and granted the approval to procure the needed computer hardware and office equipment for CER (ten desktops, a multimedia projector, a photocopying machine, and a laser color printer). Delivery of the goods will be executed in parts throughout the agreed upon CER-PIP Project Training Program implementation period.

Registration Follow-up:

Following the legal registration of the DAI Azerbaijan Branch Office in December 2005, a new Employment Agreement for the local staff was prepared. After the review by the project management and local staff it was signed by both parties and came into force starting January 01, 2006. Effective this date the Branch Office was maintaining the reporting system in accordance with the local fiscal and labor policies and regulations.

Vehicle Procurement / Leasing / Rental:

Subsequent to the legal registration of DAI Branch Office in Azerbaijan, various options of project vehicle acquisition were explored. These included vehicle procurement, long-term leasing and rental. The most cost-effective option was to enter into the lease agreement with the current project drivers. Vehicle procurement appeared to be both expensive and ineffective method since property disposition to counterpart agencies, following the PIP Project closure, would involve payment of various duties and fees in which the counterpart agencies would not be interested in.

PIP Project Relocation Plans:

Work proceeded in searching of a new project office. USAID and PIP Project were in agreement that the new office had to be located at a closer distance to MOED, MOF and other prime counterpart agencies. With this objective in mind, PIP Project management carefully considered all available options in the market, including remaining on the current premises.

Transition to Oracle MIS:

Beginning January 2006 DAI started to operate with the new management information system (Oracle). All financial data started to consolidate in the new format to then track actual expenditures and plan the pipeline funds' use. The PIP Project administrative staff accomplished transition to the new Oracle MIS operation successfully.

6. CONCLUSIONS AND PIP PROJECT ISSUES

The PIP Project staff has delivered a solid technical and training work as follows:

1. The Project has done in-depth diagnostics of the following sectors: (i) infrastructure (energy, transport, communication), (ii) social sectors (education, health, social

protection and employment), (iii) productive sectors (agriculture, rural development, SMEs), (iv) tourism, (v) environment, and (vi) oil and gas, and private sector development. The quality of the diagnostics was excellent and helped the project develop a comprehensive annual and project life work-plan and training plan.

2. The Project presented its work plan to the GOAZ and other donors in August 2005. The project has selected five line ministries to work with the first year. These ministries are Ministry of Education, Industry and Energy, Transportation, Tourism, and Ecology. The project wrote a technical note on how to prepare a sectoral strategic development plan (SSDP); reviewed the sectoral strategies of the selected ministries; and drafted an analysis of how their strategy documents differed from the model developed by the project.
3. The Project has had a series of meetings with the mid-level management and technical staff of MOED and the selected ministries to discuss the current practices of SSDP preparation and the project's recommendations.
4. The Project also drafted a note proposing the GOAZ to form an economic sub-committee (High Policy Planning Council – HPPC) of the Cabinet of Ministers to coordinate the preparation of the plan documents, the State Budget and the Public Investment Program.
5. The Project delivered two rounds of three-week training program on all aspects of public investment program during February-March 2006. The each round of training was attended by about 20 junior and mid-level managers for two days' training on planning, budgeting and investment programming relationship and by 20 technical staff for 12 days' training in all aspects of the project cycle.
6. The Project was joined by the new LTTA advisor, Mr. Samim Cilem, at the end of Q1-2006.

The PIP Project needs policy support from the GOAZ in two major respects.

1. The Public Investment Program of the GOAZ needs to be rationalized by including all of the government's capital spending whether funded from the budget or by donor loans/grants, and whether undertaken by budget organizations or by extra-budgetary funds. At present, Azerbaijan does not have a systematically thought-out and well-designed Public Investment Program. Of total public capital spending (excluding that of fully or partly state owned enterprises), only about 40 percent appears in the State Budget (2005) and the rest, mostly externally funded, does not. Of the part included in the State Budget, only less than a half is included in the Public Investment Program. Externally funded public capital spending, while not in the Budget, is included in the Public Investment Program. There is a part of total public capital spending which is in neither the Budget nor the PIP.

2. The project needs to fit the Public Investment Program into a clear policy framework developed by the GOAZ. There need to be one set of national priorities, with funding levels by

function, and one set of macroeconomic targets and assumptions, which are the common basis for the development of the Poverty Reduction Program, the Budget, the Medium-Term Expenditure Framework, and the Public Investment Program. This clear guidance on economic policy coordination should be given by an economic sub-cabinet of the type that has been proposed by the PIP Project and the World Bank. Finally, it cannot be stressed enough the critical importance of the Ministry of Finance being actively engaged with the PIP Project and championing its goals.

What emerges so far is that a sound Public Investment Program cannot be formulated in isolation from other major planning (SPPRED, SPRDP, and Sector Development Plans) and budgeting (State Budget, Consolidated Budget and MTEF) instruments, because (a) they all aim at formulating the future course of the same or inter-related components of the macroeconomic and sector development and (b) the Public Investment Program is either fully or largely included in all of them. It also follows that all major planning and budgeting instruments, including the PIP, should be guided by the same macroeconomic and sector development framework (model).

Finally, it is highly heartening to see that the PIP project's work has already been contributing to the enhancement of current practices and/or thinking of the key government institutions in planning, budgeting, and investment programming areas. In this context, it should be noted that:

- The SPPRED Secretariat is now planning to present the first five-year of its ten-year program in annual slices with better linkages to the mid-term State Budget and the PIP;
- MOED has designed and issued the PIP Call Circular for 2007-10 with a new content and format so as to make the PIP a major policy instrument;

It is hoped that the above contributions of the PIP Project in enhancing the GOAZ capacity for the formulation of sound public investment policy and program will continue at increasing pace during the remaining life of the project.

Draft 2007-2010 PIP Call Circular

Azerbaijan Republic
Minister of _____

Mr. _____

Pursuant to “Budget System Law”, “Guidelines for Preparation and Implementation of State Budget” approved under the decree of Cabinet of Ministers (decree No.75, dated may 24, 2004), as well as Cabinet of Ministers’ Decree No.18 S dated January 31 on “Timely Submission of 2007 draft state budget, along with socio-economic development concept and forecast indicators to the President of Azerbaijan Republic” (this decree was issued in relation with implementation of the Presidential Decree No.809 in 2002 on Application of Budget System Law), work on preparation of Draft 2007-2010 Public Investment Program (PIP) has started. To this end, please provide your comments and information pursuant to the explanatory notes and templates attached hereto, no later than April 20, 2006. These templates and explanations can be found on the official web-site of Ministry of Economic Development (economy.gov.az).

In addition, it should also be noted that Ministry of Economic development is continuously working towards improving PIP and making it an efficient policy instrument for identifying and implementing national and sectoral development goals and priorities, as well as ensuring compliance of the quality of investment projects to best international standards. This process is expected to be implemented in phases and as the first step, requirements on submissions for 2007-2010 PIP have been expanded. With the purpose of explaining these requirements and answering questions that might arise in various ministries, we would like to invite authorized staff of your ministry responsible for PIP and state budget projections to participate in a meeting at 10 a.m. on April 6, 2006 at MOED.

Attachments:

Attachment 1: Explanatory notes on Preparation of Draft 2007-2010 Public Investment Program (3 pages).

Template 1. Information on the Sector and Public Investment in the Sector (1 page).

Template 2. Public Investment Project Evaluation Form (5 pages).

Template 3. Information on capital expenditure items and expense items related to purchase of non-material (intangible) assets for 2006-2010 in State (1 page).

Template 4. List of projects to be constructed in 2007-2010 on funding from capital expenditure of state budget (1 page)

Sincerely,

H. Babayev

Explanatory notes on Preparation of Draft 2007-2010 Public Investment Program

1. National, sectoral, regional and inter-project priorities of 2007-2010 PIP

This year Ministry of Economic Development is planning to further improve PIP and use it as an effective policy instrument for identifying and achieving National and Sectoral development goals and priorities for 2007-2010. To this end, all state enterprises are requested to submit following:

- Information on **all** capital investment expenditure requests for 2007-2010, irrespective of their funding sources (Template 1 part 2, Template 2);
- **Justification** of a request pursuant to medium and long term state development goals and priorities (Template 1 part 5);
- Copy of feasibility study for each project, if not submitted to MOED up to now;
- Copy of each project's approved cost estimate documents, if not submitted to MOED up to now;
- Copies of experts' opinion for each project.

Attached templates are expected to assist in preparation of submissions. In the event where the abovementioned information on projects is not presented, they **will not be considered** for inclusion in 2007-2010 Public Investment Program.

Submitted projects should be justified in accordance with following national, sectoral, regional priorities:

National Priorities for 2007-2010 Public Investment Policy and Program: in accordance with approved and pending National Programs GoAz considers advisable to direct investment to following spheres in 2007-2010:

- Projects supporting social sectors' development,
- Infrastructure projects supporting non-oil sector and fostering private sector investments,
- Regional and cross-regional projects eliminating inter-regional social-economic inequality,
- Projects creating new work places (fostering employment).

GoAz also is trying to pertain from investment in commercial sectors, attempting to attract private investors to such.

Cross sector priorities: 2007-2010 Public Investment Program will give preference to projects in following sectors:

- Education

- Health
- Infrastructure
- Irrigation

At the same time each sector should submit, with proper justification, five priority regions of Azerbaijan to the Ministry of Economic Development.

Priorities for pending projects: 2007-2010 Public Investment Program shall give preference to project particularly meeting following criteria:

- Project to be completed or which are close to completion (i.e. projects completed by 75% or more) in 2007;
- Project completed by 50%-75% or those meeting the abovementioned national, sectoral and regional priorities;
- Projects considered essential for implementation of other pending projects supporting above national, sectoral and regional priorities.

New public investment projects: New projects shall be selected to 2007-2010 Public Investment Program based on their technical, financial and economic analyses among those meeting national, sectoral and regional priorities.

2. Macroeconomic indicators used in public investment project assessment

Indicator	Measure unit	2006 expected	2007 forecast	2008 forecast	2009 forecast	2010 forecast
Nominal GDP	Mln. New AZM					
Actual GDP increase	%					
GDP deflator	%					
Average annual exchange rate	New AZM/US dollar					
Discount rate *	Annual %	12	12	12	12	12
Consumer rate index	Annual % variation/change					

*Rate used by the World Bank and ADB for projects funded in Azerbaijan.

3. Explanation regarding Template 1 (Public Investment Project Assessment)

<u>External Funding</u> Annual Disbursement scheduled by the Funding Agreement	Give the yearly disbursement plan if there is such a plan in the agreement. Otherwise, state the disbursement conditions given in the funding agreement.
Annual Utilization	Give the actual total utilization by the end of 2005 and the expected annual utilization in 2006 and beyond.
<u>Project Analysis:</u> Main objectives and anticipated results, outcome	The Project's expected contribution to Azerbaijan's development may have already been discussed in the Sector Development Program, and the Project's Feasibility and Appraisal Reports. If such reports do not exist or do not discuss all the required indicators, please provide your best estimates and comments on the listed indicators.
Project's Status	Indicate at what stage of the project cycle is the Project in. The

project cycle is composed of the current following stages:

Project Analysis: Indicators

Net Present Value (NPV) is calculated through the formula:

$$\sum_{t=0}^T (B_t - C_t) \frac{1}{(1+i)^t}$$

where B and C represent the Project's benefits and costs, respectively, in a given year (t) during a period of a number of years (T=0.....n), equal to the project's construction time plus its economic life. "i" represents the discount rate used in transforming the future benefits and costs to their present equivalent values.

Internal Rate of Return (IRR) is the particular rate of discount that equates the present value of the flow of net benefits during the economic life of the project to the present value of the total investment costs. It is calculated through the formula:

$$\sum_{t=0}^T \frac{B_t - C_t}{(1+r)^t} = \sum_{t=0}^T \frac{K_t}{(1+r)^t}$$

where K_t represents investments in year and r the particular rate of discount (IRR) under which the equation holds true.

Cost effectiveness aims at identifying the least cost alternative among a number of projects that will all produce the same outcome.

Conversion ratio

Other

Financial/Economic Analysis: the above named indicators of the results of

project analysis can be calculated by using market prices (financial analysis) or economic prices (economic analysis). It will be preferable to have calculated through both financial and economic analysis.

..... sector

Information on the Sector and Public Investment in the Sector

1. SECTOR OVERVIEW AND INFORMATION ON MAJOR PARTICIPANTS

- 1.1. Sector overview and the role of the sector in country's economic development;
- 1.2. Sector structure and major organization;
- 1.3. Sector's major goals and objectives and their linkage with SPPRED, RDP (2004-2008) and other State Programs;
- 1.4. Main government activities and service in the sector, and actual increase in their indicators for 2000-2005.

2. MAJOR IMPLEMENTED AND EXPECTED REFORMS AND EXISTING PROBLEMS AND EXPECTED REFORMS

3. MEDIUM TERM (2007-2010) SECTOR GOALS AND STRATEGIES AND INVESTMENT PROJECTS PROPOSED FOR ACHIEVING THESE GOALS:

Sector/sub-sector/goal	Strategies/activities	Investment projects	Required funding				Outcome/results
			total	2007	2008	2009	

4. USE OF PUBLIC INVESTMENT

- 4.1. sources and uses of investment funds attracted from external sources for 2000-2006 (according to Template 1.3);
- 4.2. Volume of investment expenditure from state budget to the sector for 2000-2006;
- 4.3. Sector's funding priorities and major funding sources of public investment (for 2000-2006);
- 4.4. final minutes and agreements of tenders held in 2005-2006;
- 4.5. list of crucial state projects suspended in past years (if any), their list, reasons for suspension and percent implemented:

Project name	Total project cost	Amount paid	Resources needed for completion	Reasons for suspending implementation

PUBLIC INVESTMENT PROJECTS EVALUATION FORM

2.1 Project background information

Sector						
Agency						
Name						
Number						
Location						
Inception/Completion date	<u>Start:</u> _____ <u>End:</u> _____					
Goods/services						
Capacity						
Project staff responsible for following: -Preparation -Approval -Contact person	<table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><u>Name:</u></td> <td style="text-align: center;"><u>Position:</u></td> <td style="text-align: center;"><u>Telephone</u></td> <td style="text-align: center;"><u>Email:</u></td> <td style="text-align: center;"><u>Date:</u></td> </tr> </table>	<u>Name:</u>	<u>Position:</u>	<u>Telephone</u>	<u>Email:</u>	<u>Date:</u>
<u>Name:</u>	<u>Position:</u>	<u>Telephone</u>	<u>Email:</u>	<u>Date:</u>		
Priority level of the project	<u>1. Urgent</u> <u>2. Necessary</u> <u>3. Required</u> <u>Priority justification:</u>					

PUBLIC INVESTMENT PROJECT EVALUATION FORM

2.2 Funding projection for 2007-2010 by sources (capital expenditure/investment demand)

(AZN)

Funding source	Total project cost	Actual Payment amount by end 2005	2006 approved/ identified amount	2007 estimate	2008 estimate	2009 estimate	2010 estimate
State budget							
Own funds							
Foreign loan							
Other*							
Total							
Exchange rate of AZN/USD							

* If any, other funding sources of the project (e.g. internal bank loan, grant) should be indicated in detail.

PUBLIC INVESTMENT PROJECT EVALUATION FORM

2.3 Foreign funding projection of the project for 2007-2010

(USD)

Country/Institution Providing External Funding*							
Date of Effectiveness							
Type (Grant, Loan, Equity)							
Total Amount							
Repayment/Grace Period							
Interest Rate							
Annual amount payable per funding agreement	<u>Cumulative</u>	As of <u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total GoAz's share Foreign funding							
Annual utilization	<u>Cumulative</u>	<u>Used as of 2005</u>	<u>2006-expected</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total GoAz's share Foreign funding							
Average annual exchange rate of other foreign currency received in relation with US dollar**		As of <u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>

* If there is more than one external funding please fill in additional parts of this form.

** Please fill for funds received in foreign currency other than US dollar (euro, japanese yen)

PUBLIC INVESTMENT PROJECT EVALUATION FORM

2.4 Pending/recurring project implementation report

(Current/Project price)

YEAR*	Planned resources			PIP approved resources			Revised PIP appropriation			Actual paid amount under PIP			Actual project costs			Realization %**
	Internal	External	Total	Internal	External	Total	Internal	External	Total	Internal	External	Total	Internal	External	Total	
2000																
2001																
2002																
2003																
2004																
2005																
2006 (expected)																
TOTAL																

*Please add rows if necessary

** Realization (%) = (Actual project expenditure/Planned project resources) X 100

PUBLIC INVESTMENT PROJECT EVALUATION FORM

2.5 Project justification and analysis summary

<p>Strategic Context of Project*</p>	<ul style="list-style-type: none"> -Linkages/relations to SSDP, SPPRSD and SPSEDR; -Contribution to Production in non-oil sectors; -Contribution to Employment in non-oil sectors; -Contribution to new technology; -Environmental impact and related investment; -Economic Life of the Project. 			
<p>Project's Current Status *</p>				
<p>Current and Anticipated Issues, Problems and Proposed Measures*</p>				
<p>Major project analysis indicators**</p>	<table style="width: 100%; border: none;"> <tr> <td style="width: 70%; border: none;"> <ul style="list-style-type: none"> -Net Present Value (NPV) -Internal Rate of Return (IRR) -Cost effectiveness analysis (particularly, for social sector projects) </td> <td style="width: 10%; border: none; text-align: center; vertical-align: top;"> <p><u>Financial</u></p> </td> <td style="width: 20%; border: none; text-align: center; vertical-align: top;"> <p><u>Economic</u></p> </td> </tr> </table>	<ul style="list-style-type: none"> -Net Present Value (NPV) -Internal Rate of Return (IRR) -Cost effectiveness analysis (particularly, for social sector projects) 	<p><u>Financial</u></p>	<p><u>Economic</u></p>
<ul style="list-style-type: none"> -Net Present Value (NPV) -Internal Rate of Return (IRR) -Cost effectiveness analysis (particularly, for social sector projects) 	<p><u>Financial</u></p>	<p><u>Economic</u></p>		

* Please expand the row as much as needed

**Submit the supporting documentation

TEMPLATE 3

Information on Capital Expenditure and Intangible Asset Purchase Items of State Budget for 2006-2010*

SECTOR:

AGENCY:

at prices

ACTIVITY OVERVIEW (annual)	BUDGET FUNDED	EXPECTED OUTCOME
2000 (implementation)		
2001 (implementation)		
2002 (implementation)		
2003 (implementation)		
2004 (implementation)		
2005 (implementation)		
2006 (EXPECTED)		
2007 (projection)		
2008 (projection)		
2009 (projection)		
2010 (projection)		

* This table should include information on expenditure related to items 282200 and 310000 of "Economic Classification of Budget Expenditure" under Single/Unified Budget Classification

Comments on Draft Investment Law of Azerbaijan Republic



USAID
FROM THE AMERICAN PEOPLE

**Public Investment
Policy Project**

Memo

To: Mete Durdag, COP
From: Samim Cilem, PEM expert
Date: March 29, 2006
Re: Comments on the draft Investment Law of Azerbaijan

The draft Law states that it ‘intends to encourage investments and protect the rights of investors.’

PIP Project believes the Law is not comprehensive and explicit enough to allay many concerns of potential investors.

Below, the PIP Project makes general observations regarding the draft Investment Law and asks specific questions for clarification in concept and in language.

General Comments

- Uncertainty: “According to the legislation of Azerbaijan” enforcement not reliable
- Unclear: provisions (definitions, government transparency)
- Unfriendly: provisions on “icra hakimiyyati”
- Incomplete: provisions for SMEs and entrepreneurs; status of representative offices, branch offices, partnerships,
- Is there a dedicated authority (Agency) to promote investments?
- Are the investments governed under the current investment law or laws that adapt to changing economic and legal conditions? 4.2 is unclear.
- Is foreign participation in Privatization allowed?
- What are the conditions of foreign investors’ land use?
- Is there freedom of information and transparency of regulatory environments?
- What are the tax incentives, other incentives (land grants: eligibility, procedures)?
- What is the protection to intellectual property rights?
- What are the rights to hire foreign labor?
- Is the level of intervention in investments minimal?
- What is the freedom to dispose of investments? Are profits and assets repatriated?

- What is the access to International Investment Arbitration Rules (ICC and UNCITRAL rules)?
- Is there freedom of commerce, competition and is market access subject to negative list of prohibited activities?

Specific Comments:

1.0.2. Is “Bərbasa investisiya” concept ever used in the text? ‘Direct Investment’ 10% ownership by OECD definition.

2.1 diger kanunlar: [specify the ‘other’ legislation]

2.2 international laws take precedence: [OK]

3.2 Law does not concern: Banks, credit institutions, insurance companies. [OK]

3.3 natural resources use: Does this law apply or not?

3.4 icra hakimiyeti: Who is this? It decides to prohibit investment areas or ‘objects.’ Is this under what law? What recourse is there to petitioner?

4.1 hukuki muhit investisiya gelirlerinden istifade etme ucun ayni derece imkanlar verir: equal opportunities from benefiting from the income (of what? to make separate deals, to distort the system?) Are there now laws that circumvent this equal protection that this Law needs to offer protection?

4.2 ‘... excepting from changing economic and legal circumstances’: vat, excise and customs should be included. Income tax and social security contributions are more problematic.

4.3 faaliyyete qarismak: except for investments, which have financial and legal relations with government organs, the investment activities are not interfered with. Then, *interfered with* in what areas when government organs are involved?

4.4 mehkemeler: national, international, or arbitrage courts; which takes precedence?

4.5 - 4.6 iktisadi inkisaf menafeleri ucun guzestler: concessions for economic development. What kind of concessions that legislation will provide? Open for special interest and abuse?

5.0.1 investorlara deyen zerehin tam degeri: does this cover ‘full value and interest’?

5.0.2 kompensasiya obyektinin edeletli bazar qiymatina mutenasib olaraq 30 gun erzinde valyutada odenilmelidir: Other details on what extraordinary conditions is expropriation allowed? Is expropriation non-discriminatory; are there due process and appeals procedures? Is divestment timetable reasonable and acceptable?

5.0.3 olkeden cixarilmasi hec bir mehdudiyet qoyulmur: is full free repatriation of funds allowed?

6. huquq : rights (of the investor)

6.1.2 qanunvericiliyine muvafiq olaraq serencem vermek: sounds more like an obligation than a ‘right’

6.2 menfeetini (ve ya hemin vasaiti) xarici valyutayi maneiasiz cixara biler: repatriate only profits or all assets?

7.0.2 icazeleri qanunvericiliyine uygun : any special licenses for being an investor or a business owner/operator?

7.0.3 investisiyalarin sigortalanmasi: insurance of the investments?? What legislation covers this?

- 8.1 dovlet investisiyasini ... icra hakimiyyati : How to resolve the conflict in the area of public/private domain of the icra hakimiyyati?
- 8.2 [unclear language]
- 8.3 ...hesabina (maliyyetlesdirilen) investisiya ... [missing word]
- 8.4 budce hesabina maliyyelestirilen ... qanunvericiliyine uygun : What about non-budget public investments?
- 8.6 musabiqe : the only mention of ‘competition’ in the document is in public investment/procurement process.
- 8.7 qanunvericiligine uygun (olarak) [missing word]

Institutional and business environment for foreign investments

PIP Project suggests that the drafters of the investment law consider the conditions that make investing attractive to investors. Potential investors seek in the institutional framework the reasonable return and legal protection of their investments. They seek a business environment that is not burdensome and legally arbitrary. Below is a list of conditions, which potential investor may use to weigh the conditions to help them decide making investments. The investors prefer rules that are applied without bias across the board.

A favorable institutional climate for investment assumes:

- A self-regulating market
- A predictable market environment (rules and not discretionary acts)
- Access to credit (information, banking system)
- Efficient transfer of assets (bankruptcy, liquidation, restructuring)
- Corporate governance (transparency)
- Enforcement of punishment for financial indiscipline (contracts)
- Collateral (movable and immovable)
- Reasonable and manageable repayment risk (tax treatment of bad debt)
- Reliable and fair legal system (legal, regulatory and institutional: banks, courts, registry institutions, regulatory agencies)
- Backdrop of negotiations and resolution

Investors value costs against benefits in the investment environment by reviewing:

- Labor laws
- Immigration and visa policies
- Tax laws
- Tax incentives
- Price controls
- Remittances of dividends and interest
- Import licenses, fees, and procedures
- Overvalued exchange rates
- Contractual rules, property rights

Letters from the Cabinet of Ministers of Azerbaijan Republic

27/1-694

December 26, 2005

To: Heads of IFIs, Local and International
Humanitarian Organizations and Their Development
Organizations Operating in Azerbaijan
(per the list)

Dear Sir/Madam,

As you know, pursuant to Article 3.5 of “State Program for Improving Living Conditions of Refugees and IDPs and Increasing Their Employment Opportunities” approved by the Presidential Decree No.298 on July 01, 2004, activities of IFIs, humanitarian organizations and their development agencies in Azerbaijan are regulated by State Committee on International Humanitarian Assistance through centered coordination at COM’s Division for Problems of Refugees and IDPs, Migration and Work With International Organizations.

With the purpose of analyzing overall situation, coordinating activities and increasing efficiency of the projects, please kindly provide relevant information (templates are attached you’re your organization’s humanitarian and development projects implemented in 2005, as well as projects expected in 2006. Information should be submitted to State Committee on International Humanitarian Assistance no later than January 20, 2006.

Contact numbers: 492 22 57; 492 88 76.

Attachment: 2 pages

Respectfully,

Ali Hasanov
Deputy Prime Minister
Head of Committee on International Humanitarian Assistance

#27/4-37

February 10, 2006

TO: E. Mammadyarov-Minister of Foreign Affairs
F. Mammadov – Minister of Justice
F. Mammadov – Minister of Taxes
S. Muslimova – Head of State Social Protection Fund
E. Rustamov – Chairman of the National Bank
C. Hajiyeu – Chairman of International Bank of Azerbaijan

Copy to: Heads of IFIs, Local and International
Humanitarian Organizations and Their Development
Organizations Operating in Azerbaijan
(per the list)

Dear Sir/Madam,

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In addition, per the Presidential Decree No. 250 dated June 06, 2005, State Committee on International Humanitarian Assistance discharges duties and authority of “appropriate executive body” mentioned in Section 9, Article 14 of Law of Azerbaijan Republic on Social Security.

Please find attached the list of all international and humanitarian organizations and their development agencies (as of February 01, 2006), which coordinate their activities through the aforementioned Committee.

Attachment: 7 pages

Respectfully,

Ali Hasanov
Deputy Prime Minister
Head of Committee on International Humanitarian Assistance

Attachment 4.

Training Curricula for the Formal Training Program, Rounds I & II

**PUBLIC INVESTMENT POLICY PROJECT (PIPE)
TRAINING WORKSHOP FOR MANAGEMENT GROUP (ROUND I):**

**IMPROVED PUBLIC INVESTMENT POLICY, INTEGRATED PROJECT
ANALYSIS AND PERFORMANCE ASSESSMENT STRATEGIES: FROM KEY
CONCEPTS TO PRACTICE**

(February 6 & 7, 2006, from 9 a.m. to 3 p.m.)

PROPOSED OUTLINE OF KEY THEMES AND AGENDA ¹

February 6, 2006

PART I: The objective is for participants to gain a deeper operational understanding of the key issues and linkages between macroeconomic, sectoral and budgetary frameworks & avenues for strategic improvements in Azerbaijan Republic. The approach will combine presentations and discussion.

9:00 – 9:15 Introduction and Overview of the Workshop

9:15 – 10:45 Session 1:

- A) Country Context and Implications for GoAZ's Public Investment Policy
- B) Key Linkages between Macroeconomic, Sectoral, and Budgetary Frameworks and an Improved Public Investment Policy and Program (PIPP): Key Issues and Strategic Improvements

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

- C) Capital Budget Formulation and the Public Investment Program (PIP): Key Issues and Strategic Improvements
- D) Sectoral Strategies and Budgeting: Key Issues and Strategic Improvements for Promoting Coherent Linkages in Macroeconomic, Sectoral and Budgetary Frameworks and Procedures, and Appropriate Public/Private sector roles

12:45 – 13:30 – Lunch

¹ A training workshop folder will be distributed to each participant, and will contain the narrative text and power point versions of the key themes presented by the instructors.

13:30 – 15:00 – Session 3:

- E) (continuation from Session 2): Sectoral Strategies and Budgeting.....

February 7, 2006

PART II: The objective is for participants to gain a deeper operational understanding on key concepts and management tools of the public investment project cycle, integrated project prioritization, preparation and appraisal, and strategies for improved portfolio management. The approach will combine presentations and discussion.

9:00 – 10:45 - Session 1:

- A) Context: Moving from the Macro-sectoral frameworks to the project perspective
- B) Framework of Key Concepts for Economic Analysis and of Public/Private Sector Roles
- C) Project Life-Cycle Framework: A Dynamic Perspective and Implications

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

- D) An Integrated Approach to Project Analysis: “Road Map” of Key Components & Methodologies
- E) Project Evaluation Criteria: Key Concepts/Tools for Making the Right “Recommendation/Decision”

12:45 – 13:30 - Lunch

13:30 – 15:00 - Session 3:

- F) Project Institutional Analysis: Framework and Approaches Toward Achieving Good Public Management (during project design and implementation phases)
- G) Confronting and Managing Project Uncertainty: Risk and Sensitivity Analysis, and Mitigation Measures: Key principles and some examples
- H) Monitoring and Evaluation: key concepts and tools for getting portfolio results (with a focus on a framework for building a results-based M&E system)
- I) Class Exercise: Towards developing a framework for improved procedures and guidelines for public sector projects

**PUBLIC INVESTMENT POLICY PROJECT
TRAINING WORKSHOP FOR TECHNICAL GROUP (ROUND I):**

**IMPROVED PUBLIC INVESTMENT POLICY, INTEGRATED PROJECT
ANALYSIS AND PERFORMANCE ASSESSMENT: FROM KEY CONCEPTS TO
PRACTICE**

(February 8 – 28, 2006, from 9 a.m. to 3 p.m.)

PROPOSED OUTLINE OF KEY THEMES ²

Objective: The learning outcome objectives are to enable participants: (a) to gain a deeper operational understanding of the key issues and linkages between macroeconomic, sectoral and budgetary frameworks; and (b) to strengthen their core competencies in the application of key concepts and management tools of the public investment project cycle, integrated project prioritization, preparation and appraisal, and effective monitoring & evaluation for program/project performance. The workshop approach will combine presentations with discussion, focusing on the Azerbaijani context and examples.

February 8/Day 1 (Module I: Macro-Sectoral-Budgetary Linkages)

9:00 – 9:15 Introduction and Overview of the Workshop

9:15 – 10:45 Session 1:

- A) Country Context and Implications for GoAZ's Public Investment Policy
- B) Key Linkages between Macroeconomic, Sectoral, and Budgetary Frameworks and an Improved Public Investment Policy and Program (PIPP): Key Issues and Strategic Improvements

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

- C) Overview of Budget Structure, Budget System Law and Implications for PIP Preparation
- D) Capital Budget Formulation and the Public Investment Program (PIP): Key Issues and Strategic Improvements

² A training workshop folder will be distributed to each participant, and will contain the narrative text of the key themes presented. The power point version of the class presentations by the instructors will be distributed during the relevant sessions. Project case study information and key questions will also be provided to the participants for use throughout the workshop.

- E) Sectoral Strategies and Budgeting: Key Issues and Strategic Improvements for Promoting Coherent Linkages in Macroeconomic, Sectoral and Budgetary Frameworks and Procedures, and Appropriate Public/Private sector roles

12:45 – 13:30 – Lunch

13:30 – 15:00 – Session 3: continuation of Session 2 (E)...Sectoral Strategies and Budgeting....

February 9/Day 2 (Module II: Overview of Key Concepts and a “Dynamic” Project Cycle)

Note: Each participant will be assigned to a project case study team.

9:00 – 10:45 - Session 1:

- A) Moving from macro-economic-sectoral frameworks to project perspectives (recap from Part I)
- B) Economic Rationale of an Investment Project and Guiding Criteria for Public/Private Sector Roles

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

- C) Investment Project: Definition, Relation to a Sectoral Strategy, “Program”, and Case of a “Large” Project
Project Case Study Exercise: See Class Handout for Days 13 and 14 (Item (1), questions i-iii)

12:45 – 13:30 - Lunch

13:30 – 15:00 - Session 3:

- D) The Project Cycle Framework: Key Elements and Operational Implications

Case Study Exercise: What were the project cycle milestones for your case study project?. Also, see Class Handout/Days 13 and 14/Item (1), question iv

February 10/Day 3 (Module III - Part 1: Overview on Project Analysis: Key Concepts and Tools)

9:00 – 10:45 – Session 1:

- A) An Integrated Approach to Project Analysis: A “Roadmap” of Key Components

Case Study Exercise: see Handout, Item (1), revisit questions (i-iv)

10:45 – 11:00 – Coffee break

11:00 – 12 45 - Session 2:

Continuation of (A)... An Integrated Approach to Project Analysis

12:45 – 13:30 – Lunch

13:30 – 15:00 – Session 3:

Continuation of (A)...An Integrated Approach to Project Analysis.....

Case Study Exercise: Item 2, questions iv-vii)

February 13/Day 4 (Module III – Part 2: Continuation - Project Analysis: Key Concepts and Tools)

9:00 – 10:45 – Session 1:

- A) Identification and quantification of costs and benefits: Getting the flows right....
(includes the technical analysis {including standards} and underlying rationale and benefit and cost assumptions)

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

- B) Cont. of Session (1)...Identification and quantification of costs and benefits.....
Case Study Exercise: Item (2), questions xi and xii, and Attachment 3, Item (5)

12:45 – 13:30 - Lunch

13:30 – 15:00 – Session 3:

- C) Financial Analysis of a Project: Key Concepts and Tools
Case Study Exercise: Item (2), questions xiii and xiv

February 14/Day 5 (Module III – Part 3: Continuation – Project Analysis: Key Concepts and Tools)

9:00 – 10:45 - Session 1:

- A) Valuation of economic costs and benefits (including adjusting prices for tradable and non-tradable goods): Getting the Prices Right.....

10:45 – 11:00 – Coffee break

11:00 – 12:45 - Session 2:

Continuation of (A)..... Valuation of economic costs and benefits
Case Study Exercise: See Handout, Item 2 (Question xvi) and Attachment 3, Item (6)

12:45 – 13:30 – Lunch

13:30 – 15:00 – Session 3:

- C) Valuing Environmental Externalities: Reflecting “true” costs and benefits.....
Case Study Exercise: Item (2), question xix and Attachment 3, Item (10)

February 15/Day 6 (Module III – Part 4: Cont., Project Analysis: Key Concepts and Tools)

9:00 – 10:45 – Session 1:

- (A) Economic Viability: A Suggestive Procedure

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

- (B) Project Evaluation Criteria: (for Financial and Economic Analysis)..Making the “Right” Recommendation/Decision.....

- (1) Time Dimension/Discount Rate
(2) for Viability Decisions

12:45 – 13:30 – Lunch

13:30 – 15:00 - Session 3:

- (C) Project Evaluation Criteria (for Assessing Alternatives)

February 16/Day 7 (Module III – Part 5: Continuation – Project Analysis: Key Concepts and Tools)

9:00 – 10:45 – Session 1

- (A) Distribution of Benefits by Stakeholders: Key Concepts and Tools... Who are Winners and Losers?

Case Study Exercise: See Class Handout, Item 2 (question xviii) and Attachment 3, Item 11

10:45 – 11:00 – Coffee break

11:00 - 12:45 - Session 2:

B) Impact on Poverty Reduction

Case Study Exercise: See Class Handout, Item 2 (Question xviii)

12:45 – 13:30 - Lunch

13:30 – 15:00 – Session 3:

Continuation (B)...Impact on Poverty Reduction

February 17/Day 8 (Module III – Part 6: Continuation – Project Analysis: Key Concepts and Tools)

9:00 – 10:45 – Session 1:

A) Example of Highways Project (valuation of benefits and ERR)

10:45 – 11:00 – Coffee break

11:00 – 12:45 - Session 2:

B) Use of Computers/software programs to Support Project Financial and Economic Analysis (some exercises will be carried out by participants to get familiarized with the use of the computers/Excel software project analysis programs, which are expected to be used during the remainder of the training, especially for the project case study).

12:45 – 13:30 – Lunch

C) 13:30 – 15:00 Session 3:

Mid-training workshop test: To help consolidate the participant learning process.....

February 20/Day 9 (Module III – Part 7: Continuation – Project Analysis: Key Concepts and Tools)

9:00 – 10:45 – Session 1

A) Financial Sustainability and Fiscal Impacts of the Project: Key Concepts and Tools...Is the Project financially sustainable and can Government afford it? (note: within the framework of the GoAZ MTEF/MTBF and sectoral expenditure budget management system)

10:45 – 11:00 – Coffee break

11:00 - 12:45 - Session 2:

Continuation of (A) (including an example of financial returns to project participants/entity)

Case Study Exercise: See Class Handout, Item 2 (Question xviii)

12:45 – 13:30 – Lunch

13:30 – 15:00 – Session 3:

B) Technical Aspects/Standards

C) Environmental Assessments: Key Concepts and Tools (Environmental Management Assessment)

Case Study Exercise: See Class Handout, Item 2 (question xix) and Attachment 3 (Item 10)

February 21/Day 10 (Module IV: Project Institutional Analysis and Risk Assessment)

9:00 – 10:45 – Session 1:

A) Project Institutional Analysis: Framework and Approaches Toward Achieving Good Public Management

Case Study Exercise: Item (2), questions viii and ix

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

Continuation of (A)Project Institutional Analysis.....

12:45 – 13:30 – Lunch

13:30 – 15:00 – Session 3:

B) Uncertainty: Risk and Sensitivity Analysis, and Mitigation Measures

Case Study Exercise: See Class Handout, Item (2), question xx and Attachment 3, Items 7 & 8

February 22/Day 11 (Module V – Part 1: Monitoring & Evaluation, and Portfolio Performance Tools)

9:00 – 10:45 - Session 1:

A) Overview of key concepts and tools of Monitoring and Evaluation (& use of “Project Results Framework”)

Case Study Exercise: See Class Handout, Item 2 (question xxii), and Attachment 3, Item 12

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

B) Project Implementation and Portfolio Assessment: Strategies and Tools for Getting Results

Case Study Exercise: See Class Handout, Item (3) and associated question

12:45 – 13:30 - Lunch

13:30 – 15:00 Session 2:

Continuation of (B)...Project Implementation and Portfolio Assessment: Strategies and Tools for Getting Results ...

February 23/Day 12 (Module V – Part 2: Monitoring & Evaluation, and Portfolio Performance Tools)

9:00 – 10:45 - Session 1:

A) A Framework for Building a Results-based Monitoring & Evaluation System...

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

Continuation of (A) Project A Framework for Building a Results-based Monitoring & Evaluation System

Case Study Exercise: Discuss and develop a framework action plan how such a results-oriented system could be established in one of your Ministries? (and highlight a transition strategy from the current M&E system)

12:45 – 13:30 - Lunch

13:30 – 15:00 Session 3:

(B) Case Study teams prepare for their case study presentation (a standard format will be suggested)

February 24, 27/Days 13 & 14 (Module VI: Project Case Study Exercises)

9:00 – 10:45 – Session 1:

A) Case Study/Approach and Rationale

B) Presentation/discussion of Case Study (by participant project case-study team(s))³

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

Continuation of (B).....Presentation/discussion of Case Study (by participant project team(s))

12:45 – 13:30 – Lunch

13:30 – 15:00 – Session 3:

Continuation of (B).....Presentation/discussion of Case Study (by participant project team(s))

On Day 2 (Feb. 27), the following themes will comprise Session 3 (1:30 – 15:00 pm)

C) Summing-up Key Concepts/Tools/Lessons from Case Studies

D) Strategies to Enhance Institutional Processes for Improved Integrated Project Analysis & Performance (group exercise to review/discuss a draft proposed framework/template for an improved investment project processing/preparation/appraisal circular)

February 28/Day 15 (Preparation for and Exit Proficiency Test/Exercise)

9:00 – 10:45 Session 1:

(A) Preparation for Exit Proficiency Test/exercise

10:45 – 11:00 – Coffee Break

11:00 – 12:45 – Session 2:

(B) Exit Proficiency Test: 2 hours (covering topics of Modules I – VI)

12:45 – 14:00 – Lunch Celebration and Awarding of Certificates of Participation and Achievement

³ Each participant will be assigned (on Day 2) to a “team” (of about 4 persons each), and they will use the project case study (total of about 6 projects, covering 5 sectors), as a learning tool throughout the training workshop. Each project case-study team will present their case study results to the workshop group, in accordance with key questions outlined in the module VI handout, along with additional points to be presented by the workshop trainer.

**PUBLIC INVESTMENT POLICY PROJECT (PIP)
TRAINING WORKSHOP FOR MANAGEMENT GROUP (ROUND II):**

**IMPROVED PUBLIC INVESTMENT POLICY, INTEGRATED PROJECT
ANALYSIS AND PORTFOLIO MANAGEMENT STRATEGIES: FROM KEY
CONCEPTS TO PRACTICE**

(March 13 and 14, 2006, from 9 a.m. to 3 p.m.)

PROPOSED OUTLINE OF KEY THEMES AND AGENDA ⁴

March 13, 2006

PART I: The objective is for participants to gain a deeper operational understanding of the key issues and linkages between macroeconomic, sectoral and budgetary frameworks & avenues for strategic improvements in Azerbaijan Republic. The approach will combine presentations and discussion.

9:00 – 9:15 Introduction and Overview of the Workshop

9:15 – 10:45 Session 1:

- A) Country Context and Implications for GoAZ's Public Investment Policy
- B) Key Linkages between Macroeconomic, Sectoral, and Budgetary Frameworks and an Improved Public Investment Policy and Program (PIPP): Key Issues and Strategic Improvements

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

- C) Capital Budget Formulation and the Public Investment Program (PIP): Key Issues and Strategic Improvements
- D) Sectoral Strategies and Budgeting: Key Issues and Strategic Improvements for Promoting Coherent Linkages in Macroeconomic, Sectoral and Budgetary Frameworks and Procedures, and Appropriate Public/Private sector roles

12:45 – 13:30 – Lunch

13:30 – 15:00 – Session 3:

- E) (continuation from Session 2): Sectoral Strategies and Budgeting.....

⁴ A training workshop folder will be distributed to each participant, and will contain the narrative text and power point versions of the key themes presented by the instructors.

March 14, 2006

PART II: The objective is for participants to gain a deeper operational understanding on key concepts and management tools of the public investment project cycle, integrated project analysis, and strategies for improved portfolio management. The approach will combine presentations and discussion, with an emphasis on practical examples relevant for Azerbaijan.

9:00 – 10:45 - Session 1:

- A) Context: Moving from the Macro-sectoral frameworks to the project perspective
- B) Framework of Key Concepts for Economic Analysis
- C) Project Life-Cycle Framework: A Dynamic Perspective and Implications

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

- D) Framework for Public/Private Sector Roles and Partnerships
- E) An Integrated Approach to Project Analysis: “Road Map” of Key Components & Methodologies
- F) Project Evaluation Criteria: Key Concepts/Tools for Making the Right “Recommendation/Decision”

12:45 – 13:30 - Lunch

13:30 – 15:00 - Session 3:

- G) Project Institutional Analysis: Framework and Approaches Toward Achieving Good Public Management (during project design and implementation phases)
- H) Confronting and Managing Project Uncertainty: Risk and Sensitivity Analysis, and Mitigation Measures: Key principles and some examples
- I) Monitoring and Evaluation: key concepts and tools for getting portfolio results (with a focus on a framework for building a results-based M&E system)
- J) **Towards Developing a Framework for Improved PIP Preparation, Review and Approval Guidelines and Procedures**

**PUBLIC INVESTMENT POLICY PROJECT
TRAINING WORKSHOP FOR TECHNICAL GROUP (ROUND II):**

**IMPROVED PUBLIC INVESTMENT POLICY, INTEGRATED PROJECT
ANALYSIS IN THE PROJECT LIFE-CYCLE:
FROM KEY CONCEPTS TO PRACTICE**

(March 15 – April 5, 2006, from 9 a.m. to 3 p.m.)

OUTLINE OF SCHEDULE AND KEY THEMES ⁵

Objective: The learning outcome objectives are to enable participants: (a) to gain a deeper operational understanding of the key issues and linkages between macroeconomic, sectoral and budgetary frameworks; and (b) to strengthen their core competencies in the application of key concepts and “tools” of the public investment project cycle, integrated project prioritization, preparation and appraisal, and effective monitoring & evaluation for program/project performance for effective project implementation. The workshop approach will combine presentations with discussion, focusing on the Azerbaijani context and examples.

March 15/Day 1 (Module I: Macro-Sectoral-Budgetary Linkages)

9:00 – 9:15 Introduction and Overview of the Workshop (“Road Map”)

9:15 – 10:45 Session 1:

- A) Country Context and Implications for GoAZ’s Public Investment Policy**
- B) Key Linkages between Macroeconomic, Sectoral, and Budgetary Frameworks and an Improved Public Investment Policy and Program (PIPP): Key Issues and Strategic Improvements**

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

- C) Overview of Budget Structure, Budget System Law and Implications for PIP Preparation**
- D) Capital Budget Formulation and the Public Investment Program (PIP): Key Issues and Strategic Improvements**

⁵ A training workshop binder will be distributed to each participant on the first day of the training workshop, and will contain the narrative text, the outline of the class presentations, class exercises, team case study project document, and other relevant handouts and class/team exercises.

- E) Sectoral Strategies and Budgeting: Key Issues and Strategic Improvements for Promoting Coherent Linkages in Macroeconomic, Sectoral and Budgetary Frameworks and Procedures, and Appropriate Public/Private sector roles

12:45 – 13:30 – Lunch

13:30 – 15:00 – Session 3: continuation of Session 2 (E)...Sectoral Strategies and Budgeting....

March 16/Day 2 (Module II: Overview of Key Concepts and a “Dynamic” Project Life-Cycle)

Note: Each participant will be assigned to a project team (for team and case study exercises).

9:00 – 10:45 - Session 1:

- A) Moving from macro-economic-sectoral frameworks to project perspectives (recap from Part I, especially the Development Planning Framework for Azerbaijan)
- B) The Project Life-Cycle Framework: Key Elements and Operational Implications

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

Cont. (B)..... Project Life-Cycle and Linkages with Guidelines and Processes for Project Screening, Preparation and Approval Guidelines (overview of GoAZ and Government of Philippines)

Note: Refer to handout for the Government of the Philippines/ICC (during the training course, several references will be made to the handouts, using/adapting the ideas/experiences to the Azerbaijani PIP needs)

Case Study Exercise: What were the project life-cycle highlights for your case study project?. Also, see Class Handout for Day 12, Attachment 2, /Item (1), questions (i- iv)

12:45 – 13:30 - Lunch

13:30 – 15:00 - Session 3:

- C) Economic Rationale of an Investment Project and Guiding Criteria for Public/Private Sector Roles
- D) Investment Project: Definition, Relation to a Sectoral Strategy, “Program”, and Case of a “Large” Project

Project Case Study Team Exercise: Key Question – What was the rationale for including the project (for each project team) as a public investment project? What is the explicit linkage of your project with the sectoral development strategy?

March 17/Day 3 (Module III - Part 1: Overview on Project Analysis: Key Concepts and Tools)

9:00 – 10:45 – Session 1:

A) An Integrated Approach to Project Analysis: A “Roadmap” of Key Components

Case Study Team Exercise: see Handout for Day 12, Attachment 2, Item (1), revisit questions (i-iv)

10:45 – 11:00 – Coffee break

11:00 – 12 45 - Session 2:

Continuation of (A)... An Integrated Approach to Project Analysis

12:45 – 13:30 – Lunch

13:30 – 15:00 – Session 3:

Continuation of (A)...An Integrated Approach to Project Analysis.....

Project Case Study Team Exercise: Item 2, questions iv-vii)

March 22/Day 4 (Module III – Part 2: Continuation - Project Analysis: Key Concepts and Tools)

9:00 – 10:45 – Session 1:

A) Identification and quantification of costs and benefits: Getting the flows right.... (includes the technical analysis {including standards} and underlying rationale and benefit and cost assumptions)

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

Cont. of Session (1)...Identification and quantification of costs and benefits.....

Project Case Study Team Exercise: see Handout for Day 12, Attachment 2, /Item (2), questions xi and xii, and Attachment 3, Item (5)

12:45 – 13:30 - Lunch

13:30 – 15:00 – Session 3:

- B) Financial Analysis of a Project: Key Concepts and Tools
Project Case Study Team Exercise: Item (2), questions xiii and xiv

March 23/Day 5 (Module III – Part 3: Continuation – Project Analysis: Key Concepts and Tools)

9:00 – 10:45 - Session 1:

- A) Valuation of economic costs and benefits (including adjusting prices for tradable and non-tradable goods): Getting the Prices Right.....

10:45 – 11:00 – Coffee break

11:00 – 12:45 - Session 2:

Continuation of (A)..... Valuation of economic costs and benefits

Team Group Exercises:

- (i) See handout on the Estimation of Economic Wage Rate (Exercise #1)
(ii) See Handout for Day 12, Attachment 2, Item 2 (Question xvi) and Attachment 3, Item (6)

12:45 – 13:30 – Lunch

13:30 – 15:00 – Session 3:

- C) Valuing Environmental Externalities: Reflecting “true” costs and benefits.....

Project Case Study Team Exercise: See Handout for Day 12, Attachment 2, Item (2), question xix and Attachment 3, Item (10)

March 24/Day 6 (Module III – Part 4: Cont., Project Analysis: Key Concepts and Tools)

9:00 – 10:45 – Session 1:

- (A) Economic Viability: Steps for a Suggestive Procedure

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

- (B) Project Evaluation Criteria: (for Financial and Economic Analysis)..Making the “Right” Recommendation/Decision.....
(1) Time Dimension/Discount Rate

(2) for Viability Decisions

12:45 – 13:30 – Lunch

13:30 – 15:00 - Session 3:

Continuation....(3) Project Evaluation Criteria (for Assessing Alternatives)

D) Some Applications:

(1) Class Review of an Example of Internal Economic Rate of Return (Irrigation Project)

(see Attachment 1)

(2) Project Team Exercise # 2: Discounting and Estimation of NPV & Economic Rate of Return

(Note: A brief overview/handouts will be provided in the use of Excel software program to be used in carrying out project analysis (with a focus on estimating the Net Present Value and the Internal Economic Rate of Return)).

March 27/Day 7 (Module III – Part 5: Continuation – Project Analysis: Key Concepts and Tools)

9:00 – 10:45 – Session 1

(A) Distribution of Benefits by Stakeholders: Key Concepts and Tools... Who are Winners and Losers?

Project Team Exercises:

Exercise #3: Distribution of Benefits

+ Key Questions: See Class Handout for Day 12, Attachment 2, Item 2 (question xviii) and Attachment 3, Item 11

10:45 – 11:00 – Coffee break

11:00 - 12:45 - Session 2:

B) Impact on Poverty Reduction

12:45 – 13:30 - Lunch

13:30 – 15:00 – Session 3:

Continuation (B)...Impact on Poverty Reduction

Project Team Exercise #4: On Poverty Reduction

+ See Class Handout for Day 12, Attachment 2, Item 2 (Question xviii)

March 28/Day 8 (Module III – Part 6: Continuation – Project Analysis: Key Concepts and Tools)

9:00 – 10:45 – Session 1

A) Financial Sustainability and Fiscal Impacts of the Project: Key Concepts and Tools...Is the Project financially sustainable and can Government afford it?
(note: within the framework of the GoAZ MTEF/MTBF and sectoral expenditure budget management system)

10:45 – 11:00 – Coffee break

11:00 - 12:45 - Session 2:

Continuation of (A)

Project Team Exercise #5: Calculation of Subsidy

+ Project Case Study Exercise: See Class Handout for Day 12, Attachment 2, Item 2 (Question xviii)

12:45 – 13:30 – Lunch

13:30 – 15:00 – Session 3:

B) Technical Aspects/Standards

C) Environmental Assessments: Key Concepts and Tools (Environmental Management Assessment)

Mid-training workshop test: To help consolidate the participant learning process, a short written test will be imparted (from about 14:15 – 15:00 p.m.).

March 29/Day 9 (Module IV: Project Institutional Analysis and Risk Assessment)

9:00 – 10:45 – Session 1:

A) Project Institutional Analysis: Framework and Approaches Toward Achieving Good Public Management
Project Team Case Study Team Exercise: See handout for Day 12, Attachment 2, Item (2), questions viii and ix

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

Continuation of (A)Project Institutional Analysis.....

12:45 – 13:30 – Lunch

13:30 – 15:00 – Session 3:

B) Confronting Uncertainty: Risk and Sensitivity Analysis, and Mitigation Measures

Project Team Exercise #6: Sensitivity Analysis

+ Project Case Study Exercise: See Class Handout for Day 12, Attachment 2, Item (2), question xx and Attachment 3, Items 7 & 8

March 30/Day 10 (Module V/Part I: Monitoring & Evaluation, and Portfolio Performance Tools)

9:00 – 10:45 - Session 1:

A) Overview of key concepts and tools of Monitoring and Evaluation (& use of “Project Results Framework”)

Case Study Team Exercise: See Class Handout for Day 12, Attachment 2, Item 2 (question xxii), and Attachment 3, Item 12

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

B) Project Implementation and Portfolio Assessment: Strategies and Tools for Getting Results

Project Case Study Team Exercise: See Class Handout for Day 12, Attachment 2, Item (3) and associated question

12:45 – 13:30 - Lunch

13:30 – 15:00 Session 2:

Continuation of (B)...Project Implementation and Portfolio Assessment: Strategies and Tools for Getting Results ...

See Handout of the GoAZ and World Bank CPPR Action Plan (May, 2005)

Project Case Study Team Exercise: see key questions

Note: Some time will be provided to each of the Project Teams to prepare their class project presentation

March 31/Day 11 (Module V – Part 2: Monitoring & Evaluation, and Portfolio Performance Tools)

9:00 – 10:45 - Session 1:

A) A Framework for Building a Results-based Monitoring & Evaluation System...

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

B) Framework approach for improved project guidelines for the preparation and appraisal of public investment projects (PIP) (note: this session will endeavor to consolidate ideas/points from past discussions, including the ideas/experiences from the Philippines).

C) Outline/discussion of Common Framework for Case Study Team Presentations (Note: part of the topic for Days 12 and 13, see below)

12:45 – 13:30 - Lunch

13:30 – 15:00 Session 3:

(D) Case Study teams to prepare for their case study presentation

April 3/Day 12 Module VI: Project Team Presentations

9:00 – 10:45 – Session 1:

A) Preparation for Project Team Presentations

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

B) Presentation/discussion of Project Team #1⁶

12:45 – 13:30 – Lunch

13:30 – 15:00 – Session 3:

(C) Presentation/discussion of Project Team #2

April 4/Day 13 Module VI: Part 2- Project Team Presentations

9:00 – 10:45 – Session 1:

⁶ Each participant will be assigned (on Day 2) to a “team” (of about 3-5 persons each), and they will use the project case study (total of about 5 projects, covering 5 sectors), as a learning tool throughout the training workshop. Each project case-study team will present their case study results to the workshop group, in accordance with key questions outlined in the module VI handout, along with additional points to be presented by the workshop trainer.

A) Presentation/discussion of Project Team #3

10:45 – 11:00 – Coffee break

11:00 – 12:45 – Session 2:

B) Presentation/discussion of Project Team #4

12:45 – 13:30 – Lunch

13:30 – 15:00 – Session 3:

(C) Presentation/discussion of Project Team #5

April 5/Day 14 (Final Test)

9:00 – 10:45 Session 1:

(A) Final Test/Follow-up Exercise

10:45 – 11:00 – Coffee Break

11:00 – 12:00 – Session 2:

Awarding of Certificates of Participation and Achievement

12:00 – 13:00 – Lunch Celebration

Attachment 5.

List of Participants
Training Workshop for Management Group (Round I)
February 6-7, 2006, Nasimi Room, Park Inn Hotel

#	Organization	1st Day	2nd Day
1	Cabinet Of Ministers	Rafiq Ahmadov	Rafiq Ahmadov
	MOED		
2	<i>DEPF</i>	Shahin Sadigov	Shahin Sadygov
3	RDP		Amil Aili
	MOF		
4	Budget Dept.	Zafer Rzayev	Zafer Rzayev
5	Foreign Economic Relations Dept.	Fazil Abdullayev	Fazil Abdullayev
6	Dept. of Financing of National Economy	Rafiq Huseynov	Rafiq Huseynov
	Ministry of Industry and Energy		
7	Economic Dept.	Feyzulla Muradov	Feyzulla Muradov
8	Capital Expenditure and Project Expertise Dept.	Ramiz Rzayev	Ramiz Rzayev
9	Electric Energy Dept.	Vidadi Hasanov	Vidadi Hasanov
	Ministry of Transport		
10	Transport Policy & Economy Dept.	Farman Safarov	Farman Safarov
11	Dept. Finance&Credit Dept., Investment Policy	Mirgasim Abbasov	Mirgasim Abbasov
12	Finance&Credit Dept.	Ilham Dashdamirov	Ilham Dashdamirov
	Ministry of Education		
13	Economy Division	Hamid Zeynalov	Hamid Zeynalov
14	WB Education PIU	Elvin Rustamov	
	Ministry of Ecology and Natural Resources		
15	Hydrometeorology Dept.	Sahib Khalilov	Sahib Khalilov
16	Dept. of National Monitoring of Environment	Mammad Huseyn Muslumov	Mammad Huseyn Muslumov
	Ministry of Youth and Sport		
17	Technical Supply and Investment Dept.	Sabuhi Husseyinov	Sabuhi Husseyinov
18	Dept. of Science and Education	Firuddin Gurbanov	
19	CER	Elvin Afandi	Elvin Afandi
20		Baghish Ahmedov	Baghish Ahmedov
21		Yashar Mammadov	Yashar Mammadov
	Total	20	19

List of Participants
Training Workshop for Technical Group (Round I)
February 8-28, 2006, Center of Economic Reforms, Ministry of Economic Development

#	Organization	Name of Participants
	MOED	
1	Industrial Policy Division	Ramiz Talibov
2	Infrastructure Policy Division	Fuad Eyvazov
3	Infrastructure Policy Division	Farruh Dadashev
4	Social Policy Division	Natig Mammadli
5	Natural Resources & Ecological Policy Division	Rustam Mahmudov
6	State Investment Division (PIP)	Anar Samedov
7	Investment Policy Division	Saida Abbasova
8	Division of Cooperation with IFIs	Farruh Jumayev
	MOF	
9	Dept. of Foreign Economic Relations	Mehman Talibov
10	Dept. of Financing of National Economy	Aynur Salmanova
11	Dept. of Financing of National Economy	Vagif Huseynov
	Ministry of Industry and Energy	
12	Dept. of Economic Planning & Analysis	Zaur Mammadov
13	Energy Dept.	Akif Dadashev
	Ministry of Transport	
14	Transport Policy and Economy	Azer Imanov
15	Dept. of Finance&Credits, Investment Sector	Mirgasim Abasov
16	Sector of TRACECA& International Projects	Elmar Farajev
	Ministry of Education	
17	Dept. of Strategic Analysis and Planning	Natig Aliyev
	Ministry of Ecology and Natural Resources	
18	Production Policy Dept.	Zamin Orujev
19	Dept. of Environmental Policy and Nature Protection	Rauf Hajiyev
20	Dept. of Environmental Policy and Nature Protection	Samir Huseynov
21	Legal Dept.	Rashad Javad-zade
	Ministry of Culture and Tourism	
22	Tourism Department	Adil Adilov
	Ministry of Communication and Information Technology	
23	Financial Dept.	Ulduz Ibrahimova
24	CER	Elvin Afandi
25	CER	Baghish Ahmadov
26	CER	Yashar Mammadov
	Total	26

List of Participants
Training Workshop for Management Group (Round II)
March 13-14, 2006, Nesimi Room, Park Inn Hotel, Baku, Azerbaijan

#	Organization	1st Day	2nd Day
1	Cabinet Of Ministers	Vahid Huseynov	Vahid Huseynov
2	MOED		
3	<i>DEPF</i>	Rufat Huseynaliyev	Rufat Huseynaliyev
4	<i>DEPF</i>		Natig Pashayev
5	<i>DEPF</i>		Ahmad Veliyev
6	RDP	Agajan Ahmadov	Agajan Ahmadov
	MOF		
7	Dept. of Financing of Social Sectors		
8	Dept. of Financing of National Economy	Firdovsi Khalilov	Firdovsi Khalilov
9	Dept. of Financing of National Economy	Khalida Yediyarova	Khalida Yediyarova
	Ministry of Industry and Energy		
10	Economic Dept.	Mahammad Beydamirov	Mahammad Beydamirov
11	Energy Balance and Forecast Sector	Nazim Bayramov	Nazim Bayramov
	Ministry of Transport		
12	Dept. of Transport Inspection	Elturan Akberzade	Elturan Akberzade
13	Dept. of Transport Inspection	Nadir Rzazade	Nadir Rzazade
14	Financial and Credit Dept.	Deputy Head of Financial and Credit Dept.	Deputy Head of Financial and Credit Dept.
	Ministry of Ecology and Natural Resources		
15	Dept. of Ecology and Nature Protection Policy	Imran Abdulov	Imran Abdulov
16	Dept. of Production Organization and Productive Policy	Panah Hidayatov	Panah Hidayatov
	Ministry of Culture and Tourism		
17	Dept. of Internal Tourism Development	Faig Gurbatov	Faig Gurbatov
18	PFMC		Kamilla Hasanova
	Total	13	16

List of Participants
Training Workshop for Technical Group (Round II)
March 15- April 5, 2006, Center of Economic Reforms, Ministry of Economic Development

#	Organization	Name
	Ministry of Economic Development	
1	EPFD, Industrial Policy Sector	Gunduz Mirzoyev
2	EPFD, Infrastructure Policy Sector	Vugar Azizov
3	EPFD, Infrastructure Policy Sector	Sevil Aliyeva
4	EPFD, Social Policy Sector	Ahmad Veliyev
5	EPFD, Public Investment Sector	Natig Pashayev
6	EPFD, Public Investment Sector	Hamlet Ismaylov
7	EPFD, Public Investment Sector	Samir Mammadov
8	Dept. of Investment and Economic Relations	Sannur Aliyev
9	Dept. of Investment and Economic Relations	Iftikhar Jafarov
10	RDP	Amil Alili
	Ministry of Finance	
11	Budget Dept.	Zorab Mammadov
12	Dept. of Financing of National Economy	Julyetta Strizhibikova
13	Dept. of Financing of National Economy	Sevinj Alizade
	Ministry of Industry and Energy	
14	Oil and Gas Transportation and Production Sector	Jahangir Zeynalov
	Ministry of Transport	
15	Sector of Economy and Statistics	Zumrud Ismaylova
16	Investment Sector	Javanshir Hajjiyev
	Ministry of Education	
17	Dept. of Management of Educational Information Systems	Jeyhun Mammadov
	Ministry of Ecology and Natural Resources	
18	Dept. of State Expertise	Namig Zeynalov
19	Dept. of Ecology and Nature Protection Policy	Tahmasib Dadashov
20	Dept. of Ecology and Nature Protection Policy	Maisa Adigozalova
	Ministry of Culture and Tourism	
21	Dept. of Internal Tourism	Mahir Gahramanov
22	Dept. of Internal Tourism	Vugar Shikhammadov
23	Monuments Protection and Support Dept.	Fazil Mammadov
	Total	23

**Training Workshop for Technical Group (Round I)
Records of Achievements**

Sector Team/Name	Class Participation (25%)		Mid-Training Test (25%)		Case-Study Team Presentation (25%)		Final Exam (25%)		Final Grade	GRADE
	(out of 100%)	(Weighted Percentage)	(out of 100%)	(Weighted Percentage)	(out of 100%)	(Weighted Percentage)	(out of 100%)	(Weighted Percentage)		
MOED										
Fuad Eyvazov	100	25	77	19.25	100	25.00	90	22.50	91.75	excellent
Farruh Dadashev	100	25	64	16.00	100	25.00	96	24.00	90.00	excellent
Natig Mammadli	90	22.5	42	10.50	100	25.00	95	23.75	81.75	good
Rustam Mahmudov	90	22.5	70	17.50	95	23.75	76	19.00	82.75	good
Ramiz Talibov	75	18.75	71	17.75	50	12.50	84	21.00	70.00	satisfactory
Anar Samedov	95	23.75	88	22.00	85	21.25	92	23.00	90.00	excellent
Saida Abbasova	95	23.75	55	13.75	90	22.50	80	20.00	80.00	good
Farruh Jumayev	100	25	60	15.00	100	25.00	75	18.75	83.75	good
MOF										
Mehman Talibov	100	25	72	18.00	100	25.00	90	22.50	90.50	excellent
Aynur Salmanova	100	25	61	15.25	100	25.00	70	17.50	82.75	good
Vagif Huseynov	75	18.75	73	18.25	100	25.00	90	22.50	84.50	good
MOIE										
Zaur Mammadov	50	12.5	0	0.00	100	25.00	80	20.00	57.50	good
Akif Dadashev	90	22.5	64	16.00	85	21.25	88	22.00	81.75	good
MOT										
Azer Imanov	50	12.5	73	18.25	90	22.50	60	15.00	68.25	satisfactory
Mirgasim Abasov	50	12.5	0	0.00	0	0.00	60	15.00	27.50	satisfactory
Elmar Farajev	90	22.5	0	0.00	100	25.00	80	20.00	67.50	satisfactory
MOED										
Natig Aliyev	70	17.5	27	6.75	70	17.5	60	15	58.00	satisfactory
MOENR										
Zamin Orujev	80	20	82	20.50	65	16.25	74	18.50	75.25	good
Rauf Hajiyev	70	17.5	78	19.50	50	12.50	72	18.00	67.50	satisfactory
Samir Huseynov	75	18.75	82	20.50	65	16.25	80	20.00	75.50	good
Rashad Javad-zade	50	12.5	0	0.00	100	25.00	70	17.50	55.00	satisfactory
MOCT										
Adil Adilov	90	22.5		0.00	90	22.50	80	20.00	65.00	satisfactory
MOCIT										
Ulduz Ibrahimova	85	21.25	67	16.75	75	18.75	80	20.00	76.75	good

Training Workshop for Technical Group (Round II)
Records of Achievements

Sector Team/Name	Class Participation (25%)		Mid-Training Test (25%)		Case-Study Team Presentation (25%)		Final Exam (25%)		Final Grade	GRADE
	(out of 100%)	(Weighted Percentage)	(out of 100%)	(Weighted Percentage)	(out of 100%)	(Weighted Percentage)	(out of 100%)	(Weighted Percentage)		
MOED										
Samir Mammadov	95	23.75	75	18.75	95	23.75	95	23.75	90.00	excellent
Ahmed Veliyev	100	25.00	81	20.25	100	25.00	70	17.50	87.75	excellent
Iftixar Cafarov	70	17.50	80	20.00	80	20.00	60	15.00	72.50	good
Amil Alili	80	20.00	82	20.50	90	22.50	60	15.00	78.00	good
Gunduz Mirzayev	95	23.75	89	22.25	90	22.50	70	17.50	86.00	excellent
Vugar Azizov	85	21.25	80	20.00	90	22.50	70	17.50	81.25	good
Sevil Aliyeva	85	21.25	76	19.00	95	23.75	80	20.00	84.00	good
Natiq Pashayev	100	25.00	88	22.00	100	25.00		0.00	72.00	excellent
Hamlet Ismaylov	90	22.50	91	22.75	95	23.75	70	17.50	86.50	excellent
Sannur Aliyev	95	23.75	76	19.00	95	23.75	75	18.75	85.25	excellent
MOF										
Zohrab Mammadov	90	22.50	79	19.75	90	22.50	75	18.75	83.50	good
Culyetta Strijibekova	90	22.50	73	18.25	90	22.50	70	17.50	80.75	good
Sevinj Alizade	90	22.50	81	20.25	95	23.75	80	20.00	86.50	excellent
MOENR										
Namiq Zeynalov	100	25.00	80	20.00	100	25.00	81	20.25	90.25	excellent
Tahmasib Dadashov	85	21.25	73	18.25	85	21.25	77	19.25	80.00	good
Maisa Adigozalova	85	21.25	70	17.50	85	21.25	65	16.25	76.25	good
MOE										
Ceyhun Mammadov	90	22.50	86	21.50	100	25.00	90	22.50	91.50	excellent
MOIE										
Cahangir Bunyatov	80	20.00	66	16.50	85	21.25		0.00	57.75	satisfactory
MOT										
Zumrud Ismaylova	90	22.50	81	20.25	90	22.50	75	18.75	84.00	good
MOCT										
Fazil Mammadov	95	23.75		0.00	100	25.00	90	22.50	71.25	good

