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PUBLIC INVESTMENT POLICY PROJECT

Quarterly Performance Report

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remained unfilled for many months); training of existing personnel often results in their quitting governmental jobs for better paid private sector opportunities

e. **Centralization versus participation:** The PI Program is formulated by the central government with little involvement of municipalities and civil society at large (the NGOs). In order to build capacities of regions and NGOs their involvement into investment policies must be extended. Yet, at this moment both municipal governments and NGOs are not ready to make well informed contributions to these policies.

These problems are not extraordinary and occur, although to different degrees, in all "emerging market" countries. In this respect Azerbaijan is in a relatively good position to face these challenges, given a relatively well educated labor force, large oil revenues and, the most importantly, a growing "political will" of its government to improve its policymaking. During the last several years significant progress has been made. The explicit request for our Project's assistance can already be viewed as a convincing evidence for this will. (Apparently, a few years ago the involvement of foreign advisors into national investment policies would not be possible.) The demand for international aid in improving investment policies and procedures is strong and growing. In the wake of training classes and study tours arranged by our Project an increasing number of Government officials have been contacting us asking for our assistance.

We feel that working simultaneously with all the building blocks listed earlier is the right way to go, considering they are individually necessary to address but not sufficient on their own to achieve overall improvements. At the same time, we have to understand that, by its very nature, this is a long process, spreading over a long period of time, involving slow gradual changes within each block. Improved data will improve analytical capabilities; better analytical capabilities will create demand for comprehensive reliable data. Gradually increased requirements for project proposals and implementation will enforce adequate competencies which in turn will allow for a further upgrade of project standards. Growing requirements will create a stronger demand for training and the latter will develop the skills needed for enforcing these requirements. More competent work of governmental agencies will create a need for and enable more involvement of regional authorities, research institutions and NGOs. This in turn will improve the "checks-and-balances" mechanisms and help strengthen fiscal transparency and accountability in the area of PI expenditure.

Hence, breaking down these vicious circles by supporting simultaneously all the "building blocks" has been the main challenge for the Project and we believe that our efforts are now coming to fruition.
The initial face of the Project was devoted mostly to building the necessary fundamentals:

- developing good working relationships with our counterparts, based on mutual trust and respect (advising and training while learning about their needs and priorities)
- collecting data
- undertaking assessments of the current status of PI-related activities and formulating concepts for our work
- creating manuals and other reference documents which consisted mostly of adapting the basic knowledge and international experience (best-practice) in the area to the specific needs of Azerbaijan

- formulating our recommendations for changes in the organizational structures and institutions needed for an efficient PI policy and its implementation and assisting in enacting these changes
- offering training for a large number of civil servants providing foundations for an orderly PI management
- assisting in developing research and training capabilities (training of trainers and research leaders)
- establishing initial contacts and/or initiating joint projects with NGOs, academic institutions, and donors

As a result several assessment studies have been produced. A large library of background documents and reference materials was compiled. The main document created during this time was a comprehensive text, "The PI Policy and Program Manual" which is unique in its content and provides foundations for PI-related activities in Azerbaijan. It has been approved by the MOED as their basic reference document and put into an extensive use. It has also served as a base for several other documents elaborated during the last few months.

The current year of project activities is utilizing the outputs of our work in 2005-06. Our highest priority is a "concretization" and implementation of our earlier efforts. It involves:
- specifying concrete tasks for and drafting concrete charters of a number of new organizational units, which were established last year and now begin to operate, in particular the MOED PI Department and its three Divisions, and the Economic Reform Scientific Research Institute (ERSRI) and its sections; this also involved helping with recruiting staff and drafting their individual TORs
- drafting documents containing explicit regulations and detailed instructions for PI-related activities
- redesigning a PI call circular (CC), distributed to all relevant governmental agencies, and helping with its processing
- creating a database of investment projects which will become the main source of information on these projects and assisting in data entry and use of the database in the elaboration of a new PI Program
- collecting data needed for macro-level analysis and forecasting
- drafting a concrete "business plan" for staff training activities

Tangible results have already been obtained in all PI building blocks:

1. **Macroeconomic policy support**. Currently the macroeconomic policy formulation and implementation is obstructed by many factors:
   - inconsistencies in national statistics
   - lack of solid documentation of available data, which impedes the use of data
   - lack of data on individual PI projects
   - lack of an explicit macroeconomic policy program
   - vagueness of country's national development programs in setting up long-term policy goals
   - lack of explicit legislation/procedures, monitoring and enforcing policies, and
   - low capacity of relevant governmental agencies

   In Azerbaijan there is no institution equivalent to the US Council of Economic Advisors. No extensive macroeconomic policy reports are published. Yet, interest seems to be emerging among Azerbaijani policymakers in introducing fundamental reforms of macroeconomic, fiscal, trade and investment policies. Kazakhstan's

reforms are viewed by many experts as a model to follow and the PIP-Project has done a comparative analysis of the PI institutions and procedures in Kazakhstan and Azerbaijan, which may help in reforming PI-related policies. Also many meetings with Azerbaijani government officials were arranged to discuss major policy issues. A recent study tour to Norway, in which nine senior government officials participated, provided a rare opportunity not only to acquaint the officials with the Norwegian experience in the area of macroeconomic policy and PIs but also to hold several brainstorming meetings between them and PIP-Project's experts. Moreover a number of meetings have been arranged with donor missions and foreign embassies in Baku, incl. USAID, WB, IMF and the embassies of the US, Turkey and Norway in order to work out a consensus among donor community regarding main macroeconomic problems of Azerbaijan, including the threat of "Dutch disease", gradual "etatization" and "monoculturization" of the economy and non-transparent PI budgets. Coordination of international assistance in the area of PI was also discussed. Further analyses and debates will be undertaken during the coming months. More work on national accounts, continued economic modeling efforts, increased analytical capacities of the ERSRI should provide further support for macroeconomic policy formulation. A study tour of ERSRI directors to the US (and possibly another country) is being arranged in order to facilitate contacts and learning about policy-related analytical activities. Development of closer links with the Cabinet of Ministers (COM) and the Parliament (the latter link will hopefully be facilitated by the starting USAID Parliamentary Support Project) should provide a boost to reformulation of the macroeconomic policy concepts and procedures. The fundamentals of investment policy will be reconsidered.

2. **Development programs.** There are two major development programs at the national level: State Program for Poverty Reduction and Economic Development (SPPRED) and State Program for Poverty Reduction and Sustainable Development (SPPRSD). Sectoral development programs for most of ministries and other governmental agencies are at different stages of preparation. In most cases they lack executive-level detail. No standard MTFF/MTEFs (medium term fiscal/expenditure frameworks) exist. Recent efforts of MOED to develop capacity in this area brought about considerable progress. A dialogue among forecasters has been initiated by a seminar sponsored by ERSRI which was arranged with an assistance provided by the PIP-Project. The most recent efforts of the Project in different areas should also strengthen the capacity for creation of development benchmarks/programs and forecasts. Improved data and procedures, increased analytical and modeling capabilities, etc., should also enable significant progress. Among other things, the Project contributed to a medium-term school computerization program elaborated by the Ministry of Education. Initial scopes of work are also being developed for project staff who will be assisting the Ministry of Agriculture and the Ministry of Transportation.

3. **Organizational structure within the Government**. PI expenditure management at the level of two or more billion dollars has to be supported and processed by a number of competent specialized divisions/units within each governmental agency involved into PI. The rapid increase in PI budget expenditure during the last few years has not been matched with a corresponding augmentation of institutional capacity. Small units, modestly staffed, with poorly specified competencies, often performing a number of functions not directly related to PI have had to find a way for handling rapidly increasing numbers of projects and funds allocated for PI. In

December 2006, following a PIP-Project's advice, the MOED established a separate department in charge of PI policy, program and projects. It is comprised of three interrelated divisions: (i) PI Policy and Programs; (ii) PI Projects Monitoring and Evaluation; and (iii) PI Projects Analysis. PIP-Project staff has helped to formulate draft charter for this Department. Currently the work is done on incorporating final corrections to this draft and it is expected to be approved by the Minister in the near future. A similar PI-support division is being created in the ERSRI.

4. **Legislation, regulations and other legal acts.** Currently there is no detailed legislation and regulations guiding PI-related activities. The PIP-Project worked on drafting relevant legislative and regulatory acts at different levels/stages of PI policy formulation and execution. The project helped establish a working group which will work to develop concepts for a PI law, consistent with other laws, or equivalent amendments to the exiting budget-related laws and executive decrees. It will be working on formulating concepts for legislative reform and corresponding regulatory acts. A draft regulatory framework for the activities of MOED and other relevant agencies has been produced and now is being assessed by the MOED. It should be ready for enactment within the next few months.

5. **Methods and procedures.** There are as yet no officially adopted procedures for the PI Program preparation process. The Budget System Law (BLS) ignores the capital budgeting component of the national budgeting process. The sequences and standards of planning and implementing PI projects, and assignment of roles to various institutions (President's Office, COM, MOED, MOF, NBA, sector ministries, and Milli Mejlis) in the process of compilation and execution of investment projects in the annual and rolling medium-term PI Programs need to be clearly defined and, in due course, implemented. In 2004, the MOED produced the "Draft PI regulations", which thus far have been approved only by the MOF and the Ministry of Justice (but not yet by the COM). This is a generic and unspecific document, which following the COM comments, is lacking meaningful authority for the MOED. The procedures currently used by MOED in PI Program formulation are not based on clear development concepts and benchmarks. Most projects developed in sectoral ministries use basic costing methods without any broader impact analysis. The PIP-Project has begun drafting a new document that would guide the procedures used by the MOED PI Department in its work on PI Program preparation, monitoring and evaluation. Similar instruction manuals will be prepared for a number of other governmental agencies, including selected sectoral ministries, involved in the PI budgeting process.

6. **Technical skills and competencies**. Human resources is the core problem of the entire budget sector, especially its PI operations. Currently 13 people are employed in the PI Department. An upgrade of the skills of these individuals through an intensive training is difficult for a number of reasons:
   - Problem with leadership: no head of the Department has been appointed; one of its employees continues operating as acting head
   - Work procedures and responsibilities of individual employees are not well defined
   - There are not strong incentives for training; the employees are poorly paid; any upgrade of skills may result in the loss of staff who could get better paying jobs outside of MOED

- The employees are overloaded with day-to-day work, which exceeds their capacity; they are expected to:
  - formulate the short/medium/long term PI policies (four persons)
  - implement annual PI Programs spending more than $2 billion, or about ten percent of Azerbaijani GDP while providing support for and collaborate with 131 recipients of annual PI CC, cooperate with a number of central agencies (MOF, COM, etc.), and process about two thousand proposed, both new and continued, investment projects (four persons), and
  - monitor/evaluate the implementation/completion of current/past projects (four persons)
- The number of PI projects and their costs are rapidly growing; given such pressures there is little time for extensive staff training
- The skills of the employees of the PI Department are uneven; some of them need basic training in MS Word and Excel; teaching of advanced topics of economics, statistics, public policy, etc. (including cost-benefit analysis and econometric modeling) is not helpful unless basic classes at introductory level are offered
- At this moment no staff training institutions, procedures, programs and personnel (trainers) exist in either MOED or ERSRI
- To a great extent staff training is "supply driven"; the Ministry is also getting support from other donors (esp. the World Bank), while the training absorption capacity of the Ministry is low

Similar problems occur in line ministries and other agencies involved in the PI activities. Despite these difficulties, training continues and seems to generate some positive results. Creating a solid sustainable "institutional infrastructure", sorting out the tasks of different ministries, departments, divisions and employees has been given the highest priority. This will create a transparent orderly environment in which the divisions and employees will be able to perform their clearly specified duties. Assisting, mentoring and coaching individual employees of the MOED's PI Department have been done in the form of a day-to-day hands-on training. Special training was arranged for the agencies working on this year's PI CCs (PI project proposals). Classes of MS Word, Excel, and Access were arranged. Senior staff of eight ministries took part in a study tour to Norway. These efforts will continue throughout the year. More training trips are currently being organized (to Turkey and Kazakhstan). Hands-on training on different aspects and techniques of PI project management (project concept elaboration, pre- and feasibility studies, appraisal, selection, monitoring and evaluation, etc.) will continue to be offered. Also assistance will continue in the areas of formulation of recruitment policy, promotion and maintenance of staff, systematic skill upgrade curriculum, and internal training capacities.

7. **Data.** The Government has taken initial steps to develop institutional and staff capacity for managing the PIs. Due to capacity constraints, the bulk of PI projects' formulation and monitoring is still limited to descriptive analysis of raw data compiled in Excel spreadsheets. PI Department is working on developing the skills needed to appraise, prioritize, monitor and analyze the PI projects in accordance with the macroeconomic policy objectives and socio-economic framework of the Country's development. MOED has requested technical assistance from the PIP-Project in establishment and management of a PI projects' database, which would be used for the recording, appraising, monitoring and analyzing purposes. A task force group has

been established to work on this assignment. The tentative database configuration includes the following sections: project background (basic) information, forecasted and actual project transactions, project financial indicators, and project monitoring and evaluation. The database will be further extended and improved in Q2/2007.

8. **Analytical activities, incl. modeling.** The National Bank of Azerbaijan (NBA) seems to have the strongest analytical capacities in the area of data and economic modeling. Similar capacities are currently being developed in MOED and ERSRI. Efforts to compile the SAMs (social accounting matrices – described in more detail later in the report) for Azerbaijan have been made and initial tables for 2004-2006 have been produced. These tables help in linking together and studying the relationships among the four sectors of a Flow-of-Funds model (real, fiscal, monetary and foreign), used by MOED, which was created by a WB consultant through financial programming software. This model provides some (although quite limited) analytical capacities for impact analyses of alternative investment projects and forecasting. The PIP-Project will assist in further developing modeling capacities of MOED/ERSRI experts.

9. **Public dialogue.** An important task of the PIP-Project is to enhance the appropriate channels and venues between the government and non-government stakeholders (civil society at large, non-government organizations, political parties, the private sector and worker organizations' representatives, etc.) for consultation and feedback on national, regional and sectoral development objectives, strategies and investment policies. A sine qua non for an effective dialogue is improvement in fiscal transparency. The PIP-Project has developed a close co-operation with other USAID-funded projects which operate sub-nationally in the regions and support NGOs activities. Several joint initiatives are being planned. Close cooperation was established with the National Budget Group and together with this group a legislative initiative is being prepared, which will focus on drafting a proposal for changes in the existing laws, decrees and regulations concerning PIs.

10. **Foreign assistance.** To ensure highest level of impact, closer collaboration with donors in the area of PI support is needed. Several meetings were held with different donors and embassies (US, Norway, and Turkey) and through this a strong relationship between our Project and the Norwegian and Turkish embassies was established enabling the project to arrange study tours of Government's officials to Oslo and Ankara. In addition, the PIP-Project has discussed with the US Treasury Department advisor to the MOF, Linda Decker, the proposed PI CC format for PI Program 2008-11. Finally, PIP-Project's members attended and actively participated in seminars and roundtables organized by the World Bank. In regards to the World Bank, there is still some debate and discussion over how to align the contents of the PI CC of MOED and Budget CC of MOF and it needs to be addressed. Overall, there is much to be gained by collaboration with the different IFIs, particularly with the World Bank whose focus overlaps significantly with the PIP-Project. Currently, there are many issues relating to our approaches that should be addressed if we are to gain from our synergies.

II. ACTIVITIES ACCOMPLISHED IN Q1/2007 (see annex 9.1)

Responding to the contract obligations, the PIP-Project staff has prepared for USAID a new Work Plan for review and approval. This has been an undertaking necessitated by the COP change. Separately, for internal project management purposes, the PIP-Project staff has been preparing individual task proposals in a "Clusters" format (outlined below), which integrates aspects of all inputs the PIP-Project intends to make in 2007.

The PIP-Project created a matrix (gap analysis) which depicts the status of the stages of the PI policy and programming process in Azerbaijan across FY 2005-2010 to show the progression of reforms over time. Another matrix highlights possible PIP-Project inputs and activities in 2007 as well as suggests activities that would be helpful for the following two years. The matrix attempts to make the case for potential tasks which the PIP-Project and/or other foreign and domestic institutions may undertake in the future to develop the PIs in Azerbaijan towards increased efficiency and helping diversify the economic structure away from domination by oil and gas production. Therefore the matrix provides a long term vision for the necessary steps and activities for an improved PI policy environment.

The Project has used this long term analysis and matrix to generate a concrete near-term work plan and sets of activities. Many of these activities have already been discussed with the MOED and are in their initial phases. In order to create a coherent working structure for the project, the work plan activities are addressed at three levels for the PI policy and programming process and five areas of cross-cutting issues that the three levels share. The three levels are, 1) National/macro 2) Budget, and 3) Sectors/projects. The five areas are: 4) Institutions, 5) Training, 6) Data, 7) Contacts and 8) Administration.

CLUSTER 1: NATIONAL/MACRO

Task 1.1 Data: national accounts

This task is driven by the need for comprehensive, internally consistent, reliable and disaggregated macroeconomic and investment data to enable formulation of quality macroeconomic analysis of PIs and related economic activities. Currently, data available on macroeconomic indicators do not allow for a meaningful analysis of investments in both public and private sectors. Serious discrepancies and inconsistencies exist in IFI and GOAZ figures for similar indicators. Published statistics do not add up to aggregate figures reported by GOAZ. Policy experts of the Government need training and support to develop capacities for compilation/estimation of required economic data and filtering data for consistency.

To address this, the Project's staff arranged several meetings to discuss data issues and made presentations for MOED and USAID. Significant data inconsistencies have been identified. The project has decided to recruit an STTA on economic statistics with the end objective of improving technical capacity of MOED, ERSRI and other governmental agencies for compilation of national accounts. The STTA will examine and assess current methodology used to compile national accounts and provide practical recommendations for improvements. This consultancy project is designed to deliver a written report analyzing problems with methods of economic data collection, a written

report with recommendations to improve the process and methodology, and recompile macroeconomic indicators for Azerbaijan for the years 2002-2006. To this end the Project has prepared detailed Scope of Work and which has been approved by USAID.

Task 1.2 Models

In an effort to initiate the draft 2008 budget based on more robust forecasts of macroeconomic indicators, the MOED, the MOF and the NBA have discussed since Q2/2006 sharing information and work together to build an economic model based on IMF's Financial Programming Model. Throughout 2006, the PIP-Project together with the WB was instrumental in encouraging this work (See our Quarterly performance report, Q4-2006). In Q1/2007, a WB modeler/economist started to reactivate this cooperation and through his assistance the staff from the MOED, the NBA, the MOF, and State Oil Fund of Azerbaijan (SOFAZ) came together and put forth a preliminary forecast which supported the Socio-Economic Development Forecast (SEDF) distributed on March 1. The internal consistency of the economic data and assumptions has improved because of this quantitative work and the financial programming work will continue to fix its remaining inadequacies. Another SEDF will be prepared for August 1 on which the 'economic policy' and the draft 2008 budget of the GOAZ will be based.

Task 1.3 The SAM (social accounting matrix)

In the past, several technical assistance initiatives have attempted to improve the analytical capacity of MOED and ERSRI for building up a macroeconomic model for practical use in policymaking and forecasting. None of them has managed to deliver a tangible result. The SAM model is designed as an overarching framework for national statistics and modeling. It is relatively easy to produce, quite flexible for aggregation and disaggregation according to the needs and tasks of economic analysis and use for different analytical purposes including analysis of drivers of growth, income distribution, impact of investments on growth, etc. Based on the SAM more advanced economic models can be built.

As part of efforts to improve the macroeconomic framework and analytical capacity of MOED, the PIP-Project has undertaken several discussions and meetings within MOED to sensitize the staff and buy in their commitment to the compilation of and building the macro-level SAMs for Azerbaijan. These discussions have spurred the interest of MOED in the concept of SAMs and led to an agreement to establish a working group consisting of four MOED technical staff and two PIP-Project experts.

The project has organized one full interactive presentation session and provided the working group with necessary reference materials and examples to start off the process of building SAMs. After the presentation the working group has agreed to begin compiling the SAMs for Azerbaijan for the years 2004, 2005 and 2006. These models will help MOED and the PIP-Project to identify statistical inconsistencies with the State Statistics Committee and improve methodologies for compilation and aggregation of economic data. Final SAMs will be used for analysis of transactions and transfers among institutional sectors, providing policymakers with a better picture of the economy and the country's investment policy.

Task 1.4 Analysis: The Quarterly Analytical Bulletin

During the reporting period the ERSRI has started the process for compiling information on socio-economic development trends in Azerbaijan and publishing their analysis in the Quarterly Analytical Bulletin. The project considered the bulletin as a good opportunity and entry point for improving data compilation and analytical capacity of both the Institute and line ministries involved in economic policymaking and therefore has assisted in the creation of a working group tasked with coordinating the preparation of the bulletin. The bulletin is important for the PIP-Project, as it is also designed to provide firsthand quarterly economic statistics and analytical information on the status of the economy, therefore enabling policymakers and businesses to make timely and responsive investment decisions.

The bulletin is intended to be published on a quarterly basis reporting major trends in different sectors of the economy and analyzing variables affecting aggregate demand and economic growth. The bulletin is also designed as a cross-ministerial joint initiative. The representatives from the National Bank, MOED, the Ministry of Finance (MOF), the Customs Committee, the Ministry of Taxation, and the State Statistics Committee were invited into the working group. One of the innovative features of the bulletin is that economic data for the bulletin will be provided directly by line ministries enabling the Institute to access the primary sources of information.

The PIP-Project has taken a pro-active approach to the Bulletin, by designing a set of specific detailed recommendations on its content, including the nature of the data and economic analysis, the format and structure suitable for the purpose of the Bulletin. The Project has also provided the Institute with copies of similar bulletins published in other countries.

Recently the Institute has provided the project with a copy of the draft of the most recent Bulletin and it appears they have accepted all our recommendations of the project in respect to the structure and content of the bulletin. The project is currently working towards putting together comments on the quality of analytical information in the bulletin, which will be shared with the Institute.

Task 1.5 Policy framework for PI

Recently the Project has shared with the MOED the final version of the draft regulations for the PI policy and program. One of the sections of this document is entirely devoted to the process, structure and preparation schedule of the PI policy, which essentially serves as the most important macro-level policy framework for PI. Currently the Project expects comments from MOED on the entire document.

The Project is planning to develop more detailed instructions on the preparation process, structure, content and schedule of the PI policy in cooperation with the PI Policy and Program Division of MOED's PI Department.

CLUSTER 2: THE BUDGET (see annexes 2.1-2.5)

2.1 PI Call Circular (CC)

Early in 2006, the PIP-Project designed a new PI CC forms for the MOED. The information collected through these forms was intended to be used for an improved

process of PI Program preparation and management by the MOED. From a brief sampling exercise of the CC responses, which the PIP-Project undertook in Q4-2006/Q1-2007, it became evident that a comprehensive information base for evaluation and prioritization of projects considered for inclusion in the draft PI Program, 2007-10, towards a timely and coherent PI Program's document has yet to be created. With this in mind, the PIP-Project has redesigned and simplified the PI CCs. Two versions of the CC forms were designed: one for line ministries and central agencies and one for region/city/local executive bodies, the latter being a much simpler version. The Project prepared an instruction booklet as an annex to each CC form. This booklet provided instructions for filling in each line of the CC. The PI CC for 2008-2011 was issued on March 19, 2007 with the deadline for responses set for May 1, 2007.

2.2 PI concept papers and pre-feasibility studies

The MOED and the MOF, acting on an idea to improve the preparation of projects, introduced a procedure of financing pre-feasibility studies through the budget (from PI Program allocations). This was relayed to the budget organizations in the COM Order #42 (February 19, 2007). The Order directed the budget organizations to apply to the MOED in the subsequent two months for funding of technical assessment studies of PI projects. Accordingly, the budget organizations will formally present investment project ideas and request from the MOED permission to fund pre-feasibility studies for qualified project ideas.

Following a PIP-Project advice, the MOED adopted the Project Proposal Paper to assist budget organizations and also to formalize the process of project qualification at the MOED. The PIP-Project worked with PI Department to finalize the Project Proposal Paper Form and the instructions for filling in. The MOED sent the Forms out to ten line ministries. It is from these line ministries that the MOED expects requests for feasibility study preparations for large projects. The use of the Form is an important step in project development and PI Program management this year. It will introduce to budget organizations the practice of more thoughtful project considerations and also more quantified initial justification for PIs. The PIP-Project also helped the MOED to offer training on completing the Form.

CLUSTER 3: SECTORS/PROJECTS (see annex 3.1)

3.1 PI prioritization, project appraisal and monitoring

During the reporting period the team has established a good work rapport with the staff of the PI Projects Monitoring and Evaluation Division of the PI Department. Weekly meetings were held with the objective to: a) prepare the Charter for the Division's activities; b) develop a methodology for program and project evaluation; and c) develop specific instructions with procedures for program and project implementation agencies to follow and report (quarterly) on implementation status. The draft of instructions was finished, translated into Azerbaijani, and submitted to the MOED's legal department for comments.

3.2 Past and current practices of project submissions

The Project has written a summary note on the overview of the existing institutional set-up, current procedures and practices used in preparation and approval of the PI projects from the stage of project's identification through its inclusion to the PI Program. The note provides an overview of the main stages and participants (as well as their responsibilities) of the existing PIP process and recommendations for its improvement.

3.3 Case studies

MOED and selected line ministries specialists expressed interest in preparation of sectoral case studies and trainings on topics of cost-benefit analysis using the case studies. A concept for this activity was discussed with the counterparts and several STTA terms of reference have been prepared. DAI and the PIP-Project initiated the process of reviewing the candidates. The work on case studies in the format of hands-on training will begin in Q2-2007 in two sectoral agencies (Ministry of Agriculture and the Committee for Irrigation and Water Supply).

3.4 Sectoral development plans

The PIP-Project team members conducted meetings with the representatives of the Ministry of Education and participated in the working group on an education development program in the area of computerization of secondary education. A methodological recommendation for appraisal of new schools' construction and expansion of the existing facilities and analysis methods involved (cost-utility and cost-effectiveness analysis) was prepared and submitted for review by the counterpart agencies.

CLUSTER 4: INSTITUTIONS/PROCEDURES (see annexes 4.1-4.11)

4.1 The functional and institutional restructuring of the MOED

The new Statute of the MOED was approved by the President's Decree of December 28, 2006. The MOED remains a strong determinant of economic planning and policymaking in Azerbaijan. Within this context, the new Statute once again grants the Ministry wide range of mandates. During 2006, the MOED had waited for the new Statute so that it could take on tasks with more authority, one of which was the management of PI Program of Azerbaijan. In anticipation of the new Statute, in Q4-2006, the PIP-Project had made recommendation based on the "Functional and Institutional Review of the Ministry" it undertook.

In early Q1-2007, the MOED management worked intensely to design the new organizational structure of the Ministry to serve the new Statute. During this period, there was much uncertainty within the Ministry and this atmosphere influenced the work and motivation of its staff. By March, much with respect to personnel and structure was decided and the staff settled into their new positions and functions. From its outline, it is evident that the basic structure of the MOED emulates the three pillars approach, which was in the Functional Review recommendations. At the same time, however, the Statute once again appears to have assembled a large number of functions but without being clearly systematic. It includes a number of functions whose benefit to make market-oriented economy is questionable. Therefore, under these circumstances the functioning

of the new organization and staff responsibilities of the MOED will have great bearing on the influence of the Ministry in regards to Azerbaijan's economy. According to the new Statute, the MOED adopts two new 'service' organizations, which are not part of its central organization: State Antimonopoly Service and Consumer Market Supervision Service. In the meantime, various research and technical institutes one of which was the Center of Economic Reforms were consolidated into the ERSRI (mentioned earlier here also as "the Institute"). ERSRI promises to provide an important support for the MOED.

One of the pillars of the MOED is the economic policymaking pillar under the Deputy Minister. Obviously emphasizing its current importance, relative to the previous structure, the area of PI became a department in its own right. Before, it was subordinated to the Department of Economic Policy and Forecasting. Given it's only newly established, the current number of staff in the PI Department is low and there have been new staff recruitment and reassignments. The position of Department Head is vacant however, the Department staff is invigorated with newly found emphasis on PI spending and is adjusting fast to the new functions. The Department is writing its Charter and specific staff functions in which the PIP-Project staff has been assisting. The PIP-Project has given advice to the Department on draft charters for the divisions and is in the process of writing specific instructions in performing the detailed functions of the divisions.

4.2 PI budget process

According to the Budget System Law, the MOED is responsible for forecasting the macroeconomic parameters of the Azerbaijan economy. The economic policymaking and the budgeting process rely and base their directions on the forecasted information produced by the MOED. The budget cycle begins at the end of January when the COM instructs the MOED in a circular to provide the MOF, by March 1, with preliminary the medium-term SEDF. The same circular includes tasks for other central economic institutions involved in economic and fiscal planning issues.

This year, the PIP-Project suggested, in the interest of providing more time to the budget organizations in responding to the PI CC, that the CC's return date to the MOED was pushed forward and, if possible, to overlap the preparation period with the preparation period of the Budget CC of the MOF. The MOED agreed on a later date than the last year but, being acutely aware of the length of time it takes to process the PI CC responses, the MOED was not able to extend this period into overlapping of the CC preparations. Instead, this year, the COM Order requires the budget organizations to respond to the MOED PI CC by May 1, which is when the Budget CC is issued. The PIP-Project prefers that the budget organizations prepare the draft current budget estimations and draft investment budget estimations during the same time period where consultations among the draft budget preparers would break the practice of segregated (un-integrated) preparation of two components of a single national budget. But this practice would require more than the timing of the CCs. It would require deliberate promotion and close coaching of the budget organization to break the old habits.

4.3 Draft PI regulations

Since late November 2006, the PIP-Project has been attempting to provide Draft PI Regulations to the MOED. The Draft PI Manual, though conceptually quite thorough, was not as operationally specific as the MOED had envisioned the "regulations" needed

to be. In an institutional environment, where no PI legislation exists, where the Budget System Law does not acknowledge the capital budgeting process, where the PI management functions of the MOED has de-facto eroded from inattention, and where the capacity of the MOED is inadequate for many responsibilities that maybe assigned to it by Regulations, the drafting of a practical and realistic set of Regulations is akin to conjuring. The Q1/2007 was also special working period in that the new Statute of the MOED was forcing restructuring of the ministry with all the accompanying bureaucratic unsettledness. However, some of the staff at the MOED acted resiliently and fostered the process of drafting the Regulations. Over time, the content and especially the Azerbaijani language of the document were vetted by a few MOED staff. The PIP-Project staff and an international STTA reviewed the document. The interim document of draft PI Regulations has been sent to the MOED for comments.

4.4 Comparative analysis of PI policy and institutions in Kazakhstan and Azerbaijan

Upon request from the MOED the PIP-Project staff prepared a comparative analysis on the PI policy and institutions in Kazakhstan and Azerbaijan. The report analyzed similarities and differences between Azerbaijan and Kazakhstan at three levels: 1) macro-economic policy and analysis, 2) sectoral development planning, and 3) investment project development level. The report was submitted to MOED for review and further actions. MOED and the project leadership agreed to organize a trip of relevant staff to Kazakhstan to examine the quality and extent of implementation of the PI regulations, procedures and cost-benefit analysis in practice. The letter requesting support for the organization of this trip to Kazakhstan has already been submitted to the Ministry of Foreign Affairs. It is expected that the exchange trip will take place sometime in the summer.

CLUSTER 5: TRAINING (see annexes 5.1-5.9)

5.1 Capacity development of the ERSRI

Since 2005 the PIP-Project together with the Center of Economic Reforms, a local training institution, has been successfully conducting a formal multi-week PI Training Program for senior decision-makers as well as practitioners – public servant employees – from central economic and sector line ministries.

In line with the new MOED Statute approved in December 2006, the Center of Economic Reforms, the Scientific Research Technical Institute and the Scientific Research Information Center were united to form the ERSRI. As the Ministry gets reorganized to better conduct its economic regulatory functions it is now anticipated that ERSRI, in addition to its economic research activities, will also become a sustainable methodological and training unit, capable to provide refreshment courses for public servants in economic strategic and medium-term development planning, PI planning, and capital and recurrent budgeting.

In January, in a joint effort with a training specialist from the Training Resources Group (TRG), the PIP-Project developed a "Program for Institutional Capacity Development for ERSRI", including one-year activities plan, recommendations on facilities specifications and structure/staffing for a training center. The draft proposal and power point

presentation on the Program were presented to and discussed with Namiq Tagiyev, ERSRI Director. The PIP-Project together with the ERSRI has launched implementation of the Program.

Through the Training Program the PIP-Project contributes to building up the capacity of ERSRI to serve as the methodology and training resource base for integrated project analysis, economic strategic and medium-term development planning, capital and recurrent budgeting and other economic subjects. To aid in teaching and research work, the PIP-Project arranged Training of Trainers (TOT) for ERSRI's economists. The economists are expected to become trainers of the ERSRI on the above mentioned topics. In January 2007 a one day training was offered for seven facilitators: two from the PIP-Project and five from the ERSRI. The objective for the training was to enhance the capacity of the facilitators to deliver training in PI policy and program and other related topics.

5.2 Study tours: Study tour of GOAZ's senior officials to Norway

The PIP-Project, in close collaboration with the Norwegian Embassy in Baku and the World Learning, Inc. (WLI), brought a delegation of nine Deputy Ministers and Department Heads from GOAZ central agencies (the President's Administration, COM, MOED, NBA, and State Oil Fund) and the line ministries with the largest investment portfolio (Ministry of Industry and Energy, Ministry of Agriculture, and Committee for Irrigation and Water Supply), to Norway. The purpose of the tour was to demonstrate to these officials, who are responsible for macroeconomic, fiscal and monetary policies, finance, oil fund management as well as PI policy and programming in Azerbaijan, the progress Norway has achieved due to efficient and thoughtful planning and fiscal and investment policies. The GOAZ's delegation had a series of meetings and fruitful discussions at the MOF, NBA, Oil Fund, Ministry of Transport, Ministry of Oil and Energy, and Statistics of Norway. The GOAZ's officials appreciated the trip and acknowledged the experience of Norway was useful and will help Azerbaijan more effectively and efficiently develop and implement its PI policy and programming.

CLUSTER 6: DATA

6.1 PI Database

After having established the PI Department in January 2007, MOED has requested the PIP-Project to create a computerized information system incorporating requirements for PI policy formulation and programming, stipulated by MOED's new PI policy procedures. The general objective of this information system is to improve the capacity of the PI Department to prepare and analyze PI projects contained in the Database, to be launched in May by receiving responses from line ministries/agencies and regional authorities. The Database is generally designed on the basis of PI CC forms incorporating and tracking all investment initiatives in the country, aggregate project data at national and regional levels, and enhancing institutional delivery mechanisms. This will enable follow-up activities during project assessment and implementation cycle and facilitate online accessing of the Database for information and reporting purposes.

Recognizing the importance of joint activities in this area it was decided to recruit an STTA IT specialist and create the Database Developing Group. The Group is aimed at

developing common data format and configuration of the Database management system for public PI projects, specific programming software, input data and functions of the Database. In late March the first draft was prepared and submitted to Deputy Minister of Economic Development for recommendations and comments.

In order to enable local MOED experts to use the Database and improve information dissemination process within the Ministry it was decided to provide functional and technical user training for officials from the PI Department and the Economic Policy Development and Forecast Department. The IT training will be implemented in two phases which will allow the officials to improve their knowledge of MS Excel program (1st phase) and provide advanced level of MS Access program (2nd phase), enabling them to modify the database system, incorporate the required changes in the future and provide a continued on-site support.

6.2 Macroeconomic Database

During Q1/2007 the PIP-Project also started work on developing the Macroeconomic Database. To be designed in coordination with local experts from the Economic Policy Development and Forecast Department and the ERSRI, the Macroeconomic Database aims to collect and integrate all macroeconomic, budget, sectoral data, as well as the results of analytical research developing specific macroeconomic indicators and parameters on the basis of data obtained from the State Statistical Committee and statistical reports provided by the IFIs.

To clarify the concept and structure of the Database, discussions were held with the ERSRI's , Director. In March the PIP-Project designed and disseminated an initial draft of the future Macroeconomic Database. This Database comprises all macroeconomic data and provides a detailed statistical description of the Azerbaijan economy, i.e. national income accounts, consumer prices, employment and wages, production, monetary survey data, balance of payments, trade and selected international ranking indicators. Because the Macroeconomic Database offers a "big picture", these accounts are basic tools to be used in analyzing past and current performance of the economy and also, in forecasting future economic developments. Furthermore, such a quantitative framework makes these indicators and accounts of great importance in the formulation of national economic policies.

6.3 Libraries

Filing System: Responding to the request of the MOED to improve institutional capacity in the PI Department, the filing system of all investment initiatives received last year was completed. This filing system is intended to improve the work of the Department, providing immediate access to all available data.

Library: Local experts in the PI Department were notified regarding the new arrivals available in hardcopy and electronic libraries of the PIP-Project. PIP-Project transferred the list of all publications, and encouraged Department's staff to use these facilities in their daily work. The materials currently consist of economics, finance, investments, public expenditures management, project management, sectors, IFI reports, and PIP-Project publications.

CLUSTER 7: CONTACTS (see annexes 7.1-7.3)

7.1 Cooperation with NGOs

In the latter part of Q1/2007, the PIP-Project sought and entered into discussions with some NGOs, which are interested in monitoring the PI expenditures and the use of oil and gas revenues. These contacts are at an exploratory stage. Because the PIP-Project is concerned with the investment expenditures efficiency, it is important to cooperate and bring the civil society organizations into the picture of the development strategies, plans, and priorities. It is hoped that through joint research and evaluation projects, the PIP-Project will gain access to broader set of stakeholders and appreciate the PI issues less narrowly. The PIP-Project staff will continue advocacy for civil involvement in the government work and for the government accountability for results.

7.2 Coordination of contacts with counterparts and donors

PIP-Project has in its TAMIS system a Directory for all contacts with which the project staff liaise and cooperate. Details for every contact (name, position, tel/fax number, and e-mail) are obtained during meetings and negotiations and through other means. To facilitate PIP-Project staff's access to and use of this data in TAMIS, contacts are classified into: a) Government agencies; b) Non-government agencies; c) Donors, incl. IFIs; d) Training participants; e) Project's staff; and f) Other. There is also a function that shows all the existing contacts in alphabetical order. Considering institutional, staffing and structural changes in the Government in Q1/2007, the PIP-Project updated its existing database, to make sure that all information in it is up to date. The objective of this task is to ensure regular mutual communication and rapport between the PIP-Project and its counterparts (the Government and other), to be aware of the developments taking place or anticipated, as well as to inform about project activities.

7.3 Public Outreach Activities

To ensure that the PIP-Project achievements are disseminated to counterparts and USAID, the Project's Public Outreach Specialist keeps regular rapport with USAID Baku Office Communication Specialist. In this relation, the Project sends news stories, success stories and other information to USAID to ensure that Project's activities are conveyed to the relevant parties. In Q1, 2007 PIP-Project's two success stories were published on the USAID home office's web site.

In March 2007 the PIP-Project organized an informal Novruz Holiday retreat with participation of its key government counterparts, USAID, donors, IFIs, and other partners. The event allowed the Project to interact with its counterparts in a casual environment, to look back at the two year work of the Project, to evaluate the achievements and weaknesses, discuss plans and anticipated developments, and exchange views on future possibilities for cooperation. After the event the participants expressed their gratitude to the PIP-Project and urged us to arrange more such events.

7.4 Daily monitoring of important news on Azerbaijan, regions and PI; news dissemination

Following a request of Baku USAID mission, PIP-Project began preparing and disseminating a news overview reflecting current PI-related developments in economics, business, and politics of Azerbaijan. This task will continue through the end of the Project.

Moreover the PIP-Project Public Outreach Specialist is regularly reviewing diverse sources for important news articles (particularly, pertaining to investment activities in Azerbaijan), legislative-normative acts and other. Hard copies of important information from newspapers, as well as internet and other sources are filed in a database.

CLUSTER 8: ADMINISTRATION

8.1 Administrative support for MOED PI Department and ERSRI

As part of capacity development efforts, assistance was rendered in drafting vacancy advertisements for the staff of ERSRI's Training Center Department as well as logistical support was provided to the MOED PI Department.

The current structure of the MOED PI Department and ERSRI will be reviewed and discussions held with the parties involved to determine further needs of and provide required support to the agencies in regard to the HR matters, including training component, drafting of TORs, vacancy advertisements, and other activities.

III. RECUITMENT AND ADMINISTRATIVE MATTERS

New Project's COP

In mid-January **Janusz Szyrmer** arrived in Baku to assume the responsibility of the new PIP-Project COP. The DAI/HO provided the documents required for registration of the new COP with relevant local authorities as per the local legislation requirements.

Recruitment: LTTA and STTA mobilization

The PIP-Project has entered its most labor-intensive phase of its technical assistance. This requires mobilization, in support of the labor-intensive involvement of the Project's core staff, international and local experts in areas of law, economics (welfare, political, enterprise, and other) and finance. In this context, during Q1/2007 several recruitments were made.

Effective mid-March, the contract was extended for additional three months for **Samim Cilem**, initially employed for one calendar year as a Fiscal Economic/Public Expenditure Expert. During the extension period Samim will help achieve tasks in relation to the policy and institutional environment in which the Azerbaijan's PI process is embedded.

The PIP-Project advertised an opening for the full-time position of Specialist on Project Preparation, Appraisal and Management to fill in for the vacancy of the full-time local professional position (Hadji Husseynov had assumed a full-time position with the WB/Azerbaijan in mid-January). Standard USAID/DAI hiring procedures were applied.

Elchin Rashidov was selected for the position. Upon obtaining technical and salary approval from USAID, Elchin will be hired with the mandatory one month's probationary period.

Within a two-week mission, **Patricia Garcia**, training specialist from the Training Resources Group, helped develop the Program for Institutional Capacity Development for ERSRI including one-year activities plan, recommendations on facilities specifications and structure/staffing for the Training Centre. Patricia held one day training for seven facilitators.

Following approval of the USAID, **Robert Varley** was contracted as a Cost-Benefit STTA Expert for three months' assignment starting March. His consulting agreement was terminated after one month due to his personal problems and other reasons. His replacement was quickly sought and several STTAs are expected to be mobilized to address Cost-Benefit training and support activities over the remainder of the project.

Ingilab Ahmadov was contracted as the local STTA with a task to provide the technical assistance in the area of dialogue among all stake holders in PI policy (central governmental agencies, municipal governments, academia, businesses, NGOs, and donors). His consultancy will include economic planning and budgeting, reforms in the PI institutions and procedures, coordination mechanisms among key economic ministries, involvement of Parliament in the PI policy and programming activities, and public advocacy in the budget process.

In March an STTA IT expert, **Surkhay Huseynov**, was hired to join the Database Developing Group. Other members of the Group have been: Samir Mammadov, Chief Advisor of the PI Department, Nigar Ismaylova and Sabina Ibrahimova, both PIP-Project staff. The Group is aimed at developing common data format and configuration of a PI Database's management system, specific application software utilities, and help input data and functions of the Database.

IT Servers Procurement for MOED

Early February, following USAID authorization, the PIP-Project has procured two computer servers for the MOED. The equipment was transferred to the MOED and insured under the standard property insurance coverage. The equipment will be in the disposal of MOED for the PIP-Project duration period and the title then transferred to the party identified by USAID.

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1.1. PIP project presentation (GDP, investments, and BOP), March 06, 2007 (Excel, EN)
1.2. "Public investment Policy in Azerbaijan", presentation of PIP Project, March 06, 2007 (Power point, EN)
1.3. Non-oil indicators for Azerbaijan, 2001-2006 (Excel, EN)
1.4. Public investments in Azerbaijan, 2004-07: Overview and Trends (Word, EN)

2. The Budget

2.1. 2008-2011 PIP Call Circular Tables (Excel, EN)
2.2. PIP CC Instructions for Line Ministries (Word, EN)
2.3. PIP CC Instructions for Regions (Word, EN)
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2.5. Project Proposal Paper (Excel, EN)
2.6. Public Investment Program Preparation and Approval Process: Status and Recommendations (Word, EN)

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3.1. Recommendations for Cost-Benefit Methodology for Project Appraisal in Education Sector (Word, EN)

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4.1. Comparative Analysis of PI Program Planning and Management Processes in Azerbaijan and Kazakhstan (Word, EN)
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4.3. PIPP Formulation and Realization Regulations (Word, EN-AZ)
4.4. PI projects budgetary disbursements: 2006 (Excel, EN)
4.5. Charter of PI department, May 02, 2007 (Word, EN)
4.6. Legal Framework for PIP preparation and approval, annotated bibliography (Word, EN)
4.7. PI issues matrices 2005-10 (Excel, EN)
4.8. PIP Project MOU (Pdf, EN-AZ)
4.9. MOED's organizational Chart (Excel, EN)
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4.12. Minutes of the Meeting with PI division head, Jan.2007 (Word, EN)

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5.2. ERSRI Capacity Building Program (Word, EN)
5.3. Recommendations on Training Facilities, Staff requirements and functions (Word, EN)
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7.3 Consolidated economic news for Quarter 1-2007 (Word, EN)

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9.2 Consolidated Weekly Reports for Quarter 1-2007 (Word, EN)

NOKI

AZERBAIJAN GDP

Gross Domestic Product	Unit	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total GDP	**bn AZN**	**6.1**	**7.1**	**8.5**	**11.9**	**18.1**	**22.2**	**26.7**	**30.3**	**31.9**
Real increase	%	10.6	11.2	10.2	26.4	32.0	26.3	22.3	14.5	6.2
Deflator	%	3.1	6.0	8.3	10.1	15.5	-2.9	-1.6	-1.0	-0.9
Non oil sector	**bn AZN**	**4.2**	**5.0**	**5.9**	**7.0**	**8.6**	**10.2**	**11.6**	**13.2**	**15.1**
Real increase	%	14.1	14.5	14.0	8.2	13.5	9.0	9.5	9.7	10.0
Deflator	%	0.4	4.3	2.8	9.9	9.1	8.4	3.8	4.1	3.9
Oil sector	**bn AZN**	**1.9**	**2.1**	**2.7**	**4.9**	**9.5**	**12.0**	**15.1**	**17.0**	**16.7**
Real increase	%	3.4	3.9	3.0	66.2	59.0	44.8	33.7	18.6	3.7
Deflator	%	9.1	9.9	20.7	10.6	21.3	-12.5	-5.8	-4.9	-5.2
Share of oil sector	***% of GDP***	***31.0***	***30.1***	***31.3***	***41.3***	***52.3***	***54.1***	***56.6***	***56.3***	***52.5***
Per capita GDP	***USD***	***774***	***897***	***1,060***	***1,518***	***2,401***	***3,048***	***3,849***	***4,539***	***4,980***

Sources: MOED indicators; and "2006 Statistical Yearbook of Azerbaijan"

AZERBAIJAN: Investment (1)

Gross fixed capital formation	Unit	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total	**bn AZN**	**2.56**	**4.07**	**5.61**	**5.99**	**7.26**	**8.14**	**7.94**	**8.09**	**8.78**
Foreign	bn AZN	2.01	3.13	4.28	3.89	4.12	3.97	2.85	1.99	1.67
Domestic	bn AZN	0.55	0.94	1.32	2.10	3.14	4.17	5.09	6.10	7.12
Budget	bn AZN			0.22	0.33	0.58	0.91			
PIPP	bn AZN			0.10	0.16	0.88	1.55			
SOFAZ	bn AZN			0.04	0.61	0.44	0.38			
Other domestic	bn AZN			0.97	0.99	1.24	1.33			
Total	**% of GDP**	**42.2**	**57.0**	**65.7**	**50.5**	**40.1**	**36.7**	**29.7**	**26.7**	**27.6**
Foreign	% of GDP	33.2	43.8	50.2	32.7	22.8	17.9	10.7	6.6	5.2
Domestic	% of GDP	9.0	13.1	15.5	17.7	17.3	18.8	19.1	20.2	22.3
Budget	% of GDP			2.6	2.8	3.2	4.1			
PIPP	% of GDP			1.1	1.4	4.9	7.0			
SOFAZ	% of GDP			0.4	5.2	2.4	1.7			
Other domestic	% of GDP			11.4	8.4	6.8	6.0			

Total GDP	**bn AZN**	***6.1***	***7.1***	***8.5***	***11.9***	***18.1***	***22.2***	***26.7***	***30.3***	***31.9***

Sources: MOED indicators; and "2006 Statistical Yearbook of Azerbaijan"

AZERBAIJAN: Investment (2)

Gross fixed capital formation	Unit	2002	2003	2004	2005	2006	2007	2008	2009	2010	GDP growth 2005-10
											%
Total domestic	**% of GDP**	**9.0**	**13.1**	**15.5**	**17.7**	**17.3**	**18.8**	**19.1**	**20.2**	**22.3**	***438***
Agriculture	% of GDP				0.2	0.1	0.1	0.1	0.1	0.1	***70***
Oil-gas industry	% of GDP				4.6	3.2	2.7	2.4	2.3	2.4	***529***
Non-oil industry	% of GDP				2.3	4.2	5.2	5.6	6.2	7.0	***77***
Construction, residential	% of GDP				4.5	5.0	5.9	6.2	6.5	7.1	
Construction, other	% of GDP				0.0	0.0	0.0	0.0	0.0	0.0	
Transport & communications	% of GDP				3.7	2.5	2.3	2.3	2.4	2.8	***140***
Trade and services	% of GDP				0.7	0.5	0.5	0.5	0.5	0.6	***112***
Social services and other	% of GDP				1.7	1.8	2.0	2.0	2.1	2.2	***51***
Total GDP	***bn AZN***	***6.1***	***7.1***	***8.5***	***11.9***	***18.1***	***22.2***	***26.7***	***30.3***	***31.9***	***347***

Sources: MOED indicators; and "2006 Statistical Yearbook of Azerbaijan"

AZERBAIJAN: Balance of payments

	Unit	2002	2003	2004	2005	2006	2007	2008	2009	2010
Export of goods and services	bn USD	2.7	3.1	4.1	8.3	13.0	16.4	21.4	25.0	25.9
Import of goods and services	bn USD	3.1	4.8	6.2	6.9	5.4	5.0	5.3	5.6	5.8
Foreign trade balance	bn USD	-0.5	-1.7	-2.1	1.5	7.6	11.4	16.1	19.3	20.1
Current account balance	**bn USD**	**-0.8**	**-2.0**	**-2.6**	**0.2**	**3.2**	**5.4**	**8.4**	**16.9**	**17.6**
Official foreign reserves	bn USD	0.9	1.1	1.5	2.1	4.9	6.5	7.4	24.0	41.4
	Imp. months	3.4	2.8	2.9	3.7	10.9	15.5	16.7	51.2	85.7
Total GDP	***bn USD***	***6.1***	***7.1***	***8.5***	***11.9***	***18.1***	***22.2***	***26.7***	***30.3***	***31.9***

Sources: MOED indicators; and "2006 Statistical Yearbook of Azerbaijan"

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Public Investment Policy Project

Public investment policy in Azerbaijan

March 6, 2007 [R]

USAID
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Public Investment Policy Project

Public investment policy in Azerbaijan

Content:

- Definitions
- PIP-Project's Tasks
- Data
- Problems
- Things to do

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Definitions

Problems with PIP acronym: many "P" words:
PIP = Public Investment ...

- » Problem
- » Paradigm
- » Principles
- » Patterns
- » Purposes
- » Possibilities
- » Politics

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Definitions (cont.)

"P" words:

- » Policy (formulation)
- » Prioritization/Priorities
- » Portfolio
- » Programming/Program
- » Planning/Plan
- » Prediction/Projection (forecast)
- » Proposal
- » Project

Definitions (cont.)

"P" words:

- » Preparation
- » Procedures
- » Processing/Process
- » Practice
- » Package (of laws, procedures, activities, etc.)
- » Provision
- » Procurement/Purchases

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Definitions (cont.)

All these "P" words mean something else while many of them being used as synonyms

Our official name:

PIP-Project =

Public Investment Policy Project

Definitions (cont.)

"P" = Public sector:

- Budget (recurrent)
- PIP (Public Investment Program)
- SOFAZ (State Oil Fund of Azerbaijan)
- State-owned enterprises
- PPP (public-private partnership)
- Foreign (production sharing agreements with the Government)
- Donors

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Definitions (cont.)

"I" = Investment (savings; postponed consumption):

Direct and financial

- New capital formation, capital repairs and capital transfer (real estate transactions)
- Gross and Net (Net = Gross less Depreciation)
- Fixed and inventories
- Buildings, structures, and machinery
- Investment into human capital, institutions, environment, etc.

Definitions (cont.)

"P" = Policy:

- Plan of action to guide decisions and activities
- Includes the identification of different alternatives, such as programs or spending priorities, and choosing among them on the basis of the impact they will have

Source: Wikipedia

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Definitions (cont.)

"P" = Policy:

- Important related concepts:
  - effectiveness and efficiency
  - opportunity cost
  - diminishing marginal returns
  - cost-benefit analysis

Definitions (cont.)

PIP "building blocks":

- Policies (at different levels)
- Investment program formulation; budgeting (institutions and procedures)
- Project preparation (line ministries and other agencies)
- Appraisal methods (ex-ante and ex-post): cost benefit analysis, internal rate of return, etc.
- Data and computing (hardware and software)
- Funds

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PIP-Project's tasks

Three levels:

1. MACRO: Macro-level analysis; development strategies; models
2. BUDGET: Budget process; support for PIPP Department of Ministry of Economic Development
3. SECTORS: Sectoral planning; project preparation; cost-benefit analysis; case studies

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PIP-Project's tasks (cont.)

Five cross-cutting areas:

4. INSTITUTIONS: Institutions; procedures; and operations
5. TRAINING: Training; support for research
6. DATA: Databases; data collection, processing and analysis; hardware and software; computing
7. CONTACTS: Contacts with counterparts and donors; dissemination; monitoring of the news
8. ADMINISTRATION: Administration and human resources, for both PIP-Project and assistance to counterparts

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PIP-Project's tasks (cont.)

PI level activities		Cross cutting activities				
		4. Institutions (Samim)	5. Training (Sabira)	6. Data (Sabina)	7. Contacts (Gulsabah)	8. Administration (Rena)
		PI institutions, procedures and operations	Training, support for PI research (ERSRI)	Databases, collection, processing and analysis, hardware, software, computing	Contacts with counterparts and donors, dissemination, monitoring the news	Administration and human resources, for PIP-Project and assistance to counterparts
1. Macro (Ramil)	Macro-level analysis, development strategies, models					
2. Budget (Nigar)	PI budget process, support for PIPP Dept. of MOED					
3. Sectors (Andrei)	Sectoral planning, project preparation, cost-benefit analysis, case studies					

PIP-Project's tasks (cont.)

Task force teams

Include some or all of the following:

- PIP-Project member (coordinator)
- Foreign STTA
- Local STTA
- Staff of MOED and/or other counterparts
- Others

Data

Many aggregate indicators for Azerbaijan are "extraordinary" = not found anywhere else

Examples of extraordinary indicators:

- Annual real GDP growth = more than 30%
- Annual increases of other aggregates (consumption, investment, budget revenue, budget expenditure, etc.) = more than 20%
  [Budget revenue in 2006 increased by almost 90% in nominal terms, about 80% in real terms]

Data (cont.)

Examples of extraordinary indicators:

- Share of services in GDP = about 20%
- Share of social sectors in GDP = very low ???
- Share of investment in GDP (2003-05) = more than 50%
- Share of domestic private investment in total investment = less than 10%
- Share of investments in agriculture = less than 0.2% of GDP

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Data (cont.)

Examples of extraordinary indicators:

- Share of public investments in social sectors = less than 2% of GDP
- Labor productivity in mining = more than one hundred times greater than the productivity in:
  - Agriculture
  - Education
  - Health
- Population savings in banks = less than 5% of GDP

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Data (cont.)

GDP in 2005-06

	2005	2006	Growth	Inflation
	Bn AZN	Bn AZN	%	%
GDP	*12.55*	**17.74**	**34.5**	**5.1**
Cons	*6.56*	*10.80*	*52.0*	**8.3**
Inv	*4.40*	**5.96**	**14.8**	**17.7**
Net exp	*1.59*	*0.98*	*24.7*	*-50.6*

Source: **MOED** (bold) and own calculations (italic)

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Data (cont.)

Nominal monthly wage, 1999-2005

	1999	2005	Increase
	AZN	AZN	
All sectors	36.9	123.6	3.4 times
Agriculture	13.0	41.5	3.2 times
Education	28.3	66.0	2.3 times
Health	14.2	45.3	2.2 times

Source:
"2006 Statistical Yearbook of Azerbaijan"

Problems

Investment policy

- Natural resource "curse" => the Dutch disease
- Diverse structural distortions
- Problems with investment/growth absorption capacities
- Lack of explicit long-term development policy = lack of long-term investment policy
- No relationship between sectoral investment and growth

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Things to do

Capacity development in:

- Statistics
- Research
- Institutional "infrastructure"
- Macro policies

Things to do (cont.)

1. Long term social and economic development strategy => explicit "road-map" for the next 10-15 years, measurable by concrete macro-indicators
2. Investment policy consistent with the road map
3. Systematic monitoring and policy adjustments

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Things to do (cont.)

4. Investment policy high priorities:
   - support for competitiveness: private sector led growth => increase of non-oil sector exports of goods and services
   - reduction of structural distortions: incomes, sectors, regions

Azerbaijan selected macroeconomic indicators, 2001 and 2006

	Units	2001	2006	Change	Sources:
Population*	Million people	8.1	8.5	1.06	SSC 2007
GDP	Billion AZN	5.3	17.7	3.34	SSC 2007
GDP	Billion USD	5.7	20.4	3.58	NBA & SSC
GDP/capita	USD	714.3	2373.3	3.32	NBA & SSC
Direct contribution of oil to GDP	Percent	29.6	51.6		SSC web (1)
Export of oil	Billion USD	2.1	5.4	2.55	SSC 2007 & its web (2)
Foreign currency reserves*	Billion USD	0.7	2.2	3.19	NBA
State Oil Fund assets*	Billion USD	0.00027	1.4	5185.19	SOFAZ reports
Total budget revenue	Million AZN	783.8	3881.2	4.95	NBA
Budget tax revenue	Million AZN	752.5	3194.9	4.25	NBA & MOF (3)
Direct contribution of oil to Budget	Percent				
Total budget expenditure	Million AZN	806.6	3789.7	4.70	NBA
PIP expenditure	Million AZN	126.4	1693.6	13.40	MOED, MOF (4)
Average monthly wage	AZN	52.0	141.3	2.72	SSC web (5)
Annual CPI	Percent	101.5	108.3		MOED
Annual GDP deflator	Percent	99.3	105.0		MOED
Annual CPI	2001=100	100.0	133.6		SSC
Annual GDP deflator	2001=100	100.0	144.8		MOED

*/ End of year

Internet links:

(1) http://www.azstat.org/publications/azfigures/2007/en/010.shtml#t10_2
(2) http://www.azstat.org/statinfo/external_economic_activities/en/xten_14.shtml
(3) http://www.maliyye.gov.az/download/dovlet_budcesi/2006_il_azerbaycan_respublikasinin_dovlet_budcesinin_icrasina_opera
(4) http://www.maliyye.gov.az/download/dovlet_budcesi/2006_il_azerbaycan_respublikasinin_dovlet_budcesinin_icrasina_opera
(5) http://www.azstat.org/publications/azfigures/2007/en/001.shtml#t1_5

Abbreviations:

SSC	State Statistics Committee
NBA	National Bank of Azerbaijan
SOFAZ	State Oil Fund of Azerbaijan
MOF	Ministry of Finance
MOED	Ministry of Economic Development

Azerbaijan selected sectoral indicators, 2001 and 2006, percent of GDP

	2001	2006	Sources:
GDP	100.0	100.0	1)
Oil	29.6	51.6	1)
Agriculture	14.7	6.9	1)
Rest of economy	55.7	41.5	1)
Tax revenue	100.0	100.0	
Oil	46.2	61.6	Ministry of Taxes
Agriculture	0.0	0.0	All agricultural activities are tax-e
Rest of economy	53.80	38.40	Ministry of Taxes
Export	100.0	100.0	2)
Oil	91.3	84.6	2)
Agriculture	2.4	5.1	3)
Rest of economy	6.3	10.3	3)
Employment	100.0	100.0	4)
Oil	1.1	1.7	4)
Agriculture	40.1	39.0	4)
Construction	4.7	5.6	4)
Rest of economy	54.1	53.7	4)
Investment	100.0	100.0	5)
Oil	57.4	54.8	n in Azerbaijan - 2006
Agriculture	0.7	1.0	5)
Rest of economy	41.9	44.2	5)

Internet links:

1) http://www.azstat.org/publications/azfigures/2007/en/010.shtml#t10_2
2) http://www.azstat.org/publications/azfigures/2007/en/018.shtml
3) http://www.azstat.org/statinfo/external_economic_activities/en/xten_10.shtml
4) http://www.azstat.org/publications/azfigures/2007/en/005.shtml
5) http://www.azstat.org/publications/azfigures/2007/en/014.shtml
6) http://www.taxes.gov.az/faq/

Abbreviations:

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AZN million	Investments into the Economy						Comments	Source
years	2001	2002	2003	2004	2005	2006		Construction 2007
Total Investments	1170.8	2107	3786.3	4922.8	5769.9	5985.7		1)
Total private investments*	865.4	1714	3226	4467	4834	4188.8		
Domestic private investments	195.2	276.4	314.5	574.8	884.9	969.2		
Foreign investments	670.2	1437.5	2911	3891	3942	3229.6		
Municipalities		0.9	1.08	1.15	6.2	0	data n/a for 2006	
Total public investments	305.3	392.9	560	456	936	1796.9		
PIP	0	0	0	96	164	882		
SOFAZ	0	73.6	142.5	35.8	61.4	437		SOFAZ
SOE and non-PIP budgetary investments**	305.3	319.3	417.5	250.7	452.1	60.3	Total inv-PIP-SOFAZ	
Investment from IFI loans				73.5	258.5	417.6		MOED & MOF 2007 br

* includes municipality investments
** includes IFI public investments for 2001-03 as data n/a for these years
1) http://www.azstat.org/publications/azfigures/2007/az/014.shtml

Percent of total capital expenditures	Investments into the Economy					
years	2001	2002	2003	2004	2005	2006
Total private investments*	73.92%	81.35%	85.20%	90.74%	83.78%	69.98%
Domestic private investments	16.67%	13.12%	8.31%	11.68%	15.34%	16.19%
Foreign investments	57.24%	68.22%	76.88%	79.04%	68.32%	53.96%
Municipalities		0.04%	0.03%	0.02%	0.11%	0.00%
Total public investments	26.08%	18.65%	14.79%	9.26%	16.22%	30.02%
PIP				1.95%	2.84%	14.74%
SOFAZ		3.49%	3.76%	0.73%	1.06%	7.30%
SOE and non-PIP budgetary investments**	26.08%	15.15%	11.03%	5.09%	7.84%	1.01%
Investment from IFI loans				1.49%	4.48%	6.98%

Azerbaijan selected non-oil sectoral indicators, 2001 and 2006, percent of GDP

	2001	2006	Sources:
GDP	100.0	100.0	1)
Agriculture	20.0	14.3	
Manufacturing	8.7	10.9	
Construction	8.3	15.5	
Trade & service	10.5	11.9	
Public sector	14.4	16.9	
Transportation & communication	17.3	15.3	
Net taxes	11.6	13.4	
Rest of economy	9.2	1.8	
Tax revenue	100.0	100.0	Not available
Agriculture	0.0	0.0	All agricultural activities are tax-exempt.
Rest of economy			Not available
Export	100.0	100.0	2) & 3)
Agricultural goods, food, beverages	35.0	32.8	
Chemical goods	12.4	30.0	
Manufactured goods	20.0	22.9	
Equipment and machinery	27.0	13.0	
Rest of economy	5.6	1.3	
Imports	100.0	100.0	2),3)& 4)
Agricultural goods, food, beverages	19.6	12.4	
Chemical goods	10.7	8.5	
Manufactured goods	19.8	22.4	
Equipment and machinery	49.8	57.0	3)
Employment	100.0	100.0	5)
Agriculture	41.0	39.4	
Trade&services	17.3	17.1	
Manufacturing	4.9	4.6	
Transportation & communication	4.6	5.1	
Public sector	23.6	23.4	
Rest of economy	8.6	10.4	
Investment	100.0	100.0	Construction in Azerbaijan - 2006
Agriculture	1.7	2.1	6)
Manufacturing	12.5	3.5	
Electricity, gas, water	18.3	27.9	
Trade and services	10.3	4.5	
Transportation & communication	26.2	27.9	
Public sector	6.0	8.3	
Rest of economy	25.0	25.7	

Internet links:

1) http://www.azstat.org/publications/azfigures/2007/az/010.shtml
2) http://www.azstat.org/publications/azfigures/2007/az/018.shtml
3) hhttp://www.azstat.org/statinfo/external_economic_activities/az/xt_8.shtml
4) http://www.azstat.org/statinfo/external_economic_activities/az/xt_10.shtml
5) http://www.azstat.org/publications/azfigures/2007/az/005.shtml
6) http://www.azstat.org/publications/azfigures/2007/en/014.shtml

Abbreviations:

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SOFAZ	State Oil Fund of Azerbaijan
MOF	Ministry of Finance
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	2001	2002	2003	2004	2005	2006		2006	non-oil	2001	non-oil
Total	5315.6	6062.5	7146.5	8530.2	12522.5	17735.8			8584.1272		3739.6
Agriculture hunting and related services	14.70	13.80	12.20	10.80	9.00	0.069	17735.8	1223.7702	0.14256198		0.208659
Fishing	0.20	0.20	0.20	0.20	0.20	0.002	17735.8	35.4716	0.00413223		
Industry-total	37.60	37.40	37.20	38.30	47.50	0.575	17735.8	10198.085			
Mining and quarrying	29.60	28.90	27.50	29.00	39.40	0.516	17735.8	9151.6728			
of which:											
crade oil and natural gaz extraction (besides researches) services related to oil and gaz extraction	29.60	28.80	27.50	29.00	39.40	0.516	17735.8	9151.6728			
Manufacturing	6.20	7.40	8.60	8.30	7.20	0.053	17735.8	939.9974	0.10950413		0.087951
of which:											
manufacturing of food products. tobacco and drink	2.60	2.90	3.50	2.90	2.40	0.013	17735.8	230.5654	0.0268595		
production of sewing goods	0.20	0.10	0.10	0.10	0.10	0.001	17735.8	17.7358	0.00206612		
manufacture of fur and articles of fur	0.00	0.00	0.00	0.00	0.00	0.000	17735.8	0			
production of pulp. paper and paper products	0.10	0.10	0.10	0.10	0.10	0.000	17735.8	0			
production of oil-refinery products	1.80	2.30	2.60	2.40	2.00	0.002	17735.8	35.4716	0.00413223		
production chemical products	0.40	0.50	0.40	0.40	0.30	0.004	17735.8	70.9432	0.00826446		
lost production of plastic and rubber manufacture	0.00	0.00	0.00	0.00	0.00	0.000	17735.8	0			
production of other nun-metal mineral substance	0.20	0.30	0.30	0.40	0.40	0.002	17735.8	35.4716	0.00413223		
production of principal materials	0.10	0.30	0.80	1.10	1.00	0.006	17735.8	106.4148	0.01239669		
production of car and equipment not including other categories	0.30	0.30	0.30	0.30	0.20	0.001	17735.8	17.7358	0.00206612		
production optical and electric equipments	0.10	0.10	0.10	0.10	0.10	0.001	17735.8	17.7358	0.00206612		
production of other transport equipment	0.40	0.50	0.40	0.50	0.60	0.005	17735.8	88.679	0.01033058		
manufacture of wood and of products of wood	0.00	0.00	0.00	0.00	0.00	0.000	17735.8	0			
Supply electric energy. gaz and water	1.80	1.10	1.10	1.00	0.90	0.006	17735.8	106.4148	0.01239669		0.025324
Construction	5.80	8.70	11.20	12.50	10.00	0.075	17735.8	1330.185	0.15495868		0.083084
Trade. public catering. hotels	7.80	7.90	7.60	7.70	6.90	0.058	17735.8	1028.6764	0.11983471		0.105145
Transport storage and communication	10.10	9.80	10.00	9.50	8.10	0.074	17735.8	1312.4492	0.15289256		0.144106
Social and non-formal services	15.90	14.20	13.80	13.80	10.60	0.082	17735.8	1454.3356	0.16942149		0.172559
net taxes	7.90	8.00	7.80	7.20	7.70	0.065	17735.8	1152.827	0.13429752		0.115815

2006-cı ildə mal qrupları üzrə xarici ticarət dövriyyəsi

4487881.4 979494

Qrupların adı	İdxal. min ABŞ dollar	%	İxrac. min ABŞ dollar	%
Cəmi	5267639.5	100	6372157	100
Diri heyvanlar və heyvandarlıq məhsulları	41207	0.8	647.9	0
Bitki mənşəli məhsullar	201665.8	3.8	156295.1	2.5
Heyvan və ya bitki mənşəli piylər və yağlar	40655.7	0.8	63369.7	1
Hazır yeyinti məhsulları. alkoqollu və alkoqolsuz içkilər. sirkə. tütün	273233.4	5.2	101742	1.6
Mineral məhsullar	779758.1	14.8	5392663	84.6
Kimya sənayesi məhsulları	249167.9	4.7	193023.3	3
Plastik kütlələr. kauçuq. rezin. onlardan hazırlanan məmulatlar	134487.5	2.6	100563.8	1.6
Gön-dəri xammalı. xəz. onlardan hazırlanmış məmulatlar	1889.7	0	3386.7	0.1
Oduncaq. mantar. onlardan hazırlanan məmulatlar	53188.5	1	1265.6	0
Kağız kütləsi. kağız və karton. onlardan hazırlanmış məmulatlar	80510.4	1.5	2597	0
Toxuculuq materialları və məmulatları	64191.6	1.2	60951.3	1
Ayaqqabı. baş geyimi. çətir. əsa. süni güllər	16078.1	0.3	160.4	0
Daş. gips. sement. asbest. keramika və şüşə məmulatları	80619.3	1.5	1141.7	0
Mirvari. qiymətli daş və metal məmulatları	4478.6	0.1	6	0
Az qiymətli metallar və onlardan hazırlanmış məmulatlar	615572.2	11.7	149642.3	2.3
Maşınlar. mexanizmlər. elektrotexniki avadanlıqlar	1547302.7	29.4	37136.2	0.6
Quru. hava və su nəqliyyatı vasitələri	877820.4	16.7	84780.3	1.3
Cihazlar və aparatlar. tibb və musiqi alətləri	115602.3	2.2	4649.3	0.1
Müxtəlif sənaye malları	86661.3	1.6	5759.1	0.1
İncəsənət əsərləri və antikvariat	18.8	0	96.5	0

	non-oil imports		non-oil exports	
Agricultural goods. foo	556761.9	0.124059	322054.7	0.32879701
Chemical goods	383655.4	0.085487	293587.1	0.29973343
Manufactured goods	1003208.5	0.223537	225006.6	0.22971718
Equipment and machir	2540725.4	0.56613	126565.8	0.12921549

Imports

Məhsul bölmələri	2001	2002	2003	2004	2005
Cəmi	**1431107.4**	**1665484**	**2626181.1**	**3515861.1**	**4211207.3**
Yeyinti məhsulları və diri heyvanlar	193952.9	198377.9	259504.7	349464.6	307066.9
İçkilər və tütün	24605.2	23018	23657.3	30953	96062.2
Qeyri-ərzaq xammalı (yanacaqdan başqa)	40630.8	41401.6	68131.6	102487.2	131952
Mineral yanacaq, sürtkü yağları, analoji materiallar	215898.5	292557.3	295923.1	401655.6	499576.7
Heyvan və bitki mənşəli yağlar, piylər	12487.1	14022.8	25225.9	30169.9	34703.8
Kimyəvi mallar və digər kateqoriyalara daxil edilməyən analoji məhsullar	78698.1	97591.5	145863.7	172981.5	225741
Əsasən materialın növünə görə təsnifləşdirilən sənaye malları	214291.4	370225.1	622379.4	789722.5	740596.8
Maşınlar və nəqliyyat avadanlıqları	552504.7	518184.3	1016707.2	1328565.7	1831659.7
Müxtəlif sənaye məmulatları	98038.4	110104.9	168788.1	309861.1	343133.1
BSTT-nin digər kateqoriyalarına daxil edilməyən mallar	0.2	0.6			715.1

	1215209 non-oil imports		200611.6 non-oil exports	
Agricultural good	271676	0.223563208	91417.8	0.455695
Chemical goods	78698.1	0.064760964	26414	0.131667
Manufactured go	312330	0.257017538	41059.4	0.204671
Equipment and r	552504.7	0.454658207	41720.4	0.207966

exports

Məhsul bölmələri	2001	2002	2003	2004	2005
Cəmi	**2314206.1**	**2167399.7**	**2590377.8**	**3615463.9**	**4347151.2**
Yeyinti məhsulları və diri heyvanlar	22468.4	39503.4	78351.9	96237.2	237153.8
İçkilər və tütün	27829.5	22137.5	12806.2	16654.2	35214.8

Qeyri-ərzaq xammalı (yanacaqdan başqa)	38228.1	44911.8	72803.9	93437	146367.6
Mineral yanacaq, sürtkü yağları, analoji materiallar	2113594.5	1927359.1	2227710.7	2972424.6	3337035.1
Heyvan və bitki mənşəli yağlar, piylər	2891.8	3784.4	34129.7	40765.6	52273.2
Kimyəvi mallar və digər kateqoriyalara daxil edilməyən analoji məhsullar	26414	40938.8	50608.8	91544.4	99784.6
Əsasən materialın növünə görə təsnifləşdirilən sənaye malları	17235.7	26228.1	64140.5	111808.7	124203.9
Maşınlar və nəqliyyat avadanlıqları	41720.4	33979.3	36816.8	163516.1	297114.7
Müxtəlif sənaye məmulatları	23823.1	28557.2	13009.1	29076.1	18003.5
BSTT-nin digər kateqoriyalarına daxil edilməyən mallar	0.6	0.1	0.2		

Mal qrupları	2001	2002	2003	2004	2005
A	2	3	4	5	6
Cəmi	**1431107.4**	**1665484**	**2626181.1**	**3515930**	**4211207.3**
Dirı heyvanlar	717.8	1030.6	1511.6	1615.2	1283.4
Ət və əlavə ət qida məhsulları	17719.4	14112.2	14579.7	16507.8	21429.1
Balıqlar və xərçəngkimilər, digər su onurğasızları	822.1	1018.7	1282.5	1405.7	1840.5
Süd məhsulları, quş yumurtası, təbii bal və heyvan mənşəli digər ərzaq məhsulları	14907	18021	20360.8	18422.6	20291.9
Heyvan mənşəli sair məhsullar	375.8	148.1	89.6	252.4	88.5
Canlı ağaclar və sair bitkilər, kəsilmiş çiçəklər	443.6	242.9	321.9	1217.6	3839.5
Tərəvəzlər, meyvəköklülər və kök yumruları	9063.5	10409.3	10910.2	7648	7085.8
Yeməli meyvələr və qoz-fındıq, sitrus bitkiləri	2753.8	1794.5	3299.5	3426.7	6593.8
Qəhvə, çay, mate (paraqvay çayı) və ədviyyatlar	22333.2	14546.5	10329.4	18647.5	14965.4
Dənli bitkilər	73241.6	72766.3	115632.9	193125.5	127921
Unüyütmə və yarma sənayesi məhsulları, maya, nişasta	7432.3	5443.5	4763.5	6667.3	7140.1
Yağlı toxum və meyvələr, digər toxum, dərman bikiləri	1058.1	771.4	610.9	1044.5	4195.6
Bitki qarışıqları və ekstraktlar	183.4	75.4	103.9	69.1	101.2
Bitki mənşəli sair məhsullar	298.1	30.5	495.6	112.7	90.6
Heyvan və ya bitki mənşəli piylər və yağlar	12975.5	13690.6	24941.8	30614.9	36142.2
Ətdən və balıqdan alınan hazır məhsullar	3639.7	4118.1	7168.4	3944.2	7564.1
Şəkər və şəkərdən hazırlanan qənnadı məmulatları	23247.4	27605.3	29786.7	30503	33900.9
Kakao və ondan hazırlanan məhsullar	2836.4	7048.6	9968.9	10903.6	15253.6
Taxıldan, undan və ya süddən alınan hazır məhsullar, unlu qənnadı məmulatları	7525.4	8497	12017.5	13269	13013.4
Tərəvəz, meyvə, qoz-fındıq və bitkilərin emalı məhsulları	3307.2	3916.4	5126.3	9177.1	13141.2
Sair müxtəlif ərzaq məhsulları	3050.6	3830.4	5284.1	5893	7638
Spirtli və spirtsiz içkilər, sirkə	2456.4	4714.6	5814.5	8333.9	15289.1
Yeyinti sənayesinin qalıqları və tullantıları	1077.4	5110.1	8457.4	8000.5	6793.4
Tütün və tütünün sənaye əvəzediciləri	22565.3	19163.2	18310.3	23790.7	81927.6
Duz, kükürd, torpaq və daş, əhəng və sement	23281.6	20408.7	31408.1	50505.5	71762.9
Filizlər, şlaklar və kül	8397.4	11647.8	28599.8	54933.5	69609.8
Mineral yanacaq, neft və neft emalı məhsulları	216342	292614.5	296107.2	401706.9	499672.5
Qeyri üzvi kimyanın məhsulları; qiymətli metallar	3923.1	4942.1	12961.2	16494.1	22923.5
Kimyəvi üzvi birləşmələr	4664.6	3531.3	6798.3	5311.3	22851.8
Əczaçılıq məhsulları	23173.6	22419.3	31408.1	27600.4	31947.4
Gübrələr	4324.6	4183.2	4713.1	9714.9	14285.3
Aşılayıcı və boyayıcı ekstraktlar, boyalar və laklar	4935	7100.7	9895.3	12859	15152.1

1214765.4

	non-oil imports	non-oil exports
Agricultu	237823.2	0.19577706
Chemica	130077.5	0.10708035
Manufac	240197.4	0.19773151
Equipme	604603	0.49771174

Efir yağları, ətriyyat, kosmetik və tualet vasitələri	5619.7	7136.2	9636.1	13866.6	16009.2
Sabun, yuyucu vasitələr və analoji məmulatlar	10011.1	11648.2	14175.8	16500.1	20513.2
Zülal tərkibli maddələr, nişasta və yapışqan, fermentlər	1140.6	1039	1694.1	1857.7	2204.1
Partlayıcı maddələr, kibrit və bəzi alışqan maddələr	3102.4	4100.8	2635.6	3956.9	2816.4
Foto və kino malları	239.6	453.8	565.5	829	1235.5
Digər kimyəvi məhsullar	7534.9	16482.7	15816.6	23986.7	33873.3
Plastik kütlələr (plastmass) və onlardan hazırlanan məmulatlar	17779.1	25155.6	52006.1	59935.1	67973.2
Kauçuk, rezin və onlardan hazırlanan məmulatlar	11950.2	14430	22228.8	28431.3	36192.8
Emal olunmamış gön (xəzdən başqa) və aşılanmış dəri	62	55.4	24.1	8.5	49.3
Dəri məmulatları, qadın çantaları və analoji mallar	660.7	539.5	1094.6	1270.3	1608.5
Təbii və süni xəz, onlardan hazırlanan məmulatlar	10.9	39.8	5.5	648.5	45.9
Oduncaq və ondan hazırlanan məmulatlar	20598.8	22619.3	31175.4	38507.6	51175.7
Mantar və ondan hazırlanan məmulatlar	32.1	77.6	194.6	222.4	176.7
Küləş və digər hörmə üçün materiallardan məmulatlar	1.7	2	6	54.5	25.9
Oduncaqdan hazırlanan kütlə və makulatura	1.9	31.8	8.1	48.4	45.5
Kağız, karton və onlardan hazırlanan məmulatlar	21343	22429.2	21693.7	33177.8	35370
Kitablar, qəzetlər və digər poliqrafiya məmulatları	3166.5	11671.1	6170.3	9452.1	23015.1
İpək	11.2	1.5	1107.3	111.5	525
Yun, zərif və ya qaba heyvan tükü	221.1	1364.2	474.3	611.7	396
Pambıq	2705.5	1233	1931.6	1218.4	1291.1
Digər bitki mənşəli toxuculuq lifləri, pambıq iplik, pambıq iplikdən parçalar	854.4	1873.5	2048.4	3340.6	3443.5
Kimyəvi saplar	1632	1028.2	2044.4	2028	4525.7
Kimyəvi liflər	2110.4	2399.7	3337.1	2931.7	1637.8
Pambıq, keçə və sair toxunmamış materiallar, kəndir, ip	2391.5	2320.5	2492.2	4163	4004.2
Xalçalar və digər toxunma döşəmə örtükləri	444.9	617.4	389.5	793.8	1946
Xüsusi parçalar, krujeva, qobelen, tikmələr	494.3	677.6	353.6	110.8	101.8
Hopdurulmuş, üzlüklü toxuculuq materialları	375.7	538.5	948	1356.9	1455.4
Maşınla və ya əllə toxunma trikotaj parçalar	190.3	104.5	153.2	263.1	301.8
Toxunmuş trikotaj geyim əşyaları və ləvazimatları	2030.2	1210.8	1974	1968.8	3294.5
Paltar və geyim ləvazimatları (trikotajdan başqa)	10893.2	9330.6	13875.7	28922.9	32921
Digər hazır toxuculuq məmulatları, işlənmiş geyimlər	8854.4	4554.7	6763.8	9047.3	9022.9
Ayaqqabı, ketrlər və analoji məmulatlar	9776.7	10606.4	10004.1	15189.3	15852.6
Baş geyimləri və onların hissələri	106.2	130.8	473.2	372.5	377.4
Çətirlər, çəliklər, oturacaqlar, qırmanc, qamçılar və onların hissələri	161.3	164.6	83.6	216	250.7
Lələk və quş tükü; süni güllər; quş tükü və insan saçından hazırlanan məmulatlar	80.7	79.5	180.5	120.7	205
Daş, gips, sement, asbest, slyuda və analoji materiallardan məmulatlar	6101.2	6374.5	11764.7	16113.3	27156.6
Keramika məmulatları	9059.1	12518.8	14860.3	23522.4	31292.3
Şüşə və ondan hazırlanan məmulatlar	5546.1	7000.9	10620	12010.2	19798.4
Mirvari, qiymətli daşlar, qiymətli metallar və onlardan hazırlanan məmulatlar, bijuteriya, sikkələr	92.7	238	280.2	1601.3	2513.9
Qara metallar	26133.1	28667	70504.5	87832.1	123302.5
Qara metallardan məmulatlar	87462.3	225518.5	386438	466941.1	308061
Mis və ondan hazırlanan məmulatlar	326.6	507.2	1770.1	3680.5	1677.6
Nikel və ondan hazırlanan məmulatlar	396.6	942.1	171.3	1089.1	275.7
Alüminium və ondan hazırlanan məmulatlar	4939.3	8769.6	9910.7	10827.5	13141.4
Qurğuşun və ondan hazırlanan məmulatlar	101.3	107.1	66.7	610.6	631.3
Sink və ondan hazırlanan məmulatlar	51.8	741.2	3725.9	1183.1	92.6

Qalay və ondan hazırlanan məmulatlar	0	7.4	19.7	78.5	12.8
Digər azqiymətli metallar; metal keramikası	231.8	75.3	182.2	83	120
Azqiymətli metallardan alətlər, qurğular, bıçaq, qaşıq və çəngəllər	8814.8	9332	14899.4	22047.5	23012.4
Azqiymətli metallardan hazırlanan digər məmulatlar	3666.6	6372.3	11121.4	16848.9	18995.1
Nüvə reaktorları, qazanlar, avadanlıq və mexaniki qurğular, onların hissələri	232951	273420.1	490889.7	776478.8	1079165.1
Elektrik maşınları və avadanlıqları, aparatura, onların hissələri	121087.7	122468.7	193879.4	308082	323699.1
Dəmiryol lokomotivləri və tramvay vaqonları, digər dəmiryol nəqliyyat vasitələri	11414.3	23779.8	19602.9	27355.5	14381.8
Quru nəqliyyat vasitələri (dəmiryol nəqliyyat vasitələrindən başqa) və onların hissələri	44048.6	67304	112974.5	169465.4	285092.8
Uçan aparatlar, kosmik aparatlar və onların hissələri	142060.1	9499.3	4640.2	13378.4	96355.9
Gəmilər, qayıqlar və üzən konstruksiyalar	1060.3	22939.8	195385.4	31815.3	25112.9
Optik, fotoqrafik, ölçü, nəzarət, tibbi və ya cərrahiyyə alətləri və aparatları	35181.6	28018.6	51998.4	70868.3	77535.3
Bütün növ saatlar və onların hissələri	342.5	790.7	1063	1539.1	2354.6
Musiqi alətləri, onların hissələri və ləvazimatları	363.4	28.3	45.5	49.4	48.4
Mebel, yataq ləvazimatları, işıqlandırıcı avadanlıqlar, yığma inşaat konstruksiyaları	13980.8	17988	52255.7	145089.1	157692.1
Oyuncaqlar, oyunlar və idman avadanlıqları	2112.7	3283.8	3087.5	4007.6	2729.2
Müxtəlif hazır məmulatlar	1782	2301.4	1870	2449.8	3224.4
İncəsənət əsərləri, kolleksiya əşyaları və antikvariat	72.7	31.2	17.7	13.8	11.9

200611.6
non-oil exports

Mal qrupları	**2001**	**2002**	**2003**	**2004**	**2005**
A	**2**	**3**	**4**	**5**	**6**
Cəmi	**2314206.1**	**2167399.7**	**2590377.8**	**3615463.9**	**4347151.2**
Diri heyvanlar	17.1	0.7	20.7	6.5	8.3
Ət və əlavə ət qida məhsulları	0	0		2.5	
Balıqlar və xərçəngkimilər, digər su onurğasızları	106	54.2	1110.9	384.4	620.3
Süd məhsulları, quş yumurtası, təbii bal və heyvan mənşəli digər ərzaq məhsulları		47.8	443.5	676.1	598.1
Heyvan mənşəli sair məhsullar	167.5	58	120.2	199.4	242.6
Canlı ağaclar və sair bitkilər, kəsilmiş çiçəklər	64.6	427.6	377.4	354.4	309.3
Tərəvəzlər, meyvəköklülər və kök yumruları	856.3	2793.4	5657.5	12203.9	26224.4
Yeməli meyvələr və qoz-fındıq, sitrus bitkiləri	11982	22976.2	43322.9	33788.8	146432.4
Qəhvə, çay, mate (paraqvay çayı) və ədviyyatlar	3145.2	5101.4	3937.3	18588	14129.5
Dənli bitkilər	0	0		2	48
Unüyütmə və yarma sənayesi məhsulları, maya, nişasta	696.7	1246.2	861.5	234.7	2534.6
Yağlı toxum və meyvələr, digər toxum, dərman bikiləri	3914.1	2981.2	5928.4	6809.9	3796.2
Bitki qarışıqları və ekstraktlar	0	2.1			
Bitki mənşəli sair məhsullar	77	27.3	43.9	133.4	100
Heyvan və ya bitki mənşəli piylər və yağlar	2957	4264.2	41091.2	48256.4	68417.6
Ətdən və balıqdan alınan hazır məhsullar	692.1	1094.3	2971.8	4791.8	7734.2
Şəkər və şəkərdən hazırlanan qənnadı məmulatları	0	0		8.3	91.5
Kakao və ondan hazırlanan məhsullar	0	0		113.3	397.6

Agricultural good	70879	0.353314564
Chemical goods	25021	0.124723595
Manufactured go	40084	0.199808984
Equipment and r	54226.9	0.270307898

Taxıldan, undan və ya süddən alınan hazır məhsullar, unlu qənnadı məmulatları	10.9	22.3	12.5	5.5	33.3
Tərəvəz, meyvə, qoz-fındıq və bitkilərin emalı məhsulları	2122.8	3925.3	8664.4	11028.6	16772.6
Sair müxtəlif ərzaq məhsulları	149.6	144.8	188.1	494.2	370.5
Spirtli və spirtsiz içkilər, sirkə	3403.4	2107.7	4038.4	4283.1	9400.5
Yeyinti sənayesinin qalıqları və tullantıları	569.2	424.7	149.8	1278.4	2840.2
Tütün və tütünün sənaye əvəzediciləri	24603.2	19967	8652.3	12371.2	25814.2
Duz, kükürd, torpaq və daş, əhəng və sement	891.4	372.7	404.1	1217.6	1571.6
Filizlər, şlaklar və kül	3421.5	2.6	14.4	48.7	0.5
Mineral yanacaq, neft və neft emalı məhsulları	2113594.5	1927359.1	2227710.7	2972424.6	3337035.1
Qeyri üzvi kimyanın məhsulları; qiymətli metallar	11408.2	18972.6	34005.2	51017.7	101271
Kimyəvi üzvi birləşmələr	6739.5	11252.6	12242.8	20957.4	25106.8
Əczaçılıq məhsulları	432.4	3585.1	1251	2162.2	573.7
Gübrələr	380.2	131.5	102.4	10.2	
Aşılayıcı və boyayıcı ekstraktlar, boyalar və laklar	78.4	192.8	254.2	502.1	575
Efir yağları, ətriyyat, kosmetik və tualet vasitələri	105.6	41.3	74.5	14.6	61.1
Sabun, yuyucu vasitələr və analoji məmulatlar	17.9	234.8	787.2	843.4	844
Zülal tərkibli maddələr, nişasta və yapışqan, fermentlər	31.3	17.8	10.8	11.2	4
Partlayıcı maddələr, kibrit və bəzi alışqan maddələr	254.6	67.8	114.6	101.4	22.4
Foto və kino malları	2.6	0	5.2		
Digər kimyəvi məhsullar	2148.7	1238.2	2104.2	1331.8	3352.8
Plastik kütlələr (plastmass) və onlardan hazırlanan məmulatlar	13165.3	22363	33950.5	67073.4	71658.6
Kauçuk, rezin və onlardan hazırlanan məmulatlar	655.9	728.9	164	279	210.9
Emal olunmamış gön (xəzdən başqa) və aşılanmış dəri	1566.4	1619.6	2701.1	2572.4	2181
Dəri məmulatları, qadın çantaları və analoji mallar	6.9	2.1	2.3	4.8	72.2
Təbii və süni xəz, onlardan hazırlanan məmulatlar	0	0			
Oduncaq və ondan hazırlanan məmulatlar	378.8	407.4	1044.3	914.1	826.4
Mantar və ondan hazırlanan məmulatlar	0	0			
Küləş və digər hörmə üçün materiallardan məmulatlar	0	0			
Oduncaqdan hazırlanan kütlə və makulatura	23.8	21.4	52.9	49.4	49.8
Kağız, karton və onlardan hazırlanan məmulatlar	691.7	400.3	609.5	2625.8	3079.2
Kitablar, qəzetlər və digər poliqrafiya məmulatları	85.8	150	178.3	308.3	209
İpək	80.5	34.5		1510.2	605.1
Yun, zərif və ya qaba heyvan tükü	74.3	55.3	276.4	51.1	
Pambıq	15189.5	22911.2	35300	38842.6	44008.2
Digər bitki mənşəli toxuculuq lifləri, pambıq iplik, pambıq iplikdən parçalar	0	0.5		6.1	9.1
Kimyəvi saplar	23	95.7	298.5	1431.8	3747
Kimyəvi liflər	98.6	0			
Pambıq, keçə və sair toxunmamış materiallar, kəndir, ip	139.8	132.3	100	306.4	1444
Xalçalar və digər toxunma döşəmə örtükləri	304	333.3	146	249.9	110.1
Xüsusi parçalar, krujeva, qobelen, tikmələr	0	0			28.8
Hopdurulmuş, üzlüklü toxuculuq materialları	12	2	11.2	25.1	19.3
Maşınla və ya əllə toxunma trikotaj parçalar	0	0			29.1
Toxunmuş trikotaj geyim əşyaları və ləvazimatları	104.5	26.4	118.4	186.2	200.2
Paltar və geyim ləvazimatları (trikotajdan başqa)	313.4	52.8	35.7	381	244.6
Digər hazır toxuculuq məmulatları, işlənmiş geyimlər	2381.5	3218.6	5144.1	5226	6602
Ayaqqabı, ketrlər və analoji məmulatlar	5.5	58.9	60.3	167.9	204.3
Baş geyimləri və onların hissələri	3	1.7	0.02	1.1	1
Çətirlər, çəliklər, oturacaqlar, qırmanc, qamçılar və onların hissələri	0.02	0.01	1.2	0.1	0.3

Lələk və quş tükü; süni güllər; quş tükü və insan saçından hazırlanan məmulatlar	0	0.1	0.02		0.1
Daş, gips, sement, asbest, slyuda və analoji materiallardan məmulatlar	17.3	24.2	85.7	112.8	609
Keramika məmulatları	19.7	9.2	20.1	86.6	24.3
Şüşə və ondan hazırlanan məmulatlar	173.7	100.6	102.8	46.2	211.3
Mirvari, qiymətli daşlar, qiymətli metallar və onlardan hazırlanan məmulatlar, bijuteriya, sikkələr	29.3	1.2	0.1		4.2
Qara metallar	5412.3	13796.7	25615.9	42272.3	37618.7
Qara metallardan məmulatlar	2759.7	5353.5	2507	3088.5	6536
Mis və ondan hazırlanan məmulatlar	3342.8	3.4	731.7	1312.9	6247
Nikel və ondan hazırlanan məmulatlar	0	0		12.2	
Alüminium və ondan hazırlanan məmulatlar	6137.4	710.5	25816.9	48939.6	53596.1
Qurğuşun və ondan hazırlanan məmulatlar	30	0			8.4
Sink və ondan hazırlanan məmulatlar	17.6	0			
Qalay və ondan hazırlanan məmulatlar	0.5	0			
Digər azqiymətli metallar; metal keramikası	5.7	0		36.8	21
Azqiymətli metallardan alətlər, qurğular, bıçaq, qaşıq və çəngəllər	1220.9	1670.6	435.1	1465.1	1340.2
Azqiymətli metallardan hazırlanan digər məmulatlar	31.8	37.7	16.7	20	187
Nüvə reaktorları, qazanlar, avadanlıq və mexaniki qurğular, onların hissələri	28823.2	26757.4	26605.6	18135.9	21213.6
Elektrik maşınları və avadanlıqları, aparatura, onların hissələri	9251.5	2639.5	6155.2	2254.5	6787.4
Dəmiryol lokomotivləri və tramvay vaqonları, digər dəmiryol nəqliyyat vasitələri	205.3	878.5	554	1021.2	1153.3
Quru nəqliyyat vasitələri (dəmiryol nəqliyyat vasitələrindən başqa) və onların hissələri	5881.5	2232.7	3555.1	2304	3290.7
Uçan aparatlar, kosmik aparatlar və onların hissələri	2597.1	1133.1	1477.4	1826.2	2996.2
Gəmilər, qayıqlar və üzən konstruksiyalar	566.9	1105.7	3284.2	138802.3	264840
Optik, fotoqrafik, ölçü, nəzarət, tibbi və ya cərrahiyyə alətləri və aparatları	6378	9092.8	1920.8	5323.7	2694
Bütün növ saatlar və onların hissələri	2.5	0.5	3.9	0.9	6.4
Musiqi alətləri, onların hissələri və ləvazimatları	22.1	21.9	21.7	17.1	16.6
Mebel, yataq ləvazimatları, işıqlandırıcı avadanlıqlar, yığma inşaat konstruksiyaları	432.6	334.4	1447.5	2748.9	2918.3
Oyuncaqlar, oyunlar və idman avadanlıqları	66.2	13.9	20.1	14.1	22.7
Müxtəlif hazır məmulatlar	6.7	3.6	4.2	1.3	8.3
İncəsənət əsərləri, kolleksiya əşyaları və antikvariat	27.6	69	11.4	10.5	12.4

Məşğul olan əhalinin iqtisadi fəaliyyət növləri üzrə bölgüsü (min nəfər)

	2000	2002	2003	2004	2005	2006*	Yekuna görə %-lə
İqtisadiyyat üzrə – cəmi	3704.5	3726.5	3747	3809.1	3850.2	3973	100
Kənd təsərrüfatı, ovçu-luq və meşə təsərrüfatı	1517.2	1495	1497	1502.7	1510	1548	39
Balıqçılıq, balıqyetişdirmə	2	2.5	2.8	3.3	3.8	4.3	0.1
Mədənçıxarma sənayesi	39.6	42.2	42.3	41.9	42.2	45	1.7
Emal sənayesi	169.3	169.5	169.9	181.2	188.7	195	4.9

	non-oil 2006	2001
	3928	3664.9
agri	0.39409369	0.413981
construction	0.05672098	0.041911
trade and servic	0.17107943	0.173538
public administra	0.06904277	0.070316
social sector	0.1657332	0.166444
roe	0.143	0.134

Elektrik enerjisi, qaz və suyun istehsalı və bölüşdürülməsi	40.5	39.9	39.8	39.8	39.7	40.2	1
Tikinti	153.6	178	180	190.6	194.4	222.8	5.6
Topdan və pərakəndə ticarət: avtomobillərin, məişət məmulatlarının və şəxsi istifadə əşyalarının təmiri	626.1	611.9	618.3	630.7	638.8	650.4	16.4
Mehmanxana və restoranlarla xidmətin göstərilməsi	9.8	11.3	11.8	12.4	14.2	22	0.6
Nəqliyyat, anbar təsərrüfatı və rabitə	167	169.8	178.5	190.5	191.5	201.8	5.1
Maliyyə fəaliyyəti	13.5	13.2	13	13.1	13.2	13.4	0.3
Daşınmaz əmlakla əlaqədar əməliyyatlar, icarə və istehlakçılara xidmət göstərilməsi	98	97.2	97.5	100	100.6	106.7	2.7
Dövlət idarəetməsi və müdafiə; sosial təminatın vəzifələri	257.7	265.3	265	269.7	270.5	271.2	6.8
Təhsil	317.9	329.9	330	330.8	335.3	339.4	8.5
Səhiyyə və sosial xidmətlərin göstərilməsi	168.9	173.6	173.8	174.6	177.2	180.5	4
Digər kommunal, sosial və şəxsi xidmətlərin göstərilməsi	123.2	126.7	126.8	127.3	129.5	131.7	3.3
Toxunulmazlıq hüququ olan təşkilatların fəaliyyəti	0.2	0.5	0.5	0.5	0.6	0.6	0

Manufacturing	0.04964358	0.046195
	0.05137475	0.046331

Volume of investment directed to fixed capital at the expense of all financial resources by kinds of economic activities

	Investments			
	2005		2006	
	mln. manat	ratio,%	mln. manat	ratio,%
Total, by fields of economy	**5769.9**	**100**	**5985.7**	**100**
of which:				
state sector	936.1	16.2	1796.9	30
non-state sector	4833.8	83.8	4188.8	70
Agriculture, hunting and forestry	**40.6**	**0.7**	**57.8**	**1**
Fishing	0.04	0	-	-
Industry	4169.7	72.3	4131.7	69
of which:				
1. Mining industry and quarries	**3730.3**	**64.7**	**3279**	**54.8**
of which:				
extraction of crude petroleum and natural gas	3729.3	64.6	3278.3	54.8
II. Manufacturing	**115.8**	**2**	**96.3**	**1.6**
of which:				
manufacture products leverages and tobacco products	39.4	0.7	46.4	0.8
textile industry	2.9	0.1	11.5	0.2
manufacture pulp, paper and paper products and publication	0.01	0	0.7	0
manufacturing oil refining products	26.8	0.5	19.5	0.3
manufacture of chemicals and chemical products	5.6	0.1	1.5	0
manufacture of rubber and plastic mass	1.8	0	0.7	0
production of other non-metal mineral products	9.5	0.2	5	0.1
metallurgy indusrty	7.5	0.1	2.5	0
manufacture of machinery and equipment n.e.c.	11.4	0.2	0.4	0
III. Electricity, gas and water supply	**323.6**	**5.6**	**756.4**	**12.6**

	2006	2001
	non-oil investment	
	2707.4	498.8
Agriculture	0.021348896	0.01664
Manufacturing	0.035569181	0.1251
Electricity, gas and water	0.279382433	0.183039
Construction		
Trade and services	0.045541848	0.103248
Transportation/communications	0.279345498	0.26263
Social sector	0.082736204	0.059944
roe	0.257	0.25

of which:				
manufacture and distribution of electricity	242	4.2	554.3	9.2
gaz production, distribution of gaz fuel by pipeline	55.9	1	34.6	0.6
steam and hot water supply	2	0	19	0.3
collection, purification and distribution of water	23.7	0.4	148.5	2.5
Construction	**46.1**	**0.8**	**7.1**	**0.1**
Wholesale and retail trade; repair of motor vehicles, motorcycles and personnel and household goods	**83.2**	**1.4**	**113.2**	**1.9**
Hotels and restaurants	**2.7**	**0**	**10.1**	**0.2**
Transport and communication	**669.2**	**11.6**	**756.3**	**12.6**
Transport	516.2	8.9	544.7	9.1
land transport, transport via pipelines	362.7	6.3	417.7	7
water transport	30.7	0.5	24.4	0.4
air transport	118.1	2	99	1.6
Communication	153	2.7	211.6	3.5
Real estate activities	**591.9**	**10.3**	**560.3**	**9.4**
of which:				
constructed dwellings	534.1	9.3	503.5	8.4
Education	**39.2**	**0.7**	**108.7**	**1.8**
Health and social work	**15.5**	**0.3**	**59.9**	**1**
Other community, social and personal service activities	**48.9**	**0.8**	**55.5**	**0.9**

							total
	1.000	1.028	1.022	1.067	1.096	1.083	1.3306
CPI							
deflator	1	1.031	1.06	1.084	1.161	1.053	1.448286

TEMPLATE 1/LM

List of objects to be constructed under capital expenditure investment from state budget in 2008-2011

(AZN)

No.	Project name	Project capacity	Total project cost					Disbursed as of 01.03.2007			Balance expected as of 01.01.2008			2008 forecast			demand at 2009-2011 contractual prices			Contractor agency	Note
			Basis price	Conversion factor	Estimate price	Contractual price, total	Construction work at contractual prices	Capacity	Basis price	Contractual price	Capacity	Basis price	Contractual price	Capacity	Basis price	Contractual price	2009	2010	2011		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22

TEMPLATE 2 /LM

..... 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 various state programs;
1.4. Main government activities and service in the sector, and actual increase in their indicators for 2003-2006[1].

2. SECTOR EXISTING PROBLEMS, IMPLEMENTED REFORMS IN 2003-2007 AND EXPECTED REFORMS IN 2008-2011

3. MEDIUM TERM (2008-2011) SECTOR GOALSAND STRATEGIES AND INVESTMENT PROJECTS PROPOSED FOR ACHIEVING THESE GOALS:

Sector/sub-sector/goal	Strategies/ activities	Investment projects	Required funding					Outcome/results
			total	2008	2009	2010	2011	

4. USE OF PUBLIC INVESTMENT

4.1. Sources and uses of investment funds attracted from all sources for 2003-2006;
4.2. Volume of investment expenditure from state budget to the sector for 2003-2007;
4.3. Sector's funding priorities and major funding sources of public investment (for 2003-2007);
4.4. List of crucial state projects suspended in past years (if any), their list, reasons for suspension and percent implemenated:

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

[1] Give the information on the sector main activities, including te indicators of real growth and development in 2003-2006, for example, created value added, profit, new job places created. This information could be presented on 2-3 pages.

TEMPLATE 3.1/LM

PUBLIC INVESTMENT PROJECTS EVALUATION FORM

3.1 Project background information

1	The status of the project	1.Proposed new pr ☐	2.Project under preparation ☐	3.On-going project ☐	
2	Sector				
3	Agency				
4	Project name				
5	Number				
6	Location				
7	Inception/Completion date	Start (d/m/y):		End (d/m/y):	
8	Goods/services				
9	Capacity				
10	Project staff responsible for following:	Name:	Position:	Telephone number:	Email:
11	-Preparation				
12	-Approval				
13	-Contact person				
14	Priority level of the project	1. Very high ☐	2. High ☐	Medium ☐	Priority justification:

TEMPLATE 3.2/LM

PUBLIC INVESTMENT PROJECT EVALUATION FORM

3.2 On-going project implementation report

min AZN

1	Sector																	
2	Agency																	
3	Project name																	
	YEAR	Project planned expenditures			PIP approved allocation			Adjusted PIP allocation			Actual PIP allocation			Actual project cost			Project physical execution %	Project financial execution %
		4			5			6			7			8			9	10
		Domestic	External	Total	Domestic	External	Total	Domestic	External	Total	Domestic	External	Total	Domestic	External	Total		
11	2003																	
	2004																	
	2005																	
	2006																	
12	2007																	
	2008																	
	2009																	
	2010																	
	2011																	
	TOTAL																	

TEMPLATE 3.3/LM

PUBLIC INVESTMENT PROJECT EVALUATION FORM

3.3 Foreign funding projection of the project for 2008-2011

(USD)

1	Sector							
2	Agency							
3	Project name							
4	Country/Institution Providing External Funding							
5	Effectiveness Date							
6	Type of financing(Grant, Loan, Equity)							
7	Total Amount							
8	Repayment/Grace Period							
9	Interest Rate							
10	Annual amount planned to be disbursed under the funding agreement Total GOAZ's share Foreign funding	Cumulative	As of 2006	2007	2008	2009	2010	2011
11	Annual disbursement Total GOAZ's share Foreign funding	Cumulative	Used as of 2006	2007	2008	2009	2010	2011
12	Average annual exchange rate of other foreign currency in respect of US dollar		As of 2006	2007	2008	2009	2010	2011

TEMPLATE 3.4/ LM

PUBLIC INVESTMENT PROJECT EVALUATION FORM

3.4 Financing projection for 2008-2011 by sources (capital expenditure/investment demand)

(min AZN)

1	Sector								
2	Agency								
3	Project name								
4	Source of financing	Total for each source of financing	Actual disbursement, as of end 2006	2007 approved/ adjusted amount	2008 estimate	2009 estimate	2010 estimate	2011 estimate	Remaining financing
			6	7	8	9	10	11	12
	State budget								
	Own funds								
	Foreign loan								
	Other								
5	**Total**								
13	Exchange rate of AZN/USD								

TEMPLATE 3.5/LM

PUBLIC INVESTMENT PROJECT EVALUATION FORM

3.5 Project justification and analysis summary

1	Sector	
2	Agency	
3	Project name	
4	Project strategic objectives and expected results	-Linkages/relations to State Programs;
5		-Contribution to development of non-oil sector;
6		-Contribution to Employment in non-oil sectors;
7		-Contribution to new technology;
8		-Environmental impact and related investment;
9		-Economic Life of the Project.
10	Project's Current Status	
11	Current and Anticipated Issues, Problems and Proposed Measures	
12	Major project analysis indicators	-Net Present Value (NPV)
		-Internal Rate of Return (IRR)
		-Cost effectiveness analysis (particularly, for social sector projects)

TEMPLATE 4/LM

Information on Capital Expenditure and Intangible Asset Purchase Items of State Budget for 2005-2011

1	SECTOR:			
2	AGENCY:			
	SCOPE OF WORK (by years)	BUDGET EXPENDITURES ACCORDING TO THE ARTICLES OF ECONOMIC CLASSIFICATION (IN AZN)		TOTAL EXPENDITURES
		Capital expenditures (article N 282200)	Fixed assets (article N 310000)	
		3	4	5
6	2005 (actual)			
	2006 (actual)			
7	2007 (expected)			
8	2008 (forecast)			
	2009 (forecast)			
	2010 (forecast)			
	2011(forecast)			

TEMPLATE 1/REG

List of objects to be constructed under capital expenditure investment from state budget in 2008-2011

(AZN)

No.	Project name	Project capacity	Total project cost					Disbursed as of 01.03.2007			Balance expected as of 01.01.2008			2008 forecast			demand at 2009-2011 contractual prices			Contractor agency	Note
			Basis price	Conversion factor	Estimate price	Contractual price, total	Construction work at contractual prices	Capacity	Basis price	Contractual price	Capacity	Basis price	Contractual price	Capacity	Basis price	Contractual price	2009	2010	2011		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22

TEMPLATE 2/REG

Information on Capital Expenditure and Intangible Asset Purchase Items of State Budget for 2005-2011 (for region/city/local executive organs)

1	SECTOR			
2	REGION			
3	AGENCY			
	SCOPE OF WORK (by years)	BUDGET EXPENDITURES ACCORDING TO THE ARTICLES OF ECONOMIC CLASSIFICATION (IN AZN)		TOTAL EXPENDITURES
		Capital expenditures (article N 282200)	Fixed assets (article N 310000)	
		4	5	6
7	2005 (actual)			
	2006 (actual)			
8	2007 (expected)			
9	2008 (forecast)			
	2009 (forecast)			
	2010 (forecast)			
	2011(forecast)			

TEMPLATE 3/ REG

PUBLIC INVESTMENT PROJECTS EVALUATION FORM (for region/city/local executive organs)

3.1 Project background information

1	The status of the project	1.Proposed new project ☐	2.Project under preparation ☐		3.On-going project ☐
2	Sector				
3	Rayon/city				
4	Agency				
5	Project name				
6	Number				
7	Location				
8	Inception/Completion date	Start (d/m/y):		End (d/m/y):	
9	Goods/services				
10	Capacity				
11	Project staff responsible for following:	Name:	Position:	Telephone number:	Email:
12	-Preparation				
13	-Approval				
14	-Contact person				
15	Priority level of the project	1. Very high ☐	2. High ☐	Medium ☐	Priority justification:

Instruction for completing the 2008-11 Public Investment Program Call Circular

List of objects to be constructed under capital expenditure investment from state budget in 2008-2011(Template 1/LM)

1- Give the number
2- Give the full name of the project
3- Indicate the project capacity, for example, construction of 10 schools, construction 10 km road
4- Give the project cost according to the basis price
5- Give the conversion factor used for this project
6- Give the project cost according to the estimate
7- Give the project cost according to the contract
8- Give the total cost of construction -assembly works at contractual prices
9-11 Indicate the capacity, basis prices and contract actual expenditures for the given year
12-14 Indicate the capacity, basis prices and contract remaining balance of expenditures for the given year
15-17 Indicate the capacity, basis prices and contract forecasted expenditures for the given year
18-20 Indicate the contract demand for the given years
21- Give the full name of the contractor
22- For the various notes

PUBLIC INVESTMENT PROJECTS EVALUATION FORMS (3/LM)

3-1 Project background information

1- Indicate the project status among the options: proposed new project, project under preparation (please submit the feasibility study, if it is not provided before) and on-going projects
2- Give the name of sector. For example, Energy sector, Education sector
3- Give the name of executive agency. For example, Azerenergy, Ministry of Education
4- Give the full name of the project
5- Give the number of the project, if it is available from the credit agreement. For example, 3923-AZ
6- Give the location of the project. For example, Baku city, Sumgayit city
7- Give the start and completion dates of the project (day/month/year)
8- Indicate the goods and services that the project is planned to produce, for example, the road construction, power station rehabilitation, airport construction
9- Indicate the project capacity in terms of cost and output. For example, 20 mln USD / 10 schools, 100 km of road
10- Give full name, position, telephone number and e-mail address of project responsible persons
11- Give full name, position, telephone number and e-mail address of person responsible for project preparation
12- Give full name, position, telephone number and e-mail address of person responsible for project approval
13- Give full name, position, telephone number and e-mail address of project contact person
14- Indicate the priority of the project with justification based on the country economic and sector strategy development goals

3.2 On-going project implementation report

1- Give the sector name
2- Give the agency name
3- Give the full project name
4- Give the amounts of project planned allocation both from local and external financing
5- Give the amounts of approved PIP allocation both from local and external financing
6- Give the amounts of adjusted PIP allocation both from local and external financing
7- Give the amounts of actual PIP allocation both from local and external financing
8- Give the amounts of actual project expenditures both from local and external financing
9- Calculate the Project physical execution percentage (%) = (Actual project works/ Project planned works) X 100
10- Calculate the Project financial execution percentage (%) = (Actual project expenditures / Project planned expenditures) X 100
11- Give the information requested in items 4/-8/ for past years
12- Give the information requested in items 4/-8/ for forthcoming years

3.3 Foreign funding projection of the project for 2008-2011

1- Give the sector name
2- Give the full agency name
3- Give the full project name
4- Indicate the country or institution name providing foreign financing, for example, German Government, Asian Development Bank. If there is more than one external funding please fill in additional parts of this form.
5- Give the effectiveness date of the project, that could be same or different from the date of agreement
6- Indicate the type of financing: credit, grant and equity
7- Give the total amount in USD
8- Indicate the grace period, usually 3-5 year during which the disbursement of funds and interest payment are made, and the amortization period - period for credit principal amount repayment.
9- Indicate the annual interest rate
10- Give the breakdown of planned disbursement according to the funding agreement for given years
11- Give the breakdown of actual disbursement for given years
12- Give the average annual exchange rate if the funds received in foreign currency other than US dollar (Euro, Japanese yen)

3.4 Financing projection for 2008-2011 by sources (capital expenditure/investment demand)

1- Give the sector name
2- Give the full agency name
3- Give the full project name
4- Indicate the source of financing. The project could be financed from different sources: state budget as government share in the project, enterprises` own funds, foreign credits and other sources like grants and local credits

5- Indicate the total project cost in AZN
6- Give the exchange rate AZN/USD
7- Indicate the actual disbursement of the project for given year
8- Indicate the approved and adjusted amount of financing for given year
9-11 Indicate the estimated amount of financing for given years
12- Indicate the remaining amount of financing
13- Use the following exchange rate for the years indicated in 8-12 column 1 USD = 0.86 AZN

3.5 Project justification and analysis summary

1- Give the sector name
2- Give the agency name
3- Give the full project name
4- Indicate the project linkages and relations with the state programs, like, SSDP - Sector Strategy Development Plan, SRPRSD - State Program on Poverty Reduction and Sustainable Development, SPSEDR - State Program on the Social-Economic Development of the Regions
5- Indicate the contribution to the development in non-oil sector
6- Indicate the project contribution to the development of employment in non-oil sector
7- Indicate the contribution to the development of new technology
8- Indicate the project environmental impact and related investment
9- Give the project economic life, for example 10 years
10- Indicate the detailed information on project performance
11- Indicate the project current and anticipated issues, problems and proposed measures, for example, shortage of financing weak legal basis, natural disasters
12- Provide the major project analysis indicators like NPV, IRR and CEA in financial and economic prices

Net Present Value (NPV) is calculated through the formula

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

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:*

$$\sum_{t=0}^{T} \frac{Bt - Ct}{(1+r)t} = \sum_{t=0}^{T} \frac{Kt}{(1+r)t}$$

where Kt 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.

Information on Capital Expenditure and Intangible Asset Purchase Items of State Budget for 2005-2011 Template 4/LM

1- Give the sector name
2- Give the agency name
3- Indicate the expenditures in AZN according to the article N 282200 of Economic Classification under the Unified Budget Classification
4- Indicate the expenditures in AZN according to the article N 310000 of Economic Classification under the Unified Budget Classification
5- Indicate the total expenditures in AZN according to the articles N 282200 and N 310000 of Economic Classification under the Unified Budget Classification
6- Provide the detailed information on the actual scope of work for the indicated years
7- Provide the detailed information on the anticipated scope of work for the indicated years
8- Provide the detailed information on the forecasted scope of work for the indicated years

Instruction for completing the 2008-11 Public Investment Program Call Circular

List of objects to be constructed under capital expenditure investment from state budget in 2008-2011 (Template 1/REG)

1- Give the number
2- Give the full name of the project
3- Indicate the project capacity, for example, construction of 10 schools, construction 10 km road
4- Give the project cost according to the basis price
5- Give the conversion factor used for this project
6- Give the project cost according to the estimate
7- Give the project cost according to the contract
8- Give the total cost of construction -assembly works at contractual prices
9-11 Indicate the capacity, basis prices and contract actual expenditures for the given year
12-14 Indicate the capacity, basis prices and contract remaining balance of expenditures for the given year
15-17 Indicate the capacity, basis prices and contract forecasted expenditures for the given year
18-20 Indicate the contract demand for the given years
21- Give the full name of the contractor
22- For various notes

Information on Capital Expenditure and Intangible Asset Purchase Items of State Budget for 2005-2011 (Template 2/REG)

1- Give the sector name
2- Give the agency name
3- Indicate the expenditures in AZN according to the article N 282200 of Economic Classification under the Unified Budget Classification
4- Indicate the expenditures in AZN according to the article N 310000 of Economic Classification under the Unified Budget Classification
5- Indicate the total expenditures in AZN according to the articles N 282200 and N 310000 of Economic Classification under the Unified Budget Classification
6- Provide the detailed information on the actual scope of work for the indicated years
7- Provide the detailed information on the anticipated scope of work for the indicated years
8- Provide the detailed information on the forecasted scope of work for the indicated years

PUBLIC INVESTMENT PROJECTS EVALUATION FORMS (3/LM)

3-1 Project background information

1- Indicate the project status among the options: proposed new project, project under preparation (please submit the feasibility study, if it is not submitted before) and on-going projects
2- Give the name of sector, for example, Energy sector, Education sector
3- Give the name of rayon or city
4- Give the name of executive agency, for example, Azerenergy, Ministry of Education
5- Give the full name of the project
6- Give the number of the project, if it is available from the credit agreement, for example, 3923-AZ

7- Give the location of the project, for example, Sumgayit city, Guba region
8- Give the start and completion dates of the project (day/month/year)
9- Indicate the goods and services that the project is planned to produce, for example, the road construction, power station rehabilitation, airport construction
10- Indicate the project capacity in terms of cost and output, for example, 20 mln USD / 10 schools, 100 km of road
11- Give full name, position, telephone number and e-mail address and date of project responsible persons
12- Give full name, position, telephone number and e-mail address and date of person responsible for project preparation
13- Give full name, position, telephone number and e-mail address and date of person responsible for project approval
14- Give full name, position, telephone number and e-mail address and date of project contact person
15- Indicate the priority of the project with justification based on the country economic and sector strategy development goals

USAID FROM THE AMERICAN PEOPLE | Public Investment Policy Project

Memo

To: Janusz Syzmer, COP

From: Samim Cilem, PEM expert

Date: Feb. 1, 2007

Subject: Call Circular for draft PIP 2008-11: discussion for changes

Below are discussion points for possible changes to the PIP CC this year. The general idea is to keep the integrity of the process but simplify and target the information requests from the budget organizations. Informing in detail and training intensively the staff at the MOED and the budget organizations will improve the quality of CC responses this year relative to last year's CC responses.

One of the considerations in changing the CC Forms this year is to define exactly, what the PIP process and the MOED are trying to accomplish. For example, if there will be an electronic data base installed sometime in the near future to manage the public investments projects portfolio, then the requirements would be different than if that were not the case.

1. An instructions booklet that explains each Form in the CC and how to fill each line should be appended to the CC. Many of the specific changes on the CC Forms, suggested below, would be elaborated on in these instructions.

2. The CC may have to have at least 2 versions: one for line ministries/agencies and one for region/city/local executive organs (a simpler version which considers characteristics of local investment projects). Another variant of CC may differentiate between Call Circulars to ministries/agencies that are in social sectors versus in infrastructure sectors (this may have to wait for a later year).

3. A new Form which accounts for realistic recurrent costs of investments beyond realization of constructions (a methodology for calculating to be given in the CC instructions).

4. Projects proposals should identify specific indicators or output measurements by which the projects can be monitored and evaluated.

5. The ongoing projects should be more clearly identified from the newly proposed projects.

6. Include in the CC package a template for Project Concept Paper and instructions on how to fill it.

7. A numbering system to identify sectors, sub-sectors, programs, years, etc. should be considered.

8. The CC responses should be in electronic format (MOED should provide e-PIP CC; determine font size, style, etc.) This would primarily help the MOED/PIP staff but possibly make the work of budget organizations more difficult.

9. **FORM 1:**

Eliminate line 4.4., which requests copies of all documents on protocols and agreements on tenders undertaken in the previous year.

10. **FORM 2:**

Form 2.1 Specify units on amounts/volumes of projects;
Specify prioritization criteria;

Form 2.2. Add a column for "remaining financing" beyond the next PIP years. Some projects may have implementation periods that goes beyond the next four years.

Reword Azerbaijani language of 'Total Project Cost' ['layihenin umumi degeri'] to something that means 'total amount' from each financing source.

Form 2.3. The information requested is about finances of external borrowing and appears mostly in the purview of the Finance Ministry. The information requested may be simplified.

11. **FORM 3:**

Define (capital expenditure) budget classification items 282200 and 310000. Decide whether expenditure items 311320, 312000, and 313000 qualify as PIP 'investment' expenditure.

The request for information on the past capital expenditure amounts should start from year 2005. Prior to 2005, the information will be not be easy to get (or meaningful) because the new budget classification came into effect in 2005.

12. **FORM 4:**

The columns for cost estimates, which give '1991 Basis Prices' and 'Conversion Factors' for the current prices, should be eliminated. However, the practice has been in effect since 1992 and is backed by legislation. To address the issue will be politically complicated. On the practical level, we need to decide whether the construction/architecture institutes which are responsible for making project cost estimates are able to retool for new set of calculations.

FORM PP-1

Project proposal

1	Sector	
2	Agency name	
3	Project name	
4	Contact person name and his position	
5	Contact person phone number	
6	Contact person e-mail address	
7	Type of investment project	1.Infrastructural project ☐
		2.Social project ☐
		3.Innovative project ☐
		4. Productive project ☐
8	Objectives of proposed project	
9	Anticipated results	
10	How the work will contribute to sustainable development in the sector	
11	Risks and uncertainties to consider during the project implementation	
12	Alternative projects considered	
13	Project territory (regional) coverage	
14	Information about the of buildings, equipment and works features	
15	Amount of labor to be employed	
16	Estimated project cost (1+2)	
	1 - cost for project preparation	
	2 - cost for project realization	
17	The planned current expenditures after the investment project implentation	
18	Structure of investment project with breakdown by components	
19	Proposed duration of investment project preparation	
20	Proposed duration of invetsment project implementation	
21	Proposal on defining of authorized executing agency and brief description of the proposed agency's previous experience with the same and/or similar types of proposed project	

Public Investment Program Preparation and Approval Process: Status and Recommendations

The purpose of this summary note is to provide an overview of the existing institutional set-up, current procedures and practices used in Azerbaijan in preparation and approval of the public investment projects from the stage of project's identification through its inclusion to the Public Investment Program (PIP). The note provides an overview of the main stages and participants (as well as their responsibilities) of the existing PIP process and recommendations for its improvement.

I. Public Investment Program: Preparation Cycle

1.1. Identification and Submission of the project proposals

The Public Investment Program is financed through the State Budget and includes **three categories of expenditures:**

1. Capital improvement and rehabilitation projects funded from the line ministries' (LM) medium-term budgets;

2. Investment projects as listed in the Sector Public Investment Programs (i.e. domestic projects based on line ministries` Sector Strategy Development Programs (SSDP); and

3. Co-funded investment projects (shared through lending from the International Financial Institutions and line ministries` expenditures (i.e. government share in foreign-funded projects). These projects are normally accompanied with the sovereign guarantees.

To characterize separately each category:

1. Capital improvement and rehabilitation projects funded from line ministries'(LM) medium-term budgets:

Every year the line ministries submit their responses to the Ministry of Finance-issued Budget Call Circular. In accordance with the formal budget classification the expenses related to capital projects funded from line ministries` medium-term budgets (i.e., mainly reconstruction and renovation works) are reflected in the category "capital expenditures" (the classification number 282200).

The line ministries submit their budget responses with requests for capital expenditures needed for reconstruction and renovation of the existing and construction of the new assets. The budget is based on the estimates calculated in the feasibility study[1], prepared by a specialized design institute. In conformity with the new practice effective 2006, LMs along with the all supporting documents need to submit the expert appraisal of this reconstruction and renovation from the Construction and Architecture Department under the Ministry of Emergency Situations. Notably, the requests without this expertise will be rejected by the Ministry of

[1] Existing feasibility studies suffer from a number of drawbacks. Many important aspects of the Project Benefit and Cost Analysis are being neglected in the existing feasibility studies of projects. The analysis is of common character, neglecting shadow prices, calculation of NPV of future cash flows, conversion factors, IRR and etc.

Finance. Following this, the package of documents (budget estimates, feasibility study and expert appraisal) is considered by the relevant department of the Ministry of Finance. For example, the request from Ministry of Health is considered by the Social Sector Financing Department of the Ministry of Finance. Once the sector department reviews the requests, they will be submitted (along with the LMs' recurrent budget) to the Budget Department of the Ministry of Finance. There all budget requests are consolidating in one document – the State Budget.

2. ***Investment projects as listed in the Sector Public Investment Programs (i.e. domestic projects based on line ministries` Sector Strategy Development Programs (SSDP):***

Along with the Budget Call Circular, LMs submit budget requests for public investment projects. The approved projects then get consolidated in the Public Investment Program (PIP). The PIP Call Circular is issued annually by the Ministry of Economic Development. The PIP requests contain information on: the nature of a project, importance for sectoral development, expected budget, and technical calculation as related to the project. The requests normally need to have relation to the relative LMs' Sector Strategic Development Plans, or in the National Development Programs (specifically, the State Program for Poverty Reduction and Sustainable Development (SPPRSD,) and the State program for Socio-Economic Development of Regions (SPSEDR)). A Project Proposal Package is prepared either by LM itself through the relevant research institutes, or with the help of a foreign creditor in the case of foreign loan. The Ministry of Economic Development reviews the PIP submissions approves/reject projects commensurate to the medium-term development objectives of the sector, importance for the economy, and relation to GOAZ poverty reduction and regional development priorities.

3. ***Co-funded investment projects (shared through lending from the International Financial Institutions and line ministries` expenditures (i.e. government share in foreign-funded projects). These projects are normally accompanied with the sovereign guarantees:***

In the case of a foreign-funded project (whereby GOAZ co-shares normally 20-25%), the investment project proposal package is prepared by an external consulting firm funded by the foreign creditor (normally, ADB, IBRD, EBRD, IDB, others). Once the proposal package is prepared, it is submitted to the Cabinet of Ministers' Department that coordinates the State Guaranteed Credits, Technical Assistance and Grants (the Coordination Department). The staff of the Coordination Department further reviews the project and produces recommendation for GOAZ acceptance. The project package normally contains the following documents: project description; economic and financial terms and condition; a feasibility study, which provides the detailed analysis of technical and financial viability of a project, leading to the development of a Project Appraisal Document (PAD).

With respect to the international creditor proposal, the Coordination Department distributes the investment proposal package for review and comments to the Ministry of Finance (financial terms and conditions of the project, size of government share in the project), the Ministry of Economic Development (compliance with the medium-term economic and social development program and social-economic policy priorities)[2], the Ministry of Taxes (compliance with the tax policy of the country), the Ministry of Justice (the legal opinion and responsibilities of the parties), and the National Bank (compliance with the exchange regime arrangements).

[2] In conformity with the Resolution of the Cabinet of Ministries N.75 dated May 24, 2004 on "State Budget Preparation and Execution Procedures"

The Coordination Department within two months summarizes the comments received from the involved institutions, considering all conditions for providing the loan, the issue of the project's priority and strategic importance, and prepares its recommendations for the Prime Minister Office.

1.2. Approval of the project proposals

In the case of the capital expenditures requested by line ministries (budget requests), the approval of the expenditures is processed by the Budget Department of the Ministry of Finance. MOF, in turn, coordinates approval with the Public Investment Division of the Ministry of Economic Development. After the extensive discussions the relevant expenditures are included in the Public Investment Program.

The investment projects and programs submitted under the PIP Call Circular and request financing from Public Investment Program are approved by the Ministry of Economic Development in consultation with the Ministry of Finance. After consensus and approval the investment projects are included in the Annual Public Investment Program.

In respect to the foreign-funded projects, the Prime Minister Office considers and appraises the investment project proposal based on comments of the ministries, involved in the review process, and takes a decision:

i. reject the project;
ii refer the PAD back to the executing agency for further preparatory work and resubmission to the Prime Minister Office; or
iii. accept the project.

Once the project is approved by the Prime Minister Office, the project proposal package is submitted for the consideration by the President Office. The President approves the project of the line ministry by issuing a special decree. In respect to a credit or loan, there is a ceiling on contracting a new foreign debt, which amount ceiling is set out in the state budget[3]. The limit covers the borrowing on concessional as well as commercial terms.

Considering all the above-mentioned, the authority to sign credit agreements or loan guarantee agreements is rendered by a special resolution of the President of Azerbaijan Republic to the authorized person (or agency) in the Government. Once a loan agreement is drafted, its draft is subject to legal opinion to ensure its conformity with the Azerbaijan legislation. Thereafter the loan is registered in the so-called State Register of External Debt with a special code attained. The Ministry of Economic Development includes the project in the Public Investment Program and the Ministry of Finance includes the relevant government funding share (investment expenditures) in the state budget for the years of the project implementation.

1.3. Public Investment Program preparation

The Public Investment Program covers all public investment expenditures financed only by state budget. Other investment expenditures of the extra-budgetary institutions (i.e., the State

[3] In 2004 State budget is 199 mln. AZN, in 2005 State budget is 394 mln. AZN, in 2006 State budget is 540 mln. AZN. According to the existing methodology the amount of the disbursed and outstanding public external debt should not exceed the ratio of outstanding debt to GDP of 40%.

Social Protection Fund (SSPF) and State Oil Fund of Azerbaijan (SOFAZ)[4]) are not included in the state budget. Moreover, SSPF and SOFAZ investment expenditures stay outside of project expenditures classification in the consolidated budget reporting.

At early stages of the PIP preparation process the Ministry of Economic Development (MOED) and Ministry of Finance (MOF) jointly prepare a medium-term Public Investment Policy and Program reflecting the list of investment expenditures for existing and new projects. These projects are of nature described above in sections b) and c). These projects are considered and reviewed by MOED and MOF for compliance with the medium-term economic and social development program and social-economic policy priorities.

Once the draft PIP is submitted to the Cabinet of Ministries for review, consideration and approval, the total amount of PIP expenditures remain unchanged. In here the projects are ex/included based on publicly unknown justification and grounds.[5] Then, the total budget of the investment expenditures is approved by the Parliament as a part of the state budget package. Notably, the Parliament approves the total amount of PIP and the detailed information on the composition of the PIP portfolio is submitted to the Budget Committee.

In 2006, in contrast to previous years, the breakdown of PIP by sectors was included in the the submitted package of State budget 2006. As mentioned earlier, prior to 2006 a single figure in the state budget represented the total amount of the investment expenditures. The breakdown of investment expenditures (i.e., the investment projects list itself) used to be modified and approved by the separate order from the Cabinet of Ministries after the state budget approval was granted in beginning of the budget year. Hence, the tendency for the last-minute reallocation of investment spending continues.

As a result of disintegrated investment policy, development agenda and budgeting, there are **three versions** of the Public Investment Program document with different content and same total amount of investments. Specifically:

1) Draft medium-term PIP prepared jointly by MOED and MOF (not adopted);

2) PIP, list of investment projects' shares by sectors and total amounts, submitted for approval by Parliament within the State budget package; and

3) PIP, the annualized list of projects, modified and approved by the Cabinet of Ministers' Resolution dated a month later after the state budget is adopted (formal PIP approved and followed by GOAZ).

[4] The investment projects financed by the State Oil Fund of Azerbaijan (SOFAZ) are not included in PIP. However, there are investment projects directly funded by SOFAZ. In the SOFAZ's 2006 budget there are two projects amounted to 127 mln AZN.

[5] PIP approved by the Cabinet of Ministries is a concise document that merely consists of the annual breakdown of investment projects by LMs without any reference to the national or sector investment policies, macroeconomic perspectives, sector background and/or other necessary requisites of a sound Public Investment Program.

II. The participants of the Public Investment Program preparation process and their functions

Public Investment Program preparation activities involve the participation of a number of government institutions with various responsibilities. These bodies and their responsibilities are summarized below:

2.1 President's Office, the Parliament (Milli Majlis)

- Review and clearance of the budget by relevant departments of the President's Office;
- Readings and approval of the state budget and Public Investment Program;
- State budget approval by the President;
- State Consolidated Budget ratification by Parliament.

2.2 Cabinet of Ministries

- Sets the rules and guidelines in the preparation of investment and technical assistance implementation;
- Takes the decisions about preparation, starting the implementation, continuation and financing of the investment projects;
- Approves a project list of the Public Investment Program within the medium-term economic and social development program;
- Appoints the responsible and controlling agency for each investment project, determines their obligations.

2.3 Ministry of Economic Development

- Key role in the preparation of the medium-term Public Investment Program in consistency with medium-term economic and social development program;
- Get quarterly reports on the physical execution of the investment projects;
- Summarizes and stores the information on investment projects, on request prepares the reports to the Cabinet of Ministries, Presidential Office and other official institutions, as well as foreign and international agencies;
- Co-operates with all institutions involved in public investment projects preparation and implementation (Ministry of Finance, line ministries).

2.4 Ministry of Finance

- Participate in the discussion of the government investment strategy and medium-term Public Investment Program;
- Issue the guarantees on foreign loans based on the ceilings set out in the state budget;
- Register all foreign loans and maintain the loan inventory;
- Supervise the operations and activities of projects at the implementation and after the completion stages of projects, control financial execution of the investment projects;
- Conducts audits of the projects as needed;
- Provision of PIP projects investment expenditures in the state budget;
- Co-operates with all institutions involved in public investment projects preparation and implementation (Ministry of Economic Development, foreign creditors, line ministries).

2.5 Line Ministry (executing agency)

- Prepares the project proposal package according to established order;
- Organizes and manages preparation and implementation of the investment project through established Project Implementation Units (PIU);
- Reports to the Ministry of Finance and Ministry of Economic Development on monthly basis about course of the project according to established order;
- Stores the project documentation;
- When project is completed, submits the Final Report to the Ministry of Economic Development and Ministry of Finance.

III. Recommendations

A good Public Investment Program is aimed at ensuring different although interrelated functions:
- improving economic management, to ensure that macroeconomic sector strategies are translated into programs and projects;
- improving coordination and channeling financial resources to priority areas;
- assisting public financial management, by balancing commitments and resources over a multi-year framework; and
- strengthening the project cycle by providing a framework within which project preparation, implementation, and monitoring can occur.

Perhaps the most significant benefit that Azerbaijan could receive from good PIPs is that the process of PIP preparation itself gives an opportunity to review, and then integrate into the budget, investment expenditures that were previously non-budgeted. PIP exercises contribute also to extending the horizon of financial programming and planning beyond the annual budget, and the perspective of policymakers in a more realistic way.

Finally, if conducted rigorously and with full local participation, the process can be an invaluable capacity-building tool, and a way to introduce financial discipline and the awareness of opportunity cost into the informal rules of the local bureaucracy. Finally, a good PIP process can set the stage for the eventual medium-term programming of all expenditure which is the optional way of incorporating the needed multi-year perspective into the budget process.

The broad goals of public investment programming are to: (i) raise investment efficiency by improving project quality; (ii) bring investment allocation in line with country policies and priorities; (iii) assure consistency between investment programs and available financing at; and (iv) lead in time to a more comprehensive multi-year expenditure framework.

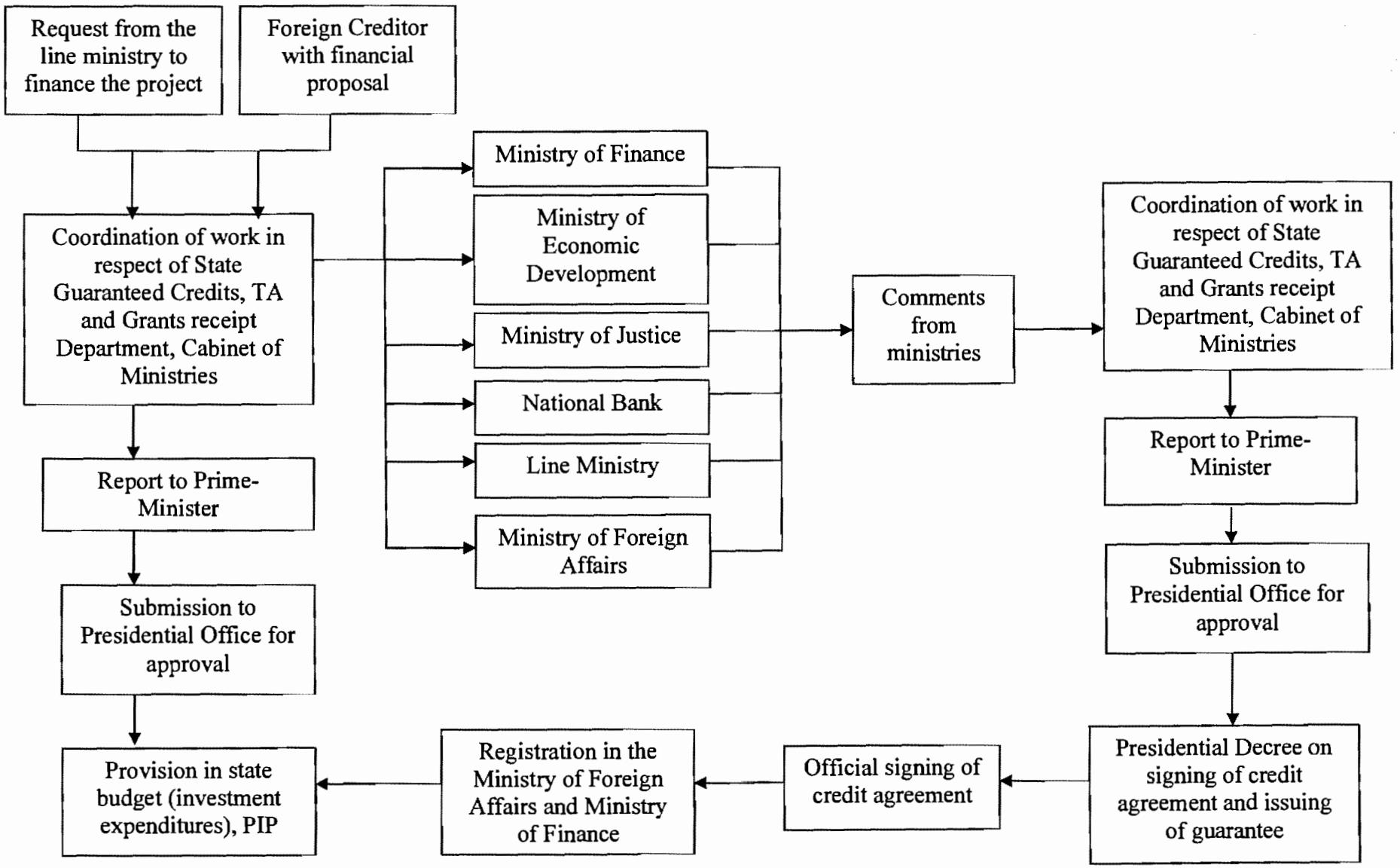
All these goals require sufficient control by the government over project selection and strategic allocation of funds —assuming a reasonable degree of integrity and efficiency in the country's governance and public management.

The directions and sequencing of reforms in public investment programming stem directly from those four goals. For better project quality and investment efficiency:
- The first priority is to design institutional procedures, improving the current procedures and practices, and introducing new techniques and formats. It is, therefore, quite natural that the current system needs several new or improved key institutions, procedures, and analytical techniques and formats for the formulation, preparation, and approval of a sound public investment policy and program.

- Also essential is the capability for economic appraisal of projects. The projects should be prioritized and selected on the basis of the cost-benefit analysis as well as a combination of policy-based and quantitative criteria.
- Third, an agile procurement process that minimizes the opportunities for corruption, and effective physical monitoring of project implementation and completion are a must. Strengthening the audit function and obtaining systematic feedback from local entities can be extremely useful.

For the other three objectives of public investment programming:
- It is important to have a procedure for early decision of whether the investment allocation corresponds to aggregate and sectoral policies, and the ensuing preliminary definition of the sectoral expenditure envelopes.
- Also, through good investment management and coordination, regulations are needed for assessment of the probability of financing for various projects, and strong regulation should be in place to assure that only projects with certain financing are included in the investment program.
- Finally, a realistic procedure and minimum capacity for estimating the total cost of investment projects and their recurrent costs is a must. The absence of these estimates, however, is sufficient in itself to cast a cloud on the usefulness and integrity of the public investment programming process. Conversely, the experience gained through these forward estimates can be invaluable for the eventual move to a comprehensive multi-year expenditure approach.

Diagram 1. Procedures for PIP approval



Comparative Analysis of PI Program Planning and Management Processes in Azerbaijan and Kazakhstan

February 2007

PIP Project
Baku, Azerbaijan

Abbreviations

COM – Cabinet of Ministers
IRR – Internal Rate of Return
IFIs - International Financial Institutions
LMs - Line Ministries
MOED – Ministry of Economic Development
MOF – Ministry of Finance
MOEBP – Ministry of Economy and Budget Planning in Kazakhstan
MTMF – Medium-term Macroeconomic Framework
MTEF - Medium-term Expenditure Framework
MTFF - Medium-term Fiscal Framework
NES - National Employment Strategy
PAD – Project Appraisal Document
PI - Public Investment
PIP – Public Investment Program
PIPP – Public Investment Policy Project
NPV – Net Present Value
RDPs – Regional Development Plans
RBC - Republican Budget Commission
SDPs – Sectoral Development Plans
SPPRED – State Program on Poverty Reduction and Economic Development (PRSP)
SPRSED – State Program on Regional Socio-Economic Development

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Overview

This document describes current and proposed technical and organizational procedures used for formulation and management of the public investment policy and program in Azerbaijan and compares the current and proposed practices with those in Kazakhstan. It is designed to assist the Government of Azerbaijan to reform the PIP planning and management at the macro, sectoral and project levels through the design and introduction of best practices.

There are several practical reasons for choosing Kazakhstan for comparison of public investment planning processes. 1) The political system of Kazakhstan and Azerbaijan are very similar. Both countries are Presidential Republics with independent legislative and judicial branches. In both countries COM is designed to provide required technical and coordination services and support to Presidents. 2) Economic planning and management structure within the government are more or less similar in both countries. Economic planning and management of public expenditures are divided between the two ministries. In Kazakhstan MOEBP is responsible for economic and budget planning (including medium-term national development strategies, MTFF, PI Program and the annual budget). MOF is responsible for **operational management** of public revenues and expenditures. In Azerbaijan economic and budget planning and management are divided between MOED and MOF[1]. COM is designed to coordinate and consolidate economic and budget planning activities, as well as activities of all other line ministries both in Azerbaijan and Kazakhstan. 3) Both countries face similar challenges in translating natural endowments into the long-term sustainable development and in effectively managing significant flow of revenues from the sale of natural resources. These countries also share significant similarity in terms of the status and rate of economic and social development. Both of them are leaders by the rate of economic growth in the CIS region. 4) Kazakhstan has established a comprehensive institutional and regulatory framework for effective planning and management of public investments, which is designed in line with international practices. 5) Similarities in political and economic management processes and achievements in reforming the PIP planning lend Kazakhstan a suitable example to analyze and draw from in reforming the public investment planning process in Azerbaijan.

1. Strategic Macroeconomic Planning

1.1. Current situation in Azerbaijan

1. Public Investment Policy and Program is an indispensable part of effective macroeconomic planning and budgeting functions of the government. The government of Azerbaijan has acknowledged this need early in the public expenditure reform process and emphasized the need for reforming the public investment planning and management process in the SPPRED[2], Azerbaijan's first national strategic economic development plan signed into effect in 2003. The SPPRED viewed the PIP policy and program as an important policy tool to balance expenditures and revenues, to determine expenditure priorities of the government, to ensure transparency in the

[1] MOED prepares MTMF, national development programs, PI program; MOF prepares MTFF, annual budget and manages implementation of MTFF.

[2] The government is in the approval process of the new long-term development strategy of the country for 2006-2015, the State Program for Poverty Reduction and Sustainable Development (SPPRSD), which will replace SPPRED.

preparation and approval of public investments and to use public investments to pursue strategic social and economic development goals of the country.[3]

2. National socio-economic strategies including SPPRED, SPRSED and NES[4], and MTMF and MTFF altogether form the macroeconomic level of the current planning process of public expenditures and investments. MTMF and MTEF are introduced in 2002 with the adoption of the law on "Budget System" and the regulation on "Formulation and Management of the State Budget". According to the latter document MTMF should precede the preparation of the medium-term fiscal outlook in the budget preparation cycle and should serve as the foundation for preparation of MTEF.[5] However, MTEF is poorly formulated, and poorly grounded on MTMF. As such it is not capable of serving as an effective macroeconomic policy instrument. There are also no clear guidelines or rules for the preparation of MTEF as distinct from MTMF.
3. Translation of policy priorities of the political leadership into public expenditure priorities and public investments usually takes place through a) review and approval of the State Budget and National Socio-Economic Programs by the President and Cabinet of Ministers, b) meetings of the extended Cabinet of Ministers with participation of the President where achievements and effectiveness of socio-economic policies are reported, discussed and evaluated, and c) special Presidential Decrees on different aspects of the Socio-economic Development some landmarks of which include but not limited to the November 24, 2003 Presidential Decree on Measures for the Acceleration of Socio-Economic Development of the Republic of Azerbaijan, the March 30, 2006 Presidential Order on Measures for the Promotion of Investment Activities, and etc.
4. The medium term development objectives and strategies of the government are communicated to line ministries through the PIP Call Circular, which is separately issued by MoED and includes the list of PIP and inter-sectoral priorities and medium-term macro-economic outlook to enable budget organizations to prepare and submit their public investment projects.
5. At the macroeconomic level main problems of the current planning practices in preparation of the public investment policy and program are a) poorly formulated macroeconomic goals and strategies in national socio-economic strategies, b) inclusion of sectoral strategies into the SPPRED and SPRSED with little analysis of their relevance to national socio-economic objectives c) lack of technical capacity for preparation of sound macroeconomic and fiscal outlook based on econometric exercises d) the need for capacity development to better synchronize fiscal policies with macroeconomic plans and to translate national strategies into medium-term development plans e) lack of regulations or rules on preparation of national strategies f) lack of sectoral budget ceilings for capital expenditures and g) lack of evaluation practice of MTMF and MTEF for effectiveness that can feed into the improvement of the process.[6]

1.2. What PIP Project Proposes to Azerbaijan (preliminary ideas)

1. PIP project needs to strengthen relevant institutional design and capacity of the Cabinet of Ministers to improve the strategic macro-planning and management in the country. This will enable CoM to better perform its vital functions in terms of ensuring translation of policy priorities of the President into public expenditure and investment priorities through its strategic direction, oversight, review and coordination on economic planning and management, and also more effectively coordinate the macro-planning process with public expenditure policies.

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[3] Some international organizations criticized SPPRED on the ground that it was a broadly formulated policy paper without regard to resource constraints. However, SPPRED represented the first ever experience of the national government of Azerbaijan in designing a long-term national development strategy and heavily used technical assistance of IFIs.
[4] The President approved NES in 2005.
[5] Azerbaijan Republic, *Rules on the Preparation and Execution of the State Budget,* COM, Ordinance # 75, May 24, 2004.
[6] DAI. *PIPP Work Plan: Sep. 2006- end of 2007,* October 2006. pp. 8-9.

2. The PIP project proposal assigns two fundamental PIP policy related functions to COM a) to provide the President with the solid assessment of the past socio-economic development and enable him to effectively formulate and declare his new medium-term national and sectoral development objectives and b) to review the Public Investment Program of Azerbaijan (draft of which is formulated and submitted by MOED), ensure that it reflects socio-economic development priorities and comprised of investments that will yield the highest returns.

1.3. Strategic Planning in Kazakhstan

1. Key institutions in the strategic planning process of Kazakhstan are the President, COM, MOEBP and the Republican Budget Commission. The President sets and identifies broader contours of the economic and social development of the country. He/she exercises his authority on socio-economic management of the country through the annual address to the people of Kazakhstan, long-term development strategies (i.e. Development Strategy of Kazakhstan till 2030) and national development plans prepared by CoM and approved by the President. Per the Constitution of the country, CoM is the supreme executive organ of the President and designed to provide and coordinate all required technical assistance to the President in the formulation and implementation of national socio-economic strategies of Kazakhstan[7].
2. RBC (sort of a sub-cabinet) is a high level permanent institution established by the President, members of which include the Prime Minister, ministers and other top government officials (total 19 members). The Budget Law equipped RBC with vital authority in respect to the macroeconomic planning process, and formulation of the annual state budget.[8] It is designed to review and identify the medium-term fiscal outlook, priorities of the public expenditure policy, sectoral budget ceilings, the list of priority public investments, the list of sectoral development programs, and etc. RBC also reviews and approves medium-term development plans, evaluation reports on implementation of the state budget, the state budget for the next fiscal year, funding requests of government organizations and disagreements between a government organization and MOEBP on funding requests. Many RBC decisions are subject to the review and approval by COM before they reach the President or the Parliament.[9]
3. MOEBP is tasked with the preparation of all economic and budget planning documents including but not limited to the draft state budget, MTFF, MTMF, medium term development plans, list of priority PI projects, evaluation report of the state budget and etc.. It should also provide all technical and analytical work to support the work of the President, COM and RBC.
4. The main strategic macro-planning instrument in Kazakhstan are national socio-economic programs prepared by the executive agency or consulting-advisory councils in collaboration with all related government organizations, reviewed by COM and approved by the President. The national socio-economic programs are prepared through top-down planning process. They stand above sectoral and regional programs and they are designed to address large-scale (national) economic, social and other problems. These programs also need to conform with the long-term national priorities determined in the "Development Strategy of Kazakhstan Till the Year 2030", have specific objectives and deadlines and concur with all other national, sectoral and regional programs.[10]

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[7] Kazakhstan, Constitution of the Republic of Kazakhstan, August 30, 1995, retrieved from http://en.wikipedia.org/wiki/Constitution_of_Kazakhstan.

8 The special Presidential decree regulates activities of RBP.

9 Kazakhstan, *The Budget Law of the Republic of Kazakhstan*, Parliament, April 24, 2004, pp. 77-78.

[10] Kazakhstan, *Preparation and Execution of National Programs of the Republic of Kazakhstan*, Presidential Decree, June 2, 2003.

5. The preparation and implementation of the long-term and medium-term national socio-economic programs are regulated by special regulation on "Preparation and Implementation of National Programs of the Republic of Kazakhstan" approved by the Presidential Decree. This regulation determines the structure and the process of the preparation, approval, implementation and evaluation of national programs, and identifies requirements to them.
6. Two other legal documents which regulate the strategic macro-economic planning process in Kazakhstan are the "Budget Law" approved by the parliament and the regulation on "Preparation of Medium-Term Fiscal Policy" approved by the Cabinet of Ministers. The Budget Law of Kazakhstan is very detailed and inclusive. It provides higher level regulatory framework for all public expenditure matters and determines the contours of the public revenue and expenditure policies. The law regulates revenue and expenditure management of the National Fund, which is a rough equivalent of the Azerbaijan Oil Fund, determines the role of the government agencies and Budget Commission in formulation, implementation and monitoring of the budgeting process, identifies the budgeting process, determines in details the process for formulation, prioritization, approval, implementation and monitoring of public investments (which "Azerbaijan's Budget System" Law lacks).[11]
7. The state budget in Kazakhstan is divided into two parts; current expenditures and capital expenditures.[12] This enables the government to better compile, analyze and monitor public expenditures, to steer public expenditures in line with national development and MTFF priorities, and to manage the state budget as an effective macroeconomic policy instrument.
8. The regulation on "Preparation of Medium-Term Fiscal Policy" broadly determines the preparation process of the medium-term fiscal policy and defines MTEF. The document determines the fiscal and tax policy of the country, sectoral budget ceilings, results of the evaluation of the former budget program, priorities for public expenditures and ways to implement main priorities of national and regional socio-economic development. MOEBP prepares MTEF annually on the basis of the annual message of the President to the people[13], the Budget Law, Strategic Development Plans, medium-term national programs, and regional and sectoral programs.[14]

1.4. Comparative Analysis of Macro-Planning Processes

(to be extended depending on the PIP project proposal for Azerbaijan)

1. The strategic macro-planning processes in Azerbaijan and Kazakhstan substantially differ from each other. The macro-planning process in Kazakhstan has a more detailed and comprehensive regulatory framework. After all, Kazakhstan legally regulates the development of national programs thus ensuring systematization of the process and synchronization of national programs with other planning processes.
2. Additionally, the process in Kazakhstan provides the President with more and better capability to set and renew his/her national socio-economic priorities and translate them into public expenditure and investment priorities, as the regulation on MTEF planning clearly requires that MTEF has to be based upon the President's annual address to the people and MTMF.

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[11] The document is prepared by an Advisory Council comprised of top economists, Kazakh officials and IFIs' representatives.

[12] Kazakhstan, *Rules on Preparation of the State Budget and Emergency Budgets*, Presidential Decree, July 20, 2004.

[13] The annual address of the President in Kazakhstan is of programmatic nature. It reflects policy priorities and strategies of the political leadership and according to law forms the basis for medium-term socio-economic planning in the country. The title of the annual address of the President of Kazakhstan in 2005 was "On the way to accelerated economic, social and political modernization" which well summarizes the strategic direction for the country for coming years.

[14] Kazakhstan, The *Medium-term Fiscal Policy for 2005-2007*, COM, Ordinance #918, August 31, 2004. p. 4.

3. Per current processes in Kazakhstan and Azerbaijan, COMs are designed to provide technical and coordination services to Presidents in determining and implementing national socio-economic strategies and PI policies. In both countries, COMs possess authority to review, coordinate and in some cases approve macro-planning documents.
4. The macro-planning process in Azerbaijan lacks an institution similar to RBC specifically designed to review MTMF, MTFF, PI program, and the draft state budget, to address disagreements on capital expenditures between a government organization and MOEBP, to identify budget ceilings and etc. to assist COM with decision-making on macroeconomic planning documents.
5. MOED in Azerbaijan performs similar functions to MOEBP. However, authority and tasks of MOEBP is much broader and includes all aspects of the macroeconomic planning. MOEBP is not only tasked with the preparation of economic planning documents such as MTMF, PI program, drafting national development programs, monitoring national and sectoral development programs, and etc. Its authority extends to all levels of the budget planning process including preparation of MTFF, a draft of the state budget, a Budget (similar to JCC) Circular, evaluation report on effectiveness of public expenditures, and etc. The role of MOF in budget planning in Kazakhstan is limited with the operational management of the budget and development of standards / methodology to ensure effective spending of public expenditures.
6. The fiscal management in Kazakhstan is also better regulated. As distinct from Azerbaijan the preparation of MTFF and its content are legally determined. The budget is divided into current and capital expenditures. Capital expenditures include all public investments regardless of the source of funding. Budget ceilings both for current and capital expenditures are determined and communicated to government organizations to ensure consistency of the budgeting process with national priorities.

2. Sector level of planning

2.1 Current situation in Azerbaijan

1. Currently the preparation and implementation processes of sectoral and regional programs in Azerbaijan are very fragmented and unsystematic. Almost each ministry /sector (education, heath, transportation, migration management, and etc) has its one or more sectoral development plans (SDPs). Additionally, acceleration of development in many regions of Azerbaijan is also managed through regional development programs (RDPs), which include measures and investments specifically addressing socio-economic issues in a particular "economic region"[15]. Many of these sectoral and regional programs are poorly linked to the strategic development plan and represent the "wish list" of projects. Virtually none of them indicate sources of funding, performance indicators and expected results. Many of these programs are also plagued by poor problem analysis and poorly defined goals and objectives.
2. The structure of SDPs and RDPs varies from one sector and region to another. They lack coordination schemes to ensure effective inter-sectoral collaboration of concerned government agencies to successfully implement SDPs and RDPs. These programs are also poorly linked to other SDPs and RDPs. Public participation in the formulation of SDPs and RDPs are none or little, which doesn't enable them to play an essential role in bottom-up planning process and complement macro-planning processes. SDPs and RDPs list planned measures with no respect to

[15] Economic regions include more than one district. Districts and villages are grouped under a region according to inter-district economic relations and similarity of their socio-economic problems.

budget constraints. The documents of these programs also do not describe approach to monitoring and evaluation of planned activities as well. [16]

3. The fragmented nature of sectoral and regional planning process in Azerbaijan is mostly driven by lack of regulations on preparation and management of SDPs and RDPs. The application of two different Call Circulars for the State Budget and PIP program also do not enable government organizations to synchronize their planning and budgeting processes.

2.2. What PIPP Project Proposes to Azerbaijan

1. It is proposed to regulate and systematize the preparation and management of SDPs and RDPs through standard requirements for the structure, goals and objectives, links with strategic development programs, problem analysis, monitoring and evaluation, activities and investments, public participation and performance indicators. Introduction and application of the Joint Call Circular, which would combine the PIP, Budget and SPPRED Call Circulars, would contribute to the synchronization of activities and plans in program budgets and SDPs/RDPs.
2. In this scheme of sectoral planning, government organizations would formulate their annual and medium-term budgets on the basis of their sectoral programs as well as total budget ceilings communicated to them through Joint Call Circular (JCC). JCC would also address the fragmentation of the PI program as it would collect and compile information on all capital expenditures. The regulation on SDP/RDP preparation would make sure that sectoral programs are well grounded on strategic programs.
3. The proposed regulatory framework for SDPs/RDPs would attach the preparation and approval process of SDPs/RDPs to a timeline in order to achieve the synchronization with the budgeting process. Successful economic planning and management in Azerbaijan would require translation of medium-term plans of the country into annual action plans through strategically designed PI program, annual budgets and revenue and expenditure directions.[17]

2.3. Sectoral and Regional Planning in Kazakhstan

1. Sectoral and regional planning process in Kazakhstan is regulated by the special regulation on "Preparation and Implementation of Sectoral and Regional Programs" of the Cabinet of Ministers. This regulation sets standard requirements for all sectoral and regional programs in terms of structure, design and approval process, goals and objectives, performance indicators, and monitoring and evaluation process. The same regulation also requires that sectoral and regional programs are prepared on the basis of long-term development strategies of the country, and MTEF and budgetary constraints at the national and local levels.[18]
2. Kazakhstan issues only the Budget Call Circular for collecting and compiling required information for budget planning and public investment planning as regulated by the "Budget Law". Thus in principle it applies the "Joint Call Circular" approach, which pursues better liaison between sectoral and regional planning, Public Investment Program and budgeting processes. The Budget Call Circular is prepared on the basis of unified budget classification, budget expenditure ceilings, medium-term budgets of government organizations, medium-term expenditure framework and national socio-economic development plans, RDPs/SDPs, and the list of priority public investments.[19] Such a sectoral and regional planning system enables Kazakhstan to achieve

[16] DAI, *Draft PI Policy and Program Manual: Appendix 3,* October 2006, Baku, Azerbaijan.
[17] Ibid. pp. 10-11.
[18] Kazakhstan, *Rules on Preparation and Implementation of SDPs/RDPs in the Republic of Kazakhstan,* COM, Ordinance # 231, February 26, 2004.
[19] Kazakhstan, *Rules on Preparation of the State Budget and Emergency Budgets,* Presidential Decree, July 20, 2004.

better top-down and bottom-up planning, and harmony among national development programs, SDPs/RDPs, MTMF, MTEF and PIP program.

2.4 Comparative Analysis of Sectoral and Regional Planning Processes

1. The proposed planning scheme for sectoral and regional development programs shows great similarity to the existing system in Kazakhstan. The existing regulatory framework in Kazakhstan ensures that all SDPs/RDPs comply with standard procedures and rules in terms of the preparation, approval and implementation processes, structure and conformity with strategic development plans and MTEF. Application of the "Joint Call Circular" principle ensures consistency between the budget and public investment planning and avoids fragmentation that exists in Azerbaijan.

3. Project level planning

3.1. Current situation in Azerbaijan

1. Current system for the analysis, preparation, approval and management of public investment projects is highly fragmented in nature and does not conform to modern best practices. There is no clear project cycle analysis in place and more than one way for an investment project proposal to end up in the Public Investment Program. The trajectory a project proposal follows to get into the PIP program usually takes place though SDPs/RDPs. Government organizations tend to justify inclusion of their investment projects into the Public Investment Program with SDPs/RDPs, which are reviewed by COM and approved by the President. Many of these projects lack comprehensive and systematic project analysis and some go through technical analysis[20] only, which is required for receiving funding from the Budget.[21]
2. Investment projects funded or co-funded by international financial institutions/international partnerships are usually the only public investments which undergo rigorous project analysis process. However, shortcoming of these investment projects is that their analysis and appraisal are undertaken by international organizations or international consultants according to their own parameters and strategic direction, which may or may not be in line with those of the government.
3. The investment project analysis/feasibility study process is regulated by COM ordinance on "Assessment, Approval and Re-approval of Construction Processes and Feasibility Studies of Buildings, Equipments and Enterprises" dated back to October 1992. As determined by this ordinance the cost estimation of all current construction projects is computed using 1991 prices, and special coefficients. The latter is annually estimated by the Construction and Architecture Department of the Ministry of Emergencies.
4. The planning and approval of capital expenditures also follows different trajectories depending on the scale and type of public investments. Three different processes are distinguished in the current system: a) Certain capital expenditures approved through the medium-term budgets of government organizations b) Public investment projects approved through the Public Investment Program (PIP) c) Internationally funded or co-funded projects approved by COM and included in PIP[22]
   a) These capital expenditures refer to certain investments with budget classification numbers of 282200 and 310000, which include construction of office and residence buildings, purchase of equipment and vehicles, construction or purchase of agricultural technology, underground assets, purchase and processing of land and etc. Capital expenditures for these

[20] Technical analysis is limited to construction and design specifications, location and cost estimations.
[21] DAI, *PIP Project's Quarterly Performance Review: April –June 2005*, August 2005, Baku, Azerbaijan, p. 10.
[22] DAI, *PI Program Preparation and Approval Process*, Technical Note, December 2007, Baku, Azerbaijan, p.1.

types of investments are sanctioned by MoF and submitted to MoF by government organizations through the Budget Call Circular. The funding for these capital expenditures comes from medium-term budgets of each government organization. MOF, in consultation with MOED, authorizes these capital expenditures on the basis of technical analysis as examined by the Ministry of Emergencies and relevant feasibility studies.

b) Public investments sanctioned through the PI program are compiled by MOED according to responses of government organizations to the PIP Call Circular. Feasibility studies and justification of the project in terms of its consistency with national and sectoral programs are supposed to accompany all submitted investment proposals. MOED reviews all project submissions and if finds the project analysis and justification reasonable includes them into the draft PIP, which is then sent to COM for review. COM together with the draft State Budget then submits the draft PI program to the Parliament and sanctions the PI program early in the new fiscal year revisiting the content of the PI program by some parameters.

c) Public investment projects proposed for funding or co-funding by international financial institutions are examined by the special department of COM and all relevant government organizations for consistency with the existing legislation, national and sectoral development strategies of the country and medium-term fiscal framework. The project proposal with all comments is then submitted to the Office of the Prime Minister for review. If results of the review is positive, then the project proposal is sent to the approval of the President, who provides COM with the authority to sign the loan agreement IFIs. After the signing of the loan agreement, this investment project is sanctioned to get into the PI program.

5. No consistent guidelines or regulations exist for the management, monitoring and evaluation of investment projects excluding those funded or co-funded by international financial institutions. Each line ministry independently determines the management scheme of public investments according to their organizational design, existing administrative and procurement regulations. Monitoring over domestically funded public investments are carried out by MOF and to some extent by MOED. MOF monitors public investments to determine whether budgetary funds are used in full compliance with the laws and regulations. MOED monitoring is limited to tracking the progress of individual projects through government organizations' responses to PIP Call Circulars. The new approved statue gives MOED a monitoring authority over public investments. However, MOED lacks the regulatory framework for exercising this right. In similar lines, no regulatory framework exists for the evaluation of the PIP effectiveness as a program. Externally funded projects are monitored and evaluated according to the guidelines, timeline and parameters of international financial institutions.

3.2. What PIPP Project Proposes to Azerbaijan

1. Introduction and application of the integrated project cycle analysis and solid prioritization criteria for all public investments is required if Azerbaijan wants to ever achieve effective allocation of scarce resources among different competing sectors with varying rates of return and productivity, and to turn resources from areas of low-efficiency and productivity to ones with higher productivity. Therefore, the project cycle analysis, objective selection criteria and integration of all capital expenditures in the Public Investment Program are the three cornerstone changes proposed for reforming the current PI program preparation and management process at the project level in Azerbaijan.
2. Integration of capital expenditures in the PI program would be achieved through application of the Joint Call Circular, which would combine the Budget, SPPRED and PIP Call Circulars and require all government organizations to report all their budget funded capital expenditures. The proposed regulations would also require government organizations to submit the list of the

planned public investments to MOED in order to achieve and improve the medium-term (four-year) planning of the PI program. All planned public investments whether they are in the idea, concept paper, feasibility study and other phases should be included in the list of the planned public investments.[23]

3. The proposed integrated project cycle analysis captures and regulates the entire project development trajectory. This trajectory begins with the project idea to address a socio-economic issue and ends in the preparation of the project appraisal document (PAD). Development of the project concept paper by the relevant government organization immediately follows the project idea phase. A government organization submits this concept paper to MOED for review. If MOED approves the concept paper, then relevant government organization begins the feasibility study, which again needs MOED approval to pass to the full-feasibility phase if the project budget is more than the certain pre-defined amount. Upon the completion of the project feasibility study, MOED once more assesses the project and prepares the project appraisal document completing the project analysis phase. The PAD document allows the project to get into the first or second year of the PI Program.
4. The project prioritization phase follows the project analysis phase. Two types of prioritization are proposed for Azerbaijan's public investment process: a) policy based prioritization and b) quantitative prioritization. The first type of the prioritization technique prioritizes investment projects by the degree they fit into the priorities of the long-term development strategies (poverty reduction, lower unemployment, regional development, impact on productivity and etc.) of the country. The quantitative prioritization is based upon the extensive economic analysis of investment projects though cost-benefit and cost-effectiveness analyses using national parameters and "shadow" or alternative prices, wage conversion factors, and discount rates. Computed NPV and IRR are then used to prioritize investment projects.[24]
5. Management, monitoring and evaluation process are not covered in the proposal.

3.3. Project Preparation and Approval in Kazakhstan

1. Detailed regulations and instructions exist for the preparation, approval and prioritization process of investment projects in Kazakhstan. These rules are specified in the Budget Law, ordinances on "Rules for the Formulation of the List of Priority Budget Investment Projects" and "Rules for the Review of Budget Investment Projects" and Orders on "Requirements to the Feasibility Studies of Budget Investments" and on "Rules for preparation and review of financial and economic analysis of budget investments carried out through the establishment or increasing of charter capital of judicial entities".
2. The project development process in Kazakhstan begins with the submission of the project proposal (sort of a project concept paper) to the Ministry of Economy and Budget Planning (MOEBP) for review and approval. The Ministry reviews the proposal, which is required to include project's information list and logical framework, sectoral assessment of the investment project, a terms of reference and cost justification of the feasibility study. If MoEBP assessment of the proposal is positive, then the project is included into the list of priority projects to be implemented in the second or third year of the Public Investment Program and funding is released to a government organization for the development of the feasibility study. The feasibility studies in Kazakhstan are usually outsourced to specialized agencies/firms through a tender process.[25]

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[23] [23] DAI, *Draft PI Policy and Program Manual,* October 2006, Baku, Azerbaijan., pp. 22-29.
[24] Ibid. pp. 29-35.
[25] Kazakhstan, *Rules on the Review of Budgetary Investment Projects*, COM, Ordinance #245, March 18, 2005.

3. Standards for feasibility studies of investment projects in Kazakhstan are comprehensive and consistent with modern practices. Each feasibility study is required to meet architectural and construction standards and work out the most optimal scale and structure of public investments. It has to include problem, marketing, technical, ecological, institutional, financial, economic and social analyses.[26]
4. Following the completion of the feasibility study, a new round of the review by MOEBP and other relevant government organizations begins. MOEBP limits its review to the extensive economic analysis of the feasibility study and based on findings can adjust the project budget downward or upward. Relevant sectoral organizations examine the feasibility study to determine the extent to which the project is consistent with sectoral development priorities, to analyze the situation in a sector with and without the project, to assess compliance of the feasibility study with the terms of reference, to evaluate technological, technical and cost decisions, to analyze alternative options for achieving the project objectives and etc.
5. The approval at this stage grants the project to receive required funding for the preparation of the design, schematic drawings and specifications. In Kazakhstan community participation and involvement of other related government organizations in the investment project preparation process takes place during the design phase of the project.
6. After the design phase is over, MOEBP performs the final review of the investment project and if approved, the project is included into the list of the priority investment projects and the Draft Budget of the next year based on the request of the concerned government organization. Government organizations manage the investment projects through project coordinators they appoint to projects.
7. The Kazakhstan public investment process lacks clear prioritization guidelines. All projects with approved feasibility studies and technical design documents are eligible to get into the list of priority investment projects to be implemented in the next or after the next fiscal year unless they exceed the sectoral budget ceilings. The authority for formulation of the list of priority investment projects is assigned to MOEBP. The major prioritization criteria for public investment projects other than the availability of approved feasibility study are conformity of the project's objectives with the national development priorities and the public investment policy.[27]
8. Monitoring and evaluation process of public investments in Kazakhstan is regulated by the Budget Law. However, the process lacks detailed and clear instructions/regulations. National level monitoring and evaluation of public investment projects in Kazakhstan are carried out by MOEBP, MOF and other concerned government organizations. Information on progress and process of the implementation of investment projects are collected and compiled by MOEBP and MoF, on the basis of which they can propose additional measures or activities to improve the effectiveness of the implementation of public investments. These measures can include suspension or termination of the project as well. MOEBP is responsible for developing regulations and instructions to manage the monitoring process of public investments.
9. Evaluation of public investments pursues improvement of the process for public investment planning and development of recommendations for effective formulation and implementation of the public investment policy. MOEBP is responsible for carrying out evaluation of the public investment policy and projects. Evaluation reports on the public investment policy and projects are submitted to COM by March of every fiscal year. The report on evaluation of the effectiveness of public investments should include analysis of investment projects, achieved

[26] Kazakhstan, *Requirements to the Feasibility Studies of Budget Investments,* MOEBP, Ordinance #144, September 30, 2004.

[27] Kazakhstan, *Rules on the Formulation of the List of Priority Budgetary Investment Projects*, MOEBP, Ordinance #247, March 18, 2005.

results from the implementation of public investments, methodology for collection and analysis of data and information, results of the evaluation and recommendations for the formulation and implementation of the PIP policy. [28]

10. Kazakhstan's legal framework on the public investment planning distinguishes public investment projects from public investments carried out through the establishment of and increasing the charter capital of judicial entities. In the latter case, approval of the public investment requires only financial and economic analysis.[29]

3.4 Comparative Analysis of Project Level Planning Processes

1. The project level planning process in Kazakhstan looks very similar to the process proposed to Azerbaijan. The main differences appear in the technical design, prioritization, and monitoring and evaluation stages.
2. As distinct from the proposed process to Azerbaijan, the preparation of the technical design of the investment project in Kazakhstan starts only after the approval of the feasibility study of the project. The stage for the public participation in the investment planning process is not clearly determined in the proposed system to Azerbaijan. Public participation in investment planning process in Kazakhstan takes place in the technical design phase.
3. Prioritization schemes are more clearly determined in the proposed public investment process for Azerbaijan, which consist of policy based and quantitative prioritization techniques. In Kazakhstan all projects with completed feasibility studies and appraisal process are eligible to get into the draft Budget for the next fiscal year. The prioritization is carried out according to the sectoral budget ceilings and consistence of projects' objectives with national development priorities.
4. No clear monitoring and evaluation process is proposed to the public investment planning process in Azerbaijan and no distinction is made between investment projects and public investments carried out through the establishment of and increasing the charter capital of judicial entities.

4. Overview of Issues in the Kazakhstan Public Investment Planning Process

According to international experts the Kazakhstan's PIP planning process faces following issues mostly limited to enactment of regulations: 1) Annual evaluation of the PIP is financially oriented and does not assess the socio-economic impact of investments. 2) LMs lack full in-house capacity to make informed decisions on the basis of project analysis. 3) Sometimes selection and prioritization of public investments can take place through the political process bypassing rules and regulations. 4) Funding to investment projects is allocated for a year with no provision for a carry-over of unused balances to the next fiscal year.[30]

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[28] Kazakhstan, *The Budget Law of the Republic of Kazakhstan*, Parliament, April 24, 2004, pp.142-144.

[29] Kazakhstan, *Rules on the Preparation and Review of Economic Analysis of Investments Undertaken through Establishing or Increasing the Charter Capital of Legal Entities*, MOEBP, Ordinance #143, September 30, 2004.

[30] Keith Clark, *Observations on the PI Program of the Republic of Kazakhstan*, US Department of Treasury, May 2006.

ŞƏRHLƏR VERİLMƏK ÜÇÜN LAYİHƏ	**DRAFT FOR COMMENTS**
AZƏRBAYCAN RESPUBLIKASI PREZIDENTININ **2007-ci il "__" ____ tarixli __ nömrəli Fərmanı ilə təsdiq edilmişdir**	**AZƏRBAYCAN RESPUBLIKASI PREZIDENTININ** 2007-cü il "__" ____ tarixli __ nömrəli Fərmanı ilə təsdiq edilmişdir
DÖVLƏT İNVESTİSİYA SİYASƏTİ VƏ DÖVLƏT İNVESTİSİYA PROQRAMININ TƏRTİB VƏ İCRA OLUNMA QAYDALARI	**Regulations for Formulation and Realization of Public Investment Policy and Public Investment Program**
I. Ümumi müddəalar	**I. General Provisions**
1. "Dövlət investisiya siyasəti və proqramının tərtib və icra olunma Qaydaları" (sonradan "Qaydalar") "Büdcə sistemi haqqında" Azərbaycan Respublikasının Qanunu, "Dövlət büdcəsinin tərtibi və icrası Qaydaları" və qüvvədə olan digər qanunvericilik aktları əsasında hazırlanmışdır.	1. "Regulations for Formulation and Realization of Public Investment Policy and Public Investment Program" (hereon "Regulations") is determined based on the Presidential Decree #4 of 24 November, 2003 "On Measures to Accelerate the Social-Economic Development of Azerbaijan," Presidential Decree #504 of 28 December, 2006 "On Statute of the Ministry of Economic Development," and other laws and regulations in effect in Azerbaijan Republic.
2. Dövlət İnvestisiya Siyasəti və Dövlət İnvestisiya Proqramı Qaydaları aşağıdakı mərhələlərdə dövlət investisiya fəaliyyətinin tənzimlənməsi ilə bağlıdır: a) Azərbaycan Respublikasının Dövlət İnvestisiya Siyasətinin formalaşdırılması və prioritet istiqamətlərin müəyyən olunması; b) Dövlət İnvestisiya Proqramı çərçivəsində layihələrin qiymətləndirilməsi, prioritetləşdirilməsi və onların	2. "Regulations" determine the administration of the following stages of public investment activities: a) Formulation of Azerbaijan Republic's public investment

əsasında tərtib olunması, hazırlanması və təsdiq edilməsi; c) İnvestisiya layihələrinin hazırlanması və təsdiq edilməsi; d) Dövlət İnvestisiya Proqramının təsdiq edilməsi; e) İnvestisiya layihələrinin həyata keçirilməsi və icrası üzərində müşahidələr və təhlil hesabatlarının aparılması; f) İnvestisiya layihələrinin icrası və istifadəyə verilən obyektin fəaliyyət dövründən asılı olaraq nəticələrinin monitorinqi və qiymətləndirilməsi.	policy and its priority directions, b) The preparation and evaluation of investment project within the framework of Public Investment Program, c) Preparation and approval of investment projects, d) Approval of Public Investment Program, e) Supervision of realization, implementation, and analytic reporting of investment projects, f) Monitoring and evaluation of outcomes of implementation and operations of investment projects.
3. Azərbaycan Respublikası Dövlət İnvestisiya Siyasəti və Dövlət İnvestisiya Proqramının məqsədi insan, maddi və maliyyə resurslarından səmərəli istifadə olunmasını təmin etməklə Azərbaycan Respublikasının orta və uzunu müddətli milli inkişaf məqsədlərinə nail olunmasını təmin etmək və Azərbaycan Respublikasında iqtisadi planlaşdırma və büdcənin tərtib olunması prosesləri arasındakı bütünlüyü gücləndirməkdir.	3. The objectives of the Public Investment Policy and Program of the Republic of Azerbaijan are to ensure effective use of public resources of the country to achieve medium-to-long term national development priorities of the Government of Azerbaijan and to strengthen synergy between economic planning and budgeting processes in the country.
4. Azərbaycan Respublikasının ortamüddətli sosial-iqtisadi inkişaf proqramı, orta müddətli büdcə planları, investisiya layihələrinin müasir üsullardan istifadə olunaraq təhlil olunması, monitorinqi və qiymətləndirilməsi Dövlət İnvestisiya Siyasəti və Dövlət İnvestisiya Proqramının hazırlanması və həyata keçirilməsinin əsasını təşkil edir.	4. Medium-term socio-economic development program of the Government, medium-term fiscal program of the Government, modern project analysis and expertise methods, and program monitoring and evaluation techniques serve as the foundation for the preparation and implementation of the Public Investment Policy and Program.
5. Azərbaycan Respublikasının Dövlət Büdcəsinin Təsnifatı Sistemində müəyyən edildiyi şəkildə investisiya layihələri Dövlət İnvestisiya Proqramına daxildir.	5. The Public Investment Program consists of investment projects as defined in the State Budget
6. Dövlət İnvestisiya Proqramına daxil olan layihələr üzrə aşağıdakı sahələrdən olan qurumlar sərəncamçı qismində ola bilərlər: a) dövlət büdcə təşkilatları;	

b) mərkəzi və yerli icra hakimiyyəti orqanları və onların tabeliyində olan müəssisələr; c) Büdcədənkənar fondlar; d) Naxçıvan Muxtar Respublikasının Nazirlər Kabineti; e) nizamnamə fondunda dövlətin payı olan müəssisələr; f) bələdiyyələr. 7. Dövlət investisiyaları xüsusi investisiya layihələri vasitəsilə və yaxud hüquqi şəxslərin nizamnamə fondlarının yaradılması və ya artırılması yolu ilə həyata keçirilə bilər. 8. Bu qaydaların məqsədləri üçün aşağıdakı anlayışlardan istifadə olunur: 8.1 Dövlət İnvestisiyaları – iqtisadi mənfəət və ya müsbət sosial-iqtisadi təsir məqsədilə bütün dövlət təşkilatlarının, büdcədənkənar fondların və nizamnamə fondunda dövlətin payı olan müəssisələrin dövlət aktivlərinin və ölkənin təbii sərvətlərinin dəyərini artıran, insan kapitalını inkişaf etdirən xərcləridir. 8.2 Orta-müddətli Dövlət İnvestisiya Siyasəti – Azərbaycan Respublikasının orta-müddətli sosial-iqtisadi inkişaf siyasətinin tərkib hissəsi olaraq ölkədə investisiya fəaliyyətinin dövlət tərəfindən tənzimlənməsini təhlil edir və əsaslandırır, dövlət investisiyalarının sahələr və regionlar üzrə istiqamətlərini, prioritetlərini və miqyasını müəyyən edir və qiymətləndirir. 8.3 İlkin hesabat - son zamanlardakı iqtisadi inkişafın təhlil edən və əvvəlki illərin iqtisadi göstəriciləri ilə müqayisə edilməklə ortamüddətli inkişaf perspektivlərinin qiymətləndirilməsini əks etdirən sənəddir. 8.4 Orta-müddətli Sosial-iqtisadi İnkişaf Proqramı – orta-müddətli sosial-iqtisadi inkişaf proqnozlarını əks etdirən və növbəti il və sonrakı üç il üçün ölkənin	Classification System of Azerbaijan Republic. 6. The Public Investment Program investment projects belong to: a) Budget organizations, b) Central and local executive organs and their subordinated organizations, c) Extra-budgetary funds, d) Cabinet of Ministers of Nakhchivan Autonomous Republic, e) Organizations in which the State owns charter capital, f) Municipalities. 7. Public investments may be executed through public investment projects or formation and increasing of authorized capital of economic entities in and outside of Azerbaijan. 8. Following concepts are used in this document: a) Public Investments – expenditures of all government organizations, extra budgetary funds and state-owned enterprises which increase the value of public stocks, improve human capital or natural resources for economic benefits or desired socio-economic impact. b) Medium-term Public Investment Policy – as part of the socio-economic development policy of the Government of Azerbaijan analyzes and justifies government regulation of investment activity in the country, and evaluates and determines directions, priorities and scale of public investments across sectors

sosial-iqtisadi inkişafının əsas istiqamətlərini müəyyən edən sənəddir. 8.5 Dövlət İnvestisiya Proqramı – iqtisadi mənfəət, səmərəlilik və milli və sahəvi inkişaf məqsədləri və prioritetləri ilə uyğunluq baxımından ətraflı təhlil edilmiş investisiya layihələrinin siyahısı. 8.6 Orta-müddətli Fiskal Siyasət – Azərbaycan Respublikası Hökumətinin növbəti il və sonrakı üç il üçün maliyyə və vergi siyasətini, büdcə xərcləri üzrə prioritetlərini və əsaslı və cari xərclər üzrə hədlərini müəyyən edən sənəddir. 8.7 Dövlət İnvestisiya Proqramının Təlimat Məktubu – Dövlət İnvestisiya Proqramının tərtibi üçün lazımi məlumatların əldə olunması məqsədilə İqtisadi İnkişaf Nazirliyinin hər il sərəncamçı təşkilatlara göndərdiyi rəsmi təlimat məktubudur. 8.8 Dövlət Proqramları – ümummilli və iri miqyaslı iqtisadi, sosial və başqa vəzifələrin həyata keçirilməsinə yönəlmiş, müddət, resurslar, icraçılar, aydın müəyyən edilmiş məqsədlər və nəticələrə əsaslanan və Azərbaycan Respublikasının uzun müddətli sosial-iqtisadi inkişaf strategiyası ilə uyğunlaşdırılmış Azərbaycan Respublikası Hökuməti tərəfindən hazırlanan və Azərbaycan Respublikası Prezidenti tərəfindən təsdiq edilən hərtərəfli tədbirləri müəyyən edən proqramlardır. 8.9 Sahəvi İnkişaf Planları –Azərbaycan Respublikası iqtisadiyyatının müəyyən sahəsi üzrə iqtisadi, sosial və başqa vəzifələrin həyata keçirilməsinə yönəlmiş, müddət, resurslar, icraçılar və aydın müəyyən edilmiş məqsədlərə əsaslanan və Azərbaycan Respublikasının uzun müddətli sosial-iqtisadi inkişaf strategiyası ilə uyğunlaşdırılmış Azərbaycan Respublikası Hökuməti tərəfindən hazırlanan və Azərbaycan Respublikası Prezidenti tərəfindən təsdiq	and regions of the country. c) Preliminary Economic Report – a document that analyzes the recent economic developments and evaluates medium-term period development prospects compared to that of previous years' economic performance. d) Medium-term Socio-economic Development Program – prepared by the Government of Azerbaijan, which includes medium-term Social and Economic Development Forecasts and determines main directions of socio-economic development of the country for the next year and following three years. e) Public Investment Program – the list of public investment projects which have undergone detailed examination for economic return, effectiveness and consistency with national and sectoral development objectives and priorities. f) Medium-term Fiscal Policy – a document that determines fiscal and tax policies of the government for the next year and following three years, determines limits for current and capital expenditures, identifies spending priorities of the government. g) Call Circular of the Public Investment Program – an official letter with detailed instruction Ministry of Economic Development issues every year to collect data and information for the formulation of the Public Investment Policy and Program h) State Programs – socio-economic development programs prepared by the Government of Azerbaijan and approved by the President, which are designed to enhance national socio-economic development, balanced regional development, national security and defense capability.

edilən hərtərəfli inzibati, iqtisadi, sosial, ekoloji, maliyyə və texniki tədbirləri müəyyən edən planlardır.

8.10 İnvestisiya Layihələrinin Sosial-iqtisadi Təsvir Sənədi – Planlaşdırılan investisiya layihəsinin məqsədini, region və ya sahənin inkişafına potensial töhfəsini, gözlənilən nəticə və faydalananları, ö cümlədən həcmini, müddətini və ilkin maliyyə dəyərini əks etdirən sənəddir.

8.11 İnvestisiya layihəsinin İlkin Texniki İqtisadi Əsaslandırılması – müasir xərc-mənfəət üsulları vasitəsilə investisiya layihəsinin səmərəliliyi və həyata keçirilmə potensialı barədə araşdırma və təhlillərin nəticələrini əks etdirən layihə sənədidir.

8.12 Prioritet İnvestisiya Layihələri - İlkin Texniki İqtisadi Əsaslandırılmasının nəticələri İqtisadi İnkişaf Nazirliyi tərəfindən təsdiq edilən investisiya layihələridir.

8.13 Prioritet İnvestisiya Layihələrinin Siyahısı – ilkin texniki iqtisadi əsaslandırılması təsdiq olunmuş və sərəncamçı təşkilatlar tərəfindən Layihənin Qiymətləndirilmə Sənədinin hazırlanması üçün Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyinə müraciət edilən layihələrin daxil edildiyi siyahıdır.

8.14 Layihə Reyestri – ilkin tədqiqat, planlaşdırma, təsdiq etmə, icra və qiymətləndirmə kimi müxtəlif mərhələlərdə olan sərəncamçı təşkilatların investisiya layihələri Layihə Reyestrini təşkil edir.

8.15 Layihənin Qiymətləndirilmə Sənədi – İnvestisiya layihəsinin texniki və iqtisadi parametrlərinin Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi və səlahiyyətli təşkilatlar tərəfindən qiymətləndirilməsini əks etdirən və layihənin Dövlət İnvestisiya Proqramına daxil edilməsinin

i) Sector Development Plans – programs prepared by the Government of Azerbaijan and approved by the President, which are designed to enhance development of a given sector of the national economy.

j) Concept Paper of investment projects – A document that describes the objective, expected benefits and beneficiaries, expected contribution to the development of a sector, region, as well as the size, duration and preliminary cost of the planned investment project.

k) Feasibility Study – a technical document which includes analysis of the feasibility and effectiveness of a project on the basis of modern costs and benefits analysis.

l) Priority investment project - An investment project with a Concept Paper becomes a priority investment project after successfully undertaking Pre-feasibility Study of the investment project and receiving approval from the Ministry of Economic Development based on the results.

m) The list of priority investment projects – the list of investment projects which have undergone the feasibility study and put forward by proposing agency for economic appraisal by the Ministry of Economic Development

n) Projects' Register - the investment projects of ministries and agencies, which are at different stages of identification, planning, approval, realization, and evaluation constitute the Projects Register based in MOED.

o) Project Appraisal – is the process of appraisal and approval of project's Feasibility Study by Ministry of Economic Development and other

məqsədəuyğunluğunu müəyyən edən sənəddir.	authorized organizations to verify technical and economic parameters of the project, results of which determine inclusion of the investment project into the draft Public Investment Program.
II. Dövlət investisiya siyasətinin formalaşması və onun ümumi proseduraları	**II. Formulation of public investment policy and its general procedures**
1. Azərbaycan Respublikasının Prezidenti İqtisadi İnkişaf Nazirliyinin təklifləri əsasında ortamüddətli milli və sektor inkişafı məqsədlərini müəyyən edir. Bu məqsədlər son zamanlar baş vermiş iqtisadi inkişafın təhlili və ortamüddətli iqtisadi inkişaf imkanlarının qiymətləndirilməsi əsasında formalaşdırılır. 2. Ortamüddətli Dövlət İnvestisiya Siyasəti dövlət investisiyalarının sahələr və bölgələr üzrə istiqamətlərini, prioritetlərini, müddətini və həcmini müəyyən etməklə növbəti il və sonrakı üç il üçün ortamüddətli sosial-iqtisadi inkişaf proqnozlarına uyğun olaraq hazırlanır. Dövlət İnvestisiya Siyasətinin tərtibi prosesi hər il Azərbaycan Respublikası Prezidentinin Fevral ayında ölkənin sosial-iqtisadi prioritetlərini müəyyən edən Fərmanının elan edilməsi ilə başlayır və Nazirlər Kabinetinin Dövlət İnvestisiya Siyasətini təsdiq etməsi ilə başa çatır. 3. Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi Dövlət İnvestisiya Siyasətinin hazırlanmasına hər il Fevral ayının 20-dən gec olmayaraq başlayır və layihə siyasət sənədini nəzərdən keçirilməsi üçün Mart ayının 1-dək Nazirlər Kabinetinə təqdim edir. 4. Azərbaycan Respublikasının Dövlət İnvestisiya Siyasəti və Dövlət İnvestisiya Proqramının istiqamətləri dövlət proqramları, sahəvi inkişaf planları və Azərbaycan Respublikasının digər milli və sektor inkişaf siyasətlərinə uyğun olaraq hazırlanır. İqtisadi İnkişaf Nazirliyi ortamüddətli milli və sahəvi inkişaf məqsədləri və hədəfləri ilə ortamüddətli sosial-iqtisadi inkişaf proqnozları, ortamüddətli büdcə planları, Dövlət Proqramları, Dövlət İnvestisiya	1) The President determines medium-term national and sectoral development objectives on the basis of the proposals prepared by the Ministry of Economic Development. These objectives are formulated on the basis of the analysis of the recent economic development and appraisal of the medium-term economic development opportunities. 2) The Medium-term Public Investment Policy is formulated for the next year and three following years on a rolling basis to determine directions, priorities, timing and scale of public investments across sectors and regions of the country. The formulation process of the Public Investment Policy starts with determination of socio-economic development priorities of the country by the decree of the President in February of each year and lasts until COM approved the draft Public Investment Policy. 3) The Ministry of Economic Development starts the preparation of the draft Public Investment Policy no later than February 20 and submits the draft policy document to the Cabinet of Ministers for review by March 1 of each year. 4) The priorities of public investment policy and Public Investment Program of Azerbaijan Republic are prepared on the basis of and in agreement with the medium-term socio-economic development program, medium-term fiscal policy, State Programs, Sector Development Plans, and other national and sectoral development policies of Azerbaijan Republic. The Ministry of Economic Development coordinates the

Siyasəti və Dövlət İnvestisiya Proqramı arasındakı texniki işi və uyğunluğu əlaqələndirir. 5. Nazirlər Kabineti hər il Mart ayının 20-dən gec olmayaraq Dövlət İnvestisiya Siyasətini təsdiq edir. İqtisadi İnkişaf Nazirliyi təsdiq olunmuş Dövlət İnvestisiya Siyasətini bütün dövlət qurumlarına və nizamnamə fondunda dövlətin payı olan müəssisələrə göndərir. Dövlət İnvestisiya Siyasəti bu qurumların və müəssisələrin bütün ortamüddətli planlaşdırma işinin əsasını təşkil edir. 6. Dövlət İnvestisiya Siyasətinin strukturunu, hazırlanma və təsdiq olunma qaydalarını Nazirlər Kabineti müəyyən edir. 7. Ortamüddətli sosial-iqtisadi inkişaf proqnozları və ortamüddətli milli və sektor inkişaf məqsədlərinin ilkin çərçivəsi Maliyyə Nazirliyi və İqtisadi İnkişaf Nazirliyi tərəfindən hər il göndərilən Təlimat Məktublarının vahid siyasi və texniki əsasıdır. Maliyyə Nazirliyi və İqtisadi İnkişaf Nazirliyi bu Təlimat Məktublarının hər birində əks etdirilən göstərişlərin bir-biri ilə uyğun olmasını təmin edir.	compliance and the technical work between the medium-term national and sectoral development objectives and targets and the medium-term Social and Economic Development Program, the State Programs, public investment policy, the medium-term Fiscal Program, and Public Investment Program. 5) . The Cabinet of Ministers reviews the draft Public Investment Policy and approves it no later than March 20 of every year. Ministry of Economic Development sends out approved medium-term Public Investment Policy to Line Ministries, which should inform all their medium-term planning exercises. 6) Cabinet of Ministers determines the structure of the content, preparation and approval process of the Public Investment Policy. 7) Preliminary framework of the medium-term socio-economic development forecasts and medium-term national and sectoral development objectives represent the unique foundation for the Call Circulars sent out by the Ministry of Finance and Ministry of Economic Development. The Ministry of Finance and Ministry of Economic Development ensure consistency of instructions in both Call Circulars.
III. Cari büdcə ilində növbəti və sonrakı üç il üzrə ortamüddətli büdcə ilində Dövlət İnvestisiya Proqramının hazırlanması prosesi və dövrü	**III. The Process and Schedule of the Formulation of draft Public Investment Program for the coming and the following three years**
1. İqtisadi İnkişaf Nazirliyi Maliyyə Nazirliyi və Milli Bankı ilə razılaşdırmaqla son zamanlardakı iqtisadi inkişaf barədə məlumatı və əvvəlki illərin iqtisadi göstəriciləri ilə müqayisə edilməklə ortamüddətli inkişaf perspektivlərinin qiymətləndirilməsini əks etdirən ilkin hesabatı 1 fevral tarixinədək Azərbaycan Respublikası Nazirlər Kabinetinə təqdim edir.	1. By February 1, the Ministry of Economic Development in agreement with Ministry of Finance and National Bank of Azerbaijan submits to the Cabinet of Ministers a preliminary report on the recent economic developments and the assessment of medium-term period development prospects compared to that of previous years' economic performance.

2. 7 fevral tarixinədək Azərbaycan Respublikası Nazirlər Kabineti ilkin hesabatı Azərbaycan Respublikası Prezidentinə təqdim edir.	2. By February 7, the Cabinet of Ministers submits the preliminary report to the President of the Azerbaijan Republic.
3. 20 fevral tarixinədək Azərbaycan Respublikası Prezidenti Azərbaycan Respublikası Nazirlər Kabinetinə növbəti il, həmçinin ortamüddətli dövr üçün Azərbaycan Respublikasının milli və sektor inkişaf məqsədləri və hədəflərini müəyyən edilməsi barədə tapşırıq verir.	3. By February 20, the President of Azerbaijan Republic instructs the Cabinet of Ministers to execute the national and sectoral development objectives and targets in the following and next three years.
4. 1 mart tarixinədək İqtisadi İnkişaf Nazirliyi ortamüddətli sosial-iqtisadi inkişafın ilkin proqnozları və ortamüddətli dövr üçün Azərbaycan Respublikasının milli və sektor inkişaf məqsədləri və hədəflərini Nazirlər Kabineti, Maliyyə Nazirliyi, Azərbaycan Respublikası Dövlət Neft Fondu, Dövlət Sosial Müdafiə Fondu və Naxçıvan MR Nazirlər Kabinetinə təqdim edir.	4. By March 1, the Ministry of Economic Development submits the preliminary medium-term Social and Economic Development Prorgam and the medium-term national and sectoral development objectives and targets to the Cabinet of Ministers, the Ministry of Finance, the State Oil Fund, State Social Protections Fund and the Cabinet of Ministers of Nakchivan AR.
5. Maliyyə Nazirliyi ortamüddətli sosial-iqtisadi inkişaf proqnozları üzrə ilkin çərçivənin əsasında ortamüddətli fiskal siyasətin ilkin parametrlərini hazırlayaraq 20 mart tarixinədək İqtisadi İnkişaf Nazirliyinə təqdim edir.	5. By March 20, the Ministry of Finance formulates the preliminary medium-term fiscal policy parameters based on the preliminary medium-term Social and Economic Development Forecasts and submits them to the Ministry of Economic Development.
6. Növbəti il və sonrakı üç il üçün cəmi dövlət investisiya xərclərinin ilkin məbləği və onun sektorlar üzrə paylaşmasını Maliyyə Nazirliyi ilə əlaqələndirməklə İqtisadi İnkişaf Nazirliyi Dövlət İnvestisiya Siyasətinin hazırlanması prosesində müəyyən edir.	6. The prelimary indicative total public investment expenditure amount and its sectoral allocations for the next year and the following three years are determined by the Ministry of Economic Development in coordination with the Ministry of Finance as part of the process for preparation of the Public Investment Policy.
7. Növbəti il və sonrakı üç il üçün Dövlət İnvestisiya Proqramının layihəsini hazırlamaq məqsədilə İqtisadi İnkişaf Nazirliyi 1 aprel tarixinədək Dövlət İnvestisiya Proqramının Təlimat Məktubunu göndərir. Təlimat Məktubundakı göstərişlərdə dövlət investisiya xərcləri üzrə ilkin məhdudiyyətlər əks etdirilir.	7. By April 1, the Ministry of Economic Development issues the Public Investment Program Call Circular to collect required data and information

8. İqtisadi İnkişaf Nazirliyi cari Dövlət İnvestisiya Proqramının investisiya layihələrinin icrası üzrə monitorinq hesabatlarını və bu layihələrin nəticələri üzrə qiymətləndirmə hesabatlarını nəzərdən keçirir. İqtisadi İnkişaf Nazirliyi cari investisiya layihələrinin planlaşdırılmış xərclərini onların icrası və gözlənilən nəticələri baxımından təhlil edir. Nazirlik investisiya layihələrinin icrasının səmərəliliyini artırmaq və ya zəruri hallarda yeni Dövlət İnvestisiya Proqramı layihəsinə başlamadan öncə davam edən layihələri ləğv etmək üçün lazımi tədbirlər görür. 9. Növbəti və sonrakı üç il üçün Dövlət İnvestisiya Proqramının tərtibi prosesində cari Dövlət İnvestisiya Proqramındakı investisiya layihələrinin məzmununda və ya maliyyələşmə həcmində hər hansı dəyişikliklər müəyyən edilərkən, cari Dövlət İnvestisiya Siyasəti, ortamüddətli fiskal siyasəti, ən son ortamüddətli sosial-iqtisadi inkişaf proqnozları və bu Qaydalarda müəyyən edildiyi şəkildə səmərəlilik hesabatlarının qiymətləndirilməsi nəticələri nəzərə alınır. 10. Dövlət İnvestisiya Proqramının vəsaitlərinin sərəncamçı təşkilatları İqtisadi İnkişaf Nazirliyinin investisiyalar üzrə Təlimat Məktubuna uyğun tələb olunan formaları doldurlar və 1 iyun tarixinədək İqtisadi İnkişaf Nazirliyinə təqdim edirlər. 11. İqtisadi İnkişaf Nazirliyinə sərəncamçı təşkilatlar tərəfindən təqdim olunmuş sənədlərin metodoloji cəhətdən düzgün tərtib olunmasına baxılır və müsbət olaraq qiymətləndirildiyi halda onlar əsasında layihələrin sektor və sektorlararası qiymətləndirilməsi və qəbul olunmuş ümumi sosial-iqtisadi inkişaf prioritetlərinə uyğun olaraq ilkin Dövlət İnvestisiya Proqramının	for preparation of the draft Public Investment Program for the next year and the following three years. The Call Circular instructions include preliminary indicative sectoral public investment expenditure limits. 8. The Ministry of Economic Development reviews the monitoring reports on the realization and evaluation reports on the outcomes of investment projects of the current Public Investment Program. The Ministry of Economic Development considers the planned expenditures of the ongoing investment projects with respect to levels of implementations and expected outcomes. The Ministry of Economic Development takes measures to increase effectiveness of realization of investment projects or to eliminate, if necessary, any ongoing project before embarking on the new draft Public Investment Program. 9. Changes to the content of investment projects and to the levels of financing in the current Public Investment Program are determined by taking into account of the current public investment policy, the medium-term expenditure framework, the most recent medium-term framework of Social and Economic Development Forecasts, and the results of evaluations of effectiveness reports as determined by these Regulations. 10. By June 1, the authorized organizations to use Public Investment Program resources complete the forms in accordance with the public investments Call Circular of the Ministry of Economic Development and submit them to the Ministry of

layihəsini 1 avqust tarixinədək hazırlanır və Maliyyə Nazirliyinə təqdim edilir.	Economic Development.
12. 15 sentyabr tarixinədək İqtisadi İnkişaf Nazirliyi Maliyyə Nazirliyi ilə razılaşdırılmış Dövlət İnvestisiya Proqramının layihəsi İqtisadi İnkişaf Naziri və Maliyyə Naziri tərəfindən birgə imzalanmış məktubla büdcə zərfinə daxil olan sənədlərlə birgə Azərbaycan Respublikası Nazirlər Kabinetinə təqdim edilir.	11. Based on evaluations of forms and documentation submitted by the authorized organizations and of the sectoral and inter-sectoral relationships the Ministry of Economic Development prepares by August 1 draft Public Investment Program in accordance with national social and economic development priorities and submits it to Ministry of Finance.
13. Azərbaycan Respublikası ortamüddətli Dövlət İnvestisiya Proqramı layihəsinə aşağıdakılar daxildir: a) Dövlət İnvestisiya Siyasəti Sənədi; b) investisiya layihələrinin siyahısı; c) maliyyələşdirmə mənbəyi göstərilməklə hər layihə üzrə illik gözlənilən investisiya xərclərinin məbləği; d) milli inkişaf məqsədləri, sektor inkişaf planları, ortamüddətli sosial-iqtisadi inkişaf proqnozları və Dövlət İnvestisiya Siyasətinə əsaslanaraq ümumi və sektorlar üzrə investisiya xərclərinin açıqlamaları; e) sektorlar üzrə əsas iri investisiya layihələrinin iqtisadi, maliyyə və sosial qiymətləndirmələrin izahı.	12. By September 15, the Ministry of Economic Development submits the draft Public Investment Program, which was agreed upon with the Ministry of Finance together with jointly signed letter and other documents of the draft consolidated budget to the Cabinet of Ministers. 13. The draft medium-term Public Investment Program includes the following: a) Public Investment Policy b) the list of investment projects, c) amounts of estimated investment expenditures by project by year with sources of financing, d) explanation of the total and sectoral investment expenditure allocations based on national development objectives, most recent sectoral development plans, the medium-term framework for Social and Economic Development Forecasts, and public investment policy. e) evaluations of major investment projects by sectors with respect to social, economic and financing criteria.
14. Ortamüddətli Dövlət İnvestisiya Proqramının layihəsi müvafiq qanunvericiliyə uyğun olaraq İcmal Büdcə layihəsinin bir hissəsi kimi Azərbaycan Respublikası Nazirlər Kabineti tərəfindən Azərbaycan Respublikasının Prezidentinə təqdim edilir.	
15. Ortamüddətli Dövlət İnvestisiya Proqramının layihəsi müvafiq qanunvericiliyə uyğun olaraq İcmal Büdcə layihəsinin bir hissəsi kimi Respublikasının	14. The draft medium-term Public Investment Program is submitted in

Prezidenti tərəfindən Azərbaycan Respublikası Milli Məclisinə təqdim edilir. Ortamüddətli Dövlət İnvestisiya Proqramı Milli Məclis tərəfindən təsdiq edilir və İcmal Büdcə ilə birgə ictimaiyyətə açıqlanır.	accordance with the law as part of the draft Consolidated Budget by the Cabinet of Ministers to the President of Azerbaijan. 15. The draft medium-term Public Investment Program is submitted in accordance with the law as part of the draft Consolidated Budget by the President of Azerbaijan to the Mill Mejlis. The medium-term Public Investment Program is approved by the Milli Mejlis and is made public with the Consolidated Budget.
IV. Dövlət İnvestisiya Proqramının tərtibi	**IV. Planning and Realization of Public Investment Program**
1. Dövlət İnvestisiya Proqramının tərtibi Maliyyə Nazirliyi ilə əlaqələndirilməklə İqtisadi İnkişaf Nazirliyi tərəfindən həyata keçirilir.	1. The Ministry of Economic Development formulates Public Investment Program in coordination with the Ministry of Finance.
2. Dövlət İnvestisiya Proqramına yeni investisiya layihələrinin daxil edilməsi dörd mərhələdə həyata keçirilir: a) sahə nazirliklərində investisiya layihələri üzrə sosial-iqtisadi təsvir sənədinin formalaşdırılması və İqtisadi İnkişaf Nazirliyinə təqdim edilməsi; b) İqtisadi İnkişaf Nazirliyinə təqdim olunmuş sənədlər əsasında investisiya layihələri arasında seçimin aparılması; c) Qəbul olunmuş iqtisadi prioritetlərə uyğun olaraq dövlət investisiya prioritet layihələrinin siyahısının hazırlanması; d) Prioritet investisiya layihələrinin siyahısından Dövlət İnvestisiya Proqramı layihəsinə daxil edilən layihələrin və onların maliyyə təminatının müəyyən edilməsi.	2. The inclusion of new investment projects into Public Investment Program is carried out in four stages: a) formulation and selection of the investment project Concept Papers by the line ministries and their submission to the Ministry of Economic Development, b) based on submissions, the selection of investment projects by the Ministry of Economic Development, c) based on approved economic priorities the preparation of the list of priority public investment projects, d) inclusion of investment projects into draft Public Investment Program from the list of priority projects and securing their financing.
3. Nazirlik və təşkilatların müəyyən etmə, planlaşdırma, təsdiq etmə, icra və qiymətləndirmə işlərinin müxtəlif mərhələlərində olan investisiya layihələri Layihə Reyestrini təşkil edir. Layihə Reyestrinin icrası ortamüddətli milli inkişaf məqsədləri və hədəflərinin, həmçinin Sektor İnkişaf Planlarının uzun və ortamüddətli məqsədlərinin icrasını təmin edir. 4. Sərəncamçı təşkilatların investisiya	3. The investment projects of ministries and agencies, which are at different stages of identification, planning, approval, realization, and

layihələrini müəyyən etmək, planlaşdırmaq, təsdiq etmək, icra etmək və qiymətləndirmək üçün istifadə etdikləri meyarlar, formalar, standartlar və metodlar İqtisadi İnkişaf Nazirliyi tərəfindən müəyyən edilir. **V. İnvestisiya layihələri üzrə sosial-iqtisadi təsvir sənədinin formalaşdırılması və seçilməsi** 1. Sərəncamçı təşkilatlar investisiya layihələri üzrə sosial-iqtisadi təsvir sənədlərini hazırlayırlar. Sərəncamçı təşkilatlar təsvir sənədləri ilə investisiya layihələrinin məqsədlərini, gözlənilən nəticələri və faydalananları, sahənin inkişafına layihənin gözlənilən töhfəsini, həmçinin planlaşdırılmış investisiya layihəsinin müddətini, güclərini və ilkin xərclərini müəyyən edirlər. 2. Sərəncamçı təşkilatlar layihə təsvir sənədinin qiymətləndirilməsinin nəticələrinə əsaslanaraq, layihələri seçir və Sektor Layihə Reyestrinə daxil edirlər. 3. Sosial-iqtisadi təsvir sənədinin təsdiqi təklif edilən investisiya layihəsinin Dövlət İnvestisiya Siyasətinə və orta-müddətli sosial və iqtisadi inkişaf proqramlarına uyğunluğundan asılıdır. 4. İqtisadi İnkişaf Nazirliyi tərəfindən sosial-iqtisadi təsvir sənədləri təsdiq edilən investisiya layihələri üçün ilkin texniki-iqtisadi əsaslandırılmasının hazırlanması üçün maliyyə vəsaiti ayrılır. Sektor Layihə Siyahısına daxil edilən investisiya layihəsi Dövlət İnvestisiya Proqramının üçüncü ilindən etibarən maliyyələşdirilməsi həyata keçirilə bilər.	evaluation constitute the Projects Register. The implementation of Projects Register facilitates the realization of the medium and long-term national development objectives and targets and medium and long-term objectives of Sector Development Plans. 4. Terms, forms, standards and methods, which the authorized organizations of investment projects use for identification, planning, approval, realization, and evaluation of investment projects are determined by the Ministry of Economic Development. **V. Formulation and selection of investment project concept papers** 1. The investment project Concept Papers are prepared by the authorized organizations of the investment projects. Investment project Concept Paper is formulated to define the objective, expected benefits and beneficiaries, expected contribution to the development of a sector, as well as the size, duration and preliminary cost of the planned investment project. 2. Based on the results of the Concept Paper, the authorized organizations select the investment project to be recorded formally in the Sector Projects Register for further development of investment projects. 3. Concept paper is approved on the basis of the proposed project's consistence with the Public Investment Policy and medium-term socio-economic development program. 4. Approval of the Concept Paper by Ministry of Economic Development qualifies an investment project to receive funding for the Pre-feasibility Study. An investment project with such approval is eligible for provisional public financing starting from the third year of the draft Public Investment Program.

VI. İnvestisiya layihələrinin İlkin Texniki İqtisadi Əsaslandırmasının hazırlanması üçün seçilməsi	VI. Preparation and selection of priority investment projects
1. Layihə Təsvir Sənədi olan investisiya layihələsinin İlkin Texniki İqtisadi Əsaslandırılması uğurla həyata keçirildikdən və nəticələr əsasında İqtisadi İnkişaf Nazirliyi tərəfindən təsdiq edildikdən sonra, bu layihə prioritet olur.	1. An investment project with a Concept Paper becomes a priority investment project after successfully undertaking Pre-feasibility Study of the investment project and receiving approval from the Ministry of Economic Development based on the results.
2. İnvestisiya layihəsi sərəncamçı təşkilatları bu layihənin İlkin Texniki İqtisadi Əsaslandırılma hazırlanmasını təmin etmək üçün İqtisadi İnkişaf Nazirliyinə müraciət edir. İlkin Texniki İqtisadi Əsaslandırılmanın hazırlana bilməsi üçün tələblər İqtisadi İnkişaf Nazirliyi tərəfindən müəyyən edilir. Təxmin edilən büdcəsi İqtisadi İnkişaf Nazirliyinin müəyyən etdiyi həcmdən yuxarı olan bütün investisiya layihələri üçün texniki-iqtisadi əsaslandırılması hazırlanmalıdır.	2. The executor of the investment project applies to the Ministry of Economic Development to qualify the investment project for undertaking a Pre-feasibility Study. Requirements for undertaking the Pre-feasibility Studies of the investment projects are determined by the Ministry of Economic Development. All investment projects with estimated budgets beyond the threshold identified by the Ministry of Economic Development should undergo the pre-feasibility study.
3. İqtisadi İnkişaf Nazirliyi İlkin Texniki İqtisadi Əsaslandırılma üçün təsdiq olunmuş layihəni elektron Dövlət İnvestisiya Proqramı Reyestrində qeydiyyata alır. Reyestr Dövlət İnvestisiya Proqramının monitorinqi və idarə edilməsini asanlaşdırır.	3. The Ministry of Economic Development registers the investment project which has been approved for pre-feasibility study in the electronic Public Investment Program Registry. The Registry facilitates the monitoring and management of the Public Investment Programs.
4. İnvestisiya layihəsinin İlkin Texniki İqtisadi Əsaslandırılması həmin investisiya layihəsinin səmərəliliyi barədə araşdırmaların nəticələrini əks etdirən layihə sənədidir. Bu araşdırmalar texniki və iqtisadi təhlillər əsasında aparılır. İlkin Texniki İqtisadi Əsaslandırılmadakı texniki və iqtisadi təhlillər üzrə tələblər İqtisadi İnkişaf Nazirliyi tərəfindən müəyyən edilir.	4. The Pre-feasibility Study of the investment project is a project document containing the results of studies on achievability and effectiveness of the investment project that is carried out based on technical and economic analyses. Requirements for the technical and economic analyses in the Pre-feasibility Studies are determined by the Ministry of Economic Development.
5. İnvestisiya layihələrinin texniki və iqtisadi təhlillərini həyata keçirmək səlahiyyətinə malik olan hüquqi şəxslər Azərbaycan Respublikasının qanunvericiliyinə müvafiq olaraq investisiya	

layihələrinin icrası üçün İlkin Texniki İqtisadi Əsaslandırılmanın keyfiyyəti və düzgünlüyünə, həmçinin layihənin tam icrasına və bütün gözlənilən nəticələrin əldə edilməsinə təsir göstərə biləcək bütün risklərin düzgün qiymətləndirilməsinə görə məsuliyyət daşıyır.	5. Legal entities authorized to implement technical and economic analyses of investment projects bear responsibility in compliance with the laws of Azerbaijan Republic for validity and quality of the Pre-feasibility Studies for the realization of the investment project including realistic estimation of all risks which may affect full implementation and realization of the investment project and the achievement of its expected outcomes.
6. İlkin Texniki İqtisadi Əsaslandırılmanın və investisiya layihələrinin digər ekspert təhlillərinin maliyyələşdirilməsi İqtisadi İnkişaf Nazirliyinin razılığı ilə ayrılmış büdcə vəsaiti hesabına həyata keçirilir.	6. Financing of the Pre-feasibility Studies, Feasibility Studies and other expert analyses of investment projects is made from allocated budget programs by agreement of Ministry of Economic Development.
7. İlkin Texniki İqtisadi Əsaslandırılmanın nəticələri əsasında İqtisadi İnkişaf Nazirliyi investisiya layihəsi sərəncamçı təşkilatlarını əlaqələndirməklə investisiya layihəsini prioritet kimi təsnifləşdirə bilər. Prioritet kimi təsnifləşdirilən layihə Dövlət İnvestisiya Proqramının ikinci ilindən başlayaraq şərti maliyyələşmə əldə edə bilər.	7. Based on the results of the Pre-feasibility Study, the Ministry of Economic Development in coordination with the investment project executor shall qualify the investment project as priority investment project. The projects programs, which are qualified as priority projects, are eligible for provisional financing starting from the second year of the Public Investment Program.
8. İnvestisiya layihələrini təklif edən sərəncamçı təşkilatlar layihənin İlkin Texniki İqtisadi Əsaslandırılmasını aparan təşkilatla birlikdə layihə tədbirlərindən təsirlənəcək əhali ilə görüşlər keçirməli və müzakirələr aparmalıdır. Sərəncamçı təşkilatlar əhalinin fikirlərini və təkliflərini müvafiq olaraq nəzərə almalı və layihənin məzmununda və tədbirlərində əks etdirməlidir.	8. The authorized organization for the investment project shall undertake meetings and discussions with communities to be affected by project activities. Authorized organizations shall give due consideration to concerns and suggestions of communities and make adjustments to the project design accordingly.
VII. İnvestisiya layihələrinin Dövlət İnvestisiya Proqramına daxil edilməsi üçün seçilməsi	**VII. Formulation and approval of list of the priority public investment projects**

1. Maliyyə Nazirliyi və sərəncamçı təşkilatların nümayəndələri ilə məsləhətləşmələr aparmaqla, İqtisadi İnkişaf Nazirliyi investisiya layihəsinin müəyyən edilmiş meyarlara uyğunluğunu təhlil etmək üçün Layihə Qiymətləndirilmə Hesabatı hazırlayır. Qiymətləndirilmə Hesabatı nəticəsində layihə təsdiq edilə, rədd edilə, tam Texniki İqtisadi Əsaslandırmaya tələb edilə və ya gələcəkdə nəzərə alınmaq üçün spesifik dəyişikliklərin edilməsi tələb edilə bilər. 2. İlkin Texniki İqtisadi Əsaslandırılması təsdiq edilmiş prioritet investisiya layihələrini yekun prioritet siyahıya daxil etmək üçün layihəni icra edən təşkilat aşağıdakı tələblərə cavab vermək şərti ilə İqtisadi İnkişaf Nazirliyinə müraciət etməlidir: a) İnvestisiya layihələrinin məqsədlərinin Dövlət İnvestisiya Siyasəti və Dövlət İnvestisiya Proqramına uyğunluğu b) İnvestisiya layihəsi üzrə təsdiq edilmiş ilkin (və ya tam) texniki-iqtisadi əsaslandırmanın olması. 3. Əgər layihə üzrə Texniki İqtisadi Əsaslandırılma tələb olunarsa, investisiya layihəsinin Texniki İqtisadi Əsaslandırılması tamamlandıqdan sonra sərəncamçı təşkilatlar Qiymətləndirmə Hesabatının dəyərləndirilməsi üçün İqtisadi İnkişaf Nazirliyinə müraciət edir. 4. Prioritet investisiya layihələrinin yekun prioritet siyahıya salınması prioritetləşdirmə üzrə siyasət və texniki meyarlar, o cümlədən aşağıdakı göstəricilər əsasında həyata keçirilir: a) Dövlət və özəl sektorların müvafiq rollarının müqayisəsi əsasında investisiya layihələrinin maliyyələşdirməsi məsələləri üzrə seçim edilir;	1. The Ministry of Economic Development, in consultation with representatives of the Ministry of Finance and of the executor agency of investment project, will prepare a project Appraisal Report to review the suitability of the investment project to qualify to be in the list of priority investment projects. The Appraisal Report may result in approval, rejection, request for full Feasibility Study, or request for specifically elaborated changes for potential reconsideration. 2. In order to include the priority investment projects with approved Pre-feasibility Studies in the list of priority investment projects, the authorized organizations of the investment projects shall apply to the Ministry of Economic Development meeting the requirements of: a) compliance of the objectives of the investment projects with the objectives of public investment policy and Public Investment Program, b) availability of approved pre-feasibility studies for the investment project. 3. The investment project authorized organizations shall apply to the Ministry of Economic Development for Appraisal Report evaluation after the Feasibility Study of the investment project is completed. 4. Selection of priority investment projects into the list of priority investment projects is carried out based on policy and technical criteria of prioritization including the following: a) the proper role of the government sector versus the private sector will

b) İnvestisiya layihəsinin icrasından gözlənilən spesifik ölçülə bilən nəticələrin ortamüddətli Sektor İnkişaf Planları və ortamüddətli milli və sektor inkişaf məqsədlərinə töhfə vermə səviyyəsi; c) Layihələrin əhalinin yoxsul təbəqəsinə təsiri; d) İnvestisiya layihələrinin cari xərcləri mümkün qədər dəqiq və təfsilatlı olmalıdır, burada yeni əməkdaşların əmək haqları, qeyri-əmək haqqı əməliyyatları və müntəzəm təmir və texniki xidmətlə kimi xərclər əks etdirilməlidir. Dövlətin, Naxçıvan MR-nın və büdcədənkənar fondların gələcək büdcələrinin gözlənilən xərclərini göstərmək üçün büdcəni hazırlayanlar orta cari xərcləri ortamüddətli xərc planlarında əks etdirməlidir; e) Dövlət investisiya layihələrinin gözlənilən nəticələrinə nail olmaq üçün bu layihələrin əməliyyatlarının həyata keçirilməsi və davamlılığına xidmət göstərəcək insan potensialı və fiziki və tənzimləyici yardımçı infrastrukturun mövcudluğu.	govern the choice of investment projects for financing, b) the specific expected measurable outcomes that the investment projects designed to help achieve outcomes for medium-term Sector Development Plans and the medium-term national and sectoral development objectives, c) the impact of the major projects and programs on the poor, d) the recurrent costs estimates of investment project expenditures must be explicit including wages of new staff, costs of non-wage operations and regular repair and maintenance. The recurrent costs should be included in the medium term expenditures plans by the budget preparers to show the expected expenditures in the future budgets of state, Naxchivan MR and extra-budgetary funds. e) the human capacity, and physical and regulatory ancillary infrastructure to implement and to sustain operations of the public investment projects to their planned outcomes.
5. **VIII. Dövlət İnvestisiya Proqramı layihəsinin təsdiqi** 1. Maliyyə Nazirliyi ilə əlaqələndirməklə İqtisadi İnkişaf Nazirliyi aşağıdakıları nəzərə aldıqdan sonra prioritet investisiya layihələrin siyahısından yekun investisiya layihəsi Dövlət İnvestisiya Proqramı layihəsinə daxil olmaq üçün seçir və təsdiq edir: a) Cəmi dövlət xərcləri və investisiya xərcləri və onların neft və qaz gəlirləri çıxılmaqla icmal büdcə	**VIII. Formulation and approval of priority investment projects in the draft Public Investment Program** 1. The Ministry of Economic Development in cooperation with the Ministry of Finance approves the investment project from the list of priority investment projects in the draft Public Investment Program after consideration of: a) total public expenditure and

kəsiri ilə, həmçinin Sosial İqtisadi İnkişaf Proqnozları çərçivəsində cəmi borcla əlaqəsi. b) Cəmi dövlət investisiya xərcləri hər bir sektor daxilində və bütün sektorlar üzrə makroiqtisadi stabillik, davamlı iqtisadi inkişaf və dövlət investisiya siyasəti baxımından düzgün paylaşdırılır. c) İnvestisiya layihələrinin cari xərcləri gələcək icmal büdcə xərcləri proqnozlarının hesablanması zamanı nəzərə alınır.	investment expenditure and their relation to consolidated budget deficit excluding oil and gas revenues and to total debt in the framework of Social and Economic Development Forecasts, b) total public investment expenditure is allocated within each sector and across all the sectors appropriately for macroeconomic stability, sustainable economic growth, and public investment policy, c) the recurrent cost implications of investment projects on the estimates of future consolidated budget balances.
IX. Büdcə investisiya layihələrinin icrası	**IX. Realization of the budget investment projects**
1. İnvestisiya layihələri onların müəyyən edilmiş qaydalara uyğun olaraq təsdiq edilən İlkin Texniki İqtisadi Əsaslandırma və/və ya Texniki İqtisadi Əsaslandırmalarına uyğun şəkildə icra edilir.	1. Investment projects are realized in compliance with their Pre-feasibility Studies and/or Feasibility Studies approved in accordance with established Regulations.
2. İnvestisiya layihələrində təsvir edilən icra prosesi müəyyən edilmiş qaydalara uyğun olaraq təsdiq edilən layihə proqnozları sənədlərinə uyğun həyata keçirilir.	2. The implementation activity specified in the investment projects is realized in compliance with the project estimate documentation approved in accordance with established Regulations.
3. Sərəncamçı təşkilatlar layihənin ətraflı texniki və mühəndislik sənədlərinin hazırlanması prosesində layihənin ərazinin baş tikinti planına uyğunluğunu təmin etmək üçün yerli əhali və müvafiq təşkilatlar ilə müzakirələr aparmalıdırlar.	3. Government organizations need to hold discussions and meetings with the local community to make sure that engineering plans are consistent with the master plan of the project location.
4. Təsdiq edilmiş layihə-smeta sənədləri və (və ya) dövlət satınalmalarına dair bağlanmış müqavilələrə əsasən investisiya layihələrinin xərclərində düzəlişlər edilə bilər.	3. The cost of investment projects is subject to correction based on the approved project estimate documentation and (or) concluded contracts on state procurement purchases.

X. İnvestisiya layihələrinin icrasının monitorinqi	X. Monitoring of realization of the investment projects
1. İnvestisiya layihələrinin icrasının monitorinqini təmin etmək məqsədilə aşağıdakılar həyata keçirilir: a) İnvestisiya layihələrinin sərəncamçı təşkilatlar tərəfindən investisiya layihələrinin hazırlanması və icrası prosesi və onun nəticələri barədə məlumatlar toplanır və izah edilir; b) İnvestisiya layihələrinin sərəncamçı təşkilatları tərəfindən investisiya layihələrinin hazırlanması və icrası prosesi və onun nəticələri barədə rüblük məlumat İqtisadi İnkişaf Nazirliyinə təqdim edilir; c) İcmal maliyyələşmə planına dair məlumat və investisiya layihələrinin vaxt cədvəli çərçivəsində həyata keçirilmiş ödənişlər barədə rüblük məlumat Maliyyə Nazirliyi tərəfindən İqtisadi İnkişaf Nazirliyə təqdim edilir; d) İnvestisiya layihələrinin icrası prosesinə dair məlumatın və investisiya layihələri üzrə edilmiş ödənişlərə dair məlumatın əsasında İqtisadi İnkişaf Nazirliyi tərəfindən investisiya layihələrinin icrasının səmərəliliyini qiymətləndirilir; e) İcmal büdcədən maliyyələşən investisiya layihələrinin icra prosesinə dair rüblük icmal məlumatı İqtisadi İnkişaf Nazirliyi tərəfindən Nazirlər Kabinetinə təqdim edilir. 2. Sərəncamçı təşkilatlar investisiya layihələrinin təşkilat daxili monitorinqini xüsusi monitorinq və qiymətləndirmə üzrə	1. Monitoring of realization of the public investments projects provides for: a) collection and explanation of information by the authorized organizations of the investment projects on the process and results of preparation and realization of investment projects, b) providing quarterly information on the process and results of preparation and realization of investment projects to the Ministry of Economic Development by the authorized organizations of investment projects, c) providing quarterly information on consolidated plan of financing and information on payments already made within the schedule of investment projects to the Ministry of Economic Development by the Ministry of Finance, d) evaluation of current effectiveness of realization of investment projects by the Ministry of Economic Development based on the provided information about the process of realization of investment projects and on information of payments already made on investment projects, e) submission of consolidated quarterly information on the process of realization of investment projects financed from the consolidated budget to the Cabinet of Ministers by the Ministry of Economic

bölmələr vasitəsilə aparırlar. 3. İnvestisiya layihələrinin monitorinqindən əldə edilən məlumatların əsasında, həmçinin cari və proqnozlaşdırılan sosial və iqtisadi göstəricilər nəzərə alaraq, İqtisadi İnkişaf Nazirliyi investisiya layihələrinin daha səmərəli icrasına dair tədbirlər üzrə təklifləri Azərbaycan Hökumətinə təqdim edir. Bu təkliflərə aşağıdakılar da daxildir: a) Azərbaycan hökumətinin və yerli icra orqanlarının investisiya layihələrinin səmərəli icrasına yönəlmiş hüquqi-normativ aktları, həmçinin digər qərarlarının icrası ilə bağlı tədbirlərin görülməsi; b) Düzgün əsaslandırılmış hallarda investisiya layihələrinin icrasının dayandırılması və ya ləğv edilməsi; c) Azərbaycan Respublikası qanunvericiliyi ilə nəzərdə tutulmuş digər tədbirlər. 4. İnvestisiya layihələrinin icrasının monitorinqini keçirmək məqsədilə hazırlanan məlumat üzrə formalar, şərtlər və təqdim edilməsi cədvəli İqtisadi İnkişaf Nazirliyi tərəfindən müəyyən edilir. **XI. İnvestisiya layihələrinin səmərəliliyinin qiymətləndirilməsi** 1. İqtisadi İnkişaf Nazirliyi investisiya layihələrinin səmərəliliyini, həmçinin Dövlət İnvestisiya Proqramının, Dövlət İnvestisiya Siyasətinin səmərəliliyini və investisiya layihələrinin icrasından sonrakı nəticələr və faydalara dair məlumat əsasında müəyyən edir. 2. İnvestisiya layihələrinin səmərəliliyini qiymətləndirmək üçün faktiki və planlaşdırılan xərclər, investisiyaların faktiki və gözlənilən nəticələri müqayisə edilir,	Development. 2. Government organizations need to carry out domestic monitoring and evaluation of investment projects through special units within the organization. 3. Based on the data of the monitoring of investments projects, as well as taking into consideration the existing and forecasted social and economic indicators, the Ministry of Economic Development submits proposals on measures for more effective realization of the investment projects to the Government of Azerbaijan Republic including: a) take measures of standard and legal normative acts and other decisions of the Government of Azerbaijan Republic and local executive bodies directed to the effective realization of investment projects b) in well-founded cases, stopping of or withdrawal from realization of investments projects c) other measures, stipulated in the legislation of Azerbaijan Republic. 3. Terms, forms and schedule of submission of information provided for carrying out monitoring on realization of investment projects are determined by the Ministry of Economic Development. **XI. Evaluation of the effectiveness of the investment projects** 1. The Ministry of Economic Development evaluates the effectiveness

Azerbaijan Republic, 2006

Budgetary Allocations and Disbursements for capital investments:* DRAFT

Initial amounts, adjusted amounts after mid-year budget review, and final executions

Row #	The name of spending organization and project	Allocated funds FEB 2006	Allocated funds JUL 2006	Percent change in allocations	Funds disbursed by Treasury DEC 2006	Treasury disbursement rate of July allocations	Percent of total disbursement
		Thousand AZN	Thousand AZN	%	Thousand AZN	%	%
	1	2	3	4	5	6	7
	Total in Azerbaijan Republic	611,000	882,331	44.4	880,699	99.8	100.00
1	The Ministry of Internal Affairs	2,300	4,300	87.0	4,300	100.0	0.49
2	The Ministry of National Security	2,700	8,000	196.3	8,000	100.0	0.91
3	The Ministry of Defense	1,400	3,000	114.3	3,000	100.0	0.34
4	The Ministry of Justice	2,400	2,900	20.8	2,900	100.0	0.33
5	The Ministry of Transportation	71,456	162,532	127.5	162,532	100.0	18.45
6	The Ministry of Foreign Affairs	5,000	6,495	29.9	6,495	100.0	0.74
7	The Ministry of Agriculture	600	817	36.2	817	100.0	0.09
8	State Melioration and Water Economy Agency near the Ministry of	18,423	25,474	38.3	25,462	100.0	2.89
9	State Agency on Farmer Credits near the Ministry of Agriculture	1,292	845	(34.6)	817	96.7	0.09
10	The Ministry of Environment and Natural Resources	584	1,250	114.1	1,110	88.8	0.13
11	The Ministry of Education	34,644	41,326	19.3	41,326	100.0	4.69
12	The Ministry of Health	20,478	24,133	17.8	24,077	99.8	2.73
13	The Ministry of Finance	1,338	1,338	(0.0)	1,309	97.8	0.15
14	The Ministry of Economic Development	3,000	4,254	41.8	4,253	100.0	0.48
15	The Ministry of Labor and Social Protection Ministry	1,385	709	(48.8)	705	99.5	0.08
16	The Ministry of Culture and Tourism	6,054	12,004	98.3	11,614	96.8	1.32
17	The Ministry of Youth and Sport	13,050	14,360	10.0	14,139	98.5	1.61
18	The Ministry of Emergency Situations	3,580	45,838	1,180.4	45,838	100.0	5.20
19	Ministry of Taxation	-	3,000	na	3,000	100.0	0.34
20	State Commission on Emergency Situations	4,000	1,142	(71.5)	1,142	100.0	0.13

Row #	The name of spending organization and project	Allocated funds FEB 2006	Allocated funds JUL 2006	Percent change in allocations	Funds disbursed by Treasury DEC 2006	Treasury disbursement rate of July allocations	Percent of total disbursement
		Thousand AZN	Thousand AZN	%	Thousand AZN	%	%
	1	2	3	4	5	6	7
21	State Committee on Refuges and IDP Problems	2,733	1,284	(53.0)	1,133	88.2	0.13
22	Committee dealing with Azeris living abroad	100	600	500.0	600	100.0	0.07
23	State Customs Committee	3,140	3,140	-	3,140	100.0	0.36
24	State Committee on the State Property Management	2,000	3,000	50.0	3,000	100.0	0.34
25	State Statistics Committee	100	200	100.0	200	100.0	0.02
26	State Land and Cartography Committee	124	0	(100.0)	0	cancelled	-
27	Committee on Closing of the State Committee on Construction and	-	90	na	90	100.0	0.01
28	High Commission on Attestations under Administrative Office of President	-	43	na	43	100.0	0.00
29	Administrative Office of the President of the Az Rep	10,000	15,000	50.0	15,000	100.0	1.70
30	Administrative Office of the Cabinet of Ministers	3,600	3,600	-	3,600	100.0	0.41
31	Administrative Office of the Milli Meclis	2,400	10,147	322.8	10,147	100.0	1.15
32	National Academy of Sciences	1,400	1,750	25.0	1,630	93.1	0.19
33	Special State Defense Service	3,640	4,290	17.9	4,290	100.0	0.49
34	Main Prosecutor Office of the Republic	2,000	2,000	-	2,000	100.0	0.23
35	State Border Service	4,600	21,700	371.7	21,700	100.0	2.46
36	Supreme Court	3,000	7,000	133.3	7,000	100.0	0.79
37	Service of the State Register of real estate near the Cabinet of Ministers of the	1,500	1,500	-	1,500	100.0	0.17
38	State Agency on Standardization, Metrology and Patent	400	400	-	400	100.0	0.05
39	"Azeristiliktechizat" SC (heating company)	5,000	12,000	140.0	12,000	100.0	1.36
40	Azerbaijan Air Ways (2 airports)	-	22,000	na	22,000	100.0	2.50
41	Azerbaijan Shipping Company (1 oil tanker)	-	13,000	na	13,000	100.0	1.48
42	"Azersu" SC (water company)	37,333	43,278	15.9	43,229	99.9	4.91
43	"Azerigas" JSC	1,000	13,060	1,206.0	13,060	100.0	1.48
44	"Azerenergy" SC (modular electric generator stations)	272,500	240,500	(11.7)	240,499	100.0	27.31
45	Agency on Rehabilitation and Reconstruction of the territories of the AR	19,700	26,806	36.1	26,419	98.6	3.00
46	National Agency on the Clearing of Mines from the Territories of the Az Rep	1,080	1,136	5.2	1,136	100.0	0.13
47	Baku Metro	14,444	17,525	21.3	17,525	100.0	1.99

Row #	The name of spending organization and project	Allocated funds FEB 2006	Allocated funds JUL 2006	Percent change in allocations	Funds disbursed by Treasury DEC 2006	Treasury disbursement rate of July allocations	Percent of total disbursement
		Thousand AZN	Thousand AZN	%	Thousand AZN	%	%
	1	2	3	4	5	6	7
48	**Baku State University**	**600**	**600**	**-**	**600**	**100.0**	**0.07**
49	**Azerbaijan Architecture and Construction University**	**362**	**362**	**-**	**362**	**100.0**	**0.04**
50	**Azerbaijan Technical University**	**600**	**600**	**-**	**600**	**100.0**	**0.07**
51	**Azerbaijan State Economic University**	**400**	**400**	**-**	**400**	**100.0**	**0.05**
52	**Baku Musical Academy**	**100**	**100**	**-**	**100**	**100.0**	**0.01**
53	**Ganja Car Factory**	**50**	**50**	**-**	**50**	**100.0**	**0.01**
54	**Clinic Hospital #5, Baku**	**40**	**40**	**-**	**40**	**100.0**	**0.00**
55	**"Azon" plant**	**100**	**100**	**-**	**100**	**100.0**	**0.01**
56	**TOTAL RAYON AND CITY EXEC OFFICES**	**13,700**	**18,696**	**36.5**	**18,696**	**100.0**	**2.12**
57	Baku City Executive Offices	1,800	2,940	63.3	2,940	100.0	0.33
58	Sumqayit Executive Offices	1,100	1,100	-	1,100	100.0	0.12
59	Ganja Executive Offices	644	644	-	644	100.0	0.07
60	Other Rayon and City Exec Offices	10,156	14,012	38.0	14,012	100.0	1.59
61	**Nakhchivan AR COM**	**-**	**24,100**	**na**	**24,100**	**100.0**	**2.74**
62	**Azerbaijan Nizami Gencevi Literature Museum**	**-**	**3,400**	**na**	**3,400**	**100.0**	**0.39**
63	**Azerbaijan Health Ministry Cancer Center**	**-**	**4,544**	**na**	**4,544**	**100.0**	**0.52**
64	**Share of Az Rep in WB loan projects in Justice, Health and Agriculture**	**-**	**192**	**na**	**131**	**68.3**	**0.01**
65							
66	**Reserve**	**7,638**	**29**	**(99.6)**	**-**	**-**	**-**

Source: MOED PI Department from Treasury execution report (30/12/2006).

***/ These allocations are approved by the Milli Mejlis in total as a single budget line item**

Row # 60/ Sum of all other rayon and city executive organs (other than Baku, Sumgayit, and Gence)

na/ Not applicable

The shaded cells indicate new allocations for projects after mid-year review in July authorized by the COM.

CHARTER

PUBLIC INVESTMENT DEPARTMENT

THE MINISTRY OF ECONOMIC DEVELOPMENT OF THE REPUBLIC OF AZERBAIJAN

I. General Provisions

1.1 This Charter has been prepared in compliance with the decree No 504, dated 28 December 2006 of the President of the Republic of Azerbaijan on "Actions to be taken to improve the performance of the Ministry of Economic Development of the Republic of Azerbaijan" and "the Charter on the Ministry of Economic Development of the Republic of Azerbaijan" approved by that decree, and determines the key responsibilities, functions, and regulations for organizing the activities and responsibilities of the staff of the Public Investments Department (hereinafter – the Department) in the Ministry of Economic Development of the Republic of Azerbaijan (hereinafter – the Ministry).

1.2 The Department refers, in its activity, to the legislation of the Republic of Azerbaijan, the decrees and orders of the President of the Republic of Azerbaijan, the decrees and orders of the Cabinet of Ministers of the Republic of Azerbaijan, other normative legal framework, the international agreements the Republic of Azerbaijan is a party to, the orders and decrees of the Minister of Economic Development of the Republic of Azerbaijan (hereinafter – the Minister) and this Charter.

1.3 The Department's main objective is to provide strategic direction, planning, coordination, information and evaluation for the preparation and implementation of the PI Program that ensures sustainable and rapid socio-economic development of the Azerbaijan Republic.

1.4 The Department reports to the Minister being an organizational unit of the Ministry's central administration and builds its activity in mutual coordination with the other organizational units of the Ministry, as well as the institutions with a legal entity status that are subordinate to the Ministry.

II. Key Functions of the Department

2.1 The key functions of the Department are to formulate PI policy of government based on analysis of socio-economic development of the country and pursuant to socio-economic development strategy of Azerbaijan; to organize and coordinate work related to implementation and supervision of state appraisal of all investment projects (proposals) from government agencies, public commercial and non-commercial enterprises and companies with majority state ownership; jointly with other relevant agencies develop and submit to proper agencies draft PI program based on justification of PI projects and evaluation of their financial-economic analysis results; regularly take measures for monitoring and evaluation of investment projects; and to improve formulation and implementation of PI policy and PI program.

III. Duties and Responsibilities of the Department

In line with key functions delineated herein, the Department shall fulfill following duties:

Formulation of PI Policy

3.1 Based on Socio-Economic Development Forecasts prepared by the MOED and Medium Term Budget Forecasts prepared by the MOF, the Department develops and submits relevantly PI Policy paper on annual basis

3.2 Prepares proposals and recommendations on the role of PI in the overall structure of the economy, perspectives for change, related problems and their solutions, as well as studying of investment needs of ordering (client) organizations

3.3. Within its authorities and pursuant to its responsibilities, jointly with other departments, formulates major directions for medium and long term PI policies

3.4. Ensures linking of key PI directions with targeted state programs and country's overall socio-economic development strategy; within its authorities participates in the formulation of state programs

3.5. Provides opinion on initial amount of total PI expenditure for next year and following three years

3.6. In consolidated budget development process, within its authorities and in compliance with its functions, participates in formulation of PI related forecast indicators of socio-economic development; planning and analysis of budget lending, government and government guaranteed debts

3.7. In order to implement high-quality and comprehensive analysis of PI and to identify the optimal volume of PI, collects and analyses detailed statistical data (classified into economic sectors, regions, private and public, internal and external, etc.)

3.8. In the beginning of each fiscal year, analyses impact of PI on macroeconomic stability and economic growth; sends relevant reports to appropriate institutions and ensures integration of evaluation results in policy papers.

Appraisal of PI

3.8. Performs individual and comparative analyses of investment projects submitted by client agencies, reviews their economic efficiency, social significance and inter-relation with other divisions; and prepares PI project forecasts for the next year and the subsequent three years

3.9. Discusses with other relevant agencies and ministries economic evaluation paper prepared based on pre-feasibility and feasibility studies of investment projects; prepares opinion on whether the project should be included in the PI Program

3.10. Evaluates new investment project proposals (through reviewing concept paper), prepares opinion on taking the proposals to feasibility study stage and their conformity with PI policy

3.11. Prepares opinion on allocation of funds for preparation of Pre-Feasibility and Feasibility Studies of projects

3.12. Reviews cost estimates of transitional projects funded from PI expenditure, makes relevant proposals, attracts independent experts when necessary

3.13. To promote attraction of investment, coordinates the activities of state commercial and non-commercial organizations (as well as the activities of SOEs and organizations with state ownership), reviews investment proposals prepared and received and conducts their appraisal within its competence

3.14. In order to identify investment needs of potential client organizations for the next year and for the subsequent three years, sends call circulars (questionnaires) for submission of investment projects

PI Program Formulation

3.15. Sets criteria for prioritization of PI projects, identifies their intra-sector, inter-sector and national priorities within the framework of PI program
3.16. Determines sectoral and regional breakdown of PI and projects
3.17. Establishes and manages Project Registry for registration of projects from various ministries and agencies at the stage of proposal, planning, approval, implementation and evaluation
3.18. Identifies criteria, forms, standards and methods used by authorized agencies for investment project identification, planning, implementation and evaluation; prepares methodological guidelines and reference materials for their application
3.19. Reviews preparation of authorized agencies' investment project documentation from methodological viewpoint and if approved based on them prepares and submits properly first draft of PI Program in compliance with accepted overall socio-economic development priorities, and funds allocated for PI expenditure in each year's consolidated budget
3.20. Comments on the final draft of PI Program before it is submitted to the COM

Monitoring and Evaluation of PI

3.21. Monitors and analyses implementation status of PI projects by authorized agencies
3.22. On a regular basis prepares progress reports on PI Program projects; monitors implementation and evaluates efficiency of projects; reviews implementation status of completed projects; prepares relevant statements (notes)
3.23. Taking into account projects' monitoring and evaluation data, in order to ensure efficient implementation of PI projects makes proposals for improving their administrative, economic and legal framework
3.24. At the end of each year, compares forecast indicators on PI allocation and implementation efficiency for that year against actual results, prepares written report
3.25. Identifies terms, forms and schedule for reports needed for monitoring of investment projects implementation

Cross-Divisional Tasks

3.26. Establishes information system of PI. For this purpose creates the database of PI projects, ensures systematic coding of projects, and regularly improves the database and the information system to meet the information needs for effective planning of PI
3.27. Makes proposals on creating additional funding sources for financing PIP, as well as on financing of selected priority projects
3.28. Pursuant to legislation ensures participation of Ministry's representatives in tender commissions of agencies with direct relation to PI projects and purchasing agencies involved in state purchases
3.29. Makes proposals for improving relevant legislation to increase efficiency of legal, administrative and economic basis for PI project related purchases
3.30. Studies international experience on PI policy formulation, PI forecasting, planning, implementation and evaluation problems; makes proposals to improve existing practice on PI planning and implementation and work of Azerbaijan State Investment Company
3.31. In order to strengthen capacity, skills and knowledge of authorized agencies on PI project development and implementation, as well as to ensure efficient application of modern methodologies jointly with relevant scientific-research institutes, universities, and NGOs holds trainings, seminars and conferences
3.32. Drafts orders, decrees and other documentation related to Department's functions;

3.33. Considers incoming requests, prepares responses to them and takes other measures in compliance with the legislation
3.34. Fulfills other responsibilities assigned by the Minister

IV. Rights of the Department

The Department has the following rights in fulfillment of its duties:

4.1. To evaluate implementation status of PI projects by client organizations; to perform monitoring and supervision in this field, with this purpose to visit project implementation sites; to obtain documents and information on project implementation
4.2. To request additional documents and data from client organizations in order to justify priority and importance of PI projects and to evaluate their implementation status
4.3. To inquire and obtain necessary information (documentation) and reports from related institutions, state commercial and noncommercial enterprises, as well as organizations with state ownership, the Ministry's structural units, and the Ministry's subordinated institutions with a legal entity status
4.4. To draft normative legal acts and other documents related to its activities, conduct their expertise, provide opinion and make proposals, conduct reviews, prepare analytical materials, provide opinion on draft normative legal acts prepared by other institutions on PI and take part in their discussions
4.5. To attract relevant experts to establish close relations and cooperate with state agencies, project research institutes, universities, municipalities, NGOs and other organizations in order to fulfill its duties and to improve PI planning and implementation process
4.6. Within its authorities, to give instructions to all divisions under the Department and follow up their implementation

V. Accountability

The following accountability requirements are established for efficient work of the Department:

5.1. Every year prepares initial draft of PI policy no later than identified by relevant legislation, submits it to the COM and distributes the approved policy paper to relevant agencies
5.2. Distributes PI Call Circular in order to prepare PI Program for next year and subsequent three years
5.3. Reviews PI project documentation of authorized agencies from methodological viewpoint and if approved within the time limit set by the legislation and submits to the MOF the first draft of PIP
5.4. Prepares opinion on suitability of PI projects received from authorized agencies and allocation of funds for their Pre-Feasibility Studies
5.5. Performs Pre-Feasibility Study of the project and if approved, the projects are included in PI Program to be implemented next year
5.6. Within deadline set by legislation responds to information and explanation inquiries regarding PI policy, PI Program, PI project development and implementation by state enterprises, private companies and individuals

VI. Organization of the Department's Activities

6.1 The Department is established and abolished by the Minister's order
6.2 The Department's structure is as follows:

- Department Head
- Deputy Department Head
- PI Policy and Program Division
- PI Projects Appraisal Division
- PI Projects Monitoring and Evaluation Division

6.3 The Department is led by the Department Head appointed and dismissed by the Minister, bearing responsibility personally for fulfilllment of the responsibilities and functions assigned to the Department
6.4 Department Head shall:

- Organize the Department's activities and carry out overall management
- Provide supervision to ensure that staff members fulfill their responsibilities on a timely manner and accurately, and adhere to labor disciplines and internal regulations
- Assign mandatory instructions and tasks related to activity of staff and supervise them on a daily basis
- Make proposals to the Minister regarding disciplinary actions and incentives, participate directly in their performance evaluation
- Represent the Department in the Ministry's collegiums and other events, coordinate the Department's activities with other structural units of the Ministry
- Allocate duties among the Divisions and staff of the Department
- Prepare a Work Plan for the Department for each year in accordance with the key objectives and functions of the Department and agree it with the Head of the Ministry's Administration
- Prepare monthly and annual reports on the Department's performance and submit them to the Head of the Ministry's Administration
- Ensure implementation of additional tasks assigned to the Department by the Ministry's management
- Take measures to provide the staff of the Department with necessary economic and legal information
- On regular basis, send Department staff to trainings, scientific and practical events in order to ensure that the their performance meets modern requirements and to increase their skills and knowledge
- Represent the Ministry based on the instruction or presentation of the Ministry's management in different level temporary committees, commissions and working groups

6.5. Authorities of the Divisions are limited to discharge of duties set by the Department Head and arising from the Department's key functions and responsibilities
6.6. Functions related to PI Policy and PI Program formulation, PI expertise and PI monitoring and evaluation are performed by PI Policy and Program Division, PI Expertise (Appraisal) Division and PI Monitoring and Evaluation Division, respectively
6.7. The Department organizes its work and activities pursuant to work schedule prepared and approved by relevant Deputy Minister on annual basis
6.8. The Divisions will fulfill the responsibilities assigned to them by the Department Head and will be solely responsible for this
6.9. In the absence of the Department Head his/her authorities will be carried out by the Deputy Department Head by the Minister's order

VII. Responsibility of the Department's staff

7.1 The Department Head and the Deputy Department Head are responsible for timely and accurate accomplishment of the Department's responsibilities
7.2 Respective Division Heads are responsible for timely and accurate accomplishment of the responsibilities set for their Division
7.3 Within the key objectives and functions of the Department determined by the legislation and this Charter each staff member of the Department will be responsible for compliance of the documents, which they prepare, study and sign (authorize), with legislative acts of the Republic of Azerbaijan, the Minister's orders and decrees.

THE PUBLIC INVESTMENT POLICY PROJECT (PIP-PROJECT)

DRAFT

Public Investment Policy and Programming (PIPP) & Public Investment Program (PIP) Issues: 2005-2010

THE PURPOSE OF THE PROJECT: To help strengthen the Government of Azerbaijan's institutional, organizational and technical capacity for:
(i) long-term development and policy planning (ii) capital budgeting and (iii) investment project preparation, appraisal, and monitoring

	PIPP Stages/ Good Practices	Existing PIPP Practices on:		New PIPP Practices by:		Comments
		Dec 2004 (FY 2005)	Dec 2006 (FY 2007)	Dec 2007 (FY 2008)	Dec 2009 (FY 2010)	
	a	b	c	d	e	f
1	Long-term national and sector development objectives, strategies and investment policies Medium-term national and sector objectives and targets	1 State program on poverty reduction exists (SPPRSD) 2 State program on regional development exists (SPSEDR) for 2004-2008 3 No concrete National Development Framework (NDF) with clear direction and priorities in M-T 4 No institutional coordinating structure to execute a NDF	1 A draft SPPRSD 2006-2015 is prepared 2 No change 3 No change 4 No change (Additionally: There have been numerous targeted Presidential initiatives of new regional and sectoral development plans)	1 SPPRSD 2006-2015 operation begins 2 SPSEDR is updated 3 Preliminary NDF with policy priorities is discussed 4 Cooperation is built among central economic agencies for budgeting and public investments intensified MOED coordinates with MOF and NBA (on NDF and a consistent macroeconomic frmaework) (Additionally, introduce concrete coordination of projects in national, sectoral and regional development programs)	Long-term national and sector development objectives, strategies and investment policies are elaborated by the GOAZ Annually, medium-term national and sectoral objectives and targets are elaborated	Incorporating regional and municipal programs is an outstanding issue
2	Medium-term investment planning and budgeting at macro level	1 MTMF is quantitatively inconsistent 2 A PIP (2005-2008) is provided by MOED 3 A MTEF is provided by MOF 4 No coherent links between MTEF and PIP on policy and capital expenditure programming 5 PIP 2004-2008 is not approved by the Parliament Parliament approves in the annual budget only next year's amount of capital and investment expenditures The COM configures a new list of investment projects based on the single amount allocated by the Parliament	1 No change 2 A PIP (2007-2010) is provided by MOED 3 No change 4 No change 5 No change	1 A nominal MTMF based on a macroeconomic consistency model MOED together with MOF and NBA create a FPM for internal consistency ERSRI assists 2 A PIP (2008-2011) is provided by MOED 3 No change 4 Links based on more closely designed Call Circulars, in particular with respect to NDF 5 No change	1 A fully operational macroeconomic model which advises the Government's economic policy decisions 2 PIP envelope in alignment with MTMF 3 MTEF in alignment with MTMF 4 Close links in policy and expenditure programming 5 Medium-term PIP is approved as part of the consolidated budget by the Parliament The policy integrity of the PIP prepared by the MOED is preserved for implementation	

	PIPP Stages/ Good Practices	Existing PIPP Practices on:		New PIPP Practices by:		Comments
		Dec 2004 (FY 2005)	Dec 2006 (FY 2007)	Dec 2007 (FY 2008)	Dec 2009 (FY 2010)	
	a	b	c	d	e	f
3	Well formulated L-T and M-T SDPs Prioritization and sequencing of sector investment projects	Not consistently well formulated SDPs L-T SDPs approved by COM No formal or technical prioritization or sequencing Need for operational M-T SDPs	No change	More consistent SDP formulation (realistic objectives and targets with indicators and outcome measurements) Start capacity building for prioritization and sequencing techniques in selected LMs	More consistent and higher quality L-T and M-T SDPs in selected LMs Some capacity at selected LMs for prioritization and sequencing of sector investment projects	Incorporating regional plans is an outstanding issue
4	Medium-term public investment planning and budgeting at sector level	1 L-T SDP driven investment projects 2 No close links between sectoral MTEF and sectoral PIP in policy and programming	No change	1 Medium-term SDP formulation techniques are designed for selected LMs 2 In the LMs, institutional arrangements are determined to bring closer the processes of preparation of current budgets and capital budgets	Investment programming are annualized according to clear M-T SDP objectives In the LMs, medium-term public investment planning and current budgets are prepared in closer alignment with each other	Incorporating regional plans is an outstanding issue
5	Medium-term capital budget planning and current budget formulation in an integrated process at the macro level and alignment of the preparation of annual rolling-PIP with the budget cycle	BLS does not regulate capital budgeting Disparate current and capital budget formulation (at MOF and MOED) No strictly adhered guidance on rolling-PIP formulation with respect to the budget cycle	No change	Adjusting the timing of the PIP preparation to budget preparation cycle (in COM order) Coordination in information requirements of the call circulars of the MOED and of the MOF Instructions for the capital budget and current budget preparation are improved (better MTMF, similar policies and strategy directives, and timetables)	Amendments to the BSL and approval of new budget regulations BLS becomes comprehensive to regulate capital budgeting Capital budget planning and current budget formulation practices are in closer alignment with each other	
6	Realistic recurrent cost implications of investment projects on MTEF are fully accounted for	Recurrent cost implications of investment projects are not explicitly addressed for the future budgets	No change	1 In selected LMs, the capacity in recurrent cost estimations are introduced 2 In the MOF and MOED the capacity in recurrent cost estimations are introduced Corroboration between MOED and MOF regarding recurrent cost estimations and accounting for the estimates in the MTEF 3 PIP CC includes a Form which asks for the recurrent cost estimates of investment projects	Recurrent cost implications of investment projects on MTEF are better accounted for CC (MOED, MOF) includes a Form which asks for the recurrent cost estimates of investment projects	Incorporating regions and municipalities is an outstanding issue

	PIPP Stages/ Good Practices	Existing PIPP Practices on:		New PIPP Practices by:		Comments
		Dec 2004 (FY 2005)	Dec 2006 (FY 2007)	Dec 2007 (FY 2008)	Dec 2009 (FY 2010)	
	a	b	c	d	e	f
7	PIPP coverage should be as comprehensive as possible to get a truer picture of all public investments for policy decisions	Not comprehensive (not all extra-budgetary funds, not all SOEs, no NGOs, no private contributions)	No change	Possible inclusion of all extra-budgetary funds for policy discussions	PIPP coverage will be more comprehensive All budgetary capital outlays are shown in the consolidated budget	
8	PIP should not exclude projects of sectors whose investment projects are not only for the acquirement of fixed assets	Sectors not acquiring fixed assets are not represented in the PIP portfolio In policy and in programming, consideration of project impacts on cross-cutting issues are missed If agencies are able to fund their own projects, the impacts of the investments are not considered in the composition of the PIP	No change	To include for PIP policy consideration some of the investments from agencies that have been omitted so far	PIP should not exclude projects of sectors whose investment projects are not only for the acquirement of fixed assets	
9	In public investment decisions, full and clear accounting and delineation of the purposes of investment project spending and other capital expenditures	No clear accounting or delineation ((rehabilitation, building anew)	No clear delineation In PIP new call circular some agencies provided numbers for aggregate capital expenditures	More complete call circular responses through better instructions and training The MOF can provide historical information directly to the MOED	In public investment decisions, full and clear accounting and delineation of the purposes of investment project spending and other capital expenditures	
10	Public investment project identification and selection are made based on demand driven methods justified by quantification and by use of public participation	Role of State in all economic activities is heavy Not quantitatively determined No independent expert review No public participation No analyses of whether externally funded projects respond to domestic demands	No change	No change (Additionally: Selected sector case studies on actual projects training based on the experience)	Public investment project identification and selection are made based on demand driven methods justified by quantification and by use of public participation	Incorporating regions and municipalities is an outstanding issue
11	Technical preparation of public investment projects are based on modern methodologies and analyses	Questionable cost projections (calculations based on 1991 year indexed cost structures No B/C, No NPV (with possible exceptions of externally funded projects)	No change	No change (Additionally: Selected sector case studies on actual projects training based on the experience)	Public investment projects are prepared consistent with principles of Integrated Project (B/C) Analyses The use of 1991 year indexed cost structures are discontinued	Incorporating regions and municipalities is an outstanding issue

	PIPP Stages/ Good Practices	Existing PIPP Practices on:		New PIPP Practices by:		Comments
		Dec 2004 (FY 2005)	Dec 2006 (FY 2007)	Dec 2007 (FY 2008)	Dec 2009 (FY 2010)	
	a	b	c	d	e	f
12	Public investment projects implementation in accordance with regulations that guarantee effectiveness and accountability	Not transparent tender and procurement Limited accountability and limited authority on project implementation Very low institutional capacity and incentives	No change	No change	Regulations on public investment projects implementation Institutional arrangements for devolvement of authority and increase of accountability Increase of capacities in reporting, inspection, and auditing gained	Incorporating regions and municipalities is an outstanding issue
13	Reporting on project implementation: among public institutions and in public	1 Rudimentary reporting: mostly on financial information (MOF) to COM 2 No reporting to the public and no accountability towards public oversight	No change	Assess needs and any possible institutional and regulatory arrangements for increased reporting in implementation Introduce establishment of benchmarks and target measurements	Introduce institutional and regulatory arrangement for increased reporting on implementation of investment projects: among public institutions and in public	Incorporating regions and municipalities is an outstanding issue
14	Reporting on outcomes of investment projects: among public institutions and in public	1 No evaluative reporting: mostly on financial disbursements and physical realization 2 No evaluative reporting to the public and no accountability towards public oversight	No change	Assess needs and any possible institutional and regulatory arrangements for increased evaluative reporting on investment projects Introduce establishment of benchmarks and target measurements	Introduce institutional and regulatory arrangement for increased evaluative reporting on investment projects: among public institutions and to public	Incorporating regions and municipalities is an outstanding issue
15	Public investment project monitoring and evaluations in accordance with regulations	Very limited monitoring, except for financial irregularities No post-realization evaluations No regulations/system on information dissemination or feedback mechanisms No institutional units, capacities, and incentives	No change	Selected LM SDP preparations should recognize the use of M&E Design indicators and outcome measurements for selected sectors or types of projects Require appropriate M&E indicators and outcome measurements (and targets) in project cycle stages	Regulations on M&E processes on investment project cycle stages Sets of indicators and outcome measurements (and targets) are designed M&E capacities and incentives (in administrative units) are established at LMs, MOF, and MOED	Incorporating regions and municipalities is an outstanding issue

	PIPP Stages/ Good Practices	Existing PIPP Practices on:		New PIPP Practices by:		Comments
		Dec 2004 (FY 2005)	Dec 2006 (FY 2007)	Dec 2007 (FY 2008)	Dec 2009 (FY 2010)	
	a	b	c	d	e	f
16	Integrated performance indicators and outcome measurements in project preparation	1 No detailed and meaningful indicators or outcome measurements 2 No operational linkages by indicators and outcome measures between objectives of SPPRSD, SPSEDR and sector plans with the outcomes of investment projects and budget programs which are to realize these objectives	1 No change 2 The draft SPPRSD 2006-2015 document (not yet published) improved the system of its indicators and outcome measurements compared to the previous SPPRSD document	Assess needs for the system of indicators and outcome measurements	Design and propose classes of indicators and outcome measurements for projects to use Build capacity to introduce and operationalize the use of indicators and outcome measurements (and targets) in SDPs, PIPs, budget programs, and other State development programs	Incorporating regions and municipalities is an outstanding issue
17	Public participation in all stages of public investment decision-making	Very limited participation only in the early project planning stages mostly in social sectors Some participatory activities in externally funded projects mostly in the early project cycle Very limited M&E by civil society on outcomes	No change in practice No change in enforcement of available legislation	Disseminate information more broadly on positive externalities of public participation benefiting public investments management Seek means to establish more revenue and expenditure transparency Pursue increased enforcement of legislation which allows for transparency and public participation	Establish more channels for more revenue and expenditure transparency SPDs in selected LMs incorporate public participation practices in public investment decision-making and in M&E by NGOs, CSOs, independent experts and other stakeholders	Incorporating regions and municipalities is an outstanding issue
18	PIP document presentation incorporates thorough analyses of the balance of economic and investment policies, of sectors (oil and non-oil), of regions, of center vs regions, of impact of subsidies, of sustainability, and of cross-cutting issues	A set of annexed tables with financing information of projects No explanations of reasons and justification of financing of sector and project allocations in relation to NDF or M-T economic framework and resource constraints	PIP document presentation has a nominal MTMF (not quantitatively consistent) Brief description of recent economic developments and medium-term macroeconomic expectations are included A set of annexed tables with financing information of projects No compelling explanations for the sector and project allocations	PIP document presentation has a somewhat internally consistent MTMF Possibly more thorough analyses of reasons and explanations for sector and project allocations if PIP preparation is motivated by a more evident economic and investments policies (i e a preliminary NDF)	PIP document presentation incorporates analyses of the balance of economic and investment policies, of sectors (oil and non-oil), of regions, of center vs regions, of impact of subsidies, of sustainability, and of cross-cutting issues	

	PIPP Stages/ Good Practices	Existing PIPP Practices on:		New PIPP Practices by:		Comments
		Dec 2004 (FY 2005)	Dec 2006 (FY 2007)	Dec 2007 (FY 2008)	Dec 2009 (FY 2010)	
	a	b	c	d	e	f
19	Transparent presentation of PIP to the Parliament Approval by the Parliament of PIP allocations according to budget classification	Parliament receives no detailed information on sectoral allocations or on any project The spending on PIP and other capital expenditures are a line item in the draft budget submitted to the Parliament No Parliamentary approval of PIP project allocations	No change	No change	More transparent PIP presentation to the Parliament to allow for discussions Provide list of investment projects for Parliament's review Parliamentary review and deliberation of PIP presentation document Parliamentary approval of PIP spending according to improved public finance legislation	
20	The PIP Call Circular promotes high quality investment project selection and preparation of the rolling-PIP	Information collected from CCs does not impact project selections This is essentially from the lack of MOED's technical capacity and oversight authority on project selection and PIP management	No change The impact on project selection remains unchanged, which is fundamentally due to MOED's lack of technical capacity and oversight authority on PIP management	More targeted PIP CC MOED gains more technical capacity and oversight authority on PIP management, which may result from the new MOED Statute and reorganization which in turn may impact marginally the selection process of the investment projects	The PIP CC influences positively the quality of investment project selection and preparation of the rolling-PIP The MOED improves its technical competence and practices stronger authority in managing the PIP	
21	Standardization and modernization of definitions and of project presentation formats	1 Based on old legislation 2 Not standardized formats of project presentations (combination of old and new)	No change	Assessment of specific needs in selected sectors Templates are standardized	Assessment of needs across sectors Standardization of definitions and of project presentation formats in selected sectors	
22	Enforced regulatory framework on accountability, transparency, auditable standards and sanctioned offenses in PIP management	Regulatory framework is lacking Where it exists, enforcement is not followed	No change	Assessment of needs Assess possible institutional and regulatory arrangements with respect to existing public expenditure legislation on accountability, transparency, auditing standards and sanctioned offenses	Introduce institutional arrangements and the practice of enforced regulatory framework on accountability, transparency, auditable standards and sanctioned offenses in PIP management	Incorporating regions and municipalities is an outstanding issue

	PIPP Stages/ Good Practices	Existing PIPP Practices on:		New PIPP Practices by:		Comments
		Dec 2004 (FY 2005)	Dec 2006 (FY 2007)	Dec 2007 (FY 2008)	Dec 2009 (FY 2010)	
	a	b	c	d	e	f
23	Changes to the rolling-PIP are based on technical evaluations and on justifiable and transparent criteria	COM unilaterally changes the content of PIP and the financing levels of projects The basic arrangements are between the COM and the LMs The MOED or MOF do not participate in all decisions	No change	Define criteria and procedures of re-prioritization and decision-making for making adjustments to ongoing PIP The MOED and MOF are informed fully of adjustments to PIP implementation	Introduce the practice of making changes to PIP during implementation are based on transparent criteria and is arrived at with participation of MOED and MOF	
24	Sustained operations of research and educational institutions to do research, train, and promote good and evolving practices of investment project cycle management	Center of Economic Reforms functions as an ancillary research and educational institution of the MOED CER operates mostly with tutelage of donor funded research and training and functions fairly remotely from the core functions of the MOED No targeted programs to investigate, teach and promote good and evolving practices of project cycle management	No change on research function A training program on good practices of project preparation and project cycle management was established Facilities and equipment to conduct training are secured CER-designated trainers are trained Trainers started participating in teaching courses on investment project cycle management	The CER (now ERSRI) further develops the training program on project preparation and project cycle management based on sectoral case studies Research programs on calculating shadow prices and national parameters are initiated The increased number of ERSRI-designated trainers are trained ERSRI technically supports the MOED in building a macroeconomic consistency model The data base and library are augmented	The ERSRI becomes a sustainable research and educational institution in promoting good and evolving practices of investment project cycle management in addition to other economics topics ERSRI supports MOED functions by providing research results and advice on policy issues The ERSRI training program are offered to the staff of GOAZ, regional governments and municipal institutions	Incorporating regions and municipalities is an outstanding issue

BSL: Budget System Law: CC: Call Circular; CER: Center of Economic Reforms; CIT: Communications and Information Technology; COM: Cabinet of Ministers; CSO: Civil Society Organization; ERSRI: Economic Reforms Scientific-Research Institute; FPM: Financial Programming Model (of the IMF); GOAZ: Government of Azerbaijan Republic; LM: Line Ministry; M&E: Monitoring and Evaluation; MOED: Ministry of Economic Development; MOF: Ministry of Finance; MTMF: Medium-Term Macroeconomic Framework; NBA: National Bank of Azerbaijan; NDF: National Development Framework; NGO: Non-Governmental Organization; NPV: Net Present Value; PIP: Public Investment Program; PIPP: Public Investment Policy and Programming; SDP: Sector Development Plan; SOE: State-Owned Enterprises; SOFAZ: State Oil Fund of Azerbaijan; SPSEDR: State Program of Social and Economic Development of Regions; SPPRSD: State Program of Poverty Reduction and Sustainable Development; TA: Technical Assistance; USAID: United States Agency for International Development.

Public Investment Policy and Programming (PIPP) & Public Investment Program (PIP) Issues
Azerbaijan (2005-2010)

DRAFT

Current Status and Expected Status with Possible Future Inputs by the USAID - Public Investment Policy Project (PIP-PROJECT)

THE PURPOSES OF THE PROJECT: To help strengthen the Government of Azerbaijan's institutional, organizational and technical capacity for:
(i) long-term development and policy planning; (ii) capital budgeting; and (iii) investment project preparation, appraisal, and monitoring

	PIPP Stages/ Good Practices	Prior to PIP-Project	With Inputs by PIP-Project	With Possible Future Inputs		Comments
		on Dec 2004 (FY 2005)	on Dec 2006 (FY 2007)	on Dec 2007 (FY 2008)	on Dec 2009 (FY 2010)	
	a	b	c	d	e	f

1	Long-term national and sector development objectives, strategies, and public investment policies Medium-term national and sector objectives and targets	1 A State program on poverty reduction exists (SPPRSD) 2 A State program on regional development exists (SPSEDR) 3 No concrete National Development Framework (NDF) with clear direction and priorities for M-T 4 No coordinating institutional arrangements to execute a NDF	1 Input into a new draft SPPRSD A set of recommendations on the draft SPPRSD 2006-2015 particularly about including concrete indicators and outcome measurements (and targets) in public expenditures areas Annualizing poverty reduction programs and linking them to expenditure programs in the so-called MTEF 2 No input 3 No change Recommendations under consideration by MOED on NDF elaborated by the President and technically supported by a Secretariat positioned at the MOED [draft PIPP MANUAL] 4 No change Recommendations are under consideration on establishing technical capacity positioned at the MOED to support a future NDF {PRESENTATIONS-WORKSHOPS] [draft PIPP MANUAL]	1 SPPRSD 2006-2015 operation with more targeted indicators 2 Inputs into SPSEDR which will be updated Introduce better coordination of projects in national, sectoral programs wiith regional development programs (SPPRSD and SPSEDR are under one MOED unit according to the new MOED Statute) 3 A preliminary NDF, which prioritizes policies, is discussed 4 MOED improves upon technical matters (executing NDF and consistent macroeconomic framework) together with MOF and NBA Cooperative work arrangements among central economic agencies is built for budgeting and public investments programming	Long-term national and sector development objectives, strategies and public investment policies are elaborated by the Government Annual NDF is presented by GOAZ Annually, medium-term national and sectoral objectives and targets are elaborated	Incorporating regional and municipal programs is an outstanding issue

2	Medium-term investment planning and budgeting at macro level	1 MTMF is quantitatively inconsistent Budgeting and investment programming are based on the ad-hoc MTMF 2 A PIP (2005-2008) is provided by MOED 3 A MTEF is provided by MOF 4 No coherent links between the so-called MTEF and the so-called PIP on policy and capital expenditure programming 5 PIP 2004-2008 is not approved by the Parliament Parliament approves in the annual budget only next year's amount of capital and investment expenditures The COM configures a new list of investment projects based on the single amount allocated by the Parliament	1 Work by staff of MOED, MOF, NBA, and SOFAZ has started to create a MTMF based on FPM (to bring internal consistency to economic policy-decisions) 2 The PIP (2007-2010) presentation document was marginally improved 3 No input 4 No input 5 No input	1 A nominal MTMF based on a macroeconomic consistency model; MOED together with MOF and NBA creates a FPM for internal consistency; ERSRI assists 2 A PIP (2008-2011) presentation document is marginally improved 3 No input 4 Links based on more closely designed CC, in particular with respect to a preliminary NDF 5 No input	1 A fully operational macroeconomic model which advises the Government's economic policy decisions 2 PIP envelope in alignment with MTMF 3 PIP envelope in better integrated in the MTEF 4 Closer links in policy and expenditure programming benefiting from 1-3 from above 5 A medium-term PIP being considered and approved as part of the consolidated budget by the Parliament The policy integrity of the PIP prepared by the MOED is preserved for implementation	2 The PIP preparation is not under MOED authority
3	Well formulated L-T and M-T SDPs Prioritization and sequencing of sector investment projects	Not consistently well formulated SDPs L-T SDPs approved by COM No formal or technical prioritization or sequencing Need for operational M-T SDPs	No change Diagnostics, and recommendations and methods for producing well-formulated SDPs [DIAGNOSTIC & TECH NOTES] [draft PIPP MANUAL]	Selected LMs produce more consistent SDP formulations (including realistic objectives and targets with indicators and outcome measurements) Capacity building for prioritization and sequencing techniques in selected LMs	In selected LMs, continue rolling out producing and updating o fmore consistent and higher quality L-T and M-T SDPs Increase of and use of capacity at selected LMs for prioritization and sequencing of sector investment projects	Incorporating regional plans is an outstanding issue

4	Medium-term public investment planning and budgeting at sector level	1 L-T SDP driven investment projects 2 No close concrete links between sectoral MTEF and sectoral PIP in policy and programming	1 No change Diagnostics and recommendations to the LMs to produce operational M-T SDP are accepted by many LMs Requests for assistance in formulating SDPs are received [DIAGNOSTIC & TECH NOTES] [draft PIPP MANUAL] 2 No input	1 For selected LMs M-T SDP formulation techniques are designed 2 In the selected LMs, institutional arrangements are determined to bring closer the processes of preparation of current budgets and capital budgets	In selected LMs, investment programming are annualized according to clear M-T SDP objectives In selected LMs, medium-term public investment planning and current budgets are prepared in closer alignment with each other	Incorporating regional plans is an outstanding issue
5	Medium-term capital budget planning and current budget formulation in an integrated process at the macro level and alignment of the preparation of annual rolling-PIP with the budget cycle	BLS does not regulate capital budgeting Current and capital budget formulations are separate (at MOF and MOED) No strictly adhered guidance on rolling-PIP formulation with respect to the budget cycle	No input Recommendation on issuing a common (even Joint) call circular is viewed favorably by MOED and MOF (and NBA) [Workshops] [draft PIPP MANUAL]	Adjusting the timing of the PIP preparation to budget preparation cycle (in COM order) Coordination in information requirements of the call circulars of the MOED and of the MOF Instructions for the capital budget and current budget preparation are improved (better MTMF, similar policies and strategy directives, and timetables) Introducing regulations to PIP preparation process	Regulations for investment project preparation and PIP formulation and management Amendments to the BSL on capital budgeting Approval of new budget regulations Instructions for the capital budget and current budget preparation are improved further (better MTMF, similar policies and strategy directives, and timetables) Capital budget planning and current budget formulation practices are in closer alignment with each other	COM should set preliminary ceilings to guide sector budgeting and investment planning

6	Realistic recurrent cost implications of investment projects on MTEF are fully accounted for	Recurrent cost implications of investment projects are not addressed for the future budgets	No input Training courses which included topics on recurrent cost implications Also: [draft PIPP MANUAL]	In selected LMs, the capacity in recurrent cost estimations are introduced In the MOF and MOED the capacity in recurrent cost estimations are introduced Corroboration for institutional arrangements between MOED and MOF regarding recurrent cost estimations and accounting for the estimates in the MTEF PIP CC includes a Form which asks for the recurrent cost estimates of investment projects	Common CC (MOED, MOF) includes a Form which asks for the recurrent cost estimates of investment projects Recurrent cost implications of investment projects on MTEF are better accounted for	Incorporating regions and municipalities is an outstanding issue
7	PIPP coverage should be as comprehensive as possible to get a truer picture of all public investments for policy decisions	Not comprehensive (not all extra-budgetary funds, not all SOEs, no NGOs, no private contributions)	No change Recommendations on PIPP coverage to be comprehensive are agreed by the MOED [DIAGNOSTIC & TECH NOTES] [draft PIPP MANUAL]	Possible coverage of all extra-budgetary funds for policy discussions	PIPP coverage will be more comprehensive All budgetary capital outlays are presented in the consolidated budget	
8	PIP should include projects of sectors whose investment projects are not only for the acquirement of fixed assets	Sectors not acquiring fixed assets are not represented in the PIP portfolio In policy and in programming, consideration of project impacts on cross-cutting issues are missed If agencies are able to fund their own projects, the impacts of the investments are not considered in the composition of the PIP	No change Diagnostics and recommendations to broaden PIP projects portfolio [DIAGNOSTIC & TECH NOTES]	Redefine the content of PIP projects portfolio to broaden inputs into the decision-making process	PIP should include projects of sectors whose investment projects are not only for the acquirement of fixed assets	
9	In public investment decisions, full and clear accounting and delineation of the purposes of investment project spending and other capital expenditures	No clear accounting or delineation (rehabilitation vs building anew)	The PIP 2007-2010 call circular requested information on aggregate capital expenditures Some agencies provided the information	The PIP 2008-2011 call circular will improve aggregate capital expenditures information through better instructions and training	In public investment decisions, fuller and clearer accounting and delineation of the purposes of investment project spending and other capital expenditures	

10	Public investment project identification and selection are made based on demand driven methods justified by quantification and by use of public participation	Role of State in all economic activities is heavy Not quantitatively determined No independent expert review No public participation No analyses of whether externally funded projects respond to domestic demands and national programs	No change Recommendations on properly defining the role of the State in economic activities to determine public investments portfolio of the GOAZ [draft PIPP MANUAL] Training on topics of SDP formulation	No change Selected LMs project case studies Training based on case study experience	Introduction and use of public investment project identification and selection techniques and policies which are based on demand driven methods justified by quantification and by use of public participation	Incorporating regions and municipalities is an outstanding issue
11	Technical preparation of public investment projects are based on modern methodologies and analytic techniques	Questionable cost projections (calculations based on 1991 year indexed cost structures) No B/C, No NPV (with possible exceptions of externally funded projects)	No change Recommendations to eliminate 1991 year indexed cost structures in PIP CC Training on B/C and NPV analyses	No change Selected LM project case studies Training based on case study experience	Public investment projects are prepared consistent with basic principles of Integrated Project (B/C) Analyses The use of 1991 year indexed cost structures are discontinued	Incorporating regions and municipalities is an outstanding issue
12	Public investment projects implementation in accordance with regulations that guarantee effectiveness and accountability	Not transparent public tender and public procurement processes Limited accountability and limited authority of project implementations Very low institutional capacity and incentives	No input	No input	Regulations or operational manual on investment project implementation (These may address procedures on reporting, inspection, monitoring, auditing, and evaluating, and institutional arrangements for devolvement of authority and increase of accountability at agencies)	Incorporating regions and municipalities is an outstanding issue
13	Reporting on project implementation: among public institutions and in public	1 Rudimentary reporting: mostly on financial information (MOF) to COM 2 No reporting to the public and no accountability towards public oversight	No input	Assess needs and possible institutional and regulatory arrangements for increased reporting in implementation Introduce establishment of benchmarks and target measurements	Introduce institutional and regulatory arrangement for increased reporting on implementation of investment projects: among public institutions and to public	Incorporating regions and municipalities is an outstanding issue

14	Reporting on outcomes of investment projects: among public institutions and in public	1 No evaluative reporting: mostly on financial disbursements and physical realization 2 No evaluative reporting to the public and no accountability towards public oversight 3 No systemized use of indicators and targets to base evaluations	No input	Assess needs and any possible institutional and regulatory arrangements for increased evaluative reporting on investment projects Introduce establishment of strict indicators, and benchmarks and target measurements	Introduce institutional and regulatory arrangement for increased evaluative reporting on investment projects: among public institutions and to public	Incorporating regions and municipalities is an outstanding issue
15	Public investment project monitoring and evaluations in accordance with regulations	No awareness of the benefits of M&E in stages of project cycle Highly selective monitoring for financial irregularities No evaluations of post-realization of projects No "lessons learned " No regulations/system on information dissemination or feedback mechanisms No institutional units, capacities, and incentives	No change A technical note containing the issue of lack o finformation disseminations and feedback between GOAZ agencies and public in public investments process Recommendations on public participation in monitoring and evaluation The note was distributed to GOAZ agencies [DIAGNOSTIC & TECH NOTES]	1 In selected LM s, the SDPs incorporate the use of M&E practices 2 Introduce the requirement of using indicators and outcome measurements (and targets) in project cycle management	Regulations or operational manual on M&E processes on investment project cycle stages Sets of indicators and outcome measurements (and targets) are designed M&E capacities and incentives (in administrative units) are established at LMs, MOF, and MOED	Incorporating regions and municipalities is an outstanding issue
16	Integrated performance indicators and outcome measurements in project preparation	1 No detailed and meaningful indicators or outcome measurements 2 No operational linkages by indicators and outcome measurements between objectives of State programs (SPPRSD, SPSEDR) and SDPs with the outcomes of public investment projects and budget programs which are to realize these objectives	1 No change 2 No change Recommendations to the SPPRED Secretariat in the area of expenditure management introduced indicators and outcome measurements (and targets) in the draft SPPRSD 2006-2015 document (not yet published) compared to the previous SPPRSD document	1 Assess need for the system of indicators and outcome measurements (and targets) 2 No change	Propose classes of indicators and outcome measurements (and targets) for public investments projects to use For selected sectors, design indicators and outcome measurements (and targets) for projects that corresponds to the expected outcomes of the State programs Build capacity to introduce and operationalize the use of indicators in SDPs, PIPs, budget programs, and other State development programs	Incorporating regions and municipalities is an outstanding issue

17	Public participation in all stages of public investment decision-making	Very limited participation only in the early project planning stages and mostly in social sectors Some participatory activities in externally funded projects mostly in the early project cycle Very limited M&E by civil society on investment project outcomes No clear framework (legislation) for standards of 'public information' and for its dissemination	No change in practice No change in enforcement of available legislation An assessment of public sector wide participation practices was done and findings were given to selected LMs Information on the utility of public hearings at local levels were presented at regional seminars [DIAGNOSTIC & TECH NOTES] [PRESENTATIONS]	Disseminate information on positive externalities of public participation benefiting public investments management Pursue increased enforcement of legislation which allows for transparency and public participation	Establish more channels for increased transparency for revenues and expenditures SPDs in selected LMs incorporate public participation practices in public investment decision-making and in M&E by NGOs, CSOs, independent experts and other stakeholders	Incorporating regions and municipalities is an outstanding issue
18	PIP document presentation incorporates thorough analyses of the balance of economic and investment policies, of sectors (oil and non-oil), of regions, of center vs regions, of impact of subsidies, of sustainability, and of cross-cutting issues	PIP document presentation has a set of annexed tables with financing information of projects; No explanations of reasons and justification of financing of sector and project allocations in relation to NDF and M-T economic framework or resource constraints	PIP document presentation has a nominal MTMF (not quantitatively consistent) Brief description of recent economic developments and medium-term macroeconomic expectations are included A set of annexed tables with financing information of projects; No compelling explanations for the sector and project allocations [draft template DOCUMENT]	PIP document presentation has a somewhat internally consistent MTMF Possibly more thorough analyses of reasons and explanations for sector and project allocations if PIP preparation is motivated by a more evident economic and investments policies (i e a preliminary NDF)	PIP document presentation incorporates analyses of the balance of economic and investment policies, of sectors (oil and non-oil), of regions, of center vs regions, of impact of subsidies, of sustainability, and of cross-cutting issues	
19	Transparent presentation of PIP to the Parliament Approval by the Parliament of PIP allocations according to budget classification	The Parliament does not receive detailed information on projects No Parliamentary approval of PIP project allocations All spending on PIP and other capital expenditures is a line item in the draft budget submitted to the Parliament After the Parliament's budget approval, the COM changes list of projects which alters the sectoral distribution of allocations that the Parliament ostensibly approved	No input	Promote more transparent PIP presentation to the Parliament to allow for discussions Provide list of investment projects for Parliament's review	More transparent PIP presentation to the Parliament to allow for discussions Provide list of investment projects for Parliament's review Parliamentary review and deliberation of PIP presentation document Parliamentary approval of PIP spending according to improved public finance legislation	

20	The PIP CC promotes high quality investment project selection and preparation of the rolling-PIP	Information collected from CCs does not impact project selection This is essentially from the lack of MOED's technical capacity and oversight authority on project selection and PIP management	No change Designed a new PIP CC The CC responses and the information received in the CC responses were incomplete The impact on project selection remains unchanged, which is fundamentally due to MOED's lack of technical capacity and oversight authority on PIP management	Better targeted PIP CC MOED gains more technical capacity and oversight authority on PIP management, which may result from the new MOED Statute and reorganization	The PIP Call Circular influences positively the quality of investment project selection and preparation of the rolling-PIP The MOED improves its technical competence and practices stronger authority in managing the PIP	
21	Standardization and modernization of definitions and of project presentation formats These should give minimum requirements and specific for sectors, i e infrastructure, social, etc	1 Based on old legislations 2 Not standardized formats of project presentations (combination of old and new)	No change Draft templates for project preparation formats [draft PIPP MANUAL]	Assessment of specific needs in selected sectors Templates are standardized	Assessment of needs across sectors Introduce the use of standard definitions and of project presentation formats in selected sectors	
22	The investment projects are registered and monitored in a robust electronic data base to facilitate the management of projects and the PIP by the MOED The electronic link is established with the TIMS to consolidate budget expenditure management	No data base TIMS is installed	No input TIMS is rolling out to the regions	Assessment of system requirements for PIP data base TIMS is functioning	PIP data base is set up Assesment of electronic links to TIMS is done	
23	Enforced regulatory framework on accountability, transparency, auditable standards, and sanctioned offenses in PIP management	Regulatory framework is lacking Where it exists, enforcement is not followed	No input	Assessment of needs Assess possible institutional and regulatory arrangements with respect to existing public expenditure legislation on accountability, transparency, auditing standards, and sanctioned offenses	Introduce institutional arrangements and the practice of enforced regulatory framework on accountability, transparency, auditable standards, and sanctioned offenses in PIP management	Incorporating regions and municipalities is an outstanding issue

24	Changes to the rolling-PIP are based on technical evaluations and on justifiable and transparent criteria	COM unilaterally changes the content and financing levels of investment projects The arrangements are between the COM and the LMs The MOED or MOF do not participate in all decisions Parliament approves only the total amount and not the content of investment expenditures	No change Recommendations on requiring procedures for changes to the rolling-PIP that are based on technical evaluations and on justifiable and transparent criteria [draft PIPP MANUAL]	Define criteria and procedures of re-prioritization and decision-making in adjustments to ongoing PIP The MOED is informed fully of adjustments to PIP implementation as the new MOED statute stipulates	Introduce the practice of making changes to PIP during implementation that are based on transparent criteria and is arrived at with participation of MOED and MOF	
25	Sustained operations of research and educational institutions to do research, train, and promote good and evolving practices of investment project cycle management	Center of Economic Reforms functions as an ancillary research and educational institution of the MOED CER operates mostly with tutelage of donor funded research and training and functions in a remote fashion from the core functions of the MOED No targeted research or training programs to investigate, teach and promote good and evolving practices of project cycle management	No change in research function A training program on good practices of project cycle management was established Facilities and equipment to conduct training are secured CER-designated trainers are trained Trainers started participating in teaching courses on investment project cycle management Training materials and presentations for 3-week courses on investment project cycle management (in Azerbaijani and English languages) A data base and a library (e-version also) are established as reference sources for the MOED and ERSRI to perform their institutional functions	The CER (now ERSRI) further develops the training program of project cycle management based on sectoral case studies Research programs on calculating shadow prices and national parameters are initiated The increased number of ERSRI-designated trainers are trained The ERSRI technically supports the MOED in building a macroeconomic consistency model The data base and the library are augmented	The ERSRI becomes a sustainable research and educational institution in promoting good and evolving practices of investment project cycle management in addition to other economics topics The sustainability of the data base and the library with human and financial resources are secured ERSRI supports MOED functions by providing research results and advice on policy issues The ERSRI training program are offered to the staff of GOAZ, regional governments and municipal institutions	

26	The MOED is qualified and authorized to coordinate the public investment policy and to manage the PIP	MOED is peripheral to the decision-making processes of public investment policies and PIP	MOED remains peripheral in decision-making The assessments to reforming the arrangements and increasing skills are done The MOED and other GOAZ agencies are reviewing the recommendations for changes in the structural and institutional set ups Many MOED staff are trained on issues of public investments and project management cycle MOED receives a draft Reference Manual to base part of its future plans for improvements in the decision-making processes	The MOED authority is increased by statute and new regulations The MOED increases further its authority by increasing the qualiity of its practice of investment project cycle management and PIP management	The MOED authority is increased by its augmented technical competence in formulating public investment policies, investment project cycle management, and managing PIP as an instrument of policy and investment effectiveness	All inputs by the PIP-Project to all stages of the public investment programming process have significant training components and information dissemination activities The training components are provided to MOED, MOF, LMs and staff from COM

BSL: Budget System Law: CC: Call Circular; CER: Center of Economic Reforms; CIT: Communications and Information Technology; COM: Cabinet of Ministers; CSO: Civil Society Organization; ERSRI: Economic Reforms Scientific-Research Institute; FPM: Financial Programming Model (of the IMF); GOAZ: Government of Azerbaijan Republic; LM: Line Ministry; M&E: Monitoring and Evaluation; MOED: Ministry of Economic Development; MOF: Ministry of Finance; MTMF: Medium-Term Macroeconomic Framework; NBA: National Bank of Azerbaijan; NDF: National Development Framework; NGO: Non-Governmental Organization; NPV: Net Present Value; PIP: Public Investment Program; PIPP: Public Investment Policy and Programming; PIP-Project: PI Policy Project (USAID/DAI); SDP: Sector Development Plan; SOE: State-Owned Enterprises; SOFAZ: State Oil Fund of Azerbaijan; SPSEDR: State Program of Social and Economic Development of Regions; SPPRSD: State Program of Poverty Reduction and Sustainable Development; TA: Technical Assistance; TIMS: Treasury Information Management System (at MOF); USAID: United States Agency for International Development.

Public Investment Policy and Programming (PIPP) & Public Investment Program (PIP) Issues
Azerbaijan (2005-2010)

DRAFT

Themes and Tasks in the PIPP & PIP processes
Expected Inputs and the Institutional Responsibilities

THE PURPOSES OF THE PROJECT: To help strengthen the GOAZ's institutional, organizational and technical capacity for:
(i) long-term development and policy planning (ii) capital budgeting and (iii) investment project preparation, appraisal and monitoring

	PIPP Stages/ Good Practices	Prior to PIP-Project	With Possible Future Inputs		Themes/ Tasks	Institutions	Comments
		on Dec 2004 (FY 2005)	on Dec 2007 (FY 2008)	on Dec 2009 (FY 2010)			
	a	b	b	c	d	e	f
1	Long-term national and sector development objectives, strategies, and public investment policies Medium-term national and sector objectives and targets	1 A State program on poverty reduction exists (SPPRSD) 2 A State program on regional development exists (SPSEDR) for 2004-2008 3 No concrete National Development Framework (NDF) with clear direction and priorities in M-T 4 No coordinating institutional arrangements to execute a NDF	1 SPPRSD 2006-2015 operation with more targeted indicators 2 Inputs into SPSEDR which will be updated Introduce better coordination of projects in national, sectoral programs with regional development programs (SPPRSD and SPSEDR are under one MOED unit according to the new MOED Statute) 3 Preliminary NDF which prioritizes policies is discussed 4 MOED improves upon technical matters (executing NDF and consistent macroeconomic framework) together with MOF and NBA Cooperative work arrangements among central economic agencies is built for budgeting and public investments programming	Long-term national and sector development objectives, strategies and public investment policies are elaborated by the Government Annual NDF is presented by GOAZ Annually, medium-term national and sectoral objectives and targets are elaborated upon	Draft NDF (format, general concerns, directions) Mechanisms that lead to well-informed, disciplined and accountable decisions Sectoral objectives and targets (specific but broadly based on NDF)	PIP-Proj MOED, MOF, NBA	Incorporating regional and municipal programs is an outstanding issue

	PIPP Stages/ Good Practices	Prior to PIP-Project	With Possible Future Inputs		Themes/ Tasks	Institutions	Comments
		on Dec 2004 (FY 2005)	on Dec 2007 (FY 2008)	on Dec 2009 (FY 2010)			
	a	b	b	c	d	e	f
2	Medium-term investment planning and budgeting at macro level	1 MTMF is quantitatively inconsistent Budgeting and investment programming are based on the ad-hoc MTMF 2 A PIP (2005-2008) is provided by MOED 3 A MTEF is provided by MOF 4 No coherent links between the so-called MTEF and the so-called PIP on policy and capital expenditure programming 5 PIP 2004-2008 is not approved by the Parliament Parliament approves in the annual budget only next year's amount of capital and investment expenditures The COM configures a new list of investment projects based on the single amount allocated by the Parliament	1 A nominal MTMF based on a macroeconomic consistency model MOED together with MOF and NBA creates a FPM for internal consistency ERSRI assists 2 A PIP (2008-2011) presentation document is marginally improved 3 No input 4 Links based on more closely designed CC, in particular with respect to a preliminary NDF 5 No input	1 A fully operational macroeconomic model which advises the Government's economic policy decisions 2 PIP envelope in alignment with MTMF 3 PIP envelope in better integrated in the MTEF 4 Closer links in policy and expenditure programming benefiting from 1-3 from above 5 A medium-term PIP being considered and approved as part of the consolidated budget by the Parliament The policy integrity of the PIP prepared by the MOED is preserved for implementation	Consistency-tending MTMF (resource envelope and a sustainable budget deficit elaborated upon: operationalize LTORMS decisions) Mechanisms that lead to well-informed, disciplined and accountable decisions Cover essay for MTMF suggestive of NDF PIP CC Cover essay for CC (MOF links)	PIP-Proj MOED, MOF, NBA	2 The PIP preparation is not under MOED authority
3	Well formulated L-T and M-T SDPs Prioritization and sequencing of sector investment projects	Not consistently well formulated SDPs L-T SDPs approved by COM No formal or technical prioritization or sequencing Need for operational M-T SDPs	Selected LMs produce more consistent SDP formulations (including realistic objectives and targets with indicators and outcome measurements) Capacity building for prioritization and sequencing techniques in selected LMs	In selected LMs, continue rolling out producing and updating more consistent and higher quality L-T and M-T SDPs Increase of and use of capacity at selected LMs for prioritization and sequencing of sector investment projects	M-T SDPs (driven by NDF?, State programs?) Prioritization and sequencing techniques (intersector and intrasector allocations/expenditure analyses across homogenous benefits)	PIP-Proj , LMs, MOED	Incorporating regional plans is an outstanding issue
4	Medium-term public investment planning and budgeting at sector level	1 L-T SDP driven investment projects 2 No close concrete links between sectoral MTEF and sectoral PIP in policy and programming	1 For selected LMs M-T SDP formulation techniques are designed 2 In the selected LMs, institutional arrangements are determined to bring closer the processes of preparation of current budgets and capital budgets	In selected LMs, investment programming are annualized according to clear M-T SDP objectives In selected LMs, M-T public investment planning and current budgets are prepared in closer alignment with each other	Prioritizations and sequencing (intrasector allocation analyses) Annualizing M-T programs	PIP-Proj, LMs MOED, MOF	Incorporating regional plans is an outstanding issue

	PIPP Stages/ Good Practices	Prior to PIP-Project	With Possible Future Inputs		Themes/ Tasks	Institutions	Comments
		on Dec 2004 (FY 2005)	on Dec 2007 (FY 2008)	on Dec 2009 (FY 2010)			
	a	b	b	c	d	e	f
5	Medium-term capital budget planning and current budget formulation in an integrated process at the macro level and alignment of the preparation of annual rolling-PIP with the budget cycle	BLS does not regulate capital budgeting Current and capital budget formulations are separate (at MOF and MOED) No strictly adhered guidance on rolling-PIP formulation with respect to the budget cycle	Adjusting the timing of the PIP preparation to budget preparation cycle (in COM order) Coordination in information requirements of the call circulars of the MOED and of the MOF Instructions for the capital budget and current budget preparation are improved (better MTMF, similar policies and strategy directives, and timetables)	Amendments to the BSL on capital budgeting Approval of new budget regulations Regulation on PIP formulation Instructions for the capital budget and current budget preparation are improved further (better MTMF, similar policies and strategy directives, and timetables) Capital budget planning and current budget formulation practices are in closer alignment with each other	Coordination and arrangements of MOED and MOF on capital budgeting and current budgeting	PIP-Proj, MOED, MOF	COM should set preliminary ceilings to guide sector budgeting and investment planning
6	Realistic recurrent cost implications of investment projects on MTEF are fully accounted for	Recurrent cost implications of investment projects are not addressed for the future budgets	In selected LMs, the capacity in recurrent cost estimations are introduced In the MOF and MOED the capacity in recurrent cost estimations are introduced Corroboration for institutional arrangements between MOED and MOF regarding recurrent cost estimations and accounting for the estimates in the MTEF PIP CC includes a Form which asks for the recurrent cost estimates of investment projects	Common CC (MOED, MOF) includes a Form which asks for the recurrent cost estimates of investment projects Recurrent cost implications of investment projects on MTEF are better accounted for	Techniques and standards of recurrent budget calculations, sector specific if possible	PIP-Proj, LMs MOED, MOF	Incorporating regions and municipalities is an outstanding issue
7	PIPP coverage should be as comprehensive as possible to get a truer picture of all public investments for policy decisions	Not comprehensive (not all extra-budgetary funds, not all SOEs, no NGOs, no private contributions)	Possible coverage of all extra-budgetary funds for policy discussions	PIPP coverage will be more comprehensive All budgetary capital outlays are presented in the consolidated budget	BLS Regulations on PIP formulation Regulations on budget formulation	PIP-Proj, WB, MOF, MOED, LMs, COM, MM	
8	PIP should include projects of sectors whose investment projects are not only for the acquirement of fixed assets	Sectors not acquiring fixed assets are not represented in the PIP portfolio In policy and in programming, consideration of project impacts on cross-cutting issues are missed If agencies are able to fund their own projects, the impacts of the investments are not considered in the composition of the PIP	Redefine the content of PIP projects portfolio to broaden inputs into the decision-making process	PIP should include projects of sectors whose investment projects are not only for the acquirement of fixed assets	BLS PIP CC PIP CC response evaluations techniques	PIP-Proj, WB, MOF, MOED, LMs, COM, PO, MM	

	PIPP Stages/ Good Practices	Prior to PIP-Project	With Possible Future Inputs		Themes/ Tasks	Institutions	Comments
		on Dec 2004 (FY 2005)	on Dec 2007 (FY 2008)	on Dec 2009 (FY 2010)			
	a	b	b	c	d	e	f
9	In public investment decisions, full and clear accounting and delineation of the purposes of investment project spending and other capital expenditures	No clear accounting or delineation (rehabilitation vs building anew)	The PIP 2008-2011 call circular will improve aggregate capital expenditures information through better instructions and training	In public investment decisions, fuller and clearer accounting and delineation of the purposes of investment project spending and other capital expenditures	PIP CC (282200/310000) (Manual which describes criteria for rehab vs building anew)	PIP-Proj MOED, MOF, LMs	
10	Public investment project identification and selection are made based on demand driven methods justified by quantification and by use of public participation	Role of State in all economic activities is heavy Not quantitatively determined No independent expert review No public participation No analyses of whether externally funded projects respond to domestic demands and national programs	No change Selected LM project case studies Training based on case study experience	Introduction and use of public investment project identification and selection techniques and policies which are based on demand driven methods justified by quantification and by use of public participation	Demand analyses techniques (M-T SDP) Case studies	PIP-Proj, LMs	Incorporating regions and municipalities is an outstanding issue
11	Technical preparation of public investment projects are based on modem methodologies and analytic techniques	Questionable cost projections (calculations based on 1991 year indexed cost structures) No B/C, No NPV (with possible exceptions of externally funded projects)	No change Selected LMs project case studies Training based on case study experience	Public investment projects are prepared consistent with basic principles of Integrated Project (B/C) Analyses The use of 1991 year indexed cost structures are discontinued	Project cycle training (courses and case studies)	PIP-Proj, LMs, architecture institutes	Incorporating regions and municipalities is an outstanding issue
12	Public investment projects implementation in accordance with regulations that guarantee effectiveness and accountability	Not transparent publci tender and public procurement processes Limited accountability and limited authority of project implementations Very low institutional capacity and incentives	No input	Regulations or operational manual on investment project implementation (These may address procedures on reporting, inspection, monitoring, auditing, and evaluating, and institutional arrangements for devolvement of authority and increase of accountability at agencies)	BLS Regulations on PIP formulation	PIP-Proj, WB, MOF, MOED, LMs, COM, PO, MM	Incorporating regions and municipalities is an outstanding issue
13	Reporting on project implementation: among public institutions and in public	1 Rudimentary reporting: mostly on financial information (MOF) to COM 2 No reporting to the public and no accountability towards public oversight	Assess needs and possible institutional and regulatory arrangements for increased reporting in implementation Introduce establishment of benchmarks and target measurements	Introduce institutional and regulatory arrangement for increased reporting on implementation of investment projects: among public institutions and to public	Regulations on PIP Participation modes	PIP-Proj, MOED, MOF, LMs, COM, PO	Incorporating regions and municipalities is an outstanding issue

	PIPP Stages/ Good Practices	Prior to PIP-Project	With Possible Future Inputs		Themes/ Tasks	Institutions	Comments
		on Dec 2004 (FY 2005)	on Dec 2007 (FY 2008)	on Dec 2009 (FY 2010)			
	a	b	b	c	d	e	f
14	Reporting on outcomes of investment projects: among public institutions and in public	1 No evaluative reporting: mostly on financial disbursements and physical realization 2 No evaluative reporting to the public and no accountability towards public oversight 3 No systemized use of indicators and targets to base evaluations	Assess needs and any possible institutional and regulatory arrangements for increased evaluative reporting on investment projects Introduce establishment of benchmarks and target measurements	Introduce institutional and regulatory arrangement for increased evaluative reporting on investment projects: among public institutions and to public	Regulations on PIP Participation modes	PIP-Proj, WB, MOED, MOF, LMs, COM, PO, CSOs	Incorporating regions and municipalities is an outstanding issue
15	Public investment project monitoring and evaluations in accordance with regulations	No awareness of the benefits of M&E in stages of project cycle Highly selective monitoring for financial irregularities No evaluations of post-realization of projects No "lessons learned " No regulations/system on information dissemination or feedback mechanisms No institutional units, capacities, and incentives	1 In selected LM s, the SDPs incorporate the use of M&E practices 2 Introduce the requirement of using indicators and outcome measurements (and targets) in project cycle management	Regulations or operational manual on M&E processes on investment project cycle stages Sets of indicators and outcome measurements (and targets) are designed M&E capacities and incentives (in administrative units) are established at LMs, MOF, and MOED	Participation modes M&E Regulations Design and link indicators/targets with objectives	PIP-Proj, MOED, MOF, LMs, COM, PO, CSOs	Incorporating regions and municipalities is an outstanding issue
16	Integrated performance indicators and outcome measurements in project preparation	1 No detailed and meaningful indicators or outcome measurements 2 No operational linkages by indicators and outcome measurements between objectives of State programs (SPPRSD, SPSEDR) and SDPs with the outcomes of public investment projects and budget programs which are to realize these objectives	1 Assess need for the system of indicators and outcome measurements (and targets) 2 No change	Propose classes of indicators and outcome measurements (and targets) for public investments projects to use For selected sectors, design indicators and outcome measurements (and targets) for projects that corresponds to the expected outcomes of the State programs Build capacity to introduce and operationalize the use of indicators in SDPs, PIPs, budget programs, and other State development programs	Design and link indicators/targets with objectives M&E Regulations	PIP-Proj, MOED, MOF, LMs, COM, PO, CSOs	Incorporating regions and municipalities is an outstanding issue

	PIPP Stages/ Good Practices	Prior to PIP-Project	With Possible Future Inputs		Themes/ Tasks	Institutions	Comments
		on Dec 2004 (FY 2005)	on Dec 2007 (FY 2008)	on Dec 2009 (FY 2010)			
	a	b	b	c	d	e	f
17	Public participation in all stages of public investment decision-making	Very limited participation only in the early project planning stages and mostly in social sectors Some participatory activities in externally funded projects mostly in the early project cycle Very limited M&E by civil society on investment project outcomes No clear framework (legislation) for standards of 'public information' and for its	Disseminate information on positive externalities of public participation benefiting public investments management Pursue increased enforcement of legislation which allows for transparency and public participation	Establish more channels for increased transparency for revenues and expenditures SPDs in selected LMs incorporate public participation practices in public investment decision-making and in M&E by NGOs, CSOs, independent experts and other stakeholders	Participation modes M&E institutions and regulations	PIP-Proj, MOED, MOF, LMs, COM, PO, CSOs	Incorporating regions and municipalities is an outstanding issue
18	PIP document presentation incorporates thorough analyses of the balance of economic and investment policies, of sectors (oil and non-oil), of regions, of center vs regions, of impact of subsidies, of sustainability, and of cross-cutting issues	PIP document presentation has a set of annexed tables with financing information of projects No explanations of reasons and justification of financing of sector and project allocations in relation to NDF and M-T economic framework or resource constraints	PIP document presentation has a somewhat internally consistent MTMF Possibly more thorough analyses of reasons and explanations for sector and project allocations if PIP preparation is motivated by a more evident economic and investments policies (i e a preliminary NDF)	PIP document presentation incorporates analyses of the balance of economic and investment policies, of sectors (oil and non-oil), of regions, of center vs regions, of impact of subsidies, of sustainability, and of cross-cutting issues	PIP doc presentation PIP CC response evaluation techniques NDF based analyses	PIP-Proj, MOED, MOF, LMs, COM, PO, MM	
19	Transparent presentation of PIP to the Parliament Approval by the Parliament of PIP allocations according to budget classification	The Parliament does not receive detailed information on projects No Parliamentary approval of PIP project allocations All spending on PIP and other capital expenditures is a line item in the draft budget submitted to the Parliament After the Parliament's budget approval, the COM changes list of projects which alters the sectoral distribution of allocations that the Parliament ostensibly approved	Promote more transparent PIP presentation to the Parliament to allow for discussions Provide list of investment projects for Parliament's review	More transparent PIP presentation to the Parliament to allow for discussions Provide list of investment projects for Parliament's review Parliamentary review and deliberation of PIP presentation document Parliamentary approval of PIP spending according to improved public finance legislation	BLS PIP doc presentation	PIP-Proj, MOED, MOF, LMs, COM, PO, MM	
20	The PIP CC promotes high quality investment project selection and preparation of the rolling-PIP	Information collected from CCs does not impact project selection This is essentially from the lack of MOED's technical capacity and oversight authority on project selection and PIP management	Better targeted PIP CC MOED gains more technical capacity and oversight authority on PIP management, which may result from the new MOED Statute and reorganization	The PIP Call Circular influences positively the quality of investment project selection and preparation of the rolling-PIP The MOED improves its technical competence and practices stronger authority in managing the PIP	PIP CC Regulations on PIP formulation	PIP-Proj, WB, MOF, MOED, LMs, COM, PO, MM	

	PIPP Stages/ Good Practices	Prior to PIP-Project	With Possible Future Inputs		Themes/ Tasks	Institutions	Comments
		on Dec 2004 (FY 2005)	on Dec 2007 (FY 2008)	on Dec 2009 (FY 2010)			
	a	b	b	c	d	e	f
21	Standardization and modernization of definitions and of project presentation formats These should give minimum requirements and specific for sectors, i e infrastructure, social, etc	1 Based on old legislation 2 Not standardized formats of project presentations (combination of old and new)	Assessment of specific needs in selected sectors Templates are standardized	Assessment of needs across sectors Introduce the use of standard definitions and of project presentation formats in selected sectors	Form formats and minimum information requirements	PIP-Proj, MOED, MOF, LMs, architecture institutes	
22	The investment projects are registered and monitored in a robust electronic data base to facilitate the management of projects and the PIP by the MOED Electronic link is established with the TIMS to consolidate budget expenditure management	No data base TIMS is installed	Assessment of system requirements for PIP data base TIMS is functioning	PIP data base is set up Assesment of electronic links to TIMS is done	IT	PIP-Project, MOED, MOF, LMs	
23	Enforced regulatory framework on accountability, transparency, auditable standards and sanctioned offenses in PIP management	Regulatory framework is lacking Where it exists, enforcement is not followed	Assessment of needs Assess possible institutional and regulatory arrangements with respect to existing public expenditure legislation on accountability, transparency, auditing standards and sanctioned offenses	Introduce institutional arrangements and the practice of enforced regulatory framework on accountability, transparency, auditable standards and sanctioned offenses in PIP management	BLS Regulations on PIP formulation	PIP-Proj, WB, MOF, MOED, LMs, COM, PO, MM	Incorporating regions and municipalities is an outstanding issue
24	Changes to the rolling-PIP are based on technical evaluations and on justifiable and transparent criteria	COM unilaterally changes the content and financing levels of investment projects The arrangements are between the COM and the LMs The MOED or MOF do not participate in all decisions Parliament approves only the total amount and not the content of investment expenditures	Define criteria and procedures of re-prioritization and decision-making in adjustments to ongoing PIP The MOED is informed fully of adjustments to PIP implementation	Introduce the practice of making changes to PIP during implementation that are based on transparent criteria and is arrived at with participation of MOED and MOF	BLS Regulations on PIP formulation	PIP-Proj, WB, MOF, MOED, LMs, COM, PO, MM	

	PIPP Stages/ Good Practices	Prior to PIP-Project	With Possible Future Inputs		Themes/ Tasks	Institutions	Comments
		on Dec 2004 (FY 2005)	on Dec 2007 (FY 2008)	on Dec 2009 (FY 2010)			
	a	b	b	c	d	e	f
25	Sustained operations of research and educational institutions to do research, train, and promote good and evolving practices of investment project cycle management	Center of Economic Reforms functions as an ancillary research and educational institution of the MOED CER operates mostly with tutelage of donor funded research and training and functions in a remote fashion from the core functions of the MOED No targeted research or training programs to investigate, teach and promote good and evolving practices of project cycle management	The CER (now ERSRI) further develops the training program of project cycle management based on sectoral case studies Research programs on calculating shadow prices and national parameters are initiated The increased number of ERSRI-designated trainers are trained ERSRI technically supports the MOED in building a macroeconomic consistency model The data base and the library are augmented	The ERSRI becomes a sustainable research and educational institution in promoting good and evolving practices of investment project cycle management in addition to other economics topics The sustainability of the data base and the library with human and financial resources are secured ERSRI supports MOED functions by providing research results and advice on policy issues The ERSRI training program are offered to the staff of GOAZ, regional governments and municipal institutions	ERSRI support in training courses ERSRI support on policy research	PIP-Proj, MOED, LMs	
26	The MOED is fully qualified and authorized to coordinate the public investment policy and to manage the PIP	MOED is peripheral to the decision-making processes of public investment policies and PIP	The MOED authority is increased by statute and new regulations The MOED increases its qualification by increasing the practice of investment project cycle management and PIP management	The MOED increases its qualification by practicing investment project cycle management and PIP management with much augmented skills The MOED authority is increased by its technical competence in formulating public investment policies and using PIP management as an instrument towards it	BLS Regulations on PIP formulation Draft NDF (format, general concerns, directions) Consistency-tending MTMF PIP CC PIP doc presentation PIP CC response evaluation techniques	PIP-Proj, WB, MOF, MOED, LMs, COM, PO, MM, NGOs, CSOs, Local Government organs	All inputs by the PIP-Project to all stages of the public investment programming process have significant training components and information dissemination activities The training components are provided to MOED, MOF, LMs and staff from COM

BSL: Budget System Law: CC: Call Circular; CER: Center of Economic Reforms; CIT: Communications and Information Technology; COM: Cabinet of Ministers; CSO: Civil Society Organization; ERSRI: Economic Reforms Scientific-Research Institute; FPM: Financial Programming Model (of the IMF); GOAZ: Government of Azerbaijan Republic; LM: Line Ministry; M&E: Monitoring and Evaluation; MM: Milli Mejlis (Parliament); MOED: Ministry of Economic Development; MOF: Ministry of Finance; MTMF: Medium-Term Macroeconomic Framework; NBA: National Bank of Azerbaijan; NDF: National Development Framework; NGO: Non-Governmental Organization; NPV: Net Present Value; PIP: Public Investment Program; PIPP: Public Investment Policy and Programming; SDP: Sector Development Plan; SOE: State-Owned Enterprises; SOFAZ: State Oil Fund of Azerbaijan; SPSEDR: State Program of Social and Economic Development of Regions; SPPRSD: State Program of Poverty Reduction and Sustainable Development; TA: Technical Assistance; USAID: United States Agency for International Development.

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND
THE GOVERNMENT OF THE REPUBLIC OF AZERBAIJAN
ON
PUBLIC INVESTMENT POLICY PROJECT

The Government of the United States of America, acting through the United States Agency for International Development (USAID), and the Government of the Republic of Azerbaijan, acting through the Ministry of Economic Development (MoED), hereafter referred to as the "Parties", wish to cooperate in a mutual effort to help strengthen the Government of the Republic of Azerbaijan's institutional capacity for: (a) long-term national and sectoral development and policy planning; (b) capital-budget formulation; and (c) investment project preparation, appraisal, and monitoring and evaluation. USAID and the MoED intend to work in a partnership to achieve this goal.

Accordingly, the Parties have concluded the present Memorandum of Understanding, hereinafter referred to as "MOU", to set forth their understandings with respect to their undertakings in support of the stated purpose. This MOU is not intended to effect an obligation of funds by USAID or the MoED.

ARTICLE 1. UNDERTAKING OF THE PARTIES

1.1. Subject to availability of funds and agreement of Parties to proceed, the U.S. Government, through USAID, wishes to furnish the following technical assistance and training efforts through December 31, 2007, or such later date as the Parties may agree upon in writing:

(a) Technical Assistance to increase the administrative, technical, institutional, and human capacities of the MoED and its subordinate units in the areas of public investment policy and programming and project formulation cycle; and

(b) Training and technical assistance to increase the MoED's capacity to oversee preparation of the Public Investment Program of the Government of the Republic of Azerbaijan, strengthening the inter-linkages and consistency of development planning, budgeting, and investment programming.

USAID will provide the aforementioned assistance through the currently active Public Investment Policy Project.

1.2. With regard to achieving the abovementioned goals, the MoED intends to:

(a) Provide adequate work space and access to telephone and internet lines for Project technical staff in the premises of the MoED;
(b) Assign professional staff of the MoED to collaborate in technical tasks per the mutually agreed Work Plan;
(c) Gradually prepare and apply new principles and methodologies for the Government of the Republic of Azerbaijan Public Investment Program in preparation and management, including requirements for Integrated Project (Cost-Benefit) Analysis for new public investment projects in accordance with relevant, jointly elaborated manuals.

1.3. For the purpose of achieving the above stated goals and objectives, the U.S. Government, subject to the availability of funds, wishes to contribute up to an additional approximately USD 250,000 in calendar year (CY) 2007, for a cumulative total of USD 5,200,000. The above-stated estimated financial contribution by the USG is not intended to effect an obligation of funds. The MoED's in-kind financial contribution in CY 2007 will consist of office space for USAID technical advisors, the creation of a public investment unit within the MoED, and the salaries of MoED staff dedicated to the project. Additionally, the MoED commits to gradually allocating public investment resources through the methodological approach established under the project.

The USG applauds the Government of the Republic of Azerbaijan's expressed desire to assume an increasingly larger share of the costs of this and related assistance to achieve its economic, social and political development goals and objectives. Toward this end, the Parties agree to create a permanent Co-financing Working Group that would establish the mechanisms, timeline, and incremental percentage increases in the Government of the Republic of Azerbaijan share of project costs. The Co-financing Working Group will provide its recommendations to the Parties no later than June 30, 2007. The Government of the Republic of Azerbaijan agrees to include its co-financing share in a discrete line item within subsequent annual national budgets.

ARTICLE 2. STANDARD PROVISIONS

2.1. Relation to Framework Bilateral Agreement: In-kind assistance furnished by USAID pursuant to this MOU is considered United States assistance within the scope of the "Agreement between the United States of America and the Government of the Republic of Azerbaijan Regarding Cooperation to Facilitate the Provision of Assistance" dated May 11, 2000, and is subject to the terms and conditions of that agreement, including provisions relating to exemptions from taxes and customs duties exemptions.

2.2. Third Party Instruments and Availability of Funds: In order to provide the in-kind and financial assistance described above, USAID may enter into such contracts and other instruments with public and private parties as USAID deems appropriate. All undertakings of the U.S. Government pursuant to this MOU are subject to the availability of funds and to further agreement between USAID and such public and private parties, regarding the provision of in-kind assistance. This MOU is not intended to effect an obligation of funds by USAID.

2.3. Compliance with U.S. Law and Regulations: USAID shall obligate, commit and expend funds and carry out operations pursuant to this MOU only in accordance with the applicable laws and regulations of the United States.

2.4. Title to and Use of Property: Unless otherwise directed by USAID, title to all property furnished by USAID shall rest with USAID except for software and related licenses. Any property furnished by USAID shall be used effectively for the assistance purpose described above and, upon completion of the assistance, shall be used so as to further the objectives of the assistance. If property furnished by USAID and titled to the MoED, except for software and related licenses, is used for purposes other than those agreed upon by the Parties, under circumstances which could reasonably have been prevented by appropriate action of the MoED, the MoED shall, upon USAID's request and election, return such property or refund the amount disbursed for such property in U.S. dollars.

2.5. Records, Audit and Inspection: The MoED shall maintain or cause to be maintained, as appropriate, records relating to the assistance adequate to show use and receipt of assistance furnished pursuant to this MOU. Records shall be maintained in accordance with Government of the Republic of Azerbaijan national legislation. The MoED shall afford authorized representatives of USAID, or their designees, the opportunity at all reasonable times to inspect the site of the assistance and records relating to the assistance.

2.6. Exchange Rate: If funds are introduced into Azerbaijan by USAID or any public or private agency for purposes of carrying out obligations of USAID hereunder, the MoED will make such arrangements as may be necessary so that such funds shall be convertible into Azerbaijani manat at the highest rate which, at the time the conversion is made, is not unlawful in the country.

2.7. Publicity: The MoED will give appropriate publicity to the assistance as a program to which the U.S. Government has contributed.

2.8. Information and Implementation Letters: USAID and the MoED shall provide each other with such information as may be needed to facilitate provision of the assistance and to evaluate the effectiveness of this assistance. In addition, USAID may from time to time issue implementation letters to provide additional information on matters discussed in this MOU. The Parties may also use jointly agreed letters to confirm their mutual understandings with respect to implementation of this MOU. Implementation letters shall not be used to amend the text of the MOU.

2.9. Authorized Representatives: The Parties shall be represented by those holding or acting in the offices held by the signatories to this MOU. Each Party may, by written notice to the other, identify additional representatives authorized to represent that Party for all purposes other than executing formal amendments to this MOU. Each Party shall notify the other, in writing, of changes in its authorized representatives.

2.10. Amendment and Modification: This MOU may be amended or modified by written agreement of the Parties.

2.11. Suspension and Termination:

(a) Suspension. In the event:

(i) the MoED fails to comply with any provision of this MOU;

(ii) USAID determines that an extraordinary situation has occurred which makes it improbable either that the purpose of the MOU will be attained or that the MoED will be able to comply with provisions of the MOU; or

(iii) USAID determines that continuation of assistance would result in a violation of U.S. law or regulations,

USAID may, at its option, take steps to suspend, in whole or in part, provision of assistance under this MOU and provide written notice of its actions to the MoED. In the event of partial suspension, such notice shall specify affected activities. If, after sixty (60) days from the date of such notice, USAID determines that the cause or causes for suspension have not been corrected, USAID may terminate assistance and provide written notice of its action to the MoED.

(b) Termination. Either Party may terminate this MOU, in whole or in part, by giving the other Party thirty (30) days written notice. In the event of partial termination, such notice shall specify affected activities. Termination of this MOU will terminate any responsibilities of the Parties to provide financial or other resources for this activity, except for payments which they are committed to make pursuant to non-cancelable commitments entered into with third parties prior to the termination of this MOU. Obligations of the MoED set forth in Section 3.4 above relating to use of property furnished under this MOU shall remain in force after termination. In addition, upon such termination, USAID may, at USAID's expense, direct that title to goods furnished hereunder be transferred to USAID if the goods are from a source outside Azerbaijan, are in a deliverable state, and have not been offloaded in ports of entry of Azerbaijan.

2.12. Assignment: The MoED agrees, upon request, to execute an assignment to USAID of any cause of action which may accrue to the MoED in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. dollar contract with USAID financed by USAID in connection with this MOU.

2.13. Nonwaiver of Remedies: No delay in exercising any right or remedy accruing to a Party in connection with this MOU will be construed as a waiver of such right or remedy.

2.14. Language: This MOU is prepared in both English and Azerbaijani. In the event of ambiguity or conflict between the two versions, the English language version will control.

2.15. Effective Date: This MOU shall be effective on the date of signing by both Parties.

In witness whereof, the Parties, each acting through their duly authorized representatives, have caused this MOU to be signed in their names and delivered as of this 7th day of February, 2007.

Douglas Menarchik

Acting Assistant Administrator
for Europe and Eurasia
U.S. Agency for International
Development

Heydar Babayev

Minister of Economic Development
Government of the Republic of Azerbaijan

Amerika Birləşmiş Ştatlarının Hökuməti ilə Azərbaycan Respublikası Hökuməti arasında Dövlət İnvestisiya Siyasəti barədə Anlaşma Memorandumu

Bundan sonra "Tərəflər" adlandırılacaq, Amerika Birləşmiş Ştatlarının Hökuməti adından Amerika Birləşmiş Ştatlarının Beynəlxalq İnkişaf Agentliyi (bundan sonra "USAID") və Azərbaycan Respublikasının Hökuməti adından Azərbaycan Respublikasının İqtisadi İnkişaf Nazirliyi (bundan sonra "İqtisadi İnkişaf Nazirliyi") birgə səy göstərərək (a) uzunmüddətli milli və sektor inkişafı və siyasətin planlaşdırılması, (b) kapital büdcənin hazırlanması və (c) investisiya layihələrinin hazırlanması, qiymətləndirilməsi, monitorinq və təhlili üzrə Azərbaycan Respublikası Hökumətinin institusional potensialının gücləndirilməsinə nail olmaq istiqamətində əməkdaşlıq etmək arzusundadır. USAİD və İqtisadi İnkişaf Nazirliyi bu məqsədə nail olmaq üçün tərəfdaş kimi birgə çalışmaq niyyətindədir.

Qeyd olunan məqsədlə Tərəflər üzərilərinə götürdükləri öhdəliklər barədə qarşılıqlı anlaşmanı təsbit etmək üçün hazırkı Anlaşma Memorandumunu (bundan sonra "Memorandum") imzalamışlar. Bu Memorandum USAİD və ya İqtisadi İnkişaf Nazirliyi tərəfindən maliyyə vəsaitlərinin ayrılması üzrə öhdəlik götürülməsi kimi qiymətləndirilməməlidir.

MADDƏ 1. TƏRƏFLƏRİN ÖHDƏLİKLƏRİ

1.1. Maliyyə vəsaiti və Tərəflər arasında birgə fəaliyyəti davam etdirmək barədə razılaşma olduğu halda ABŞ Hökuməti, USAID vasitəsilə, 2007-ci ilin dekabrın 31-ə kimi və ya bundan sonra Tərəflərin yazılı formada razılaşdıracağı digər tarixdə İqtisadi İnkişaf Nazirliyinə aşağıdakı texniki yardım və təlim imkanları təqdim etmək niyyətindədir:

(a) Dövlət investisiya siyasəti və proqramlaşdırılması sahəsində, eləcə də investisiya layihələri dövründə İqtisadi İnkişaf Nazirliyinin və nazirliyin tabe strukturlarının inzibati, texniki, institusional və kadr potensialının artırılmasına texniki yardım;

(b) İqtisadi İnkişaf Nazirliyinin Azərbaycan Respublikası Hökumətinin Dövlət İnvestisiya Proqramının hazırlanmasına nəzarət etmək imkanlarını artırmaq, inkişaf planlaşdırma, büdcə prosesi və investisiya proqramlaşdırma ardıcıllığı və daxili əlaqələrin gücləndirilməsi üçün texniki yardım və təlim imkanlarının təqdim edilməsi.

USAİD yuxarıda qeyd olunan yardımı hal hazırda həyata keçirən Dövlət İnvestisiya Siyasəti Layihəsi vasitəsilə təqdim edəcəkdir.

1.2. Yuxarıda qeyd olunan məqsədlərə nail olmaq üçün İqtisadi İnkişaf Nazirliyi aşağıdakıları etmək niyyətindədir:

a) Layihənin texniki işçi heyətini İqtisadi İnkişaf Nazirliyinin binasında münasib iş yeri, telefon və internetə çıxışla təchiz etmək;

b) Qarşılıqlı surətdə razılaşdırılmış İş Planı üzrə texniki tapşırıqların birgə icrası üçün İqtisadi İnkişaf Nazirliyinin peşəkar işçi heyətini təyin etmək;

c) Yeni dövlət investisiya layihələri üçün birgə işlənib hazırlanmış müvafiq təlim kitabçasına uyğun Layihə (Dəyər-Səmərə) Təhlilinə dair tələblər daxil olmaqla, Azərbaycan Respublikası Hökumətinin Dövlət İnvestisiya Proqramının hazırlanıb idarə olunmasında yeni prinsip və metodologiyaları hazırlayıb mərhələlərlə tətbiq etmək.

1.3. Yuxarıda göstərilən məqsədlərə nail olmaq üçün ABŞ Hökuməti, maliyyə vəsaitlərinin mövcudluğundan asılı olaraq, indiyə kimi layihəyə ayrılmış məbləği 5 200 000 ABŞ dollarına çatdırmaqla ona 2007-ci təqvim ilində təxminən 250 000 ABŞ dolları məbləğinə kimi töhfə əlavə etmək arzusundadır. ABŞ Hökumətinin bu maliyyə töhfəsi maliyyə vəsaitlərinin ayrılması üzrə öhdəlik götürülməsi kimi qiymətləndirilməməlidir. 2007-ci təqvim ilində İqtisadi İnkişaf Nazirliyinin naturada maliyyə töhfəsi USAİD-nin texniki məsləhətçilərinə iş otaqlarının ayrılması, İqtisadi İnkişaf Nazirliyinin nəzdində dövlət investisiya şöbəsinin yaradılması və layihənin icrası ilə məşğul olan İqtisadi İnkişaf Nazirliyinin işçilərinə maaşların ödənilməsindən ibarət olacaqdır. Əlavə olaraq, İqtisadi İnkişaf Nazirliyi layihə çərçivəsində yaradılmış metodoloji yanaşmanı mərhələli şəkildə dövlət investisiya layihələrinə tətbiq etməyi öz öhdəliyinə götürür.

ABŞ Hökuməti Azərbaycan Respublikası Hökumətinin sosial, iqtisadi və siyasi inkişaf məqsədlərinə və məramlarına nail olmaq üçün bu yardımla və növbəti illərdə əlaqəli yardımla bağlı xərclərin getdikcə daha böyük hissəsini öz üzərinə

götürmək istəyini alqışlayır. Bu məqsədlə Tərəflər Azərbaycan Respublikası Hökuməti tərəfindən layihə xərclərinin faiz artımı, icra müddəti, mexanizmlərini müəyyən edən Birgə Maliyyələşdirmə üzrə daimi İşçi Qrupu yaratmağa razılığa gəlirlər. Birgə Maliyyələşdirmə üzrə İşçi Qrup 2007-ci ilin iyunun 30-dan gec olmayaraq Tərəflərə öz tövsiyələrini verəcəkdir. Azərbaycan Respublikası Hökuməti birgə maliyyələşdirmə payını növbəti illik dövlət büdcəsinə ayrıca məxaric maddəsi kimi daxil etməyə öz razılığını bildirir.

MADDƏ 2. ÜMUMİ MÜDDƏALAR

2.1. İkitərəfli Çərçivə Sazişinə münasibət: Bu Memorandum əsasında USAİD tərəfindən naturada təqdim oluna biləcək yardım Amerika Birləşmiş Ştatlarının Hökuməti ilə Azərbaycan Respublikasının Hökuməti arasındakı İkitərəfli Saziş (11 may 2000-ci il tarixli «Azərbaycan Respublikası Hökuməti ilə Amerika Birləşmiş Ştatlarının Hökuməti arasında yardım göstərilməsini asanlaşdırmaq üzrə əməkdaşlıq haqqında Saziş») çərçivəsində Amerika Birləşmiş Ştatlarının yardımı hesab edilir və vergi və gömrük öhdəliklərindən azad olunmanı nəzərdə tutan müddəalar da daxil olmaqla həmin Sazişin müddəa və şərtlərinə tabe olur.

2.2. Üçüncü Tərəfin sənədləri və maliyyə vəsaitlərinin mövcudluğu: Yuxarıda qeyd olunmuş naturada yardımı göstərmək üçün USAİD özünün uyğun hesab etdiyi dövlət və özəl tərəflərlə sazişlər və digər razılaşmalar imzalaya bilər. Amerika Birləşmiş Ştatlarının Memorandum ilə üzərinə götürdüyü bütün öhdəliklər maliyyə vəsaitinin mövcudluğuna və USAİD ilə belə dövlət və özəl tərəflər arasında, naturada yardımın təqdim olunmasına dair razılaşmalarla bağlı olacaqdır. Bu Memorandum USAİD tərəfindən maliyyə vəsaitlərinin ayrılmasına dair öhdəlik təsbit etmək məqsədi daşımır.

2.3. Amerika Birləşmiş Ştatlarının qanun və qaydalarına tabe olmaq: USAID yalnız Amerika Birləşmiş Ştatlarının müvafiq qanun və qaydalarına əsasən maliyyə vəsaitləri ayırır, onları istiqamətləndirir, xərcləyir və Memorandumdan irəli gələn digər əməliyyatları həyata keçirir.

2.4. Əmlak üzərində sahiblik və ondan istifadə: USAID tərəfindən başqa hal nəzərdə tutulmayıbsa, kompüter proqramları və müvafiq lisenziyalar istisna olmaqla USAID tərəfindən təqdim olunmuş bütün əmlak üzərində mülkiyyət hüququ USAİD-də qalacaq. USAİD tərəfindən təqdim oluna biləcək istənilən əmlak yuxarıda təsvir edilmiş məqsəd üçün səmərəli şəkildə istifadə edilməlidir və yardımın müddəti bitdikdən sonra onun məqsədlərinin davam etdirilməsi üçün istifadə olunmalıdır.

USAİD tərəfindən təqdim olunmuş əmlakdan kompüter proqramları və müvafiq lisenziyalar istisna olmaqla, Tərəflərin razılaşdırdıqları məqsədlərdən kənar məqsədlər üçün istifadə olunarsa və əgər İqtisadi İnkişaf Nazirliyi müvafiq hərəkətləri ilə həmin halların müvafiq qaydada qarşısının alınması mümkün olduğu halda belə hərəkətlərin qarşısı alınmamışdırsa, İqtisadi İnkişaf Nazirliyi USAİD-in xahişi və seçimi ilə həmin əmlakı qaytarmalı və ya həmin əmlak üçün xərclənmiş vəsaiti ABŞ dolları ilə ödəməlidir.

2.5. Sənədlər, yoxlama və təftiş: İqtisadi İnkişaf Nazirliyi Memoranduma uyğun olaraq göstərilmiş yardımın qəbulunu və istifadəsini göstərmək üçün zəruri olan, yardımla əlaqədar olaraq birbaşa müvafiq sənədləşdirmə aparmalı və ya aparılmasına dair müvafiq göstəriş verməlidir. Sənədlər yardımın təqdim edildiyi vaxtdan etibarən Azərbaycan Respublikasının milli qanunvericiliyinə əsasən müəyyən edilmiş müddətə saxlanılmalıdır. İqtisadi İnkişaf Nazirliyi USAİD-in səlahiyyətli nümayəndələrinə və ya onların təyin etdiyi şəxslərə istənilən münasib vaxtda yardımın göstərildiyi yer və yardımla əlaqədar sənədləri yoxlamaq üçün imkan yaratmalıdır.

2.6. Mübadilə məzənnəsi: USAİD və ya digər dövlət və ya özəl təşkilat tərəfindən USAİD-nin bu Memorandumda qeyd olunan öhdəliklərinin həyata keçirilməsi məqsədi ilə Azərbaycana maliyyə vəsaiti daxil olarsa, İqtisadi İnkişaf Nazirliyi bu maliyyə vəsaitinin Azərbaycan Manatına, valyutanın konvertasiyasının həyata keçirildiyi vaxtda mövcud olan, ölkə qanunvericiliyinə zidd olmayan ən yüksək məzənnə ilə çevrilməsi üçün lazım ola biləcək zəruri tədbir görəcəkdir.

2.7. Aşkarlıq: İqtisadi İnkişaf Nazirliyi ABŞ Hökumətinin töhfə verdiyi proqram qismində təqdim olunmuş yardım barədə ictimaiyyətə məlumat verəcək.

2.8. Məlumat və icra məktubları: İqtisadi İnkişaf Nazirliyi USAİD və bir-birini yardımın göstərilməsini asanlaşdırmaq və bu yardımın səmərəliliyini qiymətləndirmək üçün lazım ola biləcək məlumatlarla təchiz etməlidir. Bundan əlavə, USAİD vaxtaşırı hazırkı Memorandumda qeyd edilmiş məsələlər barəsində əlavə məlumat vermək üçün icranın vəziyyəti haqqında məktublar təqdim edə bilər. Tərəflər, həmçinin bu Memorandumun icrası ilə əlaqədar olaraq qarşılıqlı anlaşmalarını təsdiq edən birgə razılaşdırılmış məktublardan istifadə edə bilərlər. İcra məktublarından bu Memorandumun mətninə dəyişiklik edilməsi üçün istifadə edilməməlidir.

2.9. Səlahiyyətli nümayəndələr: Tərəflər bu Memorandumu imzalayan şəxslərin rəhbərlik etdiyi idarələrdə işləyən və ya fəaliyyət göstərən şəxslər tərəfindən təmsil olunurlar. Hər bir tərəf digər tərəfə yazılı bildiriş göndərməklə, həmin Tərəfi, bu

memorandum rəsmi düzəlişlər edilməsinin təsdiqlənməsi istisna olmaqla, istənilən məsələdə təmsil edəcək əlavə nümayəndələr təyin edə bilər. Hər bir tərəf qarşı tərəfi öz səlahiyyətli nümayəndələri ilə bağlı dəyişikliklərlə yazılı surətdə tanış etməlidir.

2.10. Əlavə və dəyişikliklər: Hazırkı Memorandum əlavə və dəyişikliklər Tərəflərin yazılı razılığı əsasında edilə bilər.

2.11. Dayandırılma və xitam:

A. Dayandırma.

(i) İqtisadi İnkişaf Nazirliyi bu Memorandumun hər hansı bir müddəasına riayət etməzsə;

(ii) USAİD bu Memorandumun məqsədinin əldə edilməsini və ya İqtisadi İnkişaf Nazirliyinin bu Memorandumun müddəalarına əməl etmə imkanını qeyri-mümkün edən fövqəladə vəziyyətin yaranmasını müəyyən edərsə;

(iii) USAİD bu yardımın təqdim edilməsinin ABŞ Hökumətinin qanun və ya qaydalarının pozulmasına səbəb olacağını müəyyən edərsə.

USAİD, seçiminə müvafiq olaraq, bu Memorandumda nəzərdə tutulmuş yardımın təqdim edilməsini tam və ya qismən dayandırmaq üçün tədbir görə və bu barədə İqtisadi İnkişaf Nazirliyinə yazılı bildiriş təqdim edə bilər. Qismən dayandırma zamanı qeyd olunan bildiriş dayandırmanın nəticəsinin şamil edildiyi fəaliyyət növünü qeyd etməlidir. Əgər belə bildirişin təqdim edilməsindən altmış (60) gün keçmiş USAİD dayandırmanın səbəbinin və ya səbəblərinin aradan qaldırılmadığını müəyyən edərsə, USAİD yardım təqdim edilməsinə xitam verə və bu barədə İqtisadi İnkişaf Nazirliyinə yazılı bildiriş təqdim edə bilər.

B. Xitam. İstənilən Tərəf digər Tərəfə otuz (30) gün əvvəl yazılı bildiriş təqdim etməklə bu Memorandum tam və ya qismən xitam verə bilər. Qismən xitam vermə zamanı, belə bildirişdə xitamın nəticəsinin şamil ediləcəyi fəaliyyətlər qeyd edilməlidir. Bu Memorandum xitam verilməsi Tərəflərin bu fəaliyyət üçün hər hansı maliyyə və ya digər resursların təqdim edilməsi üzrə hər hansı məsuliyyətinə, amma bu Memorandumun xitamına qədər üçüncü tərəflə saziş bağlayaraq üzərilərinə götürdükləri ləğv olunmaz öhdəliklərdən irəli gələn ödənişlər istisna olmaqla, xitam verəcək. İqtisadi İnkişaf Nazirliyinin bu Memorandum əsasən təqdim olunmuş əmlakdan istifadəyə

dair yuxarıda 3.4-cü bənddə qeyd olunmuş öhdəlikləri Memorandumun xitamından sonra da qüvvədə qalacaq. Bundan əlavə, belə bir xitamdan sonra USAİD, öz hesabına, bu Memoranduma əsasən ayrılmış əmlakın üzərində mülkiyyət hüququnu, əgər həmin əmlak Azərbaycandan kənarda olan mənbədəndirsə, daşınılan durumdadırsa və Azərbaycana giriş limanlarına boşaldılmamışdırsa, USAİD-ə keçirə bilər.

2.12. İddia hüququnun keçməsi: İqtisadi İnkişaf Nazirliyi, xahiş olunduqda, bu Memorandumla əlaqədar USAİD tərəfindən maliyyələşdirilən və USAID ilə imzalanmış kontraktın Tərəfinin kontraktdan irəli gələn əməli və ya öhdəliyi pozmasından və ya bununla əlaqədar yaranmış hər hansı iddia vermək hüququnun ABŞ dolları dəyərində birbaşa USAİD-ə keçməsinə razılaşır.

2.13. Müdafiə vasitəsindən imtina edilməməsi: Bu Memorandum ilə bağlı Tərəflərdən birinin malik olduğu hər hansı hüququn və ya müdafiə vasitəsinin həyata keçirilməsində yol verilmiş ləngimə bu hüquq və ya vasitədən istifadə edilməsindən imtina kimi yozulmamalıdır.

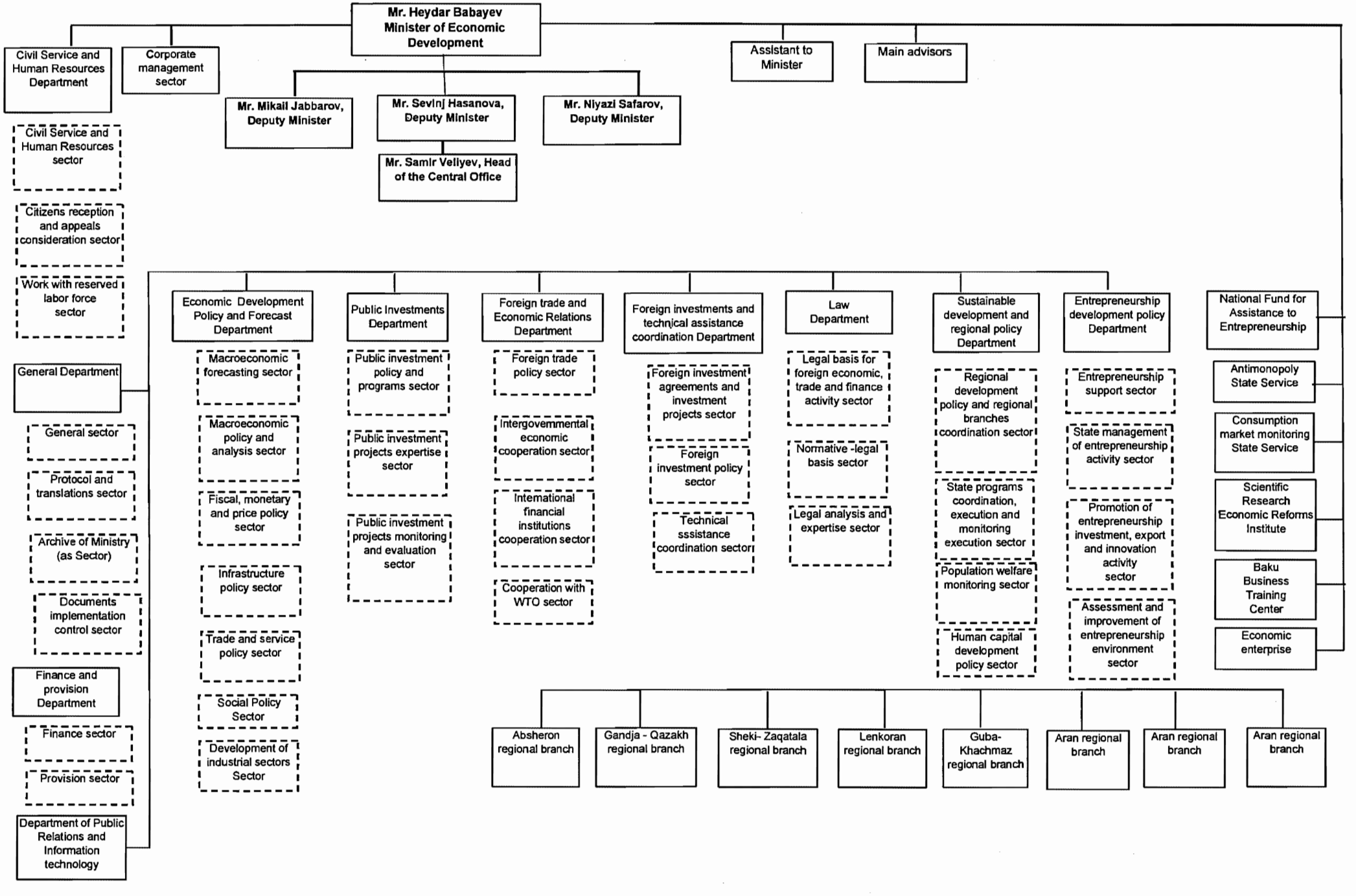
2.14. Dil: Bu Memorandum Azərbaycan və ingilis dillərində hazırlanmışdır. İki dildə olan mətnlər arasında hər hansı bir anlaşılmazlıq və ya ziddiyyət olduğu təqdirdə ingilis dilindəki mətnə üstünlük veriləcəkdir.

2.15. Qüvvəyə minmə tarixi: Bu Memorandum hər iki Tərəfin hazırkı Memorandumu imzaladığı tarixdən qüvvəyə minir.

Bütün bunların təsdiqi olaraq, Tərəflərin hər biri müvafiq şəkildə səlahiyyətləndirilmiş nümayəndəsi vasitəsilə bu Memorandumu 7 yanvar, 2007-ci il tarixdə imzalamışlar.

Duqlas Menarçik	Heydər Babayev
Administratorun Avropa və Avrasiya üzrə müavini vəzifəsini icra edən ABŞ Beynəlxalq İnkişaf Agentliyi	Azərbaycan Respublikası İqtisadi İnkişaf Naziri

Structure of the Ministry of Economic Development of Azerbaijan Republic



Statute of the Ministry of Economic Development of Azerbaijan Republic
print version

I.General provisions

1.1. Ministry of Economic Development (hereinafter referred to as the Ministry) is the government body which: formulates economic policy, economic and social projections of Azerbaijan Republic; develops and implements state policy on development of various sectors for economy, foreign economic and trade relations, investment activities, attraction, allocation and promotion of investment, internal trade, development of and state support to entrepreneurship, improvement of competition, including elimination of unfair competition, protection of consumer rights, structural and innovative changes in state economy; performs normative legislative regulation; coordinates work of other state agencies in terms of issues concerning its area of interest; implements state supervision in relevant sectors.

1.2. In performing its activities the Ministry is guided by the Constitution of Azerbaijan Republic, Laws of Azerbaijan Republic, decrees and orders of the President of Azerbaijan Republic, resolutions and decrees of the Cabinet of Ministers, international treaties Azerbaijan is party to and this Statute.

1.3. The ministry shall discharge the duties and responsibilities prescribed hereby, in cooperation with central and local executive authorities, local self-governance authorities of Azerbaijan Republic, as well as international and non-government organizations.

1.4. The ministry shall have its own independent balance, state property in its discretion pursuant to legislation, treasury and bank accounts, a seal with the State Emblem and its name, relevant stamps and letterheads.

1.5. Activities of the Ministry shall be financed from state budget of Azerbaijan Republic and other sources not contradicting the existing legislation.

1.6. The Ministry shall be located in Baku city.

II. Scope of Work for the Ministry

2.1. Activities of the Ministry shall be fulfilled in the following directions:

2.1.1. formulates state policy on economic and social development, as well as other sectors of the country, coordinates the work of related government agencies and other entities to ensure implementation of this policy;

2.1.2. develops economic and social development forecasts of Azerbaijan Republic;

2.1.3. performs macroeconomic forecasting, participates in economic justification of state budget expenditure;

2.1.4. formulates state structural and innovative policy in country's economy and implements it with relevant agencies;

2.1.5. develops and implements state policy of Azerbaijan Republic for support and improvement of entrepreneurship;

2.1.6. formulate and implement a single state policy for improvement and promotion of competitive environment, as well as elimination of unfair competition cases;

2.1.7. prepares and implements state policy for internal trade, consumer market and service; ensures efficiency of goods turnover;

2.1.8. with participation of relevant government agencies formulates and implements state policy on protection of consumer rights and ensuring quality of consumer goods;

2.1.9. with participation of relevant government agencies formulates and implements measures to ensure socio-economic development of regions;

2.1.10. prepares, ensures implementation (with participation of relevant agencies), coordinates work, monitors state programs and concepts for economic development, as well as development of priority sectors and areas;

2.1.11. Formulates and implements state policy for foreign economic and trade relations; cooperateswith international financial (financial-credit) and economic (trade) organizations;

2.1.12. prepares and implements within its authorities state policy for investment activities of Azerbaijan, attraction, allocation and promotion of investments, and involves other related agencies to this work;

2.1.13. within authorities supervises and monitors attraction of all kinds of loans/credits, financial and technical assistance (including, grants) and other types of investment; supervises examination and implementation of investment projects (proposals);

2.1.14. in cooperation with related agencies drafts, submits and ensures implementation of Public Investment Program;

2.1.15. ensures formulation and appropriate execution of safeguarding activities for economic security and sustainable development of the country, as well as protection of country's economic interests;

2.1.16. participates in formulation and examination of state policy and relevant legislative acts regarding public administration, financial, insurance and securities market, budget, taxation, monetary and currency, tariff-pricing policy, banking activities, state purchases, and other fields;

2.1.17. pursuant to authorities and responsibilities granted by the legislation, as well as those prescribed herein, performs normative legal regulation and supervision of the following: development of various sectors of econom; foreign economic and trade relations; internal

trade; goods turnover; investment activities; attraction, allocation and promotion of investment; support to and development of entrepreneurship; promotion of sound competitive environment, elimination of unfair competition cases; protection of consumer rights and ensuring quality of consumer goods;

2.1.18. Coordinates activities of line ministries and local executive wuthorities related to the scope of work of the ministry;

2.1.19.performs state supervision within the scope of its activities;

2.1.20. performs other duties/activities prescribed by the legislation.

III. Duties and Responsibilities of the Ministry

3.1. Pursuant to the scope of activities prescribed hereby the ministry shall perform following functions:

3.1.1. Develop major directions of socio-economic development of Azerbaijan and ensure their implementation with participation of relevant government agencies;

3.1.2. Jointly with relevant government agencies ensure state's socio-economic policy formulation and implementation, participate in identification of budgetary, tax, monetary, currency and other socio-economic priorities;

3.1.3. Analyze socio-economic situation in Azerbaijan, prepare proposals on state regulation of economy, economic and social development priorities and submit these proposals to relevant government agencies;

3.1.4. Analyze and forecast development dynamics of economy, identify perspective development directions;

3.1.5. For the purpose of state budget formulation prepare forecast indicators socio-economic development and submit them to relevant agencies pursuant to legislation, participate in budget crediting, planning and review of state and government guaranteed debts;

3.1.6. formulate key directions of structure policy of country's economy, organize their implementation;

3.1.7. ensure the country's innovation and scientific-technical policy formulation;

3.1.8. identify fields for capital investments from budgetary funds, prepare draft public investment program and agency ensure implementation of the program upon its approval by the relevant government;

3.1.9. participate in the country's social policy formulation and implementation;

3.1.10. jointly with other central executive authorities, participate in identification of minimum social standards;

3.1.11. participate in preparation of mechanisms for state support to social sectors' development, identification of directions for reforms in residence construction and communal economy system;

3.1.12. jointly with relevant government agencies identify key directions of labor reserves and employment and take necessary measures for their implementation;

3.1.13. identify regional socio-economic development fields, involve relevant government agencies in this work and take necessary actions to ensure their implementation;

3.1.14. with purpose of discharge of duties and responsibilities and jointly with relevant central authorities ensure formulation and implementation of targeted programs and concept papers, including programs on economic priorities, socio-economic development of regions, poverty reduction and sustainable human development, entrepreneurship development and improvement of healthy competitive environment. Prepare and submit opinions/comments on draft state programs prepared by other government agencies;

3.1.15. with participation of relevant government agencies prepare proposals on general principles of price-tariff policy, list of goods and services where price is regulated by the state, draft guidelines on regulation of prices for socially important goods and products of monopoly units; supervise their implementation in an approved manner, prepare proposals on providing discounts to individual enterprises, organizations and investors and submit them to relevant agencies;

3.1.16. jointly with relevant government agencies participate in identification of uses of centralized currency reserves;

3.1.17. jointly with relevant central authorities forecast overall financial balances and balance of payments;

3.1.18. participate in formulation and re-evaluation of major funds' regulation policy, identification and application of amortization norms;

3.1.19. jointly with relevant government agencies prepare and implement measures to ensure economic and food security of Azerbaijan;

3.1.20. prepare draft laws, regulations and other legislative acts related to implementation of economic and social policy implementation, comment on other draft legislation in this field prepared by other government agencies and submit them properly;

3.1.21. participate in formulation of state policy, state regulation and legislative acts, and implementation of expertise in following fields: public administration, finance, insurance

(insurance market), budget, tax, monetary-credit, currency, price-tariff, banking activities, securities market, state purchases, environment and environmental security etc.;

3.1.22. participate in preparation of proposals on formulation and utilization of state material resources;

3.1.23. implement state regulation in foreign economic and trade activities, investment activities, internal trade, service, members rights protection; review situation in these fields and take necessary measures;

3.1.24. ensure implementation of relevant measures to protect internal market in Azerbaijan;

3.1.25. pursuant to economic policy of the country, jointly with relevant central executive authorities prepare proposals on customs, duties and taxes, other mandatory payments (including in trade) and submit these proposals to appropriate instances;

3.1.26. participate in formulation of efficient utilization mechanisms of natural resources, including energy reserves, preparation and improvement of structure of fuel-energy balance of;

3.1.27. take measures within its authorities to attract financial assistance to various sectors of economy;

3.1.28. formulate and implement foreign economic and trade policy of Azerbaijan;

3.1.29. take measures to implement the country's bilateral and multilateral foreign economic relations, hold negotiations related to this, prepare relevant draft contracts (treaties, agreements) and ensure their signature and implementation pursuant to legislation; attend forums, conferences and other events in foreign countries and ensure implementation of such events in Azerbaijan; cooperate with foreign legal entities and other individuals, represent Azerbaijan in such relations, negotiate, prepare and sign agreements (treaties, contracts); within its authorities ensure implementation of international agreements Azerbaijan is party to;

3.1.30. cooperate with international economic (trade) and financial (monetary) organizations, including those Azerbaijan is member to (participant), participate in events held by them, represent the country in relations with these organizations;

3.1.31. coordinate activities for ensuring integration of Azerbaijan to world trade system, perform analysis and prepare proposals on improving competition capacity of Azerbaijan in foreign trade and developing its trade regime, ensure implementation of such proposals;

3.1.32. prepare proposals on application of special (free) economic zones (regimes), take necessary measures;

3.1.33. jointly with other relevant government agencies prepare draft international agreements on international transportation, goods transit, as well as foreign trade negotiations, participate in approval and implementation of such agreements, coordinate activities;

3.1.34. formulate and implement activities to increase export potential of the country, introduction of Azerbaijan's goods and services in foreign markets, creation of favorable conditions for the latter, ensuring effective integration of the country's economy into the world economy;

3.1.35. take measures to provide participants of foreign economic activities with necessary economic, legal information; establish necessary information systems related to foreign economic activity issues;

3.1.36. analyze status (structure) of the world good and service markets; make relevant proposals and ensure implementation of measures in this field;

3.1.37. perform actions for non-tariff regulation of foreign trade activities; issue licenses (special permission) for exercising export and import transactions in cases and manner prescribed by legislation; also when necessary, issue certificate of origin, quality and other certificates, and other legal documents in the event where goods are exported from customs territory of the country and this case is prescribed in international agreements Azerbaijan is party to, other agreements, treaties, contracts and legislative documents;

3.1.38. identify cases in trade sector where partial treatment is applied towards Azerbaijan; make proposals to relevant agencies and participate in their implementation;

3.1.39. appoint economic-trade representative in diplomatic rep.offices of Azerbaijan in other countries and international organizations; provide them with financial assistance;

3.1.40. take direct, targeted measures (including, direct negotiations) to attract financial resources from all foreign sources to the country's economy, its separate sectors; examine the received proposals; prepare or participate in preparation of drafts of relevant agreements (treaties, contracts) when necessary; sign them appropriately; monitor their implementation; identify priority sectors for attracting loans, grants and financial (technical) assistance and coordinate related work of other central executive authorities, SOE's and enterprises where the state has a share in statutory capital; examine their proposals and investment projects;

3.1.41. prepare proposals for formulation of state policy on export control and take other measures prescribed in legislation;

3.1.42. within its authorities, hold direct negotiations regarding investment cooperation of Azerbaijan with foreign countries, including attraction, promotion and protection of investments, establishment of joint ventures; take necessary measures; monitor fulfillment of contractual obligations coming forward from international agreements (treaties, contracts) related to investment cooperation;

3.1.43. participate in work of international investment forums, conferences, exhibitions, other

events; ensure organization of such type of events in the country; coordinate work of relevant state agencies in this field;

3.1.44. research investment opportunities in the country and encourage implementation of relevant projects;

3.1.45. establish information pool on investment opportunities in the economy; ensure dissemination of information among potential investors on capacity of local enterprises;

3.1.46. ensure registration of enterprises with foreign investment functioning in Azerbaijan; together with relevant government agencies take necessary measures to identify and eliminate current problems (challenges) for the proper functioning and development of such enterprises;

3.1.47. coordinate financial and technical assistance allocated to Azerbaijan Republic, its relevant state bodies (other state enterprises); monitor efficient use of foreign assistance; identify projects important for technical cooperation; apply for their financing within the framework of bilateral and multilateral cooperation; upon requests from related state bodies, take measures to ensure that this financial and technical assistance is provided to them;

3.1.48. take measures to ensure preparation and implementation of investment projects;

3.1.49. take measures to research investment demand, improve investment environment and foster investment activities in Azerbaijan; coordinate related work; within its authorities ensure selection of investment projects in tenders, efficiency evaluation and examination;

3.1.50. perform public examination of proposals (projects) related to attraction of investment and allocation of investment funds submitted by executive authorities, SOEs or enterprises where the government has a share in statutory capital, as well as examination appropriate proposals (projects) upon request of investors;

3.1.51. exercise direct cooperation with international and regional (trade) economic and international financial (monetary) institutions in the investment field; coordinate their work in the country within the framework of ministry's authorities; represent Azerbaijan Republic appropriately in these organizations;

3.1.52. play the role of a single body coordinating activities of local and foreign investors in Azerbaijan;

3.1.53. hold direct negotiations with foreign investors regarding attraction of foreign investors, as well as loans (including, government guaranteed), grants, financial (technical) assistance, investment projects; represent Azerbaijan Republic in these negotiation and protect the countries interests;

3.1.54. perform public examination of contracts (treaties, agreements) or proposals on loans, grants, financial (technical) assistance loans from international financial and economic

institutions, foreign countries and credit institutions where GoAz is a member and guarantor; monitor fulfillment of contractual obligations coming forward from these agreements;

3.1.55. prepare investment projects implemented by the government; examine public investment projects, take proper actions to ensure their implementation and perform monitoring; identify criteria for prioritization of public investment projects;

3.1.56. review loan, grant and financial (technical) assistance agreements (treaties, contracts) concluded by state commercial and non-commercial organizations (SOEs or enterprises where government has share in statutory capital); review their investment project proposals; perform public examination of these agreements (treaties, contracts), investment projects; request from the above mentioned enterprises documents assessing the financial-economic results of and justifying necessity for such agreements (treaties, contracts) and investment projects;

3.1.57. s oversee and monitor implementation of contractual obligations regarding attraction of investments of SOEs or enterprises where government has share in statutory capital;

3.1.58. on behalf of Azerbaijan Republic conclude treaties on promotion and protection of investment with relevant agencies of other countries;

3.1.59. coordinate work of central executive authorities involved in attraction of investment within the framework of their authorities; review proposals prepared or received by them; review and agree upon negotiations and agreements (treaties, contracts) for acquiring all types of loans, grants and financial (technical) assistance, investment proposals; perform public examination; request from relevant agencies documents justifying necessity of these loans, grants and financial (technical) assistance agreements (treaties, contracts) and assessing their financial-economic outcome; register proposals by sectors; take actions to implement proposals upon their approval;

3.1.60. identify general terms and conditions, main directions and forms of public assistance to entrepreneurship; develop relevant programs in this field and monitor their implementation;

3.1.61. sahibkarlığa yardım tədbirlərinin maliyyələşdirilməsi üçün dövlət büdcəsi vəsaitlərinin və xarici kreditlər (qrantlar və digər maliyyə vəsaitləri), yerli və xarici hüquqi və fiziki şəxslərin könüllü ayırmalarının cəlb edilməsi üçün tədbirlər həyata keçirmək;

3.1.62. implement international cooperation related to entrepreneurship development;

3.1.63. request from state enterprises and municipalities, other individuals suspension of actions hindering and infringing legal rights and interests of entrepreneurs and consumers;

3.1.64. with purpose of support to entrepreneurship, establish scientific, production, consulting, advertising-exhibition, information units, press offices and other structures;

3.1.65. analyze development of entrepreneurship activities, environment and public support, as well as investment activities in private sector; organize development of relevant state programs in this sector with consideration of development priorities of state economy;

3.1.66. take measures for development and improvement of a modern legislative basis for regulating entrepreneurship activities;

3.1.67. formulate and implement public policy regarding licensing of economic activity types and application of special permit system; identify key directions for public regulation of licensing and develop relevant draft normative legislative acts;

3.1.68. monitor issuance of certificates, special permits and other such documents to entrepreneurs by central and local executive authorities; ensure compliance with licensing and special permit legislation by all state agencies and economic organizations;

3.1.69. provide state agencies issuing licenses and special permits with methodical guidance and information;

3.1.70. maintain single state register for licenses and special permits;

3.1.71. give proposals to relevant government agencies regarding liceinsing and special permit issuance;

3.1.72. with purpose of enlightenment of entrepreneurs and to improve SME activities inform them of international best practices and ensure application of the practices;

3.1.73. with purpose of support to entrepreneurship, ensure establishment and proper management of state enterprises, including enterprises for allocation of financial resources at discount rates, improving competitive capacity of entrepreneurship, improving quality of produced goods, and ensuring their introduction in local and international market; support their activities;

3.1.74. with purpose of entrepreneurship support, coordinate activities of companies, funds, as well as investment companies (funds), venture funds and other specialized entities;

3.1.75. prepare and take actions to introduce goods and services produced by local entrepreneurs to international markets and create favorable conditions for this, take targeted actions to ensure protection of exporters rights, their free access to foreign markets;

3.1.76. take actions to provide entrepreneurs with necessary economic and legal information;

3.1.77. in the field of investment activities, take necessary measures to ensure implementation of investment projects crucial for entrepreneurship development and promotion;

3.1.78. take actions to ensure improvement of internal trade;

3.1.79. formulate draft of state needs (demands), as well as state orders;

3.1.80. ensure that activities of natural monopolies under state monopoly are pursuant to economic policy of the government; with this purpose obtain economic indicators and other necessary information from these entities, analyze this data; if necessary, take actions prescribed by legislation;

3.1.81. in cases prescribed by the legislation represent country's economic interests in local and foreign (international) courts (arbitration);

3.1.82. jointly with relevant government agencies ensure application of modern corporate governance systems; participate in formation and implementation of policy for state assets management;

3.1.83. prepare proposals on optimization of structure of state property and submit these proposals to relevant agencies;

3.1.84. prepare proposals on improvement of public economic management system and submit these proposals to relevant government agencies;

3.1.85. provide public financial support to entrepreneurship development via National Fund for Assistance to Entrepreneurship established under its auspices;

3.1.86. formulate and implement (also via Anti-Trust State Service under the ministry) government policy on development and promotion of competition, as well as elimination of unfair competition cases, perform normative legal regulation in this field;

3.1.87. jointly with relevant government agencies formulate and implement state policy for consumer rights protection, ensuring quality of consumer goods (products) and monitoring of trade rules (also via State Service on Consumer Market established under its auspices); exercise normative-legal management and regulation in this field;

3.1.88. take measures to ensure high quality of goods exported to European Union from Azerbaijan;

3.1.89. coordinate and supervise activities and work of units functioning under the auspices of ministry;

3.1.90. Approve programs and cost estimates for proper utilization of targeted budget funds used units in the Ministry's structure for discharge of their duties within the framework of their authorities;

3.1.91. Monitor proper utilization of targeted budget funds used by units in the Ministry's structure for discharge of their duties within the framework of their authorities;

3.1.92. ensure public awareness of the ministry's activities;

3.1.93. train cadres (staff) in relevant fields;

3.1.94. within its authorities take measures to improve the ministry's structure and activities;

3.1.95. organize implementation of scientific researches related to the ministry's functions and responsibilities;

3.1.96. review received applications and inquiries related to the ministry's activities and take measures pursuant to legislation;

3.1.97. perform other duties pursuant to legislation.

IV. Rights of the Ministry

4. The ministry has following rights for discharge of its duties:

4.1. within its authorities, issue mandatory orders on suspension of illegal actions and elimination of its results to executive authorities, municipalities, legal entities, other market units and their management; take other necessary measures;

4.2. request and obtain from central and local executive authorities, municipalities, individuals and entities necessary information (documents) and applications on issues related to activity framework of the ministry;

4.3. develop projects, perform examinations, give comments and opinions, perform analyzes and generalizations, prepare analytical data, perform monitoring and research on certain spheres on issues related to activity framework of the ministry;

4.4. take measures to ensure and monitor proper utilization of targeted budget funds allocated for activities of subordinated units;

4.5. pursuant to legislation and this Charter, attract and contract foreign and local experts and consultants, consulting companies, scientific organizations for formulation and implementation of the activities within its authority;

4.6. take actions for developing experts and qualified and competent specialists in relevant fields;

4.7. pursuant to set guidelines develop and approve, ensure implementation and monitor execution of normative legal acts related to all sectors within its framework of activity identified by legislation and this Charter;

4.8. establish and implement foreign economic and trade relations;

4.9. take measures related to investment activities, for attraction, protection and promotion of investment;

4.10. ensure improvement and promotion of competitive environment, as well as elimination of unfair competition cases;

4.11. take measures to ensure consumer rights protection and monitoring of trade rules;

4.12. take necessary actions for improvement of internal trade, development of and public support to entrepreneurship, fostering and promotion of competitiveness, elimination of unfair competition cases, and protection of consumer rights;

4.13. attend court litigations (arbitrations) on its own behalf;

4.14. organize and implement cooperation with international organizations, state agencies of foreign countries, foreign individuals and entities; hold direct negotiations and attend negotiations; draft and participate in drafting of international agreements (treaties, contracts); sign them pursuant to legislation;

4.15. within its authorities monitor implementation of international agreements (treaties, conventions) Azerbaijan is party to; take necessary actions to ensure fulfillment of country's contractual obligations;

4.16. establish, reorganize and annul subordinated organizations pursuant to guidelines related to discharge of its duties and authorities;

4.17. pursuant to legislation, issue, revoke, suspend special licenses and permits for certain types of activities; issue quality, compliance and other certificates as well as juridical documents;
4.18. exercise public supervision over quality and security of edibles (food products) during their trade, procurement, maintenance, import, export and transportation; perform examinations pursuant to security criteria of infrastructure and goods in production and processing enterprises of edibles exported to EU states, issue the enterprises and exporters approval code numbers and documents veryfing results of examination respectively, apply quality control system to these goods; maintain registry of production and processing enterprises and ensure fulfillment of EU's requirements in the aforementioned sectors;

4.19. pursuant to legislation, establish periodic press office, issue special bulletins and other publications;

4.20. within its authorities give orders and instructions to all organizations under the ministry's structure, monitor their implementation, suspend implementation of or annul orders or instructions contradicting the legislation;

4.21. establish consultation, advisory and other bodies, created inter-office bodies;

4.22. perform public control in issues related to its scope of work, functions and authorities;

4.23. make proposals to relevant state agencies on issues within its authorities; participate in activities (including development of projects) and state supervision of issues relate to economic, social, public administration, finance, insurance, budget, taxation, monetary and currency, customs, price-tariff, banking activities, securities market, property relations, management and privatization of state property, state procurements, environment and environmental security and other fields; prepare proposals and submit the appropriately; examine relevant normative-legal acts;

4.24. oversee agreements (treaties, contracts) of executive authorities, SOEs or enterprises where government has share in statutory capital for receipt of all types of loan, grant, financial (technical) assistance; perform state expertise; obtain documents justifying necessity of relevant agreements (treaties, contracts), investment projects and assessing their financial-economic results; monitor fulfillment of terms of the abovementioned agreements (treaties, contracts), other investment projects;

4.25. participate in inspections (performed in cases and manner prescribed by legislation) of entrepreneurship units by state agencies (excluding tax authorities);

4.26. hold congress, consultation, exhibition and other events on issues related to its scope of activity;

4.27. exercise other rights prescribed by legislation.

V. Organization of Ministry's Activities

5.1. The Ministry's single system consists of central apparatus, Anti-Trust State Service, State Service for Consumer Market Control, National Fund for Entrepreneurship Support, regional offices and other bodies..

5.2. The Ministry performs its scope of work directly and via subordinated bodies indicated in Article 5.1. hereof. The ministry manages, provides staffing and financial support to economic-trade representatives in diplomatic rep.offices of Azerbaijan in foreign countries and international organizations.

5.3. General staff number and structure of the ministry are identified by the President.

5.4. The Ministry is headed by the Minister, who is appointed and dismissed by the President, and is personally responsible for discharge of duties and responsibilities granted to the ministry.

5.5. The minister has 3 deputies who are appointed and dismissed by the President.

5.6. The deputy ministers perform duties and responsibilities assigned to them by the minister and are personally responsible for this.

5.7. Subordinated units under the auspices of the ministry bear direct responsibility for discharge

of duties and functions assigned to them and have the right to independently issue orders within their authorities.

5.8. The minister of economic development has the following authorities:

5.8.1. organize and manage activities of the ministry;

5.8.2. within the limits of labor compensation funds and number of employees, approve structure, staff list and cost estimates of the central apparatus of the ministry, subordinated state services, the Fund and other units;

5.8.3. prepare and appropriately submit to relevant state authorities proposals on budget funds needs of subordinated State Services and the Fund;

5.8.4. approve statutes and charters of structural units and subordinated bodies of the ministry;

5.8.5. appoint and dismiss heads of central apparatus of the ministry, subordinated organizations, economic-trade representatives of Azerbaijan in foreign countries and international organizations. Pursuant to legislation take motivating and disciplinary actions with regard to staff of all structural units of the ministry;

5.8.6. give mandatory orders, decrees, instructions, approve (sign) normative legal acts with regard to activities of the ministry's central apparatus, subordinating units, ensure and monitor their implementation;

5.8.7. identify functional assignments and staff number of the ministries central office and subordinated bodies, when necessary make modifications (changes) in them;

5.8.8. organize and implement cooperation and relations with foreign countries, international financial (financial-credit), economic (trade) and other organizations, foreign entities and individuals; hold direct negotiations with relevant countries (their state agencies and other bodies), international organizations, individuals; attent international, interstate and inter-governmental negotiations; properly sign agreements (contracts, treaties), represent Azerbaijan in events held by and relationship with these organizations, individuals and countires (their state agencies and other bodies);

5.8.9. exercises other rights and performs other functions pursuant to Azerbaijan legislation.

5.9. The Ministry establishes collegial committee consisting of the minister (head of committee), deputy ministers, head of relevant body of Nakhichevan Autonomous Republic, management of central apparatus, subordinated units.

5.10. Number and composition of the members of the ministry's committee is set by the Cabinet of Ministers.

5.11. Collegial committee of the ministry discusses issues related to the ministry's activity scope and makes decisions during its meetings.

5.12. Meetings of the committee shall have power when more than half of the members are participant. The decisions of the committee are made by simple vote majority of the members.

5.13. Decisions of the committee shall be officially recorded in the minutes and implemented under the minister's order.

5.14. In the event when there is difference of opinion, the ministry's management shall inform Cabinet of Ministers of this and implement its decision. Committee members may express their individual opinions to the Cabinet of Ministers.

5.15. When necessary, representatives of executive authorities, heads of offices, enterprises and organizations, as well as representatives of public organizations, experts directly related to the discussed issues may be invited to attend committee's meetings.

5.16. Relevant economic structure of Nakhichevan Autonomous Republic is considered as a part of the ministry's structure.

5.17. Within the identified salary and staff number limitations, the ministry shall establish and annul regional offices reporting directly to the ministry. Heads of these regional offices shall be appointed and dismissed by the minister of economic development.

Approved by the decree of the President of Azerbaijan as of December 28, 2006.

Meeting Notes

Date: February 07, 2007

Meeting with: Ms.Sevinj Hasanova, Deputy Minister, Ministry of Economic Development (MOED)

PIP-project participated: Mr. Janusz Syzmer, COP
Ms.Nigar Ismaylova, Fiscal and Sector Expert-Economist

Topics covered:

1. Project involvement in drafting of 2008-11 PIP Call Circular
2. Comparative analysis of Kazakhstan practice and experience in PIP planning
3. Short-term technical assistance (SSTA) in cost-benefit analysis and strengthening of public investment legislation and regulations acts
4. Strengthening the research capacity of Scientific- research institute of reforms (SRIR)

Observations:

- Janusz Syzmer briefed Deputy Minister on the current tasks undertaken by PIP-project, namely comments and possible changes in 2008-11 PIP Call Circular, study on comparative analysis of Kazakhstan experience in public investment policy and programming, SSTA in cost benefit analysis and strengthening of public investment legislation and regulations acts.
- Sevinj Hasanova informed about the structural changes going on in MOED and the establishment of new Public Investment Policy and Program department based on Public Investments Division. The new department will consist of three divisions: PI Policy and Program Division, PI Projects Evaluation Division and PI Projects Monitoring Division.
- Sevinj Hasanova welcomed the idea to study the Kazakhstan`s experience and proposed to organize the study visit of one MOED official and one PIP-project technical expert to Kazakhstan to learn the practical issues of public investment policy and programming.
- Janusz Syzmer submitted the draft of new 2008-11 PIP Call Circular prepared by PIP-project team to consideration and discussions. It was agreed to contact with Faig Gasimli, possible division chief of PI Policy and Program Division for further joint PIP-project and MOED work on the PIP Call Circular.
- Janusz Syzmer suggested to involve the SSTA in cost-benefit analysis and strengthening of public investment legislation and regulations acts and it was welcomed by Deputy Minister.
- Sevinj Hasanova also informed about the structural changes taking place in Scientific-research institute of reforms (SRIR) (former CER) and welcome the initiative of PIP-project to strengthening the research capacity of the SRIR in macro forecasting, public investment policy and programming, cost-benefit analysis, shadow prices and other related issues.

Decided:

- To have regular meetings on Saturday at 15.00 in the office of MOED to discuss the various issues related to project activities and progress on them.

Meeting Notes

Date: January 31, 2007

Meeting with: Mr.Natiq Pashayev, Public Investment Division, Ministry of Economic Development (MOED)

PIPP participated: Ms.Nigar Ismaylova, Fiscal and Sector Expert-Economist

Topics covered:

1. Problems faced by line ministries in the completion of the 2007-2010 PIP Call Circular
2. Changes and improvements of the 2008 -11 PIP Call Circular

Observations:

- Mr.Natiq Pashayev mentioned that last year experience showed that there were the difficulties in completion and delay in presenting of 2007-10 PIP Call Circular by line ministries
- He confirmed that the MOED is going to issue the 2008-11 PIP Call Circular by the end of February 2007 and set the deadline for submission the response as of April 20, 2007.
- Mr.Natiq Pashayev suggests to introduce some changes to the 2008 -11 PIP Call Circular. He supports the view that the integrity of the process should be kept, but the information requests from the budget organizations are to be simplified and targeted. As well as the language and style of the document should be reviewed.
- We agreed that the instructions booklet that explains each Form and how to fill each line should be introduced and appended to the Call Circular.
- The Call Circular may have to have at least 2 versions: one for line ministries/agencies and one for region/city/local executive organs (a simpler version which considers characteristics of local investment projects).
- The Call Circular responses should be in electronic format, this would primarily help the MOED/PIP staff to process the documents.
- The Form 2.5 should request more detailed descriptive data on the projects status and existing problems and proposals.
- Mr. Pashayev supports the idea that PIPP and MOED staffs jointly conduct on the job-training for the line ministries to fill the 2008-11 PIP Call Circular, if needed.

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PUBLIC INVESTMENT POLICY PROJECT

FACILITATIONS SKILLS TRAINING FOR ERSEI TRAINERS

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LEARNING ABOUT OUR EXPERIENCE

Share with the group:

- Teaching or training background
- Expectations you have for this course

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GETTING STARTED ACTIVITY

- Help participants make the transition from their daily routine and behaviors into a positive learning environment
- Provide us an opportunity to get to know one another better
- Begin the process of reflecting upon and discussing the themes of the training program
- Reinforce the participatory methods to be used in the program
- Provide a chance to be creative and have fun while learning

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INDIVIDUAL TASK

- Think about your role delivering effective training or in your experiences teaching:
  - What has helped you generate participation?
  - What are the biggest challenges you have had?
- Make notes in your Participant Manual?
- Be ready to share your responses
- You have 5 minutes

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OBJECTIVES

At the end of the session, participants will be in capacity to:

- Describe the 8 design components of an Experiential Learning Cycle.
- Define and discuss ways to use facilitation skills to:
  - Conduct effective interactive meeting s and sessions,
  - Elicit participation when delivering interactive presentations/lecturettes;
  - Generate interaction among participants;
  - Guide learners through an experiential session.

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AGENDA

Day 1	Day 2
• Welcome & Getting Started • Course Objectives, Schedule & Guidelines • 8 Design Components of an Experiential session • Applying the 8 components of an Experiential Module to a training session • Facilitation Skills • Practice Preparation	• Practice 4 Groups • Feedback and learning from practice • Application Planning • Evaluation • Closing

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GUIDELINES FOR WORKING TOGETHER

- Identify behaviors for working together that you would like this group to adopt to make this an effective learning experience for you and others.
- Take one minute to reflect individually
- Be prepared to share your thoughts in plenary

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ADULT LEARNING IS BEST WHEN...

- Makes explicit links between real world and content.
- Is participatory – provides opportunities to share or contribute ideas.
- Includes practice in the use of skills or of frameworks.
- Integrates and makes links between sessions/topics.
- Uses a mix of methodologies.
- Matches method to content in ways appropriate for the learning you are trying to achieve.

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ADULT LEARNING IS BEST WHEN...

- Challenges participants to be analytical.
- Helps participants identify the relevance/importance/applicability to their work.
- Balances individual and group context for learning.
- Supports theoretical frameworks with concrete examples.
- Provides materials/resources that eliminate obstacles to learning.
- Incorporates ways to build on adults current experience

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THE 8 DESIGN COMPONENTS

- Set Learning Climate
- Clarify Objectives
- Interactive Presentation to set the session framework/rationale
- Provide an experience
- Process the experience
- Generalize
- Apply
- Close

SET LEARNING CLIMATE

- Stimulate interest
- Get people thinking about the topic
- Why this topic?
- Get people doing something and reacting
- Put people at ease, break the ice
- Ask questions about the topic
- Link this piece to other pieces

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CLARIFY OBJECTIVES

- State the purpose and objectives
  - Use the measurable language of what participants will be able to do or know
- Make the topic relevant to the needs assessment
- Allow clarification as needed

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INTERACTIVE PRESENTATION
SET THE SESSION FRAMEWORK/RATIONALE

- Introduce the topic
- Set up any overall framework needed for understanding
- Provide examples that help the participant enter into the topic
- Pose a few key questions (that may or may not be answered)

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PROVIDE AN EXPERIENCE

- Range of possible:
  - Case study
  - Exercise
  - Guided reading
  - Group task to analyze, discuss and recommend
  - Dramatization
  - Outdoor exercise
  - Pair task
  - Individual task
  - Lecturette
  - Drawing
  - Game

PROCESS THE TASK

- Key, open-ended questions
  - What happened?
  - Present your group's finding and discuss
  - Share reactions
  - Why do you believe that?
  - Tell us more about your insights

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GENERALIZE

- Ask key questions related to pulling ideas together:
  - What, therefore, is important about this that you want to remember?
  - What do we all hold in common about this?
  - What are all the groups saying
  - What can we conclude about this?
  - What is the most important thing about...?
  - What would you tell others in conclusion?
  - What did you learn

APPLY

- Considers how one might use what they have learned in the future, or on the job
- Therefore, when I return to the job I will remember to do the following.....
- Make some notes for yourself about how you will use this in the future– tell your neighbor, let's have one example

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CLOSURE

- Briefly summarize what we have done
- Link back to the overall objectives...We intended to.....
- Link forward to the next session... We will build upon this by....
- Thanks for your hard work and participation (bring a sense of ending and closure)

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APPLYING THE 8 COMPONENTS IN A 20 MIN. TRAINING SESSION

- You will have a chance to design a 20-minutes mini-training session. This is the first preparation part.
- Pair with a person
- Select the topic for the 20 min. session
- Spend 15 minutes applying the 8 components to the topic
- Follow page 8 in the manual with guidance

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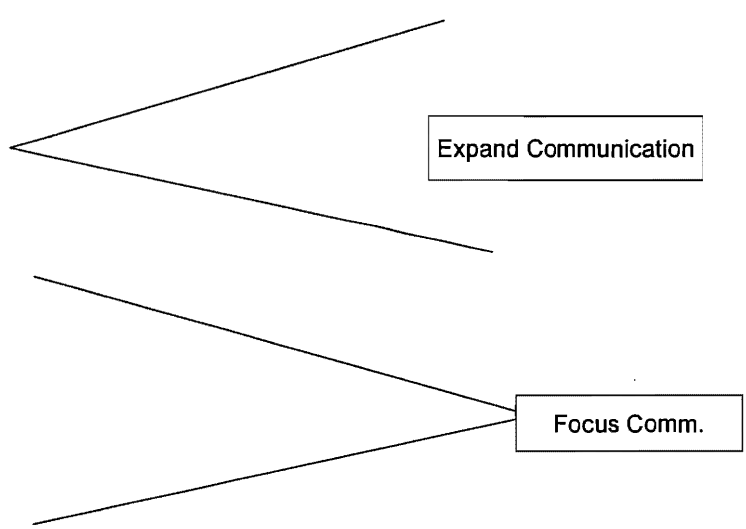
YOUR DESIGN SHOULD PROBABLY FOLLOW THIS SEQUENCE

• Climate Setter	2 min
• Presentation	5 min
• Small Group Task	7 min
• Processing	3 min
• Generalizing	2 min
• Application/Closure	1 min

FACILITATION SKILLS

- Facilitation skills are tools for communicating information and for helping it flow. They are the glue that holds the module together
- Make or break a module (style, process)
- Key to involvement/participation
- Keep you from being in the "lecture" mode



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KEY COMMUNICATION SKILLS

- Asking Questions
- Paraphrasing
- Summarizing
- Encouraging

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ASKING QUESTIONS

- Open-ended: cause elaboration, elicit information
  - ***who, where, why, what***
- Close-ended: cause short, one word answers, i.e. yes/no.
- Clarifying questions
  - ***Do you mean...*** *or* ***are you saying that...***

QUESTION ASKING

Practice

- You are explaining to participants why is important to identify main stakeholder groups during project preparation and appraisal.
- 60 seconds: Write as much open questions as you can in 60 seconds, questions you could ask the group.

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PARAPHRASING

- Repeating in your own words what you understand the other person is saying. Listen very intently to what the other person is saying.
  - ***In other words...***
  - ***Sounds as if you are upset... frustrated..***
  - ***If I understand you correctly, you are saying..***

SUMMARIZING

- Identify and summarize key points of the conversation at appropriate times to pull important ideas or facts together and make a transition.
  - ***Let's summarize for a moment...***
  - ***I think we have some agreement on this issue..***
  - ***What we have said is...***

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ENCOURAGING

- Use verbal and non-verbal language to encourage an open climate for discussion.
  - ***Eye contact, interested facial expressions, open body language, head nodding...***
  - ***Small phrases like, "Go on.." "Really..." "that's good..."***
  - ***saying 'uh-huh'***

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INTERACTIVE PRESENTATIONS

- Way to keep away from lectures
- Make adults participate
- Deliver concrete content
- Way to incorporate participants own experiences

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SOME THINGS TO DO TO CONDUCT INTERACTIVE PRESENTATIONS

- Pose questions to the group.
- Create discussion points
- Give problems to solve.
- Occasionally give participants short (one, two or three pages) content pieces to read and then discuss it.
- Have participants turn to the person they are sitting next to and think through a problem or an issue. Then ask for several responses.
- Ask the participants questions, draw points out of them.

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PREPARATION FOR PRACTICE

- You will be working with your co-trainer
- You both will be training a 20-minute module of the training piece you selected.
- You will be getting feedback from the trainer and colleagues on your performance
- You will be videotaped
- We will be looking at your use of your facilitation skills.
- We will start at 9:00 a.m. tomorrow

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PUBLIC INVESTMENT POLICY PROJECT

DAY TWO

FACILITATIONS SKILLS TRAINING

FOR ERSEI TRAINERS

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AGENDA TODAY

- Practice
- Feedback
- Generalizations
- Application Planning
- Evaluation
- Closing

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USE OF FEEDBACK

- What is feedback?
- Why do we give it?
- Why do we receive it?

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DEFINING FEEDBACK

- Feedback is giving and receiving information about performance/behavior that helps the receiver continue successful behavior and correct behavior that needs to improve
- Corrective and Reinforcing

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WHEN IS FEEDBACK MOST USEFUL?

- Specific examples are provided
- Describes rather than judges
- Direct and to the point
- Observes something the person can control or change
- Given at the right time– can be heard

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PRACTICE GROUP 1

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FEEDBACK/ PROCESS

Individually, take 2 minutes to respond:

- What did presenters did well?
- What can they improve?
- How was the co-training process?

DEBRIEFING

In your training teams:

- What did happen in this practice?
- What did you learn about facilitation skills?
- What did you learn about co-training
- Be prepared to share with the other group

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GENERALIZATIONS

- What is the key learning you have had about what it takes to design and deliver a training presentation?

APPLICATION PLANNING

- Complete the Planning for Application on your workbook

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COURSE EVALUATION

- Please fill out the written evaluation forms
- We value the feedback

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PUBLIC INVESTMENT POLICY PROJECT

FACILITATION SKILLS TRAINING

JANUARY 24-25, 2007

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FACILITATION SKILLS TRAINING

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FACILITATION SKILLS TRAINING

COURSE OBJECTIVES

General Objective of the Course:

Provide some training design and delivery skills to ERSRI staff to enhance their capacity to deliver economic training.

Specific Objectives:

At the end of the session, participants will be in capacity to:

1. Describe the 8 design components of an Experiential Learning Cycle.
2. Define and discuss ways to use facilitation skills to:
    - Conduct effective interactive meeting s and sessions,
    - Elicit participation when delivering interactive presentations/lecturettes,
    - Generate interaction among participants,
    - Guide learners through an experiential session.

FACILITATIONS SKILLS TRAINING AGENDA

January 24 **9:00 to 1:00 p.m.**	**January 25** **9:00 to 1:00 p.m..**
Welcome & Getting Started Course Objectives, Schedule & Guidelines 8 Design Components of an Experiential session Applying the 8 components of an Experiential Module to a training session Facilitation Skills Practice Preparation	Practice Feedback and learning from practice Application Planning Evaluation Closing

GETTING STARTED ACTIVITY

- Help participants make the transition from their daily routine and behaviors into a positive learning environment
- Provide us an opportunity to get to know one another better
- Begin the process of reflecting upon and discussing the themes of the training program
- Reinforce the participatory methods to be used in the program
- Provide a chance to be creative and have fun while learning

Individual Task:

Think about your role delivering effective training or in your experiences teaching:

- What has helped you generate participation?

- What are the biggest challenges you have had?

EFFECTIVE ADULT LEARNING

- Makes explicit links between real world and content.
- Is participatory – provides opportunities to share or contribute ideas.
- Includes practice in the use of skills or of frameworks.
- Integrates and makes links between sessions/topics.
- Uses a mix of methodologies.
- Matches method to content in ways appropriate for the learning you are trying to achieve.
- Challenges participants to be analytical.
- Helps participants identify the relevance/importance/applicability to their work.
- Balances individual and group context for learning.
- Supports theoretical frameworks with concrete examples.
- Provides materials/resources that eliminate obstacles to learning.

DESIGN COMPONENTS OF AN EXPERIENTIAL SESSION

1. Climate Setting

Stimulates interest, curiosity, induces participants to begin thinking about the subject at hand. Provides a basis for the presentation of session objectives by drawing out reasons for the need to explore the subject and how it will be useful to them. It also produces valuable data about the participants' experiences or viewpoints on a given subject, generating examples to which the trainer can refer during the rest of the session:

- Greet people as appropriate, putting people at ease.
- Ask questions related to the subject, and particularly to participants' experiences related to the subject.
- Link this training session to previous ones and place it into the overall framework of the workshop.

2. Objective Clarification

Presents to the participants statements that describe the intent, aim or purpose of the training activity. "Sells" the session to participants by linking to points discussed in the climate setting activity and in pre-course needs assessment conversations so that they see the relevance to their work or other real-life situation. Provides opportunity for participants to seek clarity on objectives, add additional issues or raise concerns:

- Write legibly, explain clearly with a rationale, and keep in view during the entire session.
- State in the objectives what the learner will be able to do or say using action verbs and make sure they are measurable, realistic and time-bound.

3. Interactive Presentation

Provides a framework, either a theory or a model, which becomes a basis for the experience that follows:

- Make a short, concise presentation centered around a few key points using examples to which participants can relate, ending with a summary.
- Pose questions to the group.
- Supplement the presentation with visual aids and handouts.

4. Experience

Provides opportunities for participants to "experience" a situation that simulates a real life situation. It is aligned with the objectives of the training session and usually builds on the interactive presentation. This "experience" becomes the data producing event from which participants can extract and analyze as they complete the learning cycle:

- Use "experiences" such as case study, critical incident, skit/drama, role play, skill practice, demonstration, small group task, team challenge, site/field visit, exercise, simulation, paper and pencil instrument, etc.

- Structure the experience with a road map that follows an appropriate delivery sequence.

- Give clear task instructions, related to the objectives of the session, which will guide the processing phase.

5. Processing

Causes participants to reflect on the experience, to think critically about it, and to share their reactions in a structured way with the whole group. It usually starts by looking at the task given for the experience, focusing on the content, the result. Then it continues with the comparing and contrasting of different approaches or ideas, guided by carefully prepared questions. It is also a time to help participants explore what happened when they tried to do the task, what was easy, difficult, and why. Finally it is also an opportunity to challenge participants to think about other ways they might have approached the task, and what the impact might have been on the result:

- Structure a report out discussion that focuses on the content.

- Lead a discussion in which the experience is analyzed and reflected on thoughtfully by the group.

- Help people share their individual experiences and reactions to the experience on an affective level.

- Challenge people to think of alternative approaches or results.

- Make a transition away from the experience so that participants are ready to generalize.

6. **Generalizing**

Extracts conclusions and generalizations derived from or stimulated by the previous phases of the cycle, linked to the objectives of the session. Helps participants step back from the experience and discussion, identifying patterns related to everyday life or to a theoretical construct.

- Ask open-ended questions that help participants think critically in order to draw generalizable conclusions.
- Help individuals summarize what they learned into concise statements.
- "Push back" to help make their thinking more rigorous.
- Record responses both to generate further discussion and to give people material they can use in application planning.

7. **Applying**

Draws upon insights and conclusions they have reached during the previous phases to incorporate into their lives for more effective behavior in the future:

- Ask questions that encourage participants to place themselves in their everyday life situations and identify what they will do better/differently as a result of what they have learned.
- Help people establish a time line for their application plan and identify people who can help support and monitor their progress.

8. **Closure**

Briefly summarizes the events of the training session. Links back to objectives and seeks to determine if they have been met. Wraps up training session and gives a sense of completion. Links session to rest of program especially upcoming sessions:

- Summarize the main points and learning of the session.
- Review the objectives.
- Conclude, or provide a bridge to the next session.

EXAMPLES OF PROCESSING QUESTIONS:

- What are your observations about _____?
- Where did you have difficulties?
- What surprised you?
- What worked?
- What strategies were used?
- What were turning points?
- How does what you said relate to ... or differ from...?
- What would have been a different way of looking at_____?
- What are some similarities that you notice in what people have said?
- What were your reactions?
- How did you feel about?

SOME SAMPLE GENERALIZATION QUESTIONS

- What have you learned about...?
- What conclusions about _____can we draw from this?
- What general advice could we give about _____?
- What principles can we develop from this?

- What are some significant points to remember from this section of the course On _____ ?

- From this session, the readings and the discussions we have had all week, what insights do you now have about _____?

- If you were to synthesize all that we have been addressing in this unit, what would you say are the two most important conclusions you have reached about _____?

SOME SAMPLE APPLICATION QUESTIONS

- How can you apply _____?

- How can you use _____?

- As a result of our work on _____, what will/can you now do differently when you return to your job?

- Identify at least three "ways" that you will/can become more effective at _____?

- What do you still need to work on during the rest of the course?

- What are some ways that you can change your approach at work?

Choose two things you will work on when you return to your job...identify how you will undertake these activities...how you will know if you are being successful at them (in whatever ways you are currently defining success).

PUTTING THE 8 COMPONENTS IN A 20 MIN. SESSION

You will have a chance to apply these skills designing a 20 minutes mini-training session for tomorrow. This is the first stage of preparation, you have 15 minutes:

Topic selected for the mini-training session?

I am co-training with:

The Eight Stages of this mini-training session are:

1. Set Learning Climate:

2. Clarify Objectives:

3. Interactive Presentation to set the session framework/rationale:

4. Provide an experience:

5. Process the experience:

6. Generalize:

7. Apply:

8. Close

FACILITATION SKILLS FOR TRAINERS [1]

By James A. McCaffery

Introduction

Facilitation skills are important for everyone, but are especially critical for trainers. Communication may appear to be simple, but it is one of the more complex things that human beings do. Many things can go wrong in this process. For example, we may send a message that we think is clear, while the person receiving it may not understand it in the way it was intended. Sometimes we have things on our mind, we are distracted and do not "hear" or listen very carefully.

Although the range of communication activities and the skills involved encompass most of human interchange, there are four very important facilitation skills that a trainer can learn or enhance in a relatively short time: question asking, summarizing, paraphrasing and encouraging. With continued practice one may become very adept in their use.

Question Asking

Question asking is a critical trainer skill. Questions can be asked in two ways □ as closed questions and as open-ended questions.

Closed Questions

Closed questions generally result in yes/no or other one-word answers. They should only be used when you want precise, short answers. Otherwise, they inhibit discussion. The closed question can be answered with one word.

Example:

Trainer: *Do you think that recommendation will work?*
Participant: *No.*

Open-ended Questions

The open-ended question requires elaboration. "Tell me what you liked about that recommendation" seeks information. "How? What? Why?" are words that begin open-ended questions.

Trainer: *What did you like about that recommendation?*
Participant: *I think it is a good strategy for resolving the issue, one that can be Implemented without expending a lot of resources.*

Trainer: *What kinds of goals did the group set?*
Participant: *They set a wide range of goals. The first was...*

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Summarizing

The purpose of summarizing is to:

- Pull important ideas, facts, or data together.
- Establish a basis for further discussion or to make a transition.
- Review progress.
- Check for clarity; check for agreement.

By using summarizing in a conversation, you can encourage people to be more reflective about their positions as they listen for accuracy and emphasis.

Summarizing requires you to listen carefully, in order to organize and present information systematically. Summarized information ensures that everyone in the discussion is clear about what transpired in the just-completed portion of the discussion.

For example, a trainer may summarize to ensure that participants remember what has been said or to emphasize key points made during a group discussion. In these instances summarizing is very useful. Some starter phrases to help you begin a summary are:

- *There seem to be some key ideas expressed here...*
- *If I understand you, you feel this way about the situation...*
- *I think we agree on this decision. What we are saying is that we intend to....*

A real value of summarizing is that it gives you the opportunity to check for agreement. If people do not agree, it is better for you to know during the discussion than to find out later when a task is not completed or a deadline is missed. One of the most common complaints is that some participants think an agreement has been reached; yet things do not occur as planned afterwards. In many instances, that is because there was not really agreement during the discussion.

As an example of summarizing, assume that someone named Joan has talked for 3 or 4 minutes, and you summarize as follows:

> *Let me see if I have it straight, Joan. First, you say the work is boring, not carefully scheduled, and finally, you are concerned about the number of hours people are expected to work, correct?*

As another example, the discussion has gone on for several minutes and you summarize as follows:

In talking about this issue, we have come up with three main points. . .

In summary, this communication skill is a deliberate effort on the part of a trainer to pull together the main points made by the person or persons involved in the discussion.

Paraphrasing

Paraphrasing is simply restating what the other person has said in your own words. The prefix para means along side, as in the word parallel.

The process of paraphrasing is very much like catching a ball and throwing one back; except the ball you throw back is your own and perhaps a bit different from the original ball. Nonetheless, it is still a ball. You can throw back the other person's ideas by using such beginning phrases as:

You are saying...

In other words...

I gather that...

If I understood what you are saying...

The best way to paraphrase is to listen very intently to what the other is saying. If, while the other person is talking, we worry about what we are going to say next or are making mental evaluations and critical comments, we are not likely to hear enough of the message to paraphrase it accurately.

It is helpful to paraphrase fairly often, so that you develop a habit of doing so. You can even interrupt to do so, since people generally don't mind interruptions that communicate understanding. For example, "Pardon my interruption, but let me see if I understand what you are saying..."

Example:
Participant: *It seems the basic problem is that some of the people don't know how to use the management information system,*
Trainer: *In other words, you see the problem as lack of know-how.*

Another example:
Participant: *I think the most important thing is to tell the staff member clearly and directly how he is contributing to the problem.*
Trainer: *So you are saying it's important to tell the staff member directly what kind of impact he is having on the problem.*

Encouraging

In order for the above facilitation skills to be successful they need to be supported by a number of other encouraging facilitation skills, some verbal, some non-verbal. The trainer, through facial expressions, body language, and comments, encourages the speaker to say more about the situation. Examples are:

- Nodding one's head.

- Picking up on the last word or two of someone else's sentence.
- Repeating a sentence, or part of a sentence.
- Asking someone to say more about that.
- Saying: “That's good -- who else has something to add?”
- Maintaining eye contact, open body position.
- Saying “Uh huh.”

SUGGESTED OPEN-ENDED QUESTIONS - CLARIFYING AND EXPLORING

1. **Background**
- What led up to _____?
- What have you tried so far?
- How did it happen?
- What do you make of it all?

2. **Identification of Problems**
- What seems to be the trouble?
- What seems to be the main obstacle?
- What worries you the most about ?
- What do you consider the most troublesome part?

3. **Example**
- What examples can you give us?
- For instance?
- Like what?
- What is an illustration you can give us?

4. **Description**
- What was it like?
- Tell me about it.
- What happened?
- How might you describe it in your own words?

5. **Appraisal**
- How do you feel about it?
- How does it look to you?
- What do you make of it all?
- What do you think is best?

6. **Clarification**
- What if this doesn't make sense to you?
- What seems to confuse you?
- What do you mean by _____?
- What do you make of it all?

7. **Alternatives**
- What are the possibilities?
- If you had your choice what would you do?
- What are the possible solutions?
- What if you do and what if you don't?

8. **Exploration**
- How about going into that a little deeper?
- What are other angles you can think of?

9. **Extension**
- What more can you tell me about it?
- Anything else?
- What more you would like to discuss?
- What other ideas do you have about it?

10. **Planning**
- How could you improve the situation?
- What do you plan to do about it?
- What could you do in a case like this?
- What plans will you need to make?

11. **Predictions and Outcomes**
- How do you suppose it will all work out?
- Where will this lead?
- What if you do - or what if you don't?
- What are the chances of success?

12. Reasons

- Why do you suppose you feel this way?
- How do you account for this?
- What reasons have you come up with?
- What is the logical solution to this?

13. Failures, Preparation for

- What if it doesn't work out the way you wish?
- What if that doesn't work?
- And if that fails, what will you do?
- What are some alternatives?

14. Relation

- How does this fit in with your plans?
- How does this affect your work?
- How does this stack up with your picture of yourself?
- How do the two plans relate?

15. Evaluation

- In what way?
- How is this for you?
- According to your own standards, how does it look?
- How would you evaluate all of this?

PRESENTING CONTENT INTERACTIVELY
MAKING INTERACTIVE PRESENTATIONS

Adults prefer short, concise presentations when acquiring new information or when learning a new theory or framework. Their prime listening time ranges from 10 to 20 minutes; therefore it is best to make the most out of that period of time, and that does not mean dumping as much information as possible in a few minutes. It means making a careful selection of what will truly add value from the learner's perspective and distilling the essence from the material in order to generate the greatest possible impact.

Adults have a need to interact quickly with new material in order to relate what they are learning to their life experiences; therefore, they appreciate the opportunity to respond to questions that help them draw on their experience. Furthermore, adults benefit greatly from listening to the responses of their fellow learners. They also want to hear examples to which they can relate, that help them make comparisons with their own situation and to begin visualizing and internalizing the material. In order to absorb and retain information, adults need to see the material summarized in a way that is clear, simple, brief, and attractively presented.

These needs present challenges to trainers, who are often confronted with the pressure of conveying a large amount of information in a short period of time. There always seems to be too much and the decisions are not easy about what to present and how.

What you need to think about as you prepare your presentation

1. Determine how the presentation fits with overall session objectives:

- Why the presentation is important to this group of participants.
- How it builds toward the experiential activity that follows.
- The learners level and experience with the subject matter.

2. Organize the content and structure the presentation:

- Identify the key points of the presentation.
- Decide what visual aids you plan to use and how to present them.
- Devise a plan for starting the presentation.
- Choose examples that will enrich the content.
- Prepare questions to ask participants.
- Anticipate questions or issues participants may raise.
- Plan how you will conclude and make a transition to the next part of the session.
- Practice and check the timing to make sure the presentation is not too long.

What you need to think about during your presentation

- Make sure everyone can hear you and see you - show your interest in the material by varying your voice tone and using open gestures.
- Monitor how much you are talking and how much time you are giving the participants to interact.
- Use all of the facilitation skills including asking questions, paraphrasing, summarizing, and encouraging.
- Keep track of your visual aids and keep the principal ones accessible and visible throughout the presentation.
- Pace yourself so that the presentation does not use up the time you want to devote to the experiential activity that follows.

Some techniques for making your presentations more interactive

1. Pose questions to the group. Facilitate the group to answer the question rather than answering it yourself.

2. Create discussion points in your presentation. Pick something that is an important learning point; ask the group their opinion. Get part of the group to analyze it from one direction and another part of the group from the opposite. Facilitate participants as they present their views to one another. You can then give your opinion.

3. Give problems to solve. Have the participants work out the problem individually. Then ask for answers. Take several. Add your input to theirs.

4. Occasionally give participants short (one, two or three pages) content pieces to read and then discuss it.

5. Have participants turn to the person they are sitting next to and think through a problem or an issue. Then ask for several responses. Add your input to theirs.

6. Ask the participants questions, draw points out of them. Let this make up the basic content of your presentation.

PREPARATION FOR PRACTICE

- You will continue working with your co-trainers
- You will be doing a mini-training session of 20 minutes
- You will need to adjust your content based on the time you have

Your design should probably follow this sequence

• Climate Setter	2 min
• Presentation	5 min
• Small Group Task	7 min
• Processing	3 min
• Generalizing	2 min
• Application/Closure	1 min

PREPARATION TASK

- With your co-trainer continue preparing your mini-training session.
- Make sure you are both clear on the key points you want to make.
- Create a 20-minute mini-design of a topic of your choice.
- Using the guidelines for co-training, divide up the module equally between the co-trainers to prepare for delivery.

CO-TRAINING/FACILITATION, TEAM TEACHING... WHAT IS IT?[2]

Co-training is where two or more (usually two) trainers work together to design and conduct a training session; however, it is much more involved than taking turns. It is two trainers who are merging their skills, expertise and experience to design, plan, and conduct a training session or program jointly, allowing the synergistic effect to contribute to a better product than either would have done alone.

The two trainers work collaboratively to design the training session, combining the thoughts of both to determine what they want this session to accomplish and what would be the best methods to use. Once the design is prepared, the trainers then plan who takes the lead for delivering which parts of the session.

Taking lead responsibility means that one trainer has responsibility for leading the group through that particular part of the session. While one trainer carries lead responsibility, the co-trainer supports the lead trainer in many of the following ways:

- adding relevant points to augment discussion;
- stepping in to clarify points;
- asking probing questions the lead trainer might have overlooked;
- monitoring small group tasks;
- writing participant contributions on flipchart;
- helping respond to participant needs or requests;
- listening for points to which he/she can refer later when in lead trainer role;
- preparing for a smooth transition from one trainer to the next.

Typically, lead responsibility would shift from trainer to trainer during the course of a workshop. This is a good way to establish with the group the co-equal status of the two trainers.

When two trainers work well together, the interchange of roles and the timing and pacing of their interventions happens in a way that is fluid and almost unnoticed by participants.

[2] Copyright 1995. All rights reserved. Adapted from McCaffery, J. and Gormley, W. "Guide to Co-Training". 1988: Training Resources Group. Alexandria, VA

A CO-TRAINERS' GUIDE

Preparing

1. Discuss and share any knowledge or expectations you have about the participant group.

2. Discuss who will take lead responsibility for delivering particular pieces of the workshop.

3. Decide where the co-trainer will be when the lead trainer is up-front.

4. Agree on ways you can intervene if time is getting tight.

5. Decide how you will handle the following as a team...
   (a) over-talkative participants
   (b) late-comers
   (c) times when one trainer misses an instruction or makes a design error
   (d) silent participant
   (e) "housekeeping" problems
   (f) co-trainer interventions (i.e., when lead trainer is up front and co-trainer intervenes)
   (g) design problems that crop up during a session
   (h) disagreements between trainers in front of group
   (i) the amount of time you expect to spend each evening preparing for the next day.

6. Identify any specific items around which you would like feedback from your co-trainer

PRESENTATIONS FEEDBACK

Individually, take 2 minutes to respond:

- What did presenters did well?

- What can they improve?

- How was the co-training process?

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PRESENTATIONS FEEDBACK

Individually, take 2 minutes to respond:

- What did presenters did well?

- What can they improve?

- How was the co-training process?

APPLICATION PLANNING

1. What are the most important skills you learned during these two days?

2. What skills do you see yourself incorporating in your current job? And, what is one thing that will help you applying at least one of these skills in your job tomorrow?

Facilitation Skills Training Participants
January 24 - 25, 2007

General Objective of the Course:

Provide some training design and delivery skills to ERSRI staff to enhance their capacity to deliver PIPP training.

Specific Objectives:

At the end of the session, participants will be in capacity to:

1. Describe the eight design components of an Experiential Learning Cycle.
2. Define and discuss ways to use facilitation skills to:
    - Conduct effective interactive meeting s and sessions,
    - Elicit participation when delivering interactive presentations/lecturettes,
    - Generate interaction among participants,
    - Guide learners through an experiential session.

Agenda:

- Training Introductory Activities: welcome, getting started, objectives, and agenda.
- Applying the eight components of an Experiential Module to a training session
- Facilitation Skills
- Practice
- Feedback and learning from practice
- Conclusions
- Evaluation
- Closing

Participants:

From CER:

1. Agil Asadov
2. Ilkin Mecidov
3. Jahandar Gadirov
4. Elshan Mahmoudov
5. Zaur Veliyu

From PIP Project:

6. Nigyar Ismailava
7. Ramil Maharramov

'List of Participants for the Norwegian Trip

No.	Name	Position	Agency	Contacts
1.	Nigar Chaybasarskaya	Leading expert, Advisory Service on Economic Issues	Presidential Office	492- 66-08 (050) 323 89 83
2.	Vahid Husseynov	Senior Advisor Department for Coordination of Government Guaranteed Loans, Technical Assistance and Grants	Cabinet of Ministers	492-56-45 (050) 323 30 50
3.	Khagani Abdullayev	Director of Monetary Policy Department	National Bank of Azerbaijan	598 4166 (050) 399 44 84
4.	Sevinj Hassanova	Deputy Minister	MOED	492-58-94
5.	Shahin Sadygov	Head of Department for Economic Planning and Forecast	MOED	492-84-25 (050) 318 98 95
6..	Mushfiq Bayramov	Deputy to Department Head for Budget Forecasting	State Oil Fund	498 77 53 (137) (050) 664 36 15
7.	Mahabat Mammedov	Head of Department for Supervision over implementation of Budget and Foreign Funded Projects.	Ministry of Industry and Energy	431-94-37 430 16 69 (050) 212 82 11
8.	Ilham Guliyev	Deputy Minister	Ministry of Agriculture	498-98-24 (050) 220 29 25
9.	Rafiq Aslanov	Deputy Minister	Committee of Irrigation and Water Supply	493 34 44 (050) 215 81 28
10	Sabira Shihaliyeva	Training Coordinator	PIP-Project	498 83 37 (050) 336 15 38
11	Janusz Szyrmer	Chief of Party	PIP-Project	498 83 37 (050) 548 07 91

Program

(revised version 13.04.2007 based on how it actually was)

Effective Economic Planning and Public Expenditure Management
Study Tour Oslo, Norway 25 March – 1 April 2007

Sunday 25 March	Afternoon	**Arrival Oslo**
Monday 26 March		**Ministry of Finance**
	0900-1200	Welcome and introduction *Mr Arent Skjæveland, Deputy Director General, Economic Policy Department*
		The Importance of the Petroleum Sector in Azerbaijan, Economic Planning and Public Expenditure Management (by the visiting delegation) *Ms Svinj Hasanova, Deputy Minister, Ministry of Economic Development*
		Government take – taxes and other revenues from oil activity *Ms Ingrid Rasmussen, Deputy Director General* ***Presentation**- Govern take - taxes & other revenues from oil_ Ingrid Rasmussen*
		Fiscal policy guidelines, resource curse and expenditure management *Mr Per Mathis Kongsrud, Deputy Director General* ***Presentation**- Fiscal policy guidelines_Mathis Kongsrud*
	1200-1330	Lunch hosted by Mr *Roger Schjerva, State Secretary (Deputy Minister)*
	1330-1730	Fiscal policy guidelines, resource curse and expenditure management (cont.) *Mr Per Mathis Kongsrud, Deputy Director General* ***Presentation**- Fiscal policy guidelines_Mathis Kongsrud*
		Monetary policy guidelines in an oil producing country *Mr Yngvar Tveit, Deputy Director General* ***Presentation**- Monetary policy guidelines_Yngvar Tveit*
		The budget process in Norway *Mr Espen Aasen, Deputy Director General* ***Presentation**- Budget process_Espen Aasen_*

Tuesday 27 March	0900-1130	**Ministry of Finance** Oil Fund Management strategy and policy in Norway *Mr Thomas Ekeli, Investment Director, Asset Management Department* ***Presentation**-Oil Fund Management_ Thomas Ekeli* The planning process in Norway - the role of macroeconomic forecasting and financial programming *Mr Arent Skjæveland, Deputy Director General* ***Presentation**-Planning process in Norway_ Arent Skjoeveland* Wrap up and remaining questions *Mr Arent Skjæveland, Deputy Director General*
	1130-1400	Lunch
	1400-1600	**Statskonsult** From oil to cash – effects on human behaviour. *Mr Arne Jon Isachsen, professor, The Norwegian School of Management* ***Presentation-** From oil to cash - effects on human behvaiour.2007 03 Asarbadjan* *A NOTE ON THE OPTIMAL TIME PATH FOR PETROLEUM EXTRACTI*

Wednesday 28 March		**Ministry of Petroleum and Energy**
	0900-1200	Welcome and introduction *Mr Gunnar Gjerde, Director General* Organisation of the Norwegian Petroleum Sector - Relationship between Parliament, Government, Directorates and private companies *Mr. Gunnar Gjerde, Director General* ***Presentation-*** *Organisation of the Norwegian Petroleum Sector_Gunnar Gjerde* State participation *Mr Johan A. Alstad, Deputy Director General* ***Presentation-*** *state participation_Johan Alstad* State as regulator and resource manager *Mr Gunnar Hognestad, Deputy Director General* ***Presentation-*** *Resource management_Gunnar Hognestad* Industrial development and local content ***Presentation-*** *Mr Erik Just Olsen, Adviser Industrial development and local content_Erik Just Olsen* Process in the MPE with regard to The State Budget *Mr Sigmund Johansen, Deputy Director General* ***Presentation-*** *Process in the MPE with regard to state budget_Sigmund Johansen*
	1200-1430	Statoils engagement in Azerbaijan *Mr Helge Leiv Hatlestad, Vice President, Statoil* *Mr John Høines, Statoil* *Mr Gunnar Myrvang*, Statoil Lunch hosted by Statoil

		Ministry of Transport and Communications
	1445-1715	Welcome and introduction *Mr Steinulf Tungesvik State Secretary (Deputy Minister)* Norwegian transport policy – planning and expenditure management National Transport Plan and the overall strategy Economic framework and main priorities in the transport sectors The Norwegian road system – economic planning and cost control *Mr Kjell Rosanoff, Deputy Director General* *Mr Ola Brattegard, Deputy Director General* *Mr Jan Fredrik Lund, Head of Strategic Planning, Public Roads Administration* ***Presentation-*** *2007 03 28 Aserbadsjan_Jan Fredrik Lund* ***Presentation-*** *Norwegian transport policy - planning and expenditure management*

Thursday 29 March	0900-1245	**Oslo sightseeing** Lunch
	1300-1630	**Norges Bank** (central bank) Welcoming remarks *Mr Jarle Bergo, Deputy Governor* Government Pension Fund, Global - Background, governance structure, organisation, investment strategy *Mr Bjørn Taraldsen, Assistant Director, Norges Bank Investment* ***Presentation-*** Gov Pension Fund_ Bjorn Taraldsen Monetary Policy - Flexible inflation targeting in a small open economy *Mr Amund Holmsen, Director, Monetary Policy Dept* ***Presentation-*** *Monet Policy- Flexible inflation targeting_ Amund Holmsen*
Friday 30 March		**Statistics Norway**
	0930-1230	Welcome and introduction *Mr Olav Ljones, Deputy Director General* Official statistics in Norway and the role official statistics play in economic planning *Mr Olav Ljones, Deputy Director General* ***Presentation-*** *Effective Economic Planning_Olav Ljones* Macroeconomic impacts of the booming oil sector in Norway - a resource curse or a blessing? *Mr. Ådne Cappelen, Director of Research, Research Department* ***Presentation-*** *boomingoil_Adne Cappelen*
	1230-13.15	Lunch hosted by Statistics Norway
	13.15 -1400	Large-Scale Econometric Models - Some Norwegian Experiences *Mr Ådne Cappelen, Director of Research, Research Department* ***Presentation-*** *large scale models_Adne Cappelen*
	1015-1045	**Ministry of Foreign Affaires** Meeting between the Azerbaijani delegation and the Ministry of Foreign Affaires *Deputy Minister, Ms Savinj Hansanova* *Mr. Khagani Abdullayev* *Ms. Nigar Chaybasarskaya* *State Secretary (Deputy Minister) Mr Raymond Johansen* *Mr Kjetil Paulsen, Adviser*

Saturday 31 March **Sunday 1 April**		**Cultural activities** - Visit to The Kon-Tiki Museum etc **Departure**

FINANSDEPARTEMENTET

Visit from Aserbajdsjan

The Norwegian state budget

March 26, 2007

Espen Aasen, Budget department

Outline

- Principles and budget set-up
- Policy framework and content
- Process
- Three specific topics
  - Public investments
  - Medium term expenditure framework
  - Accrual budgeting and accounting

General principles concerning the budget and financial statement

Budget regulations decided by Parliament states that:

- Budgets are valid for *one year* (following the calendar year)
- Budgets and annual financial statements are *cash-based*
- The budget and financial statement must be *complete*, i.e. all state revenue and expenses should be included
- The budget and financial statement are kept in *gross* terms

- Not allowed to incur economic responsibility without appropriation or other authorization from Parliament
- The budget proposal shall provide information on planned objectives and achieved results

The budget set-up

- The Norwegian state budget is relatively detailed (appx 1400 items)
- The budget consists of lines and sub-lines.
  - The lines refer to specific purposes (e.g. health care, the police or education)
  - The sub-lines refer to types of expenses (operating expenses, investments, transfers, financial transactions)
- The budget is binding on line and sub-line level.

The Pension Fund - Global

- The net revenues the central government receives from petroleum activities are transferred to the Pension Fund - Global
- The Fund is used to cover the non-oil budget deficit, making net allocations to the Fund equal to the total budget surplus including oil revenues
- Net income in the Fund from 1995
- Value of the fund equals appx. 100 pct. of GDP

Fiscal policy guidelines

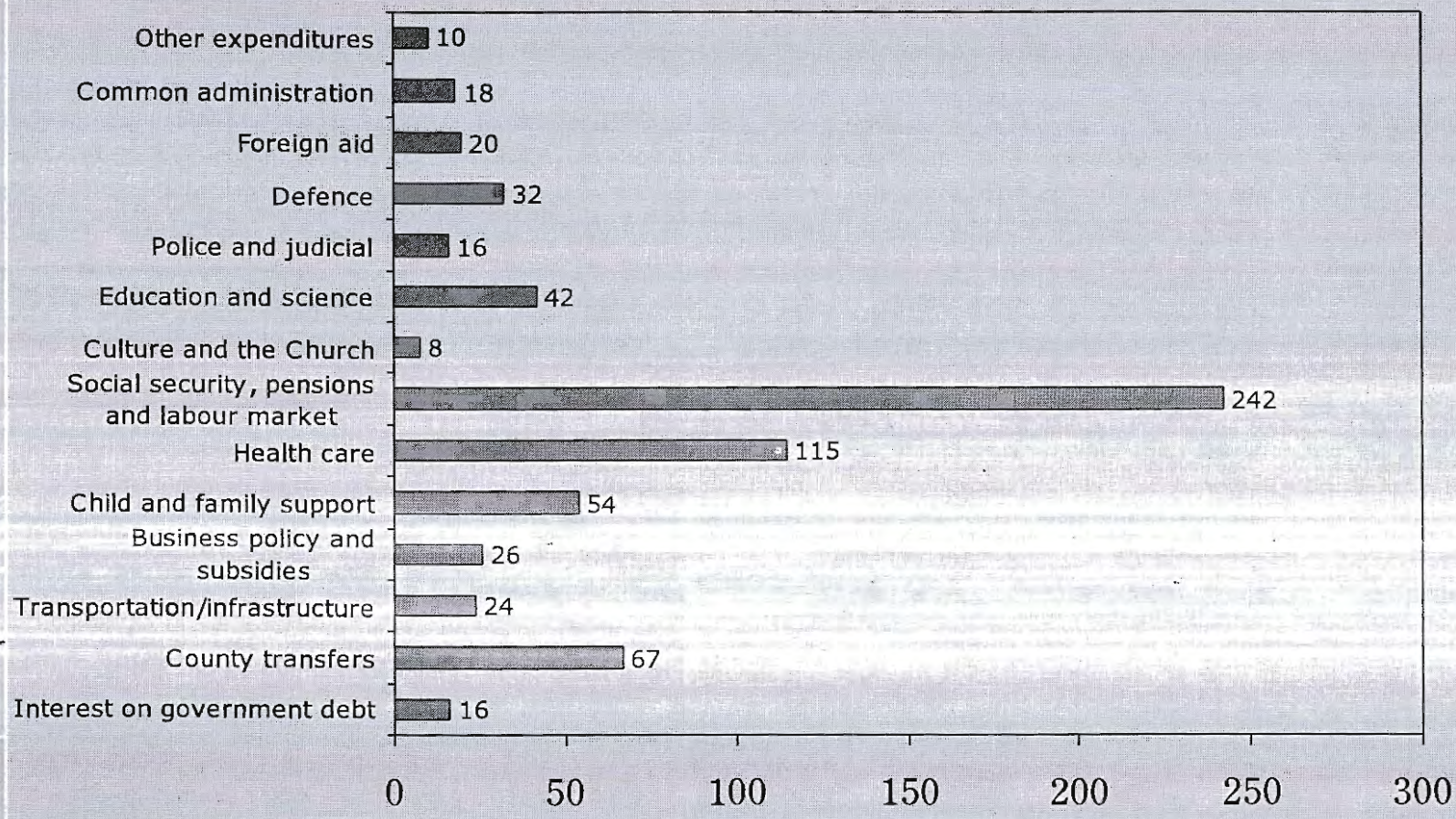
- The use of petroleum revenue is set at an estimated 4 pct. real return on the capital of the Petroleum Fund (*The fiscal rule*)
- The actual implementation of fiscal policy shall take into account business cycle fluctuation around the suggested medium term path.
- A flexible fiscal rule, specifically designed for the Norwegian economy. Introduced in 2001.

Top down budgeting

- Main features of the budget determined according to fiscal guidelines:
  - Gradually increase the use of petroleum income in the mainland economy
  - Subjected to business cycle considerations
- Then Cabinet decides on:
  - Expenditures
  - Income from taxes and duties
- Realistic budgeting and comprehensiveness important

The composition of the state expenses

in billion NOK, 2007



Budget preparation – Cabinet decisions

- March, t-1: Cabinet holds its first budget conference. It decides on spending frames for each ministry and on a limit for new initiatives
- August, t-1: Cabinet decides on budget allocation for each ministry and on new initiatives
- April, t: Cabinet decides on changes to the current budget

- Collective decision-making in Cabinet – real, not formal discussions

Build up of Cabinet decisions

Cabinet meeting in March:

- Budget projections based on unchanged policy – basis
- Measures to reduce expenditures – room for manoeuvre
- First discussion, but no decisions on new initiatives
- ➢ Expenditure frames for all ministries

- In addition Cabinet discusses the economic policy in general, including tax policy

- Cabinet meeting in August
  - New estimates on entitlement spending
  - New policy initiatives
  - Detailed allocation for each ministry
  - Tax policy
  - ➢ Budget proposal to Parliament

Passing the budget in Parliament

- Following a general discussion, the budget proposal is treated in the Committee on Finance and Economic Affairs. This committee presents a proposal on overall spending limit, and limits for each sector committee area (24 in all)
- Plenary vote in Parliament on the committee's proposal. The vote is taken as a whole.
- The different parts of the budget are then treated in the sector committees, which presents proposals to Parliament for plenary vote.
- The Parliament votes over the sector committees proposals. The Parliament can not vote on sections of the proposals, but must approve or reject them as a whole.
- Due to the political situation with minority governments, the Parliament have had significant impact on the final budget.

Budget presentation

- The state budget is presented to Parliament in October
  - The entire budget proposal is presented by the Finance minister in a parliamentary bill *"The Yellow Book"*
  - Each Ministry presents its own annex to *The Yellow Book*
  - Tax policy/legislation proposal is presented in a separate annex.
  - Fiscal policy and overall economic forecasts/developments are discussed in a separate white paper - *The National budget*
- *The Revised National* budget is presented in May, current budget year
  - Update of the economic outlook and policy
  - Changes in appropriations
- A budget proposition is presented in November, current budget year. This proposition shall incorporate (only) necessary changes to the budget.

Budget execution – main features

- Each minister is responsible for carrying out the legislative decisions in his/hers fields.
- The Ministry of Finance sets the general rules and regulations concerning financial management. The ministries are responsible for the implementation of the rules.
- The annual financial statement is prepared and presented by the Ministry of Finance in April the following year.
- The financial statement is audited by The national audit body (Riksrevisjonen). The national audit body reports to and is directly governed by the Storting.

Three specific topics

- Public Investments
- Multi year budgeting
- Accrual budgeting and accounting

Public Investments I (general)

Principle:

- All expenditures are cash budgeted, also investments in fixed capital
- No separate capital budget
- Investments and other expenditures are decided in cabinet meetings as part of general budget negotiations
- All expenditures should be assesed according to cost/benefit
- Investments in fixed assets do not necessarily have a higher rate of return than other expenditures which are registered as consumption (e.g. health, education etc.)

Public Investments II (budget)

- Investments as registered in the state budget, amount to appx. 3 pct. of total expenditure
- Defense and the transport sector take the lion's share
- Parliament votes over both total investment costs for the project and initial appropriation
- Started investment projects are funded according to rationale progress
- Is 3 pct. a high or low share?
  - Municipalities have main responsibility for vital welfare services (primary and secondary education, primary health, care for the elderly, local roads etc.)
  - Telecommunications and other investment intensive sectors are not on the state budget
  - Maintenance of existing infrastructure is registered as consumption

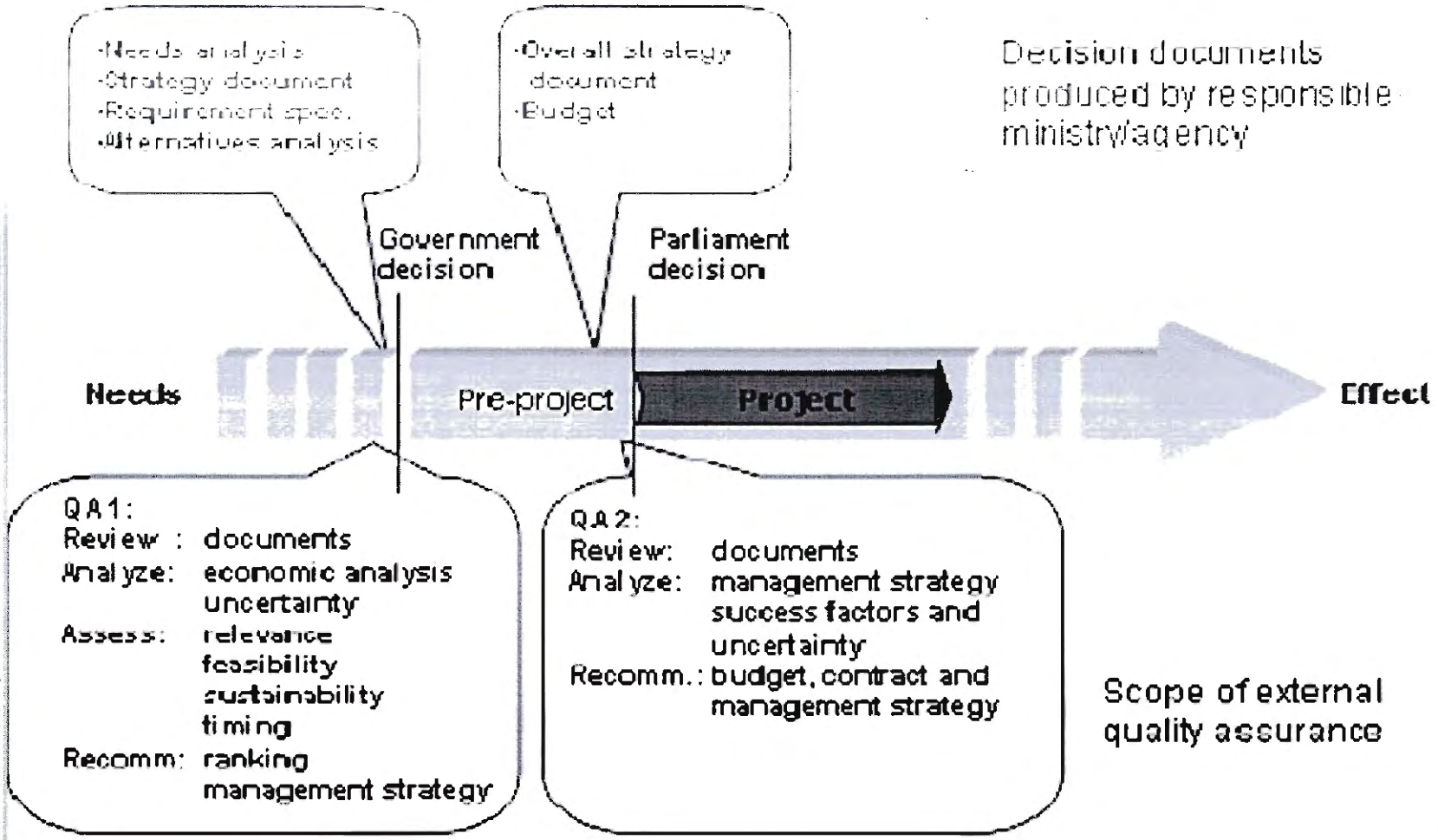
Public Investments III (sector plans)

- National transport plan (NTP):
  - NTP is a strategic plan for development of the overall state infrastructure for transport by road, rail, air and sea
  - Overlapping 10 year plan forwarded every fourth year
  - Outline an economic framework over the planning period, but the appropriations for the transport sector are considered and voted over every year
  - Sector authorities manage their project portfolio according to priorities in NTP and appropriations granted by Parliament
- Sector plan for defence investments are basically equal
- Special arrangements for extraordinary project (e.g. new national airport)

Public Investments IV (procedures)

- A two step quality assurance scheme for major state projects exceeding NOK 500 mill.
- Step 1: Quality of assurance of the choice of concept (QA1):
  - At the close of the pre-study (appraisal) phase
  - Control the professional quality of the underlying documents
  - Analyses of different alternatives
  - Preparation for cabinet decision to authorize start up of basic engineering
- Step 2: Quality assurance of the basis for control and management, including cost estimates and risk analysis for the chosen project alternative (QA2):
  - At the close of the basic engeneering phase
  - Assurance of budget including risk, contract and management strategy, success factors and pitfalls (control oriented)
  - Preparation for budget decision in Cabinet and formal submission before Parliament
- Quality assurance is perfermed by external consultants
- Objective is to enhance the success rate of projects, improve predictability and reduce costs

The Norwegian QA regime: scope and procedure



Decision documents produced by responsible ministry/agency

Scope of external quality assurance

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Medium term expenditure framework

- Main principle is one year budgeting
- Multi year expenditure ceilings has not been considered
- Expert committee suggested multi year appropriations for specific purposes or projects
- Two different Governments have rejected multi year budgeting
- Micro perspective:
  - Multi year projections based on unchanged policy is part of budget documentation to Parliament
  - Allocations to investment projects are based on rational progress
  - Carry-overs and over-spending obliged to forthcoming savings give flexibility
  - Difficult to limit to those particularly in need
  - Multi year appropriations can also be amended
- Macro perspective:
  - The fiscal rule is based on a balance target (structural non oil deficit). Adding a expenditure rule would make the system rigid
  - If large parts of the budget are protected from reallocation, the necessary basis for flexibility becomes small
- Detailesd budget projections are presented annually

Accrual budgeting and accounting

- Expert committees´ recommendation:
  - Full accrual accounting as soon as possible
  - Did not consider appropriations, but recommended cost based information in budget documents
- Ministry of Finance's conclusions:
  - Appropriations should be based on cash-flows (no transition from cash-principle to cost-principle). Consequently, a cash based financial statement must be kept
  - Accrual accounting (supplementary to cash based financial statements) should be introduced in the extent and design found suitable after assessments of costs and benefits.
  - Accrual accounting should be introduced step by step

➢ Conclusions were supported by a majority in Parliament

Reasons for maintaining cash based appropriations

- Important to base Parliament's budget decisions on precise measurements
- Financial control/expenditure control
- Accrual budgeting is in principle a decentralisation of powers from the political to the administrative level
- State budget as a fiscal policy tool to influence aggregated demand
- Full accrual budgeting would reduce the scope for modified solutions adapted to sector characteristics

Benefits of accrual accounting

- Adding information to cash-accounting:
  - Accrual accounting will provide improved cost information
  - Improved basis for deciding the allocation of public resources
  - Basis for benchmarking/comparisons:
    - For governments agencies over time
    - Between government agencies
    - In relation to private companies
- Matching costs and incomes in a financial result is of less interest

Summing up

- A specially designed fiscal rule, addressing Norwegian petroleum resources
- One year budgeting on a cash and gross terms basis
- Top down budgeting
- The Cabinet plays a strong role in the budgetary process
- Parliament has a strong formal position
- Decentralised system of public administration

Effective Economic Planning and Public Expenditure Management
Study Tour Oslo, Norway 25 March – 1 April 2007

Names, Addresses and Homepages of Participants/Lecturers from the Norwegian Institutions

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http://www.regjeringen.no/en/dep/fin.html?id=216

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Effective Economic Planning and Public Expenditure Management
Study Tour Oslo, Norway 25 March – 1 April 2007

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Ministry of Foreign Affaires http://www.regjeringen.no/en/dep/ud.html?id=833 Mr Raymond Johansen, State Secretary (Deputy Minister) rajo@mfa.no Mr Kjetil Paulsen, Adviser kjetil.paulsen@mfa.no
Special lecturer http://home.bi.no/fag87025/ Mr Arne Jon Isachsen, professor, The Norwegian School of Management arne.j.isachsen@bi.no

Summary Information: Educational Study Tour to Norway

Training Event:

Top-level GOAZ delegation visit to the Norway central economic ministries to learn of policy and procedures for effective economic planning and efficient public expenditure management.

Planned Dates: 26-30 March 2007.

Participant Profile:

Deputy Ministers responsible for macroeconomic, fiscal and monetary policy, finance, oil fund management as well as public investment policy and programming in Azerbaijan.

Purpose of Training:

The purpose of the study tour is to demonstrate the top-level officials from the President Administration, the Cabinet of Ministers, the Ministry of Economic Development, the Ministry of Finance, the National Bank of Azerbaijan, and the State Oil Fund the progress Norway has achieved from effective and efficient macroeconomic and sectoral development framework, linking the development agenda to the fiscal envelope, and results' framework when planning and managing their public finance.

Expected outcomes:

Realize that strong linkages are needed between strategic, medium-term macroeconomic and sectoral development framework. Learn of the Norway-specific Public Investment Policy formulation, project prioritization, substantiation, and approval for financing, and its integration with development planning, and budgeting. Draft a Road Map for public investment policy and programs formulation and execution in Azerbaijan, using the best practices achieved by Norway.

Why Norway was selected?

Norway is a highly developed, industrial country with an open, market-oriented economy. Ranked as one of the richest European country, it has also achieved top-rankings with regard to standards of living, life expectancy, and overall health and housing standards. *Norway has achieved this owing to its well-thought-out economic policy and regulations and effective use of its public fiscal resources for sectoral and societal development.*

Proposed topics to be covered during the visit:

1. Macroeconomic forecasting and financial programming process in Norway to avoid negative implications of oil inflows;
2. Experience of Norway in Expenditure/Revenue Management Policy;
3. Oil Fund Management strategy and policy in Norway;
4. Fiscal and Monetary policy reconciliation in Norway;
5. Linkages between medium-term macroeconomic framework, medium term expenditure framework and sectoral and national development policies/strategies/programs;
6. Current practice of Public Investment Policy (PIP) formulation in Norway, and existing standards/policies/methods used to prepare, approve, implement, and monitor Public Investment Program Current procedures for individual project preparation, appraisal and financing;

7. The legislative and institutional set-up for long-term national and sector development planning and public investment policy and program formulation;
8. Public Participatory process in consolidated budgeting (preparation, discussion, approval, execution and monitoring process) and capital budgeting process;
9. Lessons learned from the PIPP implementation in Norway and capacity building recommendations for Azerbaijan.

Proposed list of agencies to visit in Norway:

1. Ministry of Economic Planning of Norway
2. Ministry of Finance of Norway
3. Bank of Norway
4. Statistics Agency of Norway
5. Ministry of Energy and Natural Resources of Norway
6. Oil Fund of Norway (or a prototype of an organization with functions similar to that of SOFAZ in Azerbaijan).

NORWEGIAN MINISTRY OF FINANCE

Oil fund management strategy in Norway

March 2007

Thomas Ekeli
Investment Director
Asset Management Department
www.government.no

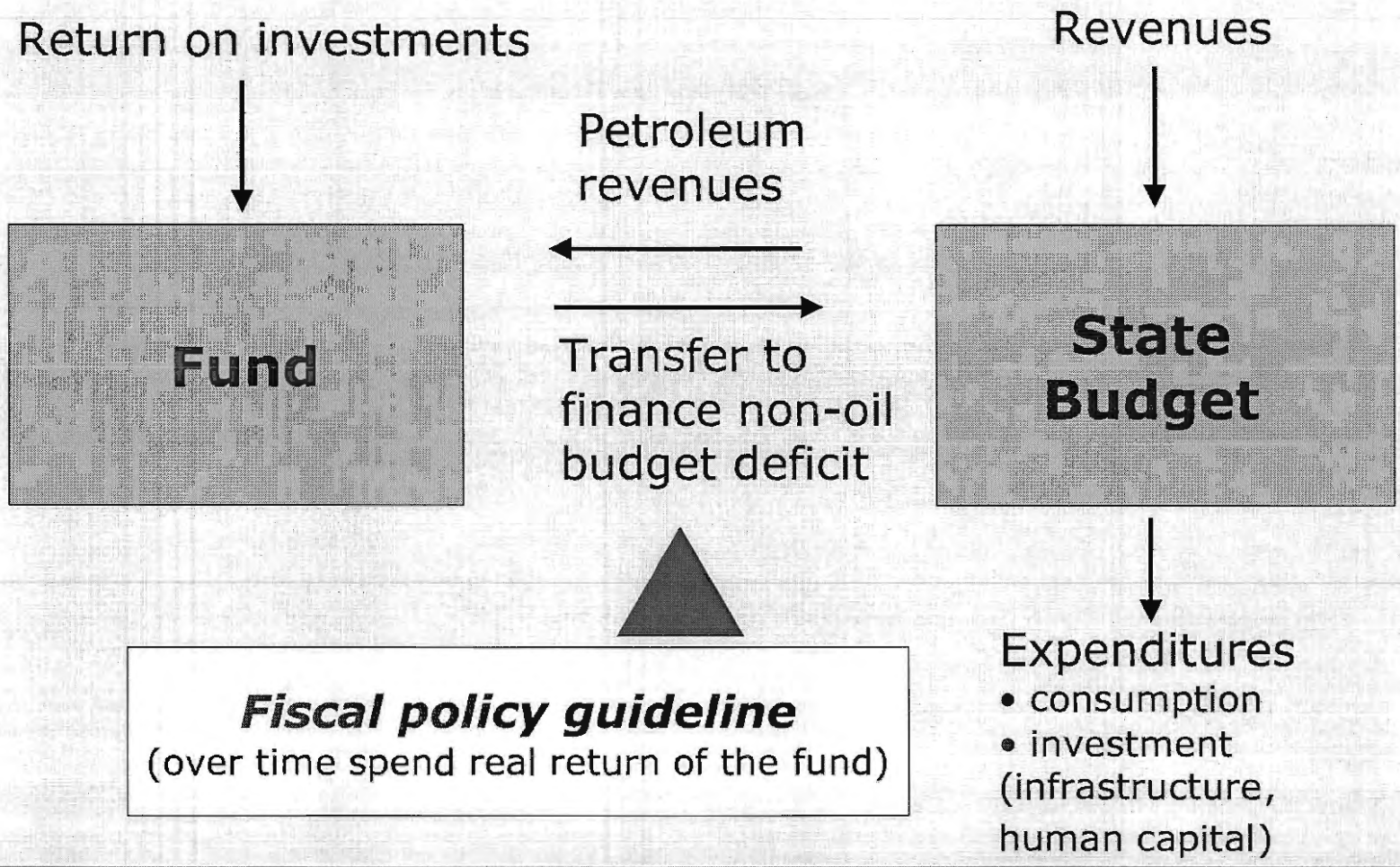
Overview

- **Governance, roles and responsibilities**
- Investment strategy
- Financial results
- Exercising ownership rights and investing ethically

Petroleum Fund – important questions

- How shall payments into the fund be organized?
  - dependent on oil prices/revenues, a share of revenues or all revenues?
- How shall payments out of the fund be decided?
  - as all other revenues the state has?
  - based on a rule or guidelines?
- To whom shall the payments be made?
  - the state, the citizens or both?
- How shall the fund be managed?
  - who is responsible for its investment strategy?
  - who undertakes day-to-day management?
  - where and in what shall the fund invest?

The Fund mechanism – integrated with fiscal policy

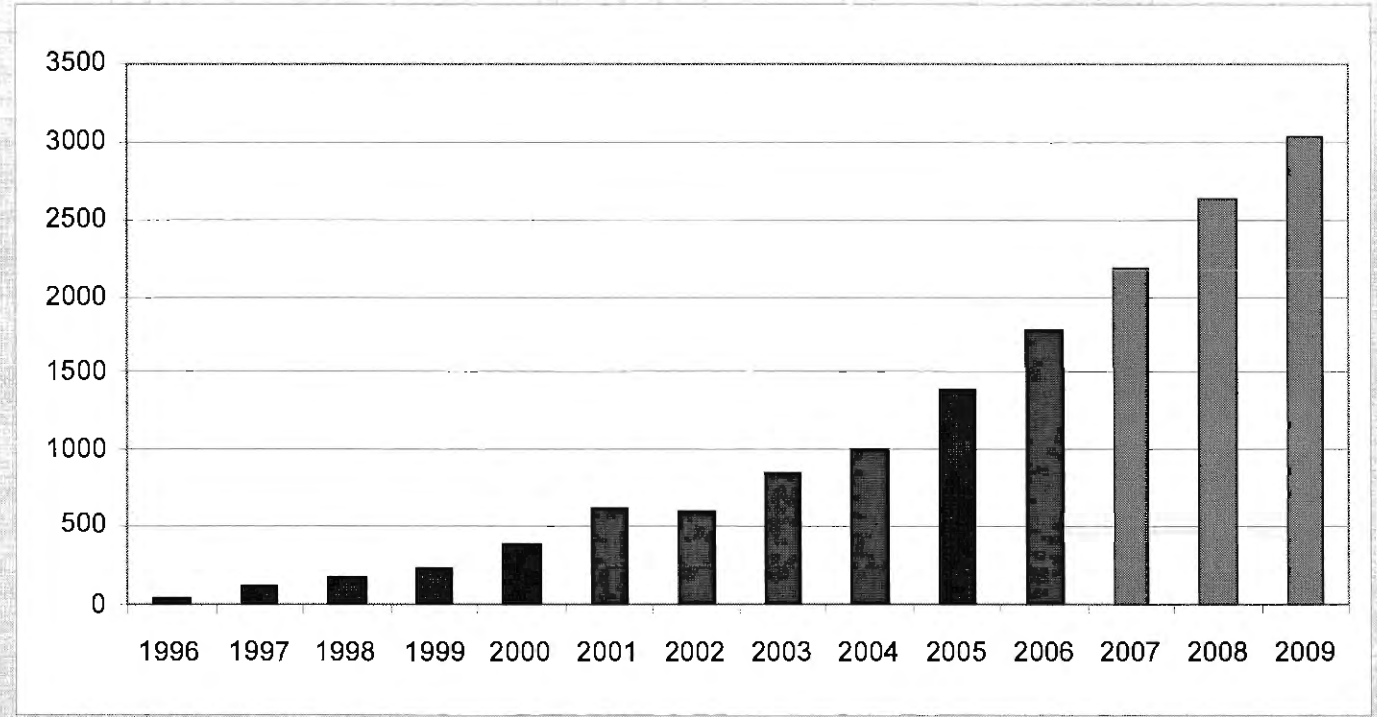


Key roles of the Petroleum Fund

- Pedagogical tool to explain oil savings policy
- Gate keeper to protect non-oil economy
  - gradual use of oil revenues
  - investing assets abroad
- Asset management vehicle

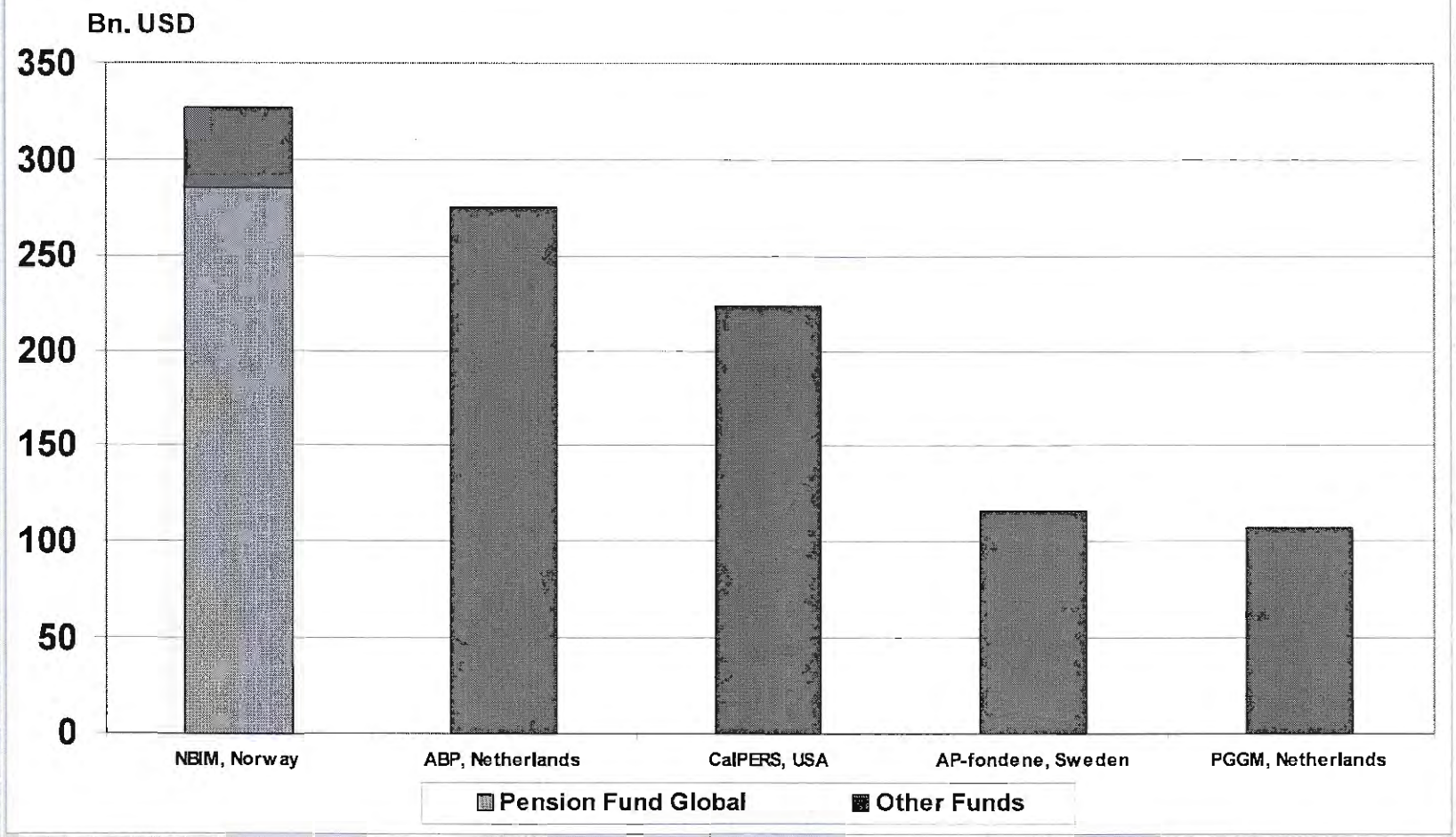
The Fund's market value 1996–2009

Billion NOK, year end.



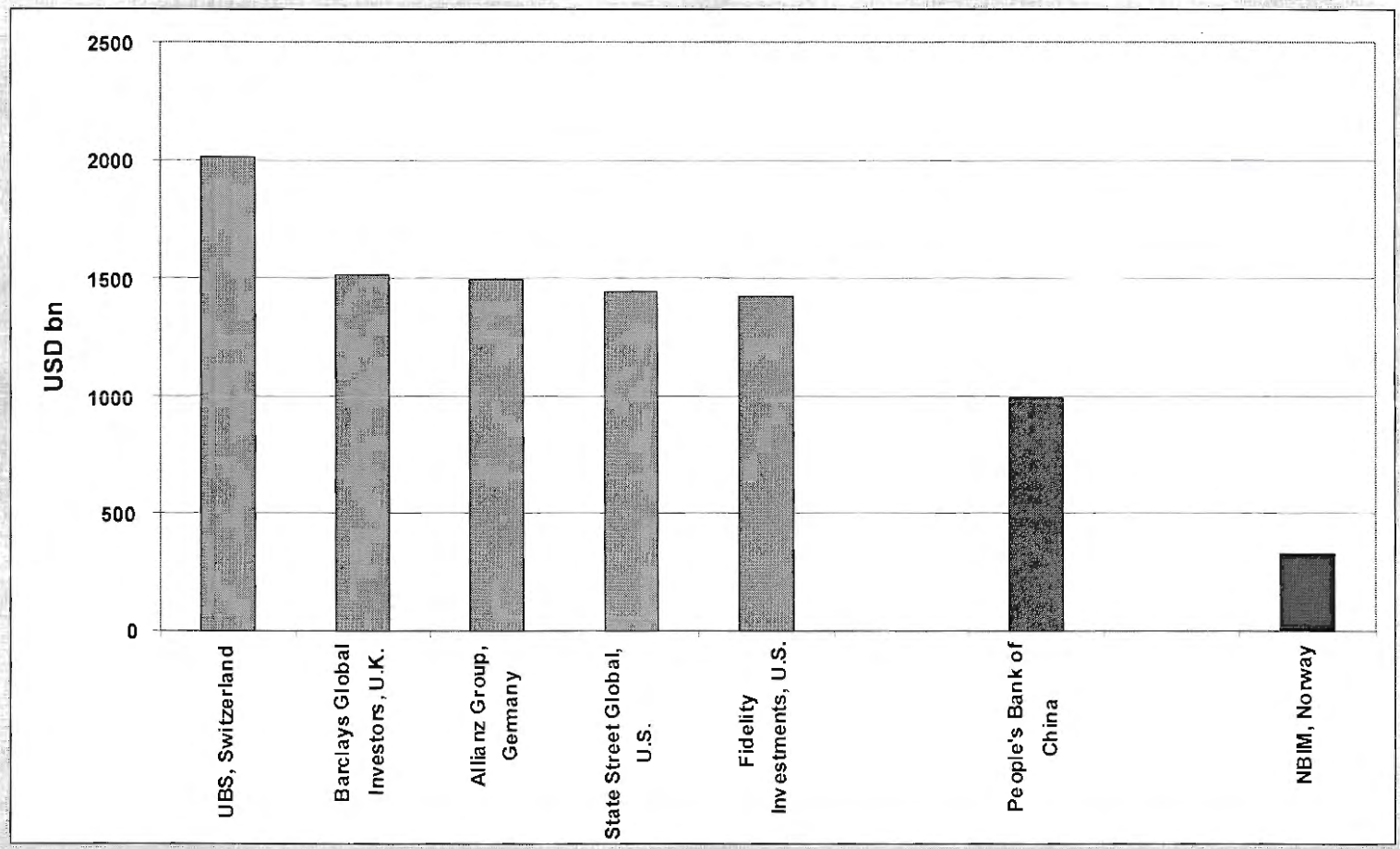
Source: Ministry of Finance

One of the world's largest single-owned funds



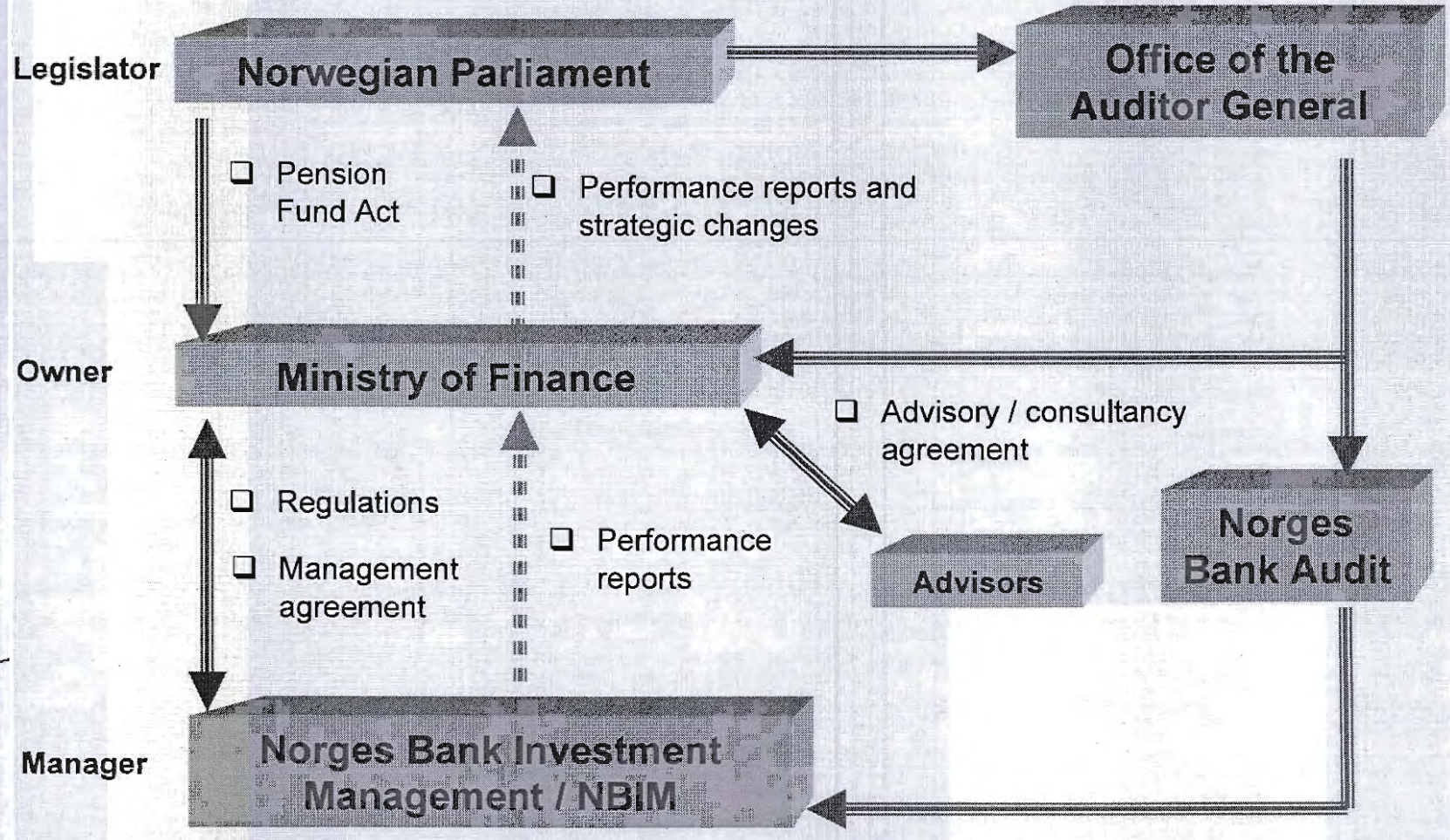
As of late 2006

But many larger international asset managers



Pension Fund - Global Governance Structure

Founded on Act, regulations and separate contracts

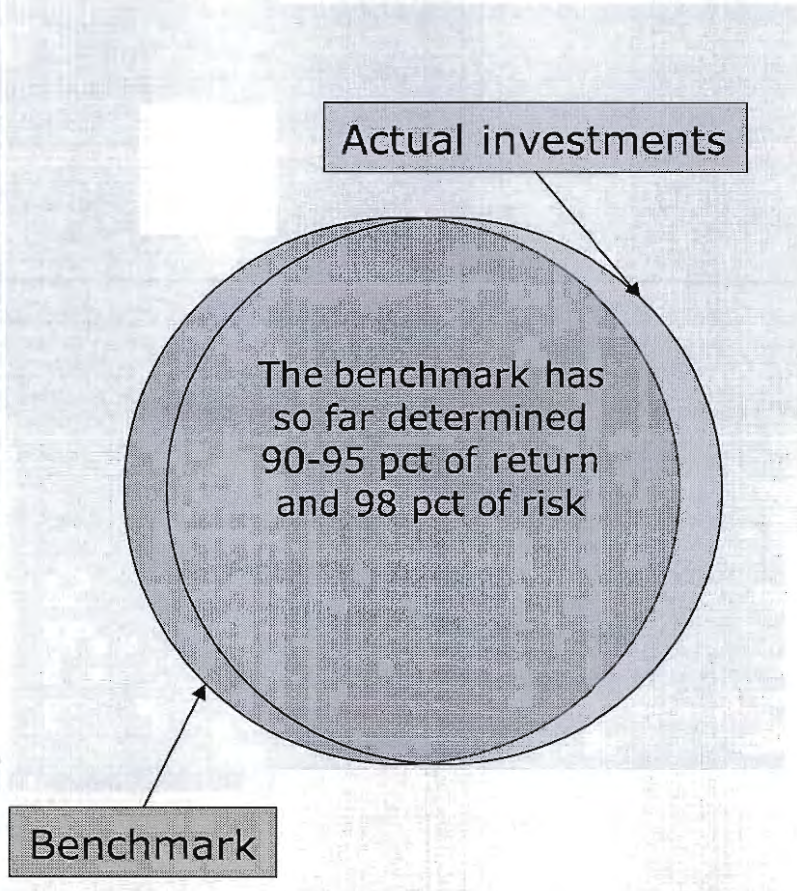


Clear lines of responsibilities

- **Ministry of Finance – "Owner"**
  - overall responsibility
  - strategic asset allocation (benchmark + risk limits)
  - monitoring and evaluating operational management
  - ethical guidelines
  - reports to Parliament

- **Norges Bank – "Manager"**
  - implement investment strategy (benchmark)
  - active management to achieve excess return
  - risk control and reporting
  - exercise the Fund's ownership rights
  - provide professional advice on investment strategy

The fund's benchmark



The benchmark

- reflects the owner's investment strategy
- is a risk management tool
- is the starting point for measuring the manager's contribution

Choosing a manager

Important criteria:

- Competence of manager
- Complexity of investment strategy
- Costs
- Control
- Coordination with execution of monetary policy

Fund can be managed by Central Bank or private manager(s). A combined solution is also possible – Central Bank is manager, but outsources part of management

Overview

- Governance, roles and responsibilities
- **Investment strategy**
- Financial results
- Exercising ownership rights and investing ethically

Investment Strategy: Maximise returns

- **Political responsibility**
  - Professional advice on expected risk & returns for investment alternatives
  - Political responsibility to make the fundamental risk & returns trade-off
  - Broad agreement on moderate risk, but also on the need for high returns

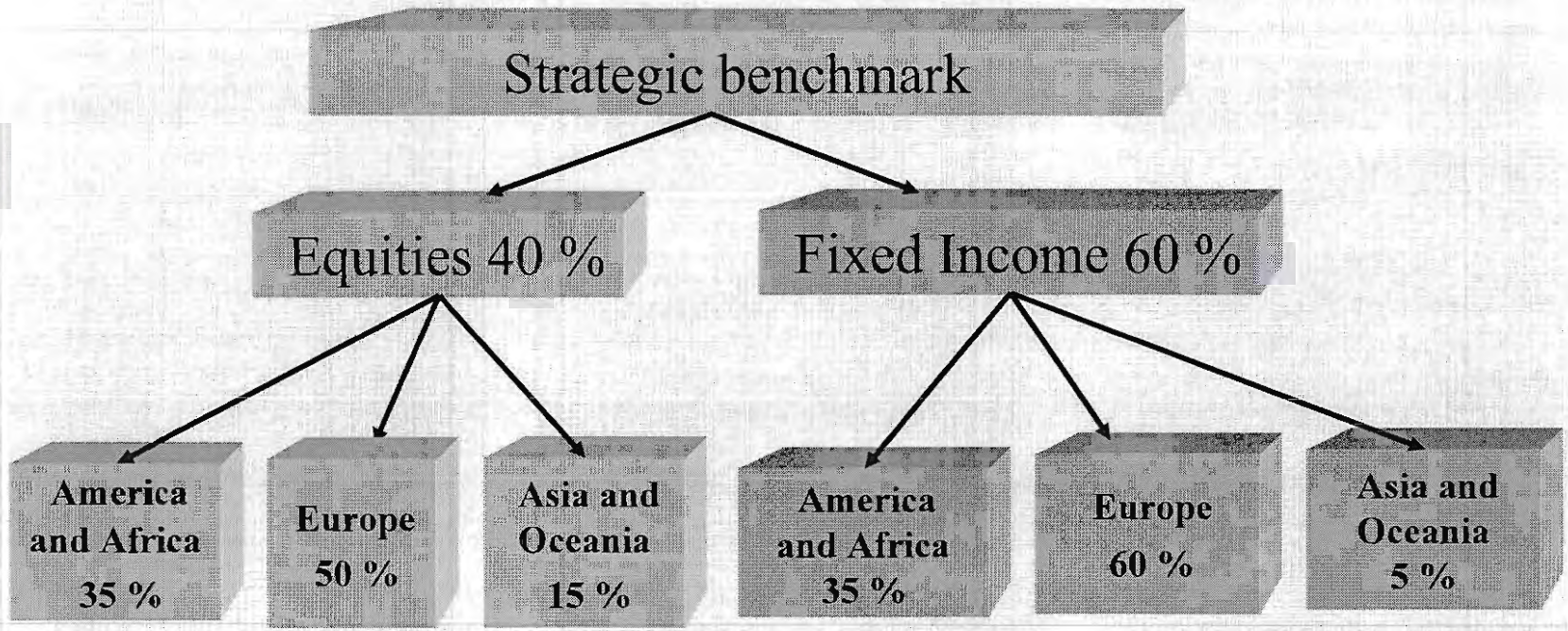
- **Objective: Maximise international purchasing power, taking into account**
  - appropriate market risk
  - appropriate operational (reputational) risk
  - ethical guidelines
  - principles of clear lines of responsibility (accountability), professionalism and transparency

- **Implementation:**
  - Financial investor, long time horizon (no link to liabilities)
  - Passive indexation main contributor to risk
  - Active risk budget (max 1.5% tracking error) delegated to Norges Bank

Investment alternatives for the Fund

	Physical	Financial
Domestic	~~Done through Budget (infrastructure, human capital)~~	~~Make economy more cyclical, risk of bad governance (not national savings)~~
Foreign	Illiquid investments Less transparent (real estate, FDI)	Liquid and efficient markets, spread risks, protect domestic economy (bonds, equities)

Benchmark for the Pension Fund – Global



Equity index:

FTSE All World Index
Large & Mid Cap
Approx. 2200 equities

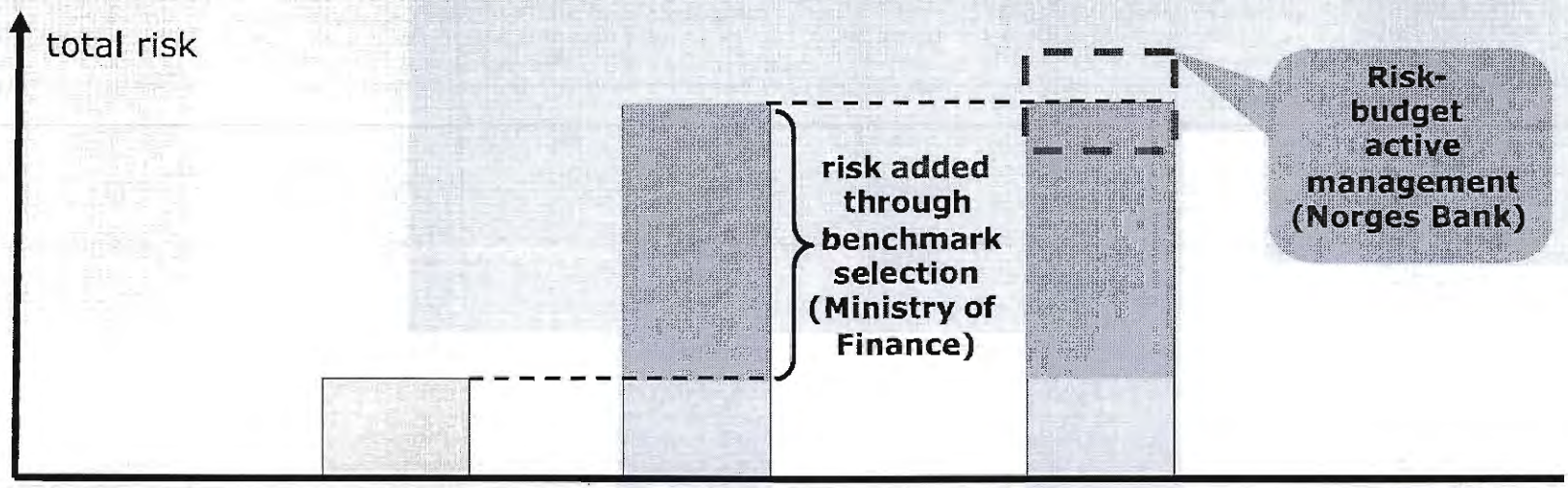
Fixed income index:

Lehman Brothers Global Aggregate/Global Real
Government / Agency / Corporate / Securitized
Approx. 7500 bonds

The Fund's total risk is dominated by the market risk of the benchmark portfolio

Breakdown of risk/return profile by entity

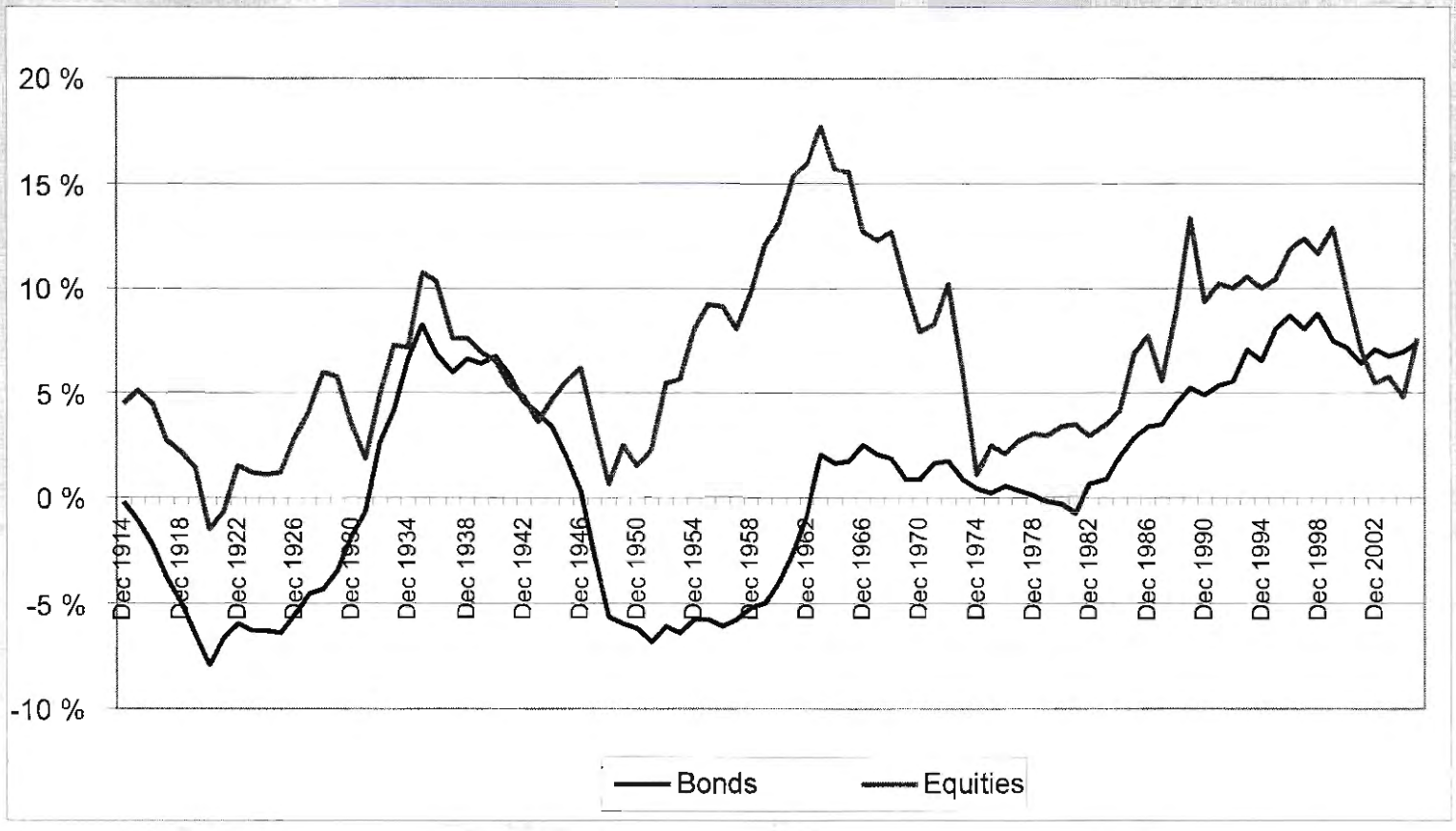
Alternative 1	Alternative 2	Today's Strategy
• government bonds only in benchmark	• today's benchmark (40% equities, 60% bonds)	• today's benchmark
• no active management	• no active management	• risk budget for active management: 1,5 pct.points
• exp. long term real return: 1-3 % p.a.	• exp. long term real return: 3-5% p.a.	• exp. long term real return: 3-5% p.a. + exp. excess return



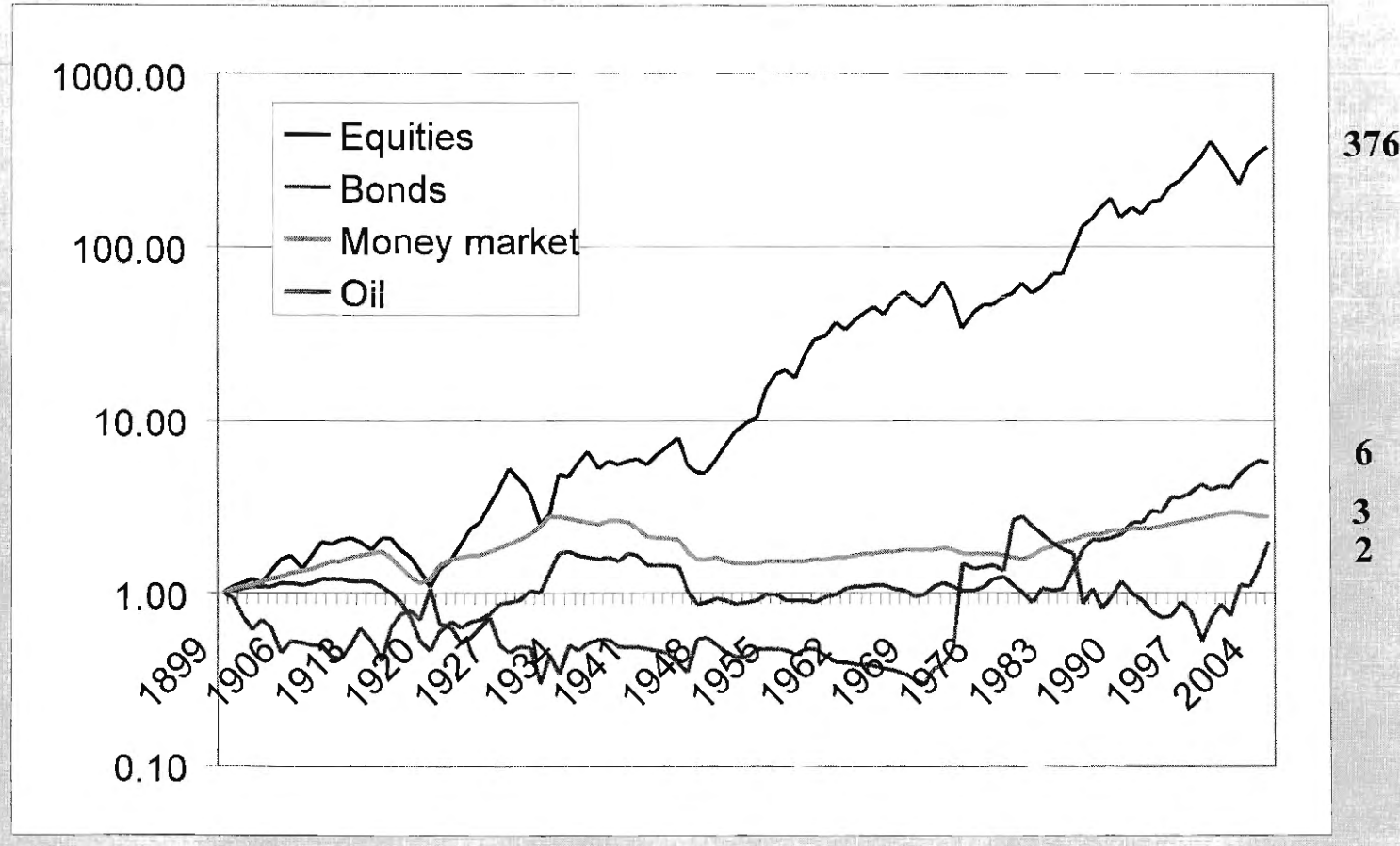
An investment process with regular evaluations of investment strategy

- Regular review of existing and available asset classes and countries in the portfolio
- Probability distribution of probable real returns on a 10-15 year horizon - characterized by
  - Expected return
  - Standard deviation (risk)
  - Tale probabilities
  - Correlations
- Is there an alternative reference portfolio (benchmark) with more attractive characteristics?

Annualized real return for 15-year rolling periods with the Fund's equity and bond portfolios

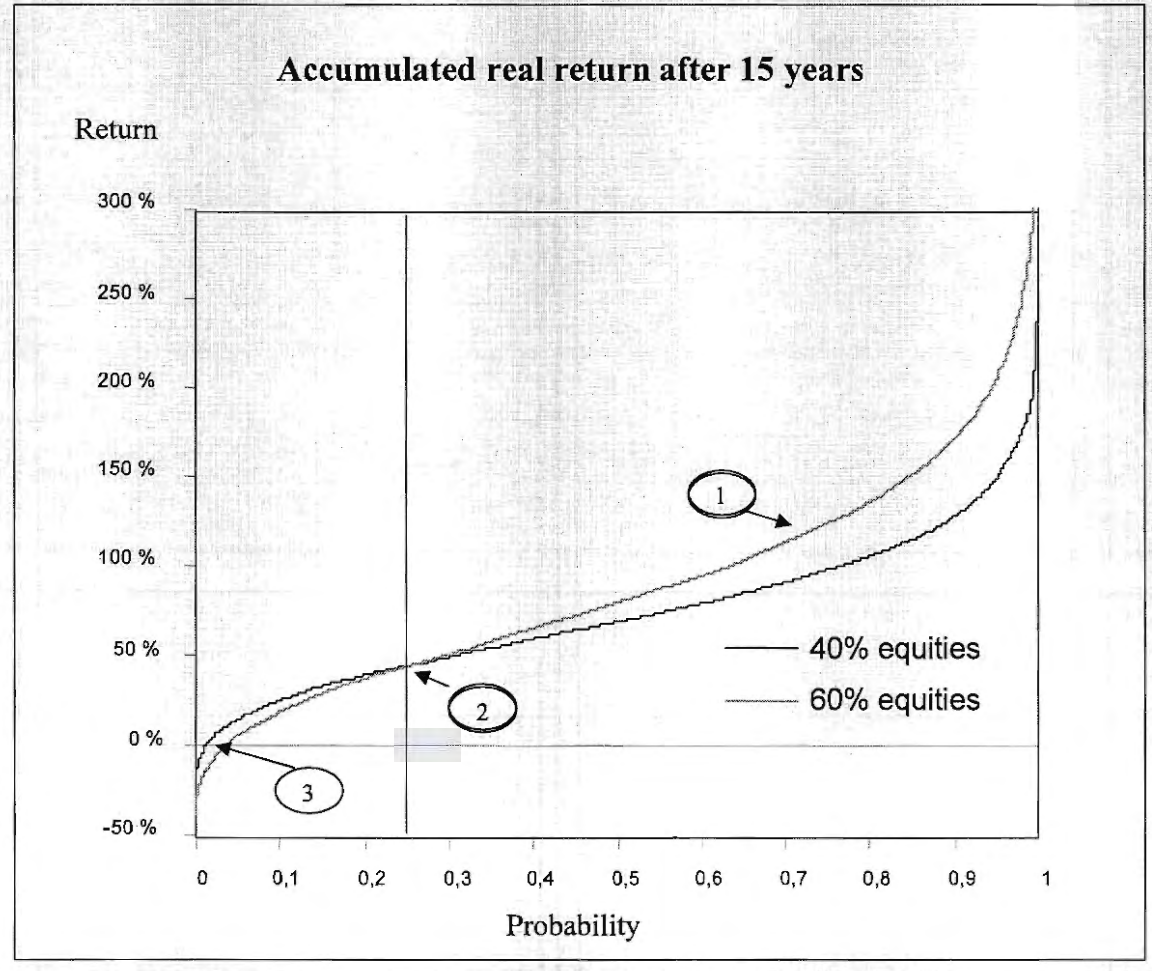


Real return in global markets 1900–2005

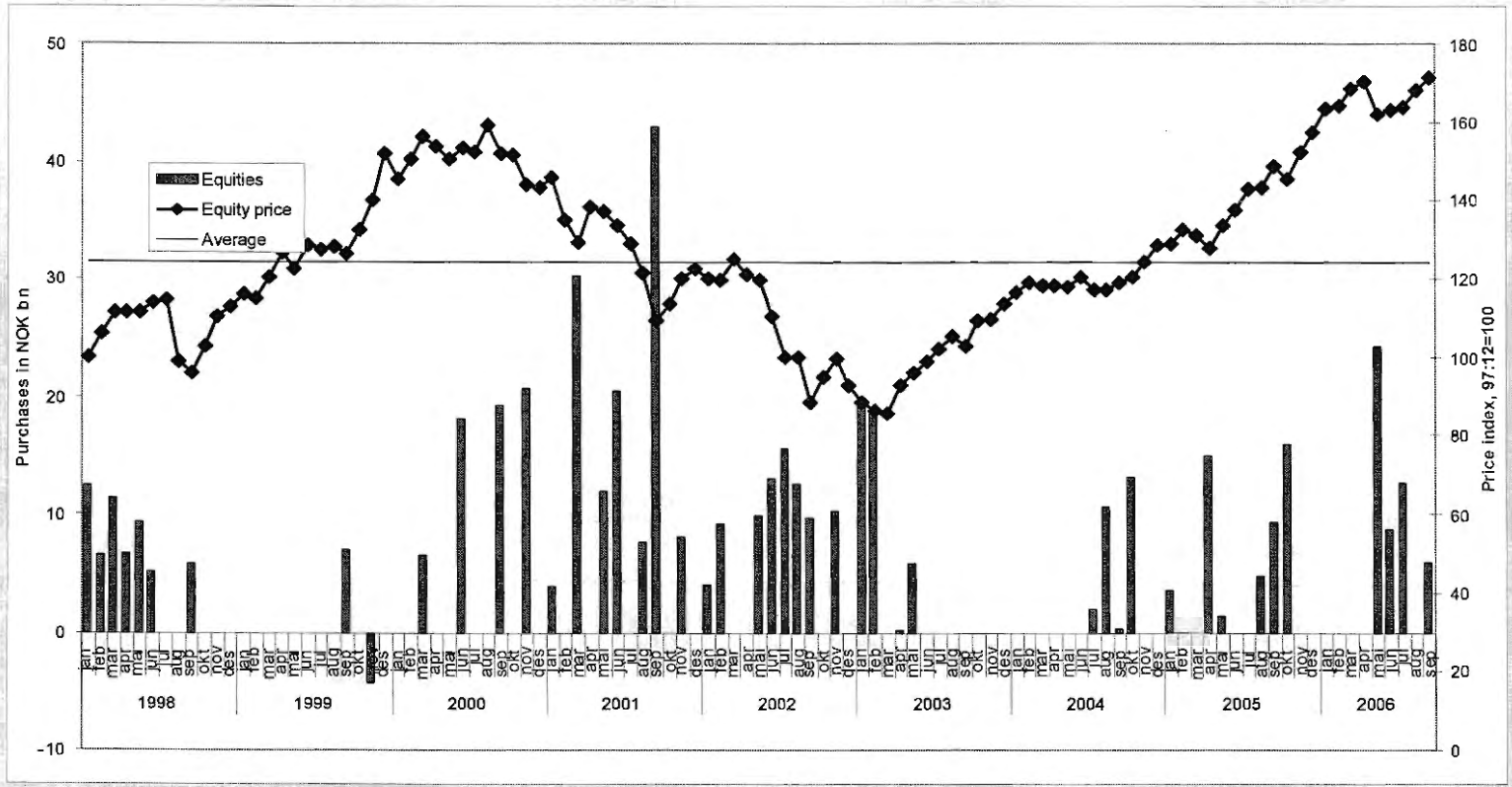


Soure: Dimson, Marsh & Staunton, Triumph of the Optimists, 2002, and Norges Bank

Model simulations of investment strategy alternatives



Our rebalancing strategy means that we buy when others have to sell



Source: Norges Bank

Overview

- Governance, roles and responsibilities
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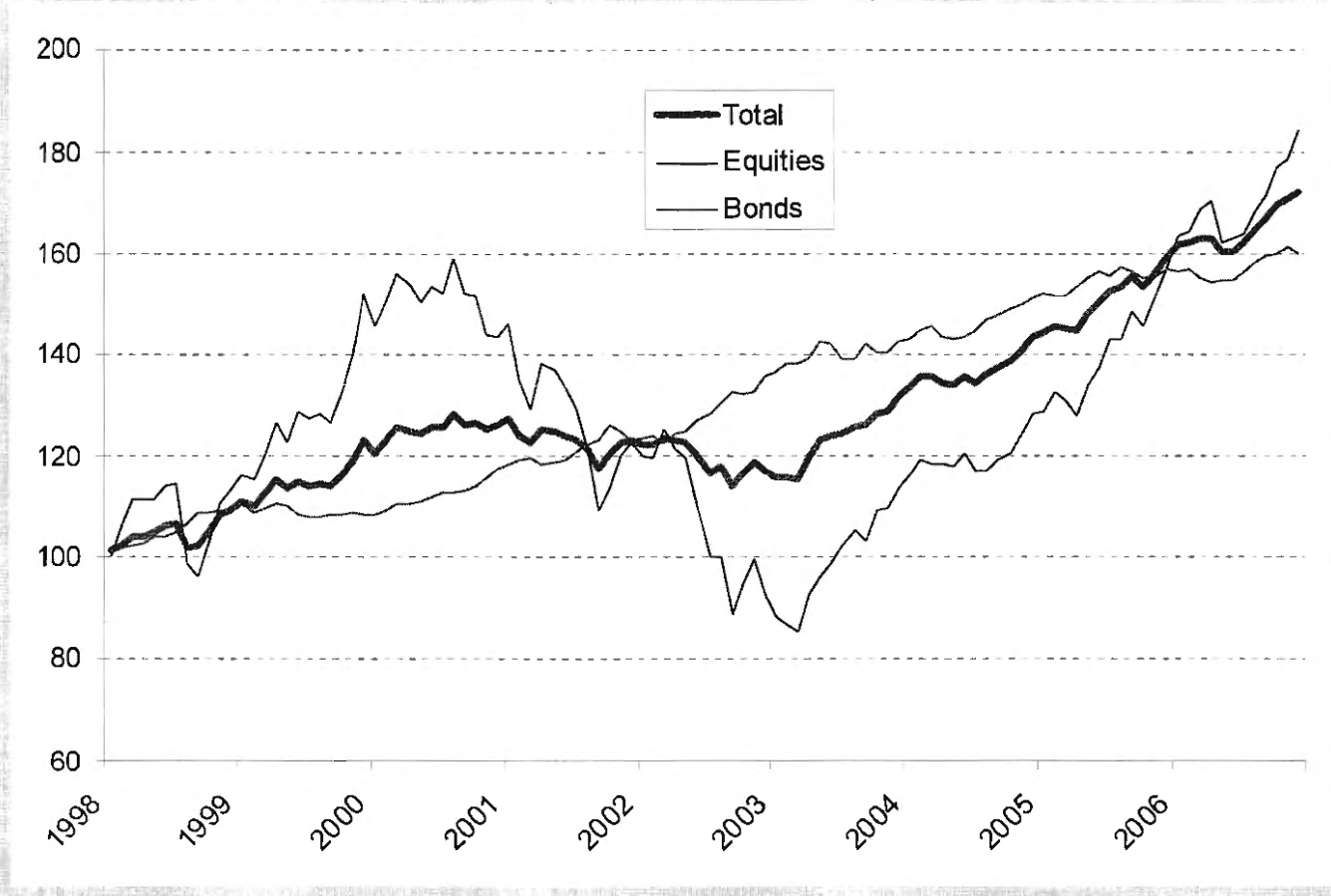
- **Financial results**
- Exercising ownership rights and investing ethically

Fund avg net real return since 1997: 4.6 pct

-Indexed cumulative return 1998-2006



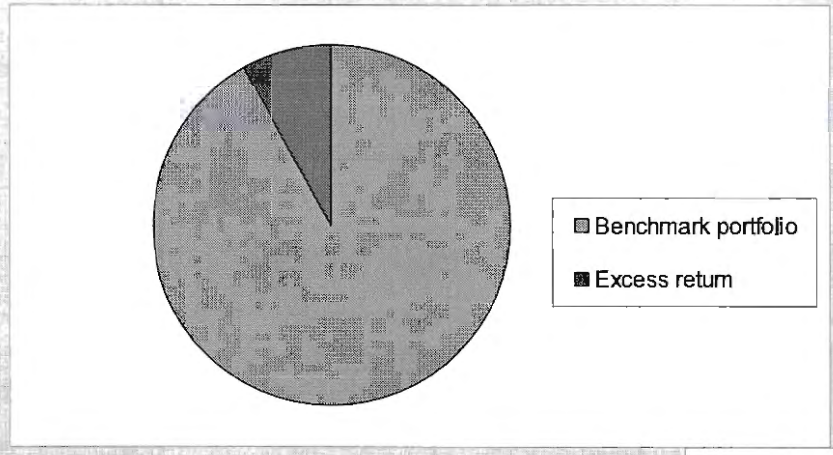
The most important: Total return

Fund in total	98-06	2004-06	2006
Avg. return	6.18 %	8.99 %	7.69 %
St. dev.	5.29 %	3.36 %	3.27 %

- of which, manager excess return over benchmark

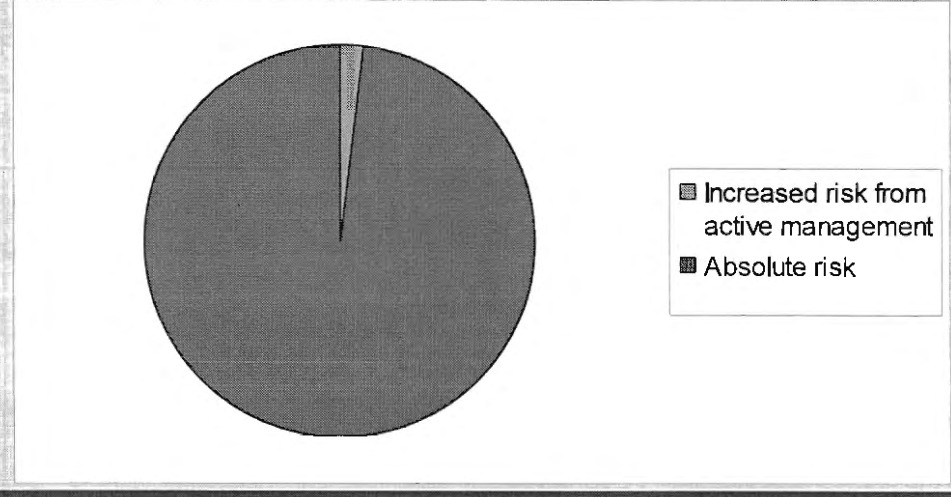
	1998-2006	2004-2006	2006
Avg. return	0.46	0.55	0.15
St. dev.	0.38	0.34	0.37
Information ratio	1.2	1.6	0.4

Active management has added to realized returns, but has had small impact on total risk



Active management:

- 8% of total return
- 2% of total risk



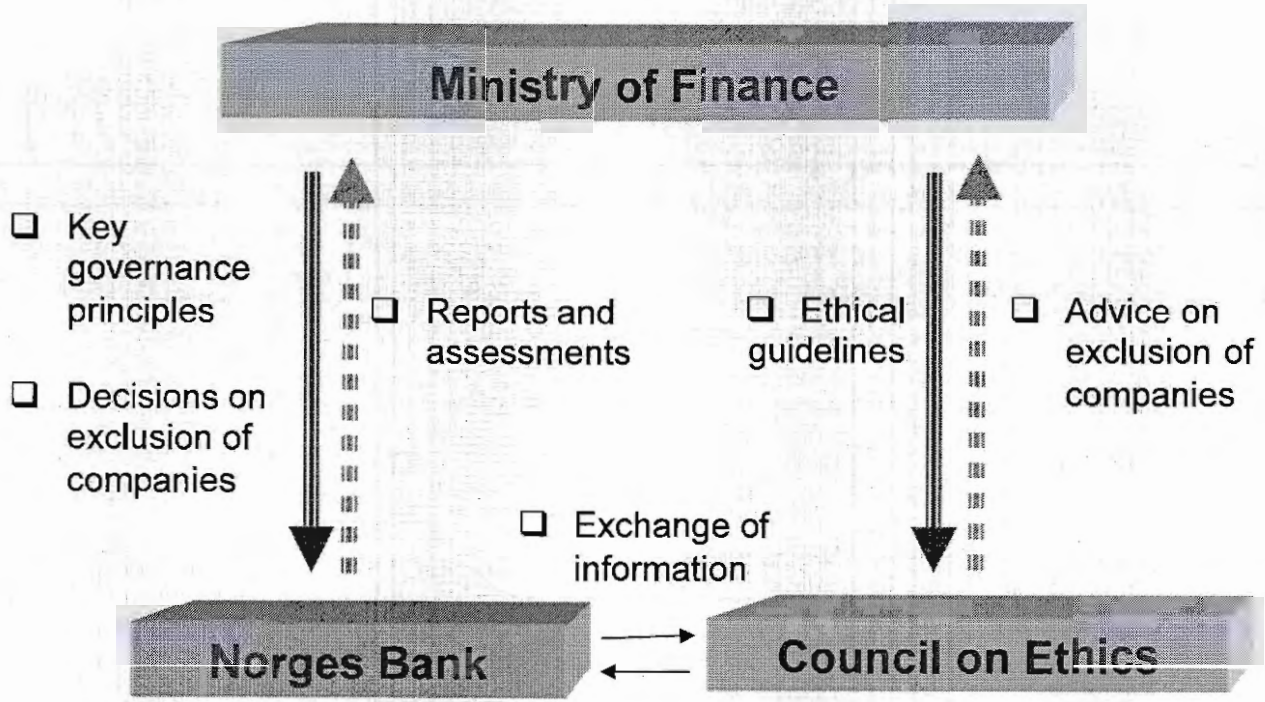
Overview

- Governance, roles and responsibilities
- Investment strategy
- Financial results
- **Exercising ownership rights and investing ethically**

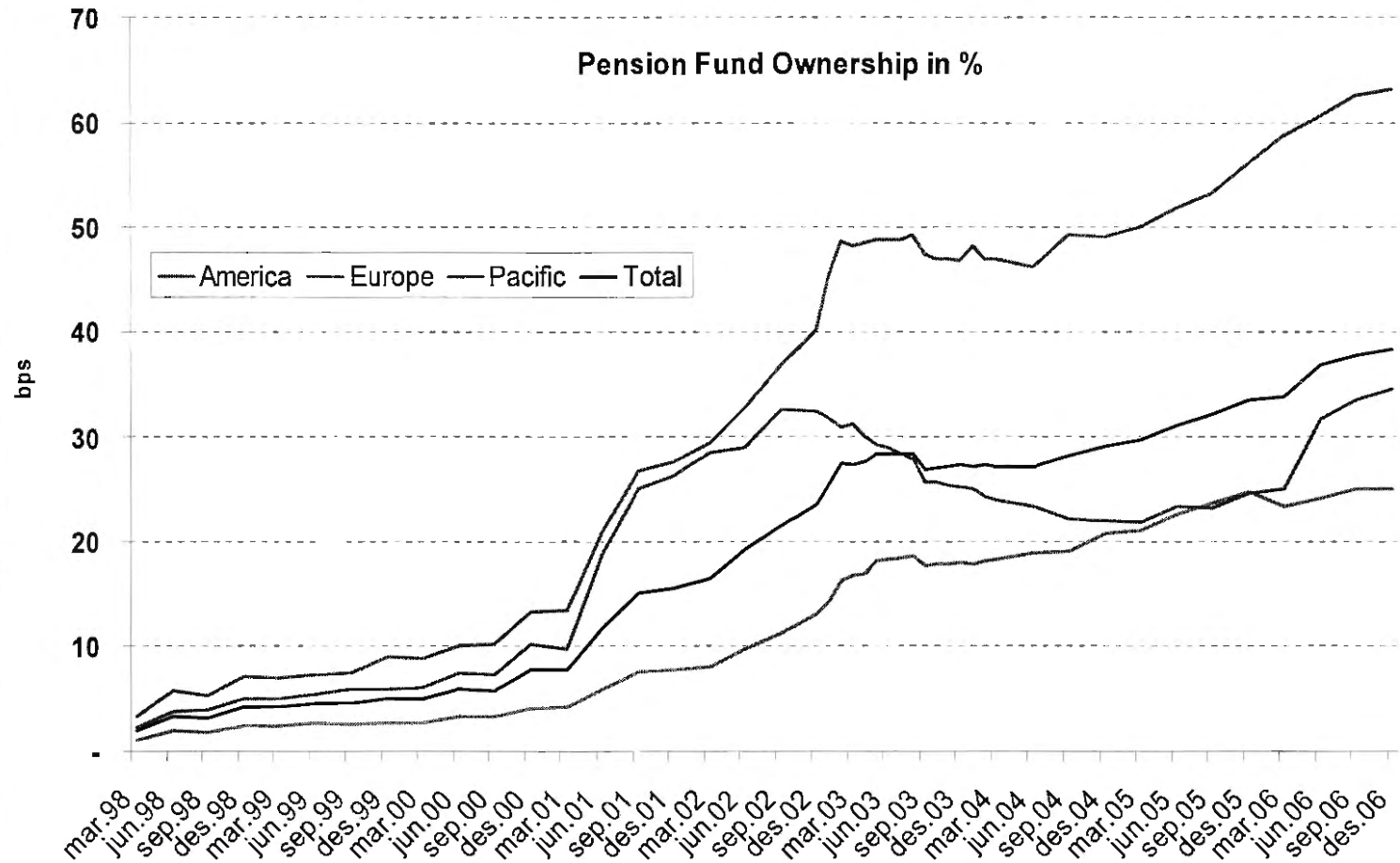
Two ethical obligations for the Fund

- Future generations should benefit from the petroleum wealth
  - Achieve a sound return
- Respect fundamental rights of those affected by the investments of the Fund
  - Exercise our ownership rights - corporate governance
    - Guidelines based on UN Global Compact and OECD Guidelines for Multinational Enterprises
  - The Fund should not be invested in companies whose practices constitute an unacceptable risk that the Fund is or will be complicit in grossly unethical practices
    - Exclusion mechanism which is forward looking (cluster bombs, nuclear weapons, human rights, corruption, environment)

Ethical guidelines and ownership rights – who does what?



Ownership interests in equity markets



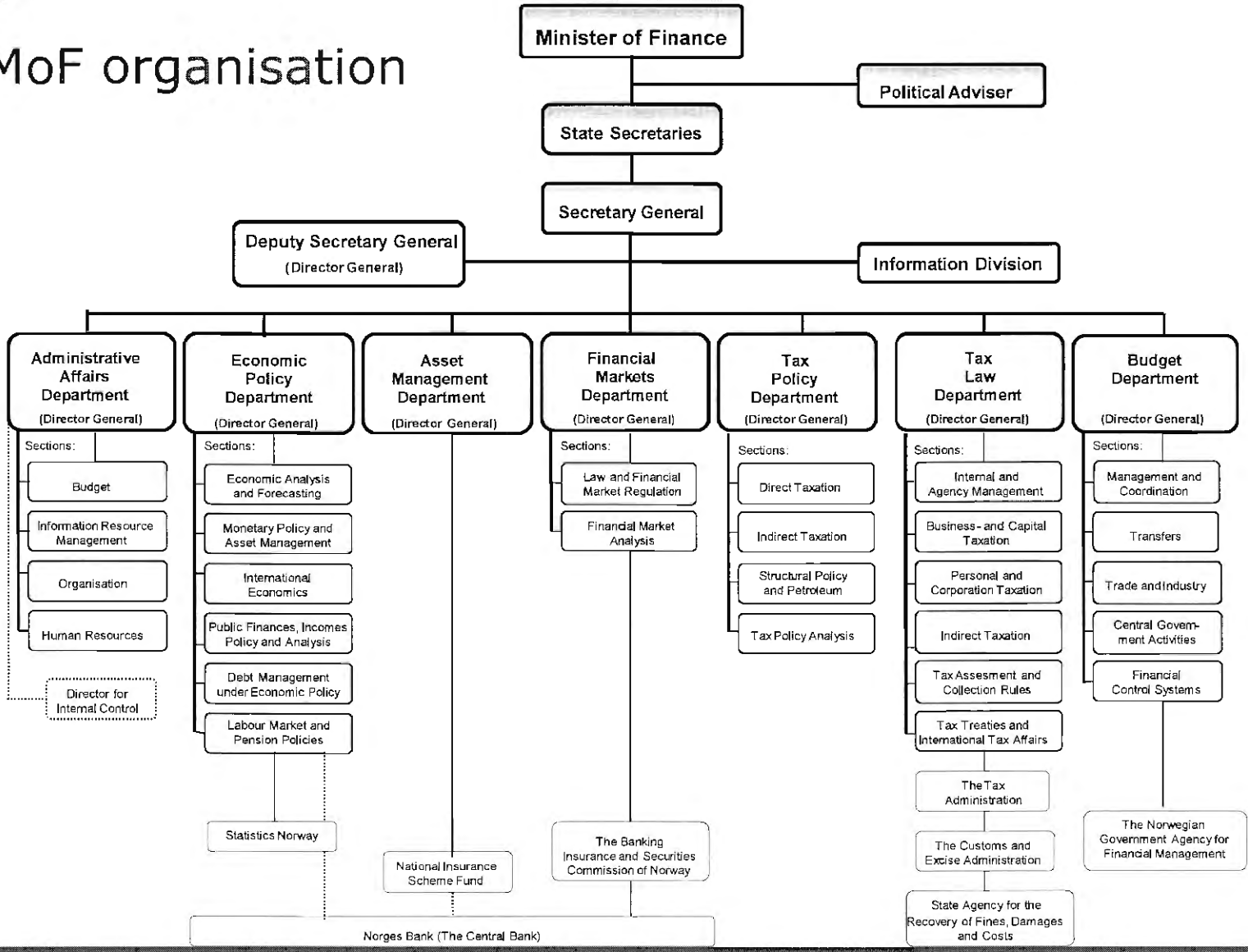
Transparency

- Ministry reports to Parliament on all important matters relating to the Fund
- Ministry publishes all advice from external consultants
- Performance, risk and costs are reported every quarter and published on web-site. Focus on contribution to value added in operational management
- Press conference on a quarterly basis, shortly after an official meeting with the Ministry of Finance
- Annual report listing all investments, both equities and fixed income

Summary

- Clear lines of responsibility. Accountability
- Long-term perspective for investment strategy
- Political commitment
- Transparency

MoF organisation



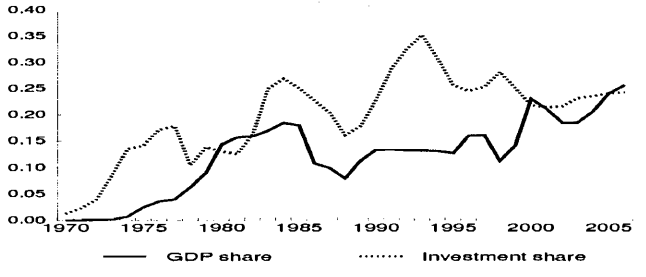
Statistisk sentralbyrå

Macroeconomic impact of the booming oil sector in Norway

Ådne Cappelen
Research Department
Statistics Norway

Statistisk sentralbyrå

The oil sector has increased in size but with large cyclical variations



Statistisk sentralbyrå

Some statistical information on oil in the Norwegian economy in 2006

- Total GDP is estimated at 2 150 bill. NOK
- GDP in the oil sector 550 bill NOK
- Non-oil GDP 1 600 bill NOK
- Oil share of GDP 25 % - the highest ever recorded, but 2005 was nearly as high. Oil rent 410 bill NOK and 19 %
- Due to high oil prices as crude production is falling while natural gas production is on the increase
- Oil investment as share of total investment in fixed capital was also 25 % in 2006 but only 4,7% of total GDP. At times the investment share has been twice as high !

3

Statistisk sentralbyrå

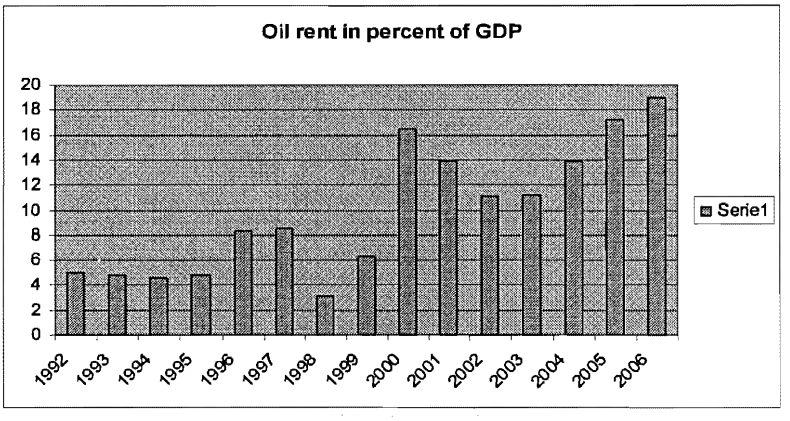
What do we mean by a resource rent?

- One definition: It is residual income when factors of production have recieved their normal rewards or salaries
- In the oil sector: Calculate the gross operating surplus according to standard national accounting principles. Add net indirect taxes paid and deduct total capital costs (normal returns on capital as well as depreciation costs). What is left is the resource rent.
- In Norway in 2006 this rent is estimated at 409 bill. NOK or 19 % of total GDP. You may therefore estimate the direct effect of oil on GDP at 19 %. Without oil, but with normal returns on the factors of production used in the oil sector, our GDP would have been 81 % of what it was. Still high!

4

Statistisk sentralbyrå

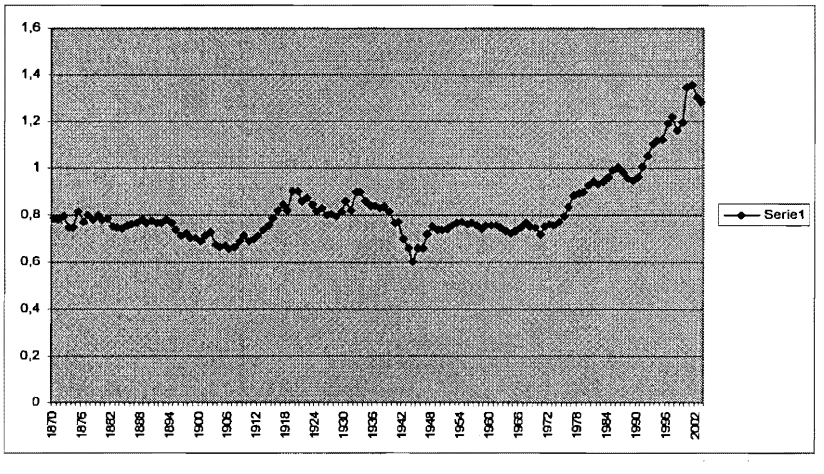
Since 2000 the oil rent has been large due to high oil prices



5

Statistisk sentralbyrå

GDP per capita in PPP – Norway versus Sweden Why did relative income increase after 1971?



6

Statistisk sentralbyrå

Natural resources and economic growth

- The international literature in economics and political science on economic and social effects of natural resources is dominated by the resource curse
- The resource curse is characterised by rent-seeking behaviour and reduced political stability
- Rent-seeking: people are concerned about getting a share of the resource rent than being productive. This leads to corruption and sometimes even war
- Reduced political decision making: the resource rent acts like a sleeping pillow: politicians think they can buy their way out of problems instead of implementing reforms

7

Statistisk sentralbyrå

Why do resource abundance lead to low growth? Because it crowds out other types of capital

- Dutch disease; overvalued currency reduces non-oil exports and inflow of foreign capital
- If natural resource abundance is combined with weak institutional structure and social capital, rent seeking will lead to weak infrastructrue
- High income from capital may reduce the incentives to invest in education and human capital
- Resource rent may reduce profitability of non-resource sectors and thereby investment in tangible capital as well as in research and development (R&D)

8

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Even if we deduct the resource rent, our GDP has increased more than that of the OECD

- Why have we not experienced a resource curse but benefited from oil?
- The major factor, I believe, is that for many years we have saved most of the revenue or resource rent.
- The Petroleum Fund (or pension fund) is now roughly 1800 bill. NOK or 90 % of GDP.
- We have implemented a fiscal policy rule that we believe will provide stable and sustainable income from this fund
- So even if oil prices should continue to fluctuate markedly, the fiscal impulses will be moderate- the rule implies policy robustness and a stable environment for firms and households

9

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This robustness is the result of policy learning – we have made many errors on our way!

- During the late 1970's investment in the oil sector was very high and most equipment imported, foreign debt "exploded". We were probably close to loosing our policy independance
- At times many industries experienced large structural adjustments that we could have avoided if we had managed our oil economy better
- Oil investments led to large fluctuations in the economy with large swings in unemployment
- Before we had gained credibility to our policy rules we had episodes of currency crises

10

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Policy implications

- Separate the production or income from the natural resource from the spending of the income
- A natural resource like oil is not lasting forever. Consider it in some respects as financial wealth. How do you manage your financial portefoilo? Spend the real returns?
- How to estimate the value of your natural resource relative to a financial asset – uncertainty important
- How develop your economy so that it does not become too depandant upon the natural resource extraction which is not a permanent activity since the resource is limited

11

Invitees for PIP-Project Retreat
Date: 17 March 2007
Venue: Khazar Golden Beach Hotel

№	Adı/Vəzifə/Təşkilat	Name/Position/Agency	Təşkilat
1	Azərbaycan Respublikası Nazirlər Kabineti Dövlət Zəmanəti ilə Alınan Kreditlərin, Texniki Yardım və Qrantların Alınması üzrə İşlərin Əlaqələndirilməsi Şöbəsinin Müdiri cənab Nail Fətəliyev	Nail Fataliyev, Head of Coordination of Credits under State Guarantee, Technical Assistance and Grants Dept., Cabinet of Ministers	Nazirlər Kabineti
2	Azərbaycan Respublikası Maliyyə Nazirliyi Milli İqtisadiyyatın Maliyyəsi Şöbəsi cənab Vəkil İsmayılov	Vekil Ismaylov, Financing of National Economy Dept., Ministry of Finance	Maliyyə Nazirliyi
3	Azərbaycan Respublikası Maliyyə Nazirliyi Beynəlxalq İqtisadi Əlaqələr Şöbəsinin Müdiri cənab Mərdan Mərdanov	Mardan Mardanov, Head of International Economic Relations Dept., Ministry of Finance	Maliyyə Nazirliyi
4	Azərbaycan Respublikası Maliyyə Nazirliyi Sosial Sektorun İnvestisiyalarının Şöbəsinin Müdiri cənab İlqar İsayev	Ilgar Isayev, Head of Social Sector Investment Dept., Ministry of Finance	Maliyyə Nazirliyi
5	Azərbaycan Respublikası İqtisadi İnkişaf Nazirinin Müavini xanım Sevinc Həsənova	Sevinj Hasanova, Deputy Minister of Economic Development	İqtisadi İnkişaf Nazirliyi
6	Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi İqtisadi Siyasət və Planlaşdırma Şöbəsinin müdiri cənab Şahin Sadıqov	Shahin Sadigov, Head of Economic Development Policy and Forecasting Dept., MOED	İqtisadi İnkişaf Nazirliyi
7	Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi Davamlı İnkişaf və Regional Siyasət Şöbəsinin Müdiri cənab Mehman Abbas	Mehman Abbasov, Head of Dept. of Sustainable Development and Regional Policy, MOED	İqtisadi İnkişaf Nazirliyi
8	Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi İqtisadi Siyasət və Planlaşdırma Şöbəsinin Müdir Müavini cənab Rüfət Hüseynəliyev	Rufat Huseynaliyev, Deputy Head of Economic Development Policy and Forecasting Dept., MOED	İqtisadi İnkişaf Nazirliyi
9	Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi DI Departamenti cənab Natiq Paşayev	Natig Pashayev, Deputy Head of PI Dept., MOED	İqtisadi İnkişaf Nazirliyi

10	Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi İqtisadi Siyasət və Planlaşdırma Şöbəsi cənab Camaləddin Güləliyev	Jemaleddin Gulaliyev, Head of Social Sector, Economic Development Policy and Forecasting Dept., MOED	İqtisadi İnkişaf Nazirliyi
11	İqtisadi İnkişaf Nazirliyi Xarici Ticarət və İqtisadi Əlaqələr Şöbəsinin ÜTT-ilə İş üzrə Sektorunun Müdiri cənab Ədalət Muradov	Adalyat Muradov, Head of WTO Division, Foreign Trade and Economic Relations Dept., MOED	İqtisadi İnkişaf Nazirliyi
12	Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi İqtisadi Siyasət və Planlaşdırma Şöbəsi Fiskal, Monetar və Qiymət Siyasəti Sektoru cənab Nizami Qasımov	Nizami Gasimov, Head of Fiscal and Monetary and Price Policy Division, Economic Development Policy and Forecasting Dept., MOED	İqtisadi İnkişaf Nazirliyi
13	Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi Xarici Ticarət və İqtisadi Əlaqələr Şöbəsinin Müdiri cənab Elşən Məmmədzadə	Elshan Mammadzade, Head of Foreign Trade and Economic Relations Dept.,, MOED	İqtisadi İnkişaf Nazirliyi
14	İqtisadi İslahatlar Elmi- Tədqiqat İnstitutunun Direktoru cənab Namiq Tağıyev	Namig Tagiyev, Director of ERSRI	İqtisadi İslahatlar Mərkəzi
15	Azərbaycan Respublikası Milli Bankının Tədqiqatlar və Statistika Departamentinin Direktoru cənab Emin Hüseynov	Emin Husseynov, Head of Research and Statistical Dept., National Bank	Milli Bank
16	Azərbaycan Respublikası Nəqliyyat Nazirliyi Maliyyə və Kredit Şöbəsi cənab Mirqasım Abasov	Mirgasim Abasov, Financial and Credit Dept., Ministry of Transport	Nəqliyyat Nazirliyi
17	Azərbaycan Respublikası Nəqliyyat Nazirliyi TRACECA və Beynəlxalq Layihələrin Sektoru cənab Elmar Fərəcov	Elmar Farajev, Head of TRACECA and International Projects Sector, Ministry of Transport	Nəqliyyat Nazirliyi
18	Azərbaycan Respublikası Sənaye və Energetika Nazirliyi Dövlət və Beynəlxalq Proqramların İcrasına Nəzarət Şöbəsinin Aparıcı Məsləhətçisi xanım Nigar Məmmədova	Nigar Mammadova, Senior Specialist, Inspector, Dept. of Monitoring for Implementation of State and Intl. Programs, Ministry of Industry and Energy	Sənaye və Energetika Nazirliyi
19	Azərbaycan Respublikası Ekologiya və Təbii Sərvətlər Nazirliyi Maliyyə və Mühasibat Uçotu Şöbəsinin müdiri cənab Füzuli İsmayılov	Fizuli Ismaylov, Head of Financial and Accounting Dept., Ministry of Ecology and Natural Resources	Ekologiya və Təbii Sərvətlər Nazirliyi
20	Azərbaycan Respublikası Təhsil Nazirliyi İqtisadiyyat Şöbəsinin Müdiri cənab Orxan Kərimov	Orkhan Kerimov, Head of Economic Dept., Ministry of Education	Təhsil Nazirliyi

21	Azərbaycan Respublikası Mədəniyyət və Turizm Nazirliyi İnvestisiya və Texniki Proqramlar Şöbəsinin müdiri cənab Ruslan Abduləlimov	Ruslan Abdulalimov, Head of Investment and Technical Programs Dept., Ministry of Culture and Tourism	Mədəniyyət və Turizm Nazirliyi
22	Azərbaycan Respublikası Rabitə və İnformasiya Texnologiyaları Nazirliyi Maliyyə və İqtisadi Təhlil Şöbəsinin Müdiri cənab Rəşad Nəbiyev	Rashad Nabiyev, Head of Financial and Economic Analysis Dept., Ministry of Communication and Information Technologies	Rabitə və İnformasiya Texnologiları Nazirliyi
23	Mr. Scott Taylor Country Coordinator USAID/Caucasus – Azerbaijan		USAID
24	Mr. Stephen Morin Economic Growth Team Leader USAID/Caucasus – Azerbaijan		USAID
25	Mr. Farid Bakhshiyev Project Management Specialist (Economy&Finance) USAID/Caucasus – Azerbaijan		USAID
26	Mr. David L. McCormick Economic Officer US Embassy Baku		US Embassy
27	Azərbaycan Respublikası Səhiyyə Nazirliyi Səhiyyə Obyekti Şəbəkələrinin İnkişafının Planlaşdırılması Sektorunun Müdiri cənab Kazım Kazımov	Kazim Kazimov, Head of Health Units' Development Planning Sector, Ministry of Health	Səhiyyə Nazirliyi
28	Meliorasiya və Su Təsərrüfatı ASC Elm, İnvestisiya Layihələri, Tikinti və Xarici Əlaqələri Şöbəsinin Müdiri cənab Məmməd Əsədov	Mammad Asadov, Head of Science, Investment Projects, Construction and International Relations Dept., Corporation of Irrigation and Water Economy	Meliorasiya və Su Təsərrüfatı SC
29	Meliorasiya və Su Təsərrüfatı ASC Elm, İnvestisiya Layihələri, Tikinti və Xarici Əlaqələri Şöbəsinin Müdir Müavini cənab Rəsul Paşayev	Rasul Pashayev, Deputy Head of Science, Investment Projects, Construction and International Relations Dept., Corporation of Irrigation and Water Economy	Meliorasiya və Su Təsərrüfatı SC
30	Azərbaycan Respublikası Meliorasiya və Su Təsərrüfatı ASC Tikilməkdə olan Meliorasiya və İrriqasiya Obyektlərinin Birləşmiş Müdiriyyətinin Şöbə Müdiri cənab Rəfail Məmmədov	Rafael Mammadov, Deputy Head of Joint Management of Melioration and Irrigation Construction, Corporation of Irrigation and Water Economy	Meliorasiya və Su Təsərrüfatı SC
31	Hadji Husseynov Operation Officer World Bank Office in Azerbaijan		World Bank

32	Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi İqtisadi İnkişaf Siyasəti və Planlaşdırma Şöbəsinin Makroiqtisadi Proqnozlaşdırma Sektorunun Müdiri cənab Rəhim Babayev	Rahim Babayev, Head of Macroeconomic Forecase Sector, Economic Development Policy and Forecasting Dept., MOED	İqtisadi İnkişaf Nazirliyi
33	Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi İqtisadi İnkişaf Siyasəti və Planlaşdırma Şöbəsinin İnfrastruktur Siyasəti Sektoru cənab Fərrux Dadaşov	Farrukh Dadashev, Infrastructure Policy Sector, Economic Development Policy and Forecasting Dept., MOED	İqtisadi İnkişaf Nazirliyi
34	Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi İqtisadi İnkişaf Siyasəti və Planlaşdırma Şöbəsinin İnfrastruktur Siyasəti Sektoru cənab Fuad Eyvazov	Fuad Eyvazov, Infrastructure Policy Sector, Economic Development Policy and Forecasting Dept., MOED	İqtisadi İnkişaf Nazirliyi
35	Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi İqtisadi İnkişaf Siyasəti və Planlaşdırma Şöbəsi cənab Günduz Mirzəyev	Gunduz Mirzoyev, Economic Development Policy and Forecasting Dept., MOED	İqtisadi İnkişaf Nazirliyi
36	Azərbaycan Respublikası Sənaye və Energetika Nazirliyi İnvestisiya Siyasəti və Sənaye Müəssisələrinin Bərpası Sektoru cənab Feyzulla Muradov	Feyzulla Muradov, Sector of Investment Policy and Industrial Enterprises Reconstruction, Ministry of Industry and Energy	Sənaye və Energetika Nazirliyi
37	Azərbaycan Respublikası Təhsil Nazirliyi TİMS Şöbəsi cənab Ceyhun Məmmədov	Jeyhun Mammadov, Head of Education Information System Dept., Ministry of Education	Təhsil Nazirliyi
38	Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi Dövlət İnvestisiyaları Şöbəsinin Dövlət İnvestisiya Siyasəti və Proqramları Sektorunun Müdiri cənab Faiq Qasımlı	Faig Gasimli, Head of Public Investment Policy and Programs Sector, PI Dept., MOED	İqtisadi İnkişaf Nazirliyi
39	Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi Dövlət İnvestisiyaları Şöbəsinin Dövlət İnvestisiya Layihələrinin Ekspertizası Sektorunun Müdiri cənab Hüseynxan Məcidov	Huseynkhan Mejidov, Head of Public Investment Projects Expertise Sector, PI Dept., MOED	İqtisadi İnkişaf Nazirliyi
40	Azərbaycan Respublikası İqtisadi İnkişaf Nazirliyi Dövlət İnvestisiyaları Şöbəsinin Dövlət İnvestisiya Layihələrinin Monitorinqi və Qiymətləndirməsi Sektorunun Müdiri cənab Azad Musayev	Azad Musayev, Head of Public Investment Projects Monitoring and Evaluation Sector, PI Dept., MOED	İqtisadi İnkişaf Nazirliyi

41	Azərbaycan Respublikası Nazirlər Kabineti Dövlət Zəmanəti ilə Alınan Kreditlərin, Texniki Yardım və Qrantların Alınması üzrə İşlərin Əlaqələndirilməsi Şöbəsinin Məsləhətçisi xanım Aytən Nəzərova	Aytan Nazarova, Advisor of Coordination of Credits under State Guarantee, Technical Assistance and Grants Dept., Cabinet of Ministers	Nazirlər Kabineti
42	Azərbaycan Respublikası Nazirlər Kabineti Dövlət Zəmanəti ilə Alınan Kreditlərin, Texniki Yardım və Qrantların Alınması üzrə İşlərin Əlaqələndirilməsi Şöbəsinin Böyük Məsləhətçisi xanım Ruqiyyət Məmmədova	Rugiyyat Mammadova, Chief Advisor of Coordination of Credits under State Guarantee, Technical Assistance and Grants Dept., Cabinet of Ministers	Nazirlər Kabineti
43	Mr. Gregory T. Jedrzejczak Country Manager for Azerbaijan The World Bank		
44	Mr. David Eizenberg Deputy Resident Representative United Nations Development Programme		
45	Mr. Basil Zavoico Resident Representative in Azerbaijan International Monetary Fund		
46	Ms. Linda Decker Resident Budget Advisor US Department of the Treasury		
47	Mr. Muhammad Junaid Chief of Party SME Finance Project ACDI/VOCA		
48	Mr. Michael Kunz Chief of Party Civil Society Project Counterpart International		
49	Mr. Neil McCullagh Chief of Party Community Development CHF		
50	Azərbaycan Respublikası Prezident Aparatı İqtisadi Məsələlər üzrə Müşavirə Xidmərtinin Aparıcı Mütəxəssisi xanım Nigar Çaybasarskaya	Nigar Chaybasarskaya, Leading Expert , Advisory Service on Economic Issues, President Office	Prezident Aparatı

51	Azərbaycan Respublikası Nazirlər Kabineti Dövlət Təminatlı Kreditlərin, Texniki Yardımın və Qrantların Əlaqələndirilməsi Departamentinin Baş Müşaviri cənab Vahid Hüseynov	Vahid Husseynov, Senior Advisor, Dept. for Coordination of Government Guaranteed Loans, Technical Assistance and Grants, Cabinet of Ministers	Nazirlər Kabineti
52	Azərbaycan Milli Bankı Monetar Siyasəti Departamentinin Direktoru Cənab Xəqani Abdullayev	Khagani Abdullayev, Director of Monetary Policy Dept., National Bank	Azərbaycan Milli Bankı
53	Azərbaycan Respublikası Sənaye və Energetika Nazirliyi Dövlət və Beynəlxalq Proqramların İcrasına Nəzarət Şöbəsinin Müdiri cənab Məhəbbət Məmmədov	Mahabbat Mammadov, Head of Dept. for Supervision over Implementation of Budget and Foreign Projects, Ministry of Industry and Energy	Sənaye və Energetika Nazirliyi
54	Azərbaycan Respublikası Təhsil Nazirinin Müavini cənab Elmar Gasımov	Elmar Gasimov, Deputy Minister of Education	Təhsil Nazirliyi
55	Azərbaycan Respublikası Kənd Təsərrüfatı Nazirinin Müavini cənab İlham Quliyev	Ilham Guliyev, Deputy Minister of Agriculature	Kənd Təsərrüfatl Nazirliyi
56	Azərbaycan Respublikası Meliorasiya və Su Təsərrüfatı ASC Sədr Müavini cənab Rafiq Aslanov	Rafig Aslanov, Deputy Chairman of Corporation for Irrigation and Water Economy	Meliorasiya və Su Təsərrüfatı SC
57	Azərbaycan Respublikası İqtisadi İnkişaf Nazirinin Müavini cənab Mikayıl Cabbarov	Mikayil Jabbarov, Deputy Minister of Economic Development	İqtisadi İnkişaf Nazirliyi
58	Azərbaycan Respublikası İqtisadi İnkişaf Nazirinin Müavini cənab Niyazi Səfərov	Niyazi Safarov, Deputy Minister of Economic Development	İqtisadi İnkişaf Nazirliyi
59	Azərbaycan Neft Fondu cənab Tərlan İsmayılov	Tarlan Ismaylov, SOFAZ	Azərbaycan Neft Fondu
60	Azərbaycan Neft Fondu cənab Müşviq Bayramov	Mushvig Mammadov, SOFAZ	Azərbaycan Neft Fondu
61	Azərbaycan Respublikası Təhsil Nazirliyi Strateji Təhlil və Planlaşdırma Şöbəsinin Aparıcı Məsləhətçisi cənab Namiq Məmmədov	Namig Mammadov, Leading Advisor, Strategic Analysis and Planning Unit, Ministry of Education	Təhsil Nazirliyi
62	Milli Büdcə Qrupu cənab Fuad Rəsulov	Fuad Rasulov, National Budget Group	
63	Milli Büdcə Qrupu cənab Zöhrab İsmayılov	Zohrab Ismaylov, National Budget Group	

64	Azərbaycan Respublikası Səhiyyə Nazirliyi Səhiyyə Obyekti Şəbəkələrinin İnkişafının Planlaşdırılması Sektoru cənab Nüsrət Məmmədov	Nusret Mammadov, Health Units' Development Planning Sector, Ministry of Health	Səhiyyə Nazirliyi
65	Azərbaycan Respublikası Səhiyyə Nazirliyi Səhiyyə Obyekti Şəbəkələrinin İnkişafının Planlaşdırılması Sektoru xanım Pəri Əmirova	Peri Amirova, Health Units' Development Planning Sector, Ministry of Health	Səhiyyə Nazirliyi
66	Azərbaycan Respublikası Səhiyyə Nazirliyi Səhiyyə Obyekti Şəbəkələrinin İnkişafının Planlaşdırılması Sektoru xanım Lyudmila Mammdova	Lyudmila Mammadova, Health Units' Development Planning Sector, Ministry of Health	Səhiyyə Nazirliyi

Marked as Yellow- Participated

Attachment .

PIP- PROJECT MONTHLY CALENDAR: PERIOD JANUARY- MARCH 2007

JANUARY 2007

January 12, 2007

1. 14.00	Goerl Johansen, 1st Secretary of Norwegian Embassy Andrei Parinov, Sabira Shihaliyeva, PIP-Project Julie Hamlin, Firuza Hasanova, Telman Yolchiyev, WLI
2. 15.30	Namig Tagiyev, Director of ERSRI Sabira Shihaliyeva, PIP-Project

January 16, 2007

3. 11.10	Introduction of Janusz Szyrmer, PIP-Project new COP
4. 13.30	Namig Tagiyev, Director of ERSRI Patricia Garcia, TRG Sabira Shihaliyeva, PIP-Project

January 17, 2007

5. 11.00	Jeyhun Mammadov, Ministry of Education Patricia Garcia, TRG Sabira Shihaliyeva, PIP-Project
6. 12.00	Natig Mammadov, Ministry of Education Patricia Garcia, TRG Sabira Shihaliyeva, PIP-Project
7. 13.00	Agil Asadov, ERSRI Patricia García, TRG Sabira Shihaliyeva, PIP-Project
8. 16.00	Jahangir Gadirov, ERSRI Patricia Garcia, TRG Sabira Shihaliyeva, PIP-Project

January 18, 2007

9. 12.00	Rovshan Badalov, Ministry of Transport Patricia Garcia, TRG Sabira Shihaliyeva, PIP-Project

January 19, 2007

10. 10.00	Faig Gasimly, MOED Patricia Garcia, TRG Sabira Shihaliyeva, PIP-Project
11. 13.00	Rafael Mammadov, Corporation of Irrigation and Water Economy Patricia Garcia, TRG Sabira Shihaliyeva, PIP-Project

January 23, 2007

12. 14.00	Sevinj Hasanova, Deputy Minister, MOED Janusz Szyrmer, PIP-Project

January 24, 2007

13. 15.00	Niyazi Safarov, Deputy Minister, MOED Janusz Szyrmer, PIP-Project

January 26, 2007

14. 10.30	USAID Patricia Garcia, TRG Sabira Shihaliyeva, PIP-Project

January 29, 2007

15. 15.00	Shahin Sadigov, Head of Economic Policy Development and Forecast Dept., MOED Janusz Szyrmer, PIP-Project

January 30, 2007

16. 16.00	Emin Huseynov, Head of Statistics and Research Dept., National Bank of Azerbaijan Janusz Szyrmer, PIP-Project

January 31, 2007

17. 10.00	Namig Tagiyev, Director of ERSRI Janusz Szyrmer, Sabira Shihaliyeva, PIP-Project
18. 14.00	Rafael Abbasov, Economic Officer, ADB Janusz Szyrmer, PIP-Project

FEBRUARY 2007

February 01, 2007

1. 11.00	Basil Zavoico, Resident Representative, IMF Janusz Szyrmer, PIP-Project
2. 14.30	Farid Bakhshiyev, USAID Janusz Szyrmer, Andrei Parinov, PIP-Project

February 05, 2007

3. 11.00	Gregory Jedrzejczak, Country Manager, World Bank Janusz Szyrmer, PIP-Project
4. 14.00	Linda Decker, Resident/Budget Advisor, The US Treasury Dept., Technical Assistance Office Janusz Szyrmer, PIP-Project

February 09, 2007

5. 15.00	Sevinj Hasanova, Deputy Minister of Economic Development Janusz Szyrmer, Samim Cilem, Nigar Ismaylova, PIP-Project

February 12, 2007

6. 08.00	Paul Davis, Farid Bakhshiyev, USAID Janusz Szyrmer, PIP-Project
7. 14.00	David McCormick, Economic Officer, US Embassy Janusz Szyrmer, PIP-Project

February 13, 2007

8. 17.00	Namig Tagiyev, Director of ERSRI Janusz Szyrmer, Sabira Shihaliyeva, PIP-Project Christos Kostopoulos, World Bank

February 14, 2007

9. 10.15	Anti-Corruption Meeting, IFES Andrei Parinov, PIP-Project
10. 14.00	USAID All-Partners Meeting Janusz Szyrmer, Andrei Parinov, PIP-Project
11. 16.30	David Eizenberg, Deputy Resident Representative, UNDP Janusz Szyrmer, PIP-Project

February 15, 2007

12. 11.00	Julie Hamlin, WLI Janusz Szyrmer, Sabira Shihaliyeva, PIP-Project
13. 13.00	Mahmud Jafarov, International Bank of Azerbaijan Janusz Szyrmer, PIP-Project

February 16, 2007

14. 11.00	Tarlan Ismaylov, SOFAZ Janusz Szyrmer, Andrei Parinov, Sabira Shihaliyeva, PIP-Project

February 17, 2007

15. 15.00	Ministry of Economic Development Janusz Szyrmer, Andrei Parinov, Samim Cilem, PIP-Project

February 21, 2007

16. 11.00	Samir Mammadov, PI Dept., MOED Nigar Ismaylova, PIP-Project
17. 11.00	Mustafa Polad, Deputy Director, TIKA Andrei Parinov, Sabira Shihaliyeva, PIP-Project
18. 13.00	Scott Taylor, Country Coordinator, USAID Janusz Szyrmer, PIP-Project

February 22, 2007

19. 09.30	Namig Tagiyev, Director of ERSRI Sabira Shihaliyeva, Sabina Ibrahimova, PIP-Project

February 23, 2007

20. 15.00	Presentation of Quarterly Bulletin, ERSRI Janusz Szyrmer, Andrei Parinov, Samim Cilem, Ramil Maharramov, Nigar Ismaylova, Sabira Shihaliyeva, PIP-Project

February 28, 2007

21. 15.00	Sevinj Hasanova, Deputy Minister of Economic Development Janusz Szyrmer, Andrei Parinov, Samim Cilem, Ramil Maharramov, Nigar Ismaylova, Sabira Shihaliyeva, PIP-Project

MARCH 2007

March 01, 2007

1. 10.00	Jeyhun Mammadov, Ministry of Education Andrei Parinov, Ramil Maharramov, PIP-Project

March 02, 2007

2. 10.00	Faig Gasimly, PI Dept., MOED Ramil Maharramov, PIP-Project

March 06, 2007

3. 09.30	Namig Tagiyev, Director of ERSRI Sabira Shihaliyeva, Sabina Ibrahimova, PIP-Project
4. 14.00	USAID All- Partners Meeting Janusz Szyrmer, PIP-Project
5. 14.45	Ministry of Education: Preparation of the State Program on ICR in Education Ramil Maharramov, PIP-Project

March 07, 2007

6. 10.00	Sevinj Hasanova, Deputy Minister of Economic Development Janusz Szyrmer, PIP-Project
7. 16.00	Presentation of PIP-Project activities for Scott Taylor, USAID PIP-Project Team

March 09, 2007

8. 09.30	USAID Outreach Meeting: Writing Success Stories Training Sabina Ibrahimova, Gulsabah Amirova, PIP-Project
9. 10.00	Elchin Rashidov, Interview for the position of Specialist on Project Preparation, Appraisal and Management Andrei Parinov, Sabira Shihaliyeva, Samim Cilem, PIP-Project
10. 10.45	Elshad Mikayilov, Interview for the position of Specialist on Project Preparation, Appraisal and Management Andrei Parinov, Sabira Shihaliyeva, Samim Cilem, PIP-Project
11. 11.30	Nisa Akberova, Interview for the position of Specialist on Project Preparation, Appraisal and Management Andrei Parinov, Sabira Shihaliyeva, Samim Cilem, PIP-Project

March 12, 2007

12. 09.00	ADB Training on Econometric Modeling in ERSRI Ramil Maharramov, PIP-Project

March 13, 2007

13. 10.00	Introduction of the newly established PI Dept. by Sevinj Hasanova, Deputy Ministry of Economic Development Janusz Szyrmer, Andrei Parinov, Samim Cilem, Rob Varley, Sabira Shihaliyeva, Ramil Maharramov, Nigar Ismaylova, Sabina Ibrahimova, Gulsabah Amirova, PIP-Project
14. 14.00	Farid Bakhshiyev, USAID Janusz Szyrmer, PIP-Project
15. 16.00	Muhammad Junaid, ACDI/VOCA Janusz Szyrmer, PIP-Project

March 14, 2007

16. 09.00	Ministry of Education Ramil Maharramov, PIP-Project
17. 16.00	Anar Ahmadov, Director of Caucasus Research Resource Center, Eurasia Foundation Janusz Szyrmer, PIP-Project

March 15, 2007

20. 09.45	Shahin Sadigov, Head of Economic Policy Development and Forecast Dept., MOED Ramil Maharramov, PIP-Project
21. 15.00	Natig Pashayev, Deputy Head of Public Investments Dept., MOED Ramil Maharramov, PIP-Project

March 16, 2007

22. 13.00	Michael Kunz, Civil Society Project, Counterpart Intl. Janusz Szyrmer, PIP-Project

March 21, 2007

23. 18.30	Neil McCullagh, Community Development, CHF Janusz Szyrmer, PIP-Project

Consolidated economic news for Quarter 1-2007
(February 2007)

http://today.az/news/business/36488.html

Azerbaijan's gross domestic product grew 46.7% in January, year-on-year, or by 524 million manat (over $681 million), to 1.6 billion manat (about $2.1 billion), the statistics committee of the energy-rich South Caucasus nation said Thursday.

It said per capita GDP in the reporting period was 195.7 manat, or $224.6.
The production sector contributed 75.1% to GDP, including 66.7% from industry.
The construction sector accounted for 6.3%, agriculture and forestry 2.1%, and the services sector 19.9%.
Azerbaijan holds vast oil and gas reserves in the Caspian, which it exports to neighboring Georgia, Turkey and Europe. The high oil price was a major factor in the country's impressive GDP growth. ***RIA Novosti***

http://today.az/news/business/36477.html

U.S. official: "Azerbaijan eyes 20 bcm gas exports"
15 February 2007 [10:00] - **Today.Az**

"The Azerbaijanis seem to think that around the year 2012 or so they might be able to export up to 20 billion cubic metres of gas," U.S. Deputy Assistant Secretary for European and Eurasian Affairs Matthew Bryza told reporters at a briefing in Paris.

"That's a big volume and that's well beyond where their production is today. But our own research indicates there is plenty of gas in the ground in Azerbaijan," he said.

According to BP's Statistical Review, Azerbaijan produced 5.3 billion cubic metres of gas in 2005 but its Shakh Deniz field, operated by BP and Norway's Statoil, has reserves estimated at over one trillion cubic metres.

Bryza, who was part of a team of senior U.S. officials who visited countries in the Caspian region over recent days, said Azerbaijan expected to begin exporting gas to Greece before the end of the year.

"In theory this is all do-able but ... the real challenge is synchronising all the moving parts," he said. "I hope Azerbaijan can do it.

"Over the long run, by 2015-16, if this momentum sustains itself, it's conceivable, in fact even estimated, Azerbaijan could be producing as much as 40 billion cubic metres of gas a year and could be exporting up to 30 billion."

The United States has placed great hopes in Azerbaijan as an alternative to Russia as a gas supplier for Europe after tensions over Moscow's use of its energy reserves to pressure its neighbours.

The European Union also wants to diversify gas imports after Moscow briefly cut supplies to Ukraine and transit to Europe in a pricing dispute with Kiev last year.

Washington hopes to encourage an alternative supply route through the Caspian Sea to weaken the grip exercised by Russian monopoly Gazprom.

"We're not against Gazprom in principle," Bryza said. "We're working with the countries and companies, though, to try to channel Gazprom towards more market-based behaviour through competition." ***Reuters***

http://today.az/news/business/36561.html

BBC, CNN to broadcast trailer on Azerbaijan investments
16 February 2007 [09:45] - **Today.Az**
Azerbaijan Export and Investment Promotion Foundation (AZPROMO) will prepare trailer on economy and investment milieu of Azerbaijan.

The trailer will be broadcasted by BBC and CNN World Channels. Despite that AZPROMO was instituted by the Ministry of Economic Development, it has over 90 trustees from the private business, international organizations and state companies.

Currently, Azerbaijan has the only trailer on the tourist potential of the country. ***AzerTAg***

http://today.az/news/business/36549.html

Azerbaijan's industry grows 52.4%
16 February 2007 [08:50] - **Today.Az**
Industrial production grew 52.4%, in January, to AZN 14.95bn in Azerbaijan.

State Statistical Committee told the APA that industrial growth was 62.% in oil production, 26.1% in gas output, 4.9 times in rubber and plastic productions, 3 times in engineering, 2.1 times in electronics and optic equipment making, 29.7% in non-metallic mineral production, 8.5% in foodstuff production, 7.8% in oil refining etc.

Services accounted for 5.6% of the industrial production.

The proportion of state sector was 22.3% in the industrial production 3.5% up from last year and the share of private sector was 77.7%, 76.3% up from last year.

165,500 people were employed by industrial enterprises during this period, up 5.9% from a year earlier.

Average monthly wage of hirelings rose 22.6% to AZN 267.3, in mining industry went up 27.2% to AZN 647.6, in processing industry climbed 21.9% to AZN 143, in production and distribution of electricity, gas and water jumped 21.2% to AZN 145.1.

http://today.az/news/business/36533.html

20 enterprises in Sumgait included in Industry Development Program
16 February 2007 [01:53] - **Today.Az**
20 big enterprises in Sumgait have been included into the State Program for Industrial Development in Azerbaijan being worked out by the Industry and Energy Ministry.

Sumgait Executive Committee Chairman Vagif Aliyev told APA that the enterprises will be reconstructed within the scope of the project.

He noted Development Program of Sumgait Enterprises has been worked out and this program is aimed at development of small and big enterprise, rehabilitation works and use of new technology.

"Soviet period plants need modern technology and this will reduce harmful emissions, ecological impact and meet world standards," he said.

http://www.trend.az/?mod=shownews&news=38861&lang=en

Germany & Azerbaijan in Favour of Development of Economic Co-operation
15.02.2007

German Federal Chancellor Angela Merkel and Azerbaijani President Ilham Aliyev stressed their interests in the development of economic co-operation after a meeting in Berlin on February 15th. "We take much interest in the expansion of economic relationships between the countries," the German Chancellor stated, Trend reports citing ITAR TASS.

According to Ms Merkel, the Head of the Government of Germany, a country which is currently chairing the European Union, Azerbaijan can assist the EU in ensuring energy security. In this respect there are several variations, as the construction of new oil pipelines are underway.

President Aliyev is for intensifying the EU's mediation in talks on the Iranian Nuclear Program. He also voiced his support to further development of Azerbaijan's relationships with the EU, assuring fulfillment of obligations set by the EU's European Neighborhood Policy

http://today.az/news/politics/36658.html

Today.Az » Politics » **Hundreds of opposition activists protest higher utility fees in Azerbaijan**
19 February 2007 [01:47] - **Today.Az**
Hundreds of opposition activists rallied in the Azerbaijani capital Sunday in the latest of a series of authorized protests against steep rises in municipal gas, electric and water rates.

Around 500 protesters with the Musavat opposition party waved flags and carried placards reading "No To Poverty!" and "No To Increases" as they marched in one district of Baku.

In a reference to the recently opened Baku-Tbilisi-Ceyhan pipeline that pumps Azerbaijani oil to Turkey's Mediterranean coast, many chanted, "Lights cost money, gas costs money — where's the money from Ceyhan?"

Earlier this year, the government raised the domestic rates for gasoline, electricity, water and natural gas for industrial use. President Ilham Aliyev's government justified the hikes, which have prompted widespread criticism in the poor, but energy-rich former Soviet republic, by saying they were part of efforts to reform the country's economy.

Azerbaijan has seen a dramatic increase in economic growth in recent years, fueled mainly by oil and gas harvested from its offshore fields — some of the largest in the former Soviet Union. But poverty and corruption continue to plague large parts of the population.

Musavat leader Isa Gambar ridiculed Aliyev's assertion that the proceeds from the oil and gas wealth would be fairly distributed in the country. ***The Associated Press***

/The International Herald Tribune/

http://today.az/news/politics/36656.html

Today.Az » Politics » **Germany's foreign minister heads for Azerbaijan to discuss energy issues**
18 February 2007 [20:46] - **Today.Az**
Germany's foreign minister departed Sunday for a tour of three ex-Soviet states in the oil-rich south Caucasus region, in an effort to explore possibilities of reducing German dependence on Russian oil and gas.

The first stop on Frank-Walter Steinmeier's tour is Azerbaijan, a booming oil nation that enjoyed a 35-percent growth rate in 2006 and appears on course to maintain the momentum this year.

Steinmeier is expected to meet there with President Ilham Aliev, who was in Germany last week to drum up support for more investment in his nation. But German officials have expressed concern over Azerbaijan's human rights record.

Germany has made improving relations with its eastern neighbors a big part of its turn at the European Union's presidency, which it holds until June.

Steinmeier's trip will also take him to Armenia and Georgia, his office said. ***The Associated Press***

/The International Herald Tribune/

http://today.az/news/business/36583.html

Today.Az » Business » **Opportunities for Transatlantic Cooperation in the Caspian Region**
16 February 2007 [20:21] - **Today.Az**
Richard L. Morningstar, a lecturer at Stanford Law School, analyses the potential of the Caspian Region to lessen Europe's over-dependence on Russian gas, particularly considering the potential of gas-rich nations such as Kazakhstan.

The author writes that in July 2006, the Baku-Tbilisi-Ceyhan (BTC) Pipeline, which runs from the Caspian port of Baku, through Azerbaijan and Georgia to the Mediterranean port of Ceyhan on the Turkish Coast, became operational. The successful completion of this oil pipeline and the opening in the near future of a gas pipeline mirroring the BTC route, to ship Azerbaijani gas to Turkey, and perhaps ultimately to Europe, make clear the critical importance of the Caspian region to the US and Europe, according to the author.

Since the 1990s, he writes, successive American administrations have focused attention on this region. Policymakers understood the link between geopolitics, the development of energy resources and commercial interests.

Whereas US Caspian policy is intended to increase the worldwide supply of natural resources, not to direct specific Caspian resources to America, the author believes that Caspian resources, particularly natural gas, should be even more important to Europe than the US. The huge natural gas resources that can be found in Kazakhstan, Uzbekistan, Turkmenistan and the Western

Caspian are critical, because they can ultimately lessen Europe's over-dependence on Russian gas.

As Energy Commissioner Andris Piebalgs recently pointed out in a Wall Street Journal interview, by 2015 Kazakhstan could be producing 20% more gas per year than is consumed by Germany. Also, the region is the only one apart from the Persian Gulf where oil production is likely to increase over the coming decades, the author concludes.

/www.euractiv.com/

http://today.az/news/business/36644.html

Today.Az » Business » **Sergey Markedonov: "Baku-Tbilisi-Akhalkalaki-Kars to become railway variant of BTC"**
17 February 2007 [17:07] - **Today.Az**
"The sharp cooling of the Russian-Azeri relations in late 2006 formally began with outer reasons.

"First, Moscow requested Baku to suspend gas delivery to Georgia. When Baku refused to form an anti-Georgian alliance Gazprom raised the gas prices not for Georgia but also for Azerbaijan," head of the department of international relations at the institute of political and military studies Sergey Markedonov said.

He reminded that Azerbaijan had to pay $235 instead of $110 for thousand cu m of gas. "For its part Azerbaijani President Ilham Aliyev said that such price "discords with the spirit and essence of the Russian-Azeri relations."

Moreover, Aliyev did not rule out that "oil and gas relations between Moscow and Baku maintain a political implication." The result was that the Azeri authorities and Gazprom did not sign an agreement on delivery of Russian gas to Azerbaijan in 2007. The story was continued. February 7, in Tbilisi, top leaders of Georgia, Azerbaijan and Turkey held a regional summit, which resulted in signing of agreement on construction of a strategically important Baku-Tbilisi-Akhalkalaki-Kars railroad. Some experts began speaking of a railway variant of Baku-Ceyhan. It's worth mentioning that the project is supposed to be completed by 2009 without Russia's participation and in bypass of Armenia. In general, such a development was expected but only the event of February 7, 2007 showed that the project will be launched in bypass of Armenia. The project tightened the Tbilisi-Baku economic knot. Moreover, Azerbaijan did a little 'service' to Georgia in the form of a $200 million credit, said Markedonov.

/PanARMENIAN.Net/

Azerbaijan GDP up 46.7% in 1M07, y-on-y

BAKU, February 15 (RIA Novosti) - Azerbaijan's gross domestic product grew 46.7% in January, year-on-year, or by 524 million manat (over $681 million), to 1.6 billion manat (about $2.1 billion), the statistics committee of the energy-rich South Caucasus nation said Thursday.

It said per capita GDP in the reporting period was 195.7 manat, or $224.6.

The production sector contributed 75.1% to GDP, including 66.7% from industry.

The construction sector accounted for 6.3%, agriculture and forestry 2.1%, and the services sector 19.9%.
Azerbaijan holds vast oil and gas reserves in the Caspian, which it exports to neighboring Georgia, Turkey and Europe. The high oil price was a major factor in the country's impressive GDP growth.

http://www.bakutoday.net/view.php?d=33614

Prices for Agricultural Products in Azerbaijan Increased by 4%

In January 2007, the production prices for the agricultural products in Azerbaijan increased by 4.3% as compared to the previous months, and by 26.6% as compared to December 2005.

The price index for the greens and melon families equaled 103.7% in comparison with December 2006, Trend reports citing the State Statistics Committee of Azerbaijan. In this period, the production prices for vegetables have increased by 3.5%, grains – 4.2% and fruits and nuts – 2.4%.

In addition, the price index for the cattle breeding equaled 104.4% as compared to December 2006. The price for livestock and its products rose by 6.5%, and the prices for poultry and eggs decreased by 0.6%. The price for fish products increased by 1.3%.

http://www.trend.az/?mod=shownews&news=39156&lang=en

Azerbaijani President Says Germen-Azerbaijani Relations Going Up to a New Level
Source: Trend
Author: E. Husseynov
19.02.2007

Receiving Germany's Federal Foreign Minister, Franc-Walter Steinmeier in Baku today, Azerbaijan's President, Ilham Aliyev, has said that issues concerning the development of Azerbaijani-German cooperation in political, economic, and other spheres were widely discussed in the German Capital several days ago, Trend reports.

Speaking about his recent official visit to Germany, the Head of the Azerbaijani State emphasized that it would bring the bilateral relations to a new level. Mr. Aliyev said the very good development was observed in all spheres of bilateral cooperation between the two countries, and added that the visit of the Head of the German Foreign Office would have a crucial importance in the further development of relations between the two states.

For his Part, Mr. Steinmeier said that the German party had been very satisfied with the visit of the Azerbaijani economic mission, which accompanied the Azerbaijani President during his visit to Germany. The German diplomat expressed a hope that the recent visit of the Azerbaijani President to Germany would bring bilateral relations between the two countries to a new level

http://www.trend.az/?mod=shownews&news=39093&lang=en

McDermott Employees are First Internationally Recognized Azerbaijani Divers
Source: Trend
Author: S.Aliyev
19.02.2007

Employees of McDermott Caspian Contractors, Inc. (McDermott) became the first Azerbaijani nationals to gain internationally recognized saturation diving qualifications after completion of a special training course abroad. The training was arranged by McDermott through funding from the Azerbaijan International Operating Company (AIOC), Trend reports.

The four divers have been working with the McDermott diving team onboard the diving support vessel Akademik Tofig Ismayilov (DSV) since commencement of the vessel's operations in May 2005 on the Azeri-Chirag-Gunashli (ACG) field.

"These employees are the first Azerbaijani nationals to gain full international HSE qualifications as either offshore air divers or as saturation divers", commented Dan Houser, General Manager and Vice President, Caspian Operations. "As a demonstration of our and AIOC's commitment to integration and training of the national work force, four Azerbaijan divers were sent to an upgrade course in the UK. The modern diving industry is in particular need of younger divers with high qualification, and we are very pleased to see the success of this initiative. The divers are now fully integrated into the DSV saturation diving team and will be actively involved in operations which the DSV will perform for AIOC's and SOCAR's pipeline installation projects commencing in 2007."

http://www.trend.az/?mod=shownews&news=39103&lang=en

Azerbaijan, Israel to Discuss Economic Cooperation
Source: Trend
Author: I.Khalilova
19.02.2007

Heydar Babayev, the Azerbaijani Minister for Economic Development, will be on a visit to Israel from 18 to 22 February at the invitation of Israeli side

The Ministry of Economic Development informed Trend that during the visit he is scheduled to meet with the Israeli Foreign Minister, Zivi Livni, Infrastructure Minister, Benjamin ben-Aliairzer and the Minister for Strategic Issues, Lindermand. The talks will focus on prospects of development and the exiting state of the bilateral relationships.

Minister Babayev plans to hold meetings at Hibri University, the Institute of Export and International Cooperation, leadership of Elektroinvestemnt Company, RAD Information and Technologies, Batiman Litvin N.V., ORAD, Eylad Ashkelon Pipeline Ltd, Housing and Construction Holding Ltd, as well as Israeli Venture Association, Mizrahi and Leumi banks, water company Mekorod.

The meetings will focus on expansion of relationships between entrepreneurs of Azerbaijan and Israel, implementation of joint projects, application of advanced Israeli technologies in Azerbaijan, expansion of trade cooperation.

Within the framework of the visit it is planned to sign Azerbaijani-Israeli intergovernmental agreement on promoting investments and mutual protection

http://www.trend.az/?mod=shownews&news=39105&lang=en

Weekly review of Azerbaijani Currency Market
Source: Trend
Author: I.Khalilova
19.02.2007

Last week (February 12th to 16th) the official rate of the manat against US dollar, set by the National Bank of Azerbaijan grew by 0,0003 point or 0.03%. The average rate was established as 0.86974 to 1 US dollar, Trend reports.

Last week the maximum rate of US dollar against manat was established on February 12th (0,8699 manats to 1 US dollar), minimum – on February 16th (0.8696 to US dollar)

Official rate of AZN in regard to USD			
5 February	0,8703	12 February February	0,8699
6 February	0,8702	13 February February	0,8698
7 February	0,8701	14 February February	0,8697
8 February	0,8699	15 February February	0,8697
9 February	0,8699	16 February February	0,8696
Average weekly	0,87008	**Average weekly**	0,86974

As a result of last week's exchange rate of Azerbaijani manat against US dollar, established on the basis of results of the Baku Interbank Currency Exchange (BICEX), increased by 0,0003 point or 0.03%. The average rate was fixed at 0.86968 to 1 US dollar

Last week the maximum rate of US dollar against the manat was established on February 12th (0,8699 manats to 1 US dollar), minimum – February 15th (0.8694 manats to 1 US dollar

Deals concluded last week at BEST with transition to currency (T+0) comprised $5,577mln with an average sustained exchange rate of 0,8699 AZN/USD on February 12th, $4,257mln with an average sustained rate of 0,8698 AZN/USD on February 13th, $4,370mln with an average sustained rate of 0,8697 AZN/USD on February 14th, $0,560mln with an average sustained rate of 0,8694 AZN/USD on February 15th and $0,735mln with an average sustained rate of 0,8696 AZN/USD on February 16th.

Exchange rate of AZN in regard to USD			
5 February	0,8699	12 February February	0,8699
6 February	0,8701	13 February February	0,8698
7 February	0,8701	14 February February	0,8697
8 February	0,8699	15 February February	0,8694
9 February	0,8699	16 February February	0,8696
Average weekly	0,86998	**Average weekly**	0,86968

No deal was concluded with Russian ruble and euros last week due to absence of appeals.
In this period the price of vouchers fell from the point at 16 manats and made up 15 manats.

http://today.az/news/society/36724.html

Today.Az » Society » **Transnational park to be established on Azerbaijan-Georgia border**
20 February 2007 [09:00] - **Today.Az**
The project on establishing a transnational park on Azerbaijan-Georgia border will be discussed during the visit of Georgian Minister of Environment and Natural Resources Protection David Tkeshelashvili to Baku.

David Tkeshelashvili and Azerbaijani Ecology and Natural Recourses Minister Huseyn Bagirov will discuss cooperation in the sphere of biodiversity, the state of border rivers and preserves and Azerbaijan's presenting 50 gazelles to Georgian Vashlovani preserve, the ministry told the APA's Georgia bureau.

http://www.today.az/news/business/36800.html

Telephone tariffs can be increased
21 February 2007 [09:25] - **Today.Az**

The Tariff Council, State Price Regulator, has received proposals from Communication and Information technologies Ministry and State Railways Company (ADDY) for change of the service prices.

The CIT Ministry requested to increase stationary telephone subscription fees and to limit excessive home telephone use to 450 minutes a month, ADDY appealed to increase in-country fares, the Council told APA.

http://www.today.az/news/business/36794.html

Additional action plan on development of transport sector to be worked
21 February 2007 [08:55] - **Today.Az**
Azerbaijan's Transport Ministry is working out an action plan on development of transport sector within 2007-08.

Ministry officer Sadraddin Mammadov told APA that the additional plan is aimed at construction of 16 more road bridges besides 9 projects under construction. He said the radial roads and some avenues will be modernized and the entry and exit roads of the city will be without traffic lights.

One of the road bridges will be built between the settlements of Guneshli and Garachukhur in Baku and through the bridge near Khalglar Dostlughu Metro, there will be a direct access to Heydar Aliyev Airport.

He added that taxi and underground auto parkings will also be established in Baku.

http://www.today.az/news/business/36793.html

Agrarcredit lends AZN 155mln in rural areas
21 February 2007 [08:45] - **Today.Az**
Mammad Musayev, Chairman of the management Board of the Agrarcredit nonbank credit organization, gave a press conference on social and economic development of the regions.

He said during three years AZN 155mln were lent to finance rural development, 5,385 projects were funded and 15,560 enterprises were established.

He added the National Fund Supporting Enterprises allocates AZN 100mln for rural development every year.

The Organization has activities in four directions, lending loans, bank agent in financing of six World Bank projects, distribution of the loans by National Fund Supporting Enterprises and targeting agricultural vehicles bought through funding by Japanese Government.

The organization's full year net profit was AZN 1mln.
As of January 1, its authorized capital made AZN 11.8mln. ***APA***

http://www.today.az/news/business/36790.html

IMF to help Azerbaijan develop single methodology for budget forecasts
21 February 2007 [08:35] - **Today.Az**
Azerbaijan's Taxes Minister Fazil Mammadov has received Vitali Kramarenko, IMF Officer for Middle Asia and Near East.

Issues on tax collections in 2006 and forecasts for 2007 were discussed at the meeting, the Ministry told APA.
Minister said the country's economic growth, growing enterprises, and improved tax collection pushed up tax inpayments from the non-oil sector.
Vitali Kramarenko said expressed support for efforts to reduce tax debts.
Technical assistance to development of tax system in the country was also discussed at the meeting.
The parties agreed that it is possible in the future to discuss technical assistance to development of a single methodology for the affect of long-run macroeconomic indicators on budget forecasts, improvement of VAT administrating and reduction of tax debts.

http://www.today.az/news/business/36785.html

KfW to extend loan to development of energy sector in Azerbaijan
21 February 2007 [08:05] - **Today.Az**
Supervisory Control and Data Acquisition (SCADA) system installation project has continued to progress and completion of Phase 1 will be marked in a few days.

The project was implemented by Siemens through funding by Germany's KfW Bank, Azerenergy press service told APA.
KfW Vice President will also visit Baku to meet with heads of relevant bodies and discuss new country strategy with Azerbaijan.
KfW Officer in Baku Natig Abdullayev said the Bank financed two programs on rehabilitation of supply infrastructure in Azerbaijan.
Negotiation between Azerenergy and KfW Bank on financing of supply line construction from Imishli-Azerbaijan Power Plan to Mingechevir AzIES Power Plant (195 meters) is under way.
http://www.today.az/news/business/36760.html

GDP per capita to reach $5,000 in Azerbaijan in 2010, National Bank says
20 February 2007 [22:13] - **Today.Az**
Caspian Integration Business Club members met with Elman Rustamov, Chairman of the Management Board of the National Bank of Azerbaijan.

Elman Rustamov told the meeting attended by representatives from bank and insurance organizations that Azerbaijan is a pilot in the world for its economic growth.
GDP went up 35%, oil sector grew 60% and non-oil sector advanced 12% in Azerbaijan during 2006. We foresee GDP per capita will double to $5,000 in 2010, he noted.
He added that non-oil sector growth was 11% in three years and foreign trade balance of a country is an important performance indicator.
70% of the investment made in oil sector on outflow now. Repatriation of all the investments will be complete by mid 2009. Azerbaijan's share in profit oil will go up to 80%, he underscored.
Rustamov also noted that national currency strengthened by 5.1% last year and the amount of long-term loans doubled.
Our banking sector enjoyed dynamic development and performance indicators tripled within three years, he said.
At the end of the meeting, Rustamov was chosen an honorary member of the club, APA reports.

http://www.today.az/news/business/36755.html

Additional action plan on development of transport sector to be worked
20 February 2007 [15:56] - **Today.Az**
Azerbaijan's Transport Ministry is working out an action plan on development of transport sector within 2007-08.

Ministry officer Sadraddin Mammadov told APA that the additional plan is aimed at construction of 16 more road bridges besides 9 projects under construction. He said the radial roads and some avenues will be modernized and the entry and exit roads of the city will be without traffic lights.

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He added that taxi parks and underground auto parks will also be established in Baku.

http://www.today.az/news/business/36748.html

Azerbaijan to export packaged sugar
20 February 2007 [14:02] - **Today.Az**
Azersun Holding has commissioned Caucasus Sugar Refinery in Azerbaijan.

The Holding press service told APA that the unique refinery spent $1mln in investment. The refinery came on stream in late 2006 at a capacity of 750 tons a month. The German-technology refinery takes granulated sugar from Imishli Refinery.

Up to now, Caucasus Refinery sold sugar in 500g, 750g, 1kg, 5kg and 25kg packets on the domestic market. The company intends to export packaged sugar abroad in the nearest future.

Azeri Labor Unions Confederation offers to align minimum wage with monthly average

[21 Feb 2007 17:01]

Azerbaijan Confederation of Labor Unions has requested the Parliament to reconsider the subsistence level and social assistance criteria.

At the first phase, the amount of social assistance should equal minimum monthly salary and minimum salary should reach average monthly salary, Confederation Officer Chingiz Taghiyev told APA.

"Azerbaijan has joined Europe Social Charter and as per the document, the minimum salary or wage should be equal to average monthly pay. As of January 1, the average monthly salary was AZN 160.6 in Azerbaijan," he said.

Taghiyev also said that social assistance per capita is AZN 35 and this amount is expected to reach AZN 40 by July 1.

The Confederation say the energy prices hike make necessary reconsideration of subsistence level. The subsistence wage was set at AZN 64 in the 2007 State Budget discussed in December, 2006.

The utilities and transport expenses in the consumer basket jumped 64% following the recent price increase and inflation was 17% in January. /APA/

http://today.az/news/business/36874.html

Azerbaijan's new economic icon: IT sector
22 February 2007 [09:50] - **Today.Az**

In fifteen years, Azerbaijan's revenues from the IT sector will equal to the revenues from the oil sector.

This sensational and rather ambitious statement was made by the Minister of Communications and Information Technologies, Ali Abbasov, while speaking at the February 15 meeting of the Caspian Integration Business Club, an organization that unites 300 companies from 30 countries in the Black Sea-Caspian region.

However, a closer look at the latest developments in Azerbaijan's economy shows that this statement might not be unrealistic. While attending the World Economic Forum in Davos on January 26-28, President Aliyev met with Microsoft CEO Bill Gates, as well as the CEOs of CISCO, INTEL and other hi-tech companies and invited them to invest in Azerbaijan. Following that, Gates announced that Azerbaijan seemed to be an attractive country for his company to work with.

As Azerbaijan is rapidly expanding its GDP and gaining significant amounts of oil revenues, the political leadership of the country is seeking ways to diversify the economy and develop the non-oil sector to ensure sustainable growth in the future.

Development of the IT sector and making Baku the IT hub of the region was chosen as the new icon of Azerbaijan's future economic model – one which will not depend on oil and gas.

Speaking at the third anniversary of the implementation of the State Program on "Poverty Reduction and Economic Growth" last week, President Aliyev re-emphasized his intention to invest oil revenues into the IT sector and called it "a priority area."

The President also instructed the Ministry to transform Azerbaijan into the regional center for the "transit of information."

"If we manage to improve our legislative basis and implement it with transparency, we can succeed in making Azerbaijan the center for the transit of information between the East and the West," Minister Abbasov noted later.

Minister Abbasov also stated that in order to succeed in this direction, works are being done in several directions. Foremost, the computer network in the country is being upgraded and remodeled and it is expected that by 2009, the number of computer users in Azerbaijan will more than double. Secondly, the government of Azerbaijan is engaged in negotiations with the World Bank and the South Korean Government to receive $30 million for the implementation of the E-Government project in the country.

The most ambitious project, however, is the creation of the Regional Investment Zone (RIZ), which in the words of Minister Abbasov, is already underway. An American company was selected to consult with the Ministry in its execution. It is planned that the packet of suggestions on the establishment of RIZ will be submitted to the Parliament in March. The packet will include suggestions on how to change the fiscal and monetary policy of the state, as well as customs tariffs, taxes and legislative acts in order to simulate the development of the IT sector in the country.

As part of the development of the IT sector, it is planned also to expand the human resources in the country by creating an IT university, sending Azerbaijani students abroad and improving the quality of education at local colleges. At the same time, by the end of 2008, the whole country will be provided with telephones based on a digital system. Abbasov recently also announced

that the state companies Aztelecom and Baktelecom will be privatized as another step towards the development of a dynamic IT and telecommunications sector in the country. Aztelecom, a natural monopolist in the country, uniting 54 companies, will be privatized to stimulate the competition in the IT sector.

The growing potential of Azerbaijan's IT sector was felt recently when a "war of hackers" erupted between Azerbaijan and Armenia. Minister Abbasov warned the Armenian side that, "Azerbaijan's technological capabilities are several times higher than the ones of Armenia. So Armenian hackers should stop destroying websites in Azerbaijan, otherwise they will regret it."

Last year, Minister Abbasov traveled to the U.S. to launch his campaign on turning Azerbaijan into the IT hub of the Caspian region and subsequently came up with the idea of creating a "Technopark" in Azerbaijan. Although Azerbaijan was never a center of communications and technologies during Soviet times, the opportunity is ripe now to change the country's image for future decades.

http://today.az/news/business/36863.html

Azeri Leasing made investment of AZN 16.3mln last year
22 February 2007 [08:45] - **Today.Az**
Azeri Leasing Company has made investment of AZN 16.3mln to the economy in 2006.

Director Jeyhun Naghiyev told APA that the cumulative leasing operations portfolio (excluding upfront payments) made up $41.235mln, as of January 1.
Azeri Leasing concluded 241 agreements with customers and 229 leasing operations were carried out last year. The leasing portfolio went most to transport sector with 117 agreements worth $9,832,390 and least to the banking sector.

Absheron Economic Zone was active (65.2% or AZN 19.65mln) and Guba-Khachmaz region was passive (0.2% or AZN 50,000).
Azeri Leasing was established in 2004. The company's authorized capital stood at AZN 700,000 as of January 1.

http://today.az/news/business/36859.html

EBRD to render technical assistance to National Bank
22 February 2007 [08:40] - **Today.Az**
The National Bank of Azerbaijan requested the EBRD to render technical assistance in implementation of the project on expansion of the use of business and people's financial resources in the country, said Chairman of the Management Board of the National Bank of Azerbaijan, Elman Rustamov.

He said the issue was discussed with the EBRD mission visited Azerbaijan, APA reports.

"The European Bank can give some support in development of draft strategy for 2007-10. Technical assistance related to the projects on creation of agrarian banks, payment services, utilities payment and non-bank loans can be rendered as well," he said.

http://today.az/news/politics/36850.html

Ambassador to Jordan meets with Agriculture Minister
22 February 2007 [07:55] - **Today.Az**

Azerbaijani Ambassador to Jordan Elman Arasli met with Agriculture Minister of the country, Azerbaijani Embassy in Jordan informs.

They discussed trade turnover between the two countries, exchange of experience and plan to be signed for cooperation in the field of agriculture, APA reports.

http://today.az/news/business/36845.html

US-Azerbaijan ICT Forum to be held March 1
22 February 2007 [07:25] - **Today.Az**
The second US-Azerbaijan ICT forum will be held in the USA by Azerbaijan Consulate General in Los Angeles.

Azerbaijan Communications and Information Technologies Minister will make a keynote speck at the event, APA reports citing US-Azerbaijan Chamber of Commerce.

Representatives from a number of ICT companies of Azerbaijan will attend the forum.

http://today.az/news/society/36840.html

Azerbaijani culture days to be held in Komi
22 February 2007 [07:10] - **Today.Az**
The aim of the Azerbaijani delegation's visit to Komi Republic was to solve our compatriots' problems, formation of Diaspora and development of relations between Azerbaijan and Komi in different spheres.

Azerbaijani Consul General to St. Petersburg Gudsi Osmanov, who led the delegation met with State Council chairman of Komi Republic Vladimir Torpolov. Interior Minister of Komi Silayev and chief of the Federal Migration Service Maksimov also participated in the meeting.
Osmanov and Torpolov discussed development of bilateral relations in economic, social, cultural and other spheres.
They agreed on holding Azerbaijani days in Komi Opera and Ballet Theater with participation of Azerbaijani and local art figures. Torpolov underlined that there are a number of nations and said a lot of Azerbaijanis live in Vorkuta, Ukhta and Usinsk.
The sides approved the suggestion on fraternization of the cities of Siktivkar, Vorkuta, Ukhta and Usinsk of Komi Republic with Azerbaijan's cities.
Gudsi Osmanov also had one-on-one meetings with Interior Minister of Komi Silayev, chief of Federal Migration Service Maksimov and Prosecutor General Shuklin and they discussed the process of legalization of Azerbaijani living in Komi.
The consul general, Komi Parliament speaker Besnosikov and Culture and National Policy Minister Bobrova discussed the opening of Azerbaijani Sunday schools, holding culture days and exchange of students.
The delegation was composed of Azerbaijani consul general to St. Petersburg Gudsi Osmanov, consul of Azerbaijani Consulate General Gunesh Rustemzade, Deputy Chairman of Russian Azerbaijani Congress Gunduz Hamzayev, executive director of St. Petersburg department of Azerbaijani National and Cultural Autonomy Akif Gasimov and Archangelsk regional department chief of Azerbaijan National Congress Jamil Aliyev, APA reports.

http://today.az/news/business/36832.html

President Aliyev issues executive order on BTAK implementation
21 February 2007 [22:52] - **Today.Az**

Azerbaijan's President Ilham Aliyev issued an Executive Order on the implementation of the plan of complex measures for the Baku-Tbilisi-Akhalkalaki-Kars railway project.

Under the executive order, a state commission has been established for restoration and reconstruction of section Marabda-Akhalkalaki of the Baku-Tbilisi-Akhalkalaki-Kars railway project, financing the section from Akhalkalak to Turkey's border as well as for efficient control for other activities in connection with the project.
The state commission is composed of Transport Minister Siya Mammadov, First Deputy Finance Minister Ilgar Fetizadeh, Deputy Foreign Minister Khalaf Khalafov, Deputy Economic Development Minister Niyazi Safarov, and Executive Director of State Oil Fund Shahmar Movsumov, State Railway president Arif Askerov and head of Board of Managers Jahangir Hajiyev.
The transport Ministry will coordinate the implementation of the plan of measures for the Baku-Tbilisi-Akhalkalaki-Kars railway project.
Relevant commission of Georgia will be loaned $200m to finance the construction. The state oil Fund will finance the construction of the railway.
The Cabinet and the Transport Ministry are to prepare a state program for railway infrastructure development and submit to the Preisdent within a month, President's press service told the APA.

http://today.az/news/business/36827.html

Bill on construction-savings bank to be sent to government
21 February 2007 [22:43] - **Today.Az**
National Bank of Azerbaijan may introduce the bill on establishment of construction-savings banks in the country to the Government in March.

Chairman of the Management Board of the National Bank, Elman Rustamov, said the work on the bill is about to be complete.
Germany's scheme was used in developing the bill. The savings is accumulated for three years and the depositor is lent a mortgage loan after 36 months, he said.
Rustamov said the scheme will facilitate mortgage lending through the funding from the State Budget.
The bank's finances can be placed in the form of T-bills and notes. Prudential standards are being developed for establishment of the banks. The limit on these banks' capital will not be severe and will be similar to the banks opened with the capital of AZN 10mln, he underscored, APA reports.
http://today.az/news/business/36825.html

104MW power plant to be opened in Baku
21 February 2007 [22:41] - **Today.Az**
104MW Baku Multi-Fuelled Power Plant will be opened on Wednesday.

Azerenergy, the Azerbaijan national electricity company, told APA that the multi-fuelled generating plant was installed by Wartsila Corporation. Azerbaijani president Ilham Aliyev is also expected to take part in the official opening ceremony.
Azerenergy ordered five power plants, all based on multiple Wartsila 34SG gas-engined generating sets. The power plants, located in (87MW) Astara, Khachmaz, Nakhchivan and Sheki, have all been commissioned during 2006.
In addition, Wartsila Corporation was in December 2006, awarded a contract by Azerenergy, the Azerbaijan national electricity company, to deliver a multi-fuelled generating plant for a 300MWe power plant to be located at Sangachal, 50 km south of the capital Baku.
The plant will be equipped with 18 generating sets each powered by an 18-cylinder Wдrtsilд 50DF engine, delivering 17 MW.

Wartsila will also deliver the power plant design, other principal equipment and all building materials, while undertaking supervision of the building and equipment installation.
Wartsila's 50DF engines give the plant considerable fuel flexibility. The engines will primarily run on natural gas, with a small quantity of pilot liquid fuel for ignition. However, it will also be possible to switch the engines over to heavy fuel oil if there is a problem with the gas supply, and the engines can also use light fuel oil. The engines will deliver the same power on all three fuels.
The plant is scheduled to be fully operational in October 2008.

http://today.az/news/business/36888.html

Six documents signed between Azerbaijan-Moldova
22 February 2007 [18:50] - **Today.Az**
The second meeting of Azerbaijan – Moldova intergovernmental economic commission was held today in the Cabinet of Ministers.

The co-chair of the commission, Moldovan Trade and Economy Minister Igor Dodon noted that this is the first official visit of Moldovan government to Azerbaijan. Saying that they want to expand Moldovan-Azerbaijani relations, the minister noted they are interested in import and export of products from our country. He said that they are ready to constructive dialogue with Azerbaijani government.
According to the minister, Azerbaijan can cooperate with Moldova in the sphere of agriculture, industry and technology. Stressing that Moldova is oil and gas poor country, Mr. Dodon said his country imports approximately 70% of energy deliverers from foreign countries. He offered Azerbaijan to important tractors from Moldova.
Azerbaijani co-chair of the commission, first Deputy Premier Yagub Mammadov noted that cooperation of Azerbaijan and Moldova will be discussed in the business forum to be held on Friday.
Eyyubov stated that Azerbaijani side will try to adopt decision satisfying both sides in order to expand cooperation in suggested fields.
At the end of the meeting six documents were signed between Azerbaijan and Moldova. These are intergovernmental agreements on geodesy, cartography, cadastre, geoinformation and distance study of land; Migration and Protection of environment; and three cooperation agreements signed between statistics institutions, health and finance ministries of both countries.
APA

http://today.az/news/business/36958.html

Baku hosts Azerbaijan-Moldova Business Forum
23 February 2007 [15:15] - **Today.Az**
Friday, Azerbaijan-Moldova Business Forum was held in Baku by Azerbaijani Economic Development Ministry and Azerbaijan Export and Investment promotion Foundation.

The event was attended by Azeri Deputy Premier Yagub Eyyubov, Economic Development Minister Heydar Babayev, Moldovan Prime Minister Vasile Tarlev, Moldova Commerce and Industry Chamber Chairperson Georgia Kuku and over 40 businesspeople engaged in non-oil sector in the both countries.
Yagub Eyyubov said the forum will play an important part in building relation and deepening cooperation between the two countries, APA reports.
Vasile Tarlev said his country have created great opportunities for foreign investors and businesspeople.

"Our Government attaches great importance to real economy. We plan to carry out a number of reforms in taxation system this year and this will pave the way for expansion of business ties," he said.
Chairperson of Moldova Commerce and Industry Chamber briefed the participants about investment climate and opportunities in his country.

http://today.az/news/politics/36959.html

Moldovan Premier: "We offer Azerbaijan to create joint ventures"
23 February 2007 [16:03] - **Today.Az**
The Governments are not satisfied with goods turnover between Azerbaijan and Moldova, Moldovan Prime Minister Vasile Tarlev told at joint business forum held in Baku.

"Commodities turnover between the countries is $5mln. Although the figure rose 1.7% from the previous year, it is not satisfactory. We offered the Government of Azerbaijan to create joint ventures in agrarian, tourism, oil, non-oil, ICT and other sectors. Moldovan Government, too, is ready to create the necessary environment for Azeri companies," he noted.
He added that the bilateral commission suggested yesterday to establish trade houses in Baku and Chisinau and open flights between the capitals, APA reports.
http://today.az/news/business/36955.html

Remittance to Georgia from Azerbaijan beats $2.851mln
23 February 2007 [14:29] - **Today.Az**
During 2006 a total of US $2,851,376 was transferred to Georgia from Azerbaijan, compared to some $2.257mln a year earlier.

National Bank of Georgia told that a total of $721,064 was transferred to Azerbaijan from the country, as against $2.042mln in 2005.
Georgia received total remittance of $544.65mln from abroad and transferred $131.451mln abroad during the year, APA reports.
http://today.az/news/business/36954.html

German Ambassador: "Germany won't sign individual energy cooperation agreement with Azerbaijan"
23 February 2007 [14:21] - **Today.Az**
Germany is not going to sign an individual agreement on energy cooperation with Azerbaijan, German Ambassador extraordinary and plenipotentiary to Azerbaijan Per Stankina stated.

The Ambassador said Azerbaijan already has an agreement with the EU on energy security cooperation, APA reports.
"Azerbaijan has signed a deal on energy security cooperation with the EU. It means the agreement has been signed with Germany as an EU member state. So, Germany doesn't plan to individually conclude any agreement with Azerbaijan in this field," he said.
http://today.az/news/business/36952.html

Boeing and Azerbaijan Airlines Finalize Order for 787s and 737s
23 February 2007 [13:29] - **Today.Az**
Boeing (NYSE: BA) and Azerbaijan Airlines have signed an order for three 787-8 Dreamliners and two Next-Generation 737-900ERs (Extended Range).

Azerbaijan Airlines, based in Baku, Azerbaijan, becomes the first airline throughout the republics of the former Soviet Union to order the 787 and the 737-900ER. The order is valued at $609 million at list prices.
"This order is a momentous step in our history," said Jahangir Askerov, director general of Azerbaijan Airlines. "With the twin-aisle 787, we will enter the long-haul market for the first time. By expanding our fleet with long-haul twin-aisle airplanes, we will offer our customers many more choices for far-away destinations. We are eager to enter this new chapter in our proud history, and are delighted to do it with the most capable and comfortable airplanes in the world."
The carrier will operate the 787 on routes to the East, Southeast Asia and North America. The 737-900ERs will be placed on routes to Europe, Russia and other regional destinations.
"We are proud of our partnership with Azerbaijan Airlines," said Craig Jones, Boeing vice president of Sales for Central Asia and Russia.
"Since Azerbaijan Airlines took delivery of its first Western-built aircraft in 2000, a Boeing 757, we have worked very successfully with Azerbaijan Airlines. We look forward to being a valued contributor to its future success. We are confident the 787 and 737-900ER will be powerful tools that allow Azerbaijan Airlines to continue its leadership and expand its services for passengers."
Azerbaijan Airlines selected the General Electric GEnx engine to power its 787s.
Launched in April 2004, the 787 Dreamliner is the world's newest and most technologically advanced commercial jetliner. It offers a broad inventory of innovations that make it more fuel efficient, more economical for airlines and more comfortable for passengers.
The 787 will use 20 percent less fuel than today's airplanes of
comparable size and provide airlines with up to 45 percent more cargo revenue capacity. Its long range allows carriers to offer passengers the point-to-point service they prefer, bypassing inconvenient connections at crowded hub airports.
The first flight of the 787 is scheduled for 2007, with entry into service in 2008. With 468 orders from 37 customers around the world, the Dreamliner is the most successful new airplane introduction in history.
The 737-900ER is Boeing's newest addition to the popular line of 737 single-aisle aircraft. Boeing launched the 737-900ER in 2005 as a higher-capacity, longer-range complement to the 737 family. The 737-900ER is the largest member of the Next-Generation 737 airplane family. It seats up to 215 passengers and flies up to 3,200 nautical miles (5,900 kilometers), making the range comparable to the 737-800.
The 737-900ER features Blended Winglets, which enable an additional three to five percent improvement in fuel efficiency.
The 737-900ER shares the same industry-leading reliability of the other Next-Generation 737 series models. The Next-Generation 737s are ten years newer and fly higher, faster and farther than competing models.
Boeing has sold nearly 3,700 Next-Generation 737s, and has a backlog exceeding 1,500 airplanes worth nearly $100 billion.
/PRNewswire-FirstCall/

http://today.az/news/business/36947.html

Oil climbs above $60 on Iran report
23 February 2007 [09:20] - **Today.Az**
World crude oil prices jumped above $60 per barrel after stronger-than-expected falls to some US energy stockpiles, and as the US expressed disappointment at an apparent failure by Iran to suspend its nuclear programme.

In London, the price of Brent North Sea crude for April delivery rallied 90 cents to $60.25 per barrel in electronic deals.

New York's main oil futures contract, light sweet crude for delivery in April, advanced 83 cents to $60.90 per barrel in pit trading.
Government data showed that crude oil reserves surged by 3.7 million barrels in the week ending February 16 to 327.6 million barrels, the Department of Energy said. Analysts had predicted a gain of just 1.3 million barrels.
However, the report also showed that distillate inventories, which comprise heating oil and diesel, fell 5 million barrels to 128.3 million over a week in which much of the US was gripped by a cold snap.
Prices rose as the United States voiced disappointment after a UN watchdog report concluded that Iran has not bowed to international demands to suspend uranium enrichment.
'We have recently received the report. We are disappointed that Iran has not complied with (UN) resolution 1737,' said White House national security spokesman Gordon Johndroe.
'Iran has not suspended its enrichment-related activities,' the International Atomic Energy Agency said in a report. ***RTE Business***
http://today.az/news/business/36939.html

New gas well brought online in Guneshli Field
23 February 2007 [08:35] - **Today.Az**
The fourth gas well has been brought online in Guneshli Field.

SOCAR told APA-Economics that the 3,157meter-deep well produces 300,000 cu m of gas a day.
Bayil Limani Offshore Exploration Unit Chief Farhad Mammadov said the drilling plan has been doubled to 60,700 meters for 2007.
20 wells are planned to come online this year. Gas production reached 10.7mln cu m in Guneshli Field last year.
http://today.az/news/society/36938.html

Radio program to be broadcasted in Azerbaijani language in Canada
23 February 2007 [08:30] - **Today.Az**
A radio program will be broadcasted in Azerbaijani language in Montreal, Canada from February 25.

The program will be broadcasted every Sunday from 9.00 to 9.30 (local time) on CKDG 105.1 FM, State Committee for Azerbaijanis Living Abroad told the APA.
The listeners will be informed about Armenian-Azerbaijan conflict, and savagery committed by Armenians against Azerbaijanis.

http://today.az/news/business/36929.html

BTK's technical and economic assessment to be complete in May
23 February 2007 [07:50] - **Today.Az**
Yuksel Domanic will have completed technical and economic assessment of the Georgian-part of Baku-Tbilisi-Akhalkalak-Kars railway project in mid May, said Azeri Deputy Minister Musa Panahov.

He said a contest will be announced within two months and the construction activities in Georgia will commence in early summer, adding that situation has become stable after Russian military units were withdrawn.
Some forces want to impede the project in Javakhetiya. Georgia guaranteed that no problem will appear, he said.
On Wednesday, Azerbaijani President Ilham Aliyev issued a decree to accelerate work on the project and set up an intergovernmental commission, APA Economics reports.

http://today.az/news/business/36918.html

ADB mission arrives in Azerbaijan
23 February 2007 [07:05] - **Today.Az**
Asian Development Bank mission for transport has arrived in Azerbaijan on February 22.

The mission led by Hong Wang, evaluation specialist, will review the Highway Improvement Project.
The project is aimed at construction of Masalli-Astara road, and improvement of border infrastructure in Astara.
AIB will allocate some $200,000 to finance the project as from the first quarter of this year. The mission will also consider a number of road projects during the one-week visit. APA

http://today.az/news/business/36914.html

Azerbaijan offers talks on natural gas supply to Israel
22 February 2007 [20:33] - **Today.Az**
The Azerbaijani government is willing to supply gas to Israel through the Tbilisi-Baku-Erzurum pipeline.

The government of Azerbaijan has invited Israel to begin negotiations on the supply of natural gas.
Speaking at a recent meeting with Minister of National Infrastructures Benjamin Ben-Eliezer, Azerbaijan's Minister for Economic Development Heidar Babayev said that his government was willing to supply gas to Israel through Tbilisi-Baku-Erzurum pipeline.
Israel currently receives natural gas from Yam Thetis gas field off the Ashkelon coast, with the supply of gas from Egypt's East Mediterranean Gas Company (EMG), in which Joseph (Yossi) Maiman is a partner, due to begin 2008.

http://today.az/news/business/36889.html

Canadian company produces 13t gold from Soyudlu field in occupied Kelbejer region
22 February 2007 [18:52] - **Today.Az**
Canadian company First Dynasty Mines (FDM) has produced near 13t gold in Azerbaijani Kelbejer region occupied by Armenians in last 4 years.

FDM Company plans to invest $12mln to gold extraction field of Armenia.

Besides, Armenian government carries negotiations with World Bank International Finance Cooperation and other foreign banks to involve new investments to the gold extraction in occupied Azerbaijani territories. Canadian company has invested $22.1mln to the gold extraction in occupied lands up to last year. In general FDM allocated $4mln for geological exploration in Armenia and occupied Azeri territories.

Soyudlu field is in the territory of Kelbejer region of which 73% has been occupied by Armenia.

The exploitation of the field had been stopped in 1992. It was restored by the US experts in 1996. They found out 40t gold in the field. Armenian Industry and Tourism Minstry signed an agreement worth 63.3mln with FDM in September 1997. Markus Randolph, "Sterlite Gold LTD," owns the assets of FDM. FDM acquired a 50% stake in Armenian state organization "Ararat Gold Recovery Company" in 1998 and began gold extraction. The company acquired the

rest 50% stake in 2002 and became a wholly owner of Armenian company. 1200 FDM officers are working in the occupied lands and in Armenia. Their average monthly salary is $150-190. Most of entrepreneurs are Indians, Ecology and Tourism Ministry told APA.

http://today.az/news/business/36981.html

Baku and Sumgait Power Networks not to be under control of foreign companies
24 February 2007 [07:10] - **Today.Az**
Baku and Sumgait Power Networks will not be under control of foreign companies, said Deputy Premier Yagub Eyyubov.

This issue is not on agenda and probably will not be in the nearest future, he noted.
He denied the rumours that Russia's RAO UES and Germany's Siemens will control the power networks in Azerbaijan.
In late 2006, Azerbaijan terminated the 25-year agreement with Barmek Company who controlled Baku and Sumgait Electricity Networks, APA reports.

http://today.az/news/business/36982.html

Azerbaijan not to reconsider energy prices, Deputy Premier says
24 February 2007 [07:50] - **Today.Az**
Azerbaijan is not expected to reconsider energy prices as the prices were increased in January, said Deputy Prime Minister Yagub Eyyubov.

As to the rumours that gas prices will be increased in April, Eyyubov didn't rule out discussion on gas fees.
We have not considered this issue yet. Any minister can not increase tariffs in his field. The Tariff Council [State Price Regulator] can make a decision on price rise, he noted.
Yagub Eyyubov also added that power supply lines and grids will be completely modernized at the president's behest, APA-Economics reports.

http://today.az/news/business/36996.html

Japanese government grants $523,614 for 6 projects in Azerbaijan
24 February 2007 [09:05] - **Today.Az**
On the 27th of February the Signing Ceremony of Grant Contracts of six projects within the framework of Grassroots and Human Society Grant Assistance Programme of the Government of Japan will be held at the Residence of the Ambassador of Japan to the Republic of Azerbaijan.

The six projects include: the Project for Reconstruction of School #17 in Kishlak Area in Sheki City, the Project for Rehabilitation of Secondary School in Boshchallar Village in Imishli region, the Project for Rehabilitation of School in Sigirli Village of Kurdamir Region, the Project for Renovation of School in Dagli Village in Guba Region, the Project for Improvement of Irrigation System in 5 villages in Barda Region, and the project for provision of Equipment for Boarding School #1 in Ganja City.
Total amount of the Japanese Grant Assistance for the six projects is $523,614. The grant contracts will be signed by the Ambassador of Japan to Azerbaijan Tadahiro Abe from the Japanese side, and by the directors of six NGOs from the Azeri side, the embassy told the APA.
http://today.az/news/business/37007.html

Azerbaijan's ICT Minister to visit US
24 February 2007 [09:55] - **Today.Az**

Azerbaijan's Communications and Information Technologies Minister Ali Abbasov will be visiting the United States on February 27-28 at the invitation of Craig Barrett, chairman of GAID and the board of Intel Corp. and GAID Executive Coordinator Sarbuland Khan.

The Ministry press service told APA that will deliver a speech at the 2nd meeting of the Strategy Council of the UN Global Alliance for ICT and Development to be organized in Santa Clara, California.
Ali Abbasov will lead a delegation composed of the representatives from ICT companies, nongovernmental organizations and Azerbaijan National Academy of Science.
The delegation will also attend a number of events to be held in Los Angeles and Santa Clara, including the second US-Azerbaijan ICT business forum. Mr. Ali Abbasov will deliver a keynote speech on Regional Innovation Zones and Priorities of Azeri Economy.
He will also deliver a speech at California Chamber of Commerce and meet with the leadership of Intel, Cisco and other companies within the scope of the visit.

http://today.az/news/business/37010.html

Trade houses to open in Baku and Kishinev
24 February 2007 [10:05] - **Today.Az**
Moldovan trade house will be opened in Baku and Azerbaijani trade house will be opened in Kishinev, Moldovan Prime Minister Vasile Tarlev told journalists.

He said that they reached an agreement on opening trade houses with Azerbaijani leadership.
The Premier noted that exhibition of Moldovan goods will also be opened in Azerbaijan, APA reports.

http://today.az/news/business/37014.html

Azeri economy continues to grow
24 February 2007 [10:25] - **Today.Az**
According to Azeri State Statistics Committee, foreign investment reached USD 4.6 billion in the country in 2006.

Out of this, approximately USD 3.7 billion (79.9 percent of total investments) are direct foreign investments and USD 807.5 million are in foreign loans.
About USD 280.5 million was invested by foreign and joint Azeri-foreign companies in Azeri's oil sector reports the Russian news agency Regnum.
Azerbaijan's is the most rapidly developing economy in the world and achieved 26 percent growth in 2006, reports the news agency. In the first month alone of 2007, Azerbaijan's GDP reached USD 1.9 million. This is 46.8 percent more compared to Janaury 2006.
According to the Azeri administration's prognosis, the GDP is expected to grow by an additional 16.3 percent compared to 2006. ***The Messenger***

http://today.az/news/business/37005.html

Azerbaijan's investment climate to be promoted in Oslo
24 February 2007 [10:30] - **Today.Az**
Azerbaijan Export and Investment Promotion Foundation (AzPromo) intends to organize an investment-promotion conference in Oslo next week.

AzPromo President Emil Majidov said the conference will deliver information about the investment environment and business legislation of Azerbaijan.
He said the same event will also be held in Austria and Slovakia on March 12, 13 and 14 and in Dubai in early April.

AzPromo intends to organize more than 25 business forums and investment-promotion conferences during this year. ***APA-Economics***

http://today.az/news/business/37022.html

Moldova, Azerbaijan to set up joint ventures to process agri-food products
25 February 2007 [13:43] - **Today.Az**
Moldova and Azerbaijan will set up joint ventures to process agri-food products, especially meat, milk and grapes.

This decision was approved during a today's Moldovan-Azeri forum of business people, held in Baku within a two-day official visit to Azerbaijan by Premier Vasile Tarlev.
The Azeri business people showed interest in an offer to buy Moldovan wines and eventually make investments in Moldova's oil industry.
Participating in the forum, Prime Minister Vasile Tarlev has said Moldova will do its utmost so that the foreign investors feel in Moldova as well as in their own country. There are certain obstacles in the Moldovan fiscal policy, but they will be removed, the premier said.
Tarlev stressed that, in 2006, Moldova became a member country of the Central European Free Trade Agreement-2, and has already an asymmetric preferential trade regime with nine countries, and about 2,000 names of Moldovan goods have access to the European Union's market without customs duties.
At the same time, the premier said, to foster the Moldovan-Azeri relations, it is very important to open an Azeri trade house in Moldova and a Moldovan one in Azerbaijan, to inaugurate an air route and a bus route Chisinau-Baku, as well as to create optimum conditions for the collaboration between the two countries' business people.
Azeri Economic Development Minister Heydar Babayev welcomed the two states' intention to collaborate in the economic area, and said that there are many mutual advantages in this respect.
Referring to his country, Babayev said that ,in 2006 , Azerbaijan was a world leader as regards the increase in the Gross Domestic Product. He also said 25,000 new jobs were created in Azerbaijan, and the business climate improved.
At the forum, economic missions' representatives ruled to organise Azerbaijan's Days in Chisinau next October and Moldova's Days in Baku in 2008.
In 2006, the foreign trade between Moldova and Azerbaijan amounted to 6.6 million dollars, of which exports - 4.8 million dollars, - 1.3-fold more than in 2005.
/MOLDPRES/

http://en.apa.az/news.php?id=21872

Person robbing IMF office in Azerbaijan detained

[27 Feb 2007 15:39]

The person committed theft in International Monetary Fund Office in Azerbaijan on February 3-5 has been detained, Interior Ministry pres service told the APA.

The man, who stole four computer hard drives and other equipment from the IMF Office in Baku, is Azer Azimov, head advisor of Finance Ministry State Budget sector.
Interior Ministry's Top Investigation Department, Nasimi Police Department and National Security Ministry officers found out that Azer Azimov committed the theft through key. The investigation of the criminal case is under way.
Stolen equipment has not been returned to IMF office yet, it is kept in investigation bodies as

evidence.
IMF Office is housed on the third floor of the five-storied building of the Finance Ministry, which is always under police control. /APA/

http://today.az/news/politics/37032.html

Khojaly genocide of 15 years ago marked today
26 February 2007 [12:26] - **Today.Az**
The 15th anniversary of Khojaly genocide is marked today.

Commemorative events, mass protest actions are held on this occasion in Azerbaijan and different countries of the world, APA reports.

Armenian Armed Forces with help of the USSR 366th Motor Rifle Regiment committed massacre in Azerbaijani town of Khojaly at the night of February 25 to 26. 613 civilians, including 63 children, 106 women, 70 elderly were killed atrociously, their head were cut, 8 families were perished, 25 children lost both parents, 130 children lost one of the parents, 487 were wounded (76 of them were children), 1275 were captured, 150 missed as a result of the genocide committed by the 2nd battalion of 366th regiment under the command of Major Seyran Ohanyan's (Seyran Ohanyan is "defense minister" of separatist Nagorno Karabakh regime now), 3rd battalion under the command of Yevgeny Nabokhi, battalion #1 under staff chief Valery Chitchiyan and over 50 Armenian officers and ensigns. Damages amounting at 5 billion rubles (01.04.1992) were inflicted to the government and people's property.

Azerbaijani Parliament declared February 26 Day of Khojaly genocide.

http://today.az/news/business/37095.html

Azerigas receives 25m cu m of Shah Deniz gas
27 February 2007 [09:20] - **Today.Az**
25m cubic meters of natural gas have to date been delivered to Azerigas, the national grid, from Shah Deniz gas and condensate field after the restart.

Azerigas Chairperson Alikhan Malikov said that the amount of deliveries will go up in the nearest future.
The first Shah Deniz gas from well SDA-01 came on December 15, 2006. Total daily gas production capacity of the well is 5.6m cubic meters of gas and 2.5bn cubic meters of condensate.
The Field is expected to produce 5.5bn cubic metres of gas this year. This year Shah Deniz Field will deliver 2.5bn cu m of natural gas to Azerbaijan for domestic use, 2.8bn cu m of gas to Turkey and 0.25bn cu m of gas to Georgia (transit tax).
Gas output in Shah Deniz Field was indefinitely suspended on Monday, Jan. 22.
Technical failure had occurred in the first well in early January which resulted in gas leakage. On Jan. 14 the production was resumed for an after-repair trial. However, it was decided to shut in the well again to carry out remedial work on Jan. 22 for complete elimination of the failure.
BP is the 25% owner and operator of Shah Deniz, which is believed to contain 1 trln cubic metres of gas, making it the largest gas discovery ever made by the group. Shah Deniz gas is pumped to Turkey via Georgia, onward to Europe through Baku-Tbilisi-Erzurum pipeline, APA reports.

http://today.az/news/politics/37113.html

Kazakhstan's Premier to visit Azerbaijan
27 February 2007 [17:45] - **Today.Az**
Kazakhstan's Prime Minister Kerim Mesimov met with Azerbaijani Foreign Minister Elmar Mammadyarov.

The ministers mainly discussed the expansion of cooperation in economic sphere, as well as in oil-gas and transport sector.

Noting that the economy of the two countries is developing, Mesimov stressed Kazakhstan and Azerbaijan can cooperate.

Azerbaijani Foreign Minister noted that there is no controversy between the two countries and the positions of the countries mainly coincide.
Mammadyarov said Azerbaijan supports Kazakhstan's intention to chair the OSCE in 2009.
At the end of the meeting Elmar Mammadyarov presented Azerbaijani Prime Minister Artur Rasizade's invitation letter to Kerim Mesimov.
Mesimov accepted the invitation. The date of the visit will be specified through diplomatic channels, APA reports.

http://today.az/news/business/37116.html

Japanese, French and Austrian companies offer to create household effluents processing plant in Azerbaijan
27 February 2007 [21:36] - **Today.Az**
Azerbaijan Economic Development Ministry is considering a number of companies' proposals on household effluents processing plant construction project.

Minister Heydar Babayev told Japanese Ebara, French Klim and Austrian Efoen officially applied for the project.
Besides, Mitsubishi offered to produce gas from household effluents, APA reports.
"Another company said it can generate electricity from effluents. We are considering all proposals. We have chosen a consulting firm and the process will go on by this summer," he noted.
Baku discharges 775,000 tons of household effluents a year.

http://today.az/news/politics/37118.html

President issues executive order on State Program on resorts
27 February 2007 [21:41] - **Today.Az**
Today Azerbaijani President Ilham Aliyev issued an executive order on State Program on Azerbaijani Resorts.

Economic Development and Health Ministries are to take into account the proposals of the Labor Union Confederation and to work out draft State Program within three months and submit it to Azerbaijani President, APA reports.
The executive order envisages involvement of local and foreign investments to the development of Azerbaijani resorts, forming an infrastructure in line with modern standards to provide Azerbaijanis and foreigners with health and vacation resorts, working out of development for 2007-2017. The Cabinet of Ministers has been assigned to implement the executive order.
http://today.az/news/business/37121.html

This year real economic growth to surpass forecasted 29.7%

27 February 2007 [21:50] - **Today.Az**
The share of the private sector in gross domestic product generation has reached 81% and the number of legal entities engaged in entrepreneurship exceeded 73,000 in Azerbaijan, Economic Development Minister Heydar Babayev stated.

74.3% of these legal entities established small enterprises and over 4,000 foreign investment-based companies were registered in the country, APA reports.
The number of individual bodies engaged in entrepreneurship climbed 13.5%, year-over-year, to 237,000.
Babayev also underscored great achievements in improvement of investment climate and attraction of investment influx into the non-oil sector during 2006, saying capital investments jumped 14.8%.
A total of $36.7bn were invested in the economy during the period of 1995-2006, of which $25.7bn (more than 70%) were foreign investments.
The minister insisted that real economic growth will surpass the forecasted 29.7% in 2007.

http://today.az/news/politics/37130.html

Japanese government and Azerbaijani NGOs sign contracts
28 February 2007 [07:05] - **Today.Az**
The government of Japan and six Azerbaijani NGOs today signed contracts on the projects concerning reconstruction and construction of five schools and irrigation system.

Ambassador Extraordinary and Plenipotentiary of Japan to Azerbaijan Tadahiro Abe said that the embassy functioning in Azerbaijan since 2000 implemented 91 projects up to $5,861,492 within the framework of "Grassroots and Human Society Grant Assistance Programme".
Azerbaijani Education Minister Misir Mardanov thanked the government of Japan as most of these projects were connected with education, APA reports.
The Minister noted that the contracts signed today are about the reconstruction of schools in Imishli, Kurdemir, Sheki and Guba regions and supplying a school in Ganja with equipment.
Linking Japan's rapid development after the World War II with attaching great importance to education Misir Mardanov said that Azerbaijan also pays great attention to this sphere.
"AZN100m has been allocated to the construction, reconstruction of schools and their provision with equipment. 150 schools in Azerbaijan will be reconstructed at the expenditure of the state budget," the Minister said.
Contracts on six grant projects the total amount of which is $523,614 were signed at the end of the event. Ambassador Tadahiro Abe signed the contracts from the Japanese side.
http://today.az/news/business/37131.html

San Jose State University to qualify human resources for Azerbaijani innovation zones
28 February 2007 [07:15] - **Today.Az**
Azerbaijan's Communications and Information Technologies Minister Ali Abbasov visited the scientific core of Silicon Valley, San Jose State University and inked a memorandum of understanding on cooperation with the university.

As per the agreement, San Jose State University will qualify human resources in labor-intensive innovation zones to be created in Azerbaijan, APA reports.
In 2006, the university was a pilot for computer engineering in the United States.
During the second half of the day, Mr. Abbasov had meetings at San Jose-based office of Cisco Systems, the leading supplier of networking equipment and network management for the Internet.
In the afternoon, Azerbaijani delegation visited TIE Silicon Valley and had discussion on prospects of using U.S experience in Azerbaijan.

http://today.az/news/business/37139.html

Azerbaijan's trade gap with CIS $107m
28 February 2007 [09:05] - **Today.Az**
January, 2007 Azerbaijan enjoyed trade surplus of US $113,689,000 in trade operations with faraway nations and suffered trade gap of $107,268,800 in trade with Commonwealth of Independent States.

Azerbaijan exported goods worth $336,189,300 to remote countries and imported goods of $222,500,400.
The country exported goods of $59,825,300 to CIS and import goods of $167,089,100.
Azerbaijan exported mineral fuel, oil and oil products, bitumen, polymer, aluminum, fruits, nonorganic chemicals etc. and imported electronic equipment and devices, ferrous metals, furniture and transport facilities, vessels and auto parts etc, APA reports.
http://today.az/news/business/37140.html

IMF mission to leave Azerbaijan
28 February 2007 [09:06] - **Today.Az**
Head of IMF mission for Azerbaijan Vitali Kramarenko is finishing his visit to Azerbaijan.

As APA reports, Mr. Kramarenko has had meetings at President's Office, Cabinet, Finance, Economic Development, Taxes Ministries, Social Protection Fund, Statistical Committee, National Bank, SOCAR, SOFAZ, Baku Stock Exchange, Accounting Chamber, BP Azerbaijan, WTO office in Baku and some commercial organizations.
The meetings focused on 2006 macroeconomic indicators and prospects and economic policy for medium term of 2007.
IMF Executive Director for Azerbaijan Thomas Moser and Deputy Director for Near East and Middle Asia Lorenzo Peres has already arrived Baku.
Mr. Kramarenko will give a press conference tomorrow on the results of his visit.

http://today.az/news/business/37052.html

Inflationary tendency to go on in March
26 February 2007 [19:04] - **Today.Az**
Inflation rate stood at 6.4% in January and gained 1.3% during the past period of February, said Chairman of State Statistical Committee Arif Valiyev.

He said the tendency will also go on during March. He didn't agree with independent experts' calculation that inflation rate hit 14% in January, APA reports.
"They don't take account of price fluctuation and price fall. They should also have monitored the situation in regions," he noted.

http://today.az/news/business/37054.html

Azerbaijan to target foreign currency inflow toward expenditures in the same currencies
26 February 2007 [19:50] - **Today.Az**
Azerbaijan's Cabinet has approved of Regulations on Targeting of Budget Revenues in Foreign Currencies toward Expenditures in the Same Currencies.

The move is aimed at ensuring efficiency that the foreign currency inflow to the budget will be targeted to foreign currency outflow without any loss in exchange.

As per the regulations, the foreign currency inflow will be registered by the Treasury according to the National Bank's official interest rate for the same day and will be used for financial payments abroad.
By the regulations, repayments for taxes paid to the budget by foreign entities engaged in development and exploitation of oil fields on PSA can be made in foreign currencies. ***APA-Economics***

http://today.az/news/business/37069.html

Azerbaijan develops social rehabilitation program for people on low income
27 February 2007 [07:20] - **Today.Az**
Azerbaijan Labor and Social Protection Ministry has been drafting Social Rehabilitation Program for families on low incomes, said Minister Fuzuli Alakbarov.

As APA reports, the program is targeted at improving employment, contributing to rural development, fostering vocational education, healthcare etc.
"The program takes every family individually. The main target is to deliver assistance to all disadvantaged families," he noted, adding that social assistance targeting process will be liberalized.
http://today.az/news/business/37077.html

Today.Az » Business » **2007 energy balance blueprint to be sent to Government**
27 February 2007 [07:55] - **Today.Az**
Azerbaijan's draft energy balance for 2007 may be introduced to the Cabinet this week, Industry and Energy Ministry officer Rafig Aliyev stated.

He said unavailability of SOCAR final figures for has production and supply delays the draft and at the same time the company's figures are pending approval, APA reports.
The Ministry analyzed oil and gas production and refining, heating supply and fuel oil processing as well as distribution of the oil to refineries after Azerbaijan rejected Russian gas and stopped pumping oil through Baku-Novorossiysk pipeline and delivery of the fuel oil to power stations which had been reoriented to run oil fuel oil.

(March 2007)

http://today.az/news/business/37159.html

2007 State Budget to be reconsidered in May
28 February 2007 [16:08] - **Today.Az**
Azerbaijan's state budget for 2007 will be reconsidered in May.

Ziyad Samadzade, Chair of Parliament Commission for Economic Policy, told that energy prices increase in early January and the Government's measures toward improvement of the social protection made reconsideration urgent.

"These were not taken into account when the draft state budget was discussed in late 2006. Revenues and expenditures of the budget will be amended in May," he noted.

He added that reconsideration of the state budget is aimed at strengthening the social protection of the population, APA reports.

http://today.az/news/business/37174.html

Inflation to step up unless Azerbaijan takes effective measures
28 February 2007 [23:14] - **Today.Az**

"If the Government of Azerbaijan doesn't take effective additional measures, the inflation rate will continue to rise and to hit 17% at the year-end."

"But the government takes serious the problem," Vitali Kramarenko, IMF officer for the Middle East and Central Asia, told a press conference, APA reports.

He insisted that the government should, to some extent, limit the expenditures, increase interest rates, and pay attention to the monetary policy.

He added that the government can use the finances to come from the recent energy price rise for various purposes.

"The earlier the fiscal policy is amended the easier it will be to curb the inflation," he noted.

Mr. Kramarenko has had meetings at President's Office, Cabinet, Finance, Economic Development, Taxes Ministries, Social Protection Fund, Statistical Committee, National Bank, SOCAR, SOFAZ, Baku Stock Exchange, Accounting Chamber, BP Azerbaijan, WTO office in Baku and some commercial organizations. The meetings focused on 2006 macroeconomic indicators and prospects and economic policy for medium term of 2007.

IMF Executive Director for Azerbaijan Thomas Moser and Deputy Director for Near East and Middle Asia Lorenzo Peres has already arrived Baku.

http://today.az/news/business/37181.html

AIC progresses in talks on investment projects

01 March 2007 [07:54] - Today.Az

Azerbaijan Investment Company (AIC) considered more than 50 investment projects last year.

As APA reports, some more prospective projects are being considered at present and it is planned to sign an agreement to finance the project aimed at constructing a new Milk-Pro factory in Baku.

Negotiations on acquisition of a 20% stake in Garadagh Cement is about to be complete. Also, the company is also studying prospects of taking part in investment projects such as establishment of a company for oil shipping in the Black Sea and Mediterranean Sea, construction of an insulin company etc.

Established in March 30, 2006 by a presidential decree, Azerbaijan Investment Company's authorized capital reached AZN 90m.

http://today.az/news/business/37187.html

ADB energy mission to visit Baku

01 March 2007 [08:26] - Today.Az

Asian Development Bank's energy mission will visit Azerbaijan this week.

The mission will have meetings at Industry and Energy Ministry and hold a workshop in Baku.

Ministry Officer Rafig Aliyev told APA that the aim of the visit is to render technical assistance to Azerbaijan on Renewable Energy Development.

The Bank is expected to lend a $30m loan to Azerbaijan over renewable energy development project.

http://today.az/news/business/37189.html

New enterprises to be opened in Azerbaijan this year

01 March 2007 [08:32] - Today.Az
A number of new enterprises will be opened in Azerbaijan this year, aid Economic Development Minister Heydar Babayev.

Dimes Caucasus will open juice producing plant in Baku, Telli LLC will establish a pomegranate juice producing plant and a gypsum plant will be created in Goranboy, five-star hotel in Ganja, high-vitamin feeding factory in Aghstafa, Design GENAY-Azerbaijan plastic pipe plant in Sumgait etc.

According to APA, Heydar Babayev also said that construction of a household effluent processing plant and the second cement plant will be commenced this year too.

http://today.az/news/business/37192.html

Azeri Parliament to pass new economic laws in spring session

01 March 2007 [08:41] - Today.Az
Parliament is expected to adopt a number of economics bills during the spring session.

Ziyad Samadzade, Chair of Parliament Commission for Economic Policy, told that Bill on Internal Audit is under discussion, APA reports.

"This law will help ensure financial transparency and advance management culture in Azerbaijan. Bill on State Debts, which passed the first reading, is also expected to be adopted. At present we are discussing the bill with international experts," he noted, adding that Competition Code will be adopted during the session too.

http://today.az/news/business/37209.html

ISO Secretary-General visits Baku

01 March 2007 [13:58] - Today.Az
Alan Bryden, Secretary-General of International Organization for Standardization (ISO) has visited Azerbaijan at the invitation of Azerbaijan State Agency for Standardization, Metrology and Patents.

He visited Martyrs' Avenue and Honorary Cemetery on Thursday.

Within the scope of the two-day visit, the secretary general will meet with Premier Artur Rasizade and government bodies.

He told reporters that the visit is aimed at studying the situation on quality standards in Azerbaijan, APA reports.

Ramiz Hasanov, Chairman of Azerbaijan State Agency for Standardization, Metrology and Patents, said the country is a full member of 3 committees of the organization. Hasanov said Alan Bryden will have meetings at SOCAR Defense Industry, Economic Development, and Emergencies Ministries.

March 2 a roundtable in Baku will be held with participation of representatives from government bodies, foreign embassies, donor organizations and other agencies. The event is aimed at discussion of problems and prospects of standardization in Azerbaijan.

Azerbaijan has become a full member of ISO since 2003. ISO promotes the development of standardization and related activities in the world with a view to facilitating the international exchange of goods and services and to developing cooperation in the spheres of intellectual, scientific, technological and economic activity.

http://today.az/news/business/37212.html

Baku hosts first meeting of Azerbaijan-Latvia intergovernmental commission

01 March 2007 [14:36] - Today.Az

The first meeting of the Azerbaijan-Latvia intergovernmental commission started in Economic Development Ministry.

Latvian Economics Minister Juris Strods leads the delegation. The delegation is composed of the experts of different Ministries.

The agenda of the intergovernmental commission covers concluding an agreement on bilateral cooperation in finance and bank control, holding a joint conference on mortgage issues in Baku or Riga.

Final protocol of the meeting will be signed tomorrow, APA reports.

http://today.az/news/business/37214.html

Credit investments in Azeri economy grew 80.6%

01 March 2007 [16:04] - Today.Az

As of February 1, the amount of loans invested in the economy of Azerbaijan reached AZN 2,493.4m, up 80.6% from a year earlier.

The National Bank of Azerbaijan told the APA that AZN 1,203m (48.2%) of the credits were invested in national currency and AZN 1,290.4m (51.8%) in foreign currencies.

State banks had a share of 46.1% in the credit investments, private banks 52.1 and nonblank credit organizations 2.9%.

AZN 644.3m (25.8%) was invested in trade and service sector, AZN 799.7m (32.1%) in household economy, AZN 220.3 (8.8%) in transportation and communications sector, AZN 192.6m (7.7%) in industry and production sector, AZN 139.6m (5.6%) in agriculture and processing, AZN 170.9m (6.9%) in energy, chemical and natural resources sector and AZN 164m (6.56%) in construction and property sector.

Credits worth AZN 2.8m (0.1%) were lent to government bodies and AZN 1.5m (0.1%) to public organizations. The Finance sector shared AZN 41.6m of the credit investments, other sectors AZN 10.6m.

http://today.az/news/business/37217.html

State Commission to control privatization of state property set up

01 March 2007 [16:09] - Today.Az

Azerbaijan's President Ilham Aliyev issued an executive order on establishment of a State Commission on control over privatization of state property.

The executive order is aimed at strengthening state control over privatization process.

The commission is composed of Economic Development Minister, Finance Minister, Justice Minister, Taxes Minister, Minister of Labour and Social Protection of Population, Industry and Energy Minister, Transport Minister, Agriculture Minister, Culture and Tourism Minister, Health Minister, Education Minister, Communication and Information Technologies Minister, Youth and Sport Minister, the chief of State Committee on Management of State Property, the chief State Committee on Securities, the chief of Azerbaijan Labor Union Confederation.

The Cabinet of Ministers is to work out draft resolution of the commission within a month and submit to President, President's office press service told the APA.

http://today.az/news/business/37226.html

Azerbaijan to produce gold from 4Q07

01 March 2007 [21:50] - Today.Az

Azerbaijan International Mining Operating Company has submitted a report on exploration work in Gadabey and Gosha fields.

Company President Reza Vaziri told that the action plan will also be introduced to the government by late March.
He said equipment for the gold plant will be delivered to Azerbaijan within three months, APA reports. "The site of the plant has been reviewed. Gold production will start in Azerbaiajn in the fourth quarter of this year," he noted.
Anglo Asian Mining Plc (49%) and Azerbaijan (51%) signed a 30 year Production Sharing Agreement ("PSA") to develop previously identified copper and gold properties in Azerbaijan that lie on the Tethyan Mineralization Belt which runs between Turkey and Pakistan.
Anglo Asian has three principal contract areas in Azerbaijan, with a total accessible area of 1,062 km2: Ordubad, Gedabek and Gosha.

The Ordubad area, some 462 km2, contains six projects: Shakardara, Piyazbashi, Misdag, Agyurt, Shalala and Diakhchay which are likely to be developed by cluster mining as they are all within a 5 km radius. Additionally, the Ordubad area contains other significant properties with Soviet era defined resources at Yashiling, Goyhundur, Keleki and Kotam.
The Gedabek contract area, some 300 km2, is approximately 75 km from Azerbaijan's second biggest city, Ganja. This area contains the Gedabek development property and a further eight properties, again with Soviet era defined resources.
The 300 km2 Gosha contract area is approximately 40 km further to the north-west of Gedebek and contains the Gosha property as well as the Itkirlanski and Mundjgdu prospects.

http://today.az/news/business/37243.html

NBA Chair receives KfW Senior VP

02 March 2007 [08:00] - Today.Az

Chairman of the Management Board of the National Bank of Azerbaijan, Elman Rustamov has received a delegation led by KfW Senior Vice-President, Doris Kohn.

Issues concerning implementation of KfW-funded projects and prospects of the bilateral cooperation were discussed at the meeting.
KfW is cooperating with Azerbaijan on the scope of projects such as Loan Security Fund, AzDRES-Power Supply Grid, Savings Insurance System, utilities Infrastructure Assistance, Ecoregional Nature Program.
KfW has to date allocated loans worth €144.2m and grants worth €23.8m to Azerbaijan. ***APA-Economics***

http://today.az/news/business/37245.html

IMF to help Azerbaijan improve consumer price index calculation machinery

02 March 2007 [09:05] - Today.Az

Azerbaijan State Statistical Committee has requested IMF to render technical assistance over improvement of the mechanism for Consumer Price Index calculation in the country.

Vitali Kramarenko, IMF officer for the Middle East and Central Asia, said IMF is ready to help Azerbaijan to work out calculation methodology and a special mission may be sent to Azerbaijan in mid the year.
APA

http://today.az/news/business/37247.html

Customs and taxes collection jumps 32% in Azerbaijan

02 March 2007 [09:11] - Today.Az

Azerbaijan State Customs Committee collected AZN 109.01m in tax and customs against the plan of 107.1m during January-February.

The top body told APA-Economics that the amount is up 32.13% or AZN 26.51m from the same period last year. The two-month forecast was met by 101.78%.

http://today.az/news/business/37248.html

Azerbaijan seeks high tech investors

02 March 2007 [08:15] - Today.Az

Oil exports have caused Azerbaijan's growth rate to rocket past 30 percent, but Azerbaijani officials know the oil will not last forever.

Ali Abbasov, the country's minister of communications and technology, was in Los Angeles to urge U.S. business leaders to invest in his country. He says Azerbaijan has been blessed with oil revenue, but needs to build a stable, sustainable economy. "And the information and communications technologies have been chosen as a priority field of Azerbaijan's new economy," he said.
The theme of the government drive is converting black gold to human gold, that is, using oil wealth to build the skills and other assets that economists call "human capital." Elchin Aliyev, president of the information technology company SINAM in Azerbaijan, explains the concept. "It means to spend money to build some infrastructure, to build high-speed networks, to bring computers to schools, to the education system, and to integrate to the world information society," he said.
Aliyev's company has partnered with leading U.S. technology firms, including Cisco and Hewlett-Packard, to build database systems for Azerbaijan's national bank, state pension fund, and other government institutions.
Bruce Hakimi of the U.S. company Cybernet provides telecom and internet services through a firm in Azerbaijan called Avir Tel. He says Azerbaijan is a good place to invest. "It is a country that has an open economy, and that is important. Secondly, the growth potential is high. And third, it is a country that is an ally of the United States. And I think that it is important for us Americans to be able to help people who help us," he said.
Azerbaijan is still emerging from the planned economy of the Soviet Era, but the nation's officials say its abundant energy resources will allow it to make the transition to a regional IT center for the 21st century.
Voice of America

http://today.az/news/business/37254.html

National Aerospace Agency and Special Engineering and Conversion Committee abolished

02 March 2007 [08:24] - Today.Az

Azerbaijan's President Ilham Aliyev decreed on abolishing Azerbaijan National Aerospace Agency and Special Engineering and Conversion Committee.

The institutions have been abolished as Defense Industry Ministry set up. These institutions have been included in the ministry's bodies, APA reports.

http://today.az/news/business/37257.html

NBA Chair, IMF mission discuss macroeconomic situation

02 March 2007 [08:26] - Today.Az

National Bank's Board Chair Elman Rustamov and head of IMF mission for Azerbaijan Vitali Kramarenko discussed the recent macroeconomic processes in the country.

Issues regarding prospects for 2007, inflation target, interest rate policy, monetary policy, privatization of International Bank of Azerbaijan and Kapital Bank, IMF's technical assistance and other priorities were discussed at the meeting. ***APA-Economics***

http://today.az/news/business/37261.html

$150bn to come to Azerbaijan's Oil Fund within 15 years

02 March 2007 [08:36] - Today.Az

Shahmar Movsumov, Executive Director of the Azerbaijan State Oil Fund (SOFAZ), told the Intergovernmental Preparatory Meeting for the fifteenth session of the Commission on Sustainable Development in New York that some US $150 billion will come to the Fund within 15 years, adding that energy revenues should be used efficiently.

"Many countries own oil, gas and mineral resources while not all of them can effectively use this wealth for people, the resources go to perish and even trigger civil war," he noted.
Touching on the importance of The Extractive Industries Transparency Initiative put forward by UK Prime Minister Tony Blair at the World Summit on Sustainable Development in Johannesburg, highlighted the prudent use of natural resources, transparency, accountability and collaboration with stakeholders, saying the country ensured the full transparency of oil and gas revenues.

The fifteenth session of the Commission on Sustainable Development will take place in New York on April 30-May 11, 2007, APA U.S. bureau reports.

http://today.az/news/business/37263.html

Azerbaijan's investment environment promoted in Oslo

02 March 2007 [08:39] - Today.Az

Azerbaijan Export and Investment Promotion Foundation (AzPromo), Norway-Azerbaijan Youth Organization and Azerbaijan's Embassy in the UK (also accredited in Norway) organized an investment-promotion workshop in Oslo.

The event entitled Investment Prospects of Azerbaijan's Economy was attended by Norwegian businesspeople, representatives from research centers and other organizations. Azerbaijan's ambassador to the UK Rafael Ibrahimov and Azpromo President Emil Majidov delivered a keynote speech and answered questions. The same event will also be held in Vienna on March 13 and Bratislava on March 14 and in Dubai on April 3.
The workshop will provide al-round information about Azerbaijan, its business climate, economy sectors.
APA-Economics

http://today.az/news/business/37266.html

Azeri banks' aggregate assets reach 3.66bn

02 March 2007 [08:41] - Today.Az

The total amount of the assets owned by Azerbaijan's bank organizations, to February 1, reached AZN 3,668.2m.

The National Bank of Azerbaijan told the APA-Economics that the aggregate assets were formed from cash funds (AZN 192.6m or 5.3%), AZN 484.8m (12.4%) from correspondent accounts, AZN 193.6 (5.3%) from loans and deposits in financial sector, AZN 2,253m (61.4%) from loans lent to customers, AZN 241.4m (6.6%) from investments and AZN 322.7m (9.1%) from other assets.
The bank liabilities amounted to AZN 3,668.2m of which AZN 3,032.6m (82.7%) was payables and 635.6m (17.3%) was capital.

http://today.az/news/business/37267.html

Parameters of innovation zones should attract investors

02 March 2007 [08:43] - Today.Az

"Proposals on establishment of regional innovation zones in Azerbaijan should be developed so that its parameters can attract investors as magnet," Azerbaijan Communications and Information Technologies Ministry official Rufat Gulmammadov said.

He told APA-Economics international expert group and Booz Allen Hamilton consulting firm have been developing proposals on creation of regional innovation zones in the country.
"Propositions are to be submitted to the minister by March 31 and will, then, be forwarded to the Government and relevant bodies," he noted.

http://today.az/news/business/37268.html

Credit investments in Azeri economy grew 80.6%

02 March 2007 [08:43] - Today.Az

As of February 1, the amount of loans invested in the economy of Azerbaijan reached AZN 2,493.4m, up 80.6% from a year earlier.

The National Bank of Azerbaijan told the APA that AZN 1,203m (48.2%) of the credits were invested in national currency and AZN 1,290.4m (51.8%) in foreign currencies.
State banks had a share of 46.1% in the credit investments, private banks 52.1 and nonbank credit organizations 2.9%.
AZN 644.3m (25.8%) was invested in trade and service sector, AZN 799.7m (32.1%) in household economy, AZN 220.3 (8.8%) in transportation and communications sector, AZN 192.6m (7.7%) in industry

and production sector, AZN 139.6m (5.6%) in agriculture and processing, AZN 170.9m (6.9%) in energy, chemical and natural resources sector and AZN 164m (6.56%) in construction and property sector. Credits worth AZN 2.8m (0.1%) were lent to government bodies and AZN 1.5m (0.1%) to public organizations. The Finance sector shared AZN 41.6m of the credit investments, other sectors AZN 10.6m.

http://today.az/news/business/37280.html

Today.Az » Business » **10-year draft State Program on development of tourism in Azerbaijan prepared**

02 March 2007 [09:05] - Today.Az

Azerbaijani President's executive order on development of resorts was necessary and important step. This order will make a push for expansion and development of tourism in Azerbaijan, Azerbaijan's Culture and Tourism minister Abulfaz Garayev told journalists.

The minister said that works on 10-year draft State Program on development of tourism in the country have already been completed and submitted to the government, APA reports.

http://today.az/news/business/37320.html

Azerbaijan exports 13,593 tons of gasoline in February

03 March 2007 [10:15] - Today.Az

The SOCAR Marketing and Economic Operations Department exported 13,593 metric tons of gasoline, 102,783 tons of diesel fuel, 31,793 tons of aircraft fuel, 1,667 tons of lubricants and 3,000 tons of oil bitumen during February, 2007.

The Company told that during the period of January-February, 15,773 metric tons of gasoline, 221,299 tons of diesel fuel, 51,638 tons of aircraft fuel, 1,727 tons of lubricants and 3,000 tons of oil bitumen were exported.

Aircraft fuel was sold at $567.56 per ton, diesel fuel per ton at $514.38, gasoline $535.80 and fuel oil $252.91.

The price of Brent oil per barrel was $53.68, Urals at $50.13, BTC FOB at $53.17, APA reports.

http://today.az/news/business/37324.html

Tariffs for international and mobile telephone talks will be reduced

03 March 2007 [10:30] - Today.Az

"We have sent proposals on appliance of limit to inter-city telephone talks to Tariff Council. The chairman of Tariff Council Heydar Babayev twice touched on this issue. Tariff Council has its procedures to estimate the proposals," deputy Communication and Information Technologies Minister Iltimas Mammadov told the journalists.

He said that, limit indicators in other countries have been into account while working out on these proposals.

"If not to apply limits, there are some other options. But these issues have not been defined yet. At the same time it is not evident yet whether the Tariff Council will consider these proposals or abolish," he said.

Deputy Minister also said tariffs for international and mobile telephone talks and for business sector will be reduced soon.

He said that the Ministry prefers not to increase but reduce tariffs, APA reports.

http://today.az/news/business/37330.html

Industrial Development Program Blueprint to be submitted to President

03 March 2007 [10:56] - Today.Az

Industry and Energy Ministry is working on the State Program for Industrial Development and the draft will be introduced to the President by the end of March.

The State program for 2007-12 is aimed at establishment of industrial enterprises, restoration of soviet-era enterprises, application of advanced technology to the industry and favorable conditions for industry, APA reports.

http://today.az/news/business/37333.html

National Bank not to change inflation forecasts

03 March 2007 [11:08] - Today.Az

National Bank of Azerbaijan is not considering its predictions for inflation following the energy price increase.

Deputy Chair of Board of the National Bank, Rufat Aslanli, said the Bank released its forecasts for 2007 and doesn't intend to make any changes.

"We have regular meetings with the IMF Office in Baku. There is no notable difference between our and their methodology. The energy price increase can push up inflation around 4%," he noted.

The Government foresees one-figure inflation for this year while IMF insists that the inflation rate will be two-digit, APA reports.

http://today.az/news/business/37375.html

Baku Electricity Network to build four substations

05 March 2007 [08:54] - Today.Az

Baku Electricity Network plans to build four substations in the districts of Yasamal, Azizbayov, Sabunchu and Sabail.

After the national grid handed over by Barmek, 125 substations were repaired, 45 substations were build and transformers were expanded through funding from the Presidential Reserve Fund.

The Development Program for 2007-2009 and 2009-2020 is aimed at modernizing the national grid, replacing supply lines with underground ones and completing metering process. ***APA***

Car prices lose 20% in Azerbaijan this year

[02 Mar 2007 13:50]

Automobile prices went down in Azerbaijan against expected before. The prices of secondhand cars fell by 20% since November, 2006.

According to the survey by APA-Economics, the prices of Mercedes 190, Mercedes C200, BMW, Opel, Jeep lost $300-$400 during this period while Russian-made VAZ 2107 descended $200.

Meanwhile, VAZ-2106 climbed up encouraged by reduced supply and the issue of 2007 reached $7,000-$7,500.

Automobiles	Issue	Prices at February, 2007 (USD)
Mercedes 190	1991-1993	7000-8500
Mercedes C180	1994	13 500
Mercedes C200	1997	14 000-15 000
Mercedes C 220	2000	15 700-16 000
Mercedes E200	1995	12 500 -13 000
Mercedes E300	1995	14 000- 15 000
Mercedes E 240	2000	19 500-21 000
Mercedes ML320	2000	30 000-35 000
BMW 236	1993	6 600-7 100
BMW 525 TD	1995	12 000-12 500
BMW 320	1997	13 000-13 500
BMW 525	1997	14 000-15 000
BMW 525	2000	16 500-17 000
Opel Vectra	1996	9 000-9 500
Opel Astra	1994	6 500-7 000
Opel Omega	1996	12 500-13 000
Toyota Prado	2004	33 000-34 000
Toyota Camry	1998	11 000-11 500
Volkswagen Polo	1995	5 900-6 300
Volkswagen Golf	1993	7 800-8300
Nissan Maxima	1997	9 500-10 000
Hyundai Accent	1995	5 000-6 500
Hyundai Galloper	1997	11 000-11 500
Jeep Pajero	1995	14 500-15 000
Jeep	1997	10 500-11 500
VAZ 2106	2004	4 500-5 000
VAZ 2106	2007	7 200-7 500
VAZ 2107	2007	6 900-7 100
Tofas Sahin	2004	7 500-8 500
Tofas Sahin	2007	10 000-10 200
VAZ 2115	2002	5 300-5 600
VAZ 21099	1999	4 300-5 000
VAZ 21099	2004	7 700-8 000
VAZ 2112	2002	6 800-7 500
VAZ 2112	2004	7 300-7 600

Market traders insist that the sharp fall in prices resulted from fuel price increase which notably affected demand for automobiles. It is expected the prices of gas-guzzlers will continue to decline and diesel cars to be stable or more expensive.

Azerbaijan Auto dealers Association President Natig Zerbaliyev told APA-Economics that the demand for economical cars is increasing.

Vugar Bayramov, Manager of Auto Kaukasus distributing Mercedes-Benz, Chrysler and Jeep in Azerbaijan, said the price fall in secondhand cars came from glut of the market with more-than-need imports amid fear that excise tax was effective January, 2007. He said traders imported a great number of cars in late 2006 and directly influenced the market while the prices are going to level off and this tendency will go on in summer too.

Mubariz Mammadov, Sales Manager of Kress GmbH- the official importer of Audi and Volkswagen-, said the market has been glutted with car imports whereas the demand for diesel fuel automobiles is gradually growing.

Rashad Asgarov, Sales Manager of Aztol, Volvo and Honda importer, also said the prices suffered from December imports and diesel fuel cars are likely to increase by the summer.

Elgiz Yusifoglu, Sales Manger of Euro Style Ltd, Volkswagen importer, said the period of January-February was a limping time for car market and is sure that firsthand nd secondhand cars prices will not go up within spring or summer and Volkswagen prices will remain stable by this year's end.

Rashad Bayramov, Sales Manager of KrAz importer Alfateks, said the price decrease also resulted from the increasing interest in new and firsthand cars, adding that prices will probably be around stable for two years.

Elkhan Masimov, Sales Manager of Hyundai Auto Azerbaijan, said more than 45,000 cars were imported to the country last year and the supply remarkably exceeded the demand while the prices of the newly imported cars are stable.

Emin Babazade, Sales Manager of Chery Automobile Co. Ltd, said the fuel price rise in the country hit the car second market while no notable change is expected during spring and summer. **/APA-Economics/**

http://www.caucaz.com/home_eng/breve_contenu.php?id=303

The Baku-Akhalkalaki-Kars railway line: cement for a strategic alliance?

Article published in 01/03/2007 Issue

By Lili DI PUPPO in Tbilisi

The signing of an agreement to start construction work on the Baku-Akhalkalaki-Kars railway line linking Georgia, Azerbaijan and Turkey took place on 7 February in Tbilisi. The occasion brought together Turkish Prime Minister Recep Tayyip Erdogan, Azeri President Ilham Aliev and Georgian President Mikhail Saakashvili. During the ceremony, the three leaders signed a declaration on a "Common vision for regional cooperation." Despite the geopolitical dimension of the railway project, some observers question the real long-term benefits Georgia might reap from the rail link.

The construction of the new railway line is an additional step designed to cement the strategic alliance between the three countries after the inauguration of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline in July 2006 and the completion of the Baku-Tbilisi-Erzurum (BTE) gas pipeline. The potential of these projects to link Europe and Asia transcends the immediate benefit of regional integration. Kazakhstan has already expressed interest in joining the three projects and Astana's participation would thus open a door to China.

But the similarities between these projects stop here. In comparison with the other energy links, the Baku-Akhalkalaki-Kars project has received much less support from Western players in the region. The United States and the European Union are uneasy about Armenia's de facto isolation. As a result of the Armenian lobby, the U.S. Congress passed a bill which prevents US companies from financing the construction of the railroad.

Economic costs

Armenia opposes the construction of the railway line by pointing to the already existing Kars-Gyumri (Armenia) – Tbilisi rail link, which ceased to operate in 1993 following the closure of the Turkish-Armenian border. Although Armenia argues that the railroad could be easily refurbished, Azerbaijan has stated that before it will use the railway, Armenia must first end the "illegal occupation of Azeri territories."

The three countries will eventually finance the railroad without external support. On 13 January, Baku and Tbilisi agreed that Azerbaijan would provide a 220 million dollar loan to Georgia, repayable over 25 years with an annual interest rate of 1%. Georgia will use transit revenues from the operation of the railway line to repay the loan.

The overall cost of the Baku-Akhalkalaki-Kars project is estimated at USD 400 million. The section between Baku and Tbilisi already exists, but Georgia will build a new 29 kilometre line between the Turkish border and the town of Akhalkalaki in the Javaketi region. Turkey, for its part, will build a 76-kilometer line from Kars to the Georgian border. The Akhalkalaki-Tbilisi railway section will also be restored.

Not everyone is convinced of the project's economic benefits. Archil Gegeshidze, a foreign policy expert at the Georgian Strategic Institute for International Studies (GFSIS) remarks that "it will be difficult in the first year to find cargo commodities for the new railway corridor."

5 million tonnes of goods will be transported on the railway in the initial stages of its operation, while the capacity of the railroad is planned to reach 15 to 20 million tonnes in the future. However, Mr. Gegeshidze says that these figures represent the current approximate volume of goods being transported through Georgia. Therefore, one may ask from where the additional goods will come.

As in the case of the BTC oil pipeline, the project's costs have moved some observers to argue that political considerations actually outweigh economics. A debate has started in Georgia on the railway line's profitability for the country.

Railway against ports?

Tbilisi is certainly pursuing its own political agenda with the construction of the railway line. The Georgian government hopes to boost economic development in the Javaketi region, where the economic situation has deteriorated since the closure of a Russian military base. The aim is also to promote the integration of the region, populated by an Armenian majority, with the rest of Georgia.

Furthermore, Georgia is interested in cementing a strategic alliance with Turkey and Azerbaijan, with the goal of reducing Georgia's energy dependency on Russia. Turkey announced on 7 February that it wants to allocate part of its gas share from Azerbaijan's Shah Deniz field to Georgia. Negotiations are underway.

In reaction to the Russo-Georgian energy row, Azerbaijan supplied Georgia with gas in January 2006. As a sign of the importance the current government assigns to the strategic partnership with Azerbaijan, the Georgian government renamed a section of the Mtkvari River's embankment in Tbilisi after former Azeri President Heydar Aliev, Ilham Aliev's father.

Energy deals between the three countries have prompted opposition leader Salome Zurabishvili to ask in January 2007 whether the railway agreement is part of a compromise in exchange for receiving gas from the Shah Deniz field. She has underlined that Georgia risks jeopardizing the earning potential of its ports in this transaction.

As an argument against the profitability of the railway for Georgia, some observers say that it may undermine the potential of the Georgian Black Sea ports of Batumi and Poti as major transport gateways to Central Europe.

The Georgian ports, which are currently under renovation, and their future liaison with Black Sea East European ports, certainly represent serious competition for Turkey in the long term. Despite the two countries' apparent shared interests, Turkish and Georgian ports may well compete in the future as gateways to Europe.

Furthermore, the European Union (EU) itself is more in favour of using Georgia and its ports as a transit link towards the Balkans and Central Europe, especially in light of Bulgaria and Romania's new EU memberships. The original idea of the EU-funded Transport Corridor Europe Caucasus Asia (TRACECA) was to link Central Asia with Europe via the Black Sea and the Balkans rather than via Turkey. The EU has refused to include the Baku-Akhalkalaki-Kars railway project in the European Neighbourhood Policy (ENP) Action Plans with Azerbaijan and Georgia despite demands by Baku and Tbilisi. The Poti port, however, has received financial assistance for its renovation under the TRACECA framework.

The major problem is the lack of a governmental long-term strategy on how to exploit Georgia's potential as a transit country. As Mr. Gegeshidze remarks, "Georgia should have a sophisticated view of its transit policy. There should be one government oversight body to examine these issues as a whole and to prevent the promotion of a railway system while neglecting the impact of the railway on the country's ports. The government should develop a sound transit policy with the aim of fully exploiting Georgia's geographic location."

The rapid pace of privatization in the country has led some to fear that the government may sell some of Georgia's most valuable and strategic assets.

In light of the vote of the U.S. Congress, American investment in the Georgian railway sector is unlikely. The privatization of the railway system may well interest Kazakh companies or even Russian investors which, as some believe, would eventually further Russia's aim of controlling transport routes in the region

Azerbaijan announces investment contest for Baki Taxil

05 March 2007 [16:25] - Today.Az

Azerbaijan State Committee for Public Property Management has announced an investment competition to sell shares of Baku Taxil Open Joint Stock Company.

The Committee told that local and foreign investors can take part in the bidding.

The requirements are to produce flour, bread and grain products meeting international standards and norms and expand the product mix, APA reports.

The bidders should submit Investment Program aimed at reconstruction and repair of flour mills, modernization of broad production, application of advanced technology and increase of grain procurement, improvement of employment opportunities and employees' social security.

The winner has to transfer the bidden money to the state budget with 30 days following the date agreement is signed and 5% of the amount to the account of the joint stock company within 60 days.

The deadline for bidding is April 2 and bids will be opened on April 4.

http://today.az/news/business/37399.html

Azerbaijan, Russia haggle over electricity prices

05 March 2007 [17:04] - Today.Az

Azerenergy and Russian RAO EES (Unified Energy Systems) have started negotiating on the prices of electricity imports for the coming months.

Azerenergy Vice-President Marlen Asgarov told that the parties will set prices by the end of March, APA reports.

As per the agreement in January, Azerbaijan is importing 200 to 250 megawatts of electricity (some 1bn kilowatt a year) in peak consumption hours at a price of 3.636 cents per kilowatt, close to 3.6 cents in 2006. the agreement is for the full year while the prices were for the first quarter.

Azerbaijan also raised the price of electricity being sent to Russia at nights to 1.8 cents from 1.58 per kilowatt.

Azerbaijan imported 0.7bn kilowatts of Russian electricity in 2006.

http://today.az/news/business/37406.html

Azerbaijan installs currency shredding devices

05 March 2007 [23:34] - Today.Az

The National Bank of Azerbaijan has already installed currency shredding devices and granulators purchased from the Kusters Engineering to destroy old banknotes.

The National Bank Officer Hajibaba Masimov told that the devices will be tested after the decision of the Government. The process will start in the second half of the year.

The old currency notes are some 400 tons in weight. The shreds of destroyed banknotes will be burned, APA reports.

http://today.az/news/business/37436.html

WB education mission visits Azerbaijan

06 March 2007 [02:50] - Today.Az

World Bank mission for education has visited Azerbaijan.

WB Office in Baku informs that the bank's expert or education Rosita Van Meel leads the mission to Azerbaijan.

The delegation will have discussion over current and future cooperation during the visit to last until March 20.The World Bank has financed Education Sector Development Project since 2003. The main objective of the project is to increase learning achievements for all students to meet the needs of a market economy and improve the efficiency of general education.

The Program comprises a broad spectrum of activities, which promotes the objectives of improved educational quality, equity in access to education, and the efficient use of available resources in the education sector. The IDP EDS Project has a maturity of 35 years, including a ten-year grace period, APA reports.

http://today.az/news/business/37453.html

MPs offer reduce in energy carriers price

06 March 2007 [14:37] - Today.Az

Azerbaijani parliament members Panah Huseyn and Igbal Agazadeh raised issue on reducing the fees of energy carriers, especially electricity bill.

Parliamentarians based on the statements of relevant bodies that collection rate in electricity bill fell after the rise in the price of energy carriers, APA reports.

Huseyn and Agazade offered that the government comment on this problem till the government reports to the parliament on March 16, namely electricity bill should be reduced.

Speaker Oqtay Esedov commenting on the offer said, "We've already discussed this problem. This will be commented in the report of Government. I believe everything will be alright as to electricity bill."

http://today.az/news/business/37454.html

Russia-Azerbaijan economics commission to meet in April

06 March 2007 [14:39] - Today.Az

In April Moscow will host the meeting of the Russian-Azerbaijan Intergovernmental Commission for Economic Cooperation.

Russian ambassador to Azerbaijan Vasili Istratov told APA-Economics the agenda is under discussion at present.

The ambassador noted that trade turnover between the countries reached $147.1m in January and Azerbaijan imported goods worth $107.2m (a rise of 2.3 times) and Russia imported goods worth 39.9m from Azerbaijan (3 times).
He added that the amount doesn't include the natural gas imports.

"Our commercial relations are developing even apart from mineral resources," he said, adding that the trade in 2007 will exceed last year.

http://today.az/news/business/37467.html

Caspian energy market development to be discussed in Baku

06 March 2007 [16:52] - Today.Az

Confidence Energy Ltd. from the UK and the Azerbaijan State Oil Academy will conduct the first Caspian Oil Trade & Transport Conference in Baku on Apr. 23-24. It will consider the fuel and energy transportation and international cooperation on the Caspian Sea.

The Azerbaijani Industry and Energy Ministry, the Kazakhstan Energy and Mineral Resources Ministry, and the US Chamber of Commerce in Azerbaijan are backing the conference.

A letter of recommendation signed by Mr. Kiinov, Vice-Minister of of Energy and Mineral Resources of RK has been sent to major oil companies of Kazakhstan

Azerbaijan's Industry and Energy Minister, Natig Aliyev will report about the Caspian Transport Infrastructure Development.

The conference will be divided into five sessions (Crude, product and gas markets of the Caspian region, Caspian Pipeline Transportation, Development of marine transport in the Caspian, Crude trading in the Caspian region and Improving efficiency of products export and trading). ***KAZINFORM***

http://today.az/news/business/37472.html

Argentina enthusiastic to develop Azeri energy resources

06 March 2007 [17:19] - Today.Az

Industry and Energy Minister Natig Aliyev has Tuesday met with Argentina's Ambassador to Azerbaijan Sebastian Lukas Brugo Marko.

The Ministry told that the parties discussed prospects of cooperation between the two nations.

The Ambassador said Azerbaijan is currently living fast economic development period and its economic progress is interestingly observed in all over the world.

He added that Argentina's companies intends to participate in oil and gas projects in Azerbaijan and state energy-gas body shows great interest in cooperation with Azerbaijan.

Natig Aliyev highly appreciated the intention to energy cooperation, saying that Azerbaijan has opened up its economy for all foreign investors.

He invited Argentina's experts and heads of leading companies to visit Azerbaijan, APA reports.

http://today.az/news/business/37475.html

Azeri Parliament ratifies RussNeft & SOCAR agreement

06 March 2007 [17:50] - Today.Az

Today, Azerbaijan's Parliament ratified the production sharing agreement (PSA) between State Oil Company of Azerbaijan SOCAR (75%) and Russian oil firm RussNeft (25%) to develop two oil fields of Azerbaijan - Hovsan and Zykh onshore oilfields in Azerbaijan.

The RussNeft Absheron Investments JV will develop the fields as per the agreement, APA reports.

The lawmaker Valeh Asgarov underscored the importance of the project. Other MPs-Gudrat Hasanguliyev and Jamil Hasanli insisted that the parliemtn should adopt Oil law and develop its oil fields itself.

The Hovsan-Zykh fields are located in the south of the Absheron Peninsula, with recoverable reserves of 12 million metric tons (approx. 87 million barrels) of oil.

The agreement covers 65 square km of the field territory.
As per the terms of the production sharing agreement, RussNeft has also undertaken to solve the ecological problems.

http://today.az/news/business/37481.html

Azerkimiya shuts down

06 March 2007 [22:50] - Today.Az

State-owned Chemicals maker, Azerkimiya, shut down indefinitely because of the energy prices hike in the country.

Region parliamentarian Ikram Israfilov told a parliament session that the company and its all subsidiaries shut down soon after the decision to increase energy prices came effective and more than 10,000 employees have not gotten salary for two months, APA reports.

He said that the company had sold its products under the terms of agreements concluded before the price jump and all the products had become "loss leaders".

It is not known when the enterprise will return on stream.

http://today.az/news/business/37498.html

Azeri manat climbs 0.15% over US dollar

07 March 2007 [08:20] - Today.Az

In February, the exchange rate of Azeri manat against the US dollar rose 0.15% to 0.8688 AZN/USD from AZN 0.8701 AZN/USD1.

The average weighted exchange rate was AZN 0.8697/USD1 while it was AZN 0.8716/USD1 in January. The exchange rate of the national currency against the dollar jumped 5.01% from a year earlier.

124 deals were closed at 40 trading sessions held at currency department of Baku Interbank Currency Exchange (BICEX) during February. The auctions were attended by 24 banks and deals of AZN 108.395m ($124.635m) were concluded in total, up 2.8 times from the same period last year.

Five banks- International Bank of Azerbaijan (36.58%), Bank Standard (23.08%), Azerigazbank (13.11%), Yapi Kredi (9.09%) and UniBank (4.82%) came ahead for the amount of deals. ***APA-Economics***

http://today.az/news/business/37502.html

AtaLeasing expands economic investments in February

07 March 2007 [08:39] - Today.Az

Azerbaijan's AtaLeasing increased investments in February by 1.43% to AZN 355,000.

Company's official Eldar Dashdemirov told APA-Economics that the company signed 6 leasing contracts in February. Leasing portfolio was 81% used in Absheron and 19% in other regions.

Most of the agreements financed purchase of excavators, cement mixers and foodstuff industry appliances. The leasing portfolio was 36% spent on construction, 16% on foodstuff production, 13% on transportation, 11% on households, 9% on industry, 2% on health etc.

Company intends to increase the investment in economy to $2.5mln this year.

http://today.az/news/business/37512.html

Belarus intends to join reconstruction of Mingechevir Power Plant

07 March 2007 [09:15] - Today.Az

Belarus companies intend to participate in reconstruction of Azerbaijan's Mingechevir Hydroelectric Power Plant, said the ambassador to Azerbaijan Nikolay Patskevich.

The ambassador visited Azerbaijan Thermoelectric Power Station and Mingechevir Power Plant and discussed prospects of the expansion of energy cooperation between the countries. ***APA-Economics***

http://news.trendaz.com/cgi-bin/readnews2.pl?newsId=895658&lang=EN

09.03.2007 15:00:27

Transport Ministry of Azerbaijan Announced 2007 Plans for Roads

Azerbaijan, Baku / corr. Trend S.Aliyev / The Head of the Transport Policy 69 km), Muganli-Ismayilli-Gabala, the construction of roads Shamkir-Gadabay, Tovuz-Alibeyli and carry out the second stage of the construction of roads Guba-Ispik-Khinalig. In addition, the Ministry intends to carry out construction of bridges in the Gazakh district (through Khram river), Gabala district (Abrikh river), Gakh district (Kungut river), Khachmaz district (Gudyalchay river), Oguz district (Galachay river) and Ismayilli district (Girdiman river).

In 2007 the Ministry intends to re-build, construct and maintain the roads of Azerbaijan in good condition at the expense of the Automobile Roads Foundation budget. This year the gross amount of transfers to the Foundation is AZN 98 mln.

The Foundation will consist of budget items on road tax, simplified tax paid by owners and users of transport for cargo and passengers, excises and tax duties for imported cars, State duties for permit for international transportation via the territory of Azerbaijan and State duties for the annual technical inspection of cars.

http://en.apa.az/news.php?id=22545

Azerbaijan to implement social rehabilitation program from April

[09 Mar 2007 13:20]

Azerbaijan Labor and Social Protection Ministry has worked out the First-ever Social Rehabilitation Program for families in low income.
The Ministry Officer for Poverty and Social Assistance Policy Natig Gasimov told APA-Economics that the program is aimed at gradual elimination of poverty. The mechanism to implement the program will be complete in April and the World Bank and EU Tacis-funded plan will be experimented on some regions before it is sent to the Cabinet in the year-end.
The ministry has developed a large data base about all families applied for targeted social assistance benefits which are granted to socially vulnerable people. The program will also improve the social safety net and targeting of the social assistance benefits, added Natig Gasimov. /APA-Economics/

http://today.az/news/business/37529.html

Fertilizer producing plant to be constructed in Azerbaijan

07 March 2007 [13:54] - Today.Az

Fertilizer producing plant will be constructed in Sumgayit.

It will be a joint enterprise established by Azerbaijan's company EMA and a foreign company, EMA's manager Faig Guliyev told the APA.

He said that there is no microelement producing plant in Azerbaijan. The enterprise will produce pesticides in future. EMA also plans to apply the method of hydroponics. They are holding negotiations with an Iranian company to establish a joint enterprise.

Faig Guliyev said that it will be innovation in Azerbaijan. He said the method of trickle-irrigation was first applied in Azerbaijan by EMA.

The manager noted that their company won the tender on prophylactic measures against American white butterfly, announced by Ecology and Natural Resources Ministry's Plant Protection department.

EMA Company, distributor of a number of foreign companies, provides the regions with pesticides, medications, fertilizers and vegetable seeds.

http://today.az/news/business/37545.html

Azerbaijan to monitor markets to prevent artificial price increase on Novruz

07 March 2007 [22:14] - Today.Az

Azerbaijan Economic Development Ministry's Antimonopoly Service will monitor the market in order to prevent artificial price increase on the eve of Novruz Holiday.

The Ministry press service told that the control is aimed to take precautionary measures against the baseless price hike within the legislation.

Analysis proved that the energy price rise in the country could not push the consumer prices up so quickly and so high. Price jump on the eve of holidays is not seasonally motivated, but artificial.

The sellers want to take advantage of the increasing demand on holidays and the prices go sky-high, APA reports.

http://today.az/news/business/37555.html

Non-OPEC oil growth seen strong in 2007 - Wood Mac

08 March 2007 [11:19] - Today.Az

Oil supply from countries outside OPEC will grow strongly through 2007 because of significant new production in central Asia, North America and Africa, energy consultants Wood Mackenzie said on Wednesday.

Wood Mackenzie estimated non-OPEC oil and natural gas liquid production, including new OPEC member Angola, would average 50.2 million barrels per day in 2007, up 1.5 million bpd from 2006.

That is above the 1.1 million bpd projected by the International Energy Agency, adviser to 26 industrialised nations, in its most recent monthly oil market report.

Wood Mackenzie said the rate of increase was likely to accelerate in the fourth quarter, when production was expected to run 1.6 million bpd higher than the same period of 2006.

"We have identified seven projects, led by BP's Azeri Chirag Guneshli development in Azerbaijan, which will add an average of over 100,000 b/d each," said Patrick Gibson, Principal Oil Supply Analyst for Wood Mackenzie.

"With the top 25 projects adding an aggregate 2.1 million bpd of capacity there is a broad base to the production growth expected. The bulk of the additional supply in 2007 will consist of light and medium grade crudes," he added.

Wood Mackenzie concluded the new supplies would keep the pressure on the Organization of the Petroleum Exporting Countries to restrain its output, but this would only serve to increase OPEC's spare capacity.

"This points towards more OPEC 10 production restraint during 2007, which serves to increase the group's spare productive capacity. During 2007 this could be a source of downward price pressure, although the tension over Iran's nuclear enrichment program is an offsetting factor," said Ann-Louise Hittle, head of oil market analysis. ***Reuters***

http://today.az/news/business/37569.html

Power supply landlines to be replaced by underground cables in Sumgait

08 March 2007 [12:05] - Today.Az

The power supply landlines will be replaced by underground cables by this year's end.

Sumgait Electricity Network spokesman Mubariz Zeynalov told APA-Economics that the process will continue in parallel to electricity metering process in the region.

http://today.az/news/business/37576.html

Hungary intends to talk with Azerbaijan, Kazakhstan and Turkmenistan for oil and gas

08 March 2007 [12:26] - Today.Az

Azerbaijan Industry and Energy Minister Natig Aliyev has met with Hungarian ambassador to Turkey and Azerbaijan Istvan Szabo and discussed prospects for oil and gas cooperation between the two countries.

The ambassador underscored Azerbaijan's participation in Nabacco pipeline, saying that Budapest intends to start intensive negotiations on oil and gas imports with Azerbaijan, Kazakhstan and Turkmenistan.

A number of issues on Azerbaijan's industrial potential and Hungarian investors' participation in the process were also discussed.

Istvan Szabo invited Natig Aliyev to his country and Azeri minister agreed to visit Hungary in June. APA-Economics

http://today.az/news/business/37578.html

Social assistance benefits rise AZN 5 from March

08 March 2007 [12:27] - Today.Az

Effective March 1, the targeted social assistance benefits rise AZN 5 for every member of the vulnerable families.

Azerbaijan's Labor and Social protection Ministry Officer Natig Gasimov told APA-Economics that the move comes after the utilities price hike and is aimed at mitigating the social impact of utility sector reform.

At present 45,527 families receive targeted social assistance benefit in Azerbaijan.

http://today.az/news/business/37585.html

The Economist: Boom and gloom

09 March 2007 [11:30] - Today.Az

Azerbaijan's economy, drunk on oil, is suffering rapid inflation.

Azerbaijan is the world's fastest growing economy, thanks to an oil boom, but it is already running into serious difficulty. A huge expansion in budgetary spending has pushed inflation close to double digits—in month-on-month terms—and there are early but ominous signs that the non-oil economy is losing competitiveness. The economy is already showing signs of Dutch Disease—and the maintenance of artificial monopolies throughout the economy will serve to exacerbate the problem.

Azerbaijan is in the midst of a dizzying period of economic expansion. Real GDP grew by 26.4% in 2005 and 34.5% in 2006, and is forecast to grow by around 21% this year. The main driver of this is the oil sector. The BP-led Azerbaijan International Operating Company (AIOC) has been steadily ramping up production from the Azeri-Chirag-Guneshli offshore complex and has now completed the Baku-Tbilisi-Ceyhan oil pipeline, which lays the foundations for yet higher output. Oil output grew by 41% in 2005 and 45% in 2006, and is set for a similar performance this year.

The oil boom has fuelled other sectors of the economy. The non-oil sector grew by 11% in 2006, propelled mainly by services. Baku, the capital, is in the midst of a construction boom that is impressive even by the standards of the transition region. Yet already distress signals are apparent. In 2006 the government increased budgetary spending by an astonishing 80%; a further 50% increase is anticipated this year. At the start of 2007, the impact of the huge fiscal stimulus began to tell on inflation. In annual average terms, inflation was 8.3% in 2006 and ended the year at 11.4% year on year. Doubt about the official number has spawned a number of alternative indices, some of which suggest the 2006 inflation rate could have been as high as 20%.

Even on the official measure, inflation is now surging. In January, the rate was 16.8% year on year and 6.4% month on month. Again, some private-sector economists grumble that the real rate is higher still. According to one USAID-funded NGO, January inflation was 14.3% month on month, which is more than double the official figure. Given that the government raised a host of regulated prices on January 8th—electricity tariffs trebled, water charges more than doubled, gasoline prices rose 50% and public transport costs increased by 30%—the unofficial estimate seems perhaps more credible than the official one.

Oil's curse

One of the dangers for Azerbaijan of rampant inflation is that it will put pressure on the real effective exchange rate and thus undermine the competitiveness of the non-oil economy. In any case, the influx of petrodollars has in the past two years forced the strengthening of the manat in nominal terms against the dollar. In 2005 it appreciated by 8% against the dollar, and by a further 5% in 2006. According to the head

of the central bank, Elman Rustamov, the 2006 figure would have been significantly higher but for central bank currency interventions to the tune of US$1bn.

Ostensibly, the growth of the non-oil economy in 2006 suggests there is as yet little to worry about with regard to competitiveness. Yet that growth rate is primarily due to the success of non-tradeables such as construction, which are barely affected by exchange rate appreciation. Azerbaijan's tradeables, by contrast, are already showing signs of strain. Agricultural output last year grew by just 1% and output of staples such as cotton, rice and potatoes actually contracted. In Baku's markets, local fruit is beginning to lose ground to Latin American competition; considering the cost of transport, this is a very worrying development. Agriculture is on some measures the most important part of the non-oil economy, as it is the largest source of non-oil exports. In addition to exchange-rate problems, agriculture is suffering from an outflow of labour, as the construction boom sucks labour from the countryside into Baku and other urban centres.

Elsewhere in the economy, there are clear signs of strain. In 2006, for instance, tax receipts from the non-oil sector actually fell in year-on-year terms—this despite a national headline growth rate of over 30%. Agriculture is not the only sector that is losing ground in the home market to importers. Also, now that power prices in Azerbaijan are sharply rising, following Russia's decision to hike gas prices for its CIS customers, it will be interesting to see how the energy-intensive metals sector, and particularly the country's aluminium enterprise, performs. Metals are the second largest source of non-oil related exports after agriculture, with 2.3% of total exports.

Wasting away

Although Azerbaijan is at an early stage of its oil boom, the signs of Dutch Disease—in essence, a loss of competitiveness in the non-oil economy prompted by exchange-rate appreciation and other factors—are particularly ominous. At this point, it is possible that Azerbaijan will make the transition from a sizeable agricultural exporter to a major importer in less than the 15 years it took fellow Dutch Disease sufferer Nigeria.

In Azerbaijan's case, several factors conspire to deepen and accelerate the problems associated with Dutch Disease. First, its oil boom will be relatively short-lived on current forecasts: oil production will begin to decline in 2012. At least while oil receipts are gushing into the state budget, Azerbaijan will be able to throw money at some of the most obvious symptoms, as it is currently by hiking wages and offering to subsidise fuel purchases for farmers.

Second, the country's physical and financial infrastructure is underdeveloped and/or dilapidated, and this puts the non-oil economy at a huge disadvantage. The banking sector, for instance, scarcely exists beyond the major cities; this makes life harder for the country's farmers as they seek to modernise and expand. Electricity and water supplies outside the cities are also unreliable, and the road network is underdeveloped and in a very poor state of repair. The government's fiscal boom will alleviate some of these issues, particularly with regard to the physical infrastructure, although this will not improve utilities and the financial sector.

Third, the country's business environment is hazardous and getting worse and this makes life close to impossible for the private sector. The headline problems include: rampant corruption on the part of state officials, particularly in the tax and customs departments, as evidenced by Azerbaijan's very poor rating in Transparency International's Corruption Perceptions Index; a court system that is open to abuse, delivers verdicts at odds with the country's legal code and is often ignored by the authorities it relies upon for enforcement; the maintenance of a number of artificial monopolies in the country, including the import of basic commodities such as bananas, run for the benefit of well-connected individuals; and a high level of interference in the economy by government figures.

A self-serving elite

This last problem is probably the most threatening, as in its scale it is excessive even by the standards of countries such as Russia, Ukraine and Kazakhstan, as well as neighbouring Georgia and Armenia. Within the last two years, a number of major enterprises have been subject to Yukos-style assaults by the authorities. Downstream oil company Azpetrol, which was widely considered to be the best-run company in the country, was taken over around the time of the 2005 parliamentary election and its major shareholders were jailed. Barmek, the Turkish-run power company, was forced out soon after. These are

merely the highest-profile examples of a declining business environment. Although not reported in the international media, since the second half of 2006 a stream of Azerbaijani entrepreneurs have migrated to Georgia and Kazakhstan, because they find the business climate more attractive.

The phenomenon of well-connected Azerbaijanis muscling in on successful businesses has got noticeably worse since Ilham Aliyev succeeded his father, Heydar, as president in 2003. At the time, Western states hoped that Ilham would prove to be a modernising and liberalising force in the country. Instead, perhaps because he has been unable to fully control some senior members of the government, the country's political elite has encroached further into the private sector. This magnifies the corrosive effects of Dutch Disease, and at present it is more a matter of hope than expectation that the private sector will be allowed sufficient space to develop.

Mr Aliyev's government is quite aware of the phenomenon of Dutch Disease, and has taken some sensible preventative steps. A large part of the oil revenues are directed to a stabilisation fund, and institutions are in place to support the development of the non-oil economy. Yet the best chance for Azerbaijan to avoid the worst effects of Dutch Disease rests on Mr Aliyev implementing measures that he is politically unwilling or unable to take—namely to break up the artificial monopolies, rein in budgetary spending, curb the business empire-building of his inner circle, and promote anti-corruption and the rule of law.

/www.economist.com/

http://today.az/news/business/37587.html

IOC buys 1 mn barrels Azeri crude via tender

09 March 2007 [11:44] - Today.Az

India's largest refiner Indian Oil Corp (IOC) has bought at least 1 million barrels of Azeri Light crude via its monthly tender, traders said on Friday.

IOC bought the barrels from BP. They would be loaded in late April and May. Price details were not yet available.

IOC, which has about 10 refineries spread across India for a total capacity of 1.204 million barrels per day, tenders several times a month to buy crude, mainly West African grades.

It was not clear whether the refiner bought African grades in the latest tender in addition to Azeri Light.

IOC had already bought about 2 million barrels of West African crude from US major Chevron in the previous monthly tender for end-April and May crude.

It also has contracted to buy 2 million barrels a month of Nigerian Escravos crude through a term tender for second quarter lifting from Chevron. ***Reuters***

http://today.az/news/business/37590.html

Agreement to be signed to construct pipeline alternative to BTC

09 March 2007 [12:24] - Today.Az

An agreement on construction of the pipeline alternative to Baku-Tbilisi-Ceyhan will be signed next week.

The pipeline bypassing Bosphorus and Dardanelles will unite Burgas, the port of Bulgaria on the coast of the Black Sea with Alexandropoulos, the port of Greece on the coast of the Aegean Sea.

Athens, Sophia and Moscow leaders are expected to sign the final variant of the document next week. The Kremlin says that Russian President Vladimir Putin and Prime Minister of Bulgaria Sergey Stanishev will arrive in Athens on this occasion March 14.

Though Burgas-Alexandropoulos oil pipeline project was put forward about 10 years ago, it was delayed due to some causes. The work on this project is expected to end in 2010.

The pipeline will transport 700,000 barrel of Russian and Caspian oil to Mediterranean regions, APA reports.

http://today.az/news/business/37600.html

Georgia to receive Shah Deniz gas from March 15

09 March 2007 [14:47] - Today.Az

Georgia will be receiving Shah Deniz Gas via Baku-Tbilisi-Erzurum pipeline as from March 15, Georgia's Energy Minister Nika Gilauri stated.

Georgia is receiving natural gas from Azerbaijan through the old pipeline at present while the daily amount of Shah Deniz gas it will import has not been set yet, Gilauri added.

As per the original quota of Georgia for 2007, it shall receive 250 cu m of gas at a price of $63 per 1,000 cu m. Plus, Turkey will also cede some part of its quota to this country.

Until April 1, Georgia will be importing 1.3m cubic meters of natural gas from Azerbaijan through the old pipeline at a price of $120 per 1,000 cubic meters.

http://today.az/news/business/37649.html

Parex Leasing & Factoring elevates investments fivefold

10 March 2007 [11:19] - Today.Az

Latvia's Parex Leasing & Factoring increased investments in Azerbaijan by fivefold in February to $5,030,022.

The Public Affairs Officer Elnara Guliyeva told APA that the leasing operations mostly covered transport facilities and equipment for the construction sector. In total, the company has to date signed 317 leasing agreements, of which 36 were closed in February.

The leasing portfolio went 19% to regions and 81% to Absheron Economic Area.

Also, the group intends to step up the pace of investments in Azeri economy and to increase to $40 million by the year-end.

Parex Leasing & Factoring was registered in Azerbaijan in 2005. As of January 1, its authorized capital was $50,000 and leasing operations portfolio reached $2.4 million as at March 1.

The company is a subsidiary of Latvia's Parex Leasing registered in Azerbaijan.

http://today.az/news/business/37661.html

AZN 13,263m spent on SOCAR's housing resources

10 March 2007 [14:55] - Today.Az

2,5m sq/m of housing resources, as well as 74 hostels, 51 kinder-gardens, lyceum, education center of Baku Oil Processing Plant, 31 summer resorts, 13 culture houses and clubs, 16 sport complexes and square, 520-bed hospital, and social establishments function in subordination to State Oil Company, SOCAR told the APA.

Last year approximately AZN13, 263m wasted to hosing resources, engineering services of the buildings, as well as to 44 hostels for bachelors and 30 hostels for couples.

Nearly 2400 employee are working in housing resources services. Last year the 412-place hostel of 'Oil Rocks' Oil and Gas Producing Department (OGPD) was reconstructed. 96-place hostel has been reconstructed in Chilov settlement for the workers of OGPD named after '28 May.'

http://today.az/news/business/37692.html

Baku to host international rating conference

12 March 2007 [13:53] - Today.Az

In April Azerbaijan Microfinance Association will host an international conference, bringing together about 20 microfinance organizations, as well as government and bank representatives to discuss rating services.

AMFA Executive Director Jala Hajiyeva told APA-Economics that the conference will mostly focus on issues concerning transparency and assessment in financial sector.

Moody's and Fitch representatives will also attend the event.

Azerbaijan Micro-Finance Association (AMFA) was established in Azerbaijan on December 19, 2001 with the purpose of strengthening the capacity of micro-finance institutions to support sustainable and equitable economic growth in Azerbaijan. 19 non-bank and bank organizations are the member of the association.

http://today.az/news/business/37696.html

Azerbaijan experiments electronic tax declaration

12 March 2007 [14:40] - Today.Az

Azerbaijan's Taxes Ministry has started to receive tax declarations on trial.

Ministry told APA-Economics that the statements will provisionally be in paper because of the debate over digital signature in the country.

Under the State Program for 2005-07, transition to e-declaration system will be complete by this year's end.

Ministry's website offers e-declaration section and taxpayers can fill e-declaration getting password from tax authorities.

http://today.az/news/business/37709.html

IFC to open $5m credit line to Bank Respublika

12 March 2007 [22:54] - Today.Az

IFC inked an agreement with Azerbaijan's Bank Respublika to open a $5m credit line on-lending to small and medium-sized enterprises.

Bank Respublika Office in Baku told that the credit line will be used for development of small and medium-sized enterprise in the country.

The total amount of credit lines opened for Bank Respublika by various financial institutions exceeds USD 75 million, APA reports.

http://today.az/news/business/37732.html

Azerbaijan is microfinance pilot of South Caucasus

13 March 2007 [09:20] - Today.Az

Consultative Group to Assist the Poorest awarded two financial institutions of Azerbaijan in 2006.

Azerbaijan Microfinance Association Executive Director Jala Hajiyeva told that Viator Microcredit and FinDev Organizations were the winners of the 2006 Financial Transparency Award competition.

The winners include 20 institutions of Afghanistan, Bangladesh, Bosnia and Herzegovina, Cambodia, Jordan, Kenya, Kyrgyzstan, Nicaragua, Pakistan and Tajikistan and only Azerbaijan from the South Caucasus, APA reports.

http://today.az/news/business/37738.html

New telecommunication line to be constructed between Georgia and Azerbaijan

13 March 2007 [09:27] - Today.Az

New telecommunication line is being constructed for amplifying communication between Georgia and Azerbaijan.

The line will pass through the territories of 6 villages in Marneuli region – Tazakand, Azizkand, Kapanakchi, Birinci Kosali, Ikinci Kosali and Alget. The chief of Marneuli Telecommunications Office Temur Babluani said they intend to establish electricity-telephone stations in these villages.

Inhabitants gathered quite a lot of signatures for it. The villages will be telephoned and they will be able to join network after the stations being built. It is only possible to use internet and telephone in Marneuli at present, APA's Georgian bureau reports.

http://today.az/news/business/37740.html

SOCAR, PTT Public Co Ltd ink one-year agreement

13 March 2007 [09:29] - Today.Az

Azerbaijan State Oil Company (SOCAR) and Thailand's PTT Public Co Ltd have signed a one-year agreement for exportation of crude oil of Azerbaijan.

The agreement is aimed at delivering 1m barrels of Azeri Light crude oil a month to Thailand Oil Refineries under FOB or CFR conditions.

This is SOCAR's first long-term agreement with the refinery. The deal will enable SOCAR to deliver efficient and quick marketing of the crude oil.

PTT Public Co Ltd. is one of Thailand's biggest companies engaged in production, refining, transit, import and export of crude oil and natural gas. It holds a stake in four refineries at the capacity of 925,000 barrels a day. ***APA**-Economics*

http://today.az/news/business/37756.html

Georgian investors interested in Azerbaijan's economy

13 March 2007 [10:03] - Today.Az

Georgian Prime Minster Zurab Nogaideli announced overall support to the Caspian Integration Business Club (CIBC) during a meeting with the delegation from CIBC and "Caspian Energy" International Publishing House on March 9 in Tbilisi.

The delegation was headed by President and Editor-in-Chief of Caspian Energy IPH (Senior Vice-President of CIBC-Group) Natalya Aliyeva and President of the Caspian Transport Club (enters in CIBC-Group) Abulfaz Hajiyev. Through the meeting the parties discussed the possibilities of CIBC business expansion across Georgia.

According to Z. Nogaideli, Azerbaijan entrepreneurs will apparently become one of the major investment partners of Georgia.

He reminded that last year SOCAR had purchased the port oil terminal on the Black Sea shore where the intensive work is underway up to now and includes laying a railroad and completing the terminal itself.

"By summer 2007 the railway line will be complete and become one more route intended for Azerbaijan oil delivery to world's markets," Z. Nogaideli underscored.

He also added that the International Bank of Azerbaijan had already obtained a general license and has been actively integrating into the Georgia's banking market.

"I think these concrete proposals will be followed by other Azerbaijani investments in the Georgian economy. Georgia's economy is fully open to Azerbaijani investors," Z. Nogaideli said.

"We are working to attract Georgian investors to Azerbaijani economy. Many investors are interested in this business, they are working with their partners and this process does go on. This is a banking sector, processing industry and other sectors of economy as well," Z. Nogaideli resumed.

http://today.az/news/business/37758.html

SECO to give $5m technical assistance to Azerbaijan

13 March 2007 [10:07] - Today.Az

Swiss State Secretariat for Economic Affairs (SECO) plans to allocate $5m technical assistance to projects being implemented in Azerbaijan.

SECO Representative for Azerbaijan Thomas Mayer told, APA reports.

He said half of the assistance will go to Ganja and Sheki Water Supply Project, and the rest to joint projects with the National Bank, Finance Ministry, International Finance Corporation etc.

http://today.az/news/business/37789.html

Azerbaijan's investment climate promoted in Vienna

13 March 2007 [16:00] - Today.Az

Azerbaijan Export and Investment Promotion Foundation (AzPromo), Azerbaijan's Embassy in Austria (also accredited in Slovakia) organized an investment-promotion workshop in Vienna.

AzPromo told APA-Economics that the event briefed Austrian businesspeople about Azerbaijan, its business climate, industrial potential of energy, foodstuff, construction fields and its fast-growing economy.

The same event will also be held in Bratislava on March 14 and in Dubai on April 3.

A seminar entitled Investment Prospects of Azerbaijan's Economy was held in Oslo on February 27.

http://today.az/news/business/37822.html

Babayev meets with U.S. ambassador

14 March 2007 [07:59] - Today.Az

Azerbaijan's Economic Development Minister Heydar Babayev briefed U.S. ambassador to Azerbaijan Anne Derse about preparatory activities for Azerbaijan's accession to the World Trade Organization, recalling that USTDA and Azerbaijan inked a technical assistance grant agreement in 2002 to support Azerbaijan's WTO accession efforts.

Under the agreement, the Technical Assistance Project started since March, 2003 and then prolonged for two more years to September, 2006. Within the scope of the project, some Uruguay Round Agreements were translated into Azeri, WTO tables for intellectual property rights, agricultural subsidiary, technical barriers in trade, sanitary and phytosanitary measures were drafted, adaptation of Azerbaijan's legislation on trade regulations to the WTO regulations were analyzed and the relevant legislative acts were translated into English etc.

The main issue is to improve the legislation at the present phase of the accession process.

The ambassador noted that the United States can provide any support and technical assistance in the country's WTO accession efforts.

Issues concerning expansion of economic elations between the two nations and support for regional social-economic development program were discussed at the meeting, the ministry press service told APA-Economics.

http://today.az/news/business/37854.html

EU supports Nabucco project planning gas transportation from Azerbaijan to Europe

14 March 2007 [13:25] - Today.Az

Romania is interested in the implementation of the Nabucco project, which will transport Azerbaijan's gas to Europe, said Romania's Prime Minister Calin Popescu-Tariceanu.

Commenting on the mentioning of the Nabucco gas pipeline in the final declaration of the European Union, the Prime Minister called this step as support of the project at the level of Europe. He expressed Romania's keen interest in the implementation of this project.

The Nabucco pipeline is a proposed natural gas pipeline that is planned to transport Caspian natural gas from Turkey to Austria, via Bulgaria, Romania, and Hungary. Some consider the pipeline as a diversion from the current methods of importing natural gas solely from Russia.

Construction of the 3,300-kilometre pipeline is expected to begin in 2008 and is planned to be finished in 2011. The construction work, estimated to cost 4.6 billion EUR (5.8 billion USD), is to be shared between the five gas companies in each of the countries.

EU Energy Commissioner Andris Piebalgs said in Bucharest that investing in the Nabucco pipeline is the priority for European leadership and donor states support this idea. ***APA***

http://today.az/news/business/37871.html

Azerbaijan finishes drafting Railway Infrastructure Development Program

14 March 2007 [15:29] - Today.Az

The work on the Development Program for Railway Infrastructure for 2007-2010 has continued to progress and is almost complete.

Deputy Minister of Transport Musa Panahov said both the infrastructure and trains will be modernized on the scope of the program.

"This is a large project. Transportation will rise after Baku-Tbilisi-Kars railroad comes on line. The program is aimed at modernizing the track and rolling stock asset base, energy and communications systems etc.," he noted.

The development and reconstruction activities are calculated to be approximately US$800m in investment, of which $100m will be provided by the World Bank. ***APA-Economics***

http://today.az/news/business/37878.html

World Bank to consider Azerbaijan Real Estate Registry Project

14 March 2007 [17:31] - Today.Az

March 21, the World Bank Board of Directors will have discussion over financing Azerbaijan Real Estate Registry Project.

The WB Office in Baku told APA that a $30m loan for 20 years (Libor +0.5% per annum) will be extended through the EBRD to finance the five-year project.

The project participants are Azerbaijan State Real Estate Registry Service, State Land and Cartography Committee and State Agency for Public Property Management.

http://today.az/news/business/37917.html

World Bank supports E-Government Project in Azerbaijan

15 March 2007 [08:42] - Today.Az

Azerbaijan intends to seek the World Bank's assistance in implementation of e-government project, said Azerbaijan's Information and Technologies Minister Ali Abbasov.

"We are conducting active negotiations with the World Bank. The Bank supports this project," he noted.

He added that project will be financed from the next fiscal year. ***APA-Economics***

http://today.az/news/business/37934.html

US Supports Development of Real Estate Registry System in Azerbaijan

15 March 2007 [09:01] - Today.Az

March 15, 2007 USAID SME Support through Financial Sector Development Project implemented by ACDI/VOCA will sign a Memorandum of Understanding with the Azerbaijan State Real Estate Registry Service.

The main goal and objective of this cooperation is to develop the law on "Cadastre of Real Property" in order to increase the services and effectiveness of the real property registry and rights of property owners in Azerbaijan.

This assistance will include documenting and clarifying existing problems in registry operations; analysis of the current legislation; study of best practices of the world, as well analysis of appropriate legislation; development of a draft law; development of other normative documents needed to implement the new law as well as presentation of the draft law and explanation of its importance and use; organization of an international conference on immovable property cadastre and real property rights registration; conducting training; publication of articles in the mass media and project newsletters.

The Memorandum of Understanding will be signed between Muhammad Junaid, ACDI/VOCA Chief of Party and Arif Garashov, Chairman of State Real Estate Registry Service, APA reports.

http://today.az/news/business/37968.html

World Bank to extend $25m to Azerbaijan Real Estate Registry Project

15 March 2007 [16:40] - Today.Az

Azerbaijan Real Estate Registry Project is expected to be approved by the World Bank Board of Directors.

According to the preliminary assessment of the project, the lead-time is five years and the project costs $38 million, of which $13 will be provided by the Government of Azerbaijan, said Arif Garashov, Chairman of the State Real Estate Registry Service, APA reports.

He added that the project is aimed at immovable property cadastre and real property rights registration.

The World Bank Board of Directors will have discussion over Azerbaijan Real Estate Registry Project on March 21.

The project will be financed by a loan for 20 years (Libor +0.5% per annum) to be extended through the EBRD.

The project participants are Azerbaijan State Real Estate Registry Service, State Land and Cartography Committee and State Agency for Public Property Management.

http://today.az/news/business/38018.html

IFC, BP, AMFB to finance service companies in Azerbaijan

16 March 2007 [08:48] - Today.Az

The IFC, Azerbaijan Microfinance Bank and BP-Azerbaijan intend to sign an agreement to provide funding to service companies engaged in oil sector.

IFC Office in Baku told APA-Economics that the project costs $15m of which, $6m will be provided by the Corporation.

The other two project participants will also offer financial facilities. The finances will be collected in a revolving fund to extend loans to the service companies.

http://www.eurasianet.org/departments/insight/articles/eav031507.shtml#

BUSINESS & ECONOMICS

LIFE ALONG THE PIPELINE: BTC'S IMPACT ON AZERBAIJAN

3/15/07
A EurasiaNet Photo Story
Photos by Rena Effendi. Text by Rovshan Ismayilov
Part 1 of 3

As part of its ongoing coverage of energy issues in the South Caucasus, EurasiaNet is providing an illustrated overview of how the Baku-Tbilisi-Ceyhan oil pipeline has affected the lives of residents in its three host countries: Azerbaijan, Georgia and Turkey. Here, photographer Rena Effendi and writer Rovshan Ismayilov document the changes in Azerbaijan.

Some 40 kilometers from the Azerbaijani capital of Baku stands a marvel of modern engineering -- the British Petroleum-operated Sangachal oil and gas terminal, a 730-hectare facility with room for over 2.6 million barrels of oil. This is the start of the 1,760-kilometer-long, $4-billion Baku-Tbilisi-Ceyhan oil pipeline, the South Caucasus' largest energy project. And this is where the debate begins over the role of hydrocarbons in shaping the region's future.

Over a 20-year span, Azerbaijan is projected to receive as much as $230 billion in revenue from energy development and export ventures, including the Baku-Tbilisi-Ceyhan (BTC) pipeline and the South Caucasus gas pipeline. Some $1.5 billion from a related oil fund for various social welfare and infrastructure programs has been spent since 2005 on constructing housing for internally displaced persons as well as building roads, bridges and water pipelines, among other projects. Another $1.46 billion remains in the fund for future use.

But in the village of Sangachal, a poverty-stricken hamlet of 4,500 people less than two kilometers from the oil and gas terminal, some residents contend that these promised benefits mean little.

Since the BTC pipeline's official inauguration in May 2006, Sangachal residents have been beset by a string of health problems, according to environmental activist Shakhla Tagiyeva, a 37-year-old kindergarten teacher. Roughly 35 children have been born since then with congenital birth defects, and the number of residents dying from cancer has increased, she claimed. Tagiyeva puts the blame on toxic nitric oxide gases she says that the terminal is emitting. To date, though, neither the government nor British Petroleum (BP) have responded to written protests about the matter, she added.

For energy expert Ilham Shaban, editor of the Turan-Energy daily bulletin, the accusations illustrate the misconception in Azerbaijan that British Petroleum and other oil companies can correct all existing social ills. The terminal, he said, "meets all safety standards." British Petroleum is being used as a scapegoat, he suggested, adding that blame for villagers' poor health should fall elsewhere. "[T]he environmental situation in Sangachal has always been terrible and it always was one of the most disadvantaged settlements in the country," Shaban claimed.

The Baku-Tbilisi-Ceyhan oil pipeline and the South Caucasus gas pipeline pass through 11 different regions in Azerbaijan, skirting or directly crossing 70 different towns, villages and hamlets.

In most places, the pipelines have brought few changes to residents' lives. Enthusiasm about their presence is scarce. As elsewhere in Azerbaijan, complaints persist about unemployment, poor healthcare, water supply and electricity. Ironically, the South Caucasus pipeline even passes under some villages where people have gone without gas for more than a decade.

Benefits from the BTC pipeline, however, are readily evident. In the case of Sangachal, as in almost all populated areas situated along the BTC and South Caucasus pipeline routes, British Petroleum renovated the village school, built a new kindergarten, installed a new sewer system, and constructed a new road. About 500 Sangachal residents were hired to work on construction of the pipeline, according to BP.

Residents of Talish, a village in the central region of Kurdamir, say that the new large houses and expensive cars that line their streets are the result of compensation paid to landowners by BTC Company, which built and manages the Baku-Tbilisi-Ceyhan pipeline, and wages earned by local hires working on the BTC and South Caucasus pipelines. The medium monthly wage for pipeline workers was $350, a relatively high salary for Azerbaijan's regions.

The BTC Company, made up of 11 Azerbaijani and international companies, paid over $14.7 million to Azerbaijani landowners during the pipeline's three-year construction period for use of their land, according to BP, the pipeline project's largest investor. The largest compensation ($300,000) was paid to a farmer in the region of Tovuz, while the smallest ($150) went to a family in the region of Hajigabul, about 20 kilometers from Baku.

Not surprisingly, given the potential sums involved, most pipeline protests in Azerbaijan have focused on compensation, rather than on environmental or other concerns. The most serious of these outcries has been the case of 14 families from the village of Hajali, located in western Azerbaijan. These families claim that they were never paid for use of their land, and accuse local officials of fraud. Forty-year-old Hajali villager Mehman Hasanov claims that when compensations were being paid for land use, his land was illegally registered in the name of a relative of the then chairman of the regional executive committee. After losing a case before the Azerbaijani Supreme Court, the village's 14 families now have an appeal before the European Court for Human Rights in Strasbourg.

Complaints about compensation practices primarily concern local officials, and not members of the national government. One activist, however, argues that British Petroleum itself shares much of the blame. Mais Gulaliyev, president of the Civil Initiatives Center, a Baku-based non-governmental organization and one of the very few outspoken BTC critics, claims that the company has not responded adequately to disputed compensation claims. Despite "56 meetings with BP representatives," he said, ""[t]hey always promised to find out [what was wrong], but did not solve a single problem yet." British Petroleum representatives did not respond to an interview request for this story.

Shaban, the Turan-Energy analyst, disagrees with Gulaliyev's criticism of BP. "[I]t is not BP's problem that the local authorities in some regions falsified documents," Shaban commented. "We can imagine what would have happened if compensations had been paid by the government. We would not have 14 unhappy families now, we would have 4,000."

In the end, compensation was paid, locals were hired, and the pipeline was constructed on schedule, he adds. "BP is a company, not a government to solve the social problems of the people in our country."

Editor's Note: Rovshan Ismayilov is a freelance reporter based in Baku. Rena Effendi is an award-winning freelance photojournalist based in Baku.

A project to monitor the Baku-Tbilisi-Ceyhan pipeline project is being run by local non-governmental organizations with the support of the Open Society Institute-Azerbaijan and with the cooperation of British Petroleum. EurasiaNet operates under the auspices of the Open Society Institute in New York.

Editor's Note: Rovshan Ismayilov is a freelance reporter based in Baku.

http://usinfo.state.gov/xarchives/display.html?p=washfile-english&y=2007&m=March&x=20070326180650zjsredna0.5383112

26 March 2007

U.S. Seeks Stable Energy Markets in Caspian Region, Officials Say

New pipelines mean competition, not confrontation with Russia

Washington --The United States can play a constructive role in the Caspian Sea region by negotiating framework agreements to diversify energy production and delivery, according to Deputy Assistant Secretary of State for Southeast Europe Matthew Bryza.

A memorandum of understanding (MOU) signed by the governments of the United States and Azerbaijan shows the benefits of the U.S. approach, Bryza said March 22.

The MOU, signed March 22, expresses the intention of both governments to establish a high-level dialogue on energy security in the Caspian region. The main object of the dialogue would be to realize pipeline connections that would transport natural gas from the Azerbaijani capital and Caspian port of Baku to Italy and Austria, thus giving it direct access to European and global markets.

"We're not going to subsidize it, we're not going to pressure anybody, but we're going to do whatever we can to help eliminate disinformation and smooth the investment process," Bryza said about the main project mentioned in the agreement.

The project consists of joining the existing pipeline, which runs from Baku through Tbilisi in Georgia to the Turkish Black Sea port of Erzurum, to a new pipeline that would continue from Turkey through Greece to Italy. Later the natural gas also could move through the planned Nabucco pipeline from Turkey through Bulgaria, Romania and Hungary, to Austria.

The project would help increase energy cooperation, diversify natural gas sources for Europe and allow Azerbaijan and private companies to bring their product to the European market "on more market-based terms," Bryza said.

Now, most pipelines in the Caspian region and in Central Asia are owned or controlled by Russia. Both planned delivery routes of Caspian natural gas would be privately built and operated, and would bypass Russian territory.

"I would say monopolies in general are a bad idea -- especially in the energy sector," Bryza said. He added that by supporting the projects, the United States seeks "competition, not confrontation with Russia." He said the competition might even help the Russian gas monopoly Gazprom by making it operate better. "The Russians are great competitors in everything," he said.

The United States has been involved in promoting several pipeline projects in the area -- most recently the Baku-Tbilisi-Ceyhan pipeline that transports Caspian oil to a Turkish port of Ceyhan.

The energy-rich region of the Caspian Sea and Central Asia comprises mostly landlocked former Soviet republics that need foreign investments to develop their resources and deliver them to world markets. The bulk of oil and gas is located in Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan. Turkmenistan and Uzbekistan are especially rich in natural gas.

Since the dissolution of the Soviet Union, the United States and other energy-consuming nations have looked at the region as a potential alternative source of energy to the less politically stable Middle East. In addition, the region's geographic location next to Iran, Afghanistan and Pakistan gives it a strategic position in the global War on Terror.

But the region is not without its own sources of instability, including ethnic tensions, radical Islamic movements, corruption, drug trade and repressive, authoritarian regimes. Bryza said that democracy and human rights remain on the bilateral agenda with Azerbaijan, together with security and energy issues. "So we need a balance. We need to pursue all three at the same times," he said.

Evan A. Feigenbaum, deputy assistant secretary of state for South and Central Asian affairs, said U.S. policy toward the region goes beyond the economic area. "We aim to support the development of fully sovereign, stable, democratic nations," he said in Washington March 20 to the U.S.-Kazakhstan Business Association and the American-Uzbekistan Chamber of Commerce. (See related article.)

Despite their predominantly centralized, interventionist governments, some countries of the Caspian Sea-Central Asia region remain largely open to foreign investment and avoid tight state control over energy sectors. Azerbaijan and Kazakhstan have been particularly successful in attracting foreign funds by opening their energy sectors to major Western companies, according to economic experts.

Feigenbaum rejected the idea that the United States treats Central Asia merely as an arena of competition with other powers. "We encourage the development of as many trade links in as many

directions as possible. ... Countries should never be left with only one option -- one market, one trading partner, one vital infrastructure link," he said.

For additional details, see a transcript of Bryza's remarks.

http://today.az/news/business/38313.html

World Bank announces Small Grants Program in Azerbaijan

27 March 2007 [15:09] - Today.Az

The World Bank and Azerbaijan's Communications and Information Technologies Ministry have jointly announced Small Grants Program for involvement of citizens in information society.

The Ministry Officer Rufat Gulmammadov told a press conference that the CIT Ministry is the first among Azerbaijan's state agencies to carry a joint project with the World Bank. The total amount of grants is $50,000, APA reports.

"We offered NGOs to submit proposals on the fields they want. We suggest the priority be given to projects aimed at development of democracy, human rights and information freedom and youth leisure," he said.

The NGOs, registered by the Justice Ministry, can apply or the grant program competition. The proposals can cover education and health sector reforms through application of new technology, transparency of budget, integration of the youth to the civil society, social defence, public transparency, poverty reduction, human rights protection etc.

The projects should be submitted in two copies in Azerbaijani and English with 2 or 3 pages long application to Azerbaijan Community Development Research and Training and Resource Center by April 27.
The Small Grants Program (SmGP) is one of several facilities or programs supported by the World Bank that provides grants to NGOs and other organizations of civil society.

The SmGP aims to make development more inclusive and equitable by providing funds for activities that support the civic engagement of marginalized and vulnerable groups.

Accordingly, grants focus on empowering people who have been historically excluded from society's decision-making processes, such as women, youth, people from racial and ethnic groups, people with low-income, and people from rural areas.

They also aim to enhance partnerships with key players in support of the development process. Key players could include government agencies, civil society organizations, multilateral and bilateral agencies, foundations, and the private sector.

The Program is funded by the Development Grant Facility and was created in 1983.

http://today.az/news/business/38288.html

For rate of credit growth, Azerbaijan is in highest-risk category

26 March 2007 [20:19] - Today.Az

The highest rate of lending since the eve of the Asian crisis in 1997 is "stretching" banking systems worldwide, according to Fitch Ratings.

Credit growth is running at an 11 percent pace, making banking systems vulnerable to an increase in bad debts, Fitch said in a report yesterday. The weakness is more pronounced in developed countries, with Australia, Canada and Iran joining Iceland, Russia and Azerbaijan in the highest-risk category.

"We're finding conditions that in the past have been leading indicators of problems for the banking system," Richard Fox, an analyst at Fitch in London, said in a telephone interview. "There's clearly a global credit boom taking place -- the longer it goes on the more stretched banking systems get."

Banking system stress is signaled when rapid lending growth is accompanied by "strong" increases in equity or property prices, or by the strength of the real exchange rate, Fitch said. Seventy percent of developed countries show "moderate" or "high" vulnerability to stress, compared with emerging nations where "only half" are potentially vulnerable, Fitch said.

Iceland, where private sector credit rose by more than 63 percent of gross domestic product last year, remains in the highest-risk category, along with South Africa, Russia and Azerbaijan. The four have been joined by Australia, Canada and Iran, Fitch said in its latest "Bank Systemic Risk" report.

Fitch also measures the strength of countries' banking systems to gauge their overall vulnerability. Strong banking systems, which are found in "almost all" developed countries, are better able to deal with adverse shocks, Fitch said.

"Developed countries in the high-risk categories are starting from a strong point," said Fox. "We're less concerned about them than about Russia, Kazakhstan and Azerbaijan, say."

Nine of the 10 fastest rates of growth in credit are to be found in central and eastern Europe and in the Confederation of Independent States, where banking systems are typically "weak" and less able to withstand stress, Fitch said.

The pace of credit growth in some countries where the ratio between lending and GDP is already high, such as Kazakhstan, the Baltic nations and Ukraine, is so fast "as to warrant special concern," Fitch said.

The quality of China's banking system has improved because of strengthened capitalization, a smaller number of non- performing loans and a strong economy. The improvement is good news for everyone, Fox said.

"The bigger the banking system and the weaker it is, the more we're concerned about it," he said. ***APA***

http://today.az/news/business/38284.html

Azerbaijan's GDP up 41.7% y-o-y in 2M07

26 March 2007 [15:55] - Today.Az

Azerbaijan saw its Gross Domestic Product grow 41.7% year-on-year to $3.8 billion in January and February 2007, the South Caucasus nation's government statistics agency said Monday.

Population income grew 33% over the period, to $2.123 billion.

The average per capita income reached $252 in the year's first two months, a 31.5% increase on 2006.

The post-Soviet Caspian nation has been able to step up its economic development and improve living standards in recent years due largely to high foreign investment in its vast hydrocarbon reserves as well as revenue from oil exports. ***RIA Novosti***

http://today.az/news/business/38261.html

WB lends $30 million for Real Estate Registration Project

24 March 2007 [20:33] - Today.Az

The World Bank has set aside a $30 million loan for the Real Estate Registration Project in Azerbaijan with a grace period of 5 years, the World Bank announced on March 22.

The objective of the project is to ensure a reliable, transparent and efficient real estate registration system to improve both the legal security for real estate and the management and use of State-owned immovable property in the country.

Azerbaijan has been a WB member since 1992. WB has lent over $1 billion on 36 projects in Azerbaijan for the past 15 years. ***AzerTAg***

http://today.az/news/business/38249.html

Georgian Oil and Gas Corporation opens branch in Azerbaijan

23 March 2007 [23:15] - Today.Az

Former Ambassador in Azerbaijan Zurab Gumberidze was appointed the head of Georgian Oil and Gas Corporation branch office in Azerbaijan.

As it was stated at the corporation, Gumberidze will prepare business meetings with Azeri gas distribution companies, will also carry out technical meetings with partner countries and inform headquarters' office in Georgia on ongoing situation in this sphere.

Georgia signed two contract on gas supply with Azerbaijan side: Azerbaijan state owned company Azerigas delivers 1.3 cu, m, a day and 1 cu.m gas though Baku-Tbilisi-Erzerum gas pipeline. ***GBC***

http://today.az/news/business/38219.html

Poland wants energy corridor from Caspian

22 March 2007 [23:23] - Today.Az

Polish President Lech Kaczynski's visit to Azerbaijan and Kazakhstan is expected to focus on the building of a crude oil transportation corridor from the Caspian Sea.

"One of the elements of such cooperation is cooperation in the energy sector," Piotr Naimski, the deputy economy minister who is in charge of diversification of sources of energy supplies, said Wednesday.

"We hope that Kazakh authorities will be able finalize their decision on the country's involvement in the Odessa-Brody-Plock project which truly may (be) called the Aktau-Georgia-Black Sea-Odessa-Brody-Plock-Gdansk project."

The comments were reported by the PAP news agency.

Naimski said if the corridor were implemented, it will involve Kazakhstan, Azerbaijan, Georgia, Ukraine and Poland.

Kaczynski's trip to Central Asia runs from March 28-31. ***UPI***

http://today.az/news/business/38188.html

Energy prices increase pushes up communications expenses by AZN 2.5mln in Azerbaijan

20 March 2007 [10:24] - Today.Az

Energy prices hike pushed up the expenses by approx. AZN 2mln to 2.5mln in the communications sectors, said Azerbaijan's Communications and Information Technologies Minister Ali Abbasov.

While the ministry applied to the Tariff Council to cut inter-city and international talks prices as well as subscription fees.

The proposals also aim to limit excessive home telephone use in Baku, APA-Economics reports.

http://today.az/news/business/38174.html

Azerbaijan enjoys 4.4% agricultural growth

20 March 2007 [09:55] - Today.Az

As of March 1, despite unfavorable weather 30,800 hectares have been planted for spring sowing in Azerbaijan, up 10.3% from a year earlier.

State Statistical Committee told APA-Economics that the potato acreage jumped 12.3%, vegetable planting rose 3.5% and perennials sowing increased 5.4% this year.

The vegetable and livestock products production rose 4.4% year-on-year in January and February.

Forestry production reached AZN 105,800, fishing AZN 14,900, hunting AZN 300 in the country.

http://today.az/news/business/38177.html

Nation's gross incomes advance 33% in Jan-Feb

20 March 2007 [10:03] - Today.Az

During the period of January and February, Azerbaijani population's pre-tax earnings rose 33%, year-on-year, to AZN 1,825.7mln.

State Statistical Committee told APA-Economics that per capita income leaped 31.5% to AZN 216.8.

Population's net take-home earnings after taxes, compulsory charges and voluntary membership dues grew to AZN 1,636.1mln, up 37.2% from a year earlier.

Of the incomes, people spent 76.9% on consumption expenses, 10.4% for taxes, social insurance and voluntary membership dues and 12.7% for increasing savings and capitals.

http://today.az/news/business/38339.html

Booz Allen Hamilton to submit proposals on Innovation Zones to Azerbaijan

27 March 2007 [20:29] - Today.Az

Booz Allen Hamilton consulting firm will submit the package of proposals on Regional Innovation Zones Establishment Project to the Ministry of Communications and Information Technologies in a few days.

The consulting firm prepared proposals, by exploring the prospects of the establishment of Regional Innovation Zones in Azerbaijan.

Ministry's official for Information Society Development Rufat Gulmammadov said the package of proposals will be translated into Azerbaijani within two or three weeks and sent to the Government, APA-Economics reports.

He said the zones will have a favorable tax, customs system.

"We are learning the lesson of some 50 developed countries. The zone project includes establishment of technopark, software, equipment market, transit info center and university of technology etc.," he noted.

He added that presentation of an electronic library will be held in Baku in the nearest future.

He said that the work on establishment of supercomputer center, e-counters, e-business and online payment systems has continued to progress.

http://today.az/news/business/38482.html

Baku hosts US-Azerbaijan Industry-State Relations Forum

29 March 2007 [15:17] - Today.Az

The US-Azerbaijan Industry-State Relations Forum has started in Baku on Thursday.

Senior Advisor of the Foreign Economic Relations Department of the Cabinet of Ministers, Elisa Mammadov said the main objective is to discuss further development of cooperation between state bodies and industry, adoption of effective legislation and normative documents for export and controls, presentation of new Internal Control Program for exporters, APA-Economics reports.

Donald Grid, Export Controls Program Manager for Central Asia and Caucasus the forum is aimed at strengthening export controls in Azerbaijan and improving transparency.

The two-day event will focus on international agreements on export controls over military equipment, chemical, biological and nuclear weapons and other goods.

http://today.az/news/business/38469.html

Azerbaijan-Georgia-Turkey power line construction possible in a few years

29 March 2007 [09:44] - Today.Az

It will be possible to construct Azerbaijan-Georgia-Turkey power line while no concrete agreement has been reached yet, said Azerenergy Vice-President Marlen Asgarov.

He said the issue was first conceived in 1993-1994. "For implementation of this project, the countries should reach trilateral agreement and carry out technical and economic assessment," he added.

At present Azerbaijan and Georgia exchange electricity through the existing power lines, APA-Economics reports.

http://today.az/news/business/38464.html

Next meeting on Azerbaijan's WTO accession efforts scheduled for May-June

29 March 2007 [09:36] - Today.Az

The next round of negotiations on Azerbaijan's WTO accession efforts is scheduled for May-June.

Deputy Foreign Minister, WTO accession negotiator Mahmud Mammadguliyev told APA-Economics Azerbaijan doesn't yield to concession the organization wants.

"We are currently negotiating on the issue. Now, any concession is out of question. We also have proposals," he noted.

He added that Azerbaijan has sent proposals on services to the WTO secretariat and will soon send the package of proposals on goods.

http://today.az/news/business/38455.html

Communications services grow 16.5% in Azerbaijan, Jan-Feb

29 March 2007 [09:26] - Today.Az

Communications services provided for the legal entities and individuals in Azerbaijan amounted to AZN $89.7mln during January and February, up 16.5% from a year earlier.

Privately owned communications entities provided 72.6% of the services, State Statistical Committee told APA-Economics.

The revenues came 76.6% directly from services provided for population.

The amount of mobile services incomes grew 23.1%, year-over-year, accounting for 2/3 of all communications services.

Communications services growth as 22.5% in Guba-Khachmaz economic zone, 15.9% in Daglig Shirvan, 23.4% in Sheki-Zagatala, 16.1% in Aran, 2.7% in Absheron, 7.3% in Gazakh, 26.1% in Nakhchivan and 14% in Lenkeran.

http://today.az/news/business/38447.html

Latvian Minister for Special Assignments for E-Government Affairs to visit Baku

29 March 2007 [09:09] - Today.Az

Ina Gudele, Minister for Special Assignments for Electronic Government Affairs of Latvia will arrive in Baku.

Ina Gudele will have meetings with her Azerbaijani counterpart Ali Abbasov, Economic Development Minister Heydar Babayev, Culture and Tourism Minister Abulfas Garayev and Education Minister Misir Mardanov within her two-day visit.

The main objective of the visit is to discuss development of mutual relations in the sphere of information technologies and electronic government system.

The visitor will inform Education Minister of information and communication and technical education in Latvia and discuss the application of this system in Azerbaijan.

Application of electronic registration system in archives and museums will be discussed during the meeting in Culture and Tourism Ministry.

Latvian embassy informed APA that though official agreements are not expected to be signed within the visit, it is possible that commercial agreements will be reached in business circles.

http://today.az/news/business/38431.html

Georgian parliament ratifies regional railway project agreement

28 March 2007 [23:50] - Today.Az

Georgian parliament unanimously ratified the agreement on construction of Kars-Tbilisi-Baku railway project.

The intergovernmental agreement on planning, financing, reconstruction and exploitation terms of Marabda-Kartsakhi section of the railway has also been ratified.

Azerbaijan will loan $200million to Georgia for 25-year term for the construction of the railroad, APA's Georgia bureau reports.

http://today.az/news/business/38428.html

Transport Ministry to prepare program to reconstruct streets and roads in Baku

28 March 2007 [23:45] - Today.Az

Azerbaijan's Transport Minister Ziya Mammadov reviewed streets and roads in Baku.

The Ministry secretariat told APA-Economics that the minister was dissatisfied with condition of roads and streets and commissioned Azeryolservis, State Road Service Company, to develop a program for reconstruction works.

http://today.az/news/business/38421.html

Azerbaijan works on power network reconstruction program

28 March 2007 [23:37] - Today.Az

Azerenergy, State Electricity Company, has sent the Government the draft program aimed at reconstruction of power grids, networks and stations in the country, said Company Vice-President Marlen Asgarov.

He said the low-voltage system has become obsolete for 70 years.

"Reconstruction works require a great amount of funding. We will need some $300 million. This can come from the state budget," he noted.

He added that some part of the funding can also be borrowed from foreign banks. ***APA-Economics***

http://today.az/news/business/38408.html

Government may reconsider state budget blueprint soon

28 March 2007 [23:22] - Today.Az

In late May or early June, the Government of Azerbaijan might reconsider revenues and expenditures of the state budget for 2007, said the Cabinet's Financial Policy Officer Ogtay Hagverdiyev.

He said the Government is studying the prospects and considering the existing trend.

"There appears no problem with the budget at present. The matter is the use of additional inflow. However, the draft budget may be not reconsidered if the current trend changes in a few months," he added, APA-Economics reports.

http://today.az/news/business/38390.html

Azerbaijan oil output to double by 2010

28 March 2007 [16:09] - Today.Az

Azerbaijan's Energy Minister said Wednesday that the ex-Soviet Caspian Sea nation would double its oil output by 2010.

Azerbaijani Energy Minister Natiq Aliyev said at a news conference that crude production, which stood at 32.3 million tons last year, would reach 65 million tons in 2010.

Aliyev said most of the oil would be produced at Azeri-Chiraq-Guneshli fields which will also account for the bulk of the nation's natural gas ouput expected to reach 30 billion cubic meters in 2010.

Crude supplies began last year via the US$4 billion Baku-Tbilisi-Ceyhan pipeline that allows the West to tap oil from the Caspian Sea fields, estimated to hold the world's third-largest reserves, bypassing Russia and Iran.

Washington staunchly supported the 1,768-kilometer (1,100-mile) pipeline as part of a strategy to tap sources of crude outside of the Middle East and draw the Caspian states away from Russia and closer to the West.

/Houston Chronicle/

http://today.az/news/business/38371.html

Azerbaijan intends to set up information resources registry system

28 March 2007 [09:57] - Today.Az

Azerbaijan intends to form information network and resources registry system to control and register the firms engaged in this sphere, said Communications and Information Technologies Ministry Officer for Information Society Development Rufat Gulmammadov.

"The purpose is to ensure that the websites are more reliable and inline with standards. The websites of the government bodies will be constructed under the regulations approved by the Cabinet," he noted.

He said the internet resources creating firms will have to meet some requirements such as having employees with ten years of experience etc, APA reports.

http://today.az/news/business/38362.html

Two IMF missions to visit Baku in April

28 March 2007 [09:41] - Today.Az

Two IMF missions for technical assistance will visit Azerbaijan in April.

IMF Office in Azerbaijan told APA-Economics that the missions will render technical assistance to the National bank and State Statistical Committee.

Obert Nyawata will lead the first mission to Baku on April 16 through 30, and the next mission will be in Azerbaijan from April 18 to 25.

The National Bank and Statistical Committee asked for technical assistance during the visit of Vitali Kramarenk, IMF Officer for Middle Asia and Near East. The mission will render technical assistance to the committee to improve methodology for Consumer Price Index calculation in the country.

http://today.az/news/business/38355.html

U.S. seeks stable energy markets in Caspian region, officials say

28 March 2007 [00:50] - Today.Az

New pipelines mean competition, not confrontation with Russia.

The United States can play a constructive role in the Caspian Sea region by negotiating framework agreements to diversify energy production and delivery, according to Deputy Assistant Secretary of State for Southeast Europe Matthew Bryza.

A memorandum of understanding (MOU) signed by the governments of the United States and Azerbaijan shows the benefits of the U.S. approach, Bryza said March 22.

The MOU, signed March 22, expresses the intention of both governments to establish a high-level dialogue on energy security in the Caspian region. The main object of the dialogue would be to realize pipeline connections that would transport natural gas from the Azerbaijani capital and Caspian port of Baku to Italy and Austria, thus giving it direct access to European and global markets.

"We're not going to subsidize it, we're not going to pressure anybody, but we're going to do whatever we can to help eliminate disinformation and smooth the investment process," Bryza said about the main project mentioned in the agreement.

The project consists of joining the existing pipeline, which runs from Baku through Tbilisi in Georgia to the Turkish Black Sea port of Erzurum, to a new pipeline that would continue from Turkey through Greece to Italy. Later the natural gas also could move through the planned Nabucco pipeline from Turkey through Bulgaria, Romania and Hungary, to Austria.

The project would help increase energy cooperation, diversify natural gas sources for Europe and allow Azerbaijan and private companies to bring their product to the European market "on more market-based terms," Bryza said.

Now, most pipelines in the Caspian region and in Central Asia are owned or controlled by Russia. Both planned delivery routes of Caspian natural gas would be privately built and operated, and would bypass Russian territory.

"I would say monopolies in general are a bad idea -- especially in the energy sector," Bryza said. He added that by supporting the projects, the United States seeks "competition, not confrontation with Russia." He said the competition might even help the Russian gas monopoly Gazprom by making it operate better. "The Russians are great competitors in everything," he said.

The United States has been involved in promoting several pipeline projects in the area -- most recently the Baku-Tbilisi-Ceyhan pipeline that transports Caspian oil to a Turkish port of Ceyhan.

The energy-rich region of the Caspian Sea and Central Asia comprises mostly landlocked former Soviet republics that need foreign investments to develop their resources and deliver them to world markets. The bulk of oil and gas is located in Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan. Turkmenistan and Uzbekistan are especially rich in natural gas.

Since the dissolution of the Soviet Union, the United States and other energy-consuming nations have looked at the region as a potential alternative source of energy to the less politically stable Middle East. In addition, the region's geographic location next to Iran, Afghanistan and Pakistan gives it a strategic position in the global War on Terror.

But the region is not without its own sources of instability, including ethnic tensions, radical Islamic movements, corruption, drug trade and repressive, authoritarian regimes. Bryza said that democracy and human rights remain on the bilateral agenda with Azerbaijan, together with security and energy issues. "So we need a balance. We need to pursue all three at the same times," he said.

Evan A. Feigenbaum, deputy assistant secretary of state for South and Central Asian affairs, said U.S. policy toward the region goes beyond the economic area. "We aim to support the development of fully sovereign, stable, democratic nations," he said in Washington March 20 to the U.S.-Kazakhstan Business Association and the American-Uzbekistan Chamber of Commerce.

Despite their predominantly centralized, interventionist governments, some countries of the Caspian Sea-Central Asia region remain largely open to foreign investment and avoid tight state control over energy sectors. Azerbaijan and Kazakhstan have been particularly successful in attracting foreign funds by opening their energy sectors to major Western companies, according to economic experts.

Feigenbaum rejected the idea that the United States treats Central Asia merely as an arena of competition with other powers. "We encourage the development of as many trade links in as many directions as possible. ... Countries should never be left with only one option -- one market, one trading partner, one vital infrastructure link," he said.

/www.usinfo.state.gov/

http://today.az/news/business/38540.html

Azerbaijan interested in Nabucco pipeline, Energy Minister says

30 March 2007 [10:23] - Today.Az

Azerbaijan is interested in implementation of the Nabucco pipeline and is ready to be a transit player, said the country's industry and energy minister Natig Aliyev.

"The pipeline will deliver 30 billion cubic meters of gas annually to Europe and Azerbaijan will produce between 16 billion and 20 billion cubic meters of gas in 2015. Despite our efforts, the project doesn't depend on resources of a country. I think Kazakhstan and Turkmenistan should express their stance and decision on the project. Azerbaijan is ready to create all opportunities and improve infrastructure," he noted.

He added that Azerbaijan will resume exporting oil via Baku-Supsa by May. At present there is some teething troubles in Georgian part of the pipeline, APA-Economics reports.

http://today.az/news/business/38537.html

Baku hosts meeting studying prospects of Free Economic Zones in Azerbaijan

30 March 2007 [10:20] - Today.Az

Baku hosted a meeting discussing establishment, specialization of Free Economic Zones in Azerbaijan.

Chairman of Azerbaijan Regional Development Center, Chingiz Ismayilov, said establishment of FEZs will help remove the imbalance in social-economic development of Azerbaijan, APA-Economics reports.

He added that Azerbaijan should learn from the lesson of countries enjoying geographical and economic position similar to Azerbaijan.

He said the experience of China, Poland, Turkey, Iran, Russia and Philippines says priority should be given to ports and border regions.

Mr. Ismayilov said that as initial option Azerbaijan can choose Red Bridge area in Azerbaijan-Georgian border, a zone new Nakhchivan-Turkey border and Sadarak region.

The meeting concluded that a legislative framework should be developed, legal and economic assessment of the project should be carried out and the lesson learned by neighbor countries should be studied in order to effectively implement the FEZ project.

http://today.az/news/business/38536.html

Azerbaijan cut harmful emissions 38% in 2006

30 March 2007 [10:19] - Today.Az

The total volume of harmful emissions discharged to atmosphere reduced 28.8% to 344,200 tons in Azerbaijan.

The State Statistical Committee told APA-Economics that the emissions were reduced because of technological improvement in 28 May Oil and Gas Extraction Unit. The stationary enterprises were equipped with purification devices to render dangerous emissions harmless.

http://today.az/news/business/38533.html

Retail goods and catering turnover grow 14% in Azerbaijan

30 March 2007 [10:16] - Today.Az

The real volume of retail goods and catering turnover grew 13.9% to AZN 1,115.2mln in Azerbaijan during January and February.

The State Statistical Committee told APA-Economics that an average Azerbaijani purchased consumer goods worth AZN 131.4 during this period, up AZN 28.5 from the same period last year.

People consumed catering services of AZN 21.5, higher 25.1% from a year earlier.

http://today.az/news/politics/38518.html

Azerbaijani genocide day to be marked in several countries

30 March 2007 [09:55] - Today.Az

March 31- day of genocide of Azerbaijanis will be marked in different countries of the world.

The Azerbaijan Society of America plans to organize events dedicated to Azerbaijanis genocide day. The society has already sent special information on it to all US Congress members.

Azerbaijan New York Association plans to hold a march in the central streets of the city in protest against the genocide committed by Armenians against Azerbaijanis. Following this, Azerbaijani Diaspora organizations in Houston, Los Angeles, San Francisco, San Jose, and Miami will hold commemorative events.

Russian Azerbaijani Congress will organize events dedicated to Azerbaijanis genocide day in Moscow, St. Petersburg, Cheboksary, Nijni-Novgorod, Volgograd, Yekaterinburg, Ulan-Ode, Novosibirsk, Khabarovsk and other cities of Russia.

Ukraine Azerbaijanis Congress plan to hold pickets outside Armenian Embassy in Kyiv.

Azerbaijani Embassy in Belarus and Congress of Belarus Azerbaijani Community will hold commemorative event dedicated to March 31 in Minsk tomorrow.

Turkish Azerbaijani Societies Federation will hold a conference dedicated to Azerbaijanis genocide day at Sabanchi Kultur Center on March 31.

The day of Azerbaijanis genocide will also be remarked at Dogu Akdeniz University in Northern Cyprus.

Azerbaijani Cultural Center in Georgia plans to hold event dedicated to March 31, 1918 Marneuli. Our compatriots and the representatives of other nations living in Georgia will attend the event, the press service of State Committee for Azerbaijanis Living Abroad told the APA.

Baku hosts US-Azerbaijan Industry-State Relations Forum

30 March 2007 [09:47] - Today.Az

The US-Azerbaijan Industry-State Relations Forum has started in Baku, Thursday.

Senior Advisor of the Foreign Economic Relations Department of the Cabinet of Ministers, Elisa Mammadov said the main objective is to discuss further development of cooperation between state bodies and industry, adoption of effective legislation and normative documents for export and controls, presentation of new Internal Control Program for exporters, APA reports.

Donald Grid, Export Controls Program Manager for Central Asia and Caucasus the forum is aimed at strengthening export controls in Azerbaijan and improving transparency.

The two-day event will focus on international agreements on export controls over military equipment, chemical, biological and nuclear weapons and other goods.

http://today.az/news/business/38507.html

USAID, Azerbaijan Appraisers Society sign letter of intent

30 March 2007 [09:44] - Today.Az

The U.S. Agency for International Development (USAID) and Azerbaijan Appraisers Society have signed a letter of intent in Baku.

As APA reports, Mr. Norman D. Flynn, Chief Executive Officer of International Real Property Foundation and AAS Director Eldaniz Orujov singed the document.

IRPF is created from the desire of the U.S. real estate professionals to share their expertise.

The IRPF was established in 1992, as an independent, nonprofit organization designed to help in the transition from centrally planned to market driven economies in Central and Eastern Europe and the Newly Independent States of the former Soviet Union.

The mission of the IRPF is to help create free, efficient, honest and equitable real estate markets anchored to private property rights; to develop an ethical and trained real estate profession committed to protection of the public and organized into representative real estate associations; and to promote home ownership as a key element of free societies.

http://today.az/news/business/38634.html

Poland's President looks forward to Warsaw energy summit

02 April 2007 [12:29] - Today.Az

Winding up his visit in Azerbaijan the Polish President voiced hope for scheduling an energy summit of representatives from Central European and Asian countries in Warsaw.

Speaking at an ad hoc press conference organized on the oil fields near Baku, Lech Kaczynski said he expected the meeting to take place on the 11th and 12th of May in the Polish capital. He also assured it would be held even, if President Nursultan Nazarbayev decides not to participate in the event. The Polish head of state expressed confidence that the planned Warsaw energy summit would define the participating countries' plans concerning oil and gas trade.

During his just concluded visit to Kazakhstan President Kaczynski invited Nursultan Nazarbayev for the Warsaw conference. The two politicians discussed the Polish concept of constructing an extension of the Odessa-Brody pipeline to reach Poland by-passing Russia. President Nazarbayev then stated the project would be hard to implement without Russian participation.

/www.poland.pl/

http://today.az/news/business/38632.html

Azerbaijan Investment Company to finance three new projects

02 April 2007 [11:49] - Today.Az

Azerbaijan Investment Company has drafted a memorandum to finance three new projects.

The Deputy Chief Executive Officer Riad Gasimov told APA-Economics that the first project is participation with Kavkaztransservis in construction of oil terminal and port in Garadagh. The economic and technical assessment of the project will be ready in May and the AIC intends to take a 25% stake in

the terminal. The project is scheduled to be commissioned in 2008.

The second project is participation with Azersun Holding in construction a salt refinery in Baku to refine and export salt from Azerbaijan.

The AIC also plans to take part in construction of a cement producing plant with Lafrage. The plant will probably be located in Gazakh or Tovuz or Shamkir.

On March 30, the board meeting of Azerbaijan Investment Company passed a decision to invest $5.375mln for a 20% equity stake in Milk-Pro LLC, a dairy products and juices maker.

The total amount of the equity investment project is $11mln, of which the rest will be provided by the European Bank for Reconstruction and Development.

The project is also aimed at expanding the capacity of Goychay Milk Factory and constructing a milk plant in Hovsan.
The AIC and Milk-Pro LLC signed a memorandum of understanding in December 14, 2006.

The 100%-state-owned Azerbaijan Investment Company was established in March, 2006. Its authorized capital is AZN 90mln.

http://today.az/news/business/38599.html

Azerbaijan becomes member of ITSO Advisory Committee
31 March 2007 [11:07] - Today.Az
Azerbaijan has become the member of the Advisory Committee of the International Telecommunications Satellite Organization.

Azerbaijan's Communications and Information Technologies Ministry official Bakhtiyar Mammadov told APA-Economics that the decision was made at the 31st Assembly of Parties of International Telecommunications Satellite Organization held on March 20-23 in Paris.

http://today.az/news/business/38583.html
Azerbaijan exports 27% of processed oil output, Jan-Feb
31 March 2007 [10:33] - Today.Az
During January and February 73% of the 1.1 mln tons of processed oil products were used to supply consumption on the domestic market and 27% were sent sold abroad in Azerbaijan.

The State Statistical Committee told APA-Economics that the processed products were made up of fuel oil (47.4%), diesel fuel (29.6%) gasoline (11%), kerosene (10.5%) and other products (1.5%).

http://today.az/news/business/38582.html

Azerbaijan's economically active population reaches 4,269,000 as of March 1
31 March 2007 [10:32] - Today.Az
As of March 1, Azerbaijan's economically active population, of which 3,978,000 are employed and 291,000 jobless.

The State Statistical Committee told APA-Economics that 19.9% of the hired are employed in production industry, 25.8% in education, 20.2% in trade and repair, 10.3% in health and social services, 7% in transportation and communications, 5.8% in utilities, social and personal services, 4.5% in real estate and leasing, 4.4% in management and defence, 2.1% in other spheres.

As at January 1, there were 27,000 state servants, of which 27.8% were women.

10.6% of state servants have up-to one-year experience, 25.6% between 1 and 5 years, 23.7% between 5 and 10, 19.5% between 10 and 15, 20.6% 20.6% and more.

57.5% are between 35 and 54 years old.

The average monthly unemployment benefit was AZN 61.9 or 38.2% of average monthly salary in February.

http://today.az/news/business/38571.html

Azerbaijan Investment Company to invest for 20% equity stake in Milk-Pro LLC

31 March 2007 [00:40] - Today.Az

The board meeting of Azerbaijan Investment Company has today passed a decision to invest $5.375mln for a 20% equity stake in Milk-Pro LLC, a dairy products and juices maker.

The AIC Deputy Chief Executive Officer Riad Gasimov told that the total amount of the equity investment project is $11mln, of which the rest will be provided by the European Bank for Reconstruction and Development.

The project is also aimed at expanding the capacity of Goychay Milk Factory and constructing a milk plant in Hovsan, APA reports.

The AIC and Milk-Pro LLC signed a memorandum of understanding in December 14, 2006.

The 100%-state-owned Azerbaijan Investment Company was established in March, 2006. Its authorized capital is AZN 90mln.

http://today.az/news/business/38564.html

Azerbaijan's exports and imports more than double in January

30 March 2007 [23:58] - Today.Az

During January, 2007 Azerbaijan's trade operations with 86 nations totaled to US $785.6mln of which exports accounted for $396.0 mln and imports made up $389.5mln, including humanitarian goods worth $8,9mln imported to the country through the state, government and international organizations.

The country's trade surplus stood at $6,4mln during the period, State Statistics Committee told.

According to data, the total trade rose 1.6 times, exports jumped 1.7 times and imports leaped 1.5 times year-on-year. Trade with the European Union members accounted for 41.5% (imports 22.9%, exports 59.9%) of the trade turnover.

Azerbaijan's trade with members of GUAM Organization for Democracy and Development increased 1.8 times year-over-year.

The country carried out 24.4% of trade operations with Italy, 18.7% with Russia, 12% with Turkey, 5.8% with France, 5.85% with Iran, 4.9% with Ukraine, 3.4% with Germany, 3.1% with the U.S., 2.5% with China, 2.4% with Japan, 2.4% with Kazakhstan, 2.3% with Finland, 1.9% with the U.K., 1.5% with Georgia, 1.1% with Estonia and 8.1% with others.

Azerbaijan imported 27.5% from Russia, 10% from Turkey, 8.5% from Ukraine, 6.3% from the U.S. and 6.3% from Germany.

Electronic equipment, devices and spare parts accounted for 24.9% of the imports, minerals products 18.2%, metals11%, , foodstuffs 13.5%, vehicles and spare parts 9.2%, chemicals 7.2%.

Import of wheat decreased by 30.7% from a year earlier, chicken 18.1%, egg 3.2 times, tea 2.1 times, chocolates 1.5%, cement clinkers and cement 50.4%, electricity 7.5%, medicines 1.9 times, metal constructions 4.1 times, calculating machines 1.9 times, agricultural vehicles 4.8 times, tractors 1.9 times, butter 39.3%, rice 13.9%, vegetable oils 76.6%, tobacco 27.8%, cars 30.6% and buses 7.7%.

Azerbaijan imported 47% from Italy, 13.9% from Turkey, 10.1% from Russia, 9.55 from France, 9.2% from Iran.

Mineral products made up 82% of exports. Minerals export rose 1.7 times year-on-year, sewing (weaving) products 2.2%, ferrous metals 2.1 times, machines, devices and equipment 3.5 times, foodstuffs 2.6 times.

During this period, the country's trade with the Commonwealth of Independent Countries (an alliance of former soviet republics) totaled $226.9mln (imports $167.1mln, exports $59.8mln).

http://today.az/news/business/38569.html

Baku Electricity Networks approves Investment Program for 2007-2008

31 March 2007 [00:26] - Today.Az

OJSC Bakielectricshebeke, Baku Electricity Networks, has approved its Investment Program for 2007-2008.

The Company Public Affairs Officer Tanriverdi Mustafayev told that the program is aimed at implementing some construction and reconstruction activities in Baku and surrounding areas, APA reports.

The overhead high-voltage power lines will be reconstructed, substations will be repaired and some overhead supply lines will be replaced with underground cables.

A double 100KV power line between Mushviq and Shikh will be constructed and a number of modern transformers will be installed in Baku.

The reconstruction works spent AZN 25mln during the past three months, of which AZN 12mln were provided by the Reserve Fund.

Some 45 state-of-the-art transformer stations were established in Baku during December, 2006, January and February, 2007.

http://today.az/news/society/38643.html

Culture and Tourism Ministry and UNDP conclude agreement

02 April 2007 [15:17] - Today.Az

Culture and Tourism Ministry and the United Nations Development Program (UNDP) today signed documents on the 2nd phase of the project on "Institutional Assistance to Culture and Tourism Ministry for efficient development of internal tourism".

The signing ceremony took place in Baku Tourism Information Center where Culture and Tourism Minister Abulfez Garayev and the UN DP Bruno Pouezat took part in, APA reports.

Minister Abulfez Garayev noted that the two-year project envisages assisting efficient operation of regional tourism centers opened in the framework of the 1st phase (Baku, Shamakhi, Khachmaz, Sheki) and to be opened in the 2nd phase (in Ganja, Nakhchivan, Lenkeran and Guba).

Mr. Garayev stressed that this project is the continuation of the joint efforts of the ministry and the UNDP in creating relation between reduction of poverty and sustainable development of tourism in Azerbaijan.

The project has been drawn up in accordance with the State Program on sustainable development of tourism and reduction of poverty and will serve the first target of UN Development Assistance Framework – "Efficient and transparent management of oil resources, increase of non-oil sector employment".

Bruno Pouezat noted the project financed by the UNDP in conjunction with Azerbaijani Culture and Tourism Ministry will serve the development of the tourism in Azerbaijan. The resident coordinator expressed confidence on efficient development of tourism in the country and noted that they will continue to assist this sphere.