



Embassy of the United States of America

Baku, Azerbaijan
November 16, 2007

UNCLASSIFIED

ENDORSEMENT MEMO FOR THE DIRECTOR OF U.S. FOREIGN ASSISTANCE
HENRIETTA FORE

FROM: Ambassador Anne Derse

SUBJECT: Performance Report on Fiscal Year 2007 for Azerbaijan

Attached please find the Performance Report on Fiscal Year 2007 for Azerbaijan. The report is the product of an intensive effort over the past two months by USAID Baku to measure and document the effectiveness of U.S. Government development assistance to Azerbaijan aimed to support USG transformational diplomacy and development objectives.

Azerbaijan has struggled with regional conflicts, domestic instability, and inadequate social and political institutions through its fifteen years of its independence from the former Soviet Union. The unresolved conflict with Armenia over Nagorno-Karabakh is a principal impediment to the country's political, economic, and social development. Limited democratic reforms coupled with the inability to appropriately manage the huge inflows of funds generated by its oil-driven economy prevent the country from fully benefiting from its wealth and threaten its long-term sustainable development.

Focus of USG Assistance: Critical Issues

The FY07 Performance Report concentrates on our four priority objectives for U.S. foreign assistance to Azerbaijan: Peace and Security, Governing Justly and Democratically, Economic Growth, and Investing in People. Over the past year, the USG helped strengthen the legal and institutional framework for economic and political governance required to promote the development of a more pluralistic political system and a more informed and proactive citizenry. To help ensure the long-term sustainability of reforms and put the country on a sustainable macro-economic path, we have provided technical assistance that will help the GOAJ achieve more efficient and better-targeted allocation and improved management of public resources. The major challenges to achieving the objectives are described below, and we provide some examples of accomplishments that illustrate the success of development assistance investments and the key focus areas for assistance in FY07.

Peace and Security:

The resolution of the conflict between Armenia and Azerbaijan remains one of the USG's primary foreign policy objectives in the Caucasus to provide greater regional stability and the conditions for sustained economic and social development. In FY07, USAID supported talks between Azerbaijani, Armenian, and Georgian officials in the management of regional natural resources. USAID worked closely with host government agencies and Civil Society Organizations (CSOs) on trans-boundary water management issues to increase dialogue between conflicting parties. Through three workshops and collaborative grants to government institutions and CSOs, USAID provided an opportunity for the conflicting sides to discuss regional collaboration in water management issues.

Governing Justly and Democratically:

Although Azerbaijan has made some progress toward putting into place the legal, regulatory and institutional framework to meet its democratic commitments to the OSCE, EU, NATO, COE, and the U.S., the GOAJ has yet to demonstrate the political will to thoroughly implement identified policy and institutional reforms. Governance is characterized by a lack of transparency and a low level of accountability. Media freedom is significantly restricted, electoral systems are subject to manipulation, and the judiciary and legislature are not sufficiently independent.

U.S. assistance has been closely aligned with and supportive of our diplomatic efforts to build political will and improve performance in these areas. In FY07, U.S. assistance continued to support improving the capabilities of legal professionals representing Azerbaijani citizens before the courts, and assisting in creating sustainable institutions that improve access to justice. Support for anti-corruption reforms complemented efforts to strengthen the rule of law by improving laws and strengthening legal institutions. Assistance to political and electoral processes promoted pluralism and consensus building among officials, improved management of political parties, increased women's participation in the political life of the country, contributed to the improvement of election administration and legislation, and prepared elections-related civil society groups and observers to participate in and monitor the 2008 Presidential elections. New anticorruption and legislative strengthening programs are helping to eliminate corrupt practices and develop an independent, transparent and responsive legislature. FY07 funds were also strategically used to educate the public about the work of NGOs, encourage broad-based citizen participation in civil society and community development efforts, amend NGO legislation, and develop the professionalism and financial sustainability of the Azerbaijani media.

Investing in People:

In spite of Azerbaijan's unprecedented economic growth during the last eight years, according to the World Bank and other international sources, roughly a third of the population continues to live in poverty. Access to quality health care services, including reproductive health, remains a serious concern. Notwithstanding recent increases in public expenditures for the health sector, the health care system lacks an appropriate strategic focus, administration, and operational capacity. Since the expertise for leading and implementing improvements is not widely available in the country, more time and effort are needed from the country's partners to address these issues. The U.S. coordinates program implementation with all international donors and has

established a close and collaborative working relationship with the MOH, thereby building a solid foundation for positive change. Health reform is supported by substantial GOAJ and World Bank investments. The USG is assisting GOAJ reform efforts by providing subject matter experts and helping the Ministry of Health develop a strategic vision for the country.

In FY07, U.S. assistance continued to strengthen Azerbaijan's health care system at the policy and implementation levels by focusing on primary health care reforms and reproductive health and family planning. Our efforts helped to ensure greater efficiency in healthcare budget allocations and management aimed at increasing access and improving the quality of health services. Reproductive health programs helped to increase the use of modern methods of family planning, thereby reducing the country's extremely high abortion rate. With USG assistance, networks of local health departments, NGOs, communities, and the private sector have been mobilized and are working together to strengthen local reproductive health and family planning services. U.S. assistance in these areas has contributed to improvements in health sector governance by creating reliable and accurate information systems, ensuring a cadre of trained health care professionals, improving financial management, and increasing the interaction of health care professionals and policy-makers with community civilian and local government leaders. The USAID-funded programs played a vital role in assisting the MOH in promoting primary health care reforms and developing a new National Reproductive Health Strategy.

Economic Growth:

In 2007, the GOAJ undertook economic governance reforms in the direction of broad-based sustainable growth, within the context of massive inflows of natural resource-based foreign exchange revenues. The GOAJ strategy recognizes and seeks to avoid the pitfalls of macroeconomic instability and loss of export competitiveness often associated with mismanagement of foreign exchange revenue spikes traditionally captured under the "Dutch Disease" moniker.

To address these challenges, U.S. assistance focused on economic diversification, private sector development, transparency in revenue and expenditure management, anti-inflation strategies, and sustainable broad-based development of the country's non-oil sector. U.S. assistance helped strengthen the government's budget process and enhance its capacity to articulate comprehensive economic strategies under reconciled and integrated fiscal and monetary policy. A good example of this was the Treasury Information Management System, a program that automates the National Treasury and links the largest satellite treasuries with the national Treasury.

In FY07, USG programs delivered crucial technical assistance and training, especially targeting policy, regulatory and administrative trade barriers in the agriculture and light manufacturing sectors of the economy. At the close of FY07, USAID launched a major Trade and Investment Support Program designed to improve the competitiveness climate by jumpstarting WTO accession efforts. This Program is complemented by a new Financial Sector Stability Program (initiated in October), which will improve financial market prudential oversight and strengthen confidence in and access to the financial system by the private sector, particularly in traditionally under-served rural segments of the economy.

In FY07, USAID signed five Memoranda of Understanding with the GOAJ aimed at increasing the government's financial contribution to critical USAID programs in the areas of good governance, economic growth and healthcare. USAID is also working proactively with private business institutions through its Global Development Alliance Program to mobilize additional resources towards the achievement of the USG goals and objectives in Azerbaijan.

LIST OF ACRONYMS

ABAD	Azerbaijan Business Assistance and Development
ABTC	Azerbaijan Bank Training Center
AI	Avian Influenza
ALAC	Anti-corruption Legal Advocacy Centers
AMFA	Azerbaijan Micro-Finance Association
CBO	Community Based Organization
CC	Community Connections
CDA	Community Development Activity
CEC	Central Election Commission
CLEC	Continuing Legal Education Center
COE	Council of Europe
COPE	Client Oriented Provider Efficient
CSO	Civil Society Organization
CSSP	Community Based Children Services Project
DPO	Disable Peoples' Organization
EU	European Union
FM	Family Planning
FORECAST	Focusing on Results: Enhancing Capacity Across Sectors in Transition
GDP	Gross Domestic Product
GIPA	Georgian Institute of Public Administration
GOAJ	Government of Azerbaijan
HICD	Human and Institutional Capacity Development
IATP	Internet Access and Training Program
IFES	International Foundation for Election Systems
MIS	Management Information Systems
MOA	Ministry of Agriculture
MOED	Ministry of Economic Development
MOH	Ministry of Health
MOU	Memorandum of Understanding
MOJ	Ministry of Justice
MOF	Ministry of Finance
MP	Member of Parliament
NAS	National Anti-corruption Strategy
NATO	North Atlantic Treaty Organization
NBA	National Bank of Azerbaijan
NBFI	Non-Bank Financial Institution
NGO	Non-Governmental Organization
NIS	New Independent States
ODIHR	Office for Democratic Institutions and Human Rights
OPWR	Organization for the Protection of Women Rights
OSCE	Organization for Security and Cooperation in Europe
PHC	Primary Health Care
PHCS	Primary Health Care Strengthening

PPE	Personal Protective Equipment
PSA	Public Services Announcement
PWD	People with Disabilities
RECP	Rural Economic Competitiveness Project
RH	Reproductive Health
SCWP	South Caucasus Water Program
SMEs	Small- and Medium-Sized Enterprises
SOFAR	State Oil Fund of Azerbaijan Republic
SPA	Small Project Assistance
START	Strategic Technical Assistance for Results with Training program
TA	Technical Assistance
TIMS	Treasury Information Management System
USAID	U.S. Agency for International Development
USG	U.S. Government
WB	World Bank
WBA	Women's Bar Association
WHO	World Health Organization
WTO	World Trade Organization

Azerbaijan 2007 Performance Report

Operating Unit Performance Summary

In FY07, USG programs helped strengthen the legal and institutional framework for economic and democratic governance reforms required to promote the development of a more pluralistic political system and a more informed and proactive polity. USAID programs supported targeted institutional-building efforts designed to promote greater transparency in democratic political parties, empower civil society, promote media freedom, strengthen rule of law practices, and promote anti-corruption reforms.

USAID also implemented technical support programs designed to improve the GOAJ's expenditure planning and financial management policies and capacities; and promote private sector competitiveness by strengthening SME capacity and promoting economic diversification and rural job creation. USAID launched major trade/investment and financial sector reform support programs designed to improve the competitiveness climate by providing timely, expert technical assistance in support of WTO accession efforts and promoting greater confidence in and efficiency of the financial intermediation system.

USAID support in the health care system resulted in key improvements in the health sector governance framework in primary healthcare and reproductive health service delivery and financing strategies and financial management systems.

Critical regional Peace and Security objectives were supported through a targeted conflict mitigation program which strengthened regional cooperation in the design/implementation of trans-boundary water management policies.

USAID mainstreamed gender issues into major support activities, and initiated specific programs to increase gender equity in the political governance and economic development spheres.

In FY07, USAID signed five Memoranda of Understanding with the GOAJ aimed at increasing the government's financial contribution to critical USAID programs in the areas of good governance, economic growth and healthcare. Overall, USAID's ongoing and new programs in trade/investment, expenditure and financial sector reforms, private sector competitiveness, legislative strengthening, anti-corruption, and civil society strengthening should help move Azerbaijan towards greater understanding of and more effective integration into international economic and political governance networks.

Program Area Performance \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation

In FY07, USAID encouraged regional conflict prevention and confidence-building measures and a dialogue between the three countries through strengthening the institutional framework and capacity for trans-boundary basin management. This included promoting regional and international discussion and cooperation amongst the three South Caucasus countries on the issues surrounding regional water management. USAID continued to work closely with relevant host government agencies to increase dialogue between conflicting parties at government and non-governmental levels in the South Caucasus.

USAID achieved progress through the establishment of mid-level technical agency working groups to tackle

key trans-boundary water resource management issues. At the civil-society level, FY07 yielded fruitful results through innovative efforts under the trilateral Small Grants Program supporting public advocacy in pilot basin areas and through periodic public meetings.

USAID organized three workshops with the participation of diverse stakeholders to develop shared regional water management concepts and strategies across counterpart government institutions. USAID also initiated dialogue with local counterparts regarding the restructuring and decentralization of the management of water resources. Introduction of a decentralized basin management approach as a core component of a rationalized water resource oversight strategy was a major recommendation discussed with the GOAJ. USAID also provided technical assistance and commodity support to local government institutions to: (1) develop the National Water Cadastre Information System; (2) carry out water quality modeling and training activities; (3) support installation and rehabilitation of water monitoring/measurement stations; (4) facilitate standardization of water flow/discharge data; and (5) improve broad water resource management data availability for all stakeholders.

Program Element Performance \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.1 Conflict Mitigation

In FY07, USAID supported the conduct of a collaborative dialogue between Azerbaijani, Armenian, and Georgian governmental officials and private sector representatives in relation to the management of natural resources. USAID worked closely with host government agencies and regional organizations on trans-boundary water management issues to improve the dialogue between conflicting parties at government and non-governmental levels in the South Caucasus.

USAID achieved progress through the establishment of mid-level technical agency working groups to tackle key trans-boundary water resource management issues. At the civil-society level, FY07 yielded fruitful results through innovative efforts under the trilateral Small Grants Program through ongoing programmatic support provided to public advocacy activists in pilot basin areas and through periodic public forum meetings.

USAID organized three regional workshops with the participation of diverse stakeholders to develop shared regional water management concepts and strategies across counterpart government institutions. USAID also initiated negotiation with local counterparts regarding the restructuring and decentralization of the management of water resources. Introduction of a decentralized basin management approach as a core component of a rationalized water resource oversight strategy was a major recommendation proactively and collaboratively discussed with the GOAJ. USAID also provided technical assistance and commodity support to local government institutions to: (1) develop the National Water Cadastre Information System; (2) carry out water quality modeling and training activities; (3) support installation and rehabilitation of water monitoring/measurement stations; (4) facilitate standardization of water flow/discharge data; and (5) improve broad water resource management data availability for all stakeholders.

Targeted efforts to expand the participation of women through public outreach programs have been successful. The Program sponsored its second gender leadership training workshop in FY07. Additionally, the Small Grants Program funds the assessment of gender aspects of domestic water management decisions and community-oriented Integrated Resources Management Plans that engage women and underserved constituencies.

Element Indicator Narrative \ 1 Peace & Security \ 1.6 Conflict Mitigation and Reconciliation \ 1.6.1 Conflict Mitigation

An additional conflict mitigation activity provisionally anticipated in the Operational Plan was not carried out in FY07. As a result, the target figure of 180 people trained in conflict mitigation initiatives was not met; nor was the target related to the number of people reached through public information activities. This program had envisaged implementing conflict mitigation support activities were the peace process related to the Nagorno-Karabakh conflict to move forward in FY07. This of course did not happen. Thus, funding previously allocated to this program will be reprogrammed to support other development objectives in FY08. As a result, the performance targets for FY08 in this activity have been eliminated. However, the target for the USAID Regional Water Management project was exceeded, and the target for FY08 is being increased, reflecting ambitious plans by the South Caucasus Water Project (SCWP) to conduct more regional events than originally anticipated, including quarterly trilateral taskforce and joint monitoring meetings. Many of the events-based indicators quantify peace and security-related advancements between Armenia and Azerbaijan. Moreover, the SCWP has advanced development of important communication channels between Azerbaijan, Georgia and Armenia on water resource issues by training 30 people from each country in conflict mitigation.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights

Azerbaijan's legal system is rife with corruption and lacks effective, well-educated legal professionals. Without an efficient legal system staffed by competent professionals, Azerbaijan cannot make progress towards advancing the rule of law and improving access to justice-crucial components to building an accountable and democratically-governed country. USAID contributed to reform of law school curricula and improved teaching methodologies, thereby increasing the professionalism of lawyers. Through its partner ABA/CEELI, USAID established a legal clinic at Nakhchivan State University which affords law students the opportunity to provide pro-bono legal services to marginalized populations. USAID also provided training to 672 justice sector personnel. This increase is a reflection of the strong demand from the legal community for additional knowledge and skills that will allow them to become fully active participants in the promotion of the rule of law. To increase the professionalism of women lawyers and help them address challenges facing women lawyers, as well as to provide a forum for women to lobby for their rights, USAID supported the establishment of the first Women's Bar Association (WBA) in Azerbaijan. Azerbaijan has one of the lowest rates of female legal professionals in the NIS.

USAID's anticorruption activities included assistance to promote rule of law, increase transparency and accountability, enhance public oversight, and introduce new mechanisms that will facilitate the prevention, prosecution and adjudication of corruption cases. Another area of assistance was the provision of technical assistance to the GOAJ on compliance issues related to international standards and agreements. USAID achieved substantial progress in engaging citizens in addressing corruption through Anti-corruption Legal Aid and Advocacy Centers (ALACs). In response to the enormous success of this activity, the United Kingdom's Foreign and Commonwealth Office has provided funding to cover 70% of the operational costs of the three USAID-supported ALACs from October 2007 to June 2008.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

In FY07, USAID implemented activities to reform law school curricula and teaching methodologies, support law school clinics, provide continuing legal training to attorneys, establish a women's bar association and increase access to legal assistance. The program also supported anti-corruption legal advocacy centers (ALACs), which provide training for government representatives and NGOs to address corruption and render legal assistance to citizens to address corruption complaints.

USAID supported the establishment of the first Women's Bar Association (WBA) in Azerbaijan. Azerbaijan has one of the lowest rates of female legal professionals in the NIS. A gender-specific bar association was conceived to help create solutions unique to the professional challenges and barriers facing Azerbaijani women, and to provide a forum for women to lobby for their rights. The WBA, which registered with the MOJ in August 2007, has 135 members and is anticipated to further increase membership during FY08.

The USG's Legal Education project provided much needed legal training to more than twice the number of Azerbaijani attorneys (672) than had been originally anticipated. This increase is a reflection of the strong demand from the legal community for additional knowledge and skills which allow them to become fully active members in the promotion of the rule of law. USAID responded to this need by increasing the number of training courses offered to the legal community as well as by increasing the number of participants in each training.

As a result of public outreach campaigns and introduction of the new Traveling Lawyers project, 1,910 citizens visited USAID's ALACs and received legal assistance in filing and pursuing anti-corruption related complaints. Following the substantial progress achieved in engaging citizens in addressing corruption through the ALACs, the United Kingdom's Foreign and Commonwealth Office has provided funding to cover 70% of the operational costs of the three USAID-supported ALACs during the period between October 2007 and June 2008. USAID also helped Transparency International-Azerbaijan to improve its financial accounting system, procedures and internal administrative regulatory framework to strengthen the capacity of this local anticorruption organization.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.4 Human Rights

The Legal Advocacy Center (LAC) project is currently funded by the Department of State/Bureau of Democracy, Human Rights, and Labor (State/DRL). The LAC project will become a part of USAID-Azerbaijan's Rule of Law Program implemented by the American Bar Association Central European and Eurasian Law Initiative (ABA-CEELI) effective April 1, 2008. The aim of the project is to assist individuals and domestic NGOs in protection of human rights and freedoms in Azerbaijan by providing pro bono legal services.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

The USG's Legal Education project provided much needed legal training to more than twice the number of Azerbaijani attorneys (672 justice sector personnel) than had been originally anticipated. Given the increasing demand for the Continued Legal Education Center-based training, the respective target for FY08 was increased accordingly. Given that ABA will no longer be required to support Transparency International's three Anticorruption and Legal Aid Centers under the Rule of Law Program in FY08, targets

for FY08 for the following indicators were decreased accordingly: 1) Number of people visiting USG supported legal services centers serving low income and marginalized communities; and 2) Number of Legal Aid groups and Legal Clinics assisted by the USG. USAID will continue to support the legal clinics at Azerbaijani law schools providing free legal services for low-income communities. Additionally, free legal services will be rendered through the Traveling Lawyers program during regular periodic visits to a total of eleven regional communities in FY08.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance

Azerbaijan's inability to create an inclusive and representative government and its failure to effectively combat rampant corruption have impeded its ambitious transformational development goals. In order to promote good governance in a long-term sense, the USG is supporting the development and operationalization of accountable and transparent institutions which can serve as an effective check on the strong executive branch. USG support was focused on improving the knowledge and professionalism of Members of Parliament (MPs) and their staff, increasing civil society interaction with the legislative branch, and effectively supporting anti-corruption initiatives.

The Parliament has expressed enthusiastic support for the type of reform-oriented technical and training activities provided through USAID programs and it is expected that this support will continue. Major programmatic synergies appear to be emerging, through the impetus created by the interest of Parliamentary Deputies and staff exposed to the project to develop a more informed perspective on major legislative issues. There are clear signs that a dichotomy exists between the formal operation of the Parliamentary apparatus itself and the emerging perception of key constituency representatives on what their appropriate institutional role should be. This may be a sign that further targeted efforts related to the training of assistants to MPs and deputies themselves may contribute to the transformational institutional changes envisioned under the project.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.1 Legislative Function and Processes

USAID provided a wide range of technical assistance activities to strengthen the capacity of permanent parliamentary staff, establish central and constituency offices for Members of Parliament (MPs), assist MPs to respond to constituency requests and issues, and promote civil society interaction with the legislature. The program also promoted greater legislative and procedural transparency by providing technical assistance and resources to make legislation accessible to citizens.

USAID trained 36 MPs and the staff of the Parliament to develop an effective and functional legislative branch in Azerbaijan. The training included a comprehensive, day-long training introducing participants to the appropriate role of Parliamentary technical staff. The training was also used as a mechanism to effectively assess staff follow-on training needs and to serve as a barometer of the cooperation of the relevant Parliamentary departments.

The Parliament appears to be enthusiastic about maintaining its support for reform-oriented technical assistance and training activities carried out under the program and it is expected that this strong support will continue in FY08.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.4

Anti-Corruption Reforms

USAID designed and developed a new anticorruption program which started in October 2007. Technical assistance and training will promote the adoption and implementation of core legal, regulatory and institutional reforms designed to improve transparency, enhance public oversight, and introduce new institutional mechanisms that facilitate the prevention, prosecution and adjudication of corruption cases.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.1 Legislative Function and Processes

USAID trained 36 MPs and staff of the Parliament to develop an effective and functional legislative branch in Azerbaijan. The training included comprehensive, day-long training introducing participants to the appropriate role of Parliamentary technical staff. The numbers do not reflect the target set in the FY07 Operational Plan, reflecting the program's late startup during the latter part of FY07. Nevertheless, over the past few months, considerable momentum has been created and effective dialogue/training activities are proceeding. As a result, it is expected that the shortfall in training numbers will be achieved in FY08.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.2 Public Sector Executive Function

The targets included in this table vary from those those included by USAID Azerbaijan in the original FY07 Operational Plan. The USAID Caucasus FORECAST project has been moved into the Workforce Development Program Element (B344.4.3) under the Economic Growth Strategic Objective. As a result, targets and indicators for this program element have now been included in the Custom Indicator table. Since START did not receive FY07 funds, it was not included in the 2007 OP. However, results of the START program have been included in this performance report under the Workforce Development Element Report to highlight major accomplishments in FY07 (achieved with the FY06 funding).

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.4 Anti-Corruption Reforms

A major anticorruption-related technical and training assistance program was launched in late September, 2007. Since this program was initiated at the close of FY 07, there are no results to be reported on for FY07.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building

USG long-term goals for Azerbaijan include free and fair elections and political competition. Azerbaijan's reluctance to meet international standards regarding free and fair elections and its restrictive policies towards political activism have impeded the country's democratic development. FY07 funds were used to promote the development of political parties, improve elections administration, and encourage citizens to take an active role in political life. In addition to achieving an improved legal framework supporting elections, USG assistance enhanced political party campaign skills, election observation capacities and voter awareness, thereby contributing to greater citizen involvement in political processes and in exercising their right to vote.

USAID's political party development programs encourage citizens to take an active role in their political

system and voice their concerns through party representatives. As results of USAID assistance, 17 political parties undertook systematic direct contact with voters, conducted their first door-to-door voter surveys, developed membership recruitment plans, and increased contact with party members. USAID also trained over 500 regional party representatives in basic organizational skills and voter canvassing.

USAID trained 58 women from 17 political party headquarters in leadership and management to promote women's participation and build partnerships between local government and civil society. In addition, USAID, through NDI and local partner OPWR, trained 340 women activists from eight regions in community organization and advocacy. Women-leadership committees identified key problems affecting their social-political development, met with 65 local officials, and solved priority problems in collaboration with local NGOs/CSOs. Through IRI's Youth Network Outreach Program, USAID trained 1,472 youth in over 18 rural regions on leadership and strategic planning. Through our support for this program, USAID is laying the democratic foundation for the next generation of political leaders.

The Central Election Commission (CEC) made several key advancements over FY07 and showed progress in four of the five elements identified in the CEC Capacity Development Index. With USAID support, the CEC developed a comprehensive plan for staff training of constituency and precinct commission.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.2 Elections and Political Processes

The USG provided targeted technical assistance to the government and other key stakeholders to develop impartial legal framework guidelines for improving the transparency of electoral and political processes, including improvements to the Election Code and Central Election Commission (CEC) regulations, increasing public participation in the election processes, and improving election administration at the national and local level.

The CEC showed progress in four of the five elements identified in the CEC Capacity Development Index. With USG assistance, the CEC, under the custom indicator element "Structure of the Organization," undertook comprehensive monitoring of constituency and precinct level commissions nationwide and drafted a comprehensive plan for staff training that will be implemented in FY08.

Progress was also made on the "Voter Lists" and "Complaints and Appeals Process" elements. In FY08, the CEC will have developed and begun implementing a plan to streamline entry, strengthen the duplication detection system and improve updating procedures. Under the "Complaints and Appeals" element, USAID, through IFES, has been working to drive forward the Strasbourg Process. Under this process, which began in FY07, we have been working with the Venice Commission of the Council of Europe, OSCE/ODHIR, and the GOAJ to improve the legal framework for elections, including the complaints and appeals process. The CEC will develop and implement a plan to address the issue of complaints and appeals during FY08.

The only area in which the CEC did not make sufficient progress is the element "Decision Making Process." The principal reason for this is that it was not an election year and there were no major decision to be made. Nonetheless, the CEC has taken steps toward improving the Decision Making Process by conducting extensive inspections of constituency and precinct commissions and identifying areas for improvement in the complaints and appeals process.

USAID was successful in involving civil society and political parties in the election legislation reform

process. IFES Azerbaijan conducted meetings with representatives of political parties and of the NGO community to solicit recommendations on the composition of the CEC. As a result of these meetings, numerous proposals were received by IFES and the Venice Commission. IFES is planning a follow-up meeting for political parties and NGOs, where these proposals will be presented in FY08.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.3 Political Parties

USAID exceeded all targets in the areas of political party development. USAID assistance to political parties has focused on developing the capacity of political parties to engage in long-term planning, especially at the regional level, improving political parties' ability to reach out to their constituents, increasing the professionalism of regional activists, and expanding youth and women engagement in the political life of the country.

USAID's political party development programs encourage citizens to take an active role in their political system and voice their concerns through party representatives. As a result of USAID assistance, 17 political parties undertook systematic direct contact with voters, conducted their first door-to-door voter surveys, developed membership recruitment plans, and increased contact with party members. Parties also developed new websites and databases based on a training workshop carried out under USAID's Internet Access and Training Program. USAID trained over 400 regional party activists from 17 regional party branches in fundamental organizational and political skills. Over 500 regional party activists who received USAID-sponsored training on voter canvassing and outreach conducted 25 door-to-door voter pilot surveys. Ongoing consultations with senior party organizers have helped to strengthen political party headquarter operations. In total, USAID trained 2648 political party members in FY07.

To promote women's participation and build partnerships between local government and civil society, USAID trained 58 women from 17 political party headquarters in leadership and management, expanding women's participation in the core political processes. In addition, USAID, through NDI and a local partner organization for the protection of women's rights, trained 340 women activists from eight regions in community organization and advocacy strategies. These women formed leadership committees, identified key problems affecting their social-political development (e.g. poverty reduction and educational access), met with 65 local officials, and resolved priority issues identified in close coordination and collaboration with local NGOs and CSOs. Through IRI's Youth Network Outreach Program, USAID trained 1,472 youth in over 18 rural regions on leadership and strategic planning. By focusing on youth, USAID is laying the democratic foundation for the next generation of political leaders.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.2 Elections and Political Processes

The CEC showed progress in four of the five institutional reform elements covered in the CEC Capacity Development Index: organizational structure; complaints and adjudication; staff training; and voter lists. The 5th category in the index, decision-making processes, did not change, because 2007 was not an election year. With USG assistance, the CEC under the custom indicator element "Structure of the Organization," undertook comprehensive monitoring of constituency and precinct level commissions nationwide and drafted a comprehensive plan for staff training that will be implemented in FY08. The FY08 target was erroneously set at 18 in the FY07 OP, and is now being set at 11 to reflect prospective improvement in the following systems and procedures (in addition to the five core CEC areas identified above): polling

procedures; illegal interference; inking; election commission composition dialogue; deregistration of candidates; and strengthened recount procedures.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.3 Political Competition and Consensus-Building \ 2.3.3 Political Parties

USAID trained leadership and staff of party headquarters and branches in 18 districts and Baku. In total, 2,648 political party members (2068 men, 580 women) were trained in basic organizational skills, voter canvassing, outreach and other fundamental political skills. Additionally, intensive training activities were delivered on website and database design. A major focus was placed on political messaging skills and effective communication with constituents. The large number of training participants in FY07 indicates the value organizations place on these activities. As a result, parties are expressing more interest in revitalizing their youth branches and in more proactive recruitment and outreach mechanisms. The Election Monitoring Center, a local NGO, was the recipient of a series of technical assistance support activities and a related sub-grant to strengthen its technical and managerial capacities to monitor the upcoming 2008 Presidential Elections and to carry out a Parliamentary Watch Program. The Organization for the Protection of Women's Rights collaborated in the training of 340 women in eight districts in political outreach/advocacy skills. Training programs included 30 elected officials, 19 appointed officials, 61 NGO leaders and 18 journalists.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society

One of the USG's priority foreign assistance goals for Azerbaijan is the development of a vibrant civil society and an independent press, which are prime characteristics of an effectively functioning democratic society. Azeri civil society organizations and media outlets must deal with public apathy, inadequate funding sources, and government interference. In order to address these critical issues, USAID provided a strategic array of technical assistance programs aimed at educating the public about the work of NGOs, encouraging participation in civil society efforts, amending NGO legislation, and improving the level of professionalism and the financial sustainability of private media outlets.

In FY07, USAID provided technical assistance to 140 CSOs/CBOs, 15 media outlets and 591 media institutions to develop strategic plans, improve management and financial sustainability, implement advocacy campaigns, increase public participation and implement demonstrative community development projects. USAID also trained approximately 4,200 citizens in civic education and civic activism and 1,752 youth in leadership and management, community mobilization and political participation.

To improve the legal and regulatory framework governing the functions of civil society organizations, USAID initiated and supported nine major civil society-related legal/regulatory reforms. USAID was also successful in engaging civil society organizations and media in the design and development of additional critical socio-political governance related reforms, including National Anticorruption, Reproductive Health and Family Planning Strategies and Election legislation. USAID responded effectively and expeditiously to several state requests to provide comparative international analysis of legal mechanisms for public financing of NGOs. This in turn helped build momentum for the issuance in July 2007 of a Presidential decree mandating the establishment of a State Fund to finance NGOs. USAID and its partners are working with the GOAJ to further support the development of a transparent and efficient NGO financing mechanism.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.1 Civic

Participation

In FY07, USAID provided technical assistance to 140 CSOs/CBOs to develop strategic plans, implement advocacy campaigns, increase public participation and implement demonstrative community development projects. USAID civic education activities enhanced the knowledge and skills of 4,200 people in civic participation. To improve the legal and regulatory framework governing the functions of CSOs, USAID initiated and supported nine major civil society-related legal/regulatory reforms. USAID was also successful in engaging CSOs and media in the design and development of additional critical socio-political governance related reforms, including National Anticorruption, Reproductive Health and Family Planning Strategies and Election legislation. USAID responded effectively and expeditiously to several state requests to provide comparative international analysis of legal mechanisms for public financing of NGOs. This in turn helped build momentum for the issuance in July 2007 of a Presidential decree mandating establishment of a State Fund to finance NGOs. USAID worked with the GOAJ to further support the development and transparent and efficient functioning of this NGO financing mechanism.

USAID also developed and supported five Youth Fund “micro-project” committees in the regions, awarding 28 grants to local, youth-oriented community-based organizations addressing self-identified community social needs. As a result, 280 young people living in the five targeted rural communities benefited from the projects implemented by the youth groups. Additionally, 15 Youth Fund Committee members found jobs as a direct result of the skills attained through their participation in the project.

As a result of USAID's community mobilization activities, over 30 new Community Development Associations were formed and eight advocacy campaigns were initiated in collaboration with local government institutions. These communities raised a total of \$481,819 cash and in-kind contribution to over 100 community projects that improved socio-economic conditions in their communities.

USAID's Community Connections Program successfully launched six community-based networks of training beneficiaries (56 people) who participated in three-week exchange programs in the U.S. Through the Peace Corps' Small Project Assistance Program, USAID trained 66 citizens in project design and management and community development principles and strategies.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.2 Media Freedom and Freedom of Information

USAID efforts in FY07 focused on increasing the independence of the media and improving media sustainability. Particular emphasis was placed on improving financial management strategies and practices in private media outlets, increasing the skills and knowledge of journalists, and effectively monitoring government harassment and interference.

USAID provided intensive technical assistance and consultation on revenue management and development for regional TV stations. When the program started three years ago, it was discovered that most regional operations only generated revenues of between \$1,000 and \$1,500 per month. By working with them to improve program schedules, promotional materials and sales strategies and practices, monthly revenues have increased significantly for a large proportion of the stations. As a result, numerous of these companies tripled their income in FY07.

USAID assisted the local independent distributing company, Gaya, to improve its regional market position

by supporting implementation of an expansion project developed by the company. Gaya purchased 13 new kiosks and distributed them through seven rural regions. According to monthly financial reports, revenues for the company doubled.

USAID worked with the Public TV (PTV) network to increase public awareness of legislative acts of the Parliament through the production of a weekly news program on activities of the Parliament in cooperation with a local NGO and USAID partner organization.

In FY07, two Internet Access and Training Support Centers were transferred to local partner institutions, creating sustainable internet and training centers at the regional level. The Internet Access and Training Program continued to support website hosting activities, on-line forums and collaboration with other donors, NGOs and with government institutions, including the ministries of the Education and Communication.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.1 Civic Participation

USAID exceeded all FY07 targets, as the robust Community Development Activity (CDA) Project was expanded to include additional 3 rural regions. Through this initiative, USAID implemented wide-spread, replicable community mobilization programs with 94 CDAs in 14 rural regions; improved organizational capacity through intensive project planning and implementation support, and completed proactive outreach, training and advocacy activities. The CDA sponsored democratic elections for local management councils established to oversee the selection/implementation of over 150 CDA small-scale projects. As a result, USAID provided training to 4,196 people, significantly exceeding FY07 targets. In addition to 140 CSOs and CBOs that received direct technical assistance from USAID implementing partners, USAID indirectly jumpstarted the organizational development and financial sustainability of 571 CSOs through the network of local training providers developed by the CDA Project.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.2 Media Freedom and Freedom of Information

An intensive training program for young journalists was carried out at the Ganja Media Center, a joint project with Internews, focused on problems faced by youth in rural areas of Azerbaijan. Youth Radio programs were aired on RFE/RL, again with the support of Internews. A new grant program was established to fund scholarships for five Azerbaijani journalism students at the Georgia Institute of Public Affairs (GIPA). The students were enrolled at both private and state universities and at the GIPA facility in Tbilisi. GIPA provides a Master's program in journalism that adheres to the Bologna Process Criteria. IATP successfully hosted 589 websites of NGOs and CSOs, enabling them to reach out to a nation-wide audience. In light of the program's success in establishing this broad outreach network, next year's target has been increased to 600 (cumulative). In addition, IATP conducted IT training for this emerging network of Internet-active NGOs and organized three online fora.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.4 Civil Society \ 2.4.3 Program Support (Civil Society)

USAID Azerbaijan did not plan/conduct any program evaluation in the civil society area in FY07.

Program Area Performance \ 3 Investing in People \ 3.1 Health

USAID played a vital role in assisting the MOH to notably advance the National Health Sector Reform agenda in FY07. Priorities areas included strengthening systems through the Primary Health Care Strengthening (PHCS) Project and expanding and improving access to family planning and reproductive health services. The PHCS Project assisted the MOH and Ministry of Finance to jointly develop the country's "Primary Health Care Roadmap" and a concept paper on Health Financing, which were submitted to the Cabinet of Ministers and will be discussed in Parliament in fall 2007. Leadership training was provided to MOH and district health staff.

National Reproductive Health Strategy and National Family Planning Guidelines were drafted with USAID technical assistance. The Community Based Children Services Project (CSSP) successfully promoted a GOAJ decree mandating that all state-managed orphanages and special needs child care institutions are phased out by 2015 and replaced by community-based social service provision networks. Technical support was provided to draft a new law on Integrity of Children and Family and on Adoption, to be debated by Parliament in fall 2007. The project established and successfully transferred three CSSP Centers to the GOAJ, which has agreed to begin providing financial support for these Centers by January 1, 2008. These centers provided services to 2,398 vulnerable children and nearly 3,000 families. Staff of these centers and relevant GOAJ officials received training on child reintegration approaches, case management and financial management.

Promotional materials, including public service announcements on FP, Safe Motherhood and Avian Influenza were developed, disseminated and aired nationwide. A National Social Marketing Campaign on modern contraceptive methods was launched.

The MOH made strong commitments to reform and healthcare systems strengthening. However, the sector still faces a lack of subject matter experts and a clear long-term vision. The creation of the National Center for Public Health and Reforms is a signal of the MOH's commitment to better address these challenges. Despite recent increases in public expenditure in the health sector, the system remains severely under-funded. The USG will continue to advocate for increased government spending on health, the adoption of a more rational system, and improved service provision, all with a strong investment in human capital.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.4 Avian Influenza

As part of the USAID response to the threat of Avian Influenza (AI), the Primary Health Care (PHC) Project was funded to provide technical assistance to the Ministry of Health (MOH) aimed at human avian influenza prevention and response. Through effective collaboration between the MOH and the PHC Project, a national team of master trainers was established, surveillance systems were strengthened and AI-related communication was improved.

The PHC Project developed curriculum and trained trainers to reach 15 districts at high risk for AI. In these districts, trainers worked in partnership with the Centers of Hygiene and Epidemiology, Central District Hospitals, and other selected health facilities to recognize and report potential AI cases. Approximately 300 medical professionals were trained; and 150 district officials responsible for emergency response reviewed and defined their roles, responsibilities, and actions in the event of an AI outbreak.

Azerbaijan's ability to effectively communicate and educate the public was heightened through PHC Project efforts. Television and radio spots, brochures, and posters were developed with the MOH. Up to 5,000

healthcare providers received comprehensive information on how to recognize bird flu symptoms promptly and to investigate and trace contacts with infected birds or persons. Workshops were held with journalists to inform them about AI transmission and preventative measures, as well as develop their skills in the dissemination of AI information without causing panic.

USAID provided technical assistance to the Ministry of Agriculture (MOA) to improve Veterinary Services surveillance and sample collection capabilities, and training on the use of personal protective equipment (PPE) and identification of AI in the potentially infected commercial and backyard poultry. The project trained over 300 veterinarians in 12 zonal labs and a network of laboratory professionals and private poultry processors. Topics included proper procedures for identification, rapid testing, culling, quarantine, referral, and disposal of infected birds. Communication capabilities were bolstered through a service hotline and the distribution of 15,000 technical brochures covering the use of PPE sets and training in appropriate biosecurity and prevention practices. Through a commodities donation, USAID provided the MOH and MOA with 4,500 PPE sets and fifty decontamination kits.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.5 Other Public Health Threats

USAID assistance was primarily focused on improving the capacity of the Ministry of Health (MOH) to create a policy and legal framework that strengthens the institutional primary health care (PHC) delivery system; this included assisting the MOH to introduce National Health Accounts and Social Health Insurance, and improving the quality of PHC services. Due to the strong collaboration of the MOH, Ministry of Finance, the Cabinet of Ministers, as well as the World Bank's significant investment to reform the health care system, USAID's Primary Health Care Strengthening (PHCS) Project exceeded performance goals for all indicators. Four key policies were drafted against a target of three. A new health financing reform policy, co-drafted with the MOH, was agreed upon and accepted sooner than anticipated. In light of this, the project has now set a higher target for the number of people covered by the new payment mechanism for FY08, from 45,000 to 160,000.

In response to rapid progress made in the project, especially in the areas of provider payment systems and improved conditions of service delivery, the MOH invested in a Management Information System (MIS) for pilot districts. With a new MIS now firmly established in four institutions (three regional hospitals and the National Statistics Department), and plans to reach three more next year, it is expected that these institutions will start using this data to guide management decisions. USAID conducted monitoring and evaluation training to further build these institutions' capacity to use the system. The MOH also has a strong commitment to the policy and financing reforms and is implementing the new financing initiative on a pilot basis. While all of the activities completed in FY07 were within the project's original design and scope, this level of commitment will allow the project to pursue a wider scope of work in the future.

A mid-term evaluation was conducted to assess accomplishments and shortfalls of the project. Based on the evaluation findings, a determination was made to continue the PHCS project with the same four components, but through a different implementing mechanism. The four components are: 1) Increase public expenditures for health and improve resource allocation for PHC; 2) Create a policy and legal framework that defines PHC services and the delivery system; 3) Improved the quality of PHC; 4) Promote personal responsibility for health among individuals and families.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

In FY07 USAID contributed to the improvement of facility-based Family Planning/Reproductive Health (FP/RH) services, advocated for the government's procurement of contraceptives through the public sector for populations in need, increased public knowledge of contraceptive choices, and increased the provision of FP counseling to enable couples to make educated choices.

USAID provided direct technical assistance to the National Reproductive Health Office and the Ministry of Health (MOH) in the development of the National Reproductive Health and Sexual Strategy 2008-2011. The Strategy has been reviewed by the WHO and is currently being finalized by the MoH. USAID, together with the MOH, initiated the development of national FP guidelines, which will be introduced as part of the strategy. This effort was the result of collaboration with government at both the local and national levels.

The Deputy Minister of Health, U.S. Ambassador and the USAID Country Coordinator participated in the launch of a nationwide media and social marketing campaign in September, 2007. The focus of the campaign is to promote modern contraceptive methods as the safest tool for planning pregnancies and a healthy and prosperous future.

A Memoranda of Understanding (MoU) with two international pharmaceutical companies was renewed, with the aim to continue increasing the supply of high-quality, affordable, and legally imported contraceptive products to Azerbaijan. USAID successfully negotiated companies' maintenance of adequate supplies of low-price contraceptives; this is especially important as the prohibitive cost of contraception continues to contribute to low uptake rates in Azerbaijan.

USAID strategically expanded its FP activities to additional pilot sites that are also served by the National Primary Health Care (PHC) Reform Project. This will lead to increased synergies among these flagship projects to accelerate PHC reforms and further integration of FP services within PHC. In addition, health service providers from twelve facilities were trained in the basics of family medicine.

USAID continued to strengthen the quality of service being delivered in the project's core districts. Quality improvement concepts were introduced through Client Oriented Provider Efficient (COPE) training. Eleven health facilities were upgraded and renovated to provide FP services. Peer Educators conducted nearly 4,000 health education sessions on FP, reaching over 33,000 people.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.5 Other Public Health Threats

The project facilitated the development of the following new policies: "Health Financing Reform Program for 2007-2012," the "Primary Health Care Roadmap," a new draft of "General Practitioner Regulations" and the revised "Family Medicine/General Practice curriculum," thereby exceeding the target of three improved policies. With these policies, the project now has a platform for finance and service delivery reform implementation in pilot sites for FY08. As a result, the project can finalize the design and will begin testing a case-based financing system and Primary Health Care performance monitoring system. Finally, the project trained twelve people in the core regions, producing local monitoring and evaluation expertise which will enable the government of Azerbaijan to begin tracking results of the health reform process.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

With a higher number of Peer Educators incorporated into the Reproductive Health Program than initially anticipated (through intensive and highly effective community outreach activities), the number of people trained with USG funds exceeded the target by over 60%. The targets for FY08 have been increased commensurate with the anticipated incorporation of additional communities through the project's expansion into new urban settings. The project's \$800,000 budget in FY07 was supplemented by a \$1.3 million injection of funding from UNFPA fallout, which will facilitate a major expansion of this program into both Baku and into the Absheron peninsula region, representing a twofold increase in the target population.

Program Area Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth

USAID-sponsored programs jumpstarted progress in FY07 in critical macroeconomic policy/institutional reform areas required to create a more rational and transparent expenditure management and macro/fiscal planning process. This in turn should prove critical to ensuring that the inflow of public revenues from the oil/gas sectors are utilized in a manner which will relieve major structural bottlenecks and help place the economy on a diversified and sustainable growth path.

In this regard, USAID provided intensive technical/training support to improve the regulatory framework for public investment planning processes, and to develop improved institutional capacity to apply improved cost/benefit analysis techniques and to develop a more transparent and rigorously formulated public investment budget. Support in the public investment planning area resulted in a new budget call circular, which for the first time facilitated the development of an organized information collection process and the establishment of the first comprehensive public investment data base in the Ministry of Economic Development. USAID provided intensive training to almost 150 GOAJ staff on modern cost/benefit analysis techniques and a new public investment planning and monitoring department was established and staffed with technical/training support from USAID. A draft regulatory framework for establishment of an integrated medium-term expenditure framework planning process and for full institutionalization of rigorous project analysis requirements for all major capital projects has been developed and is currently under review within the GOAJ.

In the budget administration area, the USAID-supported treasury information systems project has been effectively implemented in four major treasury sites, currently covering about 15% of budgetary expenditures. The strength of the GOAJ commitment to improved budget administration processes is clearly underscored by their provision of about \$5 million in support of the system's implementation during the past 2-3 years. GOAJ commitment to reform in these areas is undererscored by MOUs in the public investment and budget administration area signed in early 2007 by the GOAJ and USAID, which outline a broad program of joint ongoing collaboration in these areas, and more recently by GOAJ reconfirmation of their commitment to provide co-financing resources for these programs.

Program Element Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth \ 4.1.1 Fiscal policy

USAID implemented critical fiscal reform support activities which effectively increased the capacity of the government to formulate and implement a sound public investment policy and develop an improved capital budgeting capacity. Moreover, USAID helped increase the transparency and efficiency characterizing expenditure management processes through the automation and centralization of treasury operations.

During FY07, the Ministry of Economic Development (MOED) and the Ministry of Finance (MOF)

substantially improved their institutional capacities in the expenditure planning and administration areas. As a result of USAID institution-building efforts in these areas, about 30% of new projects underwent host-country cost-benefit analysis and over 250 public servants were trained in public investment project analysis. USAID also assisted the MOED in the development of macro-level data analysis and economic forecasting tools; development of new draft public investment planning guidelines; project monitoring and evaluation procedures and the development of improved data collation techniques.

USAID supported the improvement of sectoral strategic and operational planning in the areas of agriculture, irrigation, transport and education. Professional skills and knowledge of key counterpart institutions were also enhanced by extensive training on requirements of the new Call Circular and on project analysis. Strategic study tours to Norway and Turkey were also organized by USAID to facilitate the incorporation of lessons learned from other countries on improved public investment planning processes. USAID also facilitated the design of a development plan and research agenda for the newly established Economic Research Institute of the MOED to improve macroeconomic and public investment planning capacity within the MOED.

In the budget administration area, the USAID-supported automated treasury information management system was rolled out to the Central Treasury in Baku and to three regional pilot treasuries. In July 2007, MOF approved a nationwide rollout plan which calls for the completion of the rollout to 14 additional regional treasuries, covering about 85% of all GOAJ expenditures, by the end of February 2008. Remaining smaller treasuries were left for completion between March and November 2008. The GOAJ has thus far provided approximately \$5 million in support of treasury system implementation.

Program Element Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth \ 4.1.3 Program Support (Macro Econ)

USAID staff designed and developed a new activity in the Macroeconomic Foundation for Growth program area. This activity, which will start in January 2008, will attempt to build upon and further institutionalize the current progress being achieved in the fiscal rationalization area. It will thus focus on achieving the full and effective integration of the capital and recurrent budgets, the full institutionalization of effective and transparent cost/benefit analysis procedures for all major capital projects, and the expansion of the automated budget administration system to include budget preparation, human resource management, and fixed asset management processes. Strategic technical and institution-building support in these areas will in turn prove critical to supporting the effective utilization of the massive inflow of budgetary revenues associated with oil/gas foreign exchange inflows in a manner which promotes the competitiveness and social equity goals of the country. The Economic Growth team of USAID Azerbaijan conducted research and information gathering activity prior to the design and development of the new activity.

Element Indicator Narrative \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth \ 4.1.1 Fiscal policy

Effective public investment rules and regulations are required to improve the integrity and efficiency characterizing the public investment program in Azerbaijan. As the result of USG technical assistance, the following reforms were approved in FY07 in relation to public investment policy and programming: (1) Presidential Decree No. 504 of December 2006 providing the Ministry of Economic Development (MOED) with the authority to manage the State Public Investment Program; (2) A specialized Public Investment Program Department was established in MOED; and (3) a comprehensive Public Investment Database was

established and operationalized in FY07. Training of expert capital project analysts is a critical medium-term capacity-building priority. In FY07 the public investment planning project conducted intensive training programs for relevant budget planning personnel. The project trained 145 staff, of which 21 (14.5%) were women. The actual number of personnel trained vastly exceeded the target, although the number of women trained is significantly lower than projected. Thus, a corresponding upward adjustment has been made for the FY08 target. The Treasury Information Management System currently covers approximately 15% of state budget execution. The current approved rollout plan calls for the completion of the rollout to 14 additional regional treasuries, at which point the system will account for about 85% of total expenditure execution.

Element Indicator Narrative \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth \ 4.1.3 Program Support (Macro Econ)

The Economic Growth team of USAID Azerbaijan conducted research and information gathering prior to the design and development of the new activity in the Macroeconomic Foundation for Growth program area. This activity, which will start in January 2008, will attempt to build upon and further institutionalize the current progress being achieved in the fiscal rationalization area.

Program Area Performance \ 4 Economic Growth \ 4.2 Trade and Investment

A major trade and investment policy and institutional reform-related technical and training assistance program was launched in late August, 2007. There are no results to be reported for FY07.

Program Element Performance \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.3 Program Support (Trade)

The USAID/Baku EG office conducted initial assessment and design work which led to the initiation of a new technical/institution-building support program in the Trade and Investment program area. This activity started in late August, 2007. The purpose of this program is to support accelerated progress on the part of Azerbaijan towards WTO Accession; and to support related progress on enactment and implementation of strategic policy, regulatory, and administrative reforms required for compliance with core WTO accession commitments. In addition, the program will focus on supporting development and implementation of key trade and investment enabling environment reforms required to put Azerbaijan in the strongest possible position to respond effectively to the challenges and opportunities associated with the trade/investment liberalization process, and to help place the economy on a robust, diversified, and equitable growth trajectory.

Element Indicator Narrative \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

A major trade and investment policy and institutional reform-related technical and training assistance program was launched in late August, 2007. Since this program was initiated later than initially expected, there are no results to be reported on for FY 07.

Element Indicator Narrative \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.3 Program Support (Trade)

The Economic Growth team of USAID Azerbaijan conducted research and information gathering prior to the design and development of the technical/institution-building support program in the Trade and Investment program area. This activity started in late August, 2007. The purpose of this program is to support accelerated progress on the part of Azerbaijan towards WTO Accession; and to support related progress on enactment and implementation of strategic policy, regulatory, and administrative reforms required for compliance with core WTO accession commitments.

Program Area Performance \ 4 Economic Growth \ 4.3 Financial Sector

USAID's major financial sector policy and institutional reform-related technical and training assistance program was launched early in the 1st quarter of FY08. As a result, there are no results to be reported for FY07.

Program Element Performance \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.3 Program Support (Financial Sector)

The Financial Sector Reform Support project was designed and related procurement processes completed by late FY07. The Economic Growth team of the USAID/Azerbaijan conducted an assessment and information gathering activity prior to the design and development of the project. The activity started in fall 2007. The purpose of the project is to support the formulation and implementation of sound macro/financial policies and rigorous prudential oversight of regulatory guidelines and practices in a manner which promotes the strengthening and deepening and stronger competitive performance of financial markets in Azerbaijan; and which enhances macro/financial stability in Azerbaijan. The program will also focus on building the institutional capacity of the commercial financial system to respond to an improved macro/financial policy and regulatory environment by sustainably expanding the availability of financial resources to the SME sector, particularly in under-served rural segments of the economy.

Element Indicator Narrative \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.1 Financial Sector Enabling Environment

The Financial Sector Reform Support project was designed and related procurement processes completed by late FY07. The Economic Growth team of USAID/Azerbaijan conducted an assessment and information gathering prior to the design and development of the activity. The activity started in October, 2007. As a result, no actual results for FY07 were realized. The number of projected on-site exams for FY08 has been reduced to reflect the realistic requirements for comprehensive and detailed on-site financial and operational review exercises within individual banking institutions.

Program Area Performance \ 4 Economic Growth \ 4.5 Agriculture

In FY07, USAID-supported programs played a significant role in improving sector competitiveness and promoting the capacity of the agricultural sector to function as a strong engine of employment and income growth in the rural economy of Azerbaijan. This was achieved through the strategic intervention strategies implemented under the Rural Economic Competitiveness (RECP) and Azerbaijan Business Assistance and Development (ABAD) Programs. These programs facilitated the establishment of sustainable value chain linkages for a large number of rural entrepreneurs, and supported compliance with international technical norms required for high-end value chain integration for both national and international markets. USAID also focused effectively on identification of key enabling environment constraints to SME development in

Azerbaijan, the results of which have been fed into development of the Mission's next generation follow-on sector competitiveness program, slated to begin during the 2nd quarter of FY08.

The four Marketing Centers established by USAID through ABAD in rural regions of Azerbaijan provided direct technical assistance and training to 47 active clients and 63 leasing clients in rural regions. This led to an increase in sales of almost \$11 million for rural client companies, and the creation of about 4,000 additional person-years of employment. USAID also provided a broad array of services, including intensive technical/training support on strategic planning and management practices to 83 SMEs. This helped effectively address the business development-related informational needs of rural and agricultural SMEs through targeted publications and periodic consultations; generating overall about \$26 million in additional sales revenues and 1,400 additional person-years of employment.

Moreover, as a result of these initiatives, a spin-off business development consulting company was established in late FY07, with the capacity to provide effective competitiveness enhancement support to SME's in a range of critical areas. USAID plans to build on the success of these "demand-driven" business development support initiatives through a focused sector-specific program which attempts to promote the sustainable diversification of Azerbaijan's economy through intensive technical/training/market linkage support for high potential value chain and cluster groups at the sub-sector level.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

In FY07, USAID provided technical assistance and training to small and medium enterprises in the agriculture sector to improve their competitiveness and increase agriculture productivity. USAID's Business Assistance and Development (ABAD) and Rural Enterprise Competitiveness projects supported these goals by improving strategic vertical and horizontal linkages both within the agriculture sector and between that sector and the rest of the rural economy; supporting development of specific value chain and cluster-based sub-sectors which have strong output and employment growth potential; and effectively promoting enhancement of entrepreneurial development and business planning and management skills.

The four Marketing Centers established by USAID through ABAD in rural regions of Azerbaijan provided direct technical assistance and training to 57 active clients and 63 leasing clients in rural and agricultural regions. Assistance to the SME sector focused on improving competitiveness through proactive technical and business assistance in market chain analysis, market development, trade and investment facilitation, and processing technologies. USAID also provided a broad array of services, including the provision of intensive technical support/training on strategic planning and management practices to 83 SMEs through the Rural Enterprise Competitiveness Project (RECP), and also supported the improved provision of business development information to rural and agricultural SMEs through targeted publications and periodic consultations.

Moreover, as a result of these initiatives, a spin-off business development consulting company was established in late FY07, with the capacity to provide effective competitiveness enhancement support to SME's in a range of critical areas. These include strategic/business planning, technology transfer, product quality control, cost control, and market development.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.3 Program Support (Agriculture)

The USAID/Azerbaijan EG office conducted research and information gathering activities and designed a new activity under the Agricultural Program Support area. This three year program, also referenced under the Private Sector Productivity Program Support Element, is slated to begin in early CY 2008. The main goals of the program is to help increase private sector competitiveness and sustainable growth through strategic technical/training support interventions aimed at improving the competitiveness and job and income generation potential of private enterprises in key sectors of the rural economy. Improvement in the competitiveness of key agricultural sub-sectors will be a priority focus of this program, reflecting the key role which the agricultural sector will undoubtedly play in promoting economic diversification in Azerbaijan over the medium-term. These goals will be achieved through a combination of targeted sector-based technical assistance and training designed to provide technology transfer, value chain quality control, cost-management, and market identification/development support in key high potential sub-sectors in the agricultural sphere of the Azerbaijani economy.

Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.1 Agricultural Enabling Environment

A new agricultural enabling environment project will start in FY08.

Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

USAID's new agriculture development project started late FY07. Therefore, results have not been generated for FY07. The results of USAID agriculture productivity programs that received FY06 funds are described in the Custom Indicator table and Agriculture Productivity Program Element Report.

Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.3 Program Support (Agriculture)

The USAID/Azerbaijan EG office conducted two information gathering activities prior to the design and development of the agriculture enabling and productivity projects in FY07.

Program Area Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness

USAID promoted private sector competitiveness through a strategic business enabling environment support effort designed to eliminate a critical set of policy/regulatory/institutional constraints limiting SME access to sustainable financial intermediation services. This reflected a cogent awareness that the almost total exclusion of the rural sector of the economy and the SME sector in general from formal financial services establishes a binding constraint on private sector competitiveness; thereby severely inhibiting the diversification potential of Azerbaijan's economy.

USAID successfully supported amendments to the mortgage law, and has supported the development of a draft collateral law and cadastral registration law. When fully implemented, this package of reforms will strengthen the property rights-related regulatory and enforcement environment in a manner which provides a significant impetus for enhanced SME lending. In addition, USAID supported the development of the draft Non-Bank Financial Institutions Law, as well as Credit Union and Credit Bureau Laws, which will promote a more facilitative environment for sustainable SME access to commercial financial resources.

USAID supported institutional capacity building in key ministries, independent public sector institutions, and targeted civil society institutions, in a manner designed to ensure that Azerbaijan's democratic reforms are consolidated and result in improved government transparency and accountability, and ultimately improved competitiveness of the non-oil sectors of the economy. USAID supported the strengthening of government officials' skills and abilities to operate in a transparent and accountable manner, to improve their technical expertise, broaden their management capacity, and function as responsive/accountable civil servants. Targeted USAID-sponsored training activities improved the technical and managerial skills of 304 public officials working in the field of economic growth, 374 citizens engaged in governance and democracy building activities, and 70 healthcare professionals through short and long term training programs. These program interventions should prove critical to establishing more efficient and transparent public sector decision-making processes on economic governance issues, and promoting proactive civil society involvement required to improve the accountability associated with those decisions.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.1 Business Enabling Environment

USAID supported the development of key enabling environment reforms in FY07 through the provision of technical assistance aimed at improving financial sector legal/regulatory infrastructure. This involved the development of draft reforms designed to improve incentives for expanding the sustainable provision of financial intermediation activities by both commercial banks and non-bank financial institutions (NBFIs). USAID-financed specialists thus played a critical role in the development and dissemination of key draft reform laws for secured transactions, cadastral registration, and credit bureau operations, as well as draft legislation designed to improve prudential oversight standards/systems for credit unions and for NBFIs.

USAID also provided targeted technical assistance to the Central Credit Registry at the National Bank of Azerbaijan, designed to improve its sustainability as a bridge towards its eventual privatization. The project also assisted the newly created Azerbaijan Mortgage Fund during its start-up phase in critical strategic planning and financial management activities. USAID provided critical institution-building support to the Azerbaijan Bank Training Center (ABTC), by upgrading its training curriculum, helping the ABTC win international accreditation for its training program, and by developing and offering the first accounting certification program in Azerbaijan through the ABTC. USAID has supported the introduction of a Russian-language Certified Accounting Practitioner program. More than 60 accountants have attended the program.

USAID worked to improve the outreach, operations and sustainability of the Azerbaijan Micro-finance Association (AMFA) and Azerbaijan Credit Union Association. As a result, these associations have developed ambitious strategic plans, increased membership and introduced a best practices-based training curriculum.

USAID-financed programs also facilitated improved financial sector linkages to external capital markets. Thus active linkages have been facilitated between domestic NBFIs with international investors and rating agencies, including through the establishment of a Ratings Fund to facilitate ratings for smaller microfinance institutions. These interventions have resulted in increased transparency in financial sector information flows and should over time promote increased availability of funding for efficient microfinance institutions.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.3 Workforce Development

USAID supported the building of stronger institutional capacity in key ministries, public sector institutions, and CSOs, which are critical to ensuring that Azerbaijan's democratic reforms are consolidated and result in improved government transparency and accountability, reduced corruption, and improved competitiveness of the non-oil sectors of the economy. Targeted USAID-sponsored training activities improved the technical and managerial skills of 304 public officials working in the field of economic growth, 374 citizens engaged in governance and democracy building activities, and 70 healthcare professionals through short and long term training programs and assessments.

USAID worked with various government and civil society institutions to support reform of the economic and political governance framework and to build governance capacity. Staff of the State Oil Fund, the Mortgage Fund and the Azerbaijan Investment Company thus participated in key financial governance programs in European training institutions. The National Bank of Azerbaijan (NBA) underwent a thorough assessment of its human resource management system that resulted in a strategic set of recommendations for its improvement. Two study tours on public expenditure management to Turkey and Norway were critical exposure events for the NBA, Ministry of Finance and Ministry of Economic Development, in which high level officials and technical staff received an introduction to international best practices in natural resource management and public investment planning. Critical institutional capacity building activities were carried out through the development of an alternative inflation methodology for the country carried out by a local economic think-tank institution; and the conduct of a targeted technical training program on requirements for harmonizing current regulatory norms and institutional oversight systems with WTO accession requirements.

USAID supported the organization of a national conference and follow-on retreat to develop a national strategy on combating corruption and provided a targeted consultancy for the preparation of a national strategy on anti-corruption. Other key programs included a study tour for commercial advertising companies to the U.S. (designed to support the development of sustainable financing strategies for private media outlets), and installation of a comprehensive legislative database at the Presidential Apparatus and the Ministry of Justice.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.4 Program Support (Private Sector)

Initial design and assessment for two new activities in the Private Sector Competitiveness Program area were conducted by the USAID/Azerbaijan team. The FORECAST activity, the USAID/Caucasus Mission's flagship follow-on participant training activity, was designed in summer FY07 and the activity started in late September 2007. This program is cross-cutting and will focus on building technical and institutional capacity within both GOAJ and civil society institutions in the areas of democracy and governance, economic development and health. This activity will enhance the design and implementation of complex democratic and economic governance reform processes, and promote informed civil society participation in these processes. In addition, the new three-year Private Sector Competitiveness Enhancement Support Program, slated to start in early CY 2008, will help increase private sector competitiveness and sustainable growth through strategic technical/training support interventions aimed at improving the competitiveness and job and income generation potential of private enterprises in key sectors of the rural economy.

Element Indicator Narrative \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.1 Business Enabling Environment

USAID supported the development of three major economic governance laws for FY07, including new mortgage and cadastral laws, as well as a new Non-Bank Financial Institutions Law.

Element Indicator Narrative \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.4 Program Support (Private Sector)

The Economic Growth team of USAID Azerbaijan conducted research and an information gathering prior to the design and development of the new Private Sector Productivity Program.

Key Issue Performance \ Local Organization Capacity Development

Through a strategic array of technical assistance and training interventions, USAID strengthened the capacity of key government institutions, NGOs, and private sector institutional actors to function in a manner designed to promote progress in important economic and political governance areas.

USAID strengthened the institutional capacity of the State Oil Fund, the Azerbaijan Mortgage Fund and the Azerbaijan Investment Company by developing their staff's technical and managerial skills. The National Bank of Azerbaijan underwent a thorough assessment of its human resource management system that resulted in a strategic set of recommendations for its improvement. USAID also provided institution-building support to the Azerbaijan Bank Training Center, the Azerbaijan Micro-finance Association and Azerbaijan Credit Union Association to improve the outreach, operations and sustainability of these organizations. USAID assistance considerably improved the organizational capacity of 12 partner NGOs through a targeted set of capacity building activities. USAID also improved the capacity of regional media outlets by increasing their technical knowledge base and improving their financial management and marketing practices. In the health sector, USAID strengthened the capacity of national and local healthcare institutions by training the senior policy and technical staff of the Ministry of Health and local health care providers in facilitative supervision and leadership.

Key Issue Performance \ Anti-Corruption

In FY07, USAID assisted the GOAJ's development of its 2007-2012 National Anticorruption Strategy by organizing a national conference and providing expert technical assistance for its preparation. Moreover, USAID supported anti-corruption reforms by strengthening the regulatory and procedural framework for the conduct of more transparent and accountable budget planning and administration practices. USAID also provided technical assistance to the Ministry of Health (MOH) in the preparation of its Health Financing Reform Program for 2007-2012. The proposed healthcare financing payment reform system has the potential to increase the transparency of and reduce corruption incentives within the healthcare system by neatly separating out healthcare financing functions between the MOH and Ministry of Finance.

USAID's Anti-corruption Legal Aid and Advocacy Centers provided 1,910 citizens with assistance in filing and pursuing anti-corruption related complaints. This statistical data was also used to identify critical corruption-related legal/institutional weaknesses and facilitate advocacy efforts designed to promote reforms in these areas. In collaboration with the Council of Europe and Transparency International, USAID developed two new anti-corruption activities, which started in October/November 2007 to accelerate government anti-corruption reforms and increase public participation in anti-corruption monitoring.

Key Issue Performance \ Inclusive Development: Participation of People with Disabilities

USAID funded a nine-month advocacy grant and a related consciousness-raising and reform support campaign to a coalition of disabled people's organizations. The coalition is led by the Intibah Social Development Union, which represents various regional GOAJ and NGO organizations. The core goal of this coalition's activities was to protect the rights of disabled women, ensure that relevant government institutions respond effectively to their needs, increase public awareness about their problems and rights, and to provide legal and psychological assistance to disabled women. The coalition's campaign principally covers the Aran-Garabakh region and the surrounding areas of Aghdam, Tar-Tar and Agjabedi.

USAID also increased the advocacy capacity of two disabled people's organizations (Parallax and Zaur Charity Foundation) through training in web design and presentation skills. As a result, Parallax has created a public website on the rights of disabled people and the Zaur Charity Foundation organized an online forum on the problems and challenges faced by disabled people in Azeri society. USAID will continue to promote the active use of the internet and improved computer literacy skills to build understanding of the treatment needs of PWDs and to promote the effective integration of PWDs into mainstream society.

Key Issue Performance \ Community Mobilization/Participation

USAID trained approximately 4,200 citizens in civic education, community mobilization and participation. As a result of USAID's community mobilization activities, over 30 new Community Development Associations were formed and eight advocacy campaigns were initiated in collaboration with local government institutions. These communities raised a total of \$481,819 cash and in-kind contribution to over 100 community projects that improved socio-economic conditions in their communities. In the health sector, USAID increased awareness of 30,000 citizens in family planning and reproductive health methods.

Moreover, USAID supported 28 youth projects and trained 1,752 young people, strengthening the involvement of regional youth in civil society and community mobilization through Youth Network Outreach and Youth Fund activities. Leadership and strategic planning training allowed participants to discuss ways to apply these skills to regional governance issues. Small civil society projects were designed by participants on key issues they wished to address in their community.

Key Issue Performance \ Public-Private Partnerships

Through its Community Connections Program, USAID strengthened public-private partnerships by bringing together representatives of the Azerbaijani government, NGOs, media, healthcare and the private sector for exchanges related to a range of political and economic governance topics. These included Urban Planning, Rural Finance, Youth and Amateur sports and Interest-based Associations, Public Service Advertising, Promotion of Women's Participation in Elections, and Healthcare Financing Reform. Participants who have returned from these exchanges continued to develop public-private partnership dialogue and momentum in a number of instances. These included successful efforts to bring together local officials, rural business owners and NGOs to create a community of cattle breeders, to work with local government officials and handicraft producers to create an open air museum in the municipality of Cuba, and to develop a partnership between an NGO and the Ministry of Youth to develop and execute a public awareness program to better inform youth on the dangers of sexually transmitted diseases.

Public-private partnerships were also promoted through the active engagement of local governments in remote regions in the design and implementation of co-financed community development and small infrastructure projects. As a result of these partnerships, municipalities and local executive authorities contributed more than \$100,000 to these community development programs in FY07.

Key Issue Performance \ Civil Society

In FY07, USAID provided technical assistance to 140 CSOs/CBOs, 15 media outlets and 591 media institutions to develop strategic plans, improve management and financial sustainability, implement advocacy campaigns, increase public participation and implement demonstrative community development projects.

To improve the legal and regulatory framework governing the functions of civil society organizations, USAID initiated and supported nine major civil society-related legal/regulatory reforms. USAID was also successful in engaging civil society organizations and media in the design and development of critical socio-political governance related reforms, including National Anticorruption, Reproductive Health and Family Planning Strategies and Election legislation. Through the Internet Access and Training Project, USAID supported active citizen engagement by imparting trainees the skills necessary to design their own websites and by facilitating internet access to 589 CSOs throughout Azerbaijan.

USAID responded effectively and expeditiously to several state requests to provide comparative international analysis of legal mechanisms for public financing of NGOs. This in turn helped build momentum for the issuance in July 2007 of a Presidential decree mandating the establishment of a State Fund to finance NGOs. USAID and its partners are working with the GOAJ to further support the development of a transparent and efficient NGO financing mechanism.

Key Issue Performance \ Water

Through the Regional Water Management Project, USAID provided technical assistance in integrated water resources management in Azerbaijan through constant work with key stakeholders, especially with Ministry of Ecology and Nature Resources and Amileoration JSC. Under this project, USAID organized three workshops with the participation of diverse stakeholders to develop shared regional water management concepts and strategies across counterpart government institutions. Moreover, USAID initiated negotiations with local counterparts regarding the restructuring and decentralization of the management of water resources. Introduction of a decentralized basin management approach as a core component of a rationalized water resource oversight strategy was a major recommendation proactively and collaboratively discussed with the GOAJ. USAID also provided technical assistance and commodity support to local government institutions to: (1) develop the national water cadastre information system; (2) carry out water quality modeling and training activities; (3) support installation and rehabilitation of water monitoring/measurement stations; (4) facilitate standardization of water flow/discharge data; and (5) improve broad water resource management data availability for all stakeholders.

Key Issue Performance \ Increasing gender equity

Gender as a cross-cutting theme was incorporated into all USAID activities in FY07. In addition to mainstreaming gender issues into major support activities, USAID initiated several specific programs aimed at increasing gender equity in the governance and economic development spheres.

USAID supported the establishment of the first Women's Bar Association (WBA) in Azerbaijan. Azerbaijan has one of the lowest rates of female legal professionals in the NIS. A gender-specific bar association was conceived to help create solutions unique to the professional challenges and barriers facing Azerbaijani women, and to provide a forum for women to lobby for their rights. The membership of the WBA has grown to 135 and is anticipated to increase further during FY08.

Moreover, to increase the participation of women in core socio-political institutions, USAID trained 340 women in problem identification and resolution, and promoted their interaction with public officials. Trained women formed leadership committees to solve local problems, while USAID's support programs kept committees active and helped overcome institutional obstacles. Women committees met with 65 local officials, and helped resolve institutional obstacles to gender equity and broader socio-political development objectives.

1 Peace & Security - Azerbaijan

1.6 Conflict Mitigation and Reconciliation\1.6.1 Conflict Mitigation

Number of people attending USG-assisted facilitated events that are geared toward

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
19	180	30	180	30

1.6 Conflict Mitigation and Reconciliation\1.6.1 Conflict Mitigation

Number of people reached through USG-assisted public information campaigns to support peaceful

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	2,000,000	-

1.6 Conflict Mitigation and Reconciliation\1.6.1 Conflict Mitigation

Number of USG-assisted facilitated events geared toward strengthening understanding and mitigating

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	3	6	6	11

1389
chars

1.6.1 Conflict Mitigation narrative (no more than 1500 characters)

An additional conflict mitigation activity provisionally anticipated in the Operational Plan was not carried out in FY07. As a result, the target figure of 180 people trained in conflict mitigation initiatives was not met; nor was the target related to the number of people reached through public information activities. This program had envisaged implementing conflict mitigation support activities were the peace process related to the Nagorno-Karabakh conflict to move forward in FY07. This of course did not happen. Thus, funding previously allocated to this program will be reprogrammed to support other development objectives in FY08. As a result, the performance targets for FY08 in this activity have been eliminated. However, the target for the USAID Regional Water Management project was exceeded, and the target for FY08 is being increased, reflecting ambitious plans by the South Caucasus Water Project (SCWP) to conduct more regional events than originally anticipated, including quarterly trilateral taskforce and joint monitoring meetings. Many of the events-based indicators quantify peace and security-related advancements between Armenia and Azerbaijan. Moreover, the SCWP has advanced development of important communication channels between Azerbaijan, Georgia and Armenia on water resource issues by training 30 people from each country in conflict mitigation

es by training 30 people from each country in conflict mitigation.

2 Governing Justly & Democratically - Azerbaijan

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Justice Sector Personnel that Received USG Training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1,472	285	672	415	700	622	135	325	200	400	850	150	347	215	300

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Legal Aid Groups and Law Clinics Assisted by USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
11	8	8	8	

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of people visiting USG supported legal service centers serving low income and marginalized communities

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
936	1,920	2,420	2,100	635	436	920	1,070	1,000	190	500	1,000	1,350	1,100	445

1070 chars 2.1.3 Justice System narrative (no more than 1500 characters)

The USG's Legal Education project provided much needed legal training to more than twice the number of Azerbaijani attorneys (672 justice sector personnel) than had been originally anticipated. Given the increasing demand for the Continued Legal Education Center-based training, the respective target for FY08 was increased accordingly. Given that ABA will no longer be required to support Transparency International's three Anticorruption and Legal Aid Centers under the Rule of Law Program in FY08, targets for FY08 for the following indicators were decreased accordingly: 1) Number of people visiting USG supported legal services centers serving low income and marginalized communities; and 2) Number of Legal Aid groups and Legal Clinics assisted by the USG. USAID will continue to support the legal clinic at Azerbaijani law schools providing free legal services for low-income communities. Additionally, free legal services will be rendered through the Traveling Lawyers program during regular periodic visits to a total of eleven regional communities in FY08.

2.2 Good Governance\2.2.1 Legislative Function and Processes

Number of National Legislators and National Legislative Staff Attending USG Sponsored training or educational Events

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	75	36	200	239	-	25	6	50	69	-	50	30	150	170

636 chars 2.2.1 Legislative Function and Processes narrative (no more than 1500 characters)

USAID trained 36 MPs and staff of the Parliament to develop an effective and functional legislative branch in Azerbaijan. The training included comprehensive, day-long training introducing participants to the appropriate role of Parliamentary technical staff. The numbers do not reflect the target set in the FY07 Operational Plan, reflecting the program's late startup during the latter part of FY07. Nevertheless, over the past few months, considerable momentum has been created and effective dialogue/training activities are proceeding. As a result, it is expected that the shortfall in training numbers will be achieved in FY08.

2.2 Good Governance\2.2.2 Public Sector Executive Function

Number of Executive Branch Personnel Trained with USG Assistance

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
200	150		35		40	50		5		160	100		30	

683 chars 2.2.2 Public Sector Executive Function narrative (no more than 1500 characters)

The targets included in this table vary from those those included by USAID Azerbaijan in the original FY07 Operational Plan. The USAID Caucasus FORECAST project has been moved into the Workforce Development Program Element (B344.4.3) under the Economic Growth Strategic Objective. As a result, targets and indicators for this program element have now been included in the Custom Indicator table. Since START did not receive FY07 funds, it was not included in the 2007 OP. However, results of the START program have been included in this performance report under the Workforce Development Element Report to highlight major accomplishments in FY07 (achieved with the FY06 funding).

2.2 Good Governance\2.2.4 Anti-Corruption Reforms

Number of Government Officials Receiving USG-Supported Anti-corruption Training

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	55	-	210		-	15		40		-	40		170	

2.2 Good Governance\2.2.4 Anti-Corruption Reforms

Number of USG-Supported Anti-corruption Measures Implemented

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	4		10	14

218 chars 2.2.4 Anti-Corruption Reforms narrative (no more than 1500 characters)

A major anticorruption-related technical and training assistance program was launched in late September, 2007. Since this program was initiated at the close of FY 07, there are no results to be reported on for FY07.

Number of Domestic Election Observers Trained with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3,000	-		3,500		700	-		800		2,300	-		2,700	

2.3 Political Competition and Consensus-Building\2.3.2 Elections and Political Processes

Number of Electoral Administration Procedures and Systems Strengthened with USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3	5	4	18	11

2.3 Political Competition and Consensus-Building\2.3.2 Elections and Political Processes

Number of Laws or Amendments to Ensure Credible Elections Drafted with USG Technical

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	-		1	

2.3 Political Competition and Consensus-Building\2.3.2 Elections and Political Processes

Number of People Reached by USG Assisted Voter Education

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
4,500,000	-		4,500,000	

978 2.3.2 Elections and Political Processes narrative (no more than 1500 characters)
chars

The CEC showed progress in four of the five institutional reform elements covered in the CEC Capacity Development Index: organizational structure; complaints and adjudication; staff training; and voter lists. The 5th category in the index, decision-making processes, did not change, because 2007 was not an election year. With USG assistance, the CEC under the custom indicator element "Structure of the Organization," undertook comprehensive monitoring of constituency and precinct level commissions nationwide and drafted a comprehensive plan for staff training that will be implemented in FY08. The FY08 target was erroneously set at 18 in the FY07 OP, and is now being set at 11 to reflect prospective improvement in the following systems and procedures (in addition to the five core CEC areas identified above): polling procedures; illegal interference; inking; election commission composition dialogue; deregistration of candidates; and strengthened recount procedures.

2.3 Political Competition and Consensus-Building\2.3.3 Political Parties

Number of Individuals who Receive USG-Assisted Political Party Training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2,536	1,200	2,648	1,920		432	208	1,258	416		2,104	992	1,390	1,504	

2.3 Political Competition and Consensus-Building\2.3.3 Political Parties

Number of political parties and political groupings receiving USG Assistance to articulate platform and

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
10	12	16	15	-

2.3 Political Competition and Consensus-Building\2.3.3 Political Parties

Number of USG-assisted political parties implementing programs to increase the number of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	2	2	

1284 chars 2.3.3 Political Parties narrative (no more than 1500 characters)

USAID trained leadership and staff of party headquarters and branches in 18 districts and Baku. In total, 2,648 political party members (2068 men, 580 women) were trained in basic organizational skills, voter canvassing, outreach and other fundamental political skills. Additionally, intensive training activities were delivered on website and database design. A major focus was placed on political messaging skills and effective communication with constituents. The large number of training participants in FY07 indicates the value organizations place on these activities. As a result, parties are expressing more interest in revitalizing their youth branches and in more proactive recruitment and outreach mechanisms. The Election Monitoring Center, a local NGO, was the recipient of a series of technical assistance support activities and a related sub-grant to strengthen its technical and managerial capacities to monitor the upcoming 2008 Presidential Elections and to carry out a Parliamentary Watch Program. The Organization for the Protection of Women's Rights collaborated in the training of 340 women in eight districts in political outreach/advocacy skills. Training programs included 30 elected officials, 19 appointe

2.4 Civil Society\2.4.1 Civic Participation

Number of Civil Society Organizations using USG Assistance to Improve Internal Organizational

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
165	114	140	182	

2.4 Civil Society\2.4.1 Civic Participation

Number of CSO Advocacy Campaigns Supported by USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	10	8	10	

2.4 Civil Society\2.4.1 Civic Participation

Number of People who Have Completed USG Assisted Civic Education Programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2,272	1,150	4,196	1,250		-	511	1,494	600		-	639	2,701	650	

Number of Positive Modifications to Enabling Legislation/Regulation for Civil Society

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	3	9	3	

983 chars **2.4.1 Civic Participation narrative (no more than 1500 characters)**

USAID exceeded all FY07 targets, as the robust Community Development Activity (CDA) Project was expanded to include additional 3 rural regions. Through this initiative, USAID implemented wide-spread, replicable community mobilization programs with 94 CDAs in 14 rural regions; improved organizational capacity through intensive project planning and implementation support, and completed proactive outreach, training and advocacy activities. The CDA sponsored democratic elections for local management councils established to oversee the selection/implementation of over 150 CDA small-scale projects. As a result, USAID provided training to 4,196 people, significantly exceeding FY07 targets. In addition to 140 CSOs and CBOs that received direct technical assistance from USAID implementing partners, USAID indirectly jumpstarted the organizational development and financial sustainability of 571 CSOs through the network of local training providers developed by the CDA Project.

2.4 Civil Society\2.4.2 Media Freedom and Freedom of Information

Number of Media Civil Society Organizations and/or Support Institutions Assisted by USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	2	2	2	

2.4 Civil Society\2.4.2 Media Freedom and Freedom of Information

Number of Media Outlets that Received USG-supported Training to Promote Financial

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
17	16	16	16	

2.4 Civil Society\2.4.2 Media Freedom and Freedom of Information

Number of Non-state News Outlets Assisted By USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
16	15	589	15	600

993 chars **2.4.2 Media Freedom and Freedom of Information narrative (no more than 1500 characters)**

An intensive training program for young journalists was carried out at the Ganja Media Center, a joint project with Internews, focused on problems faced by youth in rural areas of Azerbaijan. Youth Radio programs were aired on RFE/RL, again with the support of Internews. A new grant program was established to fund scholarships for five Azerbaijani journalism students at the Georgia Institute of Public Affairs (GIPA). The students were enrolled at both private and state universities and at the GIPA facility in Tbilisi. GIPA provides a Master's program in journalism that adheres to the Bologna Process Criteria. IATP successfully hosted 589 websites of NGOs and CSOs, enabling them to reach out to a nation-wide audience. In light of the program's success in establishing this broad outreach network, next year's target has been increased to 600 (cumulative). In addition, IATP conducted IT training for this emerging network of Internet-active NGOs and organized three online fora.

Number of evaluations

					impact					process					results					other				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-		2		-	-		2		-	-				-	-		-	-	-	-			

96 chars

2.4.3 Program Support (Civil Society) narrative (no more than 1500 characters)

USAID Azerbaijan did not plan/conduct any program evaluation in the civil society area in FY07.

3 Investing in People - Azerbaijan

3.1 Health\3.1.5 Other Public Health Threats

Number of improvements to laws, policies, regulations or guidelines related to improved

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	3	4	3	

836
chars

3.1.5 Other Public Health Threats narrative (no more than 1500 characters)

The project facilitated the development of the following new policies: "Health Financing Reform Program for 2007-2012," the "Primary Health Care Roadmap," a new draft of "General Practitioner Regulations" and the revised "Family Medicine/General Practice curriculum," thereby exceeding the target of three improved policies. With these policies, the project now has a platform for finance and service delivery reform implementation in pilot sites for FY08. As a result, the project can finalize the design and will begin testing a case-based financing system and Primary Health Care performance monitoring system. Finally, the project trained twelve people in the core regions, producing local monitoring and evaluation expertise which will enable the government of Azerbaijan to begin tracking results of the health reform process.

3.1 Health\3.1.7 Family Planning and Reproductive Health

Number of people trained in FP/RH with USG funds

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
495	240	391	240	496	-	-	90	-	-	-	-	-	301	-

3.1 Health\3.1.7 Family Planning and Reproductive Health**Number of USG-assisted service delivery points providing FP counseling or services**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
84	84	103	96	

723**3.1.7 Family Planning and Reproductive Health narrative (no more than 1500 characters)****chars**

With a higher number of Peer Educators incorporated into the Reproductive Health Program than initially anticipated (through intensive and highly effective community outreach activities), the number of people trained with USG funds exceeded the target by over 60%. The targets for FY08 have been increased commensurate with the anticipated incorporation of additional communities through the project's expansion into new urban settings. The project's \$800,000 budget in FY07 was supplemented by a \$1.3 million injection of funding from UNFPA fallout, which will facilitate a major expansion of this program into both Baku and into the Absheron peninsula region, representing a twofold increase in the target population.

4 Economic Growth - Azerbaijan

4.1 Macroeconomic Foundation for Growth 4.1.1 Fiscal policy

Number of key items of revenue policy work product prepared by the Fiscal Policy Unit

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	2	4	2	

4.1 Macroeconomic Foundation for Growth 4.1.1 Fiscal policy

Number of key personnel in fiscal policy and fiscal administration trained with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
155	100	145	100	109	35	30	21	30	39	120	70	124	70	

1463
chars

4.1.1 Fiscal policy narrative (no more than 1500 characters)

Effective public investment rules and regulations are required to improve the integrity and efficiency characterizing the public investment program in Azerbaijan. As the result of USG technical assistance, the following reforms were approved in FY07 in relation to public investment policy and programming: (1) Presidential Decree No. 504 of December 2006 providing the Ministry of Economic Development (MOED) with the authority to manage the State Public Investment Program; (2) A specialized Public Investment Program Department was established in MOED; and (3) a comprehensive Public Investment Database was established and operationalized in FY07. Training of expert capital project analysts is a critical medium-term capacity-building priority. In FY07 the public investment planning project conducted intensive training programs for relevant budget planning personnel. The project trained 145 staff, of which 21 (14.5%) were women. The actual number of personnel trained vastly exceeded the target, although the number of women trained is significantly lower than projected. Thus, a corresponding upward adjustment has been made for the FY08 target. The Treasury Information Management System currently covers approximately 15% of state budget execution. The current approved rollout plan calls for the completion of the rollout to 14 additional regional treasuries,

tion of the rollout to 14 additional regional treasuries, at which point the system will account for about 85% of total expenditure execution.

4.1 Macroeconomic Foundation for Growth\4.1.3 Program Support (Macro Econ)

Number of information gathering or research activities

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	1	-	

**381
chars**

4.1.3 Program Support (Macro Econ) narrative (no more than 1500 characters)

The Economic Growth team of USAID Azerbaijan conducted research and information gathering prior to the design and development of the new activity in the Macroeconomic Foundation for Growth program area. This activity, which will start in January 2008, will attempt to build upon and further institutionalize the current progress being achieved in the fiscal rationalization area.

4.2 Trade and Investment\4.2.1 Trade and Investment Enabling Environment

Number of customs harmonization procedures implemented in accordance with internationally

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	2	

4.2 Trade and Investment\4.2.1 Trade and Investment Enabling Environment

Number of legal, regulatory, or institutional actions (not mentioned above) taken to improve

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-		8	

4.2 Trade and Investment\4.2.1 Trade and Investment Enabling Environment

Number of USG supported training events held that related to improving the trade and investment

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-		6	

261

4.2.1 Trade and Investment Enabling Environment narrative (no more than 1500 characters)

chars

A major trade and investment policy and institutional reform-related technical and training assistance program was launched in late August, 2007. Since this program was initiated later than initially expected, there are no results to be reported on for FY 07.

4.2 Trade and Investment4.2.3 Program Support (Trade)**Number of information gathering or research activities**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	1	-	-

564

4.2.3 Program Support (Trade) narrative (no more than 1500 characters)

chars

The Economic Growth team of USAID Azerbaijan conducted research and information gathering prior to the design and development of the technical/institution-building support program in the Trade and Investment program area. This activity started in late August, 2007. The purpose of this program is to support accelerated progress on the part of Azerbaijan towards WTO Accession; and to support related progress on enactment and implementation of strategic policy, regulatory, and administrative reforms required for compliance with core WTO accession commitments.

4.3 Financial Sector4.3.1 Financial Sector Enabling Environment**Number of analysts trained in off-site surveillance with USG assistance**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
16	25	-	50		-	5	-	10		-	20	-	40	

Number of financial sector supervisors trained with USG assistance

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
40	25		50		-	5		10		-	20		40	

4.3 Financial Sector/4.3.1 Financial Sector Enabling Environment

Number of on-site examinations undertaken this year with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
11	15	-	30	10

584
chars

4.3.1 Financial Sector Enabling Environment narrative (no more than 1500 characters)

The Financial Sector Reform Support project was designed and related procurement processes completed by late FY07. The Economic Growth team of USAID/Azerbaijan conducted an assessment and information gathering prior to the design and development of the activity. The activity started in October, 2007. As a result, no actual results for FY07 were realized. The number of projected on-site exams for FY08 has been reduced to reflect the realistic requirements for comprehensive and detailed on-site financial and operational review exercises within individual banking institutions.

4.3 Financial Sector/4.3.3 Program Support (Financial Sector)

Number of information gathering or research activities

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	1	-	

Number of sector assessments

					other				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	-		-		1	-		-	

0 chars

4.3.3 Program Support (Financial Sector) narrative (no more than 1500 characters)

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of individuals who have received USG supported short-term agricultural enabling environment training

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-		100		-	-		30		-	-		70	

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of institutions/organizations making significant improvements based on

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-		2	

4.5 Agriculture 4.5.1 Agricultural Enabling Environment

Number of institutions/organizations undergoing capacity/competency assessments as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	2	

4.5 Agriculture 4.5.1 Agricultural Enabling Environment

Number of policy reforms analyzed with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	4	

4.5 Agriculture 4.5.1 Agricultural Enabling Environment

Number of policy reforms presented for legislation/decrees as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	2	

70 chars

4.5.1 Agricultural Enabling Environment narrative (no more than 1500 characters)

A new agricultural enabling environment project will start in FY08.

Number of individuals who have received USG supported short term agricultural sector productivity training

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	200		-	-	-	80		-	-	-	120	

4.5 Agriculture4.5.2 Agricultural Sector Productivity

Number of new technologies or management practices made available for transfer as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	5	

4.5 Agriculture4.5.2 Agricultural Sector Productivity

Number of public-private partnerships formed as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	4	

4.5 Agriculture4.5.2 Agricultural Sector Productivity

Percent change in value of international exports of targeted agricultural commodities as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	25	

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Percent change in value of intra-regional exports of targeted agricultural commodities as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	-	25	

294

4.5.2 Agricultural Sector Productivity narrative (no more than 1500 characters)

chars

USAID's new agriculture development project started late FY07. Therefore, results have not been generated for FY07. The results of USAID agriculture productivity programs that received FY06 funds are described in the Custom Indicator table and Agriculture Productivity Program Element Report.

4.5 Agriculture\4.5.3 Program Support (Agriculture)

Number of information gathering or research activities

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	2	2	-	-

177

4.5.3 Program Support (Agriculture) narrative (no more than 1500 characters)

chars

The USAID/Azerbaijan EG office conducted two information gathering activities prior to the design and development of the agriculture enabling and productivity projects in FY07.

4.6 Private Sector Competitiveness\4.6.1 Business Enabling Environment

Number of the 11 core commercial laws put into place with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	3	2	

183

4.6.1 Business Enabling Environment narrative (no more than 1500 characters)

chars

USAID supported the development of three major economic governance laws for FY07, including new mortgage and cadastral laws, as well as a new Non-Bank Financial Institutions Law.

4.6 Private Sector Competitiveness
4.6.4 Program Support (Private Sector)

Number of information gathering or research activities

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	1	1	-	-

178

4.6.4 Program Support (Private Sector) narrative (no more than 1500 characters)

chars

The Economic Growth team of USAID Azerbaijan conducted research and an information gathering prior to the design and development of the new Private Sector Productivity Program.