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**TRADE AND INVESTMENT REFORM
SUPPORT PROGRAM IN AZERBAIJAN**



QUARTERLY REPORT

JANUARY 1 – MARCH 31, 2010 (Q2, 2010)

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**Contract No. AFP-I-00-04-00002-00, Task Order #10
under the SEGIR Commercial, Legal and Institutional Reform Indefinite
Quantity Contract (CLIR IQC)**

**Chemonics International, Prime Contractor
AECOM International (formerly The Services Group), Subcontractor
Economic Integration Forum, Subcontractor**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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Background and Project Summary

Project Summary

The jointly-funded USAID and Government of Azerbaijan (GOAJ) Trade and Investment Reform Support Program (TIRSP) seeks to promote economic growth in Azerbaijan by facilitating its' accession to the World Trade Organization (WTO), building local capacity to comply with core WTO commitments, supporting the development of a trade and investment enabling environment, and encouraging investment flows in non-oil sectors. These initiatives are aimed at promoting a sustainable increase in the flow of private investment resources (both FDI and local private investment) into the Azerbaijani economy, as well as significant improvement in the efficiency with which those resources are allocated and their impact on income and job creation. TIRSP began in August 2007 under a two-year contract, and was subsequently extended to run through September 2010. TIRSP is currently co-financed by USAID and the GOAJ.

Background

Azerbaijan's economy is growing at double-digit rates, due to a surge in oil and gas exports. However, trade and investment in non-oil/gas sectors of the economy remains flat, due to continued policy and regulatory distortions and to a poor enabling environment. Increased reform in the trade and investment framework is required to promote robust non-oil sector growth and prevent the recent disruptions in international trade and financial markets from creating a downward spiral in non-oil sector job creation and investment.

WTO accession, along with its associated enabling environment reforms, will strengthen the Azerbaijani economy's capacity to both address increased growth challenges and place the non-oil sector on a sound trajectory. TIRSP provides technical assistance and training to support the Government of Azerbaijan (GOAJ) in accelerating its accession to the WTO, improve its business climate, prime the country's economy to reap the full benefits of accession, and more broadly benefit from integration into the global economy.

Key Accomplishments

In just over two years, the technical assistance provided by TIRSP to the GOAJ has significantly advanced the status of WTO negotiations, promoted harmonization of the Azerbaijani trade regime with international standards, reduced administrative and legal barriers to conducting business in Azerbaijan, and improved practices and regulatory oversight in key utility sectors. With support from TIRSP, the WTO Working Party considering Azerbaijan's accession reconvened in May 2008, December 2008 and July 2009, following over two years of stalled negotiations. These milestones in the Azerbaijan accession process are record-breaking as countries normally get on average one working party meeting per year. The progress made since TIRSP was launched has been the result of close collaboration between the GOAJ and TIRSP in (i) preparing WTO-compliant laws in customs, intellectual property, foreign trade policy, food safety, and non-tariff barriers to trade; (ii) preparing high-quality accession documents that formed the basis for developing the Factual Summary; and (iii) improving the structure and format of goods market access offers in 2008. TIRSP is supporting Azerbaijan in legislative and institutional reforms to help continue Azerbaijan's progress towards WTO accession, which has included conducting bilateral negotiations with ten nations in 2008 and seven nations in 2009.

During this reporting period, TIRSP continued to provide legal support toward finalizing several draft laws related to technical barriers to trade (TBT), sanitary and phytosanitary standards (SPS), and intellectual property (IP). In addition, TIRSP worked closely with the GOAJ to assist in understanding trends and typical commitments made by WTO members and other acceding countries in order to build confidence for improving market access offers on goods and services. As a result, the GOAJ has revised its service offer, taking into account many of TIRSP's suggestions and is currently working on improvements to its goods offer. TIRSP has also been providing significant support in researching and guiding the preparation of replies to questions submitted to GOAJ by the EU and US negotiators.

TIRSP business and investment climate reform initiatives focus on investor protection, legal reform, and utility sector reforms. During the first project year, with TIRSP's assistance, the GOAJ considered legislation to reform the competition code, bankruptcy and business closure laws, cadastral and collateral laws, state-owned enterprise law, and public procurement law. TIRSP also provided support to the GOAJ in reforming the regulatory, institutional, service, infrastructure, and other key elements in Azerbaijan's provision of electricity, gas, and water utility services in 2008.

During its second year, TIRSP provided ongoing support for reforms in key legal areas to improve the business enabling environment. In 2009, for example, TIRSP continued a comprehensive pilot program dedicated to reforming the property tax system to support the long-term sustainability of the real estate market. TIRSP also provides technical assistance to support the development of capital and securities markets in Azerbaijan. Specifically, TIRSP has worked closely with the State Committee on Securities to build institutional capacity as well as to reform laws and regulations relevant to the development of capital markets.

During this reporting period TIRSP continued to support trade and investment reform. To promote capital market development TIRSP drafted a document for a five-year securities market development plan for the State Committee on Securities (SCS). It is anticipated that the SCS will form a formal working group to advance the draft through the peer review and legislative processes. In the coming quarter TIRSP expects to continue to serve as an important resource. In support of property tax reform, TIRSP completed the latest installation of Computer Assisted Mass Appraisal training for the State Service on Registration of Rights in Real Estate (SSRE). The project also continued to support the draft Competition Code, bankruptcy reform, and provided additional trainings on revenue forecasting and modeling.

In order to further build human resource capacity, during this reporting period TIRSP launched a 9-week course on Public Finance and Applied Project Appraisal and Risk Management for Economic Development. These courses are being conducted by the Duke Center for International Development (DCID) at Duke University. These masters level economic courses cover detailed financial, economic, and stake-holder cost/benefit analysis, as well as risk analysis and management, and theory and practice of applied public finance to economic development with special emphasis on taxation. This will increase the output of high-quality professionals with strong skills in public finance and accelerate Azerbaijan's transition to a prosperous and efficient market economy.

By assisting Azerbaijan in its accession process to the WTO and supporting business and investment climate reforms, TIRSP is encouraging long-term, sustainable economic growth. Efforts over the past two years have focused on promoting harmonization of the Azerbaijani trade regime with international standards and best practices, reducing administrative and legal barriers to

conducting business, and improving practices and regulatory oversight in key utilities services. In its third year, TIRSP continues to provide related technical assistance and advice to the Government of Azerbaijan and key stakeholders.

The report below details the primary activities undertaken by TIRSP over the period from January – March 2010, by Component.

Component One – World Trade Organization Accession

I. The WTO Accession Process

During the reporting period, TIRSP staff and expert advisors continued working with the Government of Azerbaijan (GOAJ) to prepare replies to 98 questions raised by the United States (52 questions) and the EU (46 questions) subsequent to the July 2009 Working Party meeting. The TIRSP Component I team worked closely with several ministries and state bodies to assist in finalizing the draft replies and secure informal pre-approval for the replies. These included the Ministry of Economic Development (MED), the State Committee on Standards, Patents, and Metrology, the Ministry of Agriculture (Plant Quarantine Service and Veterinary Service), the Ministry of Public Health, the State Customs Committee, the Copyright Office, the State Procurement Agency, the Tariff Council, the State Service on Anti-Monopoly Policy and Consumer Right Protection), Ministry of Taxation, and the Ministry of Energy and Industry.

TIRSP assisted the MED in completing the first read-through of the replies for formal submission to members of the WTO inter-ministerial commission for final approval. Replies to all questions were prepared, with the exception of three questions that require input from the Ministry of National Emergency. MED committed to determining decisions on six policy related questions during the next Working Party meeting. Replies to questions are anticipated to be sent to the WTO Secretariat in March 2010 subsequent to being formally approved by the WTO inter-ministerial commission.

To facilitate the process of resolving policy issues at the Cabinet level, TIRSP was asked by the inter-ministerial commission to provide a summary of these issues for consideration. TIRSP prepared a table summarizing policy issues and expectations of WTO Working Party members that describes the top ten policy issues hindering Azerbaijan's accession to the WTO, and explains the need to address these issues, sharing the experiences of other countries and expectations of Working Party members. TIRSP will provide this document to the MED and Ministry of Foreign Affairs (MFA) to help facilitate discussions during the next meeting of the WTO inter-ministerial commission.

TIRSP provided assistance in translating and packaging eight laws (requested by Working Party members) and six draft laws for submission to the WTO; updating the WTO legislative action plan; and preparing conformity checklist for customs valuation (Annex of ACC/1). TIRSP also assisted in compiling the following lists: tariff exemptions, goods subject to mandatory certification, and goods with harmful organisms under quarantine.

TIRSP continued discussions with MED and MFA to promote further improvements to the revised offers on goods and services. The revised services offers were submitted to the US, EU, South Korea, and Japan in early February 2010. According to the MED, the revised offer presents an improvement in many areas along the lines of suggestions made by the TIRSP project.

The revised goods offers were also ready for submission to members engaged in market access negotiations on goods. During the WTO inter-ministerial commission meeting held during the first week of February 2010, the Minister of Economic Development decided to allow another round of review by relevant ministries and state bodies (State Customs Service, Ministry of Industry and Energy, the Ministry of Agriculture, and MED). It is anticipated that the offer will be submitted to interested countries during the second half of March 2010.

If revised goods offers and replies to questions are submitted in March, and Working Party members are satisfied with the quality of revised offers and replies, then a Working Party meeting will be scheduled to take place in late May 2010. Prior to that the WTO Secretariat will need to update the factual summary and seek Azerbaijan's comments before circulating it to Working Party members. This will most likely happen during the first half of April 2010.

II. *Legal Reform*

During the reporting period, TIRSP continued monitoring the legislative process, particularly all draft laws and other legal acts under the Presidential Legislative Action Plan. It was decided in early March to drop the second legislative action plan and no longer wait for its adoption. The Cabinet of Ministers requested that relevant ministries and state bodies start immediate work toward finalizing drafts at the ministerial level.

A. *Technical Barriers to Trade*

TIRSP worked with the President Office and the Standards Committee to complete a new revision of the Draft Law on Technical Regulations and Conformity assessment. TIRSP and expert advisors reviewed the latest draft and assessed that it met WTO Technical Barriers to Trade (TBT) requirements, although some institutional and non-WTO aspects can be strengthened. It is anticipated that this draft will be submitted to the Parliament during the next quarter.

In addition, TIRSP completed an analysis of the draft amendments to the Law on Standardization for WTO conformity, and prepared conceptual and legal recommendations to bring it in line with WTO TBT. The draft amendments had many deficiencies including lack of adequate notification provisions, basis for adopting national standards, and absence of the TBT code of practice (by reference or implementation).

TIRSP also completed analysis of the Draft Law on Accreditation of Conformity Assessment Bodies and provided conceptual and legal recommendations, including a complete model to consider. The draft provided preferences to the EU accreditation system and appears to call for establishing more than one national accreditation body.

B. *Sanitary and Phytosanitary Measures*

TIRSP continued working with the Cabinet of Ministers as well as the working group established at the Ministry of Justice on the Draft Law Amending the Law on Sanitary and Epidemiological Well-Being of Population. Draft amendments were finalized and sent to the Cabinet of Ministers.

Furthermore, the Component 1 team advised the Ministry of Justice (MOJ) to form a working group to finalize draft amendments to the Food Law. The MOJ followed this advice, and created a working group similar to the one responsible for reviewing draft amendments to the Sanitary Law. The draft amendments to the Food Law were finalized by the working group at the Ministry of Justice in February, and have been submitted to the Cabinet of Ministers.

C. *Intellectual Property Laws*

TIRSP continued discussions with the Copyright Agency and the Ministry of Justice regarding proposals to amend the Draft Law on Securing IP Rights and Combating Piracy. The current draft incorporates seven out of the ten recommendations made by TIRSP. The exceptions include injunctive relief, indemnification of defendants, and protection against harms to the right-holder.

D. Customs Code

TIRSP continued support to the Office of the President in reviewing the Draft Customs Code, and assisted in replying to a number of specific questions, including many non-WTO related questions such as the difference between the "goods declaration" (used in Kyoto) and "customs declaration", usual forms of handling, rate of yield, and standard exchange system.

The Component 1 team also secured a copy of the Draft Customs Code and updated the English translation. TIRSP launched an analysis of the Draft Customs Code for assessing conformity with the WTO Customs Valuation Agreement, the WTO Agreement on Rules of Origin, and the WTO TRIPS section on IP border enforcement.

E. Additional Legal Support

In addition to the activities detailed above, TIRSP and its expert advisors provided significant assistance in revising the Draft Law on Regulating Foreign Trade Activities and provided detailed legal proposals for reflecting the provisions of the WTO Agreement on Import Licensing Procedures.

TIRSP also continued monitoring the process of approvals at the ministerial level of Presidential Decrees 609 and 782, and promoting changes requested by WTO members including the period for issuing license and license fees.

Furthermore, TIRSP held additional discussions with the MED regarding finalization of the Draft Law on Anti-dumping, Countervailing, and Safeguards. TIRSP prepared five model draft regulations for the purpose of implementing the new draft customs code once adopted. These regulations covered pre-arrival declaration, advanced cargo declaration rules, authorized economic operators (AEO) certification, and management of AEOx. These have been translated and provided to the State Customs Committee.

TIRSP also conducted an analysis of the Draft Law on Genetic Engineering, and discussed the report with relevant ministries on the following issues: the draft (i) wrongly presupposes all biotech products are inherently dangerous; (ii) neither describes nor enables a science-based mechanism for hazard identification, risk assessment, and risk management; and (iii) fails to acknowledge the existence of any need for, much less provide, appropriate safeguards for confidential business information.

III. Institutional Reform

TIRSP continued to facilitate WTO-related institutional reform through promotion of Azerbaijan's joining of Codex Alimentarius, a collection of internationally recognized standards and related codes of practice for regulation of food quality, safety, and trade. A draft for establishing a Codex National Point is currently at the Cabinet of Ministers, ready for submission to the President's Office. Moreover, TIRSP finalized and translated a Codex Harmonization plan in February, and provided it to the State Committee on Standardization, Metrology and Patents, as well as the Ministry of Health and the Ministry of Agriculture.

TIRSP finalized and translated several papers this quarter, including an SPS/TBT notification needs assessment, which was provided to the State Committee on Standardization, Metrology and Patents, the Ministry of Health and the Ministry of Agriculture. TIRSP also prepared a paper and conducted a

roundtable on recommendations to facilitate private sector participation in standardization. The Component 1 team prepared and conducted a training seminar on procedural guidelines for SPS/TBT notification, and initiated the preparation of guidelines for launching the process of codex harmonization. Seminars were well attended by representatives from both private and public sectors (Ministry of Public Health, Ministry of Agriculture, State Veterinary Service, State Phytosanitary Control Service, and State Committee on Standardization, Metrology and Patents).

In addition, TIRSP intensified its assistance to the GOAJ on procurement during this quarter. The project prepared model standard bidding documents for goods and goods-small contracts, in addition to developing guidelines for establishing and operating procurement units within procuring entities to introduce professionalism in government procurement. These guidelines were provided to the State Procurement Agency in February. TIRSP held a seminar to discuss standard bidding documents for goods and guidelines for establishing and operating procurement units. Twenty-three participants from the following 11 entities attended the session:

- Ministry of Education
- AzerEnergy Open Stock Company
- Ministry of Industry and Energy
- Ministry of Transportation
- Ministry of Emergency Situations
- State Agency on Standards, Metrology and Patents
- State Oil Company
- Central Bank of Azerbaijan
- Ministry of Agriculture
- State Procurement Agency
- Ministry of Finance

In January, TIRSP conducted a roundtable on trade remedies (anti-dumping, countervailing, and safeguards) targeting Members of Parliament that included participation from representatives of various ministries and civil society organizations.

TIRSP also prepared awareness materials and held a roundtable discussion on genetically modified organisms (GMO) for government officials including around 20 representatives from Parliament, the Ministry of Agriculture, the Veterinary State Service, the Phytosanitary Control State Service, and the Ministries of Economic Development and Health. The project held an addition roundtable discussion on GMO for industry stakeholders and NGOs, including individuals from the National Academy of Sciences, Baku State University, the Consumer Federation, and other organizations.

Component Two – Trade and Investment Reform

I. Capital Markets

This quarter, a TIRSP senior capital markets advisor produced a discussion draft of a five-year securities market development plan for the State Committee on Securities (SCS). The advisor also completed the initial drafting of a securities law, which TIRSP will advise be inserted as amendments to Chapter 54 of the Civil Code. Throughout the reporting period, TIRSP fielded questions on the draft securities law. It is anticipated that the SCS will form a formal working group to advance the draft through the peer review and legislative process, and that TIRSP will be requested to serve as a resource in those regards.

The senior capital markets advisor also delivered comments on the following concept paper topics: licensing financial intermediaries; the securities market regulation and oversight; and the capital markets training center. TIRSP held several meetings with SCS personnel regarding training and attendant arrangements and produced a forward-looking schedule of deliverables.

TIRSP completed and delivered comments on the following issues to the SCS:

- SCS's proposed IT infrastructure (including website and database needs of SCS).
- Rules on Implementation of Repo Transactions with Investment Securities.
- Rules Regarding Conclusion of Trading Transactions with Securities.
- Defining Fair Market Value of Securities.

In February, TIRSP met with Mechman Abbas, Director of Administration of the SCS, and Natiq Mustafayev, outgoing Director of Market Research and Development regarding a detailed workplan that TIRSP produced. While the vast majority of the workplan's content had been approved, small details remain outstanding. A copy of the work plan is available upon request.

II. Corporate Governance Strengthening/Company Law

TIRSP fielded several minor questions from the SCS regarding the draft company law provisions of the Civil Code. As to corporate governance, TIRSP participated in the IFC's Corporate Governance Report on Observance of Standards and Codes (ROSC) event on February 11, 2010, at which TIRSP Component 2 Leader served on a discussion panel (and made a presentation), and a TIRSP advisor participated in an afternoon round-table discussion of the ROSC.

TIRSP anticipates that the draft company law provisions will be submitted to the Cabinet of Ministers in the course of the next quarterly reporting period.

III. Property Tax Reform

TIRSP completed the latest installation of Computer Assisted Mass Appraisal training for the State Service on Registration of Rights in Real Estate (SSRE) during the final two weeks of February. SSRE officials approached TIRSP with proposals for other interventions related to property tax and appraisal reforms. TIRSP is examining these requests, and will consult with USAID.

IV. Revenue Forecasting and Modeling

This quarter, the TIRSP Component 2 team worked with a revenue forecasting and modeling advisor to refine the macro-economic impact model that TIRSP had developed for the Ministry of Finance, and deliver a three-day training for relevant Ministry personnel. The Deputy Minister of Finance specifically asked that this work be continued throughout TIRSP's period of activity in Azerbaijan, and the Head of the Department of Revenue Forecasting called it the best donor intervention he had ever experienced.

TIRSP solicited commentary regarding the revenue impact model from the local IMF representative and from economists and econometricians at two Azerbaijani universities. Upon receipt of said commentaries, TIRSP worked to implement those that were deemed most appropriate. The commentaries were shared with the Ministry of Finance.

TIRSP worked with relevant Ministry personnel to update the model by inserting 2010 numeric data. Finally, TIRSP worked with the Ministry to co-ordinate potential training in regions in the springtime.

V. Competition Code

On February 11, 2010, the TIRSP Component 2 Leader made a presentation to the American Chamber of Commerce in Azerbaijan regarding the purpose of competition law and the provisions of the draft Competition Code that are less than "best practice" compliant. The presentation included components on vertical and horizontal restraints, market regulation, merger control, and, most significantly, dominant position and its abuse.

Also with regard to the draft Competition Code, TIRSP continued to coordinate with the Milli Majlis (i.e. the Parliament) regarding the long-planned seminar regarding the draft.

VI. Electronic Commerce

During March, TIRSP continued to coordinate with relevant MED and Ministry of Communication and Information Technology personnel on an e-commerce expert's upcoming mission to Baku in April 2010. TIRSP prepared a presentation on e-commerce best practices and related recommendations for Azerbaijan, which will be presented by the TIRSP e-commerce advisor in early April.

VII. Property Registry

TIRSP met with the following experts to discuss *inter alia*, the feasibility of TIRSP's recommending a unified cadastre, the distinction between the several cadastres that are presently maintained in Azerbaijan, the effect of a SSRE filing, the mechanics thereof, and the role of the newly created Law and Awareness Center:

- Shahin Panakhov, Administrator of the World Bank's Real Estate Registration Project in Azerbaijan.
- Mr. Hassanov, Chief of the SSRE's legal department.
- Mr. Sadeddin Jafarov, Deputy Head of the SSRE Apparat.
- Nazim Ismailov, Director of the State Committee of Land and Cartography.

In addition, a TIRSP property registry advisor provided substantive comments on the following issues: Land Code Provisions on Takings, the Law on Mortgage, and the Law on State Real Estate Registry.

VIII. Secured Transactions/Leasing

Secured Transactions

TIRSP met with the IFC's Access to Finance mission and the Swiss External Co-operation Agency (SECO)'s Nailya Safarova regarding a collaborative effort at resurrecting interest in movable property secured transactions. Subsequent meetings were held with Deputy Minister Niyazi Saparov (Ministry of Economic Development), and the Chairman of the Parliament's Economic Committee, Mr. Ziya Samedzade.

In the wake of these meetings (and another with the Cabinet of Ministers, which TIRSP did not attend), TIRSP informed each counterpart of the IFC and SECO plans to field a secured transactions expert to provide active legislative advocacy via the Presidential Apparat if possible, given that the draft law appears to have been stalled there for several years.

Leasing

During the reporting period, TIRSP worked closely with the USAID Private Sector Competitiveness Enhancement Program (PSCEP) to co-ordinate advocacy regarding a law on leasing. In the course of February and early March, TIRSP prepared a discussion draft law on leasing. TIRSP and PSCEP have made tentative arrangements regarding commentary (from several banks, the Leasing Association, and the EBRD) and a public event to explain the need for a new leasing law, to introduce the draft, and to address related necessary tax reforms.

IX. Bankruptcy

The Component 2 team met with the Entrepreneurial Development Department of the Ministry of Economic Development regarding efforts at re-invigorating the bankruptcy initiative begun in 2008. Relevant officials made it clear to TIRSP that interventions will be well-received only if they are presented in the context of the World Bank's "Doing Business" rankings for 2010. The World Bank's 2010 "Doing Business" matrix is due to be presented to the Government of Azerbaijan early in the next reporting period.

In the event that the arrival of the "Doing Business" matrix fails to stimulate interest in bankruptcy, TIRSP has made plans and engaged in initial outreach to deliver training and awareness building to relevant stakeholders regarding insolvency law and the need for related reforms in Azerbaijan.

Component Three – Public Expenditure and Investment Environment

I. ASEU-Duke University Courses on Applied Public Finance & Project Appraisal/Risk Analysis

On February 17, 2010, USAID co-hosted a ceremony to launch a 9-week course on Public Finance and Applied Project Appraisal and Risk Management for Economic Development. These courses are being conducted by the Duke Center for International Development (DCID) at Duke University. The opening remarks were given by Mr. Taylor, USAID Country Coordinator for Azerbaijan.

These masters level economic courses cover detailed financial, economic, and stake-holder cost benefit analysis, as well as risk analysis and management, and theory and practice of applied public finance to economic development with special emphasis on taxation. This will increase the output of high-quality professionals with strong skills in public finance and accelerate Azerbaijan's transition to a prosperous and efficient market economy. These courses have been organized by DCID and Azerbaijan State Economic University (ASEU) with support from TIRSP. Conducting these courses is a step towards establishing a long-term academic relationship between American and Azerbaijani Universities. The professionals graduating from these programs will be the future economic policy makers of Azerbaijan, and will promote greater transparency in investment decisions. More than 80 students of ASEU have been enrolled in these two courses.

II. On the Job In-house Training for Line Ministries on Cost Benefit Analysis

In January, TIRSP met with Mr. Hijran, Head of Investment Division, Azzerroadservices about the possibility of starting on-the-job, in-house training on cost benefit analysis. Azzerroadservices is a joint stock company under the Ministry of Transport. TIRSP informed Mr. Hijran that a team of Professors from Duke University would soon arrive in Baku, and suggested that they could also train the officers of Azerroadservice while they were in-country. Mr. Hijran was very supportive of the idea, but suggested that this proposal be implemented only after Public Investment Guidelines are issued by Ministry of Economic Development (MED).

During this quarter, TIRSP prepared training materials for the potential training program, and translated these materials into Azerbaijani. Once the guidelines on public investment are approved by GOAJ and issued by MED, the training series is expected to begin for four pilot sectors: roads, power, water, and agriculture.

III. Classroom Training for GOAJ officers on Cost Benefit Analysis

TIRSP followed up with Mr. Ali Hajiyev, Acting Head of Public Investment, MED to hold a 4-6 week classroom training for mid-level officers on cost benefit analysis. TIRSP is also considering holding a 3-4 day orientation program for the senior officers of GoAJ on cost benefit analysis, to be conducted by DCID.

IV. Institutional Strengthening Initiatives

To build institutional capacity, a training of teachers (ToT) effort has been initiated at AESU. The DCID is currently training three faculty members of AESU in cost/benefit analysis.

V. Policy and Regulatory Reform Initiatives

TIRSP followed up with Mr. Ali Hajiyeu, Acting Head of Public Investment, MED to inquire about the status of the approval of public-investment guidelines. TIRSP also offered to provide technical assistance in the areas of investment analysis and monitoring and evaluation guidelines.

TIRSP prepared sector-specific guidelines on project appraisal for the road and power sectors. These guidelines deal mainly with the identification and quantification of economic benefits and costs, enumerating the main components of a spreadsheet model for conducting the financial and economic cost: benefit analysis such as a table of parameters, working tables, cash-flows, sensitivity analysis, distributive analysis, and risk analysis for road/energy sector. These guidelines also provide a check-list on data requirements for conducting the investment analysis of public sector projects in the road/power sectors.

Annex I. Level of Effort

This represents LOE actual totals and projections from Q2 2010 only. These are not life-of-project totals.

Name	Company	Labor Category	Total LOE Invoiced January - March 2010*
Chemonics			
Donald Hart	Chemonics	1 - Level 1 Attorney	44
Stevan Dobrilovic	Chemonics	1 - Level 1 Attorney	14
EIF			
Farhat Y. Farhat	EIF	3 - Level 1 Trade, International Transaction, and Competition Policy Specialist	30.5
Kim Hjort	EIF	7 - Level 1 Sector Specialist	15
Dr. Harry DeGorter	EIF	6 - Level 1 Economist	12
Ed Nemeroff	EIF	7 - Level 1 Sector Specialist	23
Polly Maier	EIF	1 - Level 1 Attorney	13.75
Ben Irvin	EIF	1 - Level 1 Attorney	20
Brian O'Shea	EIF	1 - Level 1 Attorney	9
Luther Val Giddings	EIF	2 - Level 1 Capital Markets Specialist	20
Simeon Sahaydachny	EIF	1 - Level 1 Attorney	41
Craig Blakeley	EIF	1 - Level 1 Attorney	36
AECOM			
Selcuk Caner	AECOM	6 - Level 1 Economist	20
Joseph Eckert	AECOM	6 - Level 1 Economist	23
Valentina Solodovnikova	AECOM	6 - Level 2 Economist	30
DUKE			
Deo Narayan Sharma Dhakal	DUKE	6 - Level 1 Public Administration Tax Expert	18
Roy Kelly	DUKE	6 - Level 1 Public Administration Tax Expert	29

*Note: March 2010 numbers not yet final

ANNEX II. DELIVERABLES

Legal Reform

- Review and recommendations to bring the Draft Law on Foreign Trade Policy Framework in line with the WTO.
- Seminar at Parliament on anti-dumping, countervailing, and safeguard measures.
- Legal provisions for implementing the WTO Agreement on Import Licensing Procedures provided to MED.
- Report laying out conceptual and legal recommendations to bring the draft law on genetic engineering in line with WTO and best practices
- Awareness materials on GMO.
- GMO Roundtable targeting Parliament and relevant ministries
- GMO roundtable targeting private sector
- Review of the Draft Law on Technical Regulations and Conformity Assessment
- Review of the Draft Amendments to the law on standardization
- Review of the Draft Law on Accreditation of Conformity Assessment Bodies
- Five model draft regulations for the purpose of implementing the new draft customs code once adopted. These regulations covered pre-arrival declaration, advanced cargo declaration rules, Authorized Economic Operators (AEO) certification, and management of Authorized Economic Operators

Institutional Reform

- Standard Bidding Documents for goods procurement;
- Standard Bidding Documents for request for quotations;
- Guidelines for establishing and operating procurement units.
- Seminar targeting procuring entities to present guidelines for establishing/operating procurement units.
- Codex Harmonization Plan
- Needs assessment of SPS/TBT Notification Points

- Procedural guidelines for SPS/TBT notifications
- Recommendations/mechanism for facilitating private sector participation in standardization.
- Four roundtables for presenting/discussing respectively each of the four aforementioned deliverables.

Capital Markets

- Comments on Concept Paper for Licensing of Financial Intermediaries.
- Comments on Regulatory and Oversight Concept of the Securities Market.
- Comments on Concept Paper for Capital Market Training Center
- Preliminary Comments on IT Infrastructure including Website and Database Needs of the State Committee on Securities.
- Comments on Rules on Implementation of Repo Transactions with Investment Securities.
- Comments on Rules regarding Conclusion of Trading Transactions with Securities.
- Comments on Defining Fair Market Value of Shares.

Revenue Forecasting

- PowerPoint presentation of the macroeconomic model, its assumptions, and the rationale of the model.
- Documentation of the database and the data dictionary.
- Draft structure of the macroeconomic model.
- Progress report on the development of the macroeconomic model.

Leasing/Secured Transactions

- Comments on the Law on State Real Estate Registry.
- A written assessment of the Cadastre Law, relevant regulations, and the real estate registration system in Azerbaijan.
- Guidance on fiscal cadastre construction in the pilot communities; ongoing to August 5, 2010.

- CAMA Training (two, five-day courses to the Agency and two five-day courses to the Appraisers' Association i.e. each group will require one residential and one commercial CAMA course).
- Report on existing tax performance in the pilot cities
- Training in data collection methods

University Curriculum/Delivery of Courses

- Signed sub-contract with Duke University's Center for International Development regarding cost benefit analysis and public finance courses
- Developed and agreed to a curriculum with Azerbaijan State Economic University; provided faculty training on the curriculum
- Delivered cost benefit analysis and public finance courses – (ongoing, will be completed on April 23, 2010)