

**Evaluation of the European Union's Cooperation with Azerbaijan  
Specific Contract N° 2016/378635 – FWC COM 2015 – Lot 1**

**FINAL REPORT**

**VOLUME 1 – MAIN TEXT**

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**Unless otherwise noted, all the information provided in this document refers to the situation prevailing in mid-2017.**

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## Main Acronyms and Abbreviations

AAP	Annual Action Programme
ACG	Azeri, Chirag and deep-water Gunashli
ADB	Asian Development Bank
AP	Action Plan
ADA	Azerbaijan Diplomatic Academy
AZN	Azerbaijani New Manat
AZPROMO	Azerbaijan Export and Investment Promotion Foundation
BS	Budget Support
CfP	Call for Proposal
CSC	Civil Service Committee
CSO	Civil Society Organisation
CSO-LA	Civil Society Organisations – Local Authorities programme
CSP	Country Strategy Paper
DCI	Development Cooperation Instrument
DG NEAR	Directorate General European Neighbourhood Policy and Enlargement Negotiation
DFR	Draft Final Report
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EE	Energy efficiency
EEAS	European External Action Service
EFTA	European Free Trade Association
EIDHR	European Instrument for Democracy and Human Rights
ENI	European Neighbourhood Instrument
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
EQ	Evaluation Questions
ENRTP	Environment and Natural Resources Thematic Programme
EU	European Union
EUD	EU Delegation
FA	Financing Agreement
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investments
FR	Final Report
FWC	Framework Contract
GDP	Gross Domestic Product
GIS	Geographic Information System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GOA	Government of Azerbaijan
HACCP	Hazard Analysis and Critical Control Point
HDI	Human Development Index
HR	High Representative of the Union for Foreign Affairs and Security Policy
IBRD	International Bank for Reconstruction and Development
ICMPD	International Centre for Migration and Policy Development
IDA	International Development Association
IDB	Islamic Development Bank
IFC	International Finance Cooperation
IFI	International Finance Institutions
IOM	International Organization for Migration
ISG	Inter Service Group
ISO	International Organization for Standardization
JC	Judgement criteria
KfW	German Development Bank
MLSPP	Ministry of Labour and Social Protection of the Population
MS	Member States
NGO	Non-Governmental Organisation
NIP	National Implementation Programme
NSA-LA	Non-State Actors and Local Authorities in Development Programme
ODA	Official Development Aid
OHCHR	Office of the United Nations High Commissioner for Human Rights
OOF	Other Official Funds
OPEC	Organization of the Petroleum Exporting Countries

PAO	Programme Administration Office in the Ministry of Economy in Azerbaijan
PCA	Partnership and Cooperation Agreement
PEFA	Public Expenditure and Financial Accountability
PFM	Public Finance Management
RES	Renewable energy sources
ROM	Result Oriented Monitoring
RP	Riga Priority
RTA	Resident Twinning Adviser
SDC	Swiss Agency for Development and Cooperation
SECO	Swiss State Secretary of Economic Affairs
SIGMA	Support for Improvement in Governance and Management initiative
SOFAZ	State Oil Fund of Azerbaijan
SPS	Sanitary and Phyto-Sanitary
SSF	Single Support Framework
ST	Short Term
TA	Technical Assistance
TAIEX	Technical Assistance and Information Exchange Instrument
TBT	Technical Barriers to Trade
TCF	Technical Cooperation Facility
TOR	Terms of Reference
ToT	Training of Trainers
TW	Twinning
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USD	United States Dollar
VET	Vocational Education and Training
WB/WBG	World Bank/World Bank Group
WTO	World Trade Organisation

## Symbols and Conventions

~ means approximate value

.. means not available

– means not applicable

< means less than

0 means zero or a quantity less than half than the unit shown

In all exhibits, totals may not add due to rounding

## National Currency and Exchange Rates

National currency: New Azerbaijani Manat (AZN)

Exchange Rates (annual averages, unless otherwise indicated)

	2010	2011	2012	2013	2014	2015	2016	2017 (end June)
EUR/AZN	1.063	1.099	1.010	1.042	1.043	1.138	1.766	1.947
USD/AZN	0.803	0.790	0.786	0.785	0.784	1.026	1.596	1.702

Source: Central Bank of Azerbaijan

## Map and Key Indicators



**Surface:** 86,600 square kilometers (slightly larger than Austria)

**Population:** 9.8 million (same as Hungary)

**Value of GDP:** US\$ 37.9 billion (€ 34.2 billion, in between Lithuania and Latvia)

**Per capita income:** US\$ 4,760 (€ 4,300, about half of Romania's)

**Life expectancy:** 70.9 years (about 10 years lower than the EU average)

Source: World Development Indicators (<https://data.worldbank.org/country/azerbaijan>). All data refers to 2016





## EXECUTIVE SUMMARY

### The Evaluation

This evaluation provides an **overall assessment of the European Union (EU) cooperation with Azerbaijan over 2011-2016**. In particular, the evaluation is intended to “provide an overall independent assessment of the instruments [deployed by the EU]” and “identify key lessons to improve current and inform future choices”, with a view to provide information for the definition of the future EU cooperation programme (Terms of Reference, page 8).

The evaluation makes reference to the evaluation criteria typically used in the assessment of EU development initiatives, namely: (i) **relevance** of the objectives and operational instruments; (ii) **effectiveness** of interventions (in terms of outputs delivery and achievement of outcomes); (iii) **sustainability** of the results achieved; (iv) **impact** on higher level results; (v) **efficiency** in the use of resources deployed; (vi) **coherence** with other interventions; and (vii) **EU added value** of the cooperation programme. In addition, the evaluation pays special attention to the theme of **visibility** of EU assistance activities.

The evaluation covers the EU assistance initiatives implemented over the **2011 – 2016 period**. This includes the actions financed by the bilateral development programme as well as the assistance provided by regional initiatives and thematic cooperation instruments. The evaluation involved a **combination of desk research and field work**, with various field missions to Azerbaijan. The evaluation incorporated the **findings of other evaluation work** carried out in the recent past or concurrently by various Commission services.

The evaluation was launched at the end of 2016, with fact finding work carried out in the first half of 2017. **The information presented in this report mostly refers to the situation prevailing in mid-2017**, with only occasional reference to subsequent developments.

### Country Context

**The geopolitical position of Azerbaijan has deeply influenced its political and economic development.** The country is located at the western edge of the Caspian Sea, a strategically important area at the crossroads between Eastern Europe and Western Asia, endowed with considerable hydrocarbon resources. The immediate aftermaths of the country's independence in 1991 were characterized by the conflict over Nagorno-Karabakh. The ceasefire was reached in 1994, but the situation is still unresolved, with occasional clashes along the ‘line of contact’.

After suffering the consequences of the collapse of the former centrally planned economic system and of the Nagorno-Karabakh conflict, **between the late 1990s and early 2010s, Azerbaijan experienced an impressive economic growth**, with per capita income rising from some US\$ 500 to more than US\$ 6,000 by 2010. This prolonged period of economic expansion was largely driven by positive developments in the hydrocarbon sector, which in turn allowed the financing of a number of infrastructure projects and development initiatives in other sectors.

**Economic growth was paralleled by marked improvements in social conditions**, with remarkable progress in virtually all indicators. Compared with the situation at independence, infant mortality plummeted by two thirds, life expectancy increased by six years, and access to improved water/sanitation was granted to nearly 90% of the population. These improvements led to a 25% increase in the Human Development Index and were accompanied by a marked reduction in poverty levels.

**Progress was less uniform in other dimensions, particularly in the field of governance and transparency.** As shown by standard performance indicators, there was a clear progress in the ‘technical’ dimensions of governance, regulatory quality and government effectiveness, and to a lesser extent in the control of corruption and rule of law. Instead, developments were outright

negative concerning the accountability of public entities, freedom of expression and association, and the situation in the media sector. A worsening of the situation was in particular recorded since 2014, when the conditions of human rights defenders and the media environment significantly deteriorated. In this context, a series of restrictions were also placed on the operations of civil society organizations (CSOs). ***This also impacted on the activities of international donors***, who were prohibited to provide grants to CSOs without government authorisation.

***In recent years, the country was harshly hit by the decline in oil prices***, which exposed the country's vulnerability and structural weaknesses. In 2016, the country experienced negative growth for the first time in two decades. The negative trend continued in 2017, with a modest recovery forecasted to take place only in 2018. The oil shock pushed the Government to ***accelerate efforts towards the diversification of the economy***, and a new Strategic Roadmap was launched at the end of 2016.

## EU Relations with Azerbaijan

EU relations with Azerbaijan are based on the ***Partnership and Cooperation Agreement*** (PCA) entered into force in 1999. Five years later the country became part of the ***European Neighbourhood Policy***, and in 2006 a bilateral Action Plan was adopted, to "*encourage and support Azerbaijan's objective of further integration into European Structures.*" In 2009, Azerbaijan also became part of the ***Eastern Partnership Initiative***. Discussions for replacing the Partnership and Cooperation Agreement started in 2010, but were not conclusive.

In 2013/14 various agreements and protocols were signed, including a Mobility Partnership and the Visa Facilitation and Readmission Agreements. In 2016, the Council adopted a ***mandate to negotiate a comprehensive agreement*** with Azerbaijan intended to provide a renewed basis for political dialogue and mutually beneficial cooperation. Negotiations started in February 2017, following the visit of Azerbaijan's President to Brussels and are currently ongoing.

## EU Assistance to Azerbaijan

***The period covered by this evaluation falls across two programming periods***, the years 2007-2013, covered by the relevant Country Strategy Paper, and the 2014-2020 period, covered by European Neighbourhood Instrument programming. In practice, the Evaluation focuses on the implementation of the National Indicative Programme 2011-2013 (NIP) and the Single Support Framework 2014-2017 (SSF). Bilateral assistance was supplemented by some regional programmes (e.g. the East Invest programme) and by thematic instruments (e.g. the European Instrument for Democracy and Human Rights).

The focal areas of EU assistance were defined differently under the NIP and the SSF, but there were important elements of continuity between the two periods. In practice, ***interventions mostly focused on five sectors/thematic areas***, namely: (i) institutional reform; (ii) regional and rural development; (iii) education and vocational training; (iv) improvements in the rule of law and human rights, including justice sector reform; and (v) alignment with the *acquis*, especially in the area of standards. Some assistance was also provided in other areas, such as promotion of renewable energy and business development.

Leaving aside ancillary activities, over the 2011-2016 period ***the EU assistance partly or fully implemented some 310 operations***, including:

- four sizeable Budget Support operations, of which, however, three were approved in earlier years;
- some 35 Twinnings, of which one third financed under actions approved between 2011 and 2016;
- some 50 technical assistance and capacity building operations, implemented through service contracts or grants to international organizations;
- some 150 small technical assistance projects delivered through TAIEX and other demand-driven facilities; and

- some 70 grants to CSOs, provided through various thematic facilities.

The cumulative indicative budget programmed over the period concerned was in the order of **€ 185 million**; however, the amounts actually committed in the years between 2011 and 2016 remained well below this figure, adding up to an estimated **€ 125 million**. The difference is amongst others due to the cancellation of one Budget Support operation initially envisaged under the NIP and the relatively limited absorptive capacity for the reforms foreseen under the ENP Action Plan.

**The volume of EU assistance was fairly modest compared with the size of Azerbaijan's economy.** Indeed, over the 2011 – 2015 period for which figures on disbursements are available, EU assistance accounted on average for a mere 0.03% of GDP and for only 0.4% of total financial inflows. The modest scale of the assistance programme obviously **reduced the ability to influence the reform agenda and to secure commitment from national authorities.**

## Key Findings

### Relevance

**During the period under consideration the EU assistance was well aligned with national priorities and EU policy objectives.** Prima facie, this may appear as a foregone conclusion, considering the policy driven character of the EU assistance under ENPI/ENI and the negotiated nature of programming documents. In reality, this result is testimony of the ability to reunite positions whose reconciliation was not a priori obvious. In this respect, the inclusion in the SSF of a component explicitly targeted at CSOs is particularly noteworthy.

**The EU assistance program was able to adjust to changes in external conditions.** The growing emphasis placed by the Government on the need to diversify the economy was met with a larger allocation (in percentage terms) to themes linked to socio-economic development and human capital development. Assistance also reacted proactively to the introduction of restrictive regulations on CSOs, which made the provision of grants problematic. In this respect, the decision of channelling support to CSOs via the UNDP demonstrates the willingness to embark on imaginative solutions.

**EU-funded initiatives were generally well attuned with the needs of beneficiary institutions.** Due to their demand-driven character, Twinnings were generally well targeted, although sometimes overambitious. The initiatives funded with grants to CSOs were well in line with the mission and mandate of recipients, although the capabilities of these organizations were at times overestimated. Budget Support operations addressed relevant themes. However, they were not well designed (e.g. absence of clear reform plans, especially for the earlier operations) and this reduced their chance of success.

### Effectiveness

**The effectiveness of EU assistance initiatives over the 2011-2016 period was moderately satisfactory.** While output delivery constituted a problem only in a limited number of cases, the degree of achievement of intended outcomes was sometimes less than ideal. Unsurprisingly, common factors affecting performance included the degree of commitment and absorption capacity of beneficiary institutions and the quality of the assistance delivered. In certain cases, namely actions implemented via CSOs, the reduced space for civil society activities played a significant role. In general, performance was better in the case of actions pursuing objectives with a high 'technical' content and/or carrying a 'flavour of modernization' (e.g. the improvement of certain procedures, the development of new tools) whereas initiatives with high level policy and political implications (e.g. the promotion of renewables) sometimes met with resistance and performed less well.

**Effectiveness showed differences across the various typologies of interventions.** Performance was definitely positive in the case of Twinnings. The demand-driven nature of these operations and the good performance of the vast majority of implementers (which, in turn, implies a

good ability to select the 'right' Twinning partners) were the main success factors. Budget Support operations encountered significant problems in the fulfilment of disbursement conditions and funds were disbursed with great delay and never fully. These operations offered an opportunity to engage with the Government on important reforms: they did achieve some results, but in the end their performance remained below initial expectations. The performance of CSO-implemented actions was mixed, mostly due to negative external factors, although the limited capability and experience of implementers was at times also a factor.

***The effectiveness of EU assistance varied considerably across sectors and thematic areas.***

Unambiguously positive results were achieved by actions focusing on standardization, institutional reform (statistics, social services, taxation, etc.), tourism, and vocational training. In the case of education, activities are still ongoing but prospects are positive. Mixed results were achieved in the area of rule of law, democratization and human rights, where the only partly satisfactory performance of the Budget Support operation and the difficulties experienced by CSO-implemented initiatives are offset by the progress recorded by actions supporting the Ministry of Justice and the Ombudsman Office (juvenile justice, health care in prisons, children rights, etc.). Little progress was achieved in the area of renewable energy/energy efficiency, where market conditions (i.e. low electricity and gas tariffs) are not sufficiently conducive to attract private investment.

## ***Sustainability***

***Interventions targeted at public institutions display a good level of sustainability.*** While not all the expected results may have been achieved, what was achieved is still in place, with no significant case of reversal. This concerns both the legislation and the institutions created or supported by EU assistance. Financial sustainability is generally not a problem as far as running expenses are concerned whereas the lack of funds for the financing of some infrastructure contributed to the modest performance of Budget Support operations in the agriculture and justice sectors. Operational sustainability is generally high, with the tools and system established with EU assistance still in use. Staff turnover is not a major problem, also thanks to the extensive train-the-trainer components typically included in projects. The main exception is constituted by the Programme Administration Office, where the staff is small and even the departure of few people may have negative consequences. However, even in this case, the capabilities built with EU support continue to produce results, because departing staff keep working in the public sector.

***The sustainability of actions implemented by CSOs and/or intended to strengthen CSOs is low.*** There are positive examples, but in the majority of cases activities ceased with the end of EU funding, with limited prospects of being resumed. To a large extent this is due to dire financial conditions, as restrictive regulations made access to donor funding more difficult. However, other factors also played a role, including the difficulties experienced in mobilizing support from local authorities, the short duration of some projects, and the inherent weaknesses of some implementers.

***In the various sectors/thematic areas, sustainability broadly reflects the pattern found in effectiveness.*** The situation is definitely positive in the case of actions supporting institutional reform, standardization, vocational education and tourism, and several activities in the area of rule of law (in particular juvenile justice, penitentiary reform, Academy of Justice, and Ombudsman Office). Prospects are positive for ongoing actions in higher education, whereas no significant progress was recorded in the area of renewable energy sources/energy efficiency (e.g. approval of Law on Alternative and Renewable Energy Sources still pending since 2013).

## ***Efficiency***

***Available evidence suggests that the resources deployed by the EU assistance programme were used efficiently.*** Cost indicators are aligned with prevailing market values and the extensive use of Twinning provided good value for money. The average size of projects implemented over the relevant period was relatively small (about € 530,000), with important repercussions on the workload at the EU Delegation. The combination of various instruments and the incremental



approach adopted in working with some beneficiary institutions had positive effects of the quality and timeliness of the assistance delivered and are widely appreciated.

### **Impact**

***The EU assistance was able to achieve an impact in relatively few but fairly important areas.***

At the macro level, EU initiatives in the area of institutional reform contributed to improved performance in government effectiveness and regulatory quality, as witnessed by the positive trend in international indicators. At the sector level, the protracted efforts deployed in vocational education, comprising both project support and policy dialogue, have paid off, and the EU significantly contributed to put the vocational education system on the reform agenda. A positive impact was also achieved in tourism, with an increase in arrivals from areas targeted by a marketing strategy revised by the EU-supported Ministry of Culture and Tourism. In criminal justice the situation definitely remains less than satisfactory, but some improvements occurred in recent times can be traced to concepts first promoted by EU assistance.

### **Visibility**

***The EU enjoys a quite positive image in Azerbaijan but EU assistance activities are scarcely known by the general public.***

Indeed, according to a 2017 survey, only one third of interviewees were aware of EU-financed initiatives in the country. There are examples of projects achieving a good level of visibility, especially in the areas of education and business development (such as the EU Azerbaijan Business Forum, which in 2017 was attended by some 500 participants and received a good media coverage). However, in the majority of cases, the visibility of EU-funded initiatives was limited to the immediate beneficiaries and the professional circles more directly concerned, with little trickle-down effect on the general public.

### **Complementarity and EU Added Value**

***EU-funded initiatives were complementary to those of other EU and non-EU financial institutions and donors, with an effective division of labour among development partners.***

Also thanks to the limited number and volume of other actors' operations in the country, the EU acted in coordination with other donors, including notably Germany, the only EU Member State with substantial involvement in Azerbaijan. In general, the division of labour at the strategic level ensured the absence of any overlapping with EU support (e.g. EBRD, Asian Development Bank, and Japan). In several cases, the EU was able to effectively coordinate with other international financial institutions and donors, ensuring a coherent approach and the exploitation of synergies whenever concomitant effort was deployed in the same sector (e.g. World Bank Group).

***The EU has played a leading role in donor coordination, with positive results on project operations.***

This was particularly important given the limited role played by the Government in donor coordination. Currently, the EU Delegation chairs/co-chairs two donor coordination thematic groups, organizes periodic meetings with EU Member States, and includes comprehensive information on other development partners' operations in all its strategic and operational documents. The effort deployed in pursuing coordination with other donors resulted in several examples of successful concerted efforts, particularly in the area of public financial management (a PEFA assessment co-financed by the EU, the World Bank, and Switzerland) and education (with EU+ Joint Programming fully operational starting from 2016).

***EU-level assistance was justified by the focus on the approximation to EU standards and rules,***

a field in which the EU has an inherent added value. This is further reinforced by EU's comparative advantage in terms of expertise deployment, enabled by ENI instruments (Twinning and TAEX), which allowed mobilizing and combining EU 28-wide knowledge and experience.

## Recommendations

### Recommendations Concerning Instruments

The portfolio of EU assistance projects implemented in Azerbaijan over the 2011 – 2016 period showed a strong emphasis on Twinnings, TAIEX, and grants to civil society organizations and a relatively modest reliance on Technical Assistance operations. While somewhat unusual, this configuration appears to have responded well to the needs and preferences of Azerbaijani institutions (in the case of Twinning and TAIEX) and to the concrete possibilities to pursue important EU policy objectives regarding democratization and human rights (grants to CSOs). Under these conditions, ***the current balance among the various instruments could well be retained for the future.***

A recent, parallel review of Budget Support operations considers that ***current conditions are favourable for resuming this type of intervention*** and the Government has expressed interest in this respect. However, considering past experience, the relaunch of Budget Support operations should be subject to a thorough verification of necessary preconditions, in terms of ***well-thought reform plans and strong GOA commitment to actually implement the envisaged reforms.***

### Recommendations Concerning the Areas of Interventions and Operational Aspects

The three focal areas retained by the SSF are well aligned with both country needs and EU objectives and they could be carried forward into the future. Therefore, ***regional and rural development, justice sector reform, and education and skills development could continue to be the focus of a significant share of future EU assistance.***

***Similar considerations apply to the provision of support to CSOs***, which remain an essential partner in the pursuit of the overriding EU policy objectives of strengthening democracy and the protection of human rights and fundamental freedoms.

In addition, ***future programming could consider placing more emphasis on the development of private sector activities outside agriculture***, which is of paramount importance to support the strategic objective of economic diversification. This may not necessarily involve the addition of a further focal area, as private sector development may be regarded as a cross cutting priority, intended to ensure the coherence among the actions envisaged in the various ‘sectors’.

Finally, measures should be devised to ***strengthen the monitoring of CSO-implemented actions***, to ensure that, apart from the difficulties originating from the operating environment, activities are correctly implemented and documented.

## QISA İCMAL

### Qiymətləndirmə

Bu qiymətləndirmə **2011-2016-cı illərdə Avropa İttifaqının (Aİ) Azərbaycanla əməkdaşlığının ümumi dəyərləndirilməsini özündə əks etdirir**. Bu baxımdan qiymətləndirmə "[Aİ tərəfindən istifadə edilmiş] alətləri müstəqil surətdə ümumi dəyərləndirmək", habelə "çıxarılmalı əsas dərsləri müəyyənləşdirmək və hazırkı seçimləri təkmilləşdirmək və gələcək seçimlərin müəyyənləşdirilməsində yardımçı olmaq" üçün nəzərdə tutulub ki, bunda da məqsəd Aİ-nin gələcək əməkdaşlıq proqramının ("Vəzifələrin dairəsi", səh. 8) müəyyənləşdirilməsi üçün informasiyaları təmin etməkdir.

Qiymətləndirmə zamanı Aİ-nin inkişaf təşəbbüslərinin qiymətləndirilməsində adətən istifadə edilən qiymətləndirmə meyarlarından, yeni aşağıdakılardan istifadə edilib: i) məqsədlərin və əməliyyat alətlərinin **aktuallığı**; ii) müdaxilələrin **səmərəliliyi** (nəzərdə tutulanların icra edilməsi və nəticələrə nail olunması baxımından); iii) əldə edilmiş nəticələrin **dayanıqlılığı**; iv) müdaxilələrin daha yüksək səviyyəli nəticələrə nail olunmasına **təsiri**; v) tətbiq edilmiş resursların istifadəsinin **effektivliyi**; vi) müdaxilələrin digər müdaxilələrlə **uzlaşması**; vii) əməkdaşlıq proqramına **Aİ-nin verdiyi töhfə**. Bundan əlavə, qiymətləndirmə zamanı Aİ-nin yardım fəaliyyətlərinin **əyaniliyi** məsələsinə xüsusi diqqət yetirilib.

Qiymətləndirmə **2011-2016-cı illər ərzində** Aİ-nin həyata keçirdiyi yardım təşəbbüslərini əhatə edir. Buraya inkişaf üzrə ikitərəfli proqram çərçivəsində maliyyələşdirilən fəaliyyətlər, eləcə də regional təşəbbüslər və tematik əməkdaşlıq alətləri vasitəsilə göstərilən yardımlar daxildir. Qiymətləndirmə **nəzəri araşdırmalarla əməli işin kombinasiyasını** özündə ehtiva edir və bu işin gedişində Azərbaycana müxtəlif vaxtlarda səfərlər edilib. Qiymətləndirməyə Komissiyaanın müxtəlif xidmətləri tərəfindən son dövrlərdə aparılmış və ya hazırda aparılan **digər qiymətləndirmə işlərinin nəticələri** daxil edilib.

Qiymətləndirmə 2016-cıl ilin sonunda başlanıb və 2017-ci ilin birinci yarısında fatktaraşdırıcı işlər həyata keçirilib. **Bu hesabatda təqdim edilən məlumatlar əsasən 2017-ci ilin ortalarındakı vəziyyəti əks etdirir**, yalnız bəzi hallarda sonrakı dövrdə olan gedişat əks olunur.

### Ölkədəki vəziyyət

**Azərbaycanın geosiyasi mövqeyi onun siyasi və iqtisadi inkişafına dərin təsir göstərib**. Ölkə Xəzər dənizinin qərb qurtaracağında, Şərqi Avropa ilə Qərbi Asiya arasındakı yol üzərində, strateji baxımdan mühüm ərazidə yerləşir və xeyli karbohidrogen ehtiyatlarına sahibdir. 1991-ci ildə ölkənin müstəqilliyini qazanmasından sonrakı dövr Dağlıq Qarabağa görə münafişə ilə səciyyələnir. 1994-cü ildə atəşkəs sazişi əldə edilib, lakin vəziyyət hələ də həllini tapmayıb, "təmas xətti" boyunca bəzən toqquşmalar baş verir.

Keçmiş mərkəzləşdirilmiş planlı iqtisadiyyat sisteminin dağılmasının nəticələrindən və Dağlıq Qarabağ münafişəsindən əziyyət çəkdikdən sonra **Azərbaycan 1990-cı illərin sonlarından 2010-cu illərin əvvəllərində dək heyretəməiz iqtisadi inkişaf yaşadı** və 2010-cu ilədək adambaşına gəlir 500 ABŞ dollarından 6000 ABŞ dollarınadək artdı. Uzunmüddətli iqtisadi artım əsasən karbohidrogen sektorundakı inkişafdan irəli gəlirdi ki, bu da öz növbəsində bir sıra infrastruktur layihələrinin maliyyələşdirilməsinə və digər sektorlarda inkişaf təşəbbüslərinə imkan yaratdı.

**İqtisadi yüksəliş sosial şəraitin hiss olunacaq dərəcədə yaxşılaşması ilə müşayiət olunurdu**, faktiki olaraq bütün göstəricilərdə nəzərə çarpan irəliləyiş var idi. Müstəqilliyin yeni qazanıldığı dövrdəki vəziyyətlə müqayisədə körpə ölümü halları üçdə iki dəfə azaldı, gözələnən ömür müddəti altı il artdı və əhalinin az qala 90%-i yaxşılaşdırılmış su təchizatı və sanitariya qovşağı xidmətləri ilə təmin edildi. Bu yaxşılaşmalar İnsan İnkişafı İndeksində ölkənin göstəricilərinin 25% yaxşılaşmasına və yoxsulluq səviyyəsinin nəzərə çarpan dərəcədə azalmasına gətirib çıxardı.

**Digər sahələrdə, xüsusən idarəçilik və şəffaflıq sahəsində tərəqqiyə isə daha az dərəcədə nail olunub.** Standart icra göstəricilərindən göründüyü kimi, idarəçiliyin "texniki" aspektlərində, tənzimləmənin keyfiyyətində və idarəetmənin səmərəliliyində açıq-aydın tərəqqiyə nail olunub, korrupsiya ilə mübarizə və qanunun aliliyi sahəsində isə tərəqqiyə daha az dərəcədə nail olunub. Əvəzində, dövlət qurumlarının hesabatlılığı, ifadə və birləşmək azadlığı sahəsində və media sektorunda tamamilə mənfi istiqamətdə dəyişikliklər baş verib. Xüsusən 2014-cü ildən etibarən vəziyyətin pisləşməsi qeydə alınıb, hüquq müdafiəçilərinin vəziyyəti və media mühiti xeyli pisləşib. Bu kontekstdə vətəndaş cəmiyyəti təşkilatlarının (VCT) fəaliyyətinə də bir sıra məhdudiyyətlər tətbiq edilib. **Bu həmçinin beynəlxalq donorların fəaliyyətinə də təsir göstərmiş**, onların hökumətin icazəsi olmadan vətəndaş cəmiyyəti təşkilatlarına qrant verməsi qadağan edilib.

Son illər **neftin qiymətinin ucuzlaşması ölkəyə ağır zərbə endirib**, ölkəni əlverişsiz duruma salıb və ölkənin strukturlarını zəiflədib. 2016-cı ildə ölkədə iki onillik ərzində ilk dəfə olaraq artımda mənfi tendensiya müşahidə olunub. Mənfi tendensiya 2017-ci ildə də davam edib, yalnız 2018-ci ildə azacıq artımın bərpa olunacağı proqnozlaşdırılır. Neft şoku hökuməti vadar etdi ki, **iqtisadiyyatın diversifikasiyası istiqamətində səylərini artırsın** və 2016-cı ilin sonunda yeni strateji yol xəritəsinə start verildi.

## **Aİ-nin Azərbaycan ilə münasibətləri**

Aİ-nin Azərbaycan ilə münasibətləri 1999-cu ildə qüvvəyə minmiş **"Tərəfdaşlıq və əməkdaşlıq sazişi"nə** (TƏS) əsaslanır. Beş ildən sonra ölkə **Avropa Qonşuluq Siyasətinin** tərkib hissəsinə çevrildi, 2006-cı ildə isə "Azərbaycanın Avropa strukturlarına daha da inteqrasiya olunmaq məqsədini təşviq etmək və dəstəkləmək" üçün ikitərəfli Fəaliyyət Planı qəbul olundu. 2009-cu ildə Azərbaycan həm də **Şərq Tərəfdaşlığı Təşəbbüsünün** tərkib hissəsinə çevrildi. 2010-cu ildə Tərəfdaşlıq və əməkdaşlıq sazişinin əvəzlənməsinə dair müzakirələr başlayıb, amma hələlik yekun qərar qəbul edilməyib.

2013-2014-cü illərdə müxtəlif sazişlər və protokollar, o cümlədən Mobillik üzrə tərəfdaşlıq sazişi, Viza rejiminin sadələşdirilməsi sazişi və Readmissiya sazişi imzalandı. 2016-cı ildə Aİ Şurası Azərbaycanla **hərtərəfli saziş bağlanması üzrə danışıqlara başlanması** üçün mandatın qəbulu barədə qərar çıxardı, bu saziş siyasi dialoq və qarşılıqlı faydalı əməkdaşlıq üçün yenilənmiş baza təşkil etməli idi. Danışıqlar Azərbaycan Prezidentinin Brüsselə səfərindən sonra 2017-ci ilin fevralında başlayıb və hazırda davam etdirilir.

## **Aİ-nin Azərbaycana yardımı**

**Qiymətləndirmənin əhatə etdiyi dövr iki proqramın icrası dövrünə** – Ölkə üzrə Strategiya Sənədinin əhatə etdiyi 2007-2013-cü illər dövrünə və Avropa Qonşuluq Aləti Proqramının əhatə etdiyi 2014-2020-ci illər dövrünə təsadüf edir. Praktiki olaraq, Qiymətləndirmədə 2011-2013-cü illər üzrə Milli İndikativ Proqramın (MİP) və 2014-2017-ci illər üzrə Vahid Dəstək Çərçivəsinin (VDÇ) icrasına xüsusi diqqət yetirilir. İkitərəfli yardımı bəzi regional proqramlar (məsələn, Şərq İnvestisiya Proqramı) və tematik alətlər (məsələn, Demokratiya və İnsan Hüquqları üzrə Avropa Aləti) tamamlayır.

Avropa yardımının əsas sahələri MİP və VDÇ-də fərqli şəkildə müəyyən edilib, amma iki dövr arasında mühüm dayanıqlılıq elementləri mövcud idi. Praktiki olaraq, **əsasən beş sektorda (tematik sahələrdə), yəni aşağıdakı sahələrdə müdaxilələr nəzərdə tutulub**: i) institusional islahat; ii) regional inkişaf və kənd yerlərinin inkişafı; iii) təhsil və peşə təlimləri; iv) qanunun aliliyi və insan hüquqları sahəsində vəziyyətin yaxşılaşdırılması, o cümlədən ədliyyə sektorunda islahatların aparılması; və v) normativ bazanın, xüsusən standartların uyğunlaşdırılması. Həmçinin digər sahələrdə, məsələn, bərpa olunan enerji və biznesin inkişafı sahələrində müəyyən yardımlar göstərilir.

Yardımcı fəaliyyətləri nəzərə almasaq, 2011-2016-cı illər dövründə **Aİ-nin yardımları qismən və ya bütünlüklə təxminən 310 əməliyyatı**, o cümlədən aşağıdakıları **əhatə edib**:



- büdcə dəstəyi üzrə dörd iri həcmli əməliyyat – lakin əvvəlki illərdə onlardan yalnız üçü təsdiqlənib;
- "Twinning" proqramı çərçivəsində təxminən 35 əməliyyat – 2011-2016-cı illər arasında təsdiqlənmiş fəaliyyətlər çərçivəsində onlardan üçdə biri maliyyələşdirilib;
- Xidmət müqavilələri və ya beynəlxalq təşkilatlara verilən qrant formasında icra edilən təxminən 50 orta həcmli texniki yardım və potensialın gücləndirilməsi əməliyyatları;
- TAIEX proqramı vasitəsilə və digər tələbatlardan irəli gələn fəaliyyətlər vasitəsilə həyata keçirilmiş təxminən 150 kiçik texniki yardım layihəsi; və
- müxtəlif tematik fəaliyyətlər çərçivəsində vətəndaş cəmiyyəti təşkilatlarına verilmiş təxminən 70 qrant.

Müvafiq dövr üçün nəzərdə tutulan məcmu büdcə təxminən **185 milyon avro** civarında idi; lakin 2011-2016-cı illər arasında faktiki istifadə edilmiş vəsait bu rəqəmdən xeyli aşağı olub və təxminən **125 milyon avro** təşkil edib. Bu fərq (digər məsələlərlə yanaşı) ilkin olaraq MİP çərçivəsində nəzərdə tutulmuş bir büdcə dəstəyi əməliyyatının ləğv edilməsi və Avropa Qonşuluq Siyasəti çərçivəsində nəzərdə tutulan islahatları həyata keçirmək imkanının nisbətən məhdud olması ilə əlaqədardır.

***Azərbaycanın iqtisadiyyatının həcmi ilə müqayisədə Aİ yardımının həcmi nisbətən kiçik idi. Yardımın məbləğinin belli olduğu 2011-2015-ci illərdə Aİ-nin yardımı təxminən ÜDM-in sadəcə 0,03 faizini və ümumi maliyyə dövriyyəsinin cəmi 0.4 faizini təşkil edirdi. Yardım proqramının kiçik olması islahatlar gündəliyinə təsir etmək imkanını və dövlət orqanları tərəfindən öhdəliyin təmin edilməsi şansını azaltmışdır.***

## Əsas qənaətlər

### Aktuallıq

***Nəzərdən keçirilən dövrdə Aİ-nin yardımı milli prioritetlərə və Aİ siyasətinin məqsədlərinə tam uyğunlaşdırılıb.*** İlk baxışdan bu, öncədən gəlinmiş qənaət kimi görünə bilər, xüsusən də nəzərə alsaq ki, Avropa Qonşuluq və Tərəfdaşlıq Aləti (ENPI)/Avropa Qonşuluq Aləti (ENI) çərçivəsində Aİ-nin yardımı siyasətdən irəli gələn yardım xarakteri daşıyır və proqram sənədləri danışıqlar əsasında razılaşdırılır. Əslində isə bu qənaət onun nəticəsidir ki, uzlaşdırıla biləcəyi öncədən belli olmayan mövqeləri uzlaşdırmaq mümkün olub. Bu baxımdan konkret olaraq vətəndaş cəmiyyəti təşkilatlarını nəzərdə tutan komponentin VDC-yə daxil edilməsini xüsusi qeyd etməyə dəyər.

***Aİ-nin yardım proqramını xarici şəraitdəki dəyişikliklərə uyğunlaşdırmaq mümkün olub.*** İqtisadiyyatın diversifikasiyasının zəruriliyinə hökumət tərəfindən getdikcə artan diqqət sosial-iqtisadi inkişaf və insan kapitalının inkişafı ilə əlaqədar məsələlərə (faiz baxımından) daha çox vəsait ayrılmasına gətirib çıxarıb. Yardım proqramı çərçivəsində həmçinin VCT-lərə münasibətdə qəbul edilən və qrantların ayrılmasına problemlər yaradan məhdudlaşdırıcı normativ aktlara aktiv reaksiya göstərilib. Bu baxımdan, vətəndaş cəmiyyəti təşkilatlarına BMT-nin İnkişaf Proqramı (UNDP) vasitəsilə dəstək göstərilməsi qərarı real həll yollarının axtarılması istəyini nümayiş etdirir.

***Aİ tərəfindən maliyyələşdirilən təşəbbüslər ümumən benefisiar qurumların tələbatları ilə yetərinə uzlaşdırılıb.*** Tələbatlardan irəli gəldiklərinə görə, "Twinning" proqramı çərçivəsində təşəbbüslər, bəzən həddən artıq ambisiyalı olsalar belə, ümumən konkret hədəfə yönəliblər. Vətəndaş cəmiyyəti təşkilatlarına ayrılan qrantlar hesabına maliyyələşdirilən təşəbbüslər resipiyentlərin missiyasına və mandatına tamamilə uyğun olub, hərçənd ki, bu təşkilatların imkanları bəzən həddən artıq yuxarı qiymətləndirilib. Büdcə dəstəyi əməliyyatları müvafiq mövzulara yönəlmişdir. Lakin onlar kifayət qədər yaxşı düşünülməyib (misal üçün, xüsusən əvvəlki əməliyyatlara dair aydın islahat planlarının olmaması) və bu da onların uğur şansını azaldıb.

### Səmərəlilik

***2011-2016-cı illər dövrü üçün Aİ-nin yardım təşəbbüslərinin səmərəliliyi müəyyən dərəcədə qənaətbəxş oldu.*** Nəzərdə tutulanların icra edilməsi yalnız azsaylı hallarda problem olsa da, nəzərdə tutulan nəticələrə nail olunması bəzən arzu ediləndən aşağı səviyyədə oldu. Təəccüblü

deyil ki, nəzərdə tutulanların icrasına təsir göstərən ümumi amillər sırasına benefisiar qurumların işləri icra etmək və yardımlardan istifadə etmək imkanları və təqdim edilən yardımların keyfiyyəti də daxil idi. Müəyyən hallarda, yeni işlər vətəndaş cəmiyyəti təşkilatları tərəfindən icra edilərkən vətəndaş cəmiyyəti fəaliyyətinə dair azalan imkan öz mühüm rolunu oynayıb. Ümumiyyətlə, fəaliyyətlər "texniki" məzmun daşıyan məqsədləri hədəflədiyi və (və ya) "modernləşdirmə çarələri" daşdığı hallarda (məsələn, müəyyən prosedurların təkmilləşdirilməsi, yeni alətlərin formalaşdırılması) işlər yaxşı səviyyədə icra edilib, amma yüksək səviyyədə siyasət xarakteri daşıyan və siyasəti nəticələr doğuran təşəbbüslər (məsələn, bərpa olunan enerji mənbələrinin təşviqi) bəzən müqavimətlə qarşılanıb və daha zəif icra edilib.

**Müxtəlif növ müdaxilələrdə fərqli səmərəlilik nümayiş etdirildi.** "Twinning" proqramı çərçivəsində işlər pozitiv şəkildə icra edildi. Bu əməliyyatların tələbatlardan irəli gəlməsi və icraçıların əksəriyyətinin öz işini yaxşı yerinə yetirməsi (bu, öz növbəsində, "Twinning" çərçivəsində tərəfdaşların düzgün seçildiyini göstərir) uğurun əsas amilləri oldu. Büdcə dəstəyi əməliyyatları vəsaitlərin verilməsi şərtlərinin yerinə yetirilməsində müəyyən problemlərlə qarşılaşıb, vəsaitlər uzunmüddətli ləngimələrlə verilib və heç bir halda bütünlüklə verilməyib. Bu əməliyyatlar hökumətin mühüm islahatlara başlamasına imkan yaradıb: müəyyən nəticələr əldə edilib, amma icranın səviyyəsi ilkin gözləntilərdən aşağı olaraq qalıb. Vətəndaş cəmiyyəti təşkilatları tərəfindən həyata keçirilən fəaliyyətlərin nəticələri qarışıq xarakterli oldu ki, bu da əsasən mənfi xarici amillər ucbatından baş verib, hərçənd ki, bu dövrdə icraçıların imkanlarının və təcrübələrinin məhdudluğu da rol oynayıb.

**Aİ-nin yardımının səmərəliliyi sektorlar və tematik sahələr üzrə əhəmiyyətli dərəcədə fərqləndi.** Standartlaşdırma, institusional islahat (statistika, sosial xidmətlər, vergi xidmətləri və s.), turizm və peşə təlimi sahələrini hədəfləyən fəaliyyətlərdə birmənalı olaraq müsbət nəticələr əldə edilib. Təhsil sahəsinə gəlincə, burada fəaliyyətlər hələ davam edir və perspektivlər müsbətdir. Qanunun aliliyi, demokratikləşmə və insan hüquqları sahəsində nəticələr qarışıq xarakterli oldu, bu sahədə büdcə dəstəyi əməliyyatlarının icrası yalnız qismən qənaətbəxş olub və vətəndaş cəmiyyəti təşkilatları tərəfindən həyata keçirilən təşəbbüslərin qarşılaşdığı çətinlikləri Ədliyyə Nazirliyi və Ombudsmanı dəstəkləyən fəaliyyətlərdə qeydə alınmış irəliləyişlər kompensasiya edib (yüvenal ədliyyə, həbsxanalarda səhiyyə xidməti, uşaq hüquqları və s.). Bərpa olunan enerji (enerji səmərəliliyi) sahəsində irəliləyiş az olub, burada bazarın şərtləri (yeni elektrik enerjisi və qaz tariflərinin aşağı olması) özəl investorların cəlb olunması üçün yetərinə əlverişli olmayıb.

## **Dayanıqlılıq**

**Dövlət qurumları ilə bağlı nəzərdə tutulan müdaxilələrdə yaxşı dayanıqlılıq səviyyəsi nümayiş etdirilib.** Gözlənilən bütün nəticələrə nail olunmasa da, əldə edilmiş nəticələr əldən verilməyib və hər hansı mühüm geriləmə baş verməyib. Bu həm qanunvericiliyə, həm də Aİ-nin yardımı vasitəsilə yaradılan və dəstəklənən qurumlara aiddir. Cari xərclərə gəlincə, ümumən bu sahədə maliyyə dayanıqlılığı ilə bağlı problem olmayıb, amma bəzi infrastrukturların maliyyələşdirilməsi üçün ayrılan vəsaitin çatışmazlığı kənd təsərrüfatı və ədliyyə sektorunda büdcə dəstəyi əməliyyatlarının nəticələrinin aşağı olmasına şərait yaradıb. Əməliyyatların dayanıqlılığı yüksək səviyyədədir, Aİ-nin yardımı ilə yaradılmış alətlər və sistem hələ də istifadə edilir. Kadr axıcılığı mühüm problem deyil, bu həm də təlimçilər üçün geniş təlim komponentinin adətən layihələrə daxil edilməsi sayəsində mümkün olub. Əsas istisna hal Proqram idarəçiliyi ofisi ilə bağlıdır, burada personal azsaylıdır və hətta bir neçə işçinin işini tərk etməsi mənfi nəticələrə səbəb ola bilər. Amma bu halda Aİ-nin dəstəyi ilə formalaşdırılmış potensial nəticələr vətəndaşlar arasında davam edir, belə ki, işini tərk etmiş əməkdaşlar dövlət sektorunda işləməkdə davam edirlər.

**Vətəndaş cəmiyyəti təşkilatları tərəfindən həyata keçirilən və (və ya) vətəndaş cəmiyyəti təşkilatlarının gücləndirilməsi məqsədini daşıyan fəaliyyətlərin dayanıqlılığı aşağıdır.** Müsbət nümunələr var, amma əksər hallarda Aİ tərəfindən maliyyələşmə başa çatdıqda bu fəaliyyətlər də başa çatmış olur və onların bərpa olunması perspektivi az olur. Bunun başlıca səbəbi sıxıntılı maliyyə şəraitidir, belə ki, məhdudlaşdırıcı normativ aktlar donor maliyyəsinə çıxış əldə etmək imkanını daha da çətinləşdirib. Lakin burada həmçinin digər amillər, o cümlədən yerli hakimiyyət orqanlarının

dəstəyinin səfərbər edilməsində yaşanan çətinliklər, bəzi layihələrin qısamüddətli olması və bəzi icraçılara xas olan zəif cəhətlər rol oynayıb.

**Müxtəlif sektorlarda (tematik sahələrdə) dayanıqlılıq göstəriciləri əsasən səmərəlilik göstəriciləri ilə eynidir.** İnstitusional islahatların, standartlaşdırma, peşə təlimləri və turizm sahələrinin dəstəklənməsinə yönələn fəaliyyətlərdə və qanunun aliliyi sahəsinə aid bir neçə fəaliyyətlərdə (xüsusən yuvenal ədliyyə, penitensiar islahat, Ədliyyə Akademiyası və ombudsman aparatı üzrə) vəziyyət birmənalı olaraq müsbətdir. Ali təhsil sahəsi üzrə davam edən fəaliyyətlərdə də perspektivlər müsbətdir, amma bərpa olunan enerji mənbələri/enerji səmərəliliyi sahəsində əhəmiyyətli irəliləyiş qeydə alınmayıb (məsələn, "Alternativ və bərpa olunan enerji mənbələri haqqında" qanun 2013-cü ildən indiyədək hələ də təsdiq edilməyib).

### **Effektivlik**

**Mövcud sübutlar belə düşünməyə əsas verir ki, Aİ-nin yardım proqramı çərçivəsində cəlb edilmiş resurslar effektiv şəkildə istifadə edilib.** Xərclərin göstəriciləri bazar qiymətlərinə uyğundur və "Twinning" proqramının geniş istifadəsi sərf olunmuş pul vəsaitlərinin effektivliyini təmin edib. Müvafiq dövr üçün icra edilən layihələrin orta həcmi nisbətən kiçik olub (təxminən 530.000 avro) ki, bu da Aİ Nümayəndəliyinin iş yükünə mühüm təsir göstərib. Bəzi benefisiar qurumlarla iş zamanı qəbul edilmiş müxtəlif alətlərin və tədrici yanaşmanın kombinasiyası yardımın keyfiyyətinə və vaxtında göstərilməsinə müsbət təsir göstərib və yüksək qiymətləndirilir.

### **Təsir**

**Aİ-nin yardımı nisbətən azsaylı, amma olduqca mühüm sahələri əhatə edib.** Beynəlxalq göstəricilərin (indikatorların) müsbət tendensiyasından göründüyü kimi, institusional islahat sahəsində Aİ-nin təşəbbüsləri makrosəviyyədə idarəetmənin səmərəliliyinin və tənzimləyici bazanın keyfiyyətinin yaxşılaşdırılmasına yardımçı olub. Sektor səviyyəsinə gəlincə, peşə təhsili sahəsində həm layihələrə dəstəyi, həm də siyasi dialoqu özündə ehtiva edən böyük səylər göstərilib və peşə təhsili sisteminin islahatların gündəliyinə daxil edilməsinə Aİ əhəmiyyətli dərəcədə öz töhfəsini verib. Həmçinin turizm sahəsində də müsbət təsir baş verib, Aİ-nin dəstək verdiyi Mədəniyyət və Turizm Nazirliyi tərəfindən yenidən baxılmış marketinq strategiyasının hədəflədiyi ərazilərdən gələn turistlərin sayı artıb. Cinayət ədliyyəsi sahəsində vəziyyət birmənalı olaraq qənaətbəxş səviyyədə aşağıdır, amma bundan öncə Aİ-nin yardımı ilə təşviq edilən konseptual məsələlərdə son dövrdə baş verməmiş bəzi irəliləyişləri sezmək olar.

### **Əyanilik**

**Aİ Azərbaycanda kifayət qədər müsbət imicə malikdir, lakin Aİ-nin yardım fəaliyyətləri barədə geniş ictimaiyyətin məlumatı azdır.** Həqiqətən, 2017-ci ildə aparılmış sorğuya əsasən, rəyi soruşulanların yalnız üçdə biri ölkədə Aİ tərəfindən maliyyələşdirilən təşəbbüslərdən xəbərdar olub. Xüsusilə təhsil və biznesin inkişafı sahəsində elə layihə nümunələri var ki, onlar kifayət qədər yaxşı əyanilik səviyyəsinə nail olub (məsələn, 2017-ci ildə təxminən 500 nəfərin iştirak etdiyi və media tərəfindən geniş işıqlandırılmış Aİ-Azərbaycan Biznes Forumu). Lakin, əksər hallarda Aİ tərəfindən maliyyələşdirilən təşəbbüslərin əyaniliyinin dairəsi yardımların benefisiarları ilə və məsələyə birbaşa aidiyyəti olan peşəkarlarla məhdudlaşır, geniş ictimaiyyət üçün isə onların əyaniliyi çox az olur.

### **Təşəbbüslərin yardımçı xarakteri və Aİ-nin verdiyi töhfə**

**Aİ tərəfindən maliyyələşdirilən təşəbbüslər Aİ-yə aid olan və olmayan digər maliyyə qurumlarının və donorların təşəbbüslərinə yardımçı xarakter daşıyır və inkişaf layihələri üzrə tərəfdaşlar arasında səmərəli əmək bölgüsünə əsaslanır.** Həmçinin ölkədə fəaliyyət göstərən subyektlərin sayının və miqyasının məhdudluğu sayəsində Aİ digər donorlarla, o cümlədən Azərbaycanda proseslərdə əhəmiyyətli dərəcədə iştirak edən yeganə Aİ üzvü olan Almaniya ilə fəaliyyətlərini koordinasiya etməyə çalışıb. Bir çox hallarda strateji səviyyədə əmək bölgüsü digər subyektlərin (məsələn, Avropa Yenidənqurma və İnkişaf Bankı, Asiya İnkişaf Bankı və Yaponiyanın)

yardımları ilə Aİ-nin yardımlarının üst-üstə düşməməsini təmin edib. Digər hallarda Aİ beynəlxalq maliyyə qurumları ilə (məsələn, Dünya Bankı Qrupu ilə) və donorlarla səmərəli şəkildə əməkdaşlıq edib ki, bu da səylərin eyni sektora yönəldiyi hallarda uzlaşmış yanaşmanı və işbirliyini təmin edib.

***Aİ donorların koordinasiyasında aparıcı rol oynayıb ki, bu da layihə üzrə əməliyyatlar üçün müsbət nəticələr doğurub.*** Donorların koordinasiyasında hökumətin məhdud rolunu nəzərə alsaq, bu xüsusilə vacib idi. Hazırda Aİ-nin Nümayəndəliyi donorların koordinasiyası üzrə iki qrupa sədrlik (həmsədrlik) edir, Aİ-yə üzv olan digər dövlətlərlə mütəmadi görüşlər təşkil edir və inkişaf layihələri üzrə digər tərəfdaşların əməliyyatları barədə hərtərəfli məlumatları özünün bütün strateji və əməliyyat sənədlərinə daxil edir. Digər donorlarla koordinasiyaya nail olmağa yönələn səylər bir neçə uzlaşdırılmış uğurlu nümunələrlə nəticələnib ki, bu da xüsusən dövlət maliyyə idarəçiliyi (Aİ, Dünya Bankı və İsveçrə tərəfindən birgə maliyyələşdirilən Dövlət Xərcləri və Maliyyə Hesabatlılığı (PEFA) qiymətləndirməsi) və təhsil sahəsinə (2016-cı ildən tam fəaliyyətə başlayan "Aİ+" Birgə Proqramı) aiddir.

***Aİ səviyyəsində yardım ölkənin Aİ standartlarına və qaydalarına yaxınlaşması nöqtəyindən əsaslandırılan yardım idi,*** bu elə bir sahədir ki, Aİ buradakı işlərə öz töhfəsini verir. Bu mülahizəni daha da möhkəmləndirən fakt ondan ibarətdir ki, Avropa Qonşuluq Aləti (ENI) çərçivəsində istifadə edilən alətlərin ("Twinning" və TAIEX proqramlarının) yaratdığı imkanlar sayəsində təcrübəsini yaymaq baxımından Aİ nisbətən üstün vəziyyətdədir, bu alətlər Aİ-nin 28 üzv dövlətinin bilik və təcrübələrinin səfərbər və kombine edilməsinə imkan yaradır.

## **Tövsiyələr**

### ***Alətlərlə bağlı tövsiyələr***

2011-2016-cı illər ərzində Azərbaycanda Aİ-nin yardımı ilə həyata keçirilmiş layihələr toplusundan görüldüyü kimi, "Twinning" və TAIEX proqramları və vətəndaş cəmiyyəti təşkilatlarına verilən qrantlar mühüm rola malik olsa da, texniki yardım əməliyyatlarına güvənmə səviyyəsi nisbətən aşağı olub. Bu konfigurasiya bir qədər qeyri-adi olsa da, Azərbaycan qurumlarının tələbatlarına və seçimlərinə ("Twinning" və TAIEX proqramlarının təmsalında) və Aİ-nin demokratikləşmə və insan hüquqları ilə bağlı mühüm siyasət məqsədlərinə nail olmanın konkret imkanlarına (vətəndaş cəmiyyəti təşkilatlarına verilən qrantların təmsalında) yetərincə uyğun oldu. Belə vəziyyətdə ***müxtəlif alətlər arasındakı hazırkı balans gələcəkdə də saxlanıla bilər.***

Büdcə dəstəyi əməliyyatlarının son dövrdə paralel olaraq nəzərdən keçirilməsi belə düşünməyə əsas verir ki, ***hazırkı şərait müdaxilənin bu növünü bərpa etmək üçün əlverişlidir*** və hökumət bu məsələdə maraqlı olduğunu ifadə edib. Lakin keçmiş təcrübəni nəzərə alsaq, büdcə dəstəyi əməliyyatlarının yenidən başlanması üçün zəruri ilkin şərtlər hərtərəfli yoxlanmalıdır, yəni söhbət ***yaxşı düşünülmüş islahat planlarının olmasından və Azərbaycan hökumətinin nəzərdə tutulan islahatların faktiki surətdə həyata keçirilməsi öhdəliyinə ciddi surətdə sadıq olmasından*** gedir.

### ***Müdaxilə sahələri və əməliyyatların aspektləri ilə bağlı tövsiyələr***

VDÇ-də nəzərdə tutulan üç əsas sahə həm ölkənin tələbatlarına, həm də Aİ-nin məqsədlərinə tam uyğundur və gələcəkdə də bu sahələrdə fəaliyyətlər davam etdirilməlidir. Beləliklə, ***regional inkişaf və kənd yerlərinin inkişafı, ədliyyə sektorunda islahatların aparılması və təhsil və peşə bacarıqlarının inkişafı üzrə fəaliyyətlər Aİ-nin gələcəkdə əhəmiyyətli yardımlarının yönəldiyi sahələr olaraq qala bilər.***

***Analoji mülahizələr vətəndaş cəmiyyəti təşkilatlarına göstərilən dəstəyə də aid edilə bilər,*** onlar demokratiyanın, insan hüquqlarının və əsas azadlıqların gücləndirilməsi sahəsində aparıcı siyasi məqsədlərinə nail olmaqda Aİ-nin mühüm tərəfdaşı olaraq qalırlar.

Bundan əlavə, ***gələcək proqramlar hazırlanarkən qeyri-kənd təsərrüfatı sahəsində özəl sektordakı fəaliyyətlərin inkişafına daha çox diqqət yetirilməsi nəzərdən keçirilə bilər*** ki, bu da iqtisadiyyatın şaxələndirilməsi (diversifikasiyası) kimi strateji məqsədə dəstək üçün mühüm əhəmiyyət kəsb edir. Bunun üçün proqrama daha bir əsas sahənin əlavə olunmasına ehtiyac yoxdur, belə ki, özəl sektorun inkişafı bütün sahələr üçün mühüm prioritet sayıla və müxtəlif "sektorlarda" nəzərdə tutulan fəaliyyətlərin uzlaşdırılmasını təmin edə bilər.

Son olaraq, ***vətəndaş cəmiyyəti tərəfindən həyata keçirilən fəaliyyətlərin monitorinqinin gücləndirilməsi üçün tədbirlər işlənilməlidir*** –iş mühitindən irəli gələn çətinlikləri nəzərə alaraq, bu monitorinq fəaliyyətlərin düzgün həyata keçirilməsini və düzgün sənədləşdirilməsini təmin etmək məqsədi daşıyır.





## RÉSUMÉ EXÉCUTIF

### Objectif et champ de l'évaluation

Cette évaluation fournit une **appréciation globale de la coopération de l'Union européenne (UE) avec l'Azerbaïdjan au cours de la période 2011-2016**. En particulier, l'évaluation vise à « *fournir une analyse globale indépendante des instruments [déployés par l'UE]* » et à « *identifier les enseignements clés pour améliorer les choix actuels et futurs* », en vue de fournir des éléments pour la définition du futur programme de coopération de l'UE (Termes de référence, page 8).

L'évaluation fait référence aux critères d'évaluation généralement utilisés dans l'évaluation des initiatives de développement de l'UE, à savoir: (i) la **pertinence** des objectifs et des instruments opérationnels; (ii) **l'efficacité** des interventions (en termes de résultats et de réalisation des résultats); (iii) la **durabilité** des résultats obtenus; (iv) **l'impact** sur les résultats de plus haut niveau; (v) **l'efficience** dans l'utilisation des ressources déployées; (vi) la **cohérence** avec d'autres interventions; et (vii) la **valeur ajoutée communautaire** du programme de coopération. En outre, l'évaluation accorde une attention particulière au thème de la **visibilité** des activités d'assistance de l'UE.

L'évaluation couvre les initiatives d'assistance de l'UE mises en œuvre au cours de la **période 2011-2016**. Cela inclut les actions financées par le programme de développement bilatéral ainsi que l'assistance fournie par les initiatives régionales et les instruments de coopération thématiques. L'évaluation a comporté **une combinaison de recherche documentaire et de travail sur le terrain**, avec diverses missions en Azerbaïdjan. L'évaluation a intégré les **conclusions d'autres travaux d'évaluation** réalisés récemment ou en parallèle par divers services de la Commission.

L'évaluation a été lancée fin 2016 et les travaux d'enquête ont été menés au premier semestre 2017. **Les informations présentées dans ce rapport se réfèrent pour l'essentiel à la situation en cours à la mi-2017**, avec seulement des références occasionnelles aux développements ultérieurs.

### Contexte du pays

**La position géopolitique de l'Azerbaïdjan a profondément influencé son développement politique et économique.** Le pays est situé sur la côte occidentale de la mer Caspienne, une zone stratégiquement importante à la croisée des chemins entre l'Europe de l'Est et l'Asie occidentale, dotée de ressources considérables en hydrocarbures. La période qui suit l'indépendance du pays en 1991 a été caractérisée par le conflit du Haut-Karabakh. Un cessez-le-feu a été conclu en 1994, mais la situation n'est toujours pas résolue, avec des heurts occasionnels le long de la « ligne de contact ».

Après avoir subi les conséquences de l'effondrement de l'ancien système économique planifié et du conflit du Haut-Karabakh **entre la fin des années 1990 et le début de 2010, l'Azerbaïdjan a connu une croissance économique remarquable**, le revenu par habitant passant de quelque 500 dollars à plus de 6 000 dollars en 2010. Cette période prolongée d'expansion économique est largement attribuable à l'évolution positive du secteur des hydrocarbures, qui à son tour a permis de financer un nombre de projets d'infrastructure et d'initiatives de développement dans d'autres secteurs.

**La croissance économique a été accompagnée d'améliorations notables des conditions sociales**, avec des progrès remarquables dans pratiquement tous les indicateurs. Par rapport à la situation au moment de l'indépendance, la mortalité infantile a chuté de deux tiers, l'espérance de vie a augmenté de six ans et l'accès aux systèmes d'eau et d'assainissement améliorés est désormais garanti à près de 90% de la population. Ces améliorations ont entraîné une augmentation de 25% de l'Indice de Développement Humain et se sont accompagnées d'une réduction marquée des niveaux de pauvreté.

**Les progrès ont été moins uniformes dans d'autres domaines, en particulier en matière de gouvernance et transparence.** Comme le montrent les indicateurs de performance standard, il y a

eu une nette amélioration dans les aspects « techniques » de la gouvernance, concernant la qualité de la réglementation et l'efficacité de l'action de l'administration publique, accompagnés par une évolution positive mais moins marquée dans le contrôle de la corruption et le cadre législatif de base. Au contraire, l'évolution a été carrément négative concernant la transparence, la liberté d'expression et d'association, et la situation dans le secteur des médias. Une détérioration de la situation a notamment été constatée depuis 2014, lorsque les conditions des défenseurs des droits de l'homme et des médias se sont fortement dégradées. Dans ce contexte, une série de restrictions ont également été imposées aux organisations de la société civile (OSC). **Cela a également eu un impact sur les activités des donateurs internationaux**, qui ont été interdits de fournir des subventions aux OSC sans autorisation gouvernementale préalable.

**Ces dernières années, l'Azerbaïdjan a été durement touché par la baisse des prix du pétrole**, ce qui a mis en évidence la vulnérabilité du pays et ses faiblesses structurelles. En 2016, le pays a connu une croissance négative pour la première fois en deux décennies. La tendance négative s'est poursuivie en 2017, avec une reprise modeste prévue en 2018. Le choc pétrolier a poussé le gouvernement à **accélérer les efforts de diversification de l'économie** et une nouvelle « feuille de route » stratégique a été lancée fin 2016.

## Relations de l'UE avec l'Azerbaïdjan

Les relations de l'UE avec l'Azerbaïdjan reposent sur **l'Accord de Partenariat et de Coopération** (APC) entré en vigueur en 1999. Cinq ans plus tard, le pays a adhéré à la **Politique européenne de Voisinage** (PEV) et un plan d'action bilatéral a été adopté en 2006 pour « *encourager et soutenir l'Azerbaïdjan dans l'objectif d'une plus grande intégration dans les structures européennes.* » En 2009, l'Azerbaïdjan a également été intégré à l'Initiative de Partenariat Oriental. Des discussions pour remplacer l'APC entamées en 2010 n'ont pas été concluantes.

En 2013/14, divers accords et protocoles ont été signés, notamment le partenariat pour la mobilité et les accords de facilitation de l'octroi des visas et de réadmission. En 2016, le Conseil européen a adopté **un mandat de négociation d'accord global** avec l'Azerbaïdjan dont le but est de fournir une base renouvelée pour un dialogue politique et une coopération mutuellement bénéfique. Les négociations ont débuté en février 2017, suite à la visite du Président de l'Azerbaïdjan à Bruxelles, et sont actuellement en cours.

## Assistance de l'UE à l'Azerbaïdjan

**La période couverte par la présente évaluation s'étale sur deux périodes de programmation**, les années 2007-2013, quand l'assistance était définie par le Document de stratégie par pays, et la période 2014-2020, couverte par la programmation de l'Instrument européen de voisinage et de partenariat (IEVP). En pratique, l'évaluation se concentre sur l'assistance mise en œuvre dans le cadre du Programme indicatif national 2011-2013 (PIN) et du Cadre unique de soutien 2014-2017 (CUS). L'assistance bilatérale a été complétée par certains programmes régionaux (par exemple le programme East Invest) et par des instruments thématiques (par exemple l'instrument européen pour la démocratie et les droits de l'homme).

Les priorités de l'assistance de l'UE étaient définies différemment dans le cadre du PIN et du CUS, mais il existe d'importants éléments de continuité entre les deux instruments de programmation. En pratique, **les interventions se sont principalement concentrées sur cinq secteurs / domaines thématiques**, à savoir : (i) la réforme institutionnelle; (ii) le développement régional et rural; (iii) l'éducation et la formation professionnelle; iv) l'amélioration de l'état de droit et des droits de l'homme, y compris la réforme du secteur de la justice; et v) l'alignement de la législation sur l'« acquis communautaire », en particulier en matière de normes techniques. Une assistance a également été fournie dans d'autres domaines, tels que la promotion des énergies renouvelables et le développement des entreprises.



Globalement, hormis les initiatives de moindre importance, au cours de la période 2011-2016 l'assistance de ***l'UE a comporté la mise en œuvre de quelque 310 initiatives***, notamment :

- quatre opérations d'appui budgétaire, dont trois ont été approuvées au cours des années précédentes;
- 35 projets de « Jumelage », dont un tiers approuvés entre 2011 et 2016 et le reste au cours des années précédentes;
- 50 projets d'assistance technique et de renforcement des capacités, mis en œuvre par le biais de contrats de services ou de subventions à des organisations internationales;
- 150 petits projets d'assistance technique par l'intermédiaire de l'instrument d'assistance technique et échange information (TAIEX) et d'autres dispositifs axés sur la demande; et
- quelque 70 subventions aux OSC, octroyées dans le cadre de diverses facilités thématiques.

Le budget indicatif cumulé programmé sur la période concernée était de l'ordre de ***185 millions d'euros*** ; cependant, les montants effectivement engagés entre 2011 et 2016 sont restés bien en deçà de ce chiffre, soit environ ***125 millions d'euros***. La différence est notamment due à l'annulation d'une opération d'appui budgétaire initialement prévue dans le cadre du PIN et à la capacité d'absorption relativement limitée pour certaines réformes prévues dans le plan d'action de la PEV.

***Le montant de l'aide de l'UE a été plutôt modeste par rapport à la taille de l'économie de l'Azerbaïdjan.*** En effet, sur la période 2011-2015 pour laquelle les chiffres relatifs aux décaissements sont disponibles, l'aide de l'UE n'a représenté en moyenne que 0,03% du PIB et seulement 0,4% des flux financiers totaux. L'échelle modeste du programme d'assistance a évidemment ***réduit la capacité d'influencer le programme de réforme et d'obtenir l'engagement des autorités nationales.***

## **Principales Conclusions**

### ***Pertinence***

***Au cours de la période considérée, l'assistance de l'UE était bien alignée sur les priorités nationales et les objectifs politiques de l'UE.*** À première vue, cela peut sembler inéluctable, compte tenu du caractère politique de l'assistance de l'UE dans le cadre de l'IEVP et de la nature négociée des documents de programmation. En réalité, ce résultat témoigne d'une capacité à réunir des positions dont la réconciliation n'était pas a priori évidente. A cet égard, l'inclusion dans le CUS d'une composante explicitement ciblée sur les OSC est particulièrement remarquable.

***Le programme d'assistance de l'UE a su s'adapter aux changements des conditions extérieures.*** L'importance croissante accordée par le gouvernement au thème de la diversification économique s'est traduite en une augmentation (en pourcentage) des ressources destinées au développement socio-économique et au développement du capital humain. L'assistance de l'UE a également réagi de manière proactive à l'introduction de réglementations restrictives sur les OSC, ce qui a rendu problématique l'octroi de subventions. A cet égard, la décision de canaliser le soutien aux OSC via le PNUD démontre la volonté de se lancer dans des solutions novatrices.

***Les initiatives financées par l'UE ont été généralement bien adaptées aux besoins des institutions bénéficiaires.*** En raison de leur caractère axé sur la demande, les Jumelages ont été généralement bien ciblés, bien que parfois trop ambitieux. Les initiatives financées par des subventions aux OSC cadraient bien avec la mission et le mandat des bénéficiaires, bien que les capacités de ces organisations aient parfois été surestimées. Les opérations d'appui budgétaire ont abordé des thèmes pertinents. Cependant, ils n'étaient pas bien conçus (par exemple, l'absence de plans de réforme clairs, en particulier dans le cas des opérations antérieures), ce qui réduit leurs chances de succès.

## **Efficacité**

**L'efficacité des initiatives d'assistance de l'UE au cours de la période 2011-2016 a été modérément satisfaisante.** Alors que les projets ont généralement produit leur « extrants » or résultats immédiats, le degré de réalisation des résultats escomptés était parfois loin d'être idéal. Sans surprise, les facteurs communs affectant la performance comprennent le degré d'engagement et la capacité d'absorption des institutions bénéficiaires et la qualité de l'assistance fournie. Dans certains cas, à savoir les actions mises en œuvre via les OSC, l'espace réduit pour les activités de la société civile a joué un rôle important. En général, les performances étaient meilleures dans le cas d'actions poursuivant des objectifs à contenu « technique » élevé et / ou présentant un « élément de modernisation » (amélioration de certaines procédures, développement de nouveaux outils, par exemple) alors que les initiatives aux implications politiques de haut niveau (par exemple, la promotion des énergies renouvelables) se sont parfois heurtées à des résistances et ont moins bien fonctionné.

**L'efficacité a montré des différences entre les différentes typologies d'interventions.** La performance a été définitivement positive dans le cas des Jumelages, grâce à leur adaptation aux besoins réels et à la bonne prestation de la grande majorité des exécutants (ce qui implique une bonne capacité à sélectionner les « bons » partenaires). Les opérations d'appui budgétaire ont rencontré des problèmes importants en matière de conditions de décaissement et les fonds ont été déboursés avec un grand retard et toujours de manière incomplète. Ces opérations ont été l'occasion de dialoguer avec le gouvernement sur des réformes importantes : elles ont permis d'obtenir certains résultats, mais leur performance est restée en deçà des attentes initiales. La performance des actions mises en œuvre par les OSC a été mitigée, principalement en raison de facteurs externes négatifs, bien que la capacité et l'expérience limitées des exécutants aient parfois été un facteur non négligeable.

**L'efficacité de l'aide de l'UE varie considérablement selon les secteurs et les domaines thématiques.** Des résultats très positifs ont été obtenus par les actions axées sur la normalisation, la réforme institutionnelle (statistiques, services sociaux, fiscalité, etc.), le tourisme et la formation professionnelle. Dans le cas de l'éducation, des projets importants sont toujours en cours mais les perspectives sont positives. Des résultats mitigés ont été obtenus dans le domaine de l'état de droit, de la démocratisation et des droits de l'homme, où la performance modeste des opérations d'appui budgétaire et les difficultés rencontrées par les OSC sont compensées par les progrès enregistrés par les projets d'appui au Ministère de la Justice et au Bureau de l'Ombudsman (justice pour mineurs, soins de santé dans les prisons, droits de l'enfant, etc.). Peu de progrès ont été réalisés dans le domaine des énergies renouvelables et de l'efficacité énergétique, où les conditions du marché (à savoir les faibles tarifs de l'électricité et du gaz) ne sont pas suffisamment favorables pour attirer l'investissement privé.

## **Durabilité**

**Les interventions ciblées sur les institutions publiques affichent un bon niveau de durabilité.** Bien que tous les résultats attendus n'aient pas été atteints, ce qui a été réalisé est toujours en place, sans cas d'inversion significatif. Cela concerne à la fois la législation et les institutions créées ou soutenues par l'aide de l'UE. La viabilité financière n'est généralement pas un problème en ce qui concerne les dépenses courantes, tandis que le manque de fonds pour le financement de certaines infrastructures a contribué à la performance modeste des opérations d'appui budgétaire dans les secteurs de l'agriculture et de la justice. Du point de vue opérationnel, la durabilité est généralement élevée, les outils et le système mis en place avec l'aide de l'UE étant toujours utilisés. La rotation du personnel n'est pas un problème majeur, largement grâce aux actions de formation des formateurs généralement incluses dans les projets. La principale exception est constituée par le Bureau d'administration du programme, où le personnel est réduit et même le départ de quelques personnes peut avoir des conséquences négatives. Cependant, même dans ce cas, les capacités créées avec le soutien de l'UE continuent à produire des résultats, car le personnel sortant continue de travailler dans le secteur public.

**La durabilité des actions mises en œuvre par les OSC et / ou destinées à renforcer les OSC est faible.** Il existe des exemples positifs, mais dans la majorité des cas, les activités ont cessé avec la fin du financement de l'UE, avec des perspectives limitées de reprise. Dans une large mesure, cela est dû à des conditions financières très difficiles, les réglementations restrictives rendant plus difficile l'accès au financement des donateurs. Cependant, d'autres facteurs ont également joué un rôle, notamment les difficultés rencontrées pour mobiliser le soutien des autorités locales, la courte durée de certains projets, et les faiblesses structurelles de certains exécutants.

**La durabilité des actions présente des différences entre les différents secteurs / domaines thématiques d'intervention.** La situation est définitivement positive dans le cas des actions de soutien à la réforme institutionnelle, notamment en matière de normalisation, de projets concernant l'enseignement professionnel et le tourisme et de certaines activités dans le domaine de l'état de droit (en particulier justice pour mineurs, réforme pénitentiaire, Académie de justice et Ombudsman). Les perspectives sont positives pour les projets en cours dans l'enseignement supérieur, alors qu'aucun progrès significatif n'a été enregistré dans le domaine des sources d'énergie renouvelables / efficacité énergétique (par exemple, l'approbation de la loi sur les sources d'énergie alternatives et renouvelables est encore en suspens depuis 2013).

### **Efficiences**

**Les éléments disponibles suggèrent que les ressources déployées par le programme d'assistance de l'UE ont été utilisées d'une manière efficiente.** Les indicateurs de coûts sont alignés sur les valeurs de marché et l'utilisation extensive des Jumelages a permis d'atteindre un bon rapport qualité-prix. La taille moyenne des projets mis en œuvre au cours de la période considérée était relativement faible (environ 530 000 euros), ce qui a eu d'importantes répercussions sur la charge de travail de la Délégation de l'UE. La combinaison de divers instruments et l'approche progressive adoptée en travaillant avec certaines institutions bénéficiaires ont eu des effets positifs sur la qualité et la rapidité de l'assistance fournie et sont largement appréciées.

### **Impact**

**L'aide de l'UE a eu un impact dans des domaines relativement peu nombreux mais assez importants.** De façon générale, les projets de soutien à la réforme institutionnelle ont contribué à améliorer la performance de l'administration publique en matière d'efficacité et de qualité réglementaire, comme en témoigne la tendance positive des indicateurs internationaux. Au niveau sectoriel, les efforts prolongés déployés dans l'enseignement professionnel, en ce compris des projets opérationnels et des initiatives de dialogue politique, ont porté leurs fruits, et l'UE a contribué de manière significative à inscrire le système de formation professionnelle au programme de réformes. Un impact positif a également été observé dans le tourisme à savoir une augmentation des arrivées de zones géographiques ciblées par la stratégie de marketing adoptée par le Ministère de la Culture et du Tourisme avec le soutien de l'UE. En matière de justice pénale, la situation reste nettement insatisfaisante, mais certaines améliorations survenues ces derniers temps peuvent être attribuées à des concepts d'abord soutenus par le programme d'assistance de l'UE.

### **Visibilité**

**L'UE jouit d'une image plutôt positive en Azerbaïdjan mais les activités d'assistance de l'UE sont à peine connues du grand public.** En effet, selon une enquête de 2017, seul un tiers des personnes interrogées était au courant des initiatives financées par l'UE dans le pays. Il existe des exemples de projets qui ont atteint un bon niveau de visibilité, en particulier dans les domaines de l'éducation et du développement des affaires (comme le EU-Azerbaijan Business Forum, qui en 2017 a réuni 500 participants et a bénéficié d'une bonne couverture médiatique). Cependant, dans la majorité des cas, la visibilité des initiatives financées par l'UE se limitait aux bénéficiaires

immédiats et aux milieux professionnels plus directement concernés, avec une retombée limitée sur le grand public.

### **Complémentarité et valeur ajoutée européenne**

**Les initiatives financées par l'UE ont été complémentaires de celles d'autres bailleurs de fonds (internationaux et pays UE), avec une division du travail efficace entre les partenaires au développement.** Au niveau UE, la coordination a été facilitée par la présence limitée d'autres bailleurs de fonds, l'Allemagne étant le seul État membre avec une implication substantielle en Azerbaïdjan. En dehors de l'UE, la complémentarité du programme de l'UE avec les orientations stratégiques des intervenants principaux (BERD, Banque asiatique de développement et Japon) a évité tout chevauchement. L'UE a aussi été capable de se coordonner efficacement avec d'autres institutions financières et donateurs internationaux, assurant une approche cohérente et l'exploitation des synergies chaque fois qu'un effort concomitant était déployé dans le même secteur (par exemple le Groupe de la Banque mondiale).

**L'UE a joué un rôle de premier plan dans la coordination des donateurs, avec des résultats positifs.** Cela a été particulièrement important compte tenu du rôle limité du gouvernement dans la coordination des donateurs. Actuellement, la Délégation de l'UE préside / co-préside deux groupes thématiques de coordination des donateurs, organise des réunions périodiques avec les États membres et tient compte des opérations des autres partenaires au développement dans tous ses documents stratégiques et opérationnels. Les efforts déployés pour assurer la coordination avec d'autres donateurs ont donné lieu à plusieurs exemples d'efforts concertés fructueux, en particulier dans les domaines de la gestion des finances publiques (avec un projet cofinancé par l'UE, la Banque mondiale et la Suisse) et de l'éducation (avec une programmation conjointe « UE plus » opérationnelle à partir de 2016).

**L'aide de l'UE a été justifiée par l'accent mis sur le rapprochement avec les normes et règles communautaires,** domaine dans lequel l'UE a une valeur ajoutée intrinsèque. Ceci est encore renforcé par l'avantage comparatif de l'UE en termes de déploiement d'expertise, rendu possible par les instruments I EVP (Jumelage et TA I EX) qui ont permis de mobiliser les connaissances et l'expérience des administrations de plusieurs États membres.

### **Recommandations**

#### **Recommandations concernant les instruments**

Le portefeuille des projets d'assistance de l'UE mis en œuvre en Azerbaïdjan au cours de la période 2011-2016 se caractérise par un accent remarquable sur les Jumelages, TA I EX et les subventions aux OSC ainsi qu'une utilisation relativement modeste de projets d'assistance technique classique. Bien que quelque peu inhabituelle, cette configuration semble avoir bien répondu aux besoins et préférences des institutions nationales (dans le cas des Jumelages et de TA I EX) et aux possibilités concrètes de poursuivre les importants objectifs politiques européens en matière de démocratisation et de droits de l'homme. Dans ces conditions, **l'équilibre actuel entre les différents instruments d'intervention pourrait bien être conservé pour l'avenir.**

Un examen récent des opérations d'appui budgétaire, réalisé en parallèle avec cette évaluation, considère que les **conditions actuelles sont favorables à la reprise de ce type d'intervention** et le gouvernement a manifesté son intérêt à cet égard. Cependant, compte tenu de l'expérience passée, la relance des opérations d'appui budgétaire devrait faire l'objet d'une vérification approfondie des conditions préalables nécessaires, notamment concernant **l'existence de**

**programmes de réforme bien conçus et un engagement ferme du gouvernement à mettre réellement en œuvre les réformes envisagées.**

### **Recommandations concernant les domaines d'intervention et les aspects opérationnels**

Les trois domaines d'intervention retenus par la CUS correspondent bien à la fois aux besoins du pays et aux objectifs de l'UE et pourraient être reportés dans le futur. Par conséquent, **le développement régional et rural, la réforme de la justice, l'éducation/développement des compétences pourraient continuer à faire l'objet d'une part importante de l'aide future de l'UE.**

**Des considérations similaires s'appliquent à la continuation du soutien aux OSC**, qui restent un partenaire essentiel dans la poursuite des objectifs prioritaires de l'UE en matière de renforcement de la démocratie, de protection des droits de l'homme et des libertés fondamentales.

En outre, **la programmation future pourrait envisager de mettre davantage l'accent sur le développement des activités du secteur privé en dehors de l'agriculture**, ce qui est d'une importance primordiale pour soutenir l'objectif stratégique de diversification économique. Cela n'implique pas nécessairement l'ajout d'un autre domaine d'intervention prioritaire étant donné que le développement du secteur privé peut être considéré comme une « priorité transversale », destiné à assurer la cohérence entre les actions envisagées dans les différents « secteurs ».

Enfin, des mesures devraient être conçues pour **renforcer le suivi des actions mises en œuvre par les OSC** pour de s'assurer que, mises à part les difficultés liées à l'environnement opérationnel, les activités soient correctement mises en œuvre et documentées.





## 1 INTRODUCTION

This Final Report (the 'Report') was prepared within the framework of the "Evaluation of the European Union's co-operation with Azerbaijan - Country Level Evaluation" (the 'Evaluation' or the 'Assignment'). The Report is submitted to the European Commission (EC) DG NEAR/A3/AB (the 'Client') by a grouping of international and national consultants (hereinafter collectively referred to as 'the Consultants' or the 'Evaluation Team').

### 1.1 Nature of the Assignment

**Objective and Purpose.** The Evaluation is intended to provide an **overall assessment of the European Union (EU) cooperation with Azerbaijan**. In particular, as indicated in the Terms of Reference (TOR), "[t]he evaluation should assess whether and to what extent the various projects and programmes financed by the EU ... are contributing to the achievement of the strategic objectives of the EU Cooperation with Azerbaijan" (TOR, page 3). In this context, the Evaluation is intended to "provide an overall independent assessment of the instruments [deployed by the EU]" and "identify key lessons to improve current and inform future choices" and (TOR, page 3). In particular, regarding the latter, the Evaluation is intended to provide **information for the definition of the EU future cooperation programme** "will serve as one source of information for the new Single Support Framework (2018-2020)" (TOR, page 8).

**Focus.** The Assignment required an assessment of EU cooperation activities in terms of the evaluation criteria typically used in the evaluation of EU development initiatives, namely: (i) **relevance** of the objectives and operational instruments; (ii) **effectiveness** of interventions (in terms of outputs delivery and achievement of outcomes); (iii) **sustainability** of the results achieved; (iv) **impact** of cooperation activities on higher level results; (v) **efficiency** in the use of resources deployed; (vi) the **coherence and complementarity** of cooperation activities with other interventions; and (vii) **EU added value** of the cooperation programme. In addition, during the initial phase it was decided to add **visibility** as an area of investigation. The specific aspects to be analysed by the exercise were listed in the TOR and were subsequently reformulated in the form of a series of evaluation questions linked to the above evaluation criteria.

**Scope.** The Evaluation covers all the EU development cooperation activities implemented over the **2011 – 2016 period**. This includes activities financed through **all EU cooperation instruments**, under the bilateral development programme, regional initiatives and thematic cooperation instruments.

**Audience.** The Evaluation is **mainly intended for use by EU institutions**. Indeed, as indicated in the TOR, "[t]he main users of this evaluation include the European Commission, the European External Action Service (EEAS), the Council of the European Union, and the European Parliament" (TOR, page 4). The Evaluation **may also be of interest to the wider development community**, such as EU Member States (MS), international organizations, etc.

### 1.2 Operational Aspects

**Timeline.** The Evaluation was carried out on the basis of a contract signed on 22 November 2016. Operational work started in mid-December 2016 with a kick-off meeting in Brussels with members of the Inter-Service Group (ISG). The Assignment was initially expected to end in late 2017, but it was extended to allow for an interaction with Azerbaijan's authorities, resulting in an **overall duration of about 14 months**.

**Activities.** Operational work for the Evaluation was subdivided into four phases, namely: (i) an Inception Phase; (ii) a Desk Review Phase; (iii) a Validation Phase; and (iv) a Synthesis Phase. The **Inception Phase** involved initial contacts with EC services and with the EU Delegation (EUD) in Baku and led to the firming up of the methodology, which was presented in the Inception Report, submitted on 26 January 2017. The **Desk Review Phase** entailed a review of available documentary

sources, supplemented with a fact-finding visit to Azerbaijan (February 2016). Results were presented in the Desk Report submitted on 10 March 2017. The **Validation Phase** involved two visits to Azerbaijan, during which meetings were held with representatives of a sample of EU-financed initiatives as well as with government entities and other relevant stakeholders (civil society organisations, donors, etc.). Preliminary findings were presented at an ISG meeting held in Baku on 12 May 2017. The **Synthesis Phase** started immediately after the ISG meeting, with the consolidation and review of findings, which eventually led to the preparation of this Report.

### 1.3 Structure of the Report

The Report is structured in two parts: the present Volume 1 - Main Text and Volume 2 - Annexes.

The remainder of **Volume 1** is structured as follows:

- Section 2 provides an overview of the country background;
- Section 3 reviews the salient features of EU cooperation with Azerbaijan;
- Section 4 illustrates the methodological approach;
- Section 5 presents the findings related to relevance;
- Section 6 focuses on the evaluation criterion of effectiveness;
- Section 7 outlines the study findings on sustainability;
- Section 8 groups together the results on efficiency, impact and visibility;
- Section 9 deals with the themes of complementarity and EU added value;
- Section 10 presents the conclusions of the study.

**Volume 2** consists of eight annexes, namely:

- Annex A, with a description of the projects analysed in detail ('Profiles of Selected Projects');
- Annex B, with the list of the initiatives implemented over the 2011 – 2016 period ('Inventory of Projects');
- Annex C, with an overview of the consultation process ('Activity Report');
- Annex D, with the list of the institutions and persons interviewed ('List of Interviewees');
- Annex E, with the full-fledged Evaluation Matrix;
- Annex F, with the Matrix of Findings;
- Annex G, with a presentation of the intervention logic of EU assistance; and
- Annex H, with the list of documentary sources utilized ('Bibliography').

### 1.4 Acknowledgment and Disclaimer

Earlier versions of this report were extensively commented by the EUD and EC services. Azerbaijan's authorities conveyed their comments at a meeting held in Baku on 1 February 2018 and through subsequent correspondence.<sup>1</sup> The Consultants would like to thank all those who at various stages commented on the Report. The comments received were largely taken on board but somewhat different views remain about selected aspects. Accordingly, the views expressed in this Report are those of the Consultants only who are also solely responsible for any remaining errors or omissions.

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<sup>1</sup> There were two rounds of comments, sent on 2 March and 9 March 2018. Throughout this Report, the comments received from Azerbaijan's authorities are collectively referred to as 'GOA Comments', whenever appropriate accompanied by the relevant date.



## 2 COUNTRY BACKGROUND

### 2.1 Geopolitical Context<sup>2</sup>

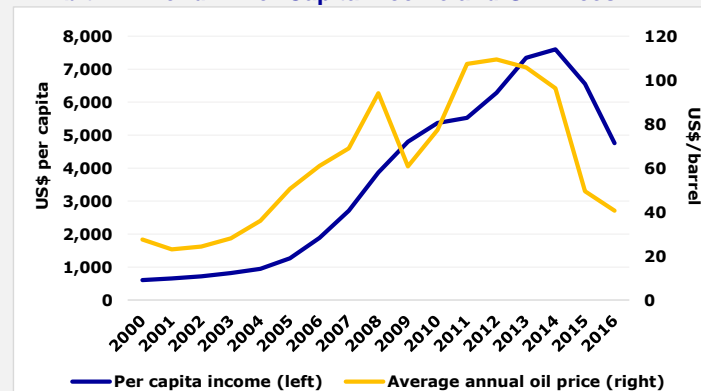
A medium-sized, landlocked country, Azerbaijan became independent in 1991. The post-independence period was characterized by a dramatic decline in economic activity and by the conflict over Nagorno-Karabakh impacting both Azerbaijan and Armenia. The ceasefire reached in 1994, left the country with 838,000 displaced (Armenia with over 300,000).<sup>3</sup> The situation in and around Nagorno-Karabakh is still unresolved, with occasional clashes along the 'line of contact',<sup>4</sup> and it constitutes a key factor guiding Azerbaijan's foreign and domestic policy.

Azerbaijan is located at the western edge of the Caspian Sea, at the crossroads between Eastern Europe and Western Asia. In line with the principles enshrined in the National Security Concept of 2007,<sup>5</sup> the Government of Azerbaijan (GOA) has aimed at preserving territorial integrity and restoring sovereignty over the areas currently outside its control, while balancing initiatives and relations with neighbours and other actors. Such a geopolitical orientation is supported by the country's vast hydrocarbon resources, which for many years sustained a vigorous economic growth.

### 2.2 Economic Developments

In the wake of independence, the collapse of the former centrally planned economic system and the Nagorno-Karabakh conflict had disastrous consequences, and by 1994 the Gross Domestic Product (GDP) had declined by 60% compared with pre independence levels.<sup>6</sup> **The tide started turning after the signing of the so called 'Contract of the Century'**, with which GOA entrusted the development of the Azeri-Chirag-Gunashli (ACG) oil fields in the Caspian Sea to a consortium of leading oil companies. This, together with the building of the Baku-Tbilisi-Ceyhan pipeline, made it possible to exploit the country's considerable hydrocarbon resources.

Exhibit 2.1 Trend in Per Capita Income and Oil Prices



Source: World Development Indicators

**Between the late 1990s and early 2010s, the country experienced a remarkable economic growth**, with GDP rates usually in double digit territory. Driven by growing oil extraction levels and, especially, higher oil prices, the per capita income increased ten times, from some US\$ 500 to more than US\$ 6,000. The considerable export revenues allowed for the accumulation of substantial foreign exchange reserves as well as for the establishment of the State Oil Fund of the Republic of Azerbaijan (SOFAZ), a sovereign wealth fund like those established by other oil-exporting countries/while budgetary surpluses resulting from the payment of oil royalties were used to set up a sovereign wealth fund, the State Oil Fund of the Republic of Azerbaijan (SOFAZ).

<sup>2</sup> For a more detailed analysis of Azerbaijan's geopolitical context see European Parliament, Azerbaijan: Geopolitics and challenging dialogue, April 2017. Another recent assessment is provided in Colibasanu A, A Weakening State in Azerbaijan, Geopolitical Futures, 19 May 2017.

<sup>3</sup> UNHCR figures provided by the European Commission.

<sup>4</sup> The worst incident occurred in April 2016, when the so called Four Day War resulted in significant human losses on both sides. See <https://www.economist.com/news/europe/21696563-after-facing-decades-armenia-and-azerbaijan-start-shooting-frozen-conflict-explodes>

<sup>5</sup> Republic of Azerbaijan, National Security Concept of The Republic of Azerbaijan, 23 May 2007, accessible through <https://www.files.ethz.ch/isn/154917/Azerbaijan2007.pdf>.

<sup>6</sup> For an account of early economic developments, see World Bank, Azerbaijan Poverty Assessment, February 24, 1997 (especially Section 2).

### Box 2.1 SOFAZ<sup>7</sup>

SOFAZ was established by presidential decree at the end of 1999 and became operational in early 2001. Established for the purpose of preserving part of the wealth generated by hydrocarbon resources for future generations, SOFAZ also plays a major role in the financing on large scale projects, especially in infrastructure, and contributes to macroeconomic stabilization. Its assets reached a peak of US\$ 37.1 billion at the end of 2014, but declined somewhat in the subsequent years, reaching a level of to US\$ 33.1 billion at end 2016. More than 90% of SOFAZ's assets are invested in world financial markets (bonds and equities), the remainder consisting of real estate and gold.

In the late 2000s, Azerbaijan was able to weather the effects of the global financial crisis with modest consequences but **the country was harshly hit by the subsequent decline in oil prices**, and in 2016 it experienced the first GDP contraction (-3.1%) in two decades.<sup>8</sup> Also, the decline in oil exports triggered a major devaluation of the national currency, which in less than two years lost about 50% of its value. In turn, this contributed to fuel inflation, which increased from less than 2% in 2014 to almost 8% in 2015 and nearly 16% in 2016. The devaluation also affected the financial sector and in May 2017 the International Bank of Azerbaijan, the country's largest bank, stopped honouring its external debt and had to initiate a restructuring process.<sup>9</sup> Recent estimates suggest another GDP decline in 2017, in the order of 1%. Growth is expected to resume in 2018 and, especially, 2019, with the coming on stream of the Shah Deniz gas field.

**The oil price shock exposed the structural weaknesses of the Azerbaijani economy**, with the price of oil being the single most important determinant of economic performance. Indeed, not only the hydrocarbon sector accounts directly for about one third of GDP, but declines in oil revenues also heavily influence the level of activity in the rest of the economy. This is particularly the case of the construction industry, where declining public investment due to lower oil-related income resulted in a major contraction in 2016.<sup>10</sup> The theme of economic diversification has figured prominently in virtually all policy documents adopted by the Government of Azerbaijan (GOA) as well as in all donor strategic documents since the late 2000s, but little has been achieved. In 2015, non-hydrocarbon exports still accounted for a paltry 12% of total exports and Azerbaijan's market share in non-oil world trade has barely changed since the early 2000s. Large parts of the Azerbaijani economy still display very low levels of productivity. This is particularly the case of agriculture, which still absorbs 36.3% of the employed population, while contributing for only 6% to GDP formation.<sup>11</sup>

## 2.3 Social Conditions and Governance

**Social Conditions. The considerable economic growth translated in significant improvements in social conditions**, with remarkable progress in virtually all indicators. Compared with the situation at independence, the mortality rate under 5 was cut by two thirds (from 92 to 32 per thousand) and life expectancy at birth increased by some six years, from 65 to nearly 71 years. Regarding education, enrolment in tertiary education declined during the immediate post-independence period but strongly rebounded during the 2010s, recovering the rates achieved in Soviet times (around 25%). On the other hand, mean years of schooling increased by 1 year (up to 11.2) and expected years of schooling increased by 2 years (up to 12.7 years). Access to improved water sources increased from some 70% to 87% while access to improved sanitation facilities displayed an even stronger progress, passing from 63% to 89%. These improvements resulted in an increase 25% in the Human Development Index (HDI), which went from a low 0.61 in 1996 to 0.76 in 2016, a value

<sup>7</sup> For a succinct description of SOFAZ, see IMF, Republic of Azerbaijan – Selected Issues, IMF Country Report No. 13/165, June 2013. For more detailed and recent description, see SOFAZ, 2016 Annual Report, undated (but 2017).

<sup>8</sup> Unless otherwise noted, figures mentioned in this paragraph are taken from World Bank, Trade in Transition - Europe and Central Asia Economic Update, May 2017 and from IMF, World Economic Outlook Database, October 2017.

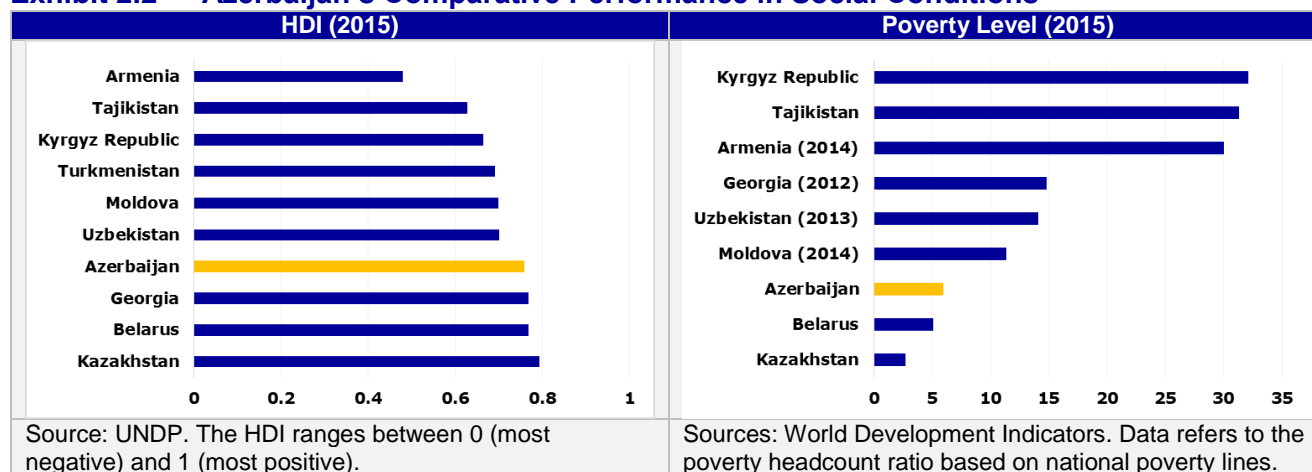
<sup>9</sup> See Agayev Z, Azeri Bank Plans \$3.3 Billion Restructuring After Defaulting, Bloomberg 12 May 2017 accessible via <https://www.bloomberg.com/news/articles/2017-05-11/top-azeri-bank-halts-foreign-debt-payments-plans-restructuring>.

<sup>10</sup> For a detailed description of the transmission mechanism from the oil sector to the rest of the economy, see IMF, Republic of Azerbaijan – 2016 Article IV Consultation, IMF Country Report No. 16/296, September 2016.

<sup>11</sup> Information on the employment and GDP contribution provided by national authorities (comments sent on 2 March 2018).

that places Azerbaijan in the fourth place among medium-sized former Soviet republics. Equally important, economic growth was fairly widely distributed among the population, and the poverty level (as defined by national authorities) was reduced from almost 50% in 2001 to some 16% in 2007, with a further reduction to 6% in 2012. This, again, places Azerbaijan in the top positions among former Soviet republics, well ahead of its Southern Caucasus neighbours, although behind Kazakhstan, the other oil-rich economy in the group (there are no data for Turkmenistan).

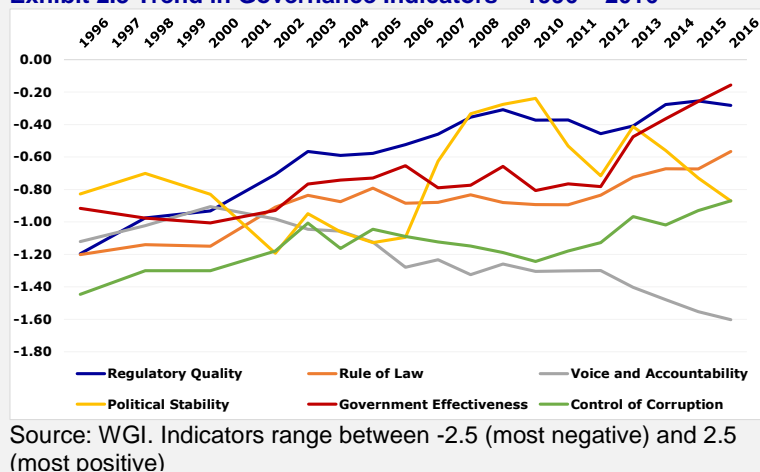
## Exhibit 2.2 Azerbaijan's Comparative Performance in Social Conditions



**Legal and Institutional Framework/Governance.** *Progress has been less uniform regarding governance*, i.e. the set of rules, practices and institutions through which authority is exercised. Indeed, data concerning the World Bank's World Governance Indicators (WGI) suggest an overall mixed picture, with positive developments in certain areas and much less impressive results in others.<sup>12</sup> In particular, with reference to the 2011 – 2016 period covered by this Evaluation:

- A clear positive trend is noticeable in the two more 'technical' dimensions of governance, regulatory quality and government effectiveness, which measure the ability of government institutions for formulate and implement sound policies. In the early 2010s, there were problems in the public financial management (PFM) system, but they have been increasingly addressed in recent times;<sup>13</sup>
- The performance is also positive in terms of rule of law, i.e. the extent to which the rules governing economic and social interactions are respected, and, to a lesser extent, in the control of corruption, where the relevant indicator shows an improvement in recent years. Instead, the pattern is not uniform regarding the indicator for political stability and absence of violence, with marked oscillations overtime and a drastic decline in recent years;

## Exhibit 2.3 Trend in Governance Indicators – 1996 – 2016



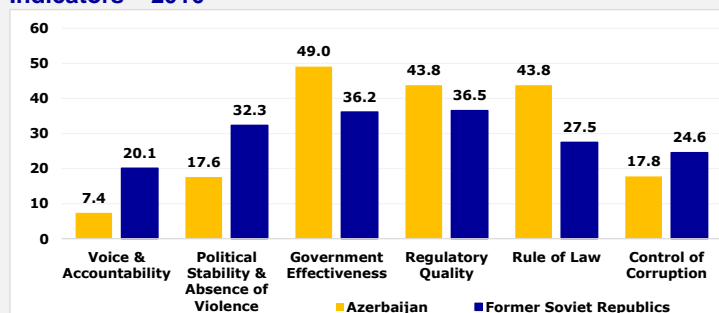
<sup>12</sup> For a description of the WGI and the methodology for their calculation, see Kaufmann D and others, The Worldwide Governance Indicators: Methodology and Analytical Issues, September, 2010.

<sup>13</sup> As noted by GOA in their comments to an earlier version of this Report, the positive developments recorded in terms of regulatory quality and government effectiveness were paralleled by a significant improvement in the World Bank's Ease of Doing Business indicator. Indeed, in 2017, Azerbaijan ranked 57<sup>th</sup> out of the 190 economies reviewed by the World Bank, with a major gain compared with the previous year, when the country ranked 65<sup>th</sup>. The improved ranking was due to the implementation of four reforms, which made Azerbaijan one of the top three 'reformers' in the Europe and Central Asia region, together with Lithuania and Uzbekistan. See GOA Comments, 2 March 2018, and World Bank, Doing Business 2018 - Reforming to Create Jobs, 2018.

- The situation is outright negative regarding the voice and accountability indicator, which measures the extent to which citizens are able to participate in the political process as well as the freedom of expression and association, and the situation in the media sector, with data showing a constant decline overtime. In parallel, a series of restrictions were placed on the operations of non-government organizations (NGO) (see Box 2.2 below).

Looking at the situation in 2016, **worldwide Azerbaijan ranked in the lowest quartile for three of the above governance indicators and scored below the median value for all WGI indicators.** Compared with other medium-sized former Soviet republics, in 2016 the country displayed a better than average performance in regulatory quality, government effectiveness, and rule of law, whereas it ranked below the average for the three other indicators, with a particularly negative performance in voice & accountability.

**Exhibit 2.4 Azerbaijan's Comparative Performance in Governance Indicators – 2016**



Source: WGI. Based on percentiles

### Box 2.2 Government Restrictions on NGO Operations

In Azerbaijan, the operations of NGO are regulated by the Law on Non-Governmental Organizations (Public Associations and Foundations) of 13 June 2000, supplemented by other legislation and regulations dealing with specific aspects (registration, grants, etc.).<sup>14</sup>

Over the period covered by this Evaluation, a first package of amendments to NGO legislation was adopted in **May and December 2013**. These amendments increased penalties for failure to register grants and for inaccurate financial reporting and added new administrative requirements for registration. As a result, the “*overall environment for independent civil society [was] made more restrictive*”.<sup>15</sup> Additional measures were adopted in **2014 and 2015**, involving new rules for the registration of grant agreements and service contracts between NGO and foreign financial sources, and the approval of grant making activities. While these measures were officially motivated by the need to foster transparency and accountability in the NGO sector, in practice they resulted in significant limitations to the activities of domestic and foreign NGO. This was accompanied by a growing pressure from various state entities, with a number of NGO being subject to tax inspections and the blocking of funds.<sup>16</sup> The situation deteriorated considerably and “as a result, *many [NGO] suspended their activities*”.<sup>17</sup> Some further amendments in the NGO legal framework were adopted in **October 2016 and January 2017**. These changes led to the simplification of certain procedures, namely with the setting up of a ‘one stop shop’, but overall they do not seem to have significantly improved the situation.<sup>18</sup>

The overall impact of restrictive regulations on NGO over the period covered by the Evaluation is reflected in the so called CSO Sustainability Index, which shows a marked deterioration between 2011 and 2016.<sup>19</sup>

<sup>14</sup> A detailed overview of the legal framework for NGO is provided by the International Center for Not-for-Profit Law (ICNL). See <http://www.icnl.org/research/monitor/azerbaijan.html#analysis>.

<sup>15</sup> EC, 2013 ENP Progress Report, page 2.

<sup>16</sup> On these aspects, see inter alia World Bank, Azerbaijan Systematic Country Diagnostic, 3 June 2015 (hereinafter, the ‘WB Country Diagnostic’), in particular pages 65 and 66.

<sup>17</sup> EC, 2014 ENP Progress Report page 2.

<sup>18</sup> For instance, according to the ICNL, “*these changes do not eliminate government discretion on whether to approve or deny registration of a grant*” and “*also do not eliminate the burdensome two-stage process of registering a grant*.” In the second half of 2017, the GOA adopted further amendments on the rules ‘for foreign donors obtaining the right to give grants’. See <http://en.apa.az/azerbaijan-politics/domestic-news/azerbaijan-sets-rules-for-foreign-donors-giving-grants-to-public-legal-entities.html>. As these measures occurred after the completion of fact finding work for this Evaluation, it was not possible to fully appreciate the scope and nature of the changes.

<sup>19</sup> See USAID, 2016 CSO Sustainability Index for Central And Eastern Europe And Eurasia, June 2017. In particular, the index for the Legal Environment (expressed on 1 to 7 scale, with 1 being the most positive value and 7 the most negative one) dropped from a score of 4.7 in 2011 and 2012 to a score of 6.4 in 2015 and 2016 (the second lowest score recorded among all former Soviet republics, after Belarus).

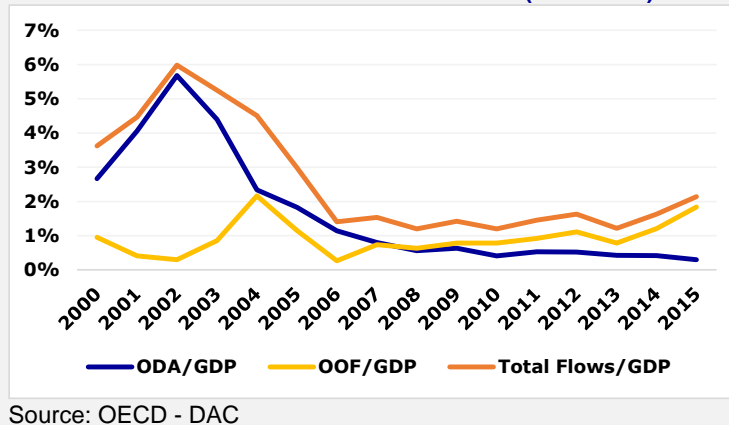
## 2.4 International Financial Flows

### ***Azerbaijan is a moderate recipient of development assistance.***

Between 2000 and 2015 (the last year for which data are available at the time of writing), the country received an average of US\$ 267 million/year in Official Development Assistance (ODA). As the economy grew and the country transitioned from the low income status to the upper middle income status, ODA flows were partly replaced by Other Official Flows (OOF), characterized by a lower degree of concessionality. For instance, within the World Bank

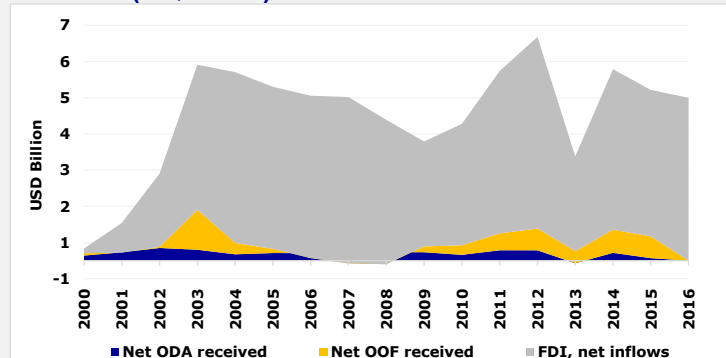
Group (WBG), International Development Association (IDA) 'soft' loans were progressively replaced by lending at market rates from the International Bank for Reconstruction and Development (IBRD). The same applies to the Asian Development Bank (ODA), whose limited ODA flows in were almost entirely replaced by lending at standard rates. Overall, ***the importance of official flows declined over time***, passing from 3% to 6% of GDP in the early 2000s (mostly ODA), to 1.5% of GDP in the 2010s (of which two thirds attributable to OOF). In total over the 2011 – 2015 period, Azerbaijan's gross official inflows totalled at US\$ 5.3 billion, of which 1.5 billion ODA and 3.8 billion OOF.

**Exhibit 2.5 Trends in Official Financial Flows (2000-2015)**



It is important to note that, while certainly not negligible, ***official flows are only a small fraction of Azerbaijan's total financial flows***, which also include very substantial Foreign Direct Investments (FDI) mostly linked to operations in the oil sector. Indeed, since the early 2000s, FDI have largely surpassed official flows, with ratios sometimes in excess of 10 to 1. Over the 2011 – 2015 period covered by this Evaluation, Azerbaijan received FDI for a total of nearly US\$ 21 billion, i.e. more than six times the value of official flows. The relatively modest incidence of official flows and, in particular of ODA flows, is ***a key element to be kept in mind when assessing the impact of cooperation activities on macro socio-economic conditions.***

**Exhibit 2.6 Trend and Composition of Total Financial Inflows – 2000-2015 (US\$ billion)**



Source: OECD-DAC and World Development Indicators. The value of ODA and OOF flows differ from those presented in Exhibit 2.5 above as they are on a 'net' basis, rather than on a 'gross' basis.





### 3 EU COOPERATION WITH AZERBAIJAN

#### 3.1 Relationship between the EU and Azerbaijan

The relationships between the EU and Azerbaijan are based on the **Partnership and Cooperation Agreement** (PCA), signed on 22 April 1996 and entered into force on 1 July 1999.<sup>20</sup> The PCA is a comprehensive agreement, with the overall purpose of providing a legal base and an appropriate framework for political dialogue and cooperation between the two parties in a variety of fields, ranging from trade and investment to cultural, legislative, and social cooperation, and of supporting the consolidation of Azerbaijan's democracy and its transition into a market economy.

In 2004, Azerbaijan became part of the **European Neighbourhood Policy** (ENP) together with 15 other countries in EU's Eastern and Southern Neighbourhood.<sup>21</sup> The ENP has the overarching objective of building more effective partnerships "*towards a more stable EU Neighbourhood, in political, socio-economic and security terms.*"<sup>22</sup> Two years later, in 2006, a bilateral ENP Action Plan (ENP AP) was adopted, to "*encourage and support Azerbaijan's objective of further integration into European Structures.*"<sup>23</sup> The ENP AP identifies 10 priority areas ranging over a broad array of issues, including security and human rights protection, economic diversification, regulatory approximation, and increased cooperation in the field of energy, transports, and justice.

In 2009, Azerbaijan also became part of the **Eastern Partnership initiative** (EaP), launched at the Prague Summit.<sup>24</sup> The EaP aims at creating additional opportunities for mutual cooperation by offering higher level and more inclusive agreements between the EU, its MS, and six eastern European partners (i.e. Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine). Participants met multiple times since the Prague Summit, to renew and review their commitment in the EaP. The most recent summit was held in Riga in 2015, during which participants identified four regional priorities from a political, security, and economic perspective, the so-called 'Riga Priorities'.<sup>25</sup>

##### Exhibit 3.1 The Riga Priorities

- Economic development and market opportunities;
- Strengthening institutions and good governance;
- Connectivity, energy efficiency, environment and climate change;
- Mobility and people-to-people contacts.

In the first half of the 2010s, **EU-Azerbaijani relations followed a non-linear path**. Discussions for replacing the PCA with an Association Agreement started in 2010, but were not conclusive. The relationship took a step forward in 2013/14, with (i) the signing of a Mobility Partnership in December 2013; (ii) the entry into force of Visa Facilitation and Readmission Agreements in September 2014; and (iii) the signing of a Protocol granting Azerbaijan full access to a wide range EU policies and programmes, such as Horizon 2020, COSME, or Customs/Fiscalis 2020. However, in 2015 Azerbaijan's proposal for a Strategic Modernization Partnership in lieu of the abandoned Association

<sup>20</sup> Partnership and Cooperation Agreement between the European Communities and their Member States, of the one part, and the Republic of Azerbaijan, of the other part, Luxembourg, 22 April 1996. The full text is available at [https://eeas.europa.eu/sites/eeas/files/eu-az\\_pca\\_full\\_text.pdf](https://eeas.europa.eu/sites/eeas/files/eu-az_pca_full_text.pdf).

<sup>21</sup> The ENP was launched based on the Wider Europe Communication of 2003. See EC, Communication from the Commission to the Council and the European Parliament, Wider Europe - Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours, COM(2003) 104 final, Brussels, 11 March 2003. The ENP was revised in May 2011, with a further review carried out in November 2015. See EC – HR, Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A new response to a changing Neighbourhood, COM(2011) 303 final, Brussels, 25 May 2011, and EC – HR, Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Review of the European Neighbourhood Policy, JOIN(2015) 50 final, Brussels, 18 November 2015.

<sup>22</sup> See [https://eeas.europa.eu/topics/european-neighbourhood-policy-enp\\_en](https://eeas.europa.eu/topics/european-neighbourhood-policy-enp_en)

<sup>23</sup> EU / Azerbaijan Action Plan, 14 Novembre 2006. The full text of the ENP AP is available at [https://eeas.europa.eu/sites/eeas/files/azerbaijan\\_enp\\_ap\\_final\\_en.pdf](https://eeas.europa.eu/sites/eeas/files/azerbaijan_enp_ap_final_en.pdf).

<sup>24</sup> A more ambitious partnership between the European Union and the partner Countries, Joint Declaration of the Prague Eastern Partnership Summit, Prague, 7 May 2009. See also EC, Communication from the Commission to the European Parliament, the Council, Eastern Partnership, COM(2008) 823 final, Brussels, 3 December 2008.

<sup>25</sup> See: [http://eeas.europa.eu/archives/docs/eastern/docs/riga-declaration-220515-final\\_en.pdf](http://eeas.europa.eu/archives/docs/eastern/docs/riga-declaration-220515-final_en.pdf).

Agreement was not followed up and a critical statement issued by the European Parliament on the human rights situation was followed by harsh reactions from the Azerbaijani side.

Improvements were recorded during 2016, with the reactivation of some sub-committees envisaged by the PCA. Finally, on 14 November 2016, the Council adopted a mandate for the EC and the HR to **negotiate a ‘comprehensive agreement’ with Azerbaijan**.<sup>26</sup> Intended to replace the PCA, the new agreement should follow the principles endorsed in the 2015 ENP review and offer a renewed basis for political dialogue and mutually beneficial cooperation. Negotiations started on 7 February 2017, following the visit of Azerbaijan’s President to Brussels. At the time of writing, negotiations are still ongoing.

### 3.2 EU Assistance to Azerbaijan – Trends and Composition

**Overview. Azerbaijan has benefited from EU assistance since 1991.** Until the mid-2000s, assistance was mainly channelled through the TACIS programme, in the early years supplemented by food security and humanitarian assistance.<sup>27</sup> Following the launch of the ENP, in 2007 the European Neighbourhood and Partnership Instrument (ENPI) became the main financial assistance instrument, which was replaced in 2014 by the European Neighbourhood Instrument (ENI).

Assistance is provided on the basis of the usual sequence of multiannual and annual programming documents. **The period covered by this Evaluation falls across two programming periods**, the years 2007-2013, covered by the relevant Country Strategy Paper (CSP),<sup>28</sup> and the 2014-2020 period, covered by ENI programming. In practice, the Evaluation focuses on the implementation of the **National Indicative Programme (NIP) 2011-2013**<sup>29</sup> and the **Single Support Framework (SSF) 2014-2017**.<sup>30</sup>

Over the period under review, **the bulk of EU support consisted of bilateral assistance**, provided on the basis of Annual Action Programmes (AAP), financed by the ENPI/ENI instruments and focusing on ‘priority areas’. Bilateral assistance was complemented by **regional initiatives** also funded by ENPI/ENI as well as by funding provided by some **‘thematic instruments’**.

**Bilateral Assistance – Focal Areas.**<sup>31</sup> The focal areas identified by the NIP 2011-2013 and by the SSF 2014-2017 are presented in Exhibit 3.2.

#### Exhibit 3.2 Focal Areas of EU Assistance

NIP 2011-2013	SSF 2014-2017
<ul style="list-style-type: none"> <li>Area 1 - Democratic structures and good governance</li> <li>Area 2 - Socio-economic reform and sustainable development, trade and investment, regulatory approximation and reform</li> <li>Area 3 - PCA and ENP AP implementation, including in the area of energy security, mobility and security</li> </ul>	<ul style="list-style-type: none"> <li>Area 1 - Regional and rural development</li> <li>Area 2 - Justice sector reform</li> <li>Area 3 - Education and skills development</li> <li>Complementary support in favour of civil society</li> <li>Complementary support for capacity development and institution building</li> </ul>

While the number of focal areas is similar in the two periods, three in 2011-2013 and three, plus two areas of ‘complementary support’, in 2014-2017, there are evident differences in formulation, as the more recent focal areas are more narrowly defined and specific than those adopted in the earlier period. However, leaving aside stylistic differences, **there are important elements of continuity between the two periods, with a shift in the relative importance of some topics rather than a**

<sup>26</sup> See press release: <http://www.consilium.europa.eu/en/press/press-releases/2016/11/14-azerbaijan/>

<sup>27</sup> For an overview of early EU assistance to Azerbaijan, see IDC and others, Evaluation of EC TACIS Country Strategy: Azerbaijan 1996-1999, March 2000.

<sup>28</sup> EC, Country Strategy Paper 2007 – 2013, 26 October 2006.

<sup>29</sup> EC RELEX, Azerbaijan - National Indicative Programme 2011-2013, undated (but late 2010), available at [https://ec.europa.eu/europeaid/sites/devco/files/nip-azerbaijan-2011-2013\\_en.pdf](https://ec.europa.eu/europeaid/sites/devco/files/nip-azerbaijan-2011-2013_en.pdf)

<sup>30</sup> EC DEVCO – EEAS, Single Support Framework for EU support to Azerbaijan (2014-2017), 25 July 2014, available at [http://eeas.europa.eu/archives/docs/enp/pdf/financing-the-enp/azerbaijan\\_2014\\_2017\\_programming\\_document\\_en.pdf](http://eeas.europa.eu/archives/docs/enp/pdf/financing-the-enp/azerbaijan_2014_2017_programming_document_en.pdf)

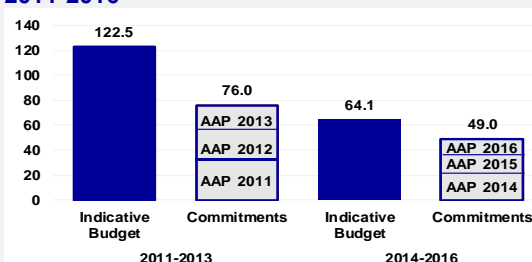
<sup>31</sup> The NIP makes reference to ‘Priority Areas’ while the SSF uses the expression ‘Sectors of Intervention’. For the sake of simplicity, for both sub-periods we use the expression ‘Focal Areas’.



**sudden change of focus.** In fact, the areas identified as priorities under the SSF 2014-2017 were already largely included in the NIP 2011-2013 under different headings. For instance, the support to justice sector reform, an explicit priority under the SSF, was already included under Focal Area 1 – Democratic structures and good governance of the NIP 2011-2013. Likewise, the education sector, again one of the SSF priorities, was already included as a sub-priority under the NIP. Economic development has also continued to be a focal area of intervention, albeit with a more specific focus on regional and rural development (already included in the NIP as a sub-priority). Overall, the main difference between the two periods refers to energy security, which is no longer mentioned as an area of intervention in the SSF.

**Bilateral Assistance - Funding.** The cumulative indicative budget envisaged for EU bilateral assistance over the period covered by this Evaluation is in the order of **€ 185 million**, of which some € 120 million under the 2011-2013 NIP and an estimated € 64 million under the SSF.<sup>32</sup> However, the amounts committed in the AAP between 2011 and 2016, remained well below the indicative budget, adding up to an estimated **€ 125 million** only. The difference between the programmed amounts and commitments was particularly high in the 2011-2013 period. In fact, while the NIP foresaw an indicative budget of €122.5 million, actual commitments were only € 76 million, the difference being primarily attributable to the cancellation of budget support programs foreseen in 2012 and 2013.<sup>33</sup> In the second sub-period, the difference between budget and commitments is smaller, in both absolute and relative terms (some € 15 million, i.e. about one quarter of the total).

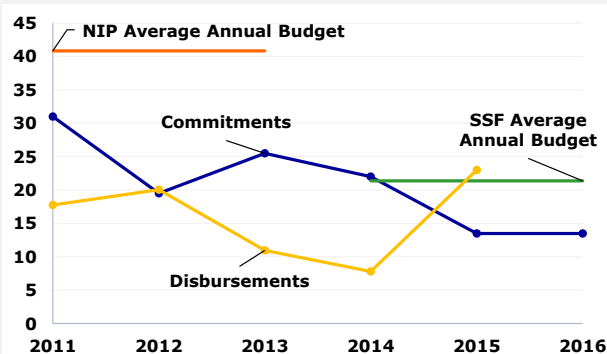
**Exhibit 3.3 Indicative Budget and Commitments – 2011-2016**



Source: Own elaborations on data from NIP, SSF and AAP. The 2014-16 indicative budget is an estimate.

Over the period considered, **both indicative budgets and commitments were on a declining trend**. Indeed, the average indicative annual budget envisaged under the SSF (little more than € 20 million) is about half of what was envisaged under the NIP (€ 40 million). As for the amounts committed yearly in the AAP, they are not only declining, but also almost systematically below the average indicative budget. **The trend in disbursements was much more erratic**, with drastic year-to-year changes primarily due to the disbursement of lumpy tranches for budget support operations. However, even considering the natural lag between commitment and actual expenditure, figures are quite low, with disbursements totalling less than € 50 million in 2011-2013 and around € 30 million in 2014-2015 (data for 2016 were not available at the time of writing).<sup>34</sup>

**Exhibit 3.4 Trends in EU Assistance – 2011-2016**



Source: NIP 2011-13; SSF 2014-17; AAP, and DEVCO Annual Reports

<sup>32</sup> The indicative budget under the SSF ranges between € 77 and € 94 million for the four-year period 2014 – 2017. The estimate provided in the text was calculated considering the mid-point value (€ 85.5 million) and prorating this value for the years 2014 – 2016.

<sup>33</sup> EUD, Overview of Bilateral EU Support to Azerbaijan, updated February 2013.

<sup>34</sup> Figures on disbursements are from the reports on the implementation of EU financing instruments for external actions, published annually by DG DEVCO (hereinafter, DEVCO Annual Reports), available at [https://ec.europa.eu/europeaid/annual-reports\\_en](https://ec.europa.eu/europeaid/annual-reports_en). For some years, there are small differences between commitments shown in the Annual Reports and those resulting from the AAP, these differences do not affect the analysis.

**Regional Assistance.** Azerbaijan also received EU assistance under the **ENPI/ENI regional programmes**, such as the EU4Energy initiative (formerly known as INOGATE), the Clima East programme, the Prevention, Preparedness and Response to natural and man-made disasters in Eastern Partnership countries (PPRD East) programme, the so called Council of Europe (CoE) Facility, the East Invest programme (now englobed in the EU4Business initiative), and some initiatives on Integrated Border Management (IBM). The value of funds spent in Azerbaijan by the ENPI/ENI regional programmes cannot be determined precisely, due to the multi-layered nature and varying geographical coverage of programmes. However, judging from the budget allocated to some initiatives,<sup>35</sup> over the 2011-2016 period the Azerbaijani 'quota' of regional programmes is **likely to exceed € 10 million**.

**Thematic Assistance.** Azerbaijan has also been eligible for funding under thematic instruments and initiatives. These include notably: (i) the **European Instrument for Democracy and Human Rights** (EIDHR), which offers independent support to civil society actors; and (ii) various programmes encompassed by the **Development Cooperation Instrument** (DCI), such as the Non State Actors and Local Authorities in development (NSA-LA)/Civil Society Organisations – Local Authorities (CSO-LA) programme, the Environment and Natural Resources Thematic Programme (ENRTP), and the Global Public Goods and Challenges programme (especially the Migration and Asylum component). Taking also into account small amounts of humanitarian assistance managed by ECHO, over the 2011-2015 period (data for 2016 are not available), total disbursements from thematic instruments stood at **about € 5 million**.<sup>36</sup>

**Relative Importance of EU Assistance.** *The volume of EU assistance was fairly modest compared with the size of Azerbaijan's economy.* Indeed, over the 2011 – 2015 period for which figures on disbursements are available, EU assistance accounted on average for a mere 0.03% of GDP and for only 0.4% of total financial inflows. The modest scale of the assistance programme obviously **reduced the ability to influence the reform agenda and to secure commitment from national authorities**.

### 3.3 EU Assistance to Azerbaijan – Operations

**Overview.** Based on the information provided by EUD, 267 contracts were fully or partly implemented over the 2011 – 2016 period. However, about 100 contracts refer to ancillary activities (financial audit of grant-funded projects, facilitation of workshops, supply of equipment, translation and communication services, etc.), leaving some 160 contracts for operational activities. To these, one must add some 150 small scale interventions under the Technical Assistance and Information Exchange (TAIEX) program and similar facilities, bringing the total of **some 310 operational activities**. These activities can be subdivided into six groups, namely: (i) **budget support operations** intended to sustain policy reforms at the sector level; (ii) capacity building assistance to state institutions through grants to public administrations in MS for the implementation of **Twinnings**; (iii) short term technical assistance through **demand-driven facilities**, including TAIEX and other two similar facilities, the Support for Improvement in Governance and Management (SIGMA) and Social Protection European Union Expertise in Development Cooperation (SOCIEUX) facilities; (iv) grants supporting **actions implemented by civil society organizations** (CSOs); (v) **other grants** for the financing capacity building and policy dialogue projects; and (vi) **technical assistance** projects implemented through service contracts.

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<sup>35</sup> For instance, the CoE PCF (now PGG) Facility had 4.7 million allocated to Azerbaijan. East Invest1 had a budget of about € 7 million for all the EaP countries. The IBM 'flagship' initiative concerning the Red Bridge Border Crossing Point between Azerbaijan and Georgia, is supported by the EU regional assistance with an € 2.1 million allocation, more or less evenly divided between the two countries.

<sup>36</sup> These figures are from DEVCO Annual Reports.

**Budget Support Operations.**<sup>37</sup> *Budget Support (BS) has been extensively used by the EU in Azerbaijan, although its utilization has been declining overtime.* Between 1996 and 2007, BS was provided in the form of Food Security Programme (FSP) operations, which replaced earlier food aid assistance and were primarily intended to support reforms in agriculture and social protection. In the late 2000s, FSP were replaced by the Sector Policy Support Programmes (SPSP), intended to support policy reform in a wide range of areas. Over the 2011 – 2016 period, the EU implemented four SPSP, supporting reforms in renewable energy and energy efficiency, justice, agriculture and rural development, and regional development. However, the first three SPSP were included in previous AAP (2007 through 2009) and only the SPSP focusing on regional development was approved in the period covered by this Evaluation. The utilization of BS was discontinued in 2012, following a negative assessment from the EU regarding Azerbaijan's compliance with certain conditions for eligibility and disbursement. **BS are medium-sized operations, typically in the € 15 to € 20 million range.** The single BS operation approved over the 2011 – 2016 period had a budget of € 19.5 million, accounting alone for 10% of the indicative budget and 16% of total commitments. However, the amounts disbursed over the 2011-2016 period are much higher, in excess of € 40 million, as they include the tranches of BS operations approved in earlier years. All SPSP included a technical assistance component, to support relevant Azerbaijani institutions in the implementation of policy reform (see below).

### Exhibit 3.5 Summary of BS Operations Implemented in 2011–2016

Operation (Acronym)	AAP	Signing by EU/GOA	Budget (€ million)
Energy Reform Support Programme (ERSP)	2007	Jan 2008/Dec 2008	13.0
Justice Reform Support Programme (JRSP)	2008	Dec 2008/Nov 2009	14.5
Agriculture and Rural Development Support Programme (ARDSP)	2009	Dec 2009/Dec 2010	13.0
Regional Development Support Programme (RDSP)	2011	June 2012/Dec 2012	19.5
<b>Total</b>			<b>60.0</b>
Source: BS Review			

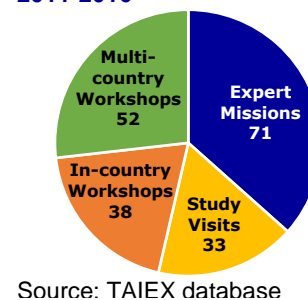
**Twinnings.** *Grants to MS public administrations for the implementation of Twinnings have been extensively used in Azerbaijan.* The first Twinnings were launched in 2006 and by the end of the decade no less than 26 projects worth more than € 22 million had been approved. Over the period covered by this Evaluation, a total of 36 Twinnings were implemented (in full or in part), of which 12 financed under the 2011-2013 AAP.<sup>38</sup> These operations are worth a total of some € 15 million, accounting for about 12% of the indicative budget and 20% of commitments over the relevant period. As in the case of BS, the value of disbursements is considerably higher, due to payments for Twinnings approved in earlier years. **Twinnings are small/medium sized operations**, with budgets typically around one million euro and an 18-24 months duration. Twinnings supported more than 20 Azerbaijani public institutions, active in a range of sectors/themes, from consumer protection to taxation and from statistics to tourism. Twinnings have seen the involvement of public administrations from 14 MS, with a strong involvement of Germany (9 projects), France, Spain and the Baltics (5 projects each).

<sup>37</sup> For a detailed presentation of Budget Support operations see Tusker P, Azerbaijan - Review of Ten Years of Sector Budget Support Programmes in Azerbaijan (2007-2016), Final Report, July 2017 (hereinafter, referred to as the 'BS Review').

<sup>38</sup> At end 2016, none of the Twinnings financed under the AAPs 2014-2016 had been launched, although in a couple of cases the contracts were in the process of being signed.

**Demand-Driven Assistance.** *TAIEX has been a major tool of EU assistance.* Over the 2011 – 2016 period, Azerbaijan benefitted from 142 in-country initiatives, involving some 40 institutions, plus 52 multi-country initiatives.<sup>39</sup> Largely intended to support the alignment of national legislation with the *acquis communautaire*, TAIEX interventions covered a wide range of topics (from the plant passport system in the EU to Solvency II requirements and from ‘free zones’ to the improvement of customs procedures), and were often linked to Twinnings. **SIGMA and SOCIEUX played a more limited role.** SIGMA’s first operation in Azerbaijan was launched in 2009, with focus on Civil Service Reform. During the 2011 – 2016 period, another six actions were approved and representatives of Azerbaijani public institutions took part in another four multi-country initiatives. SIGMA initiatives have primarily focused on public procurement and civil service reform. Finally, in 2015 Azerbaijan benefitted from two actions funded by SOCIEUX, dealing respectively with labour market-related issues and reform in the health sector.<sup>40</sup>

**Exhibit 3.6 Summary of TAIEX Initiatives Implemented in 2011-2016**



**Support to CSOs.** *Grants to CSOs have been a major line of activity, although its importance has declined over time due to external unfavourable developments.* Support is provided in the form of action grants through various facilities (EIDHR, NSA, DCI – GENRE, etc.), managed by the EUD or directly by the Commission services. Over the 2011-2014 period, seven calls for proposals (CfP) were launched, resulting in the award of some 50 action grants. Grants to CSOs were also envisaged for the following years, but some CfP were cancelled or postponed due to the adoption of restrictive legislation on NGOs.<sup>41</sup> This was partly compensated by the provision of ‘indirect’ assistance, through a grant to the United Nations Development Program (UNDP). Considering the operations launched in the late 2000s, during the period covered by this Evaluation there were about 70 CSO-related operations under implementation, worth some 19 million. **Grants to CSOs are small to medium operations**, ranging from some € 800,000 to as little as € 10,000, with an average value of some € 250,000.<sup>42</sup> Grants were awarded to both international and national CSOs, as well as to some UN entities, such as United Nations Children's Fund (UNICEF) and the United Nations Office of the High Commissioner for Human Rights (UNOHCHR). Support to CSOs covers actions in a variety of areas, although with a strong focus on human rights and democratic reform.

**Exhibit 3.7 Themes Covered by CfP Launched 2011-2014**

- Poverty reduction (2011, DCI-NSA)
- Human rights and democratic reform (2011, EIDHR)
- Civil society role in reforms and democratic changes (2011, ENPI)
- Women's social and economic empowerment (2012 (DCI-GENRE)
- Human rights and democratic reform (2013, EIDHR – ENPI)
- Reduction of regional disparities (2013, DCI-NSA)
- Human rights and justice & rule of law (2014, DCI-NSA)

Source: Various documents

**Other Grants.** *Grants have also been used to finance capacity building and policy dialogue initiatives*, implemented by international bodies (UNDP, International Organization for Migration-IOM, CoE) and, to a smaller extent, bilateral donors (Deutsche Gesellschaft für Internationale Zusammenarbeit - GIZ) and Azerbaijani institutions (ADA University). Over the 2011-2016 period, there were ten grant-funded projects in implementation, worth about € 8 million. These are **medium to large scale operations**, with budgets ranging from € 300,000 up to € 2.6 million. The main themes covered include: (i) migration and border management; (ii) civil service training; and (iii) rule of law and civil society development.

**Technical Assistance.** Implemented through services contracts (often through framework contracts-FWC), **technical assistance (TA) operations have focused on capacity building and the preparation and implementation of policy reforms.** During the period covered by this

<sup>39</sup> Information from the TAIEX database, last accessed in July 2017.

<sup>40</sup> Information on SIGMA and SOCIEUX operations is from the Programme Administration Office's website <http://pao.az/en/>

<sup>41</sup> See for instance the CfP 136999 and 137019 launched by EUD in spring 2015, which were cancelled in late 2015.

<sup>42</sup> The grant channelled through UNDP is much larger, almost € 2 million, but this obviously constitutes a special case.

Evaluation, there were about 40 contracts under implementation, worth a total of some € 22 million. **The size of TA projects varies considerably**, ranging from less than € 100,000 to more than € 2.7 million. TA operations can be grouped into three ‘clusters’, namely:

- Four TA contracts supporting the **implementation of BS operations** (see above), worth a total of some € 4 million;
- Some ten **medium-large TA operations**, including: (i) three projects supporting the Programme Administration Office (PAO), the Azerbaijani institutions in charge of coordinating the implementation of EU assistance (cumulatively worth some € 3.5 million);<sup>43</sup> and (ii) half a dozen ‘stand-alone’ TA projects in various sectors (investment climate reform, vocational education and training, e-agriculture) (cumulatively worth about € 12 million);
- Some 30 **smaller TA initiatives implemented through FWC**, providing assistance on a wide range on themes, but mainly linked to institutional and policy reform, such as the sequence of projects for the development of the Institutional Reform Plan (IRD) or the projects supporting improvements in Public Finance Management (PFM) (worth a total of almost € 5 million).

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<sup>43</sup> As part of the assistance provided to PAO, these projects also supported the preparation of studies for other, subsequent activities. An example is provided by the preparation of study for a project intended to assist the State Customs Committee developed in 2016. For more details, see Volume 2, Annex F.





## 4 METHODOLOGICAL APPROACH

### 4.1 Introduction

The Assignment was carried out in line with the principles commonly applied for the evaluation of EU initiatives and especially for strategic evaluations of country level EU assistance. In this respect, in line with what indicated in the TOR, the key reference documents include the Better Regulation Guidelines<sup>44</sup> and the compilation of methods developed to guide the evaluation of EU's external assistance.<sup>45</sup> The first step in the process was the firming up of the **evaluation framework**, taking into account the specific themes to be addressed indicated in the TOR. This was followed by **fact finding work**, involving the review of secondary sources as well as primary data collection, through the detailed analysis of a sample of projects (hereinafter, referred to as the 'Selected Projects') and interviews with a range of stakeholders. The information collected was combined with the findings of a series of past and concomitant evaluations covering relevant topics. This provided the basis for subsequent **analytical work**, which ultimately led to the preparation of this Report.

This Section provides a detailed account of the methodological approach adopted. Section 4.2 elaborates on the evaluation framework, which constitutes the essential reference for the evaluation process. Sections 4.3 and 4.4 focus on the activities comprising fact finding work, dealing respectively on the analysis of the Selected Projects and with other information gathering activities. Section 4.5 deals with analytical work. Finally, Section 4.6 discusses the main challenges and limitations.

### 4.2 Evaluation Framework

**Evaluation Criteria.** As anticipated in Section 1.2 above, the Evaluation covers all the **evaluation criteria** typically used in the assessment of EU assistance programmes, namely: (i) relevance; (ii) effectiveness; (iii) efficiency; (iv) sustainability; (v) impact; (vi) coherence-complementarity; and (vii) EU added value. The aspects to be analysed are articulated in the form of **evaluation questions** (EQ). An initial set of EQ, variously linked to the above evaluation criteria, was listed in the TOR. These 'initial' EQ were revisited during the Inception Phase, to take into account the new information acquired. In parallel, an interest emerged for the assessment of the visibility of EU assistance, an aspect scarcely mentioned in the TOR. Ultimately, this led to the **formulation of 10 EQ** which constitute the key 'dimensions' along which the Evaluation is structured. These EQ, grouped by evaluation criteria, are presented in Box 4.1 below.

#### Box 4.1 Evaluation Questions<sup>46</sup>

##### **Relevance**

- EQ# 1 To what extent the implementation of EU Assistance strategy was and is aligned to the Government of Azerbaijan's priorities and responded flexibly to changing need over the evaluation period?
- EQ#2 To what extent is EU assistance still serving EU priorities.

##### **Effectiveness**

- EQ#3 To what extent, and how, has the EU assistance to Azerbaijan contributed to country developments and in particular in the focal areas of EU Assistance and areas covered by global objectives?

<sup>44</sup> EC, Guidelines on Evaluation and Fitness Checks, 2016. See in particular Section VI. The document is accessible via [http://ec.europa.eu/smart-regulation/guidelines/ug\\_chap6\\_en.htm](http://ec.europa.eu/smart-regulation/guidelines/ug_chap6_en.htm).

<sup>45</sup> EC - DEVCO, Evaluation Methods for the European Union's External Assistance, 2006. See in particular volume 2, Guidelines for Geographic and Thematic Evaluations. The document is accessible at [https://ec.europa.eu/europeaid/sites/devco/files/evaluation-methods-guidance-vol2\\_en.pdf](https://ec.europa.eu/europeaid/sites/devco/files/evaluation-methods-guidance-vol2_en.pdf). In addition, reference was also made to the guidelines recently developed by DG NEAR. See EC – NEAR, Guidelines on linking planning/programming, monitoring and evaluation, July 2016. The document is accessible at [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/financial\\_assistance/phare/evaluation/2016/20160831-dg-near-guidelines-on-linking-planning-programming-vol-1-v0.4.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/financial_assistance/phare/evaluation/2016/20160831-dg-near-guidelines-on-linking-planning-programming-vol-1-v0.4.pdf).

<sup>46</sup> Compared with previous reports, the EQ have been renumbered to match the structure of this Report.

**Sustainability**

- EQ#4 To what extent are the outcomes of EU assistance likely to produce effects after the end of EU funding?
- EQ#5 To what extent the beneficiaries with strategic/policy and management responsibility have been and still are demonstrating ownership of the results?

**Efficiency**

- EQ#6 To what extent interventions made good use of the (financial and human) resources?

**Impact**

- EQ#7 To which extent political and operational outputs and immediate results are the consequence of EU interventions and policy dialogue? What has happened as a result of the EU Assistance?

**Visibility**

- EQ#8 To what extent do supported projects contribute to improving information on what the EU is doing in Azerbaijan? To what extent do they ensure fulfilment of the visibility strategy set by the European Commission?

**Complementarity-Coherence**

- EQ#9 To what extent does the scope of the EU support to Azerbaijan is aligned with/ complement other interventions of other donors?

**EU Added Value**

- EQ#10 What is the added value of the EU level interventions compared to interventions by member states, and or other donors, including the private sector?

**Evaluation Matrix.** The refinement of the EQ was followed by the identification of the **Judgment Criteria** (JC) to be used in assessing the related to the various themes. This was accompanied by the selection of the **indicators** (i.e. the type of evidence to be used) and by the identification of the **sources of information** to be relied upon. Taken together, these elements led to development of the **Evaluation Matrix** that guided the entire evaluation process. The structure of the matrix is illustrated by an example concerning one EQ on efficiency provided in Exhibit 4.1 below. The full-fledged Evaluation Matrix is provided in Volume 2, Annex E.

**Exhibit 4.1 Structure of the Evaluation Matrix – Example**

Evaluation Question (EQ)	Judgement Criteria (JC)	Indicators	Sources of Information
EQ#4 To what extent are the outcomes of EU assistance likely to produce effects after the end of EU funding?	<ul style="list-style-type: none"> <li>• JC #4.1: Outputs (infrastructures, organisations, plans, training/ educational programmes etc.) still operational</li> <li>• JC #4.2: Outcomes functioning at the envisaged level</li> </ul>	<ul style="list-style-type: none"> <li>• Financing in place and aligned to costs</li> <li>• Human resources for operations of outcomes in place</li> <li>• Regulatory base-legislative framework functioning</li> <li>• Level of capacity in supported entities.</li> <li>• New entities established and existing strengthened</li> </ul>	<ul style="list-style-type: none"> <li>• Reports on specific projects or programmes</li> <li>• Monitoring documents</li> <li>• Interviews with implementers and stakeholders</li> </ul>

**4.3 Fact-Finding Work – Detailed Review of Selected Projects**

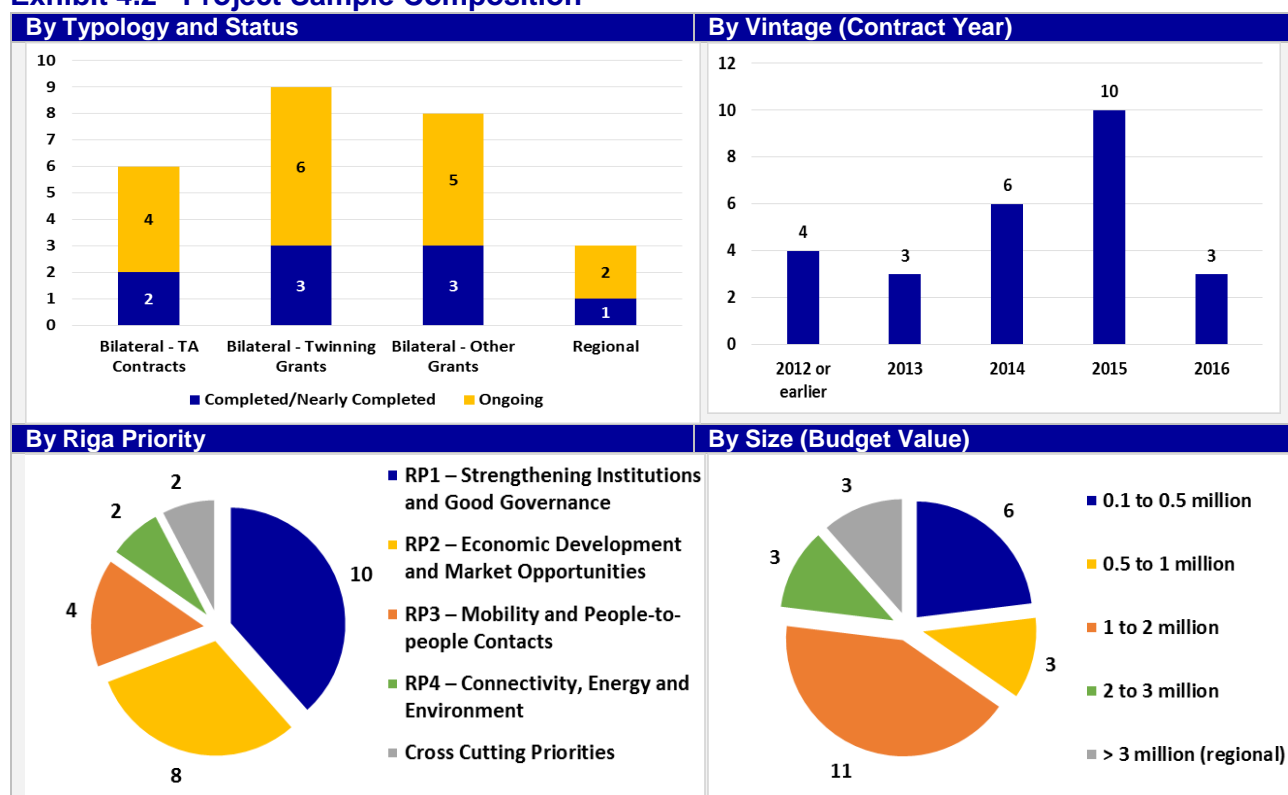
The detailed review of Selected Projects constitutes a key component of fact finding work. The **analysis covered 26 projects**, of which 23 national projects (including one bi-national project also involving Georgia), and 3 regional initiatives.

**Selection Process.** The selection process was guided by a series of criteria. In particular, in the case of **national initiatives**, in order to be retained for analysis projects had to be **fully or partly implemented over the 2011 – 2016 period** and had to be **linked to the priority areas** identified in the NIP 2011-2013 and in the subsequent SSF 2014-2017. In addition, the projects were selected so as to ensure coverage of the **priorities agreed at the EaP Riga Summit in 2015** (the so called 'Riga priorities or RP), given that the future programming exercise is likely to be based on them. The projects were selected to cover **all main instruments**, i.e. including Twinnings, action grants, and service contracts (including contracts through framework contracts), with the only exception of supply contracts (of which there are quite few) and BS operations (covered by another, concurrent evaluation exercise – see below). Also, the selection took into account the **size of interventions**, purposely giving preference to 'large' projects (i.e. those with budgets in excess above € 1 million)

over medium and small initiatives (respectively, in the € 0.5-1 million range and below € 0.5 million).<sup>47</sup> The selection was also guided by 'negative' selection criteria. In particular, in order to avoid unnecessary duplication, **the selection exercise excluded all the projects covered by recent or concomitant evaluation work**. Because of their small size and short duration, the selection also excluded all activities performed by demand-driven facilities, in particular, TAEX. However, whenever warranted, these activities were analysed in conjunction with other initiatives (e.g. TAEX workshops or study visits linked to Twinnings or service contracts). In the case of **regional initiatives**, the selection process took into consideration projects with ongoing activities in the country and involving the active participation of some Azerbaijani entity (and, hence, with the presence in the country of a contact person).

**The selection process was carried out in three steps.** The first step involved the consolidation of administrative information regarding the EU-financed initiatives partly or fully implemented over the 2011 – 2016 period. Second, after the elimination of a number of irrelevant records (e.g. contracts for the ancillary operations or contracts related to projects covered by previous evaluations), the screening of the dataset against the above criteria led to the identification of an initial 'long list' of projects potentially susceptible of detailed analysis, comprising some 60 initiatives. Finally, this 'long list' was reviewed based on the additional information acquired during the Desk Review Phase and the comments received from EU and Azerbaijani counterparts (in particular the PAO). At this stage, adjustments were also introduced, to include some typologies of projects deemed of particular relevance.<sup>48</sup> **The process leading to the identification of the Selected Projects was carried out in close coordination with DG NEAR/EUD**, and the results of the exercise were presented in earlier reports. Some salient features of the Selected Projects are presented in Exhibit 4.2 below. The full list of projects is provided in Exhibit 4.3 overleaf, while a summary description of the projects is provided in Volume 2, Annex A.

**Exhibit 4.2 Project Sample Composition**



<sup>47</sup> As the dataset used for initiatives to be analysed in detail is of an administrative nature (i.e. based on contracts), the figures above refer to contract values, which may not always correspond to the value of projects.

<sup>48</sup> This was particularly the case of the Green for Growth initiative, a facility providing financing and technical assistance for energy efficiency and renewable energy projects set up by the EIB and KfW and which only partly relies on funding from the EU regional assistance programme.

### Exhibit 4.3 List of Selected Projects

Project Number	Short Title <sup>49</sup>	Riga Priority - Sector/Theme	Implementation Period	Status	Budget (€)
146601	VET Reform and Pilot	RP3 Education/VET	Aug 2010-Dec 2011	Completed	2,497,480
164180	Support to SASMP (State Agency of Standardization, Metrology and Patents)	RP2 Standards	Oct 2008-Dec 2010	Completed	1,351,852
254973	Development of Sustainable Energy	RP4 Energy	Jan 2011-Sept 2014	Completed	500,000
298502	Support to Department of Tourism	RP2 Tourism	Feb 2013-Dec 2014	Completed	888,296
324686	Support to Civil Service - CSOs EU trainings	RP1 Institutional Reform	Dec 2013-Jul 2016	Completed	994,370
335262	Development of standardisation and technical regulations	RP2 Standards	Jan 2014-Dec 2016	Completed	1,175,372
339790	Action to Eliminate Domestic Violence	Cross cutting	Sept 2014-Feb 2017	Nearly Completed	108,445
342216	Support to Institution Building Activities (SIBA)	RP1 Institutional Reform	May 2014-Mar 2017	Nearly Completed	1,499,990
346265	Support to the Ministry of Taxes	RP1 Institutional Reform	Sept 2014-Dec 2016	Completed	1,000,000
346765	Consolidation of Migration and Border Management (CMBA)	RP1 Border Management	Sept 2014-Sept 2017	Ongoing	2,599,040
347335	Promoting Access to Justice for Children	RP1 Rule of Law and Human Rights	Nov 2014-Jul 2018	Ongoing	300,000
348738	Strengthening VET Sector	RP3 Education/VET	Oct 2014-Jul 2016	Completed	271,171
359362	Development of Social Service Provision	RP1 Institutional Reform	Jun 2015-Nov 2018	Ongoing	1,300,000
359671	Support to the Higher Education System	RP3 Education/VET	Sept 2015-Mar 2019	Ongoing	1,300,000
366835	Support to the State Statistical Committee	RP1 Institutional Reform	Oct 2015-Apr 2019	Ongoing	1,178,764
367749	Support to E-Agriculture	RP2 Agriculture	Nov 2015-Dec 2017	Ongoing	1,139,800
367882	Support to the Ombudsman	RP1 Rule of Law and Human Rights	Feb 2016-Apr 2019	Ongoing	1,360,000
368778	Implementation of the PFM Action Plan	RP1 Institutional Reform	Feb 2016-Apr 2018	Ongoing	299,892
369343	Strengthening the metrology system	RP2 Standards	Jan 2016-Jan 2018	Ongoing	1,200,000
371464	Red Bridge Border Crossing	RP2 Trade Facilitation	Jan 2016-Dec 2017	Ongoing	2,100,000
371930	Advancing gender equality and women's rights	Cross cutting	Apr 2016-Sept 2019	Ongoing	399,600
372056	Advancing socio-economic rights of vulnerable populations	RP1 Rule of Law and Human Rights	Mar 2016-Aug 2019	Ongoing	1,994,981
372720	Pilot Regional Development Programme (PRDP)	RP2 Regional Development	Mar 2016-Aug 2019	Ongoing	1,379,800
253271	East Invest	RP2 Business Development	Oct 2010-Oct 2013	Completed	7,000,000
353745	EU-Eastern Partnership Culture and Creativity	RP3 Culture	Feb 2015-Jan 2018	Ongoing	4,290,000
none	Green for Growth Fund	RP4 Energy	2013-2019	Ongoing	13,350,000

Source: Various programming documents.

Note: The budget of regional initiatives refers to the total budget.

**Work Performed.** The analysis of the Selected Projects involved the *review of relevant project documents* (action fiches, contracts and/or terms of reference, inception, progress and – when available – final reports, monitoring reports, etc.) as well as *in-depth interviews* with the relevant GOA authorities and/or the entities in charge of implementation. Interviews covered all the Selected Projects, with only one exception, due to unavailability of the relevant GOA institution at the time of field work.

<sup>49</sup> The official titles of EU-funded initiatives are typically quite long. For the sake of simplicity, the projects were given a 'short title' that is intended to capture the essence of the initiatives. In the remainder of this Report, the Selected Projects will be identified with the 'short titles'. The official titles and short titles are shown in Volume 2, Annex A.

#### 4.4 Fact-Finding Work – Other Activities

In addition to the detailed analysis of the Selected Projects, fact finding work involved: (i) the review of documentary sources ('Desk Analysis'), and (ii) interviews with various stakeholders ('Personal Interviews'). In addition, a number of findings were derived from (iii) a set of evaluations focusing on selected aspects of EU assistance to Azerbaijan.

**Desk Analysis.** The Desk Analysis concerned four main types of documents, namely:

- Documentation on **Azerbaijan's political, economic and social conditions**, mostly consisting of analytical and policy studies developed by IFI/international organisations (e.g. IMF country reports) as well as studies published by international and Azerbaijani academicians and think tanks (such as the Centre for Analysis of Economic Reforms and Communication or the Centre for European Policy Studies);
- **National strategic documents** published by various GOA entities, including blue print general strategies (such as the 2012 'development concept' or the 2014 strategy on regional socio-economic development) as well as sector or thematic strategies or action plans (such as the various national anti-corruption action plans);
- **Various EU documents**, including high level policy documents on relations with Azerbaijan (PCA, ENP-AA, etc.), EU assistance programming documents (NIP, AAP, etc.), and documents on the performance of EU-funded initiatives, mostly consisting of reports from the Results-Oriented Monitoring (ROM);
- **Documentation on other donors' activities**, mostly consisting of programming documents (e.g. WBG's Country Assistance Strategy and Country Partnership Framework), statistics on assistance programmes and documents on selected initiatives.

Overall, the Desk Review involved the analysis of **some 120 documents**. A non-exhaustive list of the documents analysed (with exclusion of project documentation) is provided in Volume 2, Annex H.

**Personal Interviews.** A first round of interviews was carried out during the **Inception Phase** with relevant EC officials at DG NEAR and the European External Action Service (EEAS). Interviews with EUD staff and PAO representatives were carried out during the first fact finding visit during the **Desk Review Phase**. The bulk of interviews were carried out during the **Validation Phase** and, in addition to representatives of the Selected Projects, they involved donor organisations, NGO, private sector operators and other, selected organisations. While the bulk of interviews took place in Baku and its immediate surroundings, field work also included a visit to the Quba district, in the north eastern part of the country. The full list of persons and entities interviewed for this Evaluation is provided in Volume 2, Annex C.

**Review of Other Evaluation Work.** The TOR explicitly envisaged that the "*evaluation should take into account*" the results of recent or concomitant evaluation work, including notably "*the Civil Society Support Evaluation of 2016 (covering the years 2007-13) ... the Twinning instrument evaluation of 2012 (covering the years 2007-11), the planned budget support review (covering the years 2007-16) and the ECA special report [on] the Southern Caucasus (Armenia, Azerbaijan and Georgia)*" (TOR, page 6). The findings of these evaluations (hereinafter, collectively referred to as 'Previous Evaluations') **constitute a major element for this Evaluation**, and they have been directly incorporated into this Report. Indeed, as indicated above, the identification of the Selected Project was structured so as to avoid any overlapping with the initiatives covered by the Previous Evaluations.

#### 4.5 Analytical Work

**Mapping of Findings.** Analytical work first involved the systematic review of the qualitative and quantitative information collected, with the **structuring and mapping of the evidence** collected to the relevant judgment criteria and indicators, in accordance with the Evaluation Matrix. In the few cases where gaps or weaknesses in the data were identified, appropriate corrective actions were



undertaken, namely with the **location and review of additional documentary sources** and, sometimes, **follow up contacts with interviewees** (e.g. the collection of information on staffing and staff turnover at PAO). This review and mapping exercise provided a series of findings related to the various EQ and JC. The results of this mapping exercise led to the preparation of a Matrix of Findings that is presented in Volume 2, Annex F.

**Analysis and Interpretation of Findings.** Much of the evidence collected is of a qualitative nature (e.g. views on the severity of a certain problems or degree of alignment of a certain action with a certain objective or priority) which does not lend itself to any type of statistical analysis. Even when the data collected were in numerical format, the number of observations was too limited to allow for any type of statistical analysis beyond the computation of simple averages. Accordingly, **the analysis was eminently of a qualitative nature**. Findings typically originate from different sources (programming documents, interviews, monitoring reports, etc.) and/or are of a different nature (perceptions on a certain phenomenon, evidence regarding the passing of a certain law, etc.) and they were **triangulated in order to reach robust conclusions**. Depending upon the situations, the exercise was carried out at two levels, i.e. triangulation of sources (i.e. primary vs. secondary sources) and/or triangulation of respondent groups (e.g. DG NEAR/EUD staff, beneficiaries/implementers of Selected Projects, representatives of IFI/donors). Finally, findings were also structured so as to **provide a view of achievements in the main sectors/thematic areas of intervention**. In doing so, reference was made to the Riga Priorities, further subdivided into sectors/themes. The classification adopted for the sectoral/thematic analysis is provided in Box 4.2 below.

#### Box 4.2 Headings Used for the Sectoral/Thematic Analysis

**Riga Priority 1 – Strengthening Institutions and Good Governance**

- Rule of law and Human Rights
- Institutional Reform

**Riga Priority 2 – Economic Development and Market Opportunities**

- Agriculture and Rural Development
- Regional Development
- Standards
- Business Development, Trade Facilitation and Tourism

**Riga Priority 3 – Mobility and People-to-people Contacts**

- Education and Vocational Training

**Riga Priority 4 – Connectivity, Energy and Environment**

- Energy

## 4.6 Challenges and Limitations

**Large Share of Ongoing Projects.** As shown in Exhibit 4.2 above, little more than one third of the Selected Projects were completed or nearly completed during the 2011-2016 period covered by this Evaluation. The inclusion of a large proportion of ongoing projects was motivated by practical considerations (i.e. the presence in the country of relevant counterparts at the time of the evaluation) as well as by the need to appreciate whatever changes may have occurred in EU assistance activities in response to the mutable external environment. While this provides useful information for the assessment of relevance, complementarity and added value of EU initiatives it inevitably reduces the information on the results actually achieved. Accordingly, **the findings concerning effectiveness, efficiency, impact, and sustainability rely on a narrower evidence base, and in many cases the related conclusions must be regarded as tentative**.

**Extensive Reliance on Other Evaluations' Findings.** As indicated in Section 4.4 above, this Evaluation relies substantially on the results of Previous Evaluations, whose findings were extensively incorporated into the analysis. Reliance on secondary sources, including evaluations, is not uncommon in evaluation work, especially in country level evaluations, and a priori this does not call for being mentioned in a section devoted to challenges and limitations. However, this Evaluation



constitutes a special case, as the Previous Evaluations relied upon in this Report cover significant components of EU assistance to Azerbaijan. This is particularly the case of BS operations that, as mentioned in Section 3 above, include the single largest EU-funded interventions in the country over the period considered and cumulatively account for a large share of total EU assistance. As the evidence underpinning the results of Previous Evaluations is not always available in the relevant reports, ***the findings of Previous Evaluations were incorporated ‘verbatim’, without the possibility of further verification.***<sup>50</sup>

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<sup>50</sup> One of the Previous Evaluations, the BS Review, was carried out over the same period and an interaction with the consultant in charge was indeed envisaged. However, despite the efforts, this did not prove feasible and the Consultants received the draft report only in June, when field work for this Evaluation had already been completed. The final version of the BS Review was received on 21 August 2017.



## 5 RELEVANCE (EQ#1 & EQ#2)

### 5.1 Introduction

The analysis of relevance focuses on the assessment of two broad themes (Evaluation Questions), namely the **degree of alignment of EU assistance with (i) country needs and (ii) EU priorities**. In turn, the assessment is based on the investigation of four main aspects (Judgement Criteria), namely: (i) the degree of consistency between EU assistance's focal sectors and national priorities (alignment at the 'strategic level'), (ii) the ability of specific EU assistance activities to meet counterpart needs (alignment at the 'project/programme level'); (iii) the ability of EU assistance to flexibly adjust to changing needs and circumstances; and (iv) the degree of consistency between EU assistance's focal sectors and EU priorities.

Sections 5.2 and 5.3 focus, respectively, on the alignment of EU assistance with national and EU priorities. Section 5.4 deals with the ability to adjust to changing circumstances. Section 5.5 assesses the alignment of EU interventions with counterparts' needs and, more generally, the realism of project design. Section 5.6 provides an assessment at the sectoral level. Finally, concluding remarks are provided in Section 5.7.

### 5.2 Alignment with National Priorities

**National Priorities.** National priorities applicable to the period under consideration are spelled out in **two main strategic documents**, namely: (i) the State Program on Poverty Reduction and Sustainable Development 2008-2015 (hereinafter, referred to as the '2008-15 Program') and (ii) the Azerbaijan - 2020: Outlook for The Future Development Concept adopted in 2012 (hereinafter, referred to as the 'Vision 2020').<sup>51</sup>

The **2008-15 Program**<sup>52</sup> displays the features common to most poverty reduction programs aimed at achieving the Millennium Development Goals (MDG), with a predominant 'macro planning' orientation. Developed in the heydays of oil-driven growth, it incorporates a definitely optimistic attitude, with the identification of no less than nine objectives, and the setting of fairly ambitious targets, mostly expressed in quantitative terms (e.g. inflation rate below a certain level, internet users above a certain value, etc.).

The **Vision 2020**<sup>53</sup> adopts a more 'conceptual' and 'political' approach, depicting a global strategy for a country that "*has stepped into a new stage of development*" (page 5). Developed during the recovery after the 2009 crisis, the document still features a highly positive tone, albeit tempered by a more palpable acknowledgment of the structural weaknesses of the national economy. Like the previous 2008-15 Program, Vision 2020 also identifies a long list of priorities, but – as evidenced by the textual analysis of the document – comparatively more emphasis is placed on increasing the competitiveness of the economy, including preserving macro-economic stability and the development of the non-oil sector, the improvement of infrastructure & balanced regional development, and the development of human capital.

The objectives/priorities envisaged in national strategic documents are summarized in Exhibit 5.1 overleaf.

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<sup>51</sup> Recently, the President also approved another strategic document, the 'Main directions of strategic road map on national economy and major sectors of economy', usually referred to as the Strategic Roadmap. However, this document was approved only in December 2016 and therefore its analysis largely falls out of the temporal scope of this Evaluation.

<sup>52</sup> State Program on Poverty Reduction and Sustainable Development Republic of Azerbaijan 2008-2015, approved with Presidential Decree #3032 of 15 September 2008. Accessible at <http://www.refworld.org/pdfid/548eb7034.pdf>

<sup>53</sup> Azerbaijan 2020: Look Into the Future – Development Concept Accessible at [http://www.president.az/files/future\\_en.pdf](http://www.president.az/files/future_en.pdf)

### Exhibit 5.1 Summary of National Objectives/Priorities

Objectives of the 2008-15 Program	Priorities of the Vision 2020
<ol style="list-style-type: none"> <li>1. Ensuring sustainable economic development (macroeconomic stability and balanced development of the non-oil sector);</li> <li>2. Increasing income-generating opportunities;</li> <li>3. Reducing social risks for vulnerable groups</li> <li>4. Improving living conditions of refugees and displaced persons;</li> <li>5. Improving the quality of/access to basic health and education services;</li> <li>6. Developing social infrastructure, improving the public utilities system;</li> <li>7. Improving the environmental situation and ensuring sustainable environmental management;</li> <li>8. Promoting and protecting gender equality;</li> <li>9. Continuing the process of institutional reform and improving good governance.</li> </ol>	<p><b>Main Priorities</b></p> <ol style="list-style-type: none"> <li>1. Transition to a highly competitive economy (macroeconomic stability and development of non-oil sector)</li> <li>2. Improvement of infrastructure and balanced regional development</li> <li>3. Development of human capital</li> </ol> <p><b>Other Priorities</b></p> <ol style="list-style-type: none"> <li>1. Transition to an information society</li> <li>2. Improvement of legislation and strengthening of institutional potential</li> <li>3. Development of civil society</li> <li>4. Protection and effective management of cultural heritage</li> <li>5. Environmental protection</li> </ol>

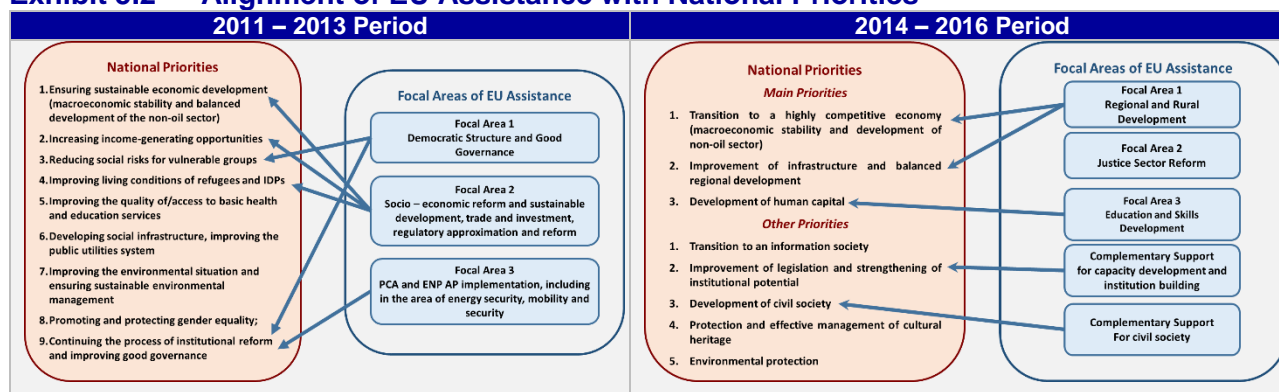
Note: own 'reconstruction' based on relevant official documents

**Matching with EU Assistance's Focal Areas.** Overall, *the focal areas of EU assistance were well aligned with national priorities as spelled out in national strategic documents*. The matching is most evident in the case of the most recent period as two of the priority areas identified in the SSF, 'Regional and rural development' and 'Education and skills development', match two of the Vision 2020's main priorities. The same applies to EU complementary support for capacity development and institution building, linked to one of Vision 2020 'other priorities'. The SSF's third focal area, 'Justice sector reform', is not explicitly mentioned in Vision 2020, *"although it is assumed that it will be a crosscutting issue in terms of modernisation of all sectors and specifically of state institutions"* (SSF, page 13). The matching is prima facie less apparent for the first half of the period considered, but this is mostly because of the broad way in which EU assistance priorities were formulated. Indeed, the second focal area ('Socio-economic reform and sustainable development') envisaged interventions aligned with at least three priorities of the 2008-15 Plan, namely ensuring sustainable economic development, increasing income-generating opportunities and reducing social risks for vulnerable groups. The same applies to the third EU priority area ('PCA and ENP AP implementation'), which envisaged a number of interventions aimed at supporting the process of institutional reform (while the actions concerning energy security, mobility and security appear to reflect primarily EU policy objectives - see below).

In this context, *the EU focus on rule of law, democratization and civil society development constitutes a special case*. Improvements in these areas are indeed mentioned in both the 2008-15 Program and the Vision 2020, for instance, by *"[ensuring the] supremacy of the law, the full ensuring of all human rights and freedoms and the active status of the civil society in the country's public life"* (Vision 2020, page 3). However, the developments over the period under consideration, and in particular since 2013, raise the question of whether the declared priorities actually correspond(ed) to real government intentions. In this respect, the emphasis placed by the EU assistance on 'Democratic structures and good governance' (under the NIP) and 'civil society' development (under the SSF), while certainly aligned with declared priorities and with country needs appears to be driven primarily by EU objectives.

A diagrammatical presentation of the matching between national priorities and priorities of EU assistance is provided in Exhibit 5.2 overleaf.

## Exhibit 5.2 Alignment of EU Assistance with National Priorities



### 5.3 Alignment with EU Priorities

**EU Policy Objectives.** EU policy objectives can be traced back to the ENP AP signed in 2006. While relatively old, the ENP AP is still in force and remains *the only policy document with an explicit list of objectives*. It could be argued that, being a bilateral agreement, the ENP AP does not reflect solely the views of the EU. However, the alternative to making reference to the ENP AP would be to attempt a ‘reconstruction’ of EU policy objectives towards the country, an exercise that – because of the political aspects involved – would be inevitably fraught with subjectivity.

**The ENP AP lists ten ‘priorities’ covering a wide ranging of themes**, from the peaceful solution of the Nagorno-Karabakh conflict to balanced and sustained economic development. For the purpose of the present analysis, the ENP AP priorities can be grouped into three ‘clusters’, dealing respectively with: (i) security & political cooperation objectives; (ii) democratization, rule of law and human rights-related objectives; and (iii) economic development & cooperation objectives. The ENP AP priorities grouped into these three clusters are presented in Box 5.1 below.

#### Box 5.1 EU Policy Objectives

##### Security & Political Cooperation (Cluster #1)

- Contribute to a peaceful solution of the Nagorno-Karabakh conflict (Priority 1)
- Strengthening EU-Azerbaijan energy bilateral cooperation and energy and transport regional cooperation, in order to achieve the objectives of the November 2004 Baku Ministerial Conferences (Priority 8)
- Enhancement of cooperation in the field of Justice, Freedom and Security, including in the field of border management (Priority 9)
- Strengthen regional cooperation (Priority 10)

##### Democratization, Rule of Law and Human Rights (Cluster #2)

- Strengthen democracy in the country, including through fair and transparent electoral process, in line with international requirements (Priority 2)
- Strengthen the protection of human rights and of fundamental freedoms and the rule of law, in compliance with international commitments of Azerbaijan (PCA, CoE, OSCE, UN) (Priority 3)

##### Economic Development & Cooperation (Cluster #3)

- Improve the business and investment climate, particularly by strengthening the fight against corruption (Priority 4)
- Improve functioning of customs (Priority 5)
- Support balanced and sustained economic development, with a particular focus on diversification of economic activities, development of rural areas, poverty reduction and social/territorial cohesion; promote sustainable development including the protection of the environment (Priority 6)
- Further convergence of economic legislation and administrative practices (Priority 7)

**Matching with EU Assistance's Focal Areas.** The EU assistance programme was *conceived to contribute to EU policy objectives in all the three clusters*, although with some differences across the areas and variations overtime.

*The emphasis placed on objectives under the democratization, rule of law and human rights 'cluster' has been quite significant.* Under the NIP, the objectives encapsulated under Priorities 2 and 3 were supported by a number of activities falling into the 'democratic structure and good governance' and 'support to PCA implementation' focal areas. In the SSF, the importance of this set of policy objectives for EU assistance is confirmed by: (i) the inclusion of the justice sector reform as one of the three 'focal areas', and (ii) the provision of substantial funding for support to civil society, which despite its being rather diminutively labelled as 'complementary', was nonetheless envisaged to receive some 5% of planned assistance.

*The attention paid to economic development & cooperation objectives has also been substantial.* As already mentioned, socio – economic reform and sustainable development (in particular, Priorities 4 and 6) was one of the three focal areas under the NIP while in the SSF economic development & cooperation–related themes are squarely addressed by activities under two focal areas, regional and rural development and education and skills development. In this context, of particular importance is the emphasis placed by EU assistance on the theme of approximation, explicitly mentioned among the ENP AP priorities (Priority 7), which is reflected in the extensive utilization of the dedicated instruments such as Twinnings and TAIEX.

*The assistance programme also included activities aimed at supporting the pursuit of EU security and political cooperation objectives*, although with varying intensity. Under bilateral assistance, significant resources were allocated to support the implementation of the Visa and Readmission Agreements entered into force in late 2014, which are linked to ENP AP's Priority 9. Cooperation in the energy and transport sectors received less attention in the NIP/SSF, but the theme has been addressed by the regional programme (via assistance to TRACECA and the EU4Energy initiative). The objective of greater regional cooperation (Priority 10) constituted a 'cross cutting' aspect of numerous initiatives (e.g. virtually all TAIEX multi-country workshops attended by Azerbaijani institutions also saw the participation of representatives from Armenia and Georgia) and was more directly pursued through the Red Bridge Border Crossing project involving Azerbaijan and Georgia. As for the Nagorno-Karabakh conflict, tellingly indicated as Priority 1 in the ENP AP, the bilateral assistance programme sought to address some of its consequences, namely by providing assistance to displaced persons, while support to conflict resolution efforts have been provided by the Instrument contributing to Stability and Peace (IcSP).<sup>54</sup>

#### 5.4 Ability to Adjust to Changing Circumstances

**Adjustments in Priority Areas.** The period under consideration was characterized by the growing albeit belated recognition by the GOA of the structural weaknesses of the Azerbaijani development model and the ensuing need to press forward with reforms capable of reducing dependence upon the oil sector. *The greater emphasis placed on economic diversification was well reflected in the EU assistance*, as witnessed by the growing importance attributed to relevant interventions. Indeed, under the SSF, the two focal areas more directly linked to the efforts to diversify the economy, 'Regional and Rural Development' and 'Education and Skills Development' (the latter especially in its vocational training component) are expected to cumulatively account for about 75-80% of total bilateral assistance. This constitutes a significant increase compared to what was envisaged under the previous NIP, when the focal area encompassing interventions more directly linked to economic diversification ('Socio – economic reform and sustainable development'), was allocated 35-40% of the total financial envelope.

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<sup>54</sup> This concerns in particular the financing of CSO activities in the context of the European Partnership for the Peaceful Settlement of the Conflict over Nagorno-Karabakh (EPNK).



### Exhibit 5.3 Changes in the Relative Importance of Focal Areas for EU Assistance

NIP 2011-2013		SSF 2014-2017	
Focal Areas	Budget share	Focal Areas	Budget share
Priority Area 1 - Democratic Structures and Good Governance	25-30%	Regional and rural development	40%
Priority Area 2 - Socio-economic reform and sustainable development	35-40%	Education and skills development	35-40%
Priority Area 3 - PCA and ENP AP implementation	30-35%	Justice sector reform	30-35%
		Institutional capacity building and EU approximation agenda	15%
		Support to civil society	5%

**Adjustments in Operating Modalities.** The period 2011 – 2016 also witnessed significant changes in the instruments of EU assistance deployed. ***The main change obviously concerns the discontinuation of BS operations.*** Motivated by the problems encountered by the operations launched in the late 2000s and early 2010s, the halting of BS was definitely not a welcome development and had significant repercussions in terms of volume of assistance. ***Some adjustments had also to be made in the instruments deployed for the provision of assistance to CSOs.*** The adoption of restrictive regulations concerning the provision of grant funding to CSOs led the EU to channel assistance to CSOs via an UNDP-managed grant. This was clearly a second best solution, which could not prevent a decline in the volume of assistance to CSOs, but nonetheless demonstrated the ability to respond quickly to challenges in the operating environment, while remaining focused on the objective. It is important to note that, in September 2016, EUD was able to reach an agreement with GOA whereby the CfP foreseen under bilateral assistance were exempted from an opinion on financial economic expediency from the Ministry of Finance. This agreement unblocked the launching of CfPs worth some € 14 million, related to VET, inclusive education, civic participation in education and rural/regional development.

### 5.5 Alignment of Project Objectives with Counterpart Needs

**Twinnings.** ***The demand-driven nature of Twinnings a priori facilitates a strong alignment with beneficiaries' needs.*** The TW Evaluation mentions few cases in which the appropriate preconditions were not in place (e.g. the absence of the relevant sector strategy) as well as a general tendency to overestimate absorption capabilities, with the frequent setting of unrealistic timetables. In general, however, Twinnings were deemed to respond well to beneficiaries' needs. While the TW Evaluation is fairly old, having been completed in 2012, this positive picture is broadly confirmed by the evidence collected for this Evaluation. Indeed, out of the 15 Twinnings for which monitoring reports are available, only three received a modest C rating, due to a mismatch between the ambitious work plan and actual absorption capacity. A further confirmation is provided by the analysis of the Selected Projects reviewed during field work, which did not find virtually any case of serious mismatch between the assistance provided and beneficiaries' needs.

**Grants to CSOs.** ***The assessment of initiatives financed through grants to CSOs is also positive, but subject to some qualifications.*** Previous evaluation work on the subject found that the initiatives financed by the EU cooperation were well in line with the mission and mandate of recipient CSOs. However, the operational problems experienced during implementation (see Section 6) suggest that at least some initiatives were not equally well attuned with CSOs' capabilities. Evidence collected during field work confirms that this is particularly the case of projects implemented by local CSOs, while those led by International NGOs benefitted from a more realistic design.

**BS Operations.** ***BS operations were not well designed, as they tended to overestimate commitment to reform.*** The BS Review notes that some of the reforms envisaged had not been

genuinely endorsed by the GOA,<sup>55</sup> which clearly suggests a less than perfect match. More importantly, there appears to have been a fundamental misunderstanding about the very essence of BS, with the GOA holding “*the view that EU funds were to finance the reforms, rather than reward their implementation*” (page 33). Nonetheless, **the BS Review provides an overall positive assessment**, because BS operations, “*provided a timebound reform agenda under international agreement to support reforms in an environment where opposition to reform in some institutions and among some individuals existed and could have stood in its way*” (page 31).

## 5.6 Sector/Thematic Considerations

### 5.6.1 Riga Priority 1 – Strengthening Institutions and Good Governance

**Rule of Law, Democratisation and Human Rights.** This was a key area of intervention for the EU cooperation, which deployed a wide range of instruments, including one BS operation (JRSP), some 70 grants to CSOs, some ten grants to international organisations/donors and four Twinnings. The themes addressed (from justice sector reform – supported by the BS – to protection of vulnerable groups) can all be regarded as relevant, especially considering Azerbaijan’s less than ideal performance in most governance and human rights-related indicators. However, the quality of design of interventions varied considerably. For instance, the JRSP, which alone accounted for more than one third of EU assistance to the sector, aimed at achieving numerous improvements both in the legal framework and in living conditions in prisons. However, some of the reforms envisaged by the JRSP were not really endorsed by the GOA and, predictably, were not implemented (see Section 6). Nonetheless, this operation provided useful ‘entry points’ for other, more focused operations (on prison management, legal protection for children, etc.) that could count on a stronger commitment by the beneficiary institutions, which definitely increased the chances of success.

**Institutional Reform.** Institutional reform was a key area of intervention for the EU assistance and the numerous initiatives implemented (mostly Twinnings, often supplemented by TAIEX) were well aligned with the needs of Azerbaijani institutions. This was particularly the case of interventions with a high ‘technical’ content (improvement of statistics, development of new models for social services delivery, etc.), where the possibility of mobilizing expertise from MS counterpart institutions was definitely a plus. The technical assistance delivered to the Programme Administration Office (PAO) was also quite relevant, given PAO’s crucial role in coordinating and preparing requests of EU assistance under the Twinning programme as well as TAIEX and other demand-driven facilities. However, in this case EU assistance has been confronted with structural institutional weaknesses (understaffing and high turnover in personnel), which have required a protracted effort (four TA projects, of which three implemented during the period covered by this Evaluation).

### 5.6.2 Riga Priority 2 – Economic Development and Market Opportunities

**Agriculture and Rural Development.** Over the period under consideration, there was a change in the EU strategy in agriculture, with a shift from a sector wide reform approach supported by a BS operation to smaller scale, more focused interventions, sometimes targeting highly specific aspects (as in the case of the ongoing e-agriculture project). In retrospect, the limited results achieved by the BS operation focused on agriculture (see below, Section 6) clearly show that there was a mismatch between the EU intentions and the GOA ability/willingness to deliver. Instead, the more recent operations clearly displayed a better match between ‘demand and supply’, although their scope was somewhat narrow and possibly not fully aligned with the level of ambition inherent in the selection of agriculture as one of the focal areas of EU assistance.

**Regional Development.** Azerbaijan’s renewed emphasis on regional development requires the putting in place of an appropriate institutional infrastructure as well as the establishment of a network of support structures for private sector operators, especially small and medium enterprises (SME). Up to 2016, EU assistance mostly focused on the institutional infrastructure, while the development

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<sup>55</sup> This was the case, in particular, of the privatization of veterinary services and the introduction of probation.

of SME support structures is expected to be tackled in the future. The actions implemented over the 2011-2016 period, basically consisting of one BS operation (RDSP) and one ongoing TA project, focused on: (i) strengthening the peripheral offices of the Ministry of Economy; (ii) improving the incentive framework for private activity; and, recently, (iii) the preparation of a model regional development plan in a pilot region. Under the BS, these measures were to be supplemented by an increase in the volume of public funds intended to support private investment. While results fell short of expectations (see below, Section 6), the objective was nonetheless highly relevant.

**Standards.** An upgrading of existing standards, technical documentation, and metrology system is an essential condition for Azerbaijan to comply with the requirements of the Agreement on Technical Barriers to Trade of the World Trade Organization. EU assistance has extended support to the State Committee for Standardization, Metrology and Patent (SCSMP) through a succession of three Twinnings and six TAIXEX interventions, tackling with different issues in an incremental manner (general capacity building, legal advisory on approximation, support in the metrology area, etc.). The SCSMP was one of the most intensive users of EU assistance, which is in itself an indication of the ability of EU programs to affectively address beneficiaries' needs.

**Business Development, Trade Facilitation and Tourism.** The EU assistance in these areas included both actions supported by the regional East Invest facility and initiatives financed by the bilateral programme, comprising some small framework contract projects and a limited number of more sizeable projects. In addition, the EU co-financed two EBRD-managed facilities, the Small Business Support Programme (SBSP),<sup>56</sup> and the Azerbaijan Agriculture Finance Facility (AZAFF). All these actions appear to have addressed well-defined needs. This applies to the support extended to the Ministry of Tourism, in its dual role of regulator of private activities and promoter of Azerbaijan in new markets, as well as to the Red Bridge border post project, intended to ease transit of goods between Azerbaijan and Georgia by intervening on Sanitary and Phyto-Sanitary (SPS) controls. Also, well attuned with needs was the assistance provided through East Invest (now subsumed under the EU4Business platform), which provides opportunities to the Azerbaijani private sector to broaden its international contacts.

### **5.6.3 Riga Priority 3 – Mobility and People-to-People Contacts**

**Education and Vocational Training.** Initially, EU actions focused on vocational education and training (VET), but the portfolio has been progressively broadened, by adding interventions in higher education. Further actions (not covered by this Evaluation) are envisaged under the Education Support Programme, which combines a renewed focus on VET and higher education with increased civic participation. Human capital development is one of the pillars of any serious economic diversification strategy and the EU involvement in this sector was unquestionably highly relevant. Moreover, the Ministry of Education (MOE) clearly demonstrated a keen interest in approximating the Azerbaijani education and training system to EU policies and practices, and this greatly enhanced the chances of success.

### **5.6.4 Riga Priority 4 – Connectivity, Energy and Environment**

**Energy.** EU activities in this sector have aimed at promoting renewable energy sources (RES) and energy efficiency (EE), through a combination of BS, technical assistance, and one dedicated credit line. While the importance of supporting RES/EE does not need much elaboration, EU action was too optimistic in assuming that institutional strengthening and promotional work could attract private investors into the sector. The individual actions were quite relevant: for instance, the setting up of a dedicated RES/EE agency is certainly not a luxury and solid feasibility studies are important to demonstrate the financial viability of RES/EE. But these measures were simply not enough to

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<sup>56</sup> The SBSP includes two components, namely the Enterprise Growth Programme (EGP) and the Business Advisory Services (BAS), with the latter focusing on smaller scale firms and the former dealing primarily with turn around issues in medium-sized firms. For details, please refer to EBRD, Strategy for Azerbaijan, April 2014 as well as to the EBRD's website <http://www.ebrd.com/azerbaijan.html>.

overcome the powerful dis-incentives (*in primis*, the low cost of electricity and gas) that discourage investment in RES/EE.

## 5.7 Summing Up

***During the period under consideration the EU assistance program was well aligned with both national priorities and EU policy objectives.*** Prima facie, this may appear as a foregone conclusion, considering the policy driven character of ENPI/ENI and the negotiated nature of programming documents. However, it also proves the ability to reunite positions whose reconciliation was not a priori obvious. In this respect, the inclusion in the SSF of a component explicitly targeted at supporting civil society organization is particularly noteworthy.

***The EU assistance program was able to adjust to changes in external conditions.*** The growing emphasis placed by the GOA on the need to diversify the economy was met with a larger allocation (in percentage terms) to themes linked to socio-economic development and human capital development. The program also reacted proactively to the introduction of restrictive legislation on CSOs, which made the provision of grants to NGO problematic. The decision of channelling support to CSOs via the UNDP was certainly a second best solution, but nonetheless provided a much needed lifeline to the fledgling CSO sector, demonstrating the willingness to embark on imaginative solutions.

***EU-funded initiatives were generally well attuned with the needs of beneficiary institutions although they sometimes overestimated absorption capacity and/or commitment to reform.*** Due to their demand-driven character, Twinning were generally well targeted, although sometimes overambitious. The initiatives funded with grants to CSOs were well in line with the mission and mandate of recipients. However, the problems encountered during implementation suggest that the capabilities of CSOs were at times overestimated. BS operations were not well designed and there were different interpretations between the EU and the GOA about their true nature (i.e. whether money should come before or after the implementation of reforms) and this reduced their chance of success.

## 6 EFFECTIVENESS (EQ#3)

### 6.1 Introduction

The analysis of effectiveness investigates the extent to which EU assistance has achieved the intended results (Evaluation Question). The assessment covers the two usual 'dimensions' (Judgment Criteria) of effectiveness analysis, namely: (i) the **achievement of intended outputs**, i.e. the ability of EU-funded actions to bring about the intended deliverables of an appropriate quality and in a timely fashion; and (ii) the **ability to transform these outputs into the desired outcomes**, i.e. the ability to translate outputs into meaningful improvements in the relevant context (passing of new legislation, adoption of improved organizational settings or operating modalities, etc.). Considering the strategic nature of this Evaluation, the emphasis is primarily on the achievement of outcomes, with special attention paid to developments in the legal and institutional framework (laws and subordinate legislation adopted, action plans developed, etc.).

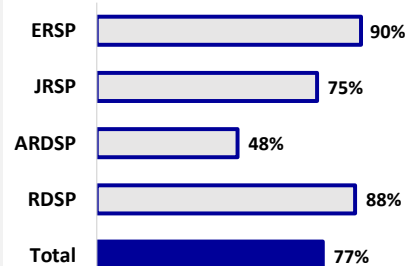
Section 6.2 concentrates on the performance of various typologies of interventions in output delivery. Section 6.3 does the same with respect to the achievement of outcomes. Section 6.4 provides an assessment of the performance of EU assistance in the main sectors/thematic areas of interventions. Finally, the key findings are summarized in Section 6.5.

### 6.2 Output Delivery

**Twinning.** *Twinning was generally well implemented and able to deliver their outputs as planned.* The TW Evaluation noted that several projects suffered delays, due to the unavailability of some experts and/or excessively tight timetables, but in the end extensions never exceeded 3 months (compared with a typical duration of 24 months). The quality of assistance extended by MS civil servants was widely recognized and highly appreciated by beneficiary organizations. Usually, relations of mutual trust were established between the Resident Twinning Advisors (RTA) and their Azerbaijani counterparts, which definitely contributed to the positive performance. The positive picture provided by the TW Evaluation is confirmed by the results of subsequent monitoring activities. Indeed, out of a group of 15 Twinning for which monitoring reports are available, only a couple were experiencing significant problems, again concerning primarily delays in the timetable. Finally, a positive picture also emerges from the analysis of the nine Twinning reviewed for this Evaluation. The three closed projects had all produced their deliverables while the six ongoing projects are being smoothly implemented and are expected to deliver as planned.

**BS Operations.** *BS operation experienced serious problems during implementation, with negative effects on disbursements.* As indicated in the BS Review, agreed sectoral strategies were sometimes lacking when the operations were launched and this, together with the emergence of problems in the PFM area, delayed the disbursement of the initial tranches. In addition, significant problems were experienced in fulfilling the conditions for disbursement of subsequent tranches, with further negative effects on the disbursement profile. As a result, funds were disbursed a couple of years later than envisaged and never fully, with disbursement rates for individual operations ranging from 90% to less than 50%.

**Exhibit 6.1 Disbursement Rates for BS Operations**



Source: BS Review. The value for the RDSP is an estimate

**Grants to CSOs.** *The performance of these projects has been affected by a series of factors.* Earlier evaluation work on the subject found a number of weaknesses during implementation, including the insufficient use of basic management tools and an unrealistic planning of activities. When data have been provided, figures are prima facie quite impressive (such as over 1,000 meetings held, with over 14,000 participants, or over 1,200 training events implemented, targeting over 54,500 beneficiaries), but in the absence of information on expected targets it is impossible to



pass a definitive judgment. In several cases, implementation was also negatively affected by the increasingly difficult environment in which CSOs operate. In particular, some grantees had their bank account frozen and/or were charged with tax evasion, with obvious consequences on operational work.<sup>57</sup> Towards the end of the period covered by this Evaluation, support to CSOs was channelled through an UNDP-managed operation, combining the provision of funding for CSO-implemented actions with a capacity building element intended to strengthen CSOs' management and operational capabilities. This project also met with obstacles due to restrictive regulations on grants, as funds could not be provided directly to CSOs and UNDP had to recruit CSO personnel on an individual basis. Despite this problem, evidence collected during field work suggests that the activities are being implemented more or less in line with plans.

**Other Operations.** This category includes some ten sizeable TA projects implemented via service contracts and a similar number of grant-funded projects mostly implemented by international organizations.<sup>58</sup> ***The performance of these actions shows some variations, but the picture is globally positive.*** Available monitoring reports show some slippages in implementation, with delays in the mobilization of resources, but only a couple of projects received less than satisfactory ratings.<sup>59</sup> Possibly more important, many of the monitoring reports available are relatively 'old' (i.e. they refer to the early stages of project implementation) and, therefore, are not necessarily indicative of the situation at project completion. Evidence collected during field work suggests a globally positive situation. Out of the 26 projects reviewed, outputs had been (or were in the process of being) delivered as planned in 21 cases. Problems were spotted in three cases, while no assessment is possible for the remaining two, due to lack of information and/or the special nature of operations.

### 6.3 Achievement of Outcomes

**Twinning.** ***The performance of Twinning operations was globally positive.*** The TW Evaluation found that virtually all the 'mandatory results' had been or were in the process of being achieved. This resulted in discrete positive changes in organizational settings and/or in relevant legislation and/or in the range of tools being deployed. In some cases, the 'mandatory results' were achieved after the end of the EU projects, due to delays in passing relevant primary legislation and/or the time required to fully digest the assistance received by low capacity institutions. However, this does not alter the overall positive assessment. This is generally confirmed by the results of monitoring activities. Indeed, out of the 15 Twinning for which monitoring reports are available, only two received a modest C rating. In both cases, the Azerbaijani institutions involved were at their first experience with Twinning, which predictably resulted in teething problems, and this combined with a somewhat limited absorption capacity (in one case) and by an excessively ambitious program (in the other case). If possible, the evidence collected during field work points to an even more positive situation, with the mandatory results largely achieved or in the process of being achieved by all the nine projects analysed in detail and with laudatory comments sometimes voiced by some beneficiaries (*"the project has been revolutionary for us"*).

#### Box 6.1 Example of a Successful Twinning in Social Services

The project 'Development of social service provision' was the fifth Twinning supporting the Ministry of Labour and Social Protection (MLSP). Building upon the accomplishments of earlier initiatives, the project was instrumental in changing the "philosophy of social service". This was achieved through the development of a new profile of social worker, with higher professional qualifications. The concept was operationalized through the training of existing social workers, including a

<sup>57</sup> The freezing of bank accounts was formally justified by the fact that some CSOs omitted to register the grants with the Ministry of Justice or, more commonly, started operations after filing the registration but without waiting for a formal approval. This also opened the door to tax inspections, which considered the absence of a formal approval as non-compliance with NGO law and treated the 'unregistered' grants as commercial contracts subject to VAT, which ultimately led to the imposition of fines.

<sup>58</sup> This excludes the small TA projects implemented through framework contracts, which often – though not always – had an ancillary role (i.e. the preparation of other projects or the verification of conditions for disbursement of BS operations) and the TA support supplementing BS implementation. For more details, please refer to Section 3.3 above.

<sup>59</sup> In this case reference is made to the ratings for efficiency, which in the case of monitoring reports typically focuses on implementation aspects rather than on the cost effectiveness of operations (as it is done in an evaluation context).



TTT component intended to support future needs. This was accompanied by the development of a Social Service Strategy, the drafting of new legislation on social services, and the provision of recommendations on human resources management.

**BS Operations.** The majority of the reforms envisaged by BS operations were implemented with significant delay, while some were not implemented at all. The performance was comparatively better for the operations in regional development (RDSP) and energy efficiency (ERSP). The agricultural BS (ARDSP) achieved modest results, while the performance of the operation supporting justice sector reform (JRSP) was somewhere in between. ***The BS Review nonetheless found that BS operations did make a meaningful contribution.*** This positive assessment is based on the fact that BS operations managed to effectively engage the GOA in the reform process and allowed for a policy dialogue, including in the area of public financial management. In addition, in the view of the BS Review “[p]erversely the effectiveness of the programmes can be seen in the lack of progress in many of the reform areas in the period that has followed their implementation.” (page vi) One possible explanation provided by the BS Review is the short-term nature of the interventions. It is widely recognised that successful budget support programmes and the reforms they intend to support require longer term involvement and commitments (for instance through a cascade of BS operations in the same sector). In the case of Azerbaijan this extended commitment by the EU was not present and it might have been better to have focussed on fewer sectors. ***This Evaluation begs to differ and considers the performance of BS operations unsatisfactory.*** While not discounting lightly the merits of engaging with the authorities on important reform topics, the Consultants consider that the assessment must also take into account actual achievements, which, as shown by the BS Review itself, were below expectations.

**Grants to CSOs.** ***The performance of actions implemented through CSO grants showed a mixed picture.*** Earlier evaluation work on the subject found that the actions focusing on sustainable/regional development, environment, social inclusion, youth policies and children rights were able to achieve positive results. Instead, actions focusing on more politically sensitive themes, i.e. media freedom, democratization and political rights, were particularly affected by the increasingly negative environment, which seriously impacted on their performance.<sup>60</sup> A major factor exerting a positive influence on performance was the ability to establish some level of partnership with relevant public entities, be they at the central or local levels. This, however, was a fairly rare occurrence. As a result of the participation in EU-funded initiatives, several CSOs were also able to improve their capabilities, although the weaknesses shown during implementation (see Section 6.2 above) clearly suggest that much remains to be done. On the negative side, only limited progress was achieved in the creation of stable NGO networks or alliances (an objective implicitly pursued by the requirement of joint proposals often included in CfP), due to the persistence of a poor culture of collective action and collaboration among Azerbaijani NGOs. Little can be said about the outcomes of the ongoing support to CSOs channelled through the UNDP, as the operation was still ongoing at the time of field work for this Evaluation (launched in March 2016 and expected to be concluded in February 2018).

**Other Operations.** ***These operations include both positive and negative cases, but many were still ongoing as of mid-2017, and no conclusive assessment is possible.*** In the case of initiatives implemented through TA contracts, closed operations include one successful case (in vocational training), one project performing poorly (a relatively old project in export promotion), and three projects supporting PAO that achieved mixed results (see below). The two operations reviewed during field work in agriculture and regional development were still halfway, but prospects of achieving the intended outcomes appeared favourable. The near totality of grant-funded projects was still ongoing in mid-2017, with only one closed initiative in the energy sector achieving mixed results. Evidence on these projects collected during field work was generally positive (e.g. assistance to the Ombudsman – see below) but some initiatives were still in the early stages and no firm conclusion can be reached.

<sup>60</sup> The difficulties experienced by CSOs involved in human rights protection, democratic reform and in the media sector are described in detail in the UN Special Rapporteur Report, in particular Section B – Situation of human rights defenders.

## 6.4 Sector/Thematic Considerations

### 6.4.1 Riga Priority 1 – Strengthening Institutions and Good Governance

**Rule of Law and Human Rights.** Actions aimed at supporting justice sector reform have achieved mixed results. Indeed, according to the BS Review, *the Justice Reform Support Programme (JRSP) was only partly successful*. On the positive side, there was an improvement in the capabilities of the Academy of Justice (AOJ), with mandatory courses for candidate and sitting judges and prosecutors and an expansion of the library. On the other hand, there was little progress in legislation, as the introduction of probation and alternative sanctions was deferred (but some changes did take place during 2017)<sup>61</sup>. As for infrastructure, new buildings and equipment were made available to the AOJ and the Regional Justice Divisions and medical facilities in prisons were refurbished. However, the envisaged new juvenile and women prisons remained unfinished, the old maximum security prison was not closed, and commitments regarding educational, sports and recreational facilities were not fulfilled.<sup>62</sup> **Better results were achieved or are expected from more focused actions.** Two regional initiatives implemented by CoE over the 2015-17 period contributed to improve efficiency in the judiciary and to enhance capacity in the AOJ. The Twinning with the Ombudsman intended to promote the use of non-judicial mechanisms for the protection of human rights appears to be well on track to achieve its 'mandatory results'. The UNICEF-managed project focusing on access to justice for children, also ongoing at the time of field work, experienced some problems during implementation and had to be extended, but achievements appear to be in line with targets (e.g. about 900 children offered legal aid and legal representation services at two thirds of the implementation period, compared with a target of 1,500). The performance of actions implemented via grants to CSOs is difficult to assess, given that specific grant projects in this field were not part of the Selected Projects examined for this Evaluation. However, previous evaluation work on the subject and information collected during field work suggest that CSOs implementing human rights-related actions were among those most affected by unfavourable external developments, *with negative influence on their ability to achieve the intended objectives*.

**Institutional Reforms.** *The projects characterized by a high technical content have generally performed well, sometimes very well.* Evidence from monitoring reports and field work suggests that the sequence of Twinning and TAIEX interventions focusing on statistics, taxation, and social protection have achieved good results. For instance, the assistance provided to the SSC resulted in marked improvements in the quality of statistics (in many areas now fully harmonized with EU standards and with data now released quarterly rather than annually) and in the analysis and dissemination of data (through GIS applications), also contributing to raise attention on previously overlooked phenomena (the 2019 survey will ask for the first time questions on disability and invalidity). **Positive results are also expected to result in the technical but highly politically sensitive area of PFM.** The EU contributed to the financing of the 2014 PEFA assessment which showed a marked improvement compared with the previous assessment. The remaining problems are being tackled in the context of a PFM Action Plan 2015 – 2017, whose implementation is supported by a technical assistance project, focusing on various aspects (improvement in revenue forecasts, improvement in the software used for compiling the state and consolidated budget, etc.). **General capacity building initiatives have delivered an impressive volume of outputs which however did not always translate in more tangible results.** Aimed at enhancing the knowledge of the EU, the project implemented by ADA University involved the training of more than 800 civil servants, outreach activities involving some 1,500 students, and the setting up of a Centre of Excellence on EU Matters (CEEUM). However, the initial objective of establishing an EU Studies major within the prestigious MA in Diplomacy and International Affairs (MADIA) was abandoned for various reasons (difficulty in recruiting qualified teachers, reportedly complicated government procedures) and was therefore replaced by a more modest Certificate on EU studies. The case of

<sup>61</sup> In particular, in February 2017 the Presidential Decree # 2668 initiated a process that eventually led to the softening of numerous provisions in the Criminal Code (decriminalization of certain behaviours, reduction of prison terms for some crimes, admissibility of alternative sanctions for numerous crimes, etc.). According to the information provided in the GOA Comments of 9 March 2018, the changes in the Criminal Code were introduced in October and December 2017.

<sup>62</sup> Information on JRSP's results is taken from the BS Review, in particular Section 4.2.

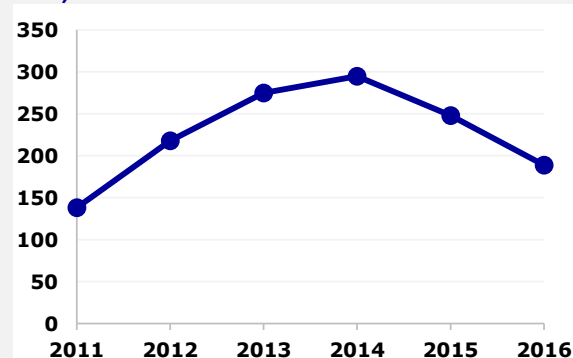
actions aimed at supporting the PAO is somewhat special. On the one hand, the sequence of four projects implemented since 2009 was instrumental in ensuring the smooth preparation of Twinnings as well as of projects through TAIEX and SIGMA, with the screening of dozens of requests and the handling subsequent operations. On the other hand, PAO's small staffing levels and the difficulties experienced in retaining personnel meant a duplication of training efforts.

#### 6.4.2 Riga Priority 2 – Economic Development and Market Opportunities

**Agriculture and Rural Development.** The performance of EU initiatives in this sector is less than ideal. ***The negative assessment is largely due to the modest achievements of the BS operation***, the Agriculture and Rural Development Support Programme (ARDSP), which performed well below initial expectations. Indeed, as noted by the BS Review in the first half of 2017: (i) both the food safety law and the veterinary law remained to be adopted; (ii) the Republican Veterinary Laboratory had still not been accredited by international agency for the required biosafety level, the three additional zonal laboratories had not been established, and a plague laboratory expected to be commissioned in 2013 reportedly opened its doors only in May 2017; (iii) no significant increase in the number of abattoirs was noted and a large grain elevator expected to be commissioned in 2014 was not yet operational. The ARDSP did achieve some results (passing of a law addressing false advertising issues, building of new facilities at the Ganja Agricultural University, elimination of tuition fees, with ensuing increase in the number of students), but the overall performance appears unsatisfactory.<sup>63</sup> ***The performance of other interventions in agriculture has been uneven.*** Out of the three Twinnings implemented over the 2011-2016 period, one was on land demarcation and two (one closed and one ongoing) focused on veterinary services, an area where progress has been particularly difficult to achieve (and, indeed, the closed project was one of the rare cases of Twinnings receiving some unsatisfactory ratings during implementation). Previous evaluation work on CSO-implemented grants in the area suggests some positive results whenever private sector operators were involved. Technical assistance projects have been mostly small initiatives, usually via framework contracts. The only large project, on e-agriculture, was still ongoing in mid-2017 and was facing some problems due to the inadequacy of the software package purchased by the Ministry of Agriculture.

**Regional Development.** EU assistance in this area shows a mixed performance. ***The BS operation was partially successful.*** As shown by the BS Review, the Regional Development Support Programme (RDSP) did contribute to the improvement of the institutional and incentive framework for regional development, with the strengthening of the Ministry of Economy (MOE) offices and the development of model special economic zones (SEZ).<sup>64</sup> However, the RDSP was only partly successful in increasing the volume of resources available for productive investment. Indeed, the volume of loans granted by the National Fund for Entrepreneurship Support (ANFES), after reaching a peak in 2014, showed a decline in 2015 and 2016, which was continuing in 2017 (-14% in the first half, compared with the corresponding period in 2016).<sup>65</sup> ***Positive results are expected to come from an ongoing TA operation***, which supports the development of the institutional infrastructure and operational tools required to implement an effective regional development policy. Evidence from field work carried out in early 2017 clearly indicates that the project could count on strong backing from the beneficiary and was progressing well (see Box 6.2 below).

**Exhibit 6.2 Trend in ANFES Loans (million current AZN)**



Source: ANFES

<sup>63</sup> Information on ARDSP's results was taken from the BS Review, in particular Section 4.3.

<sup>64</sup> For further details, see the BS Review, in particular Section 4.4

<sup>65</sup> Information on ANFES loans was taken from the ANFES annual reports for the years 2011 through 2016, accessible at <http://anfes.gov.az/en/show.page.php?guid=d2f7fbbc-269c-11e0-8e86-0022190362dd>.

### Box 6.2 Preliminary Positive Results in Regional Development

The Pilot Regional Development Programme (PRDP) adopted a bottom-up and inclusive approach to regional development planning. At the beginning, the project made considerable efforts to build relationships with direct counterparts as well as with the other relevant actors involved. After one year (the project was launched in March 2016), the initial investment in 'goodwill building' was paying off, with strong buy-in from the beneficiary (namely from the Deputy Minister, who strongly supports the project). This resulted in an extensive involvement of MOE staff in project activities and project results were expected to feed into future MOE regional development activities.

**Standards. Inspired by a phased approach, EU assistance in the area of standards has achieved good results.** The first Twinning, launched back in 2008, was quite ambitious and initially encountered absorption problems. However, issues were satisfactorily addressed and the project was instrumental in creating the basis for the horizontal framework for quality infrastructure. The second Twinning went one step forward, with the preparation of more detailed legislation, the operationalization of the concepts underpinning the EU 'New Approach' (i.e. the switch from mandatory standards to technical regulation and voluntary standards), and the improvement of work practices (e.g. functioning of technical committees). The third Twinning focused on the strengthening of the metrology system, with special reference to WTO requirements. At the time of field work in early 2017 the project was about half way through implementation and progressing well, although the international recognition process of state reference laboratories was expected to exceed the project period.

**Business Development, Trade Facilitation and Tourism. EU assistance in themes linked to private sector development has generally achieved good results, although sometimes with qualifications.** The East Invest facility had a slow start in Azerbaijan, and initially mostly focused on diagnostic work and training in view of incoming/outgoing business promotion missions. The volume of activities increased in recent years, largely thanks to the active involvement of the German-Azerbaijani Chamber of Commerce (AHK Azerbaijan), by far the largest organization representing EU business interests in the country. Recent achievements include the organization of three rounds of the EU Azerbaijan Business Forum (in 2013, 2016 and 2017) and the publication of two editions of the Azerbaijan Business Climate Survey, presenting the views of EU-owned businesses on the evolution of the business environment in the country. These were high profile initiatives, which certainly contributed to increase policy makers' awareness regarding the most serious constraints faced by the business community. However, little is known regarding the effects (if any) of East Invest activities in terms of B2B contacts. Trade facilitation is being pursued by a UNDP-managed project supporting the development of the Red Bridge border crossing point, between Azerbaijan and Georgia, through the provision of training on sanitary and phytosanitary (SPS) controls. Initially, implementation suffered somewhat from the binational character of the initiative, which increases 'coordination costs', but evidence collected during field work suggests a good ability to achieve the intended objective. The tourism sector was supported with a Twinning completed in late 2014. The project was successful in strengthening the recently established Department of Tourism, namely through the adoption of a new organizational model and the revision of the marketing strategy, which was reoriented towards new markets (mainly in the Middle East). The project also supported the drafting of various amendments in the law of Tourism, which however were not adopted.<sup>66</sup>

#### 6.4.3 Riga Priority 3 – Mobility and People-to-People Contacts

**Education and Vocational Training. EU assistance in these areas benefitted from the Ministry of Education's strong reform orientation and results were positive.** Initiatives in VET had at

<sup>66</sup> At the time of field work, the Consultants were informed that the proposed legislation had passed the first reading. On 13 July 2017 an amendment was indeed signed into law by the President. However, the amendment concerns only a very specific aspect (the fact that payments to travel agents can no longer be made in cash, presumably inspired by tax compliance considerations) and the approval of the amendments developed with assistance from the Twinning project appears to be still pending.



times difficulties in implementation but nonetheless have made a positive contribution. The implementation of the first TA project in VET was particularly complicated, with no less than nine contract addenda, six replacements of key personnel, a budget revision, and a seven-month extension. Despite these problems, the project effectively contributed to the development of new approaches in VET, notably with the launch of the first VET Programme in tourism in the country, which was affectively piloted with in a newly established vocational school in Ismayilli (financed separately by government funds). The subsequent VET Twinning implemented in 2011-2013 had a slow start but in the end managed to achieve its mandatory results. The experience with work in the area of higher education has also been positive. The Twinning with the Ministry of Education, ongoing at the time of writing, is being implemented according to plans and some tangible results have already been achieved (improvement of interinstitutional coordination through the setting up of an expert group for Erasmus+ and EHEA matters, operationalization of the Accreditation and Nostrification Office established at end 2015, etc.).

#### **6.4.4 Riga Priority 4 – Connectivity, Energy and Environment**

**Energy. EU assistance in the energy sector achieved some results, but was not successful in raising interest in RES/EE.** Most of the achievements can be traced back to the Energy Reform Support Programme (ERSP), which was the first BS operation partly implemented over the period under consideration (2009 – 2012). The ERSP resulted in (i) the establishment of a dedicated public structure, the State Agency of Alternative and Renewable Energy Sources (SAARES), which became operational in 2010; (ii) the development of a RES/EE strategy; and (iii) the introduction of measures (namely an increase in feed-in tariffs) intended to facilitate private investment in energy schemes.<sup>67</sup> This was paralleled by the construction of some hydropower schemes, photovoltaic plants and wind farms, which was financed by KfW and EBRD. Further assistance was delivered by an UNDP-managed project, implemented partly in parallel with the ERSP. Aimed at demonstrating the financial viability of RES/EE projects, the UNDP project encountered implementation problems (the duration was extended from 30 to 45 months) but in the end managed to produce the expected outputs, including (i) the carrying out of a number of sensitization and awareness increasing activities, (ii) the drafting of a Law on the Use of Alternative and Renewable Energy, and (iii) the preparation of feasibility studies for five RES projects. However, the proposed law was never adopted and the five projects did not attract the interest of any financier. Overall, despite the efforts deployed, the EU initiatives could not overcome the powerful dis-incentives (namely, the low tariffs on gas and electricity) that currently prevent the development of RES/EE in Azerbaijan. This is further demonstrated by the fate of the Green for Growth Fund, an initiative for the financing of RES/EE via financial intermediaries. A credit line with an Azerbaijani financial institution was launched in December 2013. However, despite the modest volume of funds, a mere € 1.25 million (i.e. the cost of a couple of small solar plants), at the time of field work the credit line had not disbursed any money, due to the lack of interest from private investors.

#### **6.5 Summing Up**

**The effectiveness of EU assistance initiatives over the 2011-2016 period was only moderately satisfactory.** While output delivery constituted a problem only in a limited number of cases, the degree of achievement of intended outcomes was sometime less than ideal. Unsurprisingly, common factors affecting performance include the degree of commitment and absorption capacity of beneficiary institutions and the quality of the assistance delivered. In certain cases, namely actions implemented via NGO, the overall ‘political climate’ also played a role. In general, performance was markedly better in the case of actions pursuing uncontroversial objectives with a high ‘technical’ content and/or carrying a ‘flavour of modernization’ (e.g. the improvement of certain procedures, the development of new tools) whereas initiatives with high level policy and political implications met with resistance and performed less well.

<sup>67</sup> Information on ERSP’s results was taken from the BS Review, in particular Section 4.1.

***Effectiveness shows non-trivial differences across the various typologies of projects.***

Performance was definitely positive in the case of Twinning. The demand-driven nature of these operations and the good performance of the vast majority of implementers (which, in turn, implies a good ability to select the 'right' Twinning partners) are the main success factors. The performance of BS operations is controversial. The BS Review provides a positive assessment, primarily based on the fact that BS was somehow able to trigger a reform process. Instead, this Evaluation places comparatively more emphasis on the actual results of such reform process, which were definitely less than satisfactory. The effectiveness of actions implemented through CSOs was generally below initial expectations, primarily due to negative external factors, although the limited capability and experience of implementers was at time also a factor. The performance of other operations varies across the areas of interventions, and no sweeping generalization is possible.

***The effectiveness of EU assistance varied considerably across sectors and thematic areas.***

Unambiguously positive results were achieved by actions focusing on standardization and some institutional reform areas (statistics, social services, taxation, etc.). Results were also positive, but some qualifications, in the case of actions aimed at private sector development. Mixed results were achieved by general capacity building activities (e.g. PAO) and in the area of rule of law, democratization and human rights, where the only partly satisfactory performance of the BS operation and the modest results achieved by CSO-implemented actions were offset by the progress recorded by other actions supporting the Ministry of Justice and the Ombudsman. Considering the focal areas retained by the SSF 2014-2017, positive results have been (or are in the process of being) achieved by interventions in education and vocational training whereas the performance was less than ideal in agriculture and regional development. However, this is mostly due to the modest performance of BS operations, which are relatively old initiatives (in the case of agriculture, dating back to the late 2000s). In both sectors, technical assistance projects were ongoing in mid-2017 and the information available at that time definitely suggested a positive performance.



## 7 SUSTAINABILITY (EQ#4 & EQ#5)

### 7.1 Introduction

This analysis of sustainability focuses on two interrelated themes (Evaluation Questions), namely: (i) the extent to which EU-funded interventions **continue to produce results after their completion**; and (ii) the **degree of ownership displayed by beneficiaries**. The assessment is based on the investigation of the three factors (corresponding to the Judgment Criteria) that ultimately determine the degree of sustainability of assistance programs, namely: (i) the persistence of political will in pursuing the intended objectives, symbolized by the persistence of institutional and legislative reforms ('political sustainability'); (ii) the availability of sufficient financial means to support the political will ('financial sustainability'); and (iii) the continued utilization of the results achieved with external assistance ('operational sustainability'), with special attention paid to the continued presence (or lack thereof) of the personnel benefitting from assistance (the issue of 'staff turnover').

Section 7.2 illustrates the available evidence on the above dimensions of sustainability. Section 7.3 provides an overview of the sustainability of EU assistance in the main sectors/thematic areas. Section 7.4 summarizes the findings and provides an overall assessment. It should be recalled at the outset that a significant share of EU assistance initiatives covered by this Evaluation (including the vast majority of the Selected Projects) were still ongoing in mid-2017. Therefore, in many cases, the assessment of sustainability is of a tentative nature.

### 7.2 Political, Financial and Operational Sustainability

#### 7.2.1 Political Sustainability

**Continued Existence of Supported Institutions.** All the public entities supported by the EU assistance program over the 2011 – 2016 period **were still in existence and operated on the basis of their original mandate as of mid-2017**. Developments in the status of the agency dealing with RES/EE were not fully positive (see below), but this is offset by the upgrading of the standardization body, which in February 2017 was promoted from the status of agency to that of state committee. Also, not only the two relatively young entities supported by EU assistance, the Department of Tourism and the State Migration Service, are still functional, but have become more firmly established.

**Persistence of Legislative Reforms.** The adoption of new laws and subordinate legislation was often a complicated affair, usually requiring much more time than initially envisaged. However, once adopted, the laws, decrees and regulations developed with EU assistance have remained in force and **no case of policy reversal was identified**. The situation with the legislation that was not approved at the end of relevant EU initiatives and whose adoption was expected to follow is mixed. The law on advertising (one of the reforms envisaged by the ARDSP) was indeed approved in 2015. In February 2017, a Presidential decree announced the establishment of a probation service and other related measures (which was one of the objectives of the JRSP), and concrete steps towards the implementation of the probation system started to be taken in November 2017, with the adoption of a number of legislative acts.<sup>68</sup> Instead, no progress has been recorded regarding the amendments to the Law on Tourism and the adoption of the Law on Renewable Energy.

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<sup>68</sup> Information on the introduction of the probation service was taken from the BS Review ("A new dynamic was introduced by a Presidential Decree in February 2017 which is designed to address many of the deficiencies of the justice system, including inter alia probation and non-custodial sanctions, but implementation remains some way off", page 35). The GOA Comments of 2 March 2018 suggest that the probation service may have been established at a different time ("Last year on 7 November the President of Azerbaijan signed a Decree on setting-up a Probation Service in the structure of the ministry as a main department; with the Law of 1 December 2017 and the changes to the Code on Enforcement of Punishments probation control was included and the Regulations of the Service were approved and at the same time local enforcement and probation bodies were established. The Ministry undertook other necessary measures and the Probation Service started to operate"). As the Ministry of Justice was not available for meetings during field work and information on Azerbaijan legislation is not easily accessible via internet, the Consultants could not independently verify the precise time of establishment of the probation services. However, this does not affect the key argument made in the text, i.e. that the

### 7.2.2 Financial Sustainability

**Financial Sustainability - Public Institutions.** While Azerbaijan's budgetary position was affected by the drop in oil revenues, there was ***no appreciable impact on appropriations for running expenditure***. Problems have been spotted only in few cases. The TW Evaluation identified issues with two projects, due to the difficulties encountered in mobilizing government funding for related activities (the setting up of two pilot projects in vocational education and the purchase of ear tags by veterinary services), although these problems appear to have been eventually solved. In the case of the Selected Projects analysed in detail for this Evaluation, concerns emerged regarding the ability to finance the upgrading of the software system to be used by the Support to E-Agriculture project. At the time of field work no solution had been found and should the situation persist it would negatively affect the full utilization of the results of EU assistance. In the past, ***some issues emerged regarding the financing of physical infrastructure***. In particular, the lack of funds was given as an explanation for the failure of building much of the infrastructure envisaged under the BS operations in agriculture and justice sector.<sup>69</sup> However, in recent times the situation has improved and no difficulties in the financing of infrastructure are envisaged in the future.<sup>70</sup>

**Financial Sustainability - CSOs.** ***The financial sustainability of CSOs is weak.*** The CSOs participating in EU-financed programs largely rely on donor funding and the introduction in 2014 of restrictive regulations on grants dealt a major blow to the prospects of tapping into this source. As already mentioned, the EU provided some financial support through UNDP-managed projects, with the recruitment of CSO staff on an individual basis. While this solution provided an important lifeline to some associations, it only partially addressed the issue of financial sustainability of CSOs.

### 7.2.3 Operational Sustainability

**Public Institutions - Operational Sustainability.** Available evidence suggests that ***in most cases the results of EU assistance continue to be effectively used after project completion***. The TW Evaluation expressed a generally favourable opinion on the matter, noting that continued utilization of results was greatly facilitated by the widespread inclusion of train-the-trainer (TTT) components and by the development of manuals and other supporting documentation, intended to enhance 'institutional memory'. Sustainability was also indirectly enhanced by the ***professional relationships maintained by Azerbaijani institutions with MS public administrations after the completion of Twinnings***. Examples in this respect include the close relationship established by the Ministry of Taxes with the Dutch Ministry of Finance and the intense interactions between the State Statistics Committee and its Twinning partners in Bulgaria, Germany and the Netherlands (see Box 7.1 below).

#### Box 7.1 Cooperation Among Statistical Institutes

The SSC, one of the most intensive (and effective) users of EU assistance, has maintained close relationships with its Twinning partners and this led to finalization of cooperation agreements. Indeed, on 27 June 2016, the SSC signed an Action plan for cooperation with the National Statistical Institute of Bulgaria. In addition, at the time of field work, Memoranda

probation service was indeed established, at least de jure, albeit with some delay compared to what envisaged under the JRSP.

<sup>69</sup> On this point, see the BS Review, particularly page 20 where it is mentioned that "*the new juvenile prison reported as almost ready in 2013 remained unfinished (apparently because of lack of funds, the same excuse as given during the JRSP)*" and page 24 where it is noted that "*The almost complete new state elevator for 100,000 tonnes, which was promised to be commissioned in a matter of weeks in 2014, remained uncommissioned because the electricity transformers had not been connected (reportedly because of lack of funds).*"

<sup>70</sup> The absence of a budgetary constraint was highlighted by national authorities in their comments to an earlier version of this Report (GOA Comments of 2 March 2018). This is indeed confirmed by the analysis carried out by the IMF during the most recent mission to Azerbaijan. See IMF, Press Release N° 17/498, 15 December 2017, accessible via <http://www.imf.org/en/News/Articles/2017/12/15/pr17498-imf-staff-completes-2017-article-iv-mission-to-the-republic-of-azerbaijan>.

of Understanding with the Dutch Central Statistical Office and Germany's DESTATIS were at an advanced stage of preparation.

**Public Institutions - Staff Turnover.** A high staff turnover constitutes one of the main threats to the sustainability of capacity building interventions. Available evidence suggests that ***staff turnover is generally not a major issue in the Azerbaijani institutions supported by EU assistance***. The TW Evaluation noted problems in the standards agency (which, however, at that time was a relatively young institution) but, in general, in the projects analysed “*there has overall been rather low staff turnover*” (page 72). The same applies to the institutions visited during field work, which usually display limited turnover. For instance, staff turnover is not an issue at the Ministry of Taxes, as the ministry is considered among the most attractive public employers, reportedly with good career opportunities and above average wages. In the Ombudsman institution, over the last five years there have been only 10 vacancies out of total staff of 80, and there has been a remarkable continuity in high positions (the Ombudsperson and the Head of Office had been in the same position for 10 years). Issues with staff turnover are sometimes mentioned in monitoring reports, but the situation does not seem problematic. ***The main exception to this generally positive situation is the PAO***, which over the years has experienced numerous changes in its staff. Indeed, PAO is a relatively small organization (six staff at the time of writing, including two senior managers and four managers) and does not offer significant opportunities for promotion. At the same time, a work stint at PAO is reportedly regarded as a career enhancing factor and former PAO staff have found interesting and well-paid jobs in other state institutions. In particular, over the 2014-2016, three managers left for other jobs. However, even in this case, the capabilities built with EU support continue to produce results, because departing staff keep working in the public sector (and sometimes within the same ministry).

**Sustainability of CSOs' Operations.** As indicated in Section 6 above, it is not always clear to what extent the intended outcomes of actions implemented by CSOs were indeed achieved. Whatever the results, however, there is little evidence of their continued utilization. Earlier evaluation work on the subject found that ***in most cases there was a strong drop in momentum or even no further activity after the end of the EU funding***. This extends to both ‘soft’ interventions, e.g. involving awareness enhancing activities or the delivery of certain services, which had largely been discontinued, and interventions entailing the building or installation of small scale ‘infrastructure’ (solar panels, water supply systems, greenhouses), which in many cases were found to be unused or no longer operational. To a large extent, this less-than-ideal situation is the result of an increasingly serious financial situation, connected to the adoption of restrictive government regulations (see above). However, other factors seem to have been at play. These include: (i) the difficulty in establishing partnerships with local authorities, whose active involvement is crucial in the case of small scale infrastructure; (ii) the duration of projects, that was deemed to be too short to allow to reach the sustainability phase; (iii) the degree of involvement of local communities (again, particularly important to ensure the continued utilization of small scale infrastructure); and (iv) the inherent weaknesses of some implementers, including the inadequate oversight exerted by some lead NGOs on local partners, which at times embarked on initiatives of dubious validity (e.g. the purchase of office space for which no obvious utilization could be envisaged after project completion). ***The situation is not uniform and there are also positive examples***, as in the case of a sustainable development initiative in Quba region (where a carpet museum, equipped with solar panels, was still operational well after the end of the project, having become an important tourist attraction) or of the self-help groups assisting vulnerable and isolated children established in some districts (which continued to operate, albeit with difficulties, one year after project completion). However, these positive cases do not alter a generally unsatisfactory situation.

## 7.3 Sector/Thematic Considerations

### 7.3.1 Riga Priority 2 – Economic Development and Market Opportunities

**Agriculture and Rural Development.** *There was little action to improve the limited results of BS and the sustainability of other operations is either unknown or remains to be ascertained.*

The BS Review reports limited positive developments after the completion of the ARDSP, with most of the infrastructure envisaged still unfinished today, allegedly for lack of funds. As indicated above, the Law on Advertising, addressing issues in false advertising, was eventually adopted, but this was accompanied by the reduction of funds the awareness campaigns run by the State Anti-Monopoly and Consumer Rights Agency. The TA project on e-agriculture was still ongoing in mid-2017 and no prediction can be made about the sustainability of its future results.

**Regional Development.** *The sustainability of past actions is limited, but prospects for ongoing activities are rather positive.* The BS Review reports that the (few) structures established or strengthened under the RDSP are still functioning, but this is offset by negative developments regarding the mobilization of resources for the financing of productive investment. Indeed, transfers from the state budget to ANFES were reportedly halted in 2017, which means that future lending activities will only be able to count on reimbursements from previous loans. On the positive side, in mid-2017 the ongoing PRDP was progressing well and, while no definitive judgment can be passed, the strong backing from the ME bodes well for its sustainability.

**Standards.** *The situation is positive and past EU-funded activities are still producing results.*

The various pieces of legislation and technical documentation developed with EU assistance are still in force, providing a solid base for further improvements. Regarding operational capabilities, the efforts deployed by MS Twinning partners to ensure an effective transfer of skills have paid off, and evidence collected during field work suggests that the capabilities developed (as well as the equipment provided) by EU assistance are still effectively used. Also worth noting is the decision, which had been already made some time ago, to charge for the technical documentation, which constitutes a small but nonetheless not negligible contribution to financial sustainability.

**Business Development, Trade Facilitation and Tourism.** *Sustainability prospects are positive.*

The situation with the Department of Tourism is positive. Following the re-organization facilitated by the Twinning, the Department has gained strength and visibility and managed to secure funding for the implementation of promotional activities in foreign markets. The Red Bridge border post project was still ongoing in mid-2017, and it is too early to pass any judgement, although the commitment displayed by the State Customs Committee through the provision of own resources to speed up advancement suggests a cautious optimism. No information is available regarding the smaller projects implemented through framework contracts.

### 7.3.2 Riga Priority 3 – Mobility and People-to-People Contacts

**Education and Vocational Training.** *The results of early projects are still in use and prospects for ongoing initiatives are positive.* As of mid-2017, the training modules developed by the first VET project were still in use in the Ismayilli Vocational School, which is one of the leading VET institutions in the country. The Twinning focusing on higher education was progressing well and both monitoring reports and the evidence collected during field work suggest good prospects for sustainability, mostly thanks to the strong ownership demonstrated by the MOE.

### 7.3.3 Riga Priority 4 – Connectivity, Energy and Environment

**Energy.** *The limited results achieved in the past have been maintained, but there has been limited follow up.* The SAARES established at the time of the ERSP is still in existence and at a certain point its staff was also increased considerably. However, as reported in the BS Review, the agency status was modified twice (first transformed into an autonomous body, then brought back under the aegis of the Ministry) and it is not possible to exclude that further changes, with the



entrusting of promotional and regulatory roles to two different entities, will occur. While the latter could be a positive development, the protracted uncertainty regarding the agency's overall configuration signals that RES/EE are has not ranked high among policy priorities, at least up to mid-2017. Elements of the RES strategy developed under the EU-funded project implemented by UNDP were reportedly incorporated into the 'energy chapter' of the Strategic Roadmap approved in December 2016. However, the adoption of the Law on Alternative and Renewable Energy Sources, submitted to the Council of Ministers at the end of 2013, was still pending in mid-2017, which, according to the information collected during field work, suggests the lack of a uniform view on RES/EE matters within the GOA (*"that there might still be unsolved issues between the representatives of electricity industry and proponents of renewable energy"*). Electricity and natural gas tariffs were increased first in July 2016 and then again in November 2016. While this is definitely a welcomed development (electricity tariffs had not been changed since 2007), current levels still do not seem to provide a strong enough incentive for investment in RES/EE. Accordingly, prospects for disbursement under the Green for Growth credit line remain dim.

## 7.5 Summing Up

***Interventions targeted at public institutions display a good level of sustainability.*** While not all the expected results may have been achieved, what was achieved is still in place, with no significant cases of reversal. This concerns both the legislation and the institutions created or supported by EU assistance. Financial sustainability is generally not a problem as far as running expenses are concerned whereas the lack of funds for the financing of infrastructure contributed to the modest performance of BS operations in agriculture and justice sectors. Operational sustainability is generally high, with the tools and system and sometimes equipment delivered with EU assistance still in use. Staff turnover is not a major problem, with the notable exception of PAO, where the staff is small and even the departure of few people may have negative consequences. However, even in this case, the capabilities built with EU support continue to produce results, because departing staff keep working in the public sector.

***The sustainability of actions implemented by CSOs and/or intended to strengthen CSOs is low.*** There are positive examples, but in the majority of cases activities ceased with the end of EU funding, with limited prospects of being resumed. To a large extent this is due to dire financial conditions, linked to the drying up of funding from donors. However, several other factors also played a role, including the inherent weaknesses of some implementers.

***In the various sectors/thematic areas, sustainability broadly reflects the pattern found in effectiveness, although with some exceptions.*** The situation is definitely positive in the case of actions supporting institutional reform, projects on standardization, VET and tourism, and selected activities in the area of rule of law (in particular those with the Ombudsman Office). Prospects are positive for ongoing actions in higher education, whereas no progress was recorded in the area of RES/EE.





## 8 EFFICIENCY, IMPACT AND VISIBILITY (EQ#6, EQ#7 & EQ#8)

### 8.1 Introduction

This Section deals with three themes, namely: (i) the extent to which EU assistance has made **good use of the resources available** ('Efficiency'); (ii) the extent to which EU assistance has **contributed to higher level results**, including unexpected changes ('Impact'); and (iii) the extent to which the interventions implemented over the relevant period have **contributed to enhance the visibility of EU assistance** ('Visibility').

The above three themes are discussed in section 8.2 through 8.4. Concluding remarks are presented in section 8.5.

### 8.2 Efficiency (EQ#6)

The analysis of efficiency involves an assessment of two main aspects (Judgement Criteria), namely: (i) whether the **costs incurred are commensurate with the results achieved**; and (ii) the factors that **influence the relationship between costs and results** (Judgement Criteria). In principle, a full-fledged assessment of efficiency is an inherently 'quantitative exercise', involving the deployment of techniques such as cost benefit or cost effectiveness analysis or at least the computation of cost benefit ratios. However, this type of approach is only feasible when the benefits can be properly quantified. In the case of country evaluations, the range of results to be considered is extremely wide and heterogeneous, going from the adoption of a certain law or policy to the creation or strengthening of a certain institution, and does not allow for a proper quantification. Under these conditions, it was necessary to resort to cruder measures (proxies) of the more or less economical use of resources, such as the unit costs of certain inputs (typically the cost of personnel) or the incidence of administrative or management costs. The information available on these aspects is presented in Section 8.2.1, while Section 8.2.2 is devoted to more qualitative considerations.

#### 8.2.1 Cost Analysis

**Personnel Costs.** Twinnings are known for displaying a lower cost of personnel compared with 'classical' TA projects.<sup>71</sup> The evidence collected for this Evaluation clearly indicates that Azerbaijan is no exception in this respect. The review of the budgets for a sample of projects implemented over the relevant period shows that the daily cost of RTA was on average around € 500/day, with a higher value for personnel originating from EU15 MS, about € 565/day, and significantly lower cost for RTA coming from EU13 MS, around € 350/day.<sup>72</sup> Adding a 20% for overheads (see below), the average cost of personnel was about € 700/day. This compares quite favourably with the fees charged for consultants with comparable positions (team leader or senior expert) employed on technical assistance projects, which were in the order of € 1,000/day. A priori, a lower unit cost does not necessarily imply a higher level of efficiency, as there might be differences in the results produced, with technical assistance being comparatively more effective. However, the evidence collected during field work definitely suggests that this is not the case for EU assistance in Azerbaijan. Indeed, representatives of several beneficiary institutions have expressed a strong preference for Twinnings over technical assistance. Overall, it can be concluded that **the extensive utilization of Twinnings has favourably influenced the cost effectiveness of EU assistance**.

**Incidence of Administrative Costs.** The incidence of administrative costs was generally in line with prevailing standards. In the case of Twinnings, the 'Twinning management costs' accounted on average for about 21% of total costs,<sup>73</sup> a share not dissimilar to what can be found in a typical

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<sup>71</sup> The topic has been investigated in detail in Ecorys, Evaluation Twinning versus Technical Assistance - Final report, 26 January 2011.

<sup>72</sup> Daily costs were computed based on the review of the budgets for seven Twinnings and taking into account the prorated value (for 22 days) of the RTA remuneration and RTA allowances.

<sup>73</sup> This was also based on the review of the budgets for seven Twinnings. The values for individual operations range between a minimum of 11% to a maximum of nearly 30%.

consulting company implementing TA projects. No detailed information is available on the cost structure of CSO-implemented projects. Previous evaluation work on the subject found that the requirement of submitting joint applications (included in some CfP) tended to increase overheads for the lead applicant (typically, international NGO). However, this appears justified by the objective of fostering cooperation and skill transfer in favour of Azerbaijani CSOs. The international organizations responsible for the implementation of actions providing indirect support to CSOs reported an increase in the administrative workload and related costs due to the need to handle contracts with CSO staff recruited on an individual basis. However, this does not seem to have had major impacts on the ability to carry out the activities envisaged. **Overall, the incidence of administrative costs appears to have been in line with prevailing market trends.**

**Project Size.** *The average size of projects was relatively small and this increased significantly the workload for EUD services.* Out of the 267 contracts comprising the portfolio of operations fully or partly implemented over the 2011- 2016 period, 101 contracts were worth less than € 100,000, of which 30 worth less than € 10,000. The overall average value is a modest € 530,000, but it drops to little more than € 350,000 once the BS operations are excluded. To a large extent this reflects the emphasis placed on civil society development, with a large number of grants to CSOs not exceeding € 200,000, plus the numerous contracts for auditing services, typically worth less than € 20,000. At the same time, **a large project size is not necessarily associated with better results.** An example is provided by the interventions in support of PFM reform, where limited resources deployed at the right time were able to achieve results that could not be achieved during the policy dialogue accompanying much larger BS operations.

### 8.2.2 Qualitative Considerations

**Combination and Sequencing of Activities.** In several sectors/thematic areas, EU assistance has combined medium-large scale interventions (Twinning and technical assistance projects) with short term interventions, through TAIEX and, to a smaller extent, framework contracts. This combination has been highly appreciated by beneficiary institutions, as it **allowed to address needs promptly and in an efficient manner.** TAIEX, in particular, has been widely appreciated by Azerbaijani institutions as an efficient tool that provides focused know-how/expertise for fast interventions (*“TAIEX interventions are particularly useful to achieve tangible results quickly”*) and this is reflected in the intensive use of this instrument. Another positive aspect of EU intervention in many areas is the **incremental nature of the support provided**, with successive operations allowing to progressively deepen the scope of work and facilitates absorption. An example in this respect is provided by the assistance extended in the area of standards, with a first Twinning helping to introduce the framework legislation, the second Twinning assisting with regulations and operational matters and the ongoing third operation focusing on more specific aspects in legal metrology.

**Transaction Costs.** One of the main motivations for the use of BS is that this aid modality reduces transaction costs. In particular, the use of the national structures through which the BS is channelled is considered to be more efficient than the setting up of the structures typical of classical ‘project aid’, allowing the elimination of project management units, a reduction in the number of missions, and so on.<sup>74</sup> The BS Review did not explicitly address the issue of transaction costs but the information presented therein nonetheless allows to gauge their magnitude. Two points are worth noting. First, the configuration of the BS operations underwent significant changes after the initial signing, with four amendments to the Financing Agreements (twice for the ERSP and one each for the ARDSP and the JRSP), which obviously required some negotiations. Second, virtually all the BS tranches were disbursed later than initially envisaged because there were disagreements regarding the fulfilment of conditions for disbursement, and this again required intensive interactions with GOA. Information on the duration and complexity of these negotiations, the number of people involved, etc. are not available, but the description of the events provided in the BS Review definitely suggests

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<sup>74</sup> The reduction of transaction costs entailed by project aid was one of the main themes in the debate on how to improve aid effectiveness of the early 2000s. See OECD, Harmonising Donor Practices for Effective Aid Delivery, 2003.

that **transactions costs were quite substantial**, probably not dissimilar from (and possibly higher than) those of a classical project.

### 8.3 Impact (EQ#7)

The assessment of impact involves **an appreciation of the wider influence of EU assistance over the relevant period**. This assessment is carried out **both at the macro level and in selected sectors**. It is important to stress at the outset that whatever changes occurred, especially at the macro level, are the result of a host of factors both internal and external, development assistance being only one of these factors. Therefore, the analysis of impact, while obviously looking for causal linkages, is not able to measure with any degree of precision the results ‘attributable’ to development assistance (let alone, the assistance extended by any particular donor) but rather **focuses on the ‘contribution’ to certain developments**. This caveat is particularly important in the case of Azerbaijan, because (as already pointed out in Section 2) development assistance plays a comparatively modest role compared to the size of the economy and to other financial inflows, especially foreign direct investments. This holds even truer for the EU, which – in spite of being an important donor – accounts only for a relatively small share of total development assistance flows.

#### 8.3.1 Impact at the Macro Level

Over the 2011 – 2016 period considered, developments have not been particularly positive for Azerbaijan. The economy displayed an oscillating trend, reflecting changes in oil prices, which in turn exposed its inherent structural weaknesses. On the social front, notable improvements had been recorded during the 2000s, and in subsequent years social indicators remained stable. The performance in terms of governance has been uneven, with some international indicators showing good progress and others displaying a significant worsening of the situation. Economic and social developments at the macro level have been scarcely influenced by the activities of the donor community, due to the disparity in the orders of magnitude involved, and this also applies to the EU assistance. In contrast, an impact of EU assistance can be detected in the area of governance.

**Two areas in which a significant progress was recorded are those of government effectiveness and regulatory quality**, which measure the ability of government institutions to formulate and implement sound policies. Changes in these two areas are the result of a variety of factors (from the simple kicking in of learning effects to the positive influence exerted by development partners) and no single or predominant determinant can be identified. However, it is plausible to establish an at least partial linkage between these improvements and the substantial work done by EU assistance in institutional reform and other relevant areas (e.g. standards). Indeed, **much of the work done by the EU was aimed at increasing the effectiveness of government institutions**, through the adoption of better organisational models (e.g. the establishment of technical committees in standardization), the use of modern planning methods (e.g. the use of participatory approaches in regional development), the development of better tools for policy making (e.g. through the availability of more timely and better-quality statistics), and similar changes. In a similar way, **the EU provided substantial support to improve the quality of legislation and regulation**, and the (not so many) laws and (more numerous) regulations and guidelines developed and adopted with EU support were certainly of a better intrinsic quality of their predecessors and well aligned with EU and international standards. The EU was not the only donor providing assistance in areas linked to the themes of government effectiveness and regulatory quality (see Section 9), but it certainly played an important, sometimes essential role. Accordingly, **the EU assistance programme can legitimately claim a contribution to the progress recorded**.

#### 8.3.2 Impact at the Sector Level

At the sector level, there is evidence of a positive impact of EU assistance in three areas, vocational education, tourism, and criminal justice. Evidence of impact in other sectors is scanty or non-existent.

**Vocational Education.** The EU was one of the first donors to pay attention to vocational education, which was correctly identified as one of the key ingredients for supporting the much sought economic diversification. This has continued over the years, through the deployment of some projects but also, and possibly more importantly, through continuous policy dialogue work, playing also an important coordination and stimulating role vis-à-vis other donors (see Section 9). As a result of this continuous work, there are indications that ***vocational training has eventually gained the recognition that it deserves***, with good prospects for significant advances in terms of enrolment rates, new programs and infrastructure, and stronger linkages with the labour market. While these advances largely still have to materialize (but enrolment rates already increased by four percentage points between 2011 and 2014),<sup>75</sup> ***there is little doubt that EU assistance can claim a significant contribution.***

**Tourism.** One of the results of the assistance provided to the Ministry of Tourism and Culture was the revision of the marketing strategy, which was reoriented towards new markets, primarily in the Middle East. It is interesting to note that over the last few years, tourism arrivals from the Middle East were one of the most dynamic components in the tourism industry in Azerbaijan, with a growth of more than 70% between 2011 – 2015 (while total arrivals marginally decreased).<sup>76</sup> Comparable data for 2016 are not available yet, but preliminary information suggests a further significant increase, especially from the Gulf area. Certainly, arrivals flows are still dominated by Russia and neighbouring countries (but many of these arrivals are not really tourists). Also, the increase is obviously due to a host of factors, from the worldwide trend towards a diversification of tourism destinations to the fact the GOA was willing to mobilize the money required to actually implement the strategy that was developed based on the inputs from EU assistance. However, EU assistance can plausibly claim a contribution, due to ***the catalytic effect that its intervention had on the formulation of the strategy.***

**Criminal Justice.** The persistent difficulties regarding individual freedoms and human rights, should not lead to overlook the fact that some progress in the justice sector has indeed been achieved. The decline in the number of juveniles in jail, the greater emphasis on the professionalization of magistrates and prosecutors (which still has to be complemented with an equal emphasis on their independence though), the introduction, however belated, of probation and alternative measures, do constitute an improvement. As shown in Section 6, the performance of EU assistance in this sector has been mixed, and the JRSP certainly cannot be regarded as a 'shining star'. Nonetheless, it is difficult not to establish a linkage between the ***concepts and ideas repeatedly promoted by EU assistance (and, one could say, by the EU tout court) and whatever progress has been achieved.***

**Other Sectors.** ***The impact in other sectors is much lower and at times non-existent.*** In the energy sector, and in particular in the RES/EE area, the EU was an early mover and potentially could have achieved a significant impact. However, the political economy of the energy sector is completely different and the efforts deployed could not overcome the powerful obstacles. In the area of private sector development, and SME development in particular, the EU has been scarcely active and while East Invest has produced some good results, no visible impact can be noticed. Nor can the EU claim (so far) any impact in the development of small scale business in the regions through ANFES loans, as the trend in the resources mobilized to this effect reflects more GOA budgetary considerations than the pressure exerted through the ARDSP.

## 8.4 Visibility (EQ#8)

Visibility is not an evaluation criterion but rather a theme that in evaluations is generally addressed under one of the classical evaluation criteria. In this Evaluation, ***the theme of visibility was considered of particular importance, deserving a separate treatment.*** It is important to note at the outset that visibility was analysed in the framework of the activities carried out to address the evaluation criteria and did not involve any dedicated activity. In particular, during field work, while

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<sup>75</sup> ETF, Azerbaijan - Country Strategy Paper 2017-20, undated (but probably late 2016).

<sup>76</sup> World Tourism Organization, Yearbook of Tourism Statistics, 2016 (accessed on 6 September 2017).



the theme of visibility was duly addressed during interviews with relevant counterparts, no attempt was made to gather information on the visibility of EU intervention in the general public, which would have required activities (a survey or at least several focus groups) not envisaged in the framework of this Evaluation.

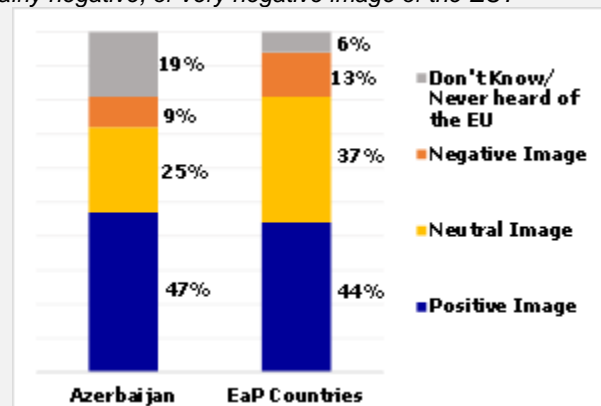
Section 8.4.1 sets the stage, by recapping basic information on the perceptions of the EU and EU-financed initiatives in the country. Section 8.4.2 provides an assessment of the visibility of EU assistance activities implemented over the relevant period. Section 8.4.3 deals with some factors that influence the degree of visibility of EU assistance.

#### 8.4.1 Perceptions of the EU and EU Assistance

**Perceptions of the EU in General.** The results of public surveys clearly indicate *that EU has a positive image in Azerbaijan*. According to the most recent survey commissioned by the EC and carried out in 2017,<sup>77</sup> no less than 47% of the interviewees held very positive or positive views about the EU, while only 9% displayed a negative attitude and 25% had a neutral stance. These results are significantly more positive than those recorded on average in EaP countries (see Exhibit 8.1).<sup>78</sup> Also, the above data suggests *an improvement compared with the results of earlier similar surveys* carried out in 2012 and 2014,<sup>79</sup> when the share of interviewees holding positive views was around 35%, compared with 40-45% in other countries.<sup>80</sup>

**Exhibit 8.1 – Awareness and Perceptions of the EU in Azerbaijan and in EaP countries (2017)**

Question: Do you have a very positive, positive, neutral, fairly negative, or very negative image of the EU?



Source: OPEN Neighbourhood Annual Survey, Azerbaijan and Regional overview.

**Perceptions of EU Assistance.** The situation is less positive regarding the visibility of EU assistance. Indeed, despite the over € 500 million worth of assistance provided to Azerbaijan over more than two decades, the OPEN Survey 2017 found that, among those who had heard of the EU, *only 33% were aware that the EU provides financial support to the country*. This is the lowest value recorded across EaP countries, where on average 53% of interviewees were aware of EU financial assistance. Among those aware of EU assistance, *initiatives in the area of education were the most well-known* (mentioned by 64% of interviewees), followed by activities in the health & medicine sector (37%).<sup>81</sup> Initiatives in agricultural & rural development, economic reform/business promotion, energy efficiency and culture were known by one fifth/one quarter of interviewees, while *EU interventions in the justice sector were known by just 4% of respondents*.

#### 8.4.2 Visibility of EU Initiatives

Apart from the above mentioned survey results, the information on the visibility of EU initiatives implemented over the period covered by this Evaluation is limited. The TW Evaluation focused on

<sup>77</sup> Ecorys, OPEN Neighbourhood Annual Survey Report - Azerbaijan, June 2017 (hereinafter, the 'OPEN 2017 Survey').

<sup>78</sup> Ecorys, OPEN Neighbourhood Annual Survey Report – Regional Overview, June 2017.

<sup>79</sup> TNS, EU Neighbourhood Barometer, various years. Data from the Eurobarometer are not fully comparable with those of the OPEN Survey due to some changes in the questionnaire (e.g. the Barometer did not separate 'never heard of the EU' from 'don't know'). However, these changes do not materially affect the substance.

<sup>80</sup> Much less positive results emerged from a survey carried out in 2016. However, these results were significantly influenced by an unusually high share of interviewees who declared having no knowledge of the EU, which in turn was related to some weaknesses in the questionnaire. For details on this point, see the OPEN 2017 Survey, page 10, and in particular footnote 6.

<sup>81</sup> The popularity of initiatives in the health & medicine sector is somewhat puzzling, as this was not a major area of intervention for the EU assistance programme.

the visibility among target groups, i.e. civil servants and more specifically those who could be interested in activating requests for new Twinning or TAIEX interventions. A similar approach was followed by a nearly contemporaneous evaluation of Twinning in ENP countries.<sup>82</sup> Both studies found **some weaknesses, but the picture was globally positive**, and the ENP Twinning evaluation even selected the Twinning Guidelines developed by the PAO as a best practice example. However, no attempt was made to assess the wider visibility of Twinning beyond the target group. A more relevant analysis was carried out in the framework of previous evaluation work on grants to CSOs. In this case, it was found that the **public awareness of EU supports to CSO, its objectives and, especially, results was quite low**.

The information collected during field work allowed for the identification of two projects that appear to have made a positive contribution to the visibility of EU assistance. The first and most important case is that of the **EU Azerbaijan Business Forum**, sponsored by the East Invest programme in collaboration with the German-Azerbaijani Chamber of Commerce. These events were able to attract a considerable participation from the business community (300 participants in 2016, 500 in 2017) and were attended by high ranking GOA officials, which in turn ensured an excellent coverage in the media.

The second project having made a contribution to enhance the visibility of EU assistance is the **initiative implemented by ADA University**, which, as already mentioned in Section 6, involved the training on EU-related topics of more than 800 civil servants plus an information campaign on the EU reaching out to some 1,500 students. However, the ADA University project was also a missed opportunity, as the creation of an EU Studies major within the MA in Diplomacy and International Affairs – which was eventually replaced by a lower profile Certificate on EU Studies – could have promoted the EU image in highly educated (and presumably influential) segments of the population.

Considering future developments, **seemingly good opportunities for enhancing EU visibility are offered by two other projects**, namely: (i) the ongoing Twinning on higher education, which could provide a good platform for dissemination activities on the Bologna process; and (ii) the Red Bridge border crossing project, thanks to its bi-national character and the presumably wide impact on the business community and the population at large.

Visibility components are a standard feature of virtually all the other projects reviewed, but the activities implemented typically include launch events (such as those organized by UNICEF in the framework of the Promoting Access to Justice for Children project or by the Ombudsman in the framework of the ongoing Twinning), which have a 'one off' character and tend to occur at the start of projects, thereby **scarcely contributing to the dissemination of whatever results may have been achieved**.

#### **8.4.3 Determinants of Visibility**

The limited visibility of EU assistance activities appears to be the result of a combination of factors, related to the focus on certain areas and/or of the utilization of certain instruments. Three points are worth noting. First, irrespective of the results achieved, **BS operations have a limited potential to grant visibility to the providers of funds**. Indeed, the measures supported by BS are by definition adopted by national authorities and it is impossible to trace back whatever results are achieved to the original source of funding.<sup>83</sup> Second, as already pointed out in Section 6 above, institutional reform interventions have often achieved good results and are generally well appreciated by the

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<sup>82</sup> HTSPE, Evaluation of the Institutional Twinning Instrument in the Countries covered by the European Neighbourhood Policy, June 14, 2012 (hereinafter, referred to as the 'ENP Twinning Evaluation').

<sup>83</sup> This aspect has been extensively discussed in the debate on the pros and cons of BS. See for instance, Volker H. O. Hasse and M. Koppensteiner, EC Budget Support: thumbs up or down? Ecdpm, Discussion Paper No. 63, March 2005 who noted that "Budget support has been the butt of considerable criticism, both from within Europe and from other parts of the world, because it is perceived ... as reducing the visibility of national cooperation efforts" (page 11). The point was recently reiterated in Faust J and S. Koch, Foreign Aid and the Domestic Politics of European Budget Support, Deutsches Institut für Entwicklungspolitik, Discussion Paper 21/2014, July 2014.



immediate beneficiaries and in relevant professional circles. However, information on the achievements of these actions is ***unlikely to trickle down to the general public due to the technical nature of results*** (e.g. the harmonization of statistics with EU standards, the incorporation of the New Approach in legislation on standards, etc.). Third, ***visibility is reduced whenever implementation is entrusted to another entity with its own brand recognition***, as it is the case with organizations such as UNDP and UNICEF. Taken together, these considerations suggest that a significant part of the actions implemented over the period under consideration had ***an inherently limited potential to achieve a high level of visibility vis-à-vis the general public***.

## 8.5 Summing Up

**Efficiency.** While no full-fledged cost benefit analysis is possible, ***available evidence suggests that the resources deployed by the EU assistance programme were used efficiently***. Cost indicators are aligned with prevailing market values and the extensive use of Twinnings provided good value for money. The average size of contracts comprising the portfolio is relatively small, with significant repercussions on the workload at the EUD. The combination of various instruments and the incremental approach adopted in working with some beneficiary institutions, had positive effects of the quality and timeliness of the assistance delivered and are widely appreciated.

**Impact.** ***The EU assistance was able to achieve an impact in relatively few but fairly important areas***. At the macro level, EU initiatives in the area of institutional reform contributed to Azerbaijan's improved performance in government effectiveness and regulatory quality, as witnessed by international indicators. At the sector level, the protracted efforts deployed in vocational education, comprising both project support and policy dialogue, have paid off, and the EU significantly contributed to put the VET system on the reform agenda. A positive impact was also achieved in tourism, with an increase in arrivals from areas targeted by a marketing strategy revised by the EU-supported Ministry of Culture and Tourism, and in criminal justice, where the situation definitely remains less than satisfactory, but some improvements can be traced to concepts first promoted by EU assistance.

**Visibility.** ***The visibility of EU assistance initiatives among the general public is limited***. There are a few projects featuring a high visibility, in terms of persons reached and/or media coverage, and others have the potential of doing so in the future. However, in the majority of cases, visibility was limited to the immediate beneficiaries and the professional circles more directly concerned, with little trickle-down effect on the general public. The EU cooperation faces a difficult dilemma, because some of the interventions that were able to achieve positive results thanks to their high specificity (improvement in standards, new models of service delivery, etc.), do not necessarily constitute the best-selling points for wide ranging communication strategy. The areas where some positive results were achieved by EU assistance, in particular business development and education, correspond to the priority themes retained by the current EUD communication strategy,<sup>84</sup> but they accounted for only a fraction of the total portfolio 2011-2016.

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<sup>84</sup> EUD, Communication and Visibility Strategy EU Delegation to Azerbaijan, November 2015



## 9 COMPLEMENTARITY-COHERENCE AND EU ADDED VALUE (EQ#9 & EQ#10)

### 9.1 Introduction

This Section deals with two interrelated themes (Evaluation Questions), namely the complementarity-coherence (hereinafter, referred to a 'coherence' only) and the EU added value of EU assistance to Azerbaijan. The assessment of coherence involves the appreciation of three main aspects (Judgement Criteria), namely: (i) the degree of complementarity between EU cooperation activities and those of EU MS; (ii) the degree of complementarity between EU cooperation activities and those of other donors, including notably international financial institutions (IFI); and (iii) the existence and effectiveness of coordination mechanisms. The assessment of the EU added value involves the analysis of the distinctive contribution made by EU cooperation, in terms of issues addressed and/or instruments deployed.

Section 9.2 focuses on the complementarity of EU assistance, including an overview of the division of labour among the various actors of development assistance to Azerbaijan (Section 9.2.1); a description of the donor coordination mechanisms existing in the country (Section 9.2.2); and, finally, a discussion of the influence exerted by donor coordination on results (Section 9.2.3). Section 9.3 is dedicated to the assessment of the EU added value. Finally, concluding remarks are provided in Section 9.4.

### 9.2 Coherence of EU Assistance (EQ#9)

#### 9.2.1 Complementarity between EU and other IFI/Donors

International Finance Institutions (IFI)'s and donors' engagement in development cooperation assistance with Azerbaijan has been rather limited, and appears on a declining trend, as described in Box 9.1. This has obviously facilitated the avoidance of overlapping and the division of labours among donors. In fact, **some of the main IFI/donors active in Azerbaijan have focused on sector falling mostly out of EU Assistance's areas of actions**. This is the case of EBRD, ADB and Japan, which have traditionally focused their operations in 'hard' sectors such as energy, infrastructures and transports, and water and sanitations. In other cases, even though the priority areas are similar to those of the EU, **the small number and size of the interventions prevented any significant overlapping**. For instance, participatory governance and support to CSOs are one of the key areas of intervention of USAID. However, the overall budget dedicated by USAID to the sector is below US\$ 6 million, which leaves little doubt as of the fact that the EU remains the key player in the sector. The situation is very similar in the agriculture sector. Finally, the case of the WBG and of Germany is particularly interested, since **the EU was able to collaborate with these actors, either joining forces** (see Section 9.2.3 below), or **effectively dividing labour**. Particularly noteworthy is the case of the WBG, which, in its latest strategy document, explicitly recognizes the role of the EU in skills development, thus avoiding addressing the area.<sup>85</sup>

#### Box 9.1 – Mapping of Main IFI/donors operating in Azerbaijan

##### EU 28

**Germany.** Germany is the only EU MS with a substantial involvement in Azerbaijan. Germany's assistance consists of two main components, a set of technical assistance interventions implemented by GIZ, and a series of investment/financial cooperation implemented by KfW. As regards the former, **GIZ has operated mostly at regional level**, with a series of interventions covering all three countries in the Southern Caucasus region. Projects have ranged over three key areas, i.e. (i) democracy, local governance, and the rule of law (with a couple of projects focusing in particular on local governance and on support to legal and judicial reforms); (ii) sustainable economic development, supporting an improvement of the business climate, and promoting vocational training; and (iii) the environment and the sustainable use of natural resources,

<sup>85</sup> See WBG, Country Partnership Framework for FY 2016-2020, 3 June 2015, which notes that "The CFP does not address these priority areas since they are [...] supported by other development partners (e.g. skills development by the EU)" page 21.

with a recently launched project supporting integrated biodiversity management.<sup>86</sup> On the other hand, **KfW support has concentrated mainly on strengthening the financial sector, and on the modernization of the drinking water and sewage systems.** In the latter sector, in particular, a € 100 million operation was approved in 2012 to support the Water supply and waste water disposal in Ganja and Sheiki.<sup>87</sup>

**EBRD.** Since the start of its operation in Azerbaijan in 1993, the EBRD has signed a total of 161 operations, for a cumulative disbursement of nearly € 2.5 billion. The institution's most recent strategy for Azerbaijan focuses on three key areas, and namely (i) market-driven diversification; (ii) financial sector development to support the private sector; and (iii) improving corporate governance and transparency.<sup>88</sup> However, **some 85% of the current portfolio is in the infrastructure and in the energy sectors,** accounting respectively for 45% and 40% of the resources, while significantly less funding are devoted to industry, commerce and agribusiness (9%) and financial institution (7%).<sup>89</sup> Only **eight projects were signed between 2011 and 2016.** This has notably included a US\$ 750 million road reconstruction and upgrading project in 2011,<sup>90</sup> and a couple of sizeable loans to finance an offshore gas exploration and production project (a US\$ 200 operation in 2013 and a US\$ 1 billion operation in collaboration with ADB in 2016).<sup>91</sup> The remaining operations are significantly smaller, amounting to a cumulative US\$ 100 million approximately, mainly in the financial institutions sector.

#### Other IFI/Donors

**World Bank Group.** The operations of the WBG (including IBRD, IDA, and IFC) in Azerbaijan are currently steered by the Country Partnership Framework (CPF) for FY 2016-2020. The document identifies two focus areas, and namely (i) Public sector management and service delivery and (ii) Economic competitiveness.<sup>92</sup> Only **seven national projects were approved by the WB between 2011 and 2016, for an overall budget of some US\$ 260 million,**<sup>93</sup> including a US\$ 100 million operation to support the Judiciary services and infrastructure; a US\$ 35 million project on agricultural competitiveness; and a US\$ 47 million project on solid waste management. In addition to the above, the WB has financed some large regional operations, mainly in the field of transports and infrastructures, such as the US\$ 800 million support envisaged for the construction of the Trans-Anatolian Natural Gas Pipeline. **IFC is also active in the country, with an investment portfolio that in December 2016 amounted to some 56 long-term projects and US\$ 473 million,** mainly in the financial services, infrastructures, and manufacturing sectors. In addition to this, IFC also engaged in advisory services, particularly to support access to finance and improve the investment climate in the country. IFC also provided a US\$ 500 million financing to the Baku-Tbilisi-Ceyhan pipeline, which covered all three Southern Caucasus countries.

**Asian Development Bank.** Azerbaijan became part of the ADB in 1999. Since then, the institution approved **nearly 70 projects, for a cumulative US\$ 3.65 billion.** The activities concentrated in four sectors, i.e. energy (accounting for some one third of the overall budget), transport (some 30% of the amount), water and other urban infrastructures (some 17% of the budget) and public sector management (approximately 14%). Besides the assistance provided to the public sector, ADB also acted as **catalyser of private investment,** providing over US\$ 1 billion of non-sovereign financing for 11 private sector transactions in the country, while ADB's Trade Finance Program has supported over 50 transaction, for a total US\$ 44 million in trade.<sup>94</sup> The latest country partnership strategy for 2014-2018, which redefined the priorities of ADB's assistance to Azerbaijan after its graduation as middle-income country, maintained transport, energy, and water and other urban infrastructure and services as priority sectors.<sup>95</sup>

**USAID.** Since its independence, Azerbaijan has received from USAID over US\$ 370 million in assistance. USAID's support has substantially declined over time, decreasing from disbursements in the order of US\$ 35-40 million per year in the early 2000s, to some US\$ 13 million in 2015 (the latest year for which data are fully reported).<sup>96</sup> According to the Country Development Cooperation Strategy (CDCS), 2011-2016,<sup>97</sup> USAID's priorities include **the improvement of the investment climate; the strengthening of participatory and transparent democratic and governance processes; and the**

<sup>86</sup> Source: <https://www.giz.de/en/worldwide/367.html>, last accessed on September 4, 2017.

<sup>87</sup> Source: <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Europe/Azerbaijan/>, last accessed on September 4, 2017.

<sup>88</sup> See EBRD, Strategy for Azerbaijan, as approved by the Board of Directors at its meeting on 30 April 2014, available at <http://www.ebrd.com/cs/Satellite?c=Content&cid=1395238396115&d=&pagename=EBRD%2FContent%2FDownloadDocument>

<sup>89</sup> Source: EBRD website – Azerbaijan data (<http://www.ebrd.com/azerbaijan-data.html>), last accessed on September 3, 2017).

<sup>90</sup> See <http://www.ebrd.com/work-with-us/projects/psd/roads-reconstruction-and-upgrading-project.html>

<sup>91</sup> See <http://www.ebrd.com/work-with-us/projects/psd/luoil-overseas-shah-deniz-gas-condensate-field-develop.-ii.html> and <http://www.ebrd.com/work-with-us/projects/psd/luoil-shah-deniz-stage-ii.html>.

<sup>92</sup> Available at <https://openknowledge.worldbank.org/bitstream/handle/10986/23128/Azerbaijan000C0the0period0FY2016020.pdf?sequence=1&isAllowed=y>. The previous Country Partnership Strategy covered FY 2011 – 2014.

<sup>93</sup> Source: [http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode\\_exact=AZ](http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode_exact=AZ).

<sup>94</sup> See Asian Development Bank Member Fact Sheet – Azerbaijan, updated at December 31, 2017 (available at: <https://www.adb.org/sites/default/files/publication/27752/aze-2016.pdf> )

<sup>95</sup> See more at: <https://www.adb.org/countries/azerbaijan/strategy>, last accessed on September 4, 2017..

<sup>96</sup> Source: [https://explorer.usaid.gov/cd/AZE?implementing\\_agency\\_id=1&measure=Obligations&fiscal\\_year=2015](https://explorer.usaid.gov/cd/AZE?implementing_agency_id=1&measure=Obligations&fiscal_year=2015), last accessed on September 4, 2017.

<sup>97</sup> <https://www.usaid.gov/sites/default/files/documents/1863/Azerbaijan%20CDCS.pdf>

**strengthening of health care systems.** Over the 2011 - 2016 period, USAID's main activities have included: (i) a 5-year, US\$ 3.3 million project to enhance citizens' participation in local governance; (ii) a US\$ 2.7 million project to improve the business climate (Azerbaijan Competitiveness and Trade); and (iii) the Agriculture Assistance to Azerbaijan Project, an US\$ 2.4 million initiative mainly targeting small and medium agribusinesses and farmers.

**Japan.** With over US\$ 1.1 billion of ODA provided since the start of its activities in the country,<sup>98</sup> Japan is the largest bilateral donor to Azerbaijan. The bulk of these funds were disbursed over four large loans in the energy (three) and water and sanitation (one) sectors, all of which were signed before 2010. Also under the latest country assistance policy, signed in 2014,<sup>99</sup> the focus of Japan's assistance to Azerbaijan has remained in the **economic infrastructures and water and sanitation sectors**, with the overall objective of supporting 'sustainable Economic Development and Redress Disparities'.

## 9.2.2 Existence of Coordination Mechanisms

The complementarity and coherence of the interventions implemented by the EU with that of other IFI/Donors operating in Azerbaijan has been further enhanced by the existence of institutional donor coordination mechanisms. The **EU Delegation to Azerbaijan has consistently participated in official donors meeting, and has taken a proactive role in their institutionalization and implementation.** In fact, with the exception of the agricultural sector (see below), the GOA has kept a marginal and rather weak role in donor coordination, mainly due to its limited capacity. Against this scenario, the EU had a prominent role in the establishment of donor coordination meetings and in the thematic working groups.<sup>100</sup>

Structured donor coordination is established at two levels, i.e. a general donor coordination group and several thematic sub-groups that meet on a quarterly basis. As of mid-2017, the **EUD was member of all thematic working groups, and co-chaired the agriculture and the environmental/energy ones.** As summarized in Exhibit 9.1 below, a number of other IFI/donors take part in the sectoral sub-groups, while the government's role varies from sector to sector. The case of the agriculture sub-group is somehow peculiar, since the Ministry of Agriculture has taken a coordination role starting from the second half of 2015. On the other hand, since 2016 the EUD has replaced OSCE, no longer operating in the country, as chair of the Energy/Environment donor coordination group. The existence of these coordination meetings has allowed for an effective exchange of information, allowing to "ensure complementarity and avoid duplication" (EAMR Azerbaijan, 2015, p. 14, referenced in ENI Evaluation, Vol II).

### Exhibit 9.1 – Donor Coordination, Thematic Sub-Groups

Sub-Group	Chairs		Other Members of the Sub-Group
<b>SG1 - Private Sector Development/ Trade</b>	EBRD	SDC	ADB, EUD, IFC, GIZ, KfW, UNDP, USAID, World Bank
<b>SG2 - Agriculture</b>	EUD	Ministry of Agriculture	EBRD, FAO, Islamic Development Bank (IDB), IFC, Swiss Agency for Development and Cooperation (SDC), UNDP, USAID, Turkish International Cooperation Agency, WB
<b>SG3 – Social (education/health/ protection)</b>	UNDP	UNICEF	ADB, EUD, GIZ, IOM, Embassy of Norway, SDC, United Nations Population Fund (UNFPA), UNHCR, UNICEF, USAID, WHO, WB
<b>SG4 - PFM/ Public administration/ Democracy/Rule of Law<sup>101</sup></b>	Council of Europe	USAID	ADB, EUD, Embassy of Germany, GIZ, IOM, Office of the United Nations High Commissioner for Human Rights (OHCHR), SDC, UNDP, UNHCR, UNICEF, USAID, World Bank
<b>SG5 - Environment / Energy</b>	EUD	UNDP	EBRD, KfW, Embassy of France, GIZ, Embassy of Norway, SDC, USAID

Source: EUD communication, May 2017.

<sup>98</sup> Source: <http://www.az.emb-japan.go.jp/002en.html>, last accessed on September 4, 2017.

<sup>99</sup> See: <http://www.az.emb-japan.go.jp/upload/pdf/Country%20Assistance%20Policy%20for%20the%20Republic%20of%20Azerbaijan.pdf>

<sup>100</sup> See for instance 2021 AAP: "[i]n the absence of a Government-led donor coordination mechanism, the EU Delegation has initiated donor coordination meeting on a regular basis".

<sup>101</sup> Name of the group to be defined.



In addition to these multilateral coordination mechanisms, the EU ensured full coordination and coherence with other EU MS through several actions, including the organization of quarterly coordination meetings with MS to share information on ongoing cooperation activities, special consultations in the framework of the drafting of the SSF 2014-2017, as well as joint visibility events. Finally, the firm commitment of the EU to ensure consistency with other donors operating in the country is further confirmed by the fact that all policy and operational documents include a detailed mapping of the relevant operations implemented by other IFI/donors, as well as the identification of donor coordination mechanisms the EU intends to adopt under each action.

### 9.2.3 Results of Coordination Mechanisms on Projects

Besides the overall strategic and programmatic level, there have been instances in which the coordination has translated in successful examples of concerted initiatives among donors. In the field of **Public Finance Management**, the EU Delegation formed a common front with the other two donors active in the sector, i.e. the WB and the Swiss State Secretary of Economic Affairs (SECO), to advocate for the government to address the issue. This led, in 2014, to the decision to carry out a PEFA, eventually published in December of the same year,<sup>102</sup> and to the formulation of a PFM Action Plan for 2015-17, which has been implemented with the joint support of the EU and WB. Progress in this field has already been recorded according to several sources,<sup>103</sup> which also recommended prompted a continued effort by the EU in the area to “*build on and further consolidate on the current EU support being provided*”.<sup>104</sup>

Much in the same vein, the EU achieved positive results in Joint Programming with other donors in the field of **education**. Since 2015, and first implemented in 2016, the EU implemented a joint programming initiative with other EU+ partners active in VET in Azerbaijan. A part from the EU Delegation, this has included Germany, the UK, Norway, Switzerland, as well as the European Training Foundation. Notably, among the reasons why the VET sector was chosen to start EU+ Joint Programming, one of the key motivations was that the GOA’s approach to reforming the sector was inspired by models existing in the EU, which made a EU-level coordination particularly convenient.

Finally, another successful example of coordination, notably with an EU MS, was recorded in the regional and rural development sector. The ‘Support and to Regional and Rural Development action, adopted with the AAP 2013, envisaged the direct award of a € 2 million grant to GIZ to **strengthen local authorities’ capacity** in management and territorial planning. The award, initially envisaged for the first quarter of 2015, was postponed until late 2016. The recourse to a direct award was motivated by GIZ’s “*success track record in working on local-self-governance issues in Azerbaijan and the South Caucasus both at the local level in strengthening the capacity of municipalities and at the central level by providing high-level advisory services to the MoED and other stakeholders*.”<sup>105</sup>

### 9.3 EU Added Value (EQ#10)

The assessment of the EU added value can be carried out against two dimensions, i.e. (i) the inherent added value of the EU in certain fields, and (ii) the comparative advantage of a EU-level intervention vis-à-vis MS bilateral cooperation.<sup>106</sup> The first dimension concerns the inherent added value that the EU has in intervening in specific areas, and particularly when it comes to the approximation to the Acquis Communautaire. In fact, ENI Regulation specifies that “*In European Neighbourhood countries, where alignment to Union rules and standards is one of the key policy*

<sup>102</sup> [https://pefa.org/sites/default/files/assements/comments/AZ-Dec14-PFMPPR-Public\\_0.pdf](https://pefa.org/sites/default/files/assements/comments/AZ-Dec14-PFMPPR-Public_0.pdf)

<sup>103</sup> See for instance “*Over the last years, major improvements have been made on comprehensiveness and transparency of the budget, predictability and control of budget execution. Progress in budget transparency is reflected in the country’s improvement in the Open Budget Index in 2015.*” ANNEX 1 of the Commission Implementing Decision on the Annual Action Programme 2016 in favour of the Republic of Azerbaijan, page 5.

<sup>104</sup> *Ibid.*

<sup>105</sup> Action Fiche for Support to Regional and Rural Development in Azerbaijan, Annex 2 to the 2013 AAP, page 15.

<sup>106</sup> This approach is adopted by the ENI Evaluation.



objectives, the Union is best placed to deliver its support under this Regulation.”<sup>107</sup> Under this perspective, **the ‘inherent’ EU added value of the assistance provided to Azerbaijan is positively assessed** given the substantial focus put by EU cooperation with Azerbaijan on the country’s progress towards the alignment to EU standards and rules.

At strategic level, **the approximation to EU standards and rules has remained among the focal areas of EU assistance to Azerbaijan during both programming period under review**. In particular, under the NIP for 2011-2013, legal approximation was included under Sub-Priority 2.1, which aimed, among the rest, at “*progressing in approximating and implementing trade and investment legislation and procedures with EU and international laws and standards*.”<sup>108</sup> Under the second programming period, on the other hand, the support to the approximation to EU standards was explicitly identified as a cross-cutting issue, by stating that “[e]ach sector of concentration will encompass sector-related capacity development and institution building activities, including approximation to the EU legislation and technical standards.”<sup>109</sup>

The second dimension of the assessment of EU added value refers to the comparative advantage of the EU in the implementation of cooperation interventions, particularly vis-à-vis EU MS. **The EU added value is particularly high in terms of ability to mobilize the most appropriate instruments and expertise**. As discussed in the previous sections, EU assistance to Azerbaijan made extensive use of the tools typical of EU Neighbourhood policy, and in particular of Twinnings and TAIEX, which are characterised by their ability to match the demand of the beneficiary country with the most appropriate expertise EU 28-wide. Notably, more often than not, Twinnings and TAIEX events involved the participation of experts from several MS at the same time, which further confirms the comparative advantage of an EU-level approach.<sup>110</sup>

## 9.4 Summing Up

**EU-funded initiatives were complementary to those of other EU and non-EU IFI/donors, with an effective division of labour among development partners**. Also thanks to the limited number and volume of other actors’ operations in the country, the EU acted in coordination with other donors, including notably Germany, the only EU MS with substantial involvement in Azerbaijan. In most cases, the division of labour at strategic level ensured the absence of any overlapping with EU support (e.g. EBRD, ADB, and Japan). In other cases, the EU was able to effectively coordinate with other IFI/donor, ensuring a coherent approach and the exploitation of synergies whenever concomitant effort was deployed in the same sector (e.g. WBG).

**The EU has played a leading role in donor coordination, with positive results on project operations**. This was particularly important given the weak role played by the Government in donor coordination. Currently, the EUD chairs/co-chairs two donor coordination thematic groups, organizes periodic meetings with other EU MS, and includes comprehensive information on other development partners’ operations in all its strategic and operational documents. The effort deployed in pursuing coordination with other donors resulted in several examples of successful concerted efforts, particularly in the area of financial management (a PEFA assessment co-financed by the EU, the WB, and SECO); education (with EU + Joint Programming fully operational starting from 2016); and local governance, with a direct grant awarded to GIZ based on its successful track record.

**EU-level assistance seems justified by the focus put on the approximation to EU standards and rules**, a field in which the EU has an inherent added value. This is further reinforced by EU’s comparative advantage in terms of expertise deployment, enabled by ENI instruments (Twinning and TAIEX), which allowed mobilizing and combining EU 28-wide knowledge and experience.

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<sup>107</sup> See Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument, preamble 31. (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:077:0027:0043:EN:PDF>)

<sup>108</sup> See NIP 2011-13, p. 18.

<sup>109</sup> See ENI Programming and SSP 2014-2017, p.8.

<sup>110</sup> For instance, as much as half of the Twinning projects launched in Azerbaijan involved experts from two or more MS.



## 10 CONCLUSIONS AND RECOMMENDATIONS

### 10.1 Introduction

This last Section summarizes the key findings of the Evaluation and derives some recommendations. The key findings are presented in Section 10.2 and structured by Evaluation Question. Recommendations are presented in Section 10.3 and they are articulated under two headings, dealing respectively with the instruments and with sector/thematic priorities and operational aspects.

### 10.2 Conclusions

#### 10.2.1 Relevance (EQ#1 & EQ#2)

**The EU assistance program was well aligned with both national priorities and EU policy objectives.** While this may appear as a foregone conclusion, considering the policy driven character of ENPI/ENI and the negotiated nature of programming documents, it is also testimony of an ability to reunite positions whose reconciliation was not a priori obvious. **The EU assistance program was also able to adjust to changes in external conditions.** This is the case of the greater emphasis placed in the SSF compared to the NIP on themes linked to the socio-economic development and human capital development. Also of note is the reaction to the introduction of restrictive measures on CSOs and grants, with the identification of a workable solution to continue support to CSOs. **Interventions were also generally well attuned with the needs of beneficiary institutions,** although they sometimes overestimate absorption capacity (in the case of some Twinings) and/or commitment to reform (especially in the case of BS). The overall assessment is **positive**.

#### 10.2.2 Effectiveness (EQ#3)

The effectiveness of EU assistance initiatives was **only moderately satisfactory**. While output delivery constituted a problem only in a limited number of cases, the degree of achievement of intended outcomes was sometime less than ideal. There were **significant differences in performance** across instruments, with Twinings and BS representing the polar cases, and sector/thematic areas, with interventions with a high 'technical' content performing well if not very well and projects dealing with more politically sensitive issues and/or working with less than fully committed counterparts encountering serious problems. Considering the focal areas retained by the SSF, positive results have been (or are in the process of being) achieved by interventions in **education and vocational training** whereas the performance is mixed in **justice sector reform and regional & rural development**. However, this is mostly due to the modest performance of BS operations, which are relatively old initiatives (in the case of agriculture, dating back to the late 2000s). In both sectors, projects were ongoing at the time of this Evaluation and available evidence definitely points to an improvement in effectiveness.

#### 10.2.3 Sustainability (EQ#4 & EQ#5)

The overall assessment is **moderately positive**, owing to differences between the various types of interventions. **Interventions targeted at public institutions display a good level of sustainability.** While not all the expected results may have been achieved, what was achieved was still in place in mid-2017, with no significant case of reversal. Financial sustainability is generally not a problem and staff turnover is modest, with the exception of PAO. **The sustainability of actions implemented by CSOs and/or intended to strengthen CSOs is low.** There are positive examples, but in the majority of cases activities ceased with the end of EU funding, with limited prospects of being resumed.

#### 10.2.4 Efficiency (EQ#6)

Available evidence suggests that the resources deployed by the EU assistance programme were used efficiently. **Cost indicators are aligned with prevailing market values** and the extensive use

of Twinnings provided good value for money. Due to the discontinuation of the BS modality and the relatively low value of grants to CSOs and related auditing contracts, the portfolio includes a fairly large number of small operations, with **important repercussions on the workload at the EUD**. The combination of various instruments and the incremental approach adopted in working with some beneficiary institutions, had **positive effects on the quality and timeliness of the assistance delivered** and was widely appreciated. The exception to the above, is of course represented by BS operations. Leaving them aside, the overall assessment is **positive**.

#### 10.2.5 Impact (EQ#7)

Considering the overall less than ideal developments in the country during the relevant period considered, the overall assessment is **moderately positive**. The EU assistance was able to achieve an impact in relatively few but fairly important areas. At the macro level, EU initiatives in the area of institutional reform contributed to Azerbaijan's **improved performance in government effectiveness and regulatory quality** witnessed by international indicators. At the sector level, the protracted efforts deployed in vocational education, comprising both project support and policy dialogue, have paid off, and the EU significantly **contributed to put the VET system on the reform agenda**. A positive impact was also achieved in tourism, with an increase in arrivals from areas targeted by a marketing strategy revised by the EU-supported Ministry of Culture and Tourism, and in criminal justice, where the situation definitely remains less than satisfactory, but some improvements can be traced to concepts first promoted by EU assistance.

#### 10.2.6 Visibility (EQ#8)

The overall assessment is **less than satisfactory**. While the EU enjoys a quite positive image in Azerbaijan, EU assistance activities are known by only a minority. This appears to be primarily due to the focus on certain areas and/or of the utilization of certain instruments. There are a few projects featuring a high visibility, in terms of persons reached and/or media coverage, and others have the potential of doing so in the future. However, in the majority of cases, visibility was limited to the immediate beneficiaries and the professional circles more directly concerned, with little trickle-down effect on the general public.

#### 10.2.7 Complementarity and Coherence (EQ#9)

The overall assessment is **unambiguously positive**. EU-funded initiatives were fully complementary to those of other EU and non-EU donors and IFI, with an effective division of labour among development partners. Also the EU played a leading role in donor coordination, with positive results on project operations, as in the areas of PFM and VET.

#### 10.2.8 EU Added Value (EQ#10)

The assessment is **positive**. A substantial part of EU assistance focussed on approximation-related themes, a field in which **the EU has an inherent added value**. This is further reinforced by EU's comparative advantage in terms of expertise deployment, enabled by ENI instruments (Twinning and TAIEX), which allowed mobilizing and combining EU 28-wide knowledge and experience.

### 10.3 Recommendations

In line with the TOR, the recommendations are primarily intended to provide an input for the preparation of future EU assistance programming. Accordingly, the time horizon considered is typically medium-long term, although in some cases recommendations may also be considered in the framework of ongoing activities.

### 10.3.1 Recommendations Concerning Instruments

**Use of Different Instruments.** The portfolio of projects implemented EU assistance in Azerbaijan over the 2011 – 2016 period shows a strong emphasis on Twinnings, TAIEX, and grants to CSOs and a relatively modest reliance on TA operations. While somewhat unusual, this configuration appears to respond well to needs, considering that Twinnings and TAIEX are highly appreciated by Azerbaijani institutions, and grants to CSOs, while certainly originating significant administrative burdens due to their small size, allow to pursue important EU policy objectives. Under these conditions, barring major changes in priorities and/or in the general context, the current balance among the various instruments could well be retained in the future.

- **Recommendation:** consider retaining the current balance among the various instruments, with a continued strong emphasis on Twinnings, TAIEX and grants to CSOs.

**Utilization of Budget Support.** As indicated above (Section 6), there are different views regarding the effectiveness of past BS operations. The recent BS Review provides a globally positive assessment, as BS operations contributed to initiate policy dialogue in important areas. Instead, considering the limited results actually achieved, this Evaluation reaches a broadly negative conclusion. Irrespective of these differing views on past performance, positions tend to converge regarding the possible resumption of BS operations in the future (for which the GOA recently expressed interest), which should be subject to the fulfilment of clear conditions. In this respect, this Evaluation considers that the existence of well-conceived reform plans in the relevant sectors and, especially, the presence of a clear GOA commitment to implement those reform plans constitute **an essential litmus test to assess the feasibility of revamping BS operations**. While the problems encountered in the past were amply justified by the difficulty of reading the politics (and, in the case of the energy sector, the political economy) of reform in Azerbaijan in a situation of major political and economic changes, the re-emergence of similar problems in the future would signal an inability to learn from past experience.

- **Recommendation:** Any continuation of BS operations should follow a thorough verification of the existence of necessary precondition in terms of reform plans, general conditions and strong GOA commitment to actually implement the envisaged reforms.

### 10.3.2 Recommendations Concerning the Areas of Interventions and Operational Aspects

The focal areas retained by the SSF appear well aligned with both country needs and EU objectives. Therefore, barring major changes in priorities at the GOA and EU level and/or a drastic modification in operating conditions, these focal areas could also be carried forward into the future. This could be complemented with a stronger focus on the development of private sector activities outside agriculture. Some considerations on the various areas of interventions are provided below, together with the relevant recommendations. These are complemented with considerations regarding operational aspects, namely concerning CSO-implemented actions.

**Regional and Rural Development.** This focal area encompasses two themes, regional development and rural development that, while certainly linked, are not necessarily overlapping. This distinction must be kept in mind, as the two themes may require different approaches and tools. Regarding the **regional dimension**, all indicators show a significant (although not huge) variation in socio-economic indicators between Baku and surrounding areas and the rest of the country. Therefore actions aimed at correcting regional imbalances are a priori certainly appropriate. However, it is difficult to say to what extent the adoption of a 'territorial' approach could contribute to overriding objective of supporting the diversification of the economy as opposed to more 'horizontal' approaches. Concerning the **rural development dimension**, it is important to appreciate the challenges faced by the Azerbaijani agricultural sector. Agriculture is currently employing 36.3% of the workforce but contributing only a paltry 6% to GDP formation, and livelihood in rural areas largely depends upon the spillover from the oil economy. Such a situation is clearly not sustainable in the medium to long term and the sector appears to be set for a profound and possibly painful



transformation. In this context, any action aimed at supporting the development of high value added agriculture and agro-processing industry is definitely a key priority and any action aimed at supporting such a development would be certainly relevant.

- **Recommendation:** consider the continuation of activities in support of Regional and Rural Development subject to (i) a clarification of the relationships between the 'regional' and 'rural' dimensions, especially in terms of tools required; and (ii) an assessment of the relative merits of a territorial vs horizontal approach in contributing to the overriding objective of supporting the diversification of the economy.

**Justice Sector Reform.** The objectives indicated in the SSF, particularly those focusing on the ***independence and impartiality of the judiciary***, are being pursued by some recently started initiatives. The results of these initiatives (not covered by this Evaluation) are not yet known but, considering the crucial importance and sensitivity of the subject, it is plausible to assume that a protracted effort may be required.

- **Recommendation:** subject to assessment of the results of ongoing initiatives, consider the continuation of activities in support of Justice Sector Reform, with special focus on the independence and impartiality of the judiciary.

**Education and Skills Development.** The merits of EU action in support to **VET** have already been illustrated elsewhere in this Report and do not need much elaboration. This is an area where needs remain important, the EU assistance program has developed a good expertise and a continuation of activities is certainly recommended. In **education**, the recent initiatives focusing on the Bologna process show positive results and the reformist attitude displayed by the Ministry of Education is an important asset. Moreover, education is an area offering good prospects from a visibility point of view, as the reforms that could be supported have a potential impact on large parts of the population.

- **Recommendation:** Consider the continuation of activities in support of VET and education, with the allocation of appropriate resources to be used for information campaigns intended to illustrate the results achieved.

**Support to CSOs.** Because of the deteriorating environment, actions implemented through CSOs have encountered serious problems. Still, CSOs remain an essential partner in the pursuit of the ***overriding EU policy objectives of strengthening democracy and the protection of human rights and fundamental freedoms***. The EUD has been working hard to alleviate the consequences of restrictive GOA regulations on the provision of grants to CSOs and in the meantime some pragmatic solutions have been found. Assuming that minimal basic conditions are met, continued support to CSOs should definitely be a priority of future programming. Considering the persistent weaknesses of the CSO sector (aggravated by the recent developments), this should be accompanied by actions intended to further strengthen CSOs' management capabilities.

- **Recommendation:** consider the continuation of support to CSOs, through (i) the provision of grants for the implementation of specific actions, and (ii) additional capacity building activities.

**Private Sector Development.** Private sector development (PSD), i.e. the development of private sector activities outside agriculture, is of paramount importance to support the strategic objective of economic diversification. PSD-related activities were scarcely present among EU bilateral assistance initiatives implemented over the 2011-2016 period, with only a limited number of sizeable initiatives. The situation is in the process of changing, as several activities envisaged under the latest AAP and falling under the Regional and Rural Development focal area do focus on PSD-related themes, and especially on SME development. Future programming documents should consider ***placing a greater emphasis on PSD***. This may not necessarily involve the addition of a further focal area, as PSD may be regarded as a cross cutting priority, intended to ensure the coherence among the actions envisaged in the various 'sectors'. As the experience with the EU-Azerbaijan Business



Forum shows, PSD-related activities have a good potential for enhancing the visibility of EU action, and therefore great attention should be devoted to the dissemination of results.

- **Recommendation:** consider the inclusion of PSD in the future programming, as a focal area or as a cross-cutting priority, with the allocation of appropriate resources to be used for information campaigns intended to illustrate the results achieved.

**Monitoring of CSOs' Activities.** Continuing support to CSOs should be accompanied by a stronger monitoring of their activities. While improvements in operations are expected to result from general capacity building activities, in the short term a closer monitoring of CSOs from relevant services also appears warranted. Indeed, in addition to ensuring the enforcement of binding contractual provisions, a strengthened monitoring would **yield substantial information on the results achieved by the various CSO-implemented actions**, which could be precious for information activities, with positive effects on visibility.

- **Recommendation:** consider strengthening the monitoring of CSO-implemented actions, in order to collect information on the results achieved that could be useful for visibility-related activities.