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Evaluation Office
United Nations Development Programme

INDEPENDENT COUNTRY PROGRAMME EVALUATION AZERBAIJAN



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INDEPENDENT COUNTRY PROGRAMME EVALUATION

AZERBAIJAN



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Foreword

It is my pleasure to present the Independent Country Programme Evaluation for the United Nations Development Programme (UNDP) in the Republic of Azerbaijan, the first country-level assessment conducted by the Independent Evaluation Office in the country. The evaluation covers the programme period 2016 to 2018.

Despite its status of upper-middle-income country, Azerbaijan's path towards sustainable development is still affected by a number of challenges, including a vulnerable economy that relies heavily on oil and gas, uneven distribution of resources, and exposure to environmental degradation and hazards. The country's capacity for policy formulation and implementation, as well as the quality of public services, have significantly improved in the last five years, although there is limited room for independent expression and association.

The evaluation found that UNDP had contributed to solidifying the capacity of national institutions, which it had long supported in the areas of mine action, integrated border management and e-governance. It reduced disparities and promoted the inclusion of marginalized and at-risk groups through skills development and employment opportunities. UNDP's work in the environment area supported the preservation of biodiversity and strengthened the capacity of local populations to cope with natural and human-induced hazards. Importantly, UNDP spearheaded United Nations efforts to promote and nationalize the Sustainable Development Goals.







The evaluation concluded that a renewed partnership with line ministries and the government's increased cost-sharing put UNDP on a more solid footing to support the promotion of sustainable development in Azerbaijan. Looking ahead, the evaluation recommends that UNDP focus on issues of entrepreneurship and inclusive human development, as well as greener growth and climate change mitigation. In all its areas of work, UNDP should pay greater attention to the sustainability of the structures it helps create, including at sub-national level, and further promote innovation.

I would like to thank the Government of Azerbaijan, various national stakeholders, and colleagues at the UNDP Azerbaijan country office for their support throughout the evaluation. I trust this report will be of use to readers seeking a better understanding of the broad support that UNDP has provided, including what has worked and what has not, and in prompting discussions on how UNDP may be best positioned to contribute to sustainable development in Azerbaijan in the years ahead.



Indran A. Naidoo
Director, Independent Evaluation Office

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Acronyms and Abbreviations

ABAD	State Agency for Public Service and Social Innovation
ANAMA	Azerbaijan National Agency for Mine Action
CAERC	Centre for Analysis of Economic Reforms and Communication
CO	Country office
CPD	Country Programme Document
CSO	Civil Society Organization
EU	European Union
GEF	Global Environment Facility
GHG	Greenhouse Gas
IBM	Integrated Border Management
ICPE	Independent Country Programme Evaluation
ICT	Information and Communication Technology
IEO	Independent Evaluation Office
M&E	Monitoring and Evaluation
MLSP	Ministry of Labour and Social Protection of the Population
MRV	Monitoring, Reporting and Verification
MTCHT	Ministry of Transport, Communication and High Technologies
NCCSD	National Coordination Council for Sustainable Development
NGO	Non-Governmental Organization
RRF	Results and Resources Framework
SDG	Sustainable Development Goal
SLFM	Sustainable Land and Forest Management
SOCAR	State Oil Company of the Azerbaijan Republic
SYSLAB	Systems Laboratory for Innovation and Employment
UNAPF	United Nations-Azerbaijan Partnership Framework
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
VET	Vocational Education and Training
VNFIL	Validation of Non-Formal and Informal Learning
WRC	Women's Resource Centre

Evaluation Brief: Azerbaijan

Azerbaijan is an upper-middle-income country that depends on oil and gas, which constitute 36 percent of Gross Domestic Product. The distribution of wealth is uneven, particularly between rural and urban areas. Internally displaced people, women and people with disabilities are particularly vulnerable, with several challenges preventing them from fully enjoying their socio-economic rights. Civil service reform has seen the effectiveness of the administration improve steadily, however the reverse is true for freedom of expression and participation. Azerbaijan's exposure to environmental degradation and natural hazards, exacerbated by climate change, represents another barrier to inclusive and sustainable growth.

The United Nations Development Programme (UNDP) country programme closely aligned with the national strategy, Vision 2020, and the United Nations-Azerbaijan Partnership Framework. The collaboration strategy revolved around three priority areas: 1) Economic diversification and inclusive, sustainable growth; 2) Enhanced institutional capacity for the development of equitable development policies; and 3) Improving environmental management and resilience to natural and human-induced disasters.

The Independent Country Programme Evaluation covered UNDP's development work in Azerbaijan from 2016 to 2018.

Findings and conclusions

UNDP's close relationship with national institutions, combined with its prompt response to needs and an efficient procurement system, made it a respected partner in implementing important initiatives in support of national priorities. UNDP's ties with national institutions were strengthened over the past few years. When the tightened fiscal discipline imposed by the 2015 oil crisis relaxed, the government re-started its

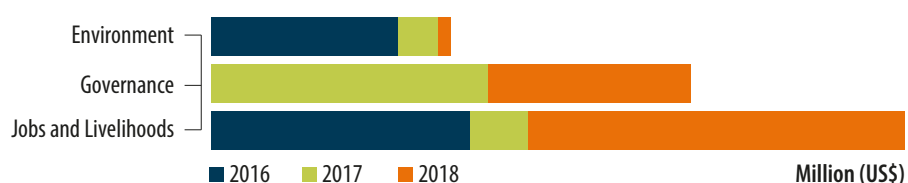
contribution through cost-sharing. UNDP played an important role in promoting the work of civil society organizations with vulnerable populations.

Support for women, youth and people with disabilities was a strong theme of the inclusive growth portfolio. UNDP contributed to enhancing employment opportunities and reducing disparities between urban and rural areas. UNDP's involvement at the policy level in this area was more limited, and planned outputs to improve data availability to implement labour and social protection policies were not achieved. UNDP is well positioned to implement activities on the ground, which few organizations can do at the same scale. However, the extent to which UNDP can raise its profile depends on its ability to formulate a clear strategy based on a sound theory of change and an articulated value proposition.

UNDP's prolonged interventions on border management, mine action and e-governance contributed to strengthening institutions' capacities. UNDP's advocacy was important in establishing the National Coordinating Council for Sustainable Development and supporting the identification of priority areas for achieving the Sustainable Development Goals. UNDP's engagement on public administration strengthening and service delivery was limited to a few relatively small projects. The country office (CO) did not engage in key aspects of good governance, such as access to justice and accountability, given the limited space for international organizations in these areas.

UNDP contributed to conserving natural resources through preserving biodiversity and promoting native crops. It also contributed to strengthening livelihoods of local populations and reducing vulnerability to disasters. Greenhouse gas emissions were monitored, and nationally appropriate mitigation actions implemented in the oil and gas sectors. These need to be scaled up.

FIGURE 1: Budget for new projects 2016–2018



The sustainability of UNDP's work was promoted by working through existing national structures. In some cases, the prospects of new institutions seemed less certain, due to the short nature of the support provided

and the dependence on future grants for the continuation of activities. Engagement at sub-national level was significant, although activities were largely fragmented, with fewer opportunities for significant impact.

Recommendations

- **RECOMMENDATION 1.** UNDP should develop its next Country Programme Document based on theories of change that, starting from a clear definition of the problem, define its contribution vis-à-vis that of other development partners. The CO should move away from priority-area-based theories of change towards issues-based theories of change, to which different portfolios can contribute and where government and development partner inputs are reflected.
- **RECOMMENDATION 2.** UNDP should ensure further synergies among its areas of intervention. Where feasible, the CO should seek to integrate the management of projects, especially smaller projects, to further increase efficiency and strengthen results.
- **RECOMMENDATION 3.** UNDP should reassess its engagement at sub-national level, aiming to identify opportunities for further integration of activities into a more cohesive framework.
- **RECOMMENDATION 4.** UNDP should pay greater attention to the sustainability of the structures its interventions help create. The CO should elaborate sustainability plans and exit strategies for the structures it establishes, including specific measures that ensure the replication, scale up and institutionalization of piloted activities. Where feasible, UNDP should ground its activities more firmly in market-based mechanisms, such as micro-finance or banking institutions.
- **RECOMMENDATION 5.** UNDP should develop a more solid, long-term resource mobilization strategy which articulates funding diversification objectives and identifies appropriate actions and partners.
- **RECOMMENDATION 6.** UNDP should significantly strengthen its monitoring and evaluation (M&E) capacities. The CO should formulate clear programme outcome-level indicators around issues-based theories of change. These indicators would be tracked through projects. Each project should include a sound results and resources framework, with indicators at both output and outcome level. Indicator-related information should be included in a dashboard that the UNDP resident representative regularly discusses with programme analysts. Tools to track the sustainability of its interventions, such as the absorption of training for national partners or the performance of pilots over time, should be developed. M&E capacities should be enhanced through a dedicated staff officer and/or M&E training for programme and project officers.
- **RECOMMENDATION 7.** UNDP should continue strengthening its work around gender and women's empowerment and develop a gender strategy outlining the CO's opportunities and approaches, covering both organizational and programmatic aspects.
- **RECOMMENDATION 8.** UNDP should further promote innovation across its portfolio by using technology and behavioural research to promote ground-level social and environmental change. The focus should be on the realization of practical innovations that address specific social or environmental problems, possibly linked to existing project initiatives.

A decorative graphic consisting of a dotted line that starts vertically on the left, then turns horizontally to the right. Along this line are five colored circles: an orange circle on the vertical segment, a dark blue circle on the vertical segment, a yellow circle on the horizontal segment, an orange circle on the horizontal segment, a dark blue circle on the horizontal segment, and a yellow circle on the horizontal segment.

CHAPTER 1

BACKGROUND AND INTRODUCTION

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1.1. Purpose, objectives and scope of the evaluation

The Independent Evaluation Office (IEO) of the United Nations Development Programme (UNDP) conducts Independent Country Programme Evaluations (ICPEs) to capture and demonstrate evaluative evidence of UNDP's contributions to development results at the country level, as well as the effectiveness of UNDP's strategy in facilitating and leveraging national efforts for achieving development results. ICPEs are independent evaluations carried out within the overall provisions contained in the UNDP Evaluation Policy.

This ICPE is the first IEO evaluation of UNDP's work in Azerbaijan. It covered the period from 2016 to 2018,¹ in accordance with the evaluation's terms of reference (see Annex 1, available online). The ICPE assessed the entirety of UNDP's activities in the country, whether funded by core UNDP resources, donor funds or government funds. It also considered UNDP's contribution to the United Nations country team (UNCT) and assessed UNDP's role as a catalyst and convener working with other development partners, civil society and the private sector.

The ICPE was timed to feed into the preparation of the next Country Programme Document (CPD), which will be implemented starting from 2021. Primary audiences for the evaluation are the UNDP Azerbaijan country office (CO), the Regional Bureau for Europe and the Commonwealth of Independent States, the UNDP Executive Board and the Government of Azerbaijan.

1.2. Evaluation methodology

The ICPE was conducted according to the approved IEO process. Following the development of the terms of reference, the IEO recruited two international consultants to support the assessment. During the initial phase, a stakeholder analysis was conducted to identify all relevant stakeholders, including those that

may not have worked with UNDP but had played a key role in the outcomes to which UNDP contributed.

The ICPE addressed three key evaluation questions:²

1. What did the UNDP country programme intend to achieve during the period under review?
2. To what extent has the programme achieved (or is likely to achieve) its intended objectives?
3. What factors contributed to, or hindered, UNDP's performance and eventually the sustainability of results?

The effectiveness of UNDP's country programme was analysed through an assessment of progress made towards the achievement of the expected outputs, and the extent to which these outputs contributed to the intended CPD outcomes. This process considered positive, negative, direct and indirect results.

To better understand UNDP's performance and the sustainability of results in the country, the ICPE examined the specific factors that influenced, positively or negatively, the country programme. UNDP's capacity to adapt to the changing context and respond to national development needs and priorities was examined.

The evaluation methodology adhered to the United Nations Evaluation Group norms and standards.³ In line with UNDP's gender mainstreaming strategy, the evaluation examined the level of gender mainstreaming across the country programme and operations. Gender disaggregated data were collected, where available, and assessed against programme outcomes.

The evaluation relied on information collected from different sources, which was then triangulated:

- A review of UNDP strategic and programme documents, project documents and monitoring reports, evaluation,⁴ research papers and other

¹ The report also considered projects that had started in the first six months of 2019, but without being able to assess their effectiveness.

² ICPEs adopt a streamlined methodology that differs from the previous Assessments of Development Results, which were structured according to the four standard Organisation for Economic Co-operation and Development's Development Assistance Committee criteria.

³ <http://www.unevaluation.org/document/detail/1914>

⁴ Ten decentralized evaluations were conducted in the period under consideration.

available country-related publications. The main documents consulted by the evaluation team are listed in Annex 6, available online.

- An analysis of the programme portfolio, and the development of theories of change by programme area to map the projects implemented against the goals set in the CPD. The theories of change are available in Annex 8, online.
- Response by the CO to a pre-mission evaluation questionnaire, which was further discussed and validated during the country mission.
- In-person and phone interviews with more than 55 stakeholders, including UNDP staff, government representatives, the United Nations resident coordinator, UNCT members' representatives, development partners, civil society organizations (CSOs), academia and beneficiaries (men and women). The interviews were used to collect data and stakeholders' perceptions of the scope and effectiveness of programme interventions, determine factors affecting performance, and identify the strengths and weaknesses of the UNDP programme as a whole. A full list of interviewees is available in Annex 5, online.
- Three field visits to project sites⁵ to enable the evaluation team to assess the achievements of selected initiatives and conduct semi-structured interviews and focus groups with beneficiaries.

The draft ICPE report was quality assured by two IEO internal reviewers, then submitted to the CO and the Regional Bureau for Europe and the Commonwealth of Independent States for factual errors and comments, and finally shared with the government and other national partners.

Evaluation limitations. The limited time and resources available to conduct the evaluation affected the team's capacity to collect primary data and consult data sources that had not already been

systematized. Most of the research for the evaluation was conducted remotely, with only five days spent in the country (from 13–17 May 2019). This influenced the level of consultation with national stakeholders and the number and depth of field visits to interview beneficiaries and directly assess project results.

1.3. Country context

Azerbaijan is an upper-middle-income country with an economy that is highly dependent on the oil and gas sectors. Accounting for 36 percent of the country's Gross Domestic Product in 2017,⁶ oil and gas are major sources of state budget revenue.⁷ The country's Gross National Income per capita fluctuated greatly from 2010 to 2017 due to changes in oil production and prices. In 2015, as the oil price fell by one third, the central bank of Azerbaijan adopted a floating exchange rate and devalued the currency by 33 percent to the dollar. Further diversification of the country's economy and reduced reliance on this depleting resource, which provides only 7 percent of employment,⁸ thus remains one of the highest priorities for the country.

The distribution of economic wealth is uneven, particularly between rural and urban areas. When adjusted for inequality, the 2018 Human Development Index reduced from 0.757 to 0.681, with a slight improvement from the 0.658 level recorded in 2015.⁹ Following the unresolved conflict with Armenia over the Nagorno-Karabakh region, Azerbaijan became host to 643,000 internally displaced people who face worse living conditions and display lower employment rates than the non-displaced population.¹⁰ People living in mine-affected areas are disadvantaged, as they cannot access land resources.

Azerbaijan has a well-developed legislative base for the protection of women's rights. The Constitution guarantees gender equality and freedom from

⁵ Gizil-Agaj National Park, Masalli, and Garadagh-Ismailli region.

⁶ Own calculations based on https://www.stat.gov.az/source/system_nat_accounts/?lang=en data.

⁷ Other main sectors of the economy include mining, construction, trade, manufacturing and agriculture.

⁸ Country Programme Document for the Republic of Azerbaijan (2016–2020).

⁹ UNDP Human Development Report data.

¹⁰ Internal Displacement Monitoring Centre, 2018.

discrimination in all spheres of life. Since achieving the status of sovereign independent state in 1991, the country has ratified major international agreements on human rights, including the Convention on the Elimination of All Forms of Discrimination against Women in 1995. However, women still face a number of challenges that prevent the full enjoyment of their rights. Azeri women occupy a greater proportion of the informal employment and low-wage sectors and suffer higher unemployment rates: in 2014, the female unemployment rate was 1.7 percent higher than the male rate.¹¹ There are disparities in the level of men's and women's participation in entrepreneurial activities.¹²

Weak institutional capacity of the government to formulate and implement evidence-based equitable policies was identified as one of the key barriers to inclusive growth. Starting from 2005, and with the support of UNDP, the Government of Azerbaijan initiated civil service reform to enhance the transparency of civil servant recruitment and address weak institutional capacity to ensure the provision of adequate public services. As a result, the country's performance on the World Bank's Government Effectiveness Index improved steadily over recent years.¹³ However, there was a reverse trend in the Voice and Accountability Index, which in 2016–2017 was at its lowest point of -1.56.¹⁴ The 2019 Freedom House Report rated Azerbaijan 6.5 out of 7 (where 7 is the lowest), citing issues of corruption and little room for independent expression or activism.

The country's exposure to environmental degradation and natural hazards, exacerbated by climate change, represents another barrier to inclusive and sustainable growth. Slow-onset processes such as droughts, sea-level fluctuations, soil degradation and water salinization are increasingly affecting communities and livelihoods, in addition to natural disasters such as floods and landslides. Salinization of water bodies, largely caused by the inadequate design of irrigation distribution networks, and pollution from industrial and municipal waste caused

a reduction in fish populations and marine biodiversity. The soil is becoming salinized, making large areas of land no longer suitable for agriculture.¹⁵

BOX 1. Azerbaijan Vision 2020

- Highly competitive economy
- Modernization of transport infrastructure
- Development of information and communication technologies and transition to a knowledge-based society
- Development of the human capital and social spheres
- Updating legislation and reinforcing institutional capacity
- Civil society development
- Protection and effective use of cultural heritage
- Environmental protection and ecological matters

1.4. UNDP programme in Azerbaijan

UNDP's country programme for 2016–2020 was based on the United Nations-Azerbaijan Partnership Framework (UNAPF) and contributed to three out of five UNAPF outcomes.¹⁶ The programme aligned with Azerbaijan's national development strategy, Vision 2020, and contributed to Outcomes 1, 3, 6 and 7 of the 2014–2017 UNDP Strategic Plan.

UNDP's collaboration strategy with the government centred on supporting capacity development to achieve long-term and sustainable improvements in three priority areas:

1. Economic diversification and inclusive sustainable growth.
2. Enhanced institutional capacity for the development of equitable development policies.
3. Improving environmental management and resilience to natural and human-induced disasters.

¹¹ Source: Ministry of Labour and Social Protection of the Population.

¹² Source: Ministry of Economy.

¹³ <https://datacatalog.worldbank.org/dataset/worldwide-governance-indicators>

¹⁴ The index ranges from a minimum of -2.5 to a maximum of 2.5. Data were provided by the World Bank.

¹⁵ In 2009, 1.5 million hectares of land was recorded as being no longer suitable for agriculture, mainly due to salinization. https://publications.iom.int/system/files/pdf/policy_brief_vol2_issue4_en.pdf

¹⁶ One outcome (out of three) on institutional capacity and effective public and social services; one outcome on sustainable and inclusive development; and one outcome on environmental management and resilience to hazards and disasters.

Under the first priority area, UNDP focused on developing human capital as a necessary prerequisite for a diversified, competitive and knowledge-based economy. To this end, UNDP planned to support national institutions to design and roll out new vocational education programmes and start-up businesses in the non-oil sectors. Planned actions included supporting the government to upgrade and extend information and communication technology (ICT) infrastructure into rural areas, and to support mine removal in affected territories.¹⁷ For this priority area, UNDP mobilized some US\$8 million (core and non-core resources) to implement 14 projects.

Under the second priority area, UNDP aimed to provide civil servants with necessary knowledge and expertise to address development challenges in all stages of policy making. This included support to gender-sensitive programming, improved data availability for the implementation of labour and social

protection policies, and the institutionalization of an Integrated Border Management (IBM) strategy. For this priority area, UNDP mobilized some \$16 million for the implementation of 13 projects.

Under the third priority area, UNDP sought to support local communities whose livelihoods depended on natural resources by empowering them to participate in decision-making processes concerning the use of those resources, encouraging the use of local crop varieties, and promoting adaptation and mitigation measures to support climate-resilient and low-emission development. UNDP aimed to increase effectively managed marine ecosystems in protected areas and build the capacity of government and partner institutions to monitor environmental indicators for evidence-based decision making and reporting under environmental conventions. In this area, UNDP mobilized \$13.4 million for the implementation of 11 projects.

¹⁷ Modernization of ICT, mine action programmes and VET projects were included in Atlas under governance.



CHAPTER 2

FINDINGS

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2.1. Inclusive growth and sustainable development

By 2020, the Azerbaijan economy is more diversified and generates enhanced sustainable growth and decent work, particularly for youth, women, persons with disabilities and other vulnerable groups.

Finding 1: Support for women, youth and people with disabilities was a strong theme of the inclusive growth portfolio. UNDP's work in this area contributed to the enhancement of employment opportunities, the reduction of disparities between urban and rural areas, and the advancement of the rights of vulnerable groups, aligning with the 'leave no one behind' principle. In this area, UNDP forged important partnerships with the State Committee for Family, Women and Children and other United Nations agencies.

In partnership with the Ministry of Labour and Social Protection of the Population (MLSP) and the State Committee for Family, Women and Children, UNDP promoted the establishment of centres that support women, youth and people with disabilities to obtain jobs and start businesses. UNDP established five (plus one mobile) Systems Laboratory for Innovation and Employment (SYSLAB)¹⁸ centres for young people and eight¹⁹ women's resource centres (WRCs). These provided women with information, knowledge and skills necessary to advocate as a group and start businesses.²⁰ In partnership with the State Agency for Public Services and Social Innovations (ABAD), UNDP provided in-kind and capacity building support for the establishment and expansion of family businesses in six rural regions. Stakeholders greatly appreciated support in this area, which led

to the creation of jobs. Results-oriented annual reports showed a 66 percent employment rate among SYSLAB graduates, and 50 new businesses originating from the support to WRCs. However, in the absence of a monitoring and evaluation (M&E) system that looked at aggregated data across projects, the ICPE found it difficult to reconcile figures emerging from different reports and was not able to assess overall results in terms of employment and small and medium enterprise development.

In early 2018, UNDP began partnering with MLSP to implement active labour market policies. The initiative consists of piloting a \$3.2 million self-employment scheme for people with disabilities, modelled on a programme that UNDP has been implementing in Northern Macedonia for over one decade. Some 500 households with people with disabilities will be assisted to set up sustainable businesses. If successful, this partnership could expand to other areas, providing the CO with increased potential for resource mobilization.²¹ Another project, co-funded by the ministry and expected to benefit 2,500 people,²² will promote the rights of people with disabilities, with a specific focus on women and girls and veterans of the Nagorno-Karabakh conflict.

Finally, together with the United Nations Population Fund, UNDP conducted a gender assessment that examined factors influencing women's participation in the private sector and identified how to best support the efforts of national partners to promote women's economic empowerment and economic participation, including in formal employment.²³ The study was used to inform the activities of a regional project through which UNDP, in partnership with UN Women, will reach out to 12 companies to advocate for the implementation of gender-responsive corporate policies and practices. The State Committee for Family, Women and Children used the gender assessment for reporting

¹⁸ SYSLAB centres have been established in Russia, Kazakhstan, Moldova and other countries, based on the experience of Syslab International AS, located in Norway. In Azerbaijan, the SYSLAB methodology was tailored to specific skills needed in the labour market, such as ICT, and age categories, as unemployment among youth is almost twice the average (9 percent vs 4.9 percent).

¹⁹ Three additional WRCs will be established in the context of the regional project on women's economic empowerment, implemented with UN Women.

²⁰ WRCs serve as a space for women to engage in social issues in their communities, and to network and exchange knowledge, information and experience.

²¹ According to MLSP, the Azerbaijan Unemployment Insurance Fund has \$60 million annually; \$33 million was allocated to the self-employment programme.

²² According to the CO, the number of beneficiaries in this project reached 6,000. The ICPE could not further analyse the extent to which this affected the scope and/or strategy of the project.

²³ The joint gender assessment was conducted in partnership with the State Committee for Family, Women and Children, the Women's Association for Rational Development and the Embassy of Switzerland.

and advocacy purposes. The CO indicated that the assessment had triggered the start of Azerbaijan's first women's economic empowerment platform, whose operationalization was being discussed with UNDP.

Finding 2: UNDP supported the modernization of the vocational education and training (VET) system. Work focused on strengthening the capacity of vocational education centres to provide students with knowledge and skills for a successful transition to the labour market. The CO assisted the Tourism and Management University to improve the quality of teaching and obtain international accreditation. VET is receiving increased attention, and UNDP can build on its growing portfolio in the area of skills and employment to position itself more strategically.

With primary funding from the European Union (EU), UNDP developed curricula and training modules on six new occupations, based on a survey conducted in the southern regions to identify labour market needs. UNDP is further assisting with the design of methodological guidelines for the implementation of Validation of Non-Formal and Informal Learning (VNFIL).²⁴ This is expected to lead to the development of key requirements for the accreditation of VNFIL, including assessment and quality assurance processes. The CO is assisting the government to identify the most relevant and empirically proven international assessment protocols, which acknowledge evidence of prior learning. UNDP supported the renovation and modernization of two out of 10 VET schools²⁵ as part of the Ministry of Education's plan to implement a strategic roadmap on vocational education. It also launched a new programme to increase access to inclusive vocational programmes for children and youth with disabilities in Baku.

In partnership with the Ministry of Culture and Tourism, UNDP assisted the Azerbaijan Tourism and Management University to establish a training laboratory and produce video tutorials on virtual

excursions. These are for guides and manuals on tourism and management. UNDP also supported the university to obtain international accreditation for tourism education.²⁶

VET is receiving increased attention, given its important role in private sector development and diversification. The ICPE believes the CO is well positioned to continue supporting national authorities in this area, tapping into potential synergies in its VET portfolio, activities related to employment and business development (such as SYSLABs and WRCs) and environmental capacity building efforts.

Finding 3: UNDP's approach to economic diversification and decent work focused on the creation of employment for vulnerable populations. Its involvement in policy development in this area was somewhat more limited. The CO's theory of change shows a gap between the problem statements and the CO's role in addressing key issues affecting sustainable growth, which may offer opportunities for future collaboration.

UNDP's goal to support the Government of Azerbaijan to diversify its economy and boost its development through a stronger evidence base for policy development and the promotion of small and medium enterprises has been partially realized. While it is widely acknowledged that UNDP's work contributed to reducing the vulnerabilities of marginalized and at-risk groups and addressed some of the skills gaps in the job market, particularly around ICT, its activities were fragmented across regions and projects. The work carried out through CSOs was "still a small amount compared with the socio-economic needs of the country".²⁷

UNDP did not play a central role at the policy development level. The planned CPD outputs to improve data availability to implement labour and social protection policies²⁸ were not implemented, and engagement with the International Labour Organization

²⁴ VNFIL is a tool that enables candidates to obtain a qualification through validating work experience. This tool promotes more permeable educational systems, adaptable to the changing nature of skills demand. It is also a way of giving those most at risk of social exclusion access to the formal education system or the opportunity to gain employment from skills acquired in non-formal and informal settings.

²⁵ Two VET schools were renovated in Ganja and Jalilabad regions.

²⁶ Efforts to obtain TedQual accreditation are ongoing.

²⁷ Evaluation of the project, Enabling Civil Society to Play a Greater Role in Advancing Socio-Economic Rights of Vulnerable Populations, Final Report, May 2018.

²⁸ Under the governance portfolio in the CPD.

on the National Employment Strategy 2019–2030 was defined as limited. Interviewees attributed this lesser involvement in policy development to UNDP’s limited capacity and a business model that privileged resource mobilization for projects over policy development work, which was in any event considered to entice donors less. “We were too busy implementing projects, chasing procurement, and drafting reports, and we had not enough people,” one key interviewee said.

While UNDP became involved later in the development of strategic roadmaps, for which the government asked the support of an international consultancy, the organization was able to influence the agenda by suggesting the introduction of subsidies to incentivize the sustainable use of resources and offer alternative livelihoods for rural populations.²⁹ Later, it assisted the Centre for Analysis of Economic Reforms and Communication (CAERC) to establish an M&E framework to monitor their implementation. The government has already published the second round of progress reports, utilizing the framework developed with UNDP support. Other activities in this area included a South Caucasus regional trade study,³⁰ which produced findings and recommendations on raising the region’s trade profile and trade facilitation capacities.

The theory of change that the CO developed for this area presents a gap between the problem statements and UNDP’s envisaged role.³¹ While relevant to the ultimate goal of generating decent work for the most vulnerable and supporting sustainable growth, UNDP’s interventions have, for the most part, been too limited to have a significant impact on the diversification of the economy. This would require more balanced investment towards the enhancement of agricultural productivity in a sector that employs over 35 percent of the labour force, and in rural development. These areas represent opportunities for further engagement of the CO in collaboration with the UNCT and international financial institutions, also building on previous successes in “converting black gold to human gold.”³²

2.2. Governance

By 2020, Azerbaijan has enhanced institutional capacities for transparent, evidence-based and gender-sensitive policy formulation.

Finding 4: UNDP provided multidimensional support to the nationalization of the Sustainable Development Goals (SDGs). It actively promoted dialogue around the SDGs, with the inclusion of civil society. It led both capacity building and policy support efforts to identify priority areas. Additional work is needed to further promote the availability and use of data for evidence-based decision making and to advocate for the full nationalization of the SDGs through national budget allocation.

UNDP’s advocacy was an important contributing factor to the president’s decision to establish the National Coordination Council for Sustainable Development (NCCSD), which was mandated to define national priorities until 2030 in accordance with global SDG targets. After the establishment of the NCCSD, UNDP continued supporting the government to carry out an assessment of the alignment of its national development plans with the SDGs. It helped draft two voluntary national reviews (2017 and 2019) for the United Nations High-Level Political Forum on Sustainable Development. These identified key policy interventions to achieve the SDGs, including the development of a national strategy for the implementation of the SDGs by 2030. This is in progress. UNDP also led an inter-agency mission on mainstreaming, acceleration and policy support, in close coordination with the NCCSD. This helped identify three SDG accelerators (inclusive labour markets, greener growth and enhanced public social service delivery). The CO is now planning to lead UNCT efforts to support the government in the three SDG accelerator areas.

²⁹ The strategic roadmaps for the national economy and main economic sectors were approved with a Decree of the President of the Republic of Azerbaijan on 6 December 2016. They include a roadmap on the national economy and 11 roadmaps on priority sectors of the economy.

³⁰ In the context of the project, Facilitation of Trade in the South Caucasus, 2018.

³¹ Theories of change for the three priority areas of the Azerbaijan CPD 2016–2020.

³² Ibid.

UNDP promoted the involvement of non-governmental actors in discussions around the SDGs. In addition to the panels on SDG implementation organized with NCCSD,³³ which brought together different groups (parliamentary representatives, CSOs, women, youth and academia),³⁴ UNDP is supporting the creation of a platform for dialogue between the government and civil society on the SDGs and building CSO capacity to apply gender-responsive approaches to SDG implementation.

UNDP provided methodological support to the measurement of SDG indicators and helped develop the online National Information Portal, which includes 119 SDG indicators. However, the definition of clear targets for the prioritized SDG indicators and the availability of data were reported to be a continuous challenge. The ICPE considers that UNDP is well positioned to provide further methodological support to the State Statistics Committee to improve the quality of socio-economic indicators, measuring the country's progress in areas related to human and sustainable development, and promoting the use of data among national institutions for evidence-based policy making.

In the period under consideration, UNDP's support focused mainly on advocacy, analysis and prioritization of SDGs. NCCSD requests for support to integrate the SDGs into national policies could only be partially met, due to limited resources and in-house expertise to respond within the desired timeframe.³⁵ In June 2019, the CO began engaging with CAERC to integrate SDGs into the Strategic Roadmap for Economic Reforms, showing adaptability and responsiveness to the government's request. It is important that the engagement with CAERC considers the resource requirements for the agreed priorities, to ensure that financial envelopes are allocated accordingly.

Finding 5: UNDP's long-term engagement in the area of mine action, IBM and e-governance contributed

to stronger national institutions. Customs control checkpoints at the border with Georgia reportedly resulted in secure overflow areas and reduced processing times for cargo.

In the area of mine action, UNDP has long supported the capacity of the Azerbaijan National Agency for Mine Action (ANAMA). As ANAMA marks 20 years of successful operations in the country, it is important to recognize UNDP's crucial role in its establishment and in its achievements.³⁶ With UNDP support, ANAMA has evolved from a fledgling organization towards a professional institution, well-equipped with robust knowledge and cutting-edge infrastructure for clearing mines and providing risk education and assistance to survivors of mine and munition explosions. In the current programming cycle, UNDP's capacity building support mainly focused on promoting ANAMA as a first-class international institution. While UNDP used to provide financial support for ANAMA's capacity building, now ANAMA finances joint activities with UNDP.

In the area of border management, UNDP supported the governments of Azerbaijan and Georgia to strengthen and modernize IBM systems at joint customs control checkpoints. An IBM strategy was put in place in 2017, and more than 300 customs staff and personnel were trained on EU customs control procedures, as well as phytosanitary, veterinary and food safety issues. As a result of this project, a secure overflow area was created, which has reportedly reduced processing times for cargo. With UNDP support, a new customs terminal was opened on the Azerbaijani end of the Red Bridge.

UNDP has long supported the government in the areas of e-governance and ICT. After a few years' hiatus,³⁷ the CO re-kindled its partnership with the Ministry of Transport, Communication and High Technologies (MTCHT) to focus on the procurement

³³ Decree of the President of the Republic of Azerbaijan, 6 October 2016.

³⁴ In the Voluntary National Review, the government considered the SDG process as an opportunity to empower a broader range of national stakeholders, promote participative national dialogue and streamline wider cooperation on the path to sustainable development.

³⁵ Results-oriented Annual Report, 2017.

³⁶ According to the CO, over 520 million km² of Azerbaijani land are completely mine-free, while nearly 800,000 mines and other explosive weapons have been eliminated. ANAMA has created safe conditions for the resettlement of over 160,000 individuals who had been displaced from their home towns because of the Nagorno-Karabakh conflict.

³⁷ In 2016, the deficit of cash committed to the ICT/E-governance programme was about \$9 million and only in 2018 did the minister agree to commit \$0.3 million to re-start the project.

of ICT equipment and strengthening data systems to modernize the existing data architecture. The CO supported the development of innovation roadmaps to stimulate the economy using technology and innovative approaches. As a result of the roadmaps, the ministry began structural reforms within MTCHT. In 2019, the State Fund for the Development of Information Technologies and the High-Tech Park were merged into an innovation agency under the ministry. UNDP and MTCHT agreed to strengthen ICT infrastructure in remote and economically disadvantaged areas, as planned in the CPD.

Finding 6: UNDP's engagement on public administration strengthening and service delivery was fairly limited and fragmented. The CO did not engage in key aspects of good governance, such as judiciary reform, access to justice, and accountability, given the limited space that exists for international organizations in these areas.

In the period 2016–2018, UNDP supported a few relatively small projects in support of public capacity development. It contributed to establishing a training centre at the Public Administration Academy. Training modules were developed and close to 300 civil servants were trained on strategic management, decision making, leadership, M&E and the SDGs. UNDP contributed to upgrading communication systems between the headquarters of the Ministry of Foreign Affairs and diplomatic missions abroad. Further, UNDP supported a study on the optimization of the institutional structure and functions of the Ministry of Ecology and Natural Resources, with the ministry implementing the recommendations.³⁸

UNDP provided technical expertise to the Azerbaijan Service and Assessment Network to enhance its capacity to provide better public services to the population. With UNDP support, about 3,000 network personnel³⁹ now have access to a new learning and development system, including an online course on gender equality and gender-sensitive public service delivery. With UNDP

support, the government is pioneering a new initiative called 'mobile signature', which will help provide some public services electronically. So far, full results of the mobile signature have not materialized.⁴⁰

The CPD signed with the Government of Azerbaijan did not include interventions in the areas of judiciary reform, access to justice, transparency and rule of law, despite worsening conditions demonstrated by various international indicators. UNDP was not involved in any reform of the public administration system beyond support to the Civil Service Commission and the Academy of Public Administration. While government interest in some areas may be limited, key interlocutors interviewed by the ICPE team still thought that provided funding was made available UNDP could play a role in building government capacity and enhancing public administration systems to enhance transparency and accountability of decision making.

2.3. Environment and energy

By 2020, sustainable development policies and legislation are in place, better implemented and coordinated in compliance with multilateral environmental agreements, recognize social and health linkages and address issues of environment and natural resources, energy efficiency and renewable energy, climate change and resilience to natural and human-induced hazards.

Finding 7: UNDP effectively supported the efforts of the Government of Azerbaijan to monitor greenhouse gas (GHG) emissions and put in place nationally appropriate mitigation actions to reduce the impact of climate change in the oil and gas sector, as well as around land and forest management. The need for continuous work in this area, particularly to develop national monitoring capacities, remains.

³⁸ These efforts were complemented by a model United Nations programme for young people launched in eight universities, which introduced over 2,000 students to the world of policy making, leadership and diplomacy.

³⁹ Based on UNDP estimates, not verified by ICPE.

⁴⁰ The CO indicated that the project on the modernization of the ICT infrastructure would ensure that follow-up measures would be put in place for the continuation and sustainability of work in this area.

UNDP's long-term engagement with the Government of Azerbaijan on the United Nations Framework Convention on Climate Change (UNFCCC) enabling activities increased national human and technological capacities for data collection, analysis, reporting and use. In the current programming cycle, UNDP provided support for the development of methodologies and capacity building of relevant government employees and experts on measuring soil organic carbon in pastures and forests, and on following other newly adopted guidelines by the Inter-governmental Panel on Climate Change. The CO supported the preparation of a GHG inventory for five sectors⁴¹ and removals by sinks, which are being used to plan climate change policies and mitigation measures, as well as for reporting to the UNFCCC secretariat. Based on these assessments, the country prepared the second Bi-annual Update Report to the UNFCCC in 2018.

To enhance the tracking of GHG emissions and the impacts of climate mitigation measures, UNDP assisted the State Oil Company of the Azerbaijan Republic (SOCAR) to strengthen its monitoring, reporting and verification (MRV) system to comply with internationally accepted standards. Efforts shall be made to ensure that elements of SOCAR's MRV system that prove to be relevant are taken into account when updating the country's MRV system, which was reported as outdated.

Overall, data availability and quality are not yet up to standard. Most data provided by state agencies across sectors are not complete, updated or obtained using sound methodologies. Despite UNDP's long engagement, the need remains to develop capacity in this area due to changes in measurement methodologies at the global level, the emergence of new software, and a lack of continuity in the availability of capacitated experts and government workers.⁴² Capacity building activities on certain topics, for example MRV, energy audit, GHG inventories, forest and pasture inventories, need to be institutionalized

and incorporated into VET curricula and professional growth courses for government employees.

In the current programming cycle, UNDP significantly contributed to the reduction of GHG emissions through the implementation of mitigation actions in the oil and gas sector, and the introduction of sustainable land and forest management (SLFM) practices. Through the partnership with SOCAR, UNDP introduced eco-driving practices and hybrid vehicles. It promoted the use of renewable energy and energy efficiency measures in buildings, all of which have the potential to greatly reduce the carbon footprint in the long term. Eco-driving practices by SOCAR's drivers resulted in fuel savings of 8–14 percent,⁴³ and the introduction of energy efficiency measures in SOCAR's buildings led to at least a 40-percent reduction in energy consumption.⁴⁴ An estimated 549,000 tons of CO₂ direct emissions reduction is expected during the project period, with low pressure gas capture technologies from oil fields. In the Ismayilli and Shamakhi rayons of the country, the enhanced vegetation cover created by SLFM practices contributed to mitigating climate change through enhanced carbon pools. According to the project's calculations, the avoided direct lifetime GHG emissions amount to some 390,000 tons of CO₂ equivalent.

With regard to policy-level work, UNDP provided valuable assistance to the country's institutions to clarify policy and institutional arrangements behind the establishment of the MRV system and the national registry of impact reduction measures. However, results are yet to be seen. UNDP contributed significantly to integrating climate change issues into strategy roadmaps that set the policy direction of all sectors of the national economy.⁴⁵

Finding 8: UNDP contributed to the conservation of natural resources through the preservation of biodiversity in marine ecosystems, forests and pasture lands, as well as through the promotion of native crops.

⁴¹ The inventory was prepared for energy, industrial processes, waste, agriculture, forestry and other land use sectors.

⁴² Factors influencing the availability of human resources mainly include the age (pension age) and turnover of government personnel.

⁴³ Mid-term Review of the Nationally Appropriate Mitigation Action project, p.11.

⁴⁴ Second Bi-annual Update Report 2018, p.98.

⁴⁵ Low carbon development is an underlying policy principle of the roadmaps. This is important in view of Azerbaijan's voluntary commitment under the Paris Climate Agreement. GHG inventory results showed that emissions were rising from 2011–2013, and without the implementation of climate change mitigation measures the target is unlikely to be achieved.

UNDP supported the establishment and strengthening of a consolidated Gizil-Agaj National Park⁴⁶ through the demarcation of park boundaries, the renovation of the access control infrastructure, and putting in place an interactive tourist information centre. Most importantly, UNDP supported the development of integrated management/business/financial plans for marine protected areas to improve their effectiveness. According to the Management Effectiveness Tracking Tool score,⁴⁷ management effectiveness improved from 25 percent to 63 percent over four years. Strengthened protection activities implemented by the marine protected area management led to positive outcomes in terms of population increases in certain species, and a decrease in poaching and illegal grazing.⁴⁸ To sustain the positive results achieved, it will be important to ensure that the Ministry of Ecology and Natural Resources replaces equipment and materials at the end of their useful life, and ensures that the business/financial plans of marine protected areas are regularly assessed, updated and revised.

UNDP contributed greatly to improving management practices in some 20,000 and 9,000 hectares of forests and pastures, respectively, in Shamakhi and Ismayilli regions, and to the restoration of degraded lands in those areas. ICPE mission visits to project sites revealed that beneficiaries were aware of the main drivers of biodiversity loss and land degradation and that they were implementing the management plans developed with UNDP assistance. To ensure continuity and scale up of results nationwide, UNDP successfully integrated relevant issues in the Strategic Roadmap on the Agriculture Sector and prepared some 30 normative acts, some of which have already been approved. It is important that UNDP continues engaging with the Food and Agriculture Organization of the United Nations to agree on a common approach to facilitate the approval of the few remaining normative acts.

With UNDP assistance, efforts continue towards the conservation and sustainable use of globally important agro-biodiversity, through supporting in-situ and ex-situ conservation works and promoting the use of native crops and their hybrids. By 2019, long-term conservation was established for almost 100 accessions in National Genbank, and training was delivered to more than 200 farmers, specialists and researchers on 16 different topics. Incentives⁴⁹ helped increase farmers' interest in planting the provided seeds. A rise in agricultural productivity and an improvement in the trade balance are expected, as local varieties prove to be more resilient to climate change. At policy level, UNDP contributed to the development of the National Strategy on Conservation and Sustainable Use of Biodiversity 2017–2020.

Finding 9: UNDP interventions in the environment area contributed to strengthening livelihoods of local populations and reducing vulnerabilities to natural, climate change and human-induced hazards, which in turn had beneficial effects on poverty reduction.

Through various projects, local populations learned how to reduce pressures on the environment and how to utilize land and forest resources in a more sustainable manner. With the introduction of sustainable pasture management practices, farmers gave up a certain proportion of their livestock, established rotational grazing systems, started using grass shredders for stocking fodder, and delayed taking livestock to degraded summer pastures by one month to avoid overgrazing. About 3,000 hectares of summer pastures were restored⁵⁰ and alternative livelihoods (e.g. fishing and beekeeping) were created for farmers who had given up excess numbers of livestock. UNDP is working with farmers to increase their knowledge and skills on cultivating native crops, which are more resistant to pests, diseases and climate change.

⁴⁶ The park was established based on existing protected areas.

⁴⁷ First published in 2002, the tool was one of the first developed to reflect the International Union for Conservation of Nature (IUCN) framework for protected area management effectiveness. Since then, it has become one of the most used tools across the globe. By 2016 it had been applied in over one fifth of the world's terrestrial protected areas.

⁴⁸ Project documents report that the total number of wintering water birds increased from 400,000 to 583,000, and mixed breeding populations of *Pelecaniformes* and *Ciconiformes* increased from 70,000 to 98,000. The number of poaching incidents decreased by at least 60 percent, and illegally grazing cattle reduced from 500 per month to under 10 per month. However, it should be noted that the numbers for the baseline and project end may not be comparable, as different monitoring tools were used.

⁴⁹ These incentives include discounted prices on agricultural equipment and materials, state subsidies, low-interest loans, free training, tax offsets, irrigation infrastructure, technical support, etc. Equally important is the support for improving access to markets.

⁵⁰ Source: Clima East project.

UNDP contributed to increasing the resilience of local populations to climate change-induced water stress and floods by strengthening forecasting and response mechanisms and by improving the watershed planning and management skills of 12 water users' associations.⁵¹ Following recommendations by UNDP, important amendments were made to primary and secondary legislation on the water economy of municipalities, including integrated water resource management and community participation, which would further contribute to reducing vulnerabilities of local populations.

2.4. Overall country programme implementation

Finding 10: UNDP established itself as a reputable development partner in Azerbaijan. It developed close ties with the government and national and international stakeholders. The positive relationship with the government, combined with a more favourable financial landscape after 2015, promoted renewed partnerships with key ministries and favoured increased cost-sharing of UNDP activities. The CO played a key role in promoting the work of CSOs, particularly around gender and social inclusion issues.

National and international development partners widely appreciated the CO in Azerbaijan as a neutral stakeholder in support of the government's development priorities. UNDP's value added was seen to lie primarily in its ability to provide quick responses to address development concerns, promote the work of CSOs in a challenging environment, and favour efficiency gains thanks to an advantageous and fast procurement system.

The relationship between UNDP and the government was characterized as strong and positive. UNDP has long maintained ties with key national institutions, such as the State Border Service, the State Committee for Family, Women and Children and ANAMA. UNDP recently strengthened its cooperation with other ministries, such as MLSP (to support economic opportunities for women and people with disabilities, including in

the Nagorno-Karabakh region), the Ministry of Health (to strengthen the country's procurement system for HIV/AIDS and tuberculosis), and MTCHT (to set up data centres and promote the use of ICT in remote areas). When the tightened fiscal discipline imposed by the 2015 oil crisis relaxed, and thanks to significant advocacy efforts by UNDP at all levels, the government re-started its contribution in the form of cost-sharing of UNDP's activities. This was interpreted by many as a sign of the government's appreciation for the quality of UNDP support.

UNDP played an important role in promoting the work of CSOs, particularly around gender issues and, to a lesser extent, environment and climate change. At a time when national regulations introduced tighter grant registration procedures for CSOs, UNDP, with funding from the EU, was able to contract 12 organizations that provided services to vulnerable populations. Through two dedicated projects, UNDP contributed to strengthening the capacity of CSOs in various regions of the country to advocate for, and participate in, community-based interventions in support of women, children, youth and people with disabilities. The projects not only gave CSOs the possibility of expanding their work, but also strengthened their managerial capacity and knowledge of international advocacy tools, such as the Convention on the Elimination of All Forms of Discrimination against Women.

Finding 11: Fundraising is challenging for UNDP Azerbaijan due to the country's upper-middle-income status and oil wealth, coupled with limited donor interest. Having faced pressure over the diversification and sustainability of funding, UNDP was able to emerge from a challenging financial situation thanks to some streamlining measures and renewed cost-sharing by the government.

UNDP's CPD included a planned budget of \$52.4 million for four years, an average of \$13.1 million per year. However, in the period 2016–2018, UNDP's budget halted at \$10–\$11 million per year. The economic downturn and the decline in oil revenues limited reliance on government funding, hitting a low of 20 percent of UNDP's programme budget in

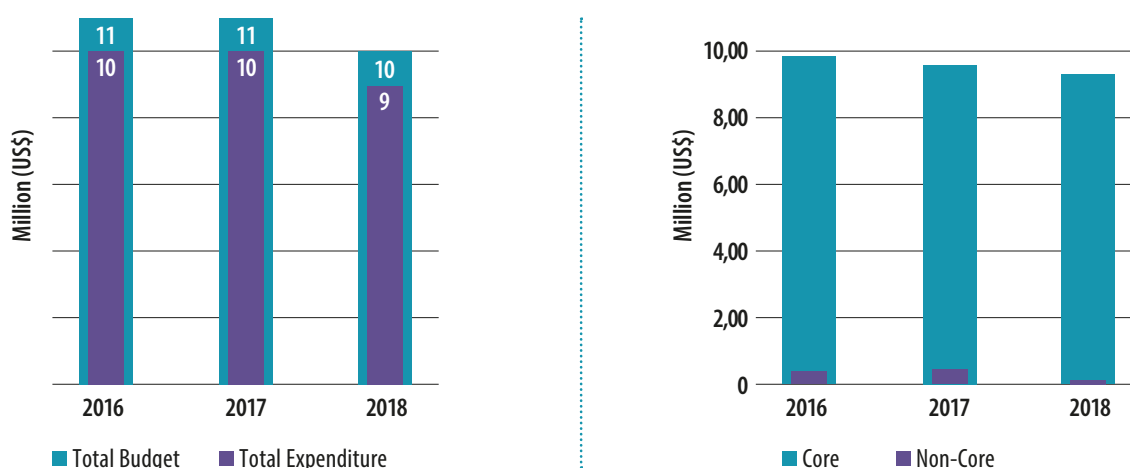
⁵¹ UNDP supported the establishment of the flood forecasting early warning system in Turyanchay river basin, benefiting 200,000 people.

2016, down from 70 percent in 2011–2015. Given Azerbaijan’s economic status, core resources also shrank from \$0.44 million in 2016 to \$0.16 million in 2018, reducing the CO’s ability to provide matching funds and making the CO dependent almost entirely on donor resources.

In 2016, the CO’s funding situation looked precarious, with a declining programme and funding base relying primarily on two sources – the Global Environment Facility (GEF) and the EU (36 and 33 percent, respectively). In 2017, a management consulting team mission highlighted the office’s challenging financial position and emphasized the need to diversify funding. Based on the team’s recommendations, the CO began to implement a transformational plan and improved its operational sustainability by streamlining costs.⁵² Increased outreach to government partners led to a breakthrough on cost-sharing, with \$3.6 million from MLSPP to work on support to people with disabilities, \$2.36 million from the Ministry of Health to strengthen the healthcare procurement system, \$0.32 million from MTCHT for ICT work, and the continuing contribution by ANAMA.

The CO was able to put itself on a seemingly sustainable path, particularly in the areas of inclusive growth and governance, where UNDP started projects worth \$8.3 and \$5.8 million, respectively (see Figure 2). Governance resources mostly came from a new partnership with the Ministry of Health, the collaboration with ANAMA (\$1.3 million) and the two EU-funded projects on VET (\$1.9 million). The inclusive growth portfolio received its largest share from the \$2.3 million EU-funded project on civil society and gender, as well as the new partnership with MLSPP for two projects worth \$3.6 million. The CO was able to tap into the SDG funding window, which allowed it to provide technical assistance to the government in its initial efforts to put in place the structure, statistical framework and programme alignment for SDG implementation. On environment, while the GEF share gradually diminished from 35 percent in 2017 to 26 percent in 2018, the CO expects to receive two thirds of the GEF7 allocation in 2019.⁵³ The CO made progress in supporting the government’s engagement with the Green Climate Fund,⁵⁴ although the extent to which this will result in further resources remains to be seen.

FIGURE 2: Programme budget and expenditure (left), and source (right)

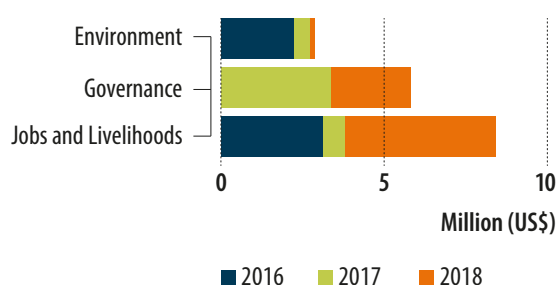


⁵² As part of this, a human resources plan was implemented in several steps through job fairs, competitive selection and staff separation. Staff workload was reviewed and adjusted to cover gaps created by the reduced workforce.

⁵³ \$10.48 million. Source: GEF website.

⁵⁴ Azerbaijan’s Ministry of Ecology and Natural Resources recognized UNDP as its implementing partner for the implementation of Green Climate Fund projects.

FIGURE 3. UNDP projects that started in 2016–2018



The CO developed a Partnership and Resource Mobilization Implementation Plan (2016–2017) and a Rolling Partnership and Resource Mobilization Implementation Plan (2018–2019). While they represent a good first step towards the development of a resource mobilization strategy, the ICPE considers that the depth of analysis in both documents was insufficient. Funding from international financial institutions and the private sector was explored to some extent but did not materialize.⁵⁵

Finding 12: As far as the integration of the programme into a cohesive set of activities is concerned, the picture was mixed. While some interventions were well integrated and synergetic, contributing to efficiencies and economies of scale, others appeared more fragmented, with fewer opportunities for significant impact.

The CO was able to promote effective synergies between projects in economic empowerment and job creation for women at the local level thanks to substantial and prolonged support provided to WRCs in the regions. WRCs were created by the project Promoting Rural Women's Participation in Social and Economic Life, and later supported by subsequent UNDP interventions, including the project Enabling Civil Society to Play a Greater Role in Advancing Gender Equality and Women's Rights.

The establishment of project management implementation units working on two or more projects around gender, youth and VET was a good practice, and helped promote synergies. As acknowledged by the 2019 audit report,⁵⁶ the establishment of these units allowed the CO to benefit from economies of scale and save project management costs. As indicated in Finding 2, the ICPE considers that UNDP could further promote synergies between its VET portfolio and its support to employment opportunities through SYSLABs and WRCs, facilitating a higher-level strategic collaboration between different line ministries. The aim would be to reduce unemployment through different avenues. Having one team manage projects that contribute to related goals may further facilitate coordination.⁵⁷

In the area of environment, consolidating the management of the Clima East and SLFM projects, which were funded by different donors, reportedly improved coordination and optimized synergies. The ICPE noted good examples of inter-sectoral collaboration with the VET portfolio (through the inclusion of a sustainable pasture management course in the VET curriculum)⁵⁸ and the tourism development area (through the development of a plan for the Gizil-Agaj National Park in cooperation with the State Agency on Tourism). More could be done to strengthen technical skills through the VET curriculum in areas such as forest management and energy audits, as well as promoting green tourism.

Finding 13: The sustainability of UNDP's work was promoted by working through and reinforcing the capacity of existing national structures. In some cases, the prospects of new institutions created through UNDP's support seemed less certain, due to the short nature of the support provided and because these institutions depend on future grants and the availability of financial resources from donors and/or the government. Further work can be done to promote closer engagement between financial institutions and the private sector, and to ensure the sustainability of policy work through developing action plans.

⁵⁵ The CO has been exploring options with the World Bank and the European Bank for Reconstruction and Development for joint applications to the Green Climate Fund in the areas of waste management and energy efficiency.

⁵⁶ Audit of UNDP Country Office in Azerbaijan, Report No. 2057, July 2019.

⁵⁷ Currently, some projects classified under Inclusive Growth in Atlas are managed by the Governance team.

⁵⁸ The course was developed under the UNDP Clima East project and comprises 13 subject-based modules, including one on climate change.

When dealing with sustainability, it is important not only to think in terms of results achieved, but also the sustainability of the structures created. Some of the UNDP interventions in the current cycle proved to be, or are likely to be, sustainable because they supported existing structures and institutions. For example, the use of ABAD to deliver support to female entrepreneurs ensured that this support would be maintained after the end of the project, as this was in ABAD's core mandate. ABAD continued to assist forest and pasture users that had been supported by UNDP in the past, providing direct access to local markets to sell their products. Another good example of sustainability was the creation of ANAMA and the long-running support UNDP provided to its establishment. Sustainability looks promising for the Marine Ecosystem project (through which a national park was established with a government decree and where a new management plan was developed) and the Nationally Appropriate Mitigation Action project, implemented in partnership with SOCAR. The draft Law on the Efficient Use of Energy Resources and Energy Efficiency,⁵⁹ the inclusion of renewable energy in country roadmaps, and the start of renewable energy auctions⁶⁰ will promote scale up at national level. In most cases, UNDP promoted training of trainers and worked through existing structures, as in the case of the Azerbaijan Service and Assessment Network, the Academy of Public Administration, the Azerbaijan Tourism and Management University, and more recently regional branches of state employment centres. Continuous efforts are needed to develop capacities on environmental monitoring, as illustrated in Finding 7.

The sustainability of some of the structures currently supported will be revealed only in the long term, but more attention should have been paid to ensuring the institutionalization and financial sustainability of the structures created. Furthermore, there is no clarity on how some of the schemes/structures promoted and piloted by the programme will be scaled up by national stakeholders.

The sustainability of SYSLABs was not adequately included in the design of the intervention. SYSLABs, which were created starting from 2011, are not yet fully self-sustainable as they continue to receive financial support from UNDP. Interviewees acknowledged the lack of initial planning for “the system to multiply with national resources” and cited the short time span of the project (with funding renewed every year) as a contributing factor. One of the SYSLAB centres closed, although the ICPE could not determine the reasons, as interviewees attributed the closure to either a lack of demand for services or a shift in donor priorities. Changes in the management of the project (within both UNDP and MLSP) and a three-year funding commitment by the donor were said to have contributed to adopting a different approach. With the support of the United States Agency for International Development, in the current project cycle UNDP has started developing the capacities of staff in regional branches of the State Employment Services under MLSP, through trainings and guidance on the SYSLAB methodology. However, at this point in time it remains unclear how the SYSLAB centres themselves will be sustained after the project closes.⁶¹

UNDP promoted the sustainability of WRCs and their work by providing WRC members with training on organizational development, resource mobilization and proposal writing, as well as supporting the registration of WRCs as non-governmental organizations (NGOs). This was with the assumption that they would receive funds from state-funded institutions and that they could apply for grants to continue their operations.⁶² At the time of the evaluation, five out of eight WRCs were registered as NGOs, and three of them received grants from the national NGO Council in 2018–2019. WRCs were involved in an EU grant to provide rural women with access to information and services. However, as NGOs in Azerbaijan struggle to secure funding, prospects for the sustainability of WRCs remain uncertain. While the high rate currently offered by micro-finance institutions was said to affect the capacity of vulnerable populations to access credit, there is further room to work with

⁵⁹ The draft law was officially submitted to the Executive Office of the President of Azerbaijan at the end of April 2019. <https://energycharter.org/media/news/article/energy-efficiency-legislation-progresses-in-azerbaijan/>

⁶⁰ Companies will offer their minimum price; as tariffs on non-renewable energy sources are low, the difference will be paid by the state.

⁶¹ The institutional architecture for sustainable support to SYSLAB activities is yet to be fully defined. The CO is considering the possibility of integrating SYSLAB centres into the Centres for Sustainable and Operational Social Security.

⁶² The CO indicated that the idea behind the establishment of WRCs as NGOs was to allow for the independent existence of the network outside of the government structure in areas where the government may not have the necessary skills or resources.

market-based and micro-finance institutions to place the financing of business start-ups on a sustainable footing, and this should have been explored further. In April 2019, UNDP itself started a project to improve women's access to micro-finance services in the Nakhchivan Autonomous Republic of Azerbaijan. The ICPE fully supports the CO's plan to "continue working with micro-credit organizations to improve access of women to microfinancing services".⁶³

In the area of environment and energy, the government has not yet taken over the replication and scale up of activities related to the sustainable use of natural resources (e.g. under the Clima East, SLFM and protected area projects). Activities continue take place mostly through donor-funded projects. Project design documents did not often elaborate on the scale up of activities to the whole country, assuming that the adoption of the proposed policies or legislation would assure sustainability and scale up. For example, as indicated in the SLFM mid-term evaluation: "The project does not have concrete plans for promoting the adoption of its proposed policies. This may lead to a typical problem of a proposed policy 'sitting in the Cabinet of Ministers for long periods of time'". This actually occurred.

Finding 14: Engagement at the sub-national level was significant, especially in the area of inclusive growth. However, activities were largely fragmented across projects and geographical areas. There is a need to explore further integration of these activities through area-based local development.

UNDP's involvement at the sub-national level was substantial relative to the size of the programme. In the period under consideration, UNDP implemented 14 projects in areas outside the capital. This involvement took place primarily within the inclusive growth and environment portfolios, with the aim of improving the socio-economic conditions and resilience of rural populations to natural and climate-induced disasters.

UNDP's work at local level was correctly planned by taking into account local needs and priorities, as well

as the authorities' openness to engage. However, in the absence of a clear concept for local or area-based development that unifies efforts under a coherent framework, UNDP's work translated into a combination of different pilots and projects, such as grants, trainings, assessments, advocacy campaigns and research, in different geographical locations. When piloting, the expectation is that once a pilot has demonstrated the desired effect, the initiative will be replicated on a larger scale, and institutionalized. However, it is not always clear on what basis the CO pilots its initiatives. There is no data system in place that tracks how these pilots perform over time, and the status of the scale up.

UNDP reported starting dialogue with the government on area-based development in 2016, but the initiative was ultimately not supported due to the country's financial difficulties and the national currency devaluation. Building on recent interest expressed by one of the heads of the executive authority, it would be important for UNDP to reconsider its approach to local development in an integrated way.

Finding 15: The CO does not have an M&E system that allows an assessment of outcome-level results either at project or programme level. Most of the scant resources available for M&E focus on annual global reporting on CPD results, with limited ties to internal decision making.

Not alone among UNDP country offices, the Azerbaijan CO does not have one tool which could give a good synthesis of the outcome-level results achieved by the office over a certain period of time. Systemic issues related to planning through the CPD hamper the formulation of relevant indicators and limit the possibility of making further adjustments in case of changes in planning. Several interviewees commented on the limited utility of the CPD as a flexible planning tool and the results-oriented annual report as a conveyer of higher-level results achieved by UNDP at country level. The 2018 review of the CPD as part of the UNAPF mid-term review

⁶³ CO's response to the ICPE pre-mission questionnaire.

revealed issues with the measurement, relevance and accuracy of indicators,⁶⁴ and recommended a revision of the outcome indicators which were deemed too ambitious to demonstrate attribution.⁶⁵

In the absence of a sound corporate system that monitors outcome-level achievements, M&E of results was mostly done at project level, without any real attempt to aggregate results achieved by area. The indicators used in the results-oriented annual report to assess UNDP's contribution to preparing a qualified workforce and supporting small and medium enterprises are inadequate, as they are pitched at the output level and focus on the number of people supported through different programmes. At times, the narrative sections included outcome-level results, although information (e.g. on the effectiveness of grants or support to women in terms of employment) was difficult to reconcile between sections of the same report, and between one year and the next.

Except for GEF-funded projects, the results and resources frameworks (RRFs) of project documents were generally weak. In the governance area, some project documents had a weak analytical basis, even in important areas such as border management and mine action where projects have been ongoing for several years. Project evaluations often commented on problems with RRFs⁶⁶ and the weak monitoring of project activities.⁶⁷ Interviewees said weak monitoring was not a result of limited time spent by project managers in the field, rather of incomplete reporting around key results. The focus of M&E activities was more on compliance and output achievement than on the measurement of behavioural change and impact on the ground.

In the period under consideration, the CO commissioned a total of 10 evaluations: six of GEF-funded

projects and four of EU-funded projects on governance and inclusive growth. However, those evaluations were generally weak.⁶⁸ For example, the evaluation of the project Enabling Civil Society to Play a Greater Role in Advancing Gender Equality and Women's Rights did not provide adequate recommendations that met the SMART⁶⁹ criteria. The majority of GEF project evaluations did not elaborate on their impact on gender and poverty/livelihoods.

The inadequacy of the current M&E system was not only a function of systemic issues related to the project-dependent nature of UNDP's work, but also of the very limited M&E capacities available within the office. At the time of the ICPE visit, the CO had only a part-time M&E analyst, shared with the Office of the United Nations resident coordinator. Despite what was included in the terms of reference, the M&E analyst reportedly had not been involved in the development of project documents and had only visited a project site once in one year. The analyst's role primarily focused on corporate reporting through the results-oriented annual report. Some projects, such as the Economic Empowerment for Entrepreneurship and Employment project, addressed the lack of internal capacity for monitoring by hiring an M&E officer with the project's resources. However, this practice was not consistent and should be expanded, particularly for large projects.

The lack of proper M&E data is not only an accountability issue. Interviewees indicated that, to some extent, this affected the capacity of the office to communicate programme-level results to external stakeholders. Outside the annual project steering committees, no mechanism existed to ensure that project and programme level data were used to inform decision making.

⁶⁴ Some of the CPD output indicators were linked to individual projects where changes in the project document affect the indicator as well. Some indicators are not relevant or are difficult to assess. New indicators were proposed for the UNAPF joint work plans and one new CPD output (on SDGs) was added during the new strategic plan linking process.

⁶⁵ The official endorsement of the changes was made on 3 May 2019 at the meeting of the high level UNAPF Steering Committee.

⁶⁶ For example, the evaluation of the project Integrating Climate Change Risks into Water and Flood Management by Vulnerable Mountainous Communities in the Greater Caucasus Region of Azerbaijan notes challenges with the project's RRF. Also, the final evaluation of the project Enabling Civil Society to Play a Greater Role in Advancing Gender Equality and Women's Rights noted problems with the RRF.

⁶⁷ An example of this is the mid-term review of the Marine Ecosystem project.

⁶⁸ The IEO of UNDP provided quality assurance for four decentralized evaluations (out of 10). Two were rated moderately satisfactory; one moderately unsatisfactory; and one unsatisfactory.

⁶⁹ Specific, measurable, achievable, relevant and time bound.

Finding 16: The UNDP programme had a strong gender component, especially at the sub-national level. There is potential to further promote gender equality and mainstreaming, internally and across the country.

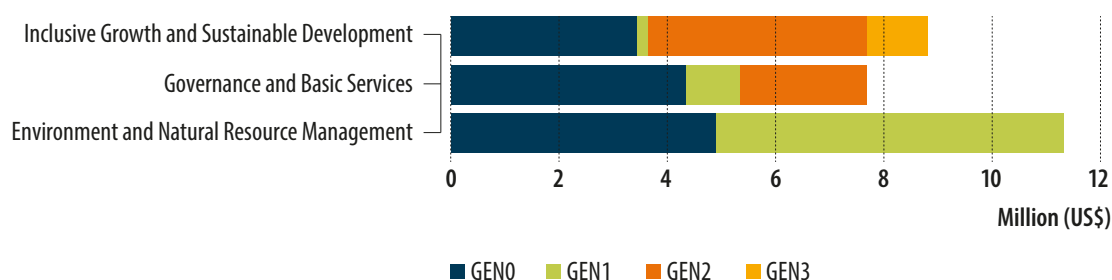
The number and size of projects supporting women's rights and economic empowerment was significant relative to the overall CO programme, and with a strong focus on gender within the inclusive growth portfolio. There, the share of outputs with a significant or principal (GEN2 and GEN3)⁷⁰ objective was 46 percent and 13 percent, respectively. Six projects with a value of \$2.2 million were gender-focused,⁷¹ including three joint programmes with the United Nations Population Fund and the United Nations Children's Fund.⁷²

Many activities at the local level involved women, and WRCs provided a good base for these. The centres

expanded to eight districts in five years, counting more than 1,000 members, out of whom about 50 percent were from villages and about 20 percent were under the age of 25. The expansion is an indication of the trust from partners and beneficiaries in their positive impact on the lives of women and communities.

Projects in the environment and energy area contributed to the advancement of gender equality to some extent, mostly through the involvement of women in users' associations. Gender analyses were conducted under a few of the UNDP implemented projects in this area, including those related to the Minamata Convention, water and flood management, and pasture and forest ecosystem management. However, some project documents did not adequately address the gender dimension. Mid-term evaluations in some cases directed projects to pay better attention to gender issues.

FIGURE 4: Expenditure by gender marker and thematic area



⁷⁰ Tracking gender-related investments and expenditures in ATLAS, Guidance Note, UNDP.

⁷¹ Enabling Civil Society to Play a Greater Role in Advancing Gender Equality and Women's Rights; Gender Assessment; Promoting Rural Women's Participation in Economic and Social Life; Promoting the Role of Civil Society in Gender-Sensitive SDG Implementation; Women's Economic Empowerment in South Caucasus; Addressing the Rights and Wellbeing of Women with Disabilities and Veterans of the Nagorno-Karabakh Conflict.

⁷² These are the only three joint programmes in which UNDP participated.

The CO could reinforce its efforts to mainstream gender further in its programming. Some 44.4 percent of 2016–2018 project outputs were not expected to contribute noticeably to gender equality, while 28.2 percent were considered to be contributing in some way, but not significantly. The 2017 UNCT Gender Audit⁷³ noted the need to strengthen the CO's capacity on gender mainstreaming, as well as gender-responsive M&E systems. The planned CPD output to inform gender-sensitive policies using sex-disaggregated data and gender-sensitive approaches was not implemented.

Finding 17: During the current programme cycle, the CO focused on social innovations, aiming to merge tech-savvy and entrepreneurial solutions with the SDG agenda. The CO promoted dialogue around the use of technology, organizing events and involving the private sector to encourage innovation. No practical innovation has yet been taken to scale.

UNDP promoted a number of initiatives around innovation. It supported the government's first Innovation Week and the development of the first Innovation Roadmap. In partnership with the Azerbaijan Social Innovation Lab, UNDP helped the government organize the national SDG Innovation Challenge, soliciting innovative business ideas aimed at solving development challenges.⁷⁴ Together with the Social Innovation Lab, UNDP organized the Cleantech Ideation Bootcamp to develop business solutions in response to climate change. In partnership with government, UNDP organized nationwide start-up innovation tours called 'From Idea to Business'. These aimed to promote the expansion of the innovation and start-up movement among urban and rural youth.

Primarily through GEF-funded projects, the CO promoted some innovative practices and technologies in the energy efficiency and environmental area, such as smart energy auditing technologies, gas capture technologies, eco-driving and energy-efficient materials. However, these innovations are still in the piloting stage and they are yet to be scaled up.

During the ICPE mission, stakeholders commended the steps taken towards promoting innovations. However, innovations have for the most part been one-off exercises and no practical innovation solution to a problem has yet been taken to scale.

⁷³ Participatory Gender Audit, UNCT Azerbaijan, May-July 2017.

⁷⁴ In 2018 alone the national innovation contest attracted some 220 proposals from young entrepreneurs, researchers and scientists focused on solutions to some of the pressing challenges towards the implementation of the SDGs.



CHAPTER 3

CONCLUSIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSE

DEVELOPMENT effectiveness COORDINATION efficiency PARTNERSHIP sustainability NATIONAL OWNERSHIP
sustainability MANAGING FOR RESULTS responsiveness COORDINATION AND DEVELOPMENT responsiveness
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3.1. Conclusions

- **Conclusion 1: UNDP developed a trusted and positive relationship with the government and the international community in Azerbaijan. A close relationship with national institutions, combined with a prompt response to needs and an efficient procurement system made UNDP a respected and effective partner in implementing important initiatives that support the government's national priorities in the areas of sustainable growth, governance and the environment.**

UNDP's work in Azerbaijan was well aligned with national priorities, as expressed in Vision 2020 and the strategic roadmaps, and well framed within the UNAPF. In recent years, UNDP brokered/rekindled important partnerships with MLSP and the Ministry of Health. Helped by an improved financial situation, UNDP worked with the government to enhance the latter's cost-sharing contributions, which remain far from the scale achieved in 2011–2015.

UNDP was highly appreciated for its quick response to demands, the efficiency of its procurement services, and its ability to promote the work of civil society in a challenging environment.

UNDP's prolonged interventions on border management, mine action, e-governance and service provision contributed to the establishment and strengthening of institutions, which are now well capacitated. Its growing involvement around skills development and employment creation for vulnerable populations helped reduce the exclusion of Azeri women, youth and people with disabilities from the job market, following the principle of leaving no one behind. Rural communities have become more acquainted with the risk of overexploiting natural resources and are overall more resilient in coping with negative impacts of land degradation and climate-induced hazards. Companies like SOCAR are now taking active measures to reduce their GHG emissions and limit their negative impact on the environment.

- **Conclusion 2: Despite its oil wealth and the economic growth experienced after the 2015 crisis,**

Azerbaijan still faces a number of challenges to its sustainable and equitable development for which UNDP support continues to be highly relevant.

Since the presidential election in April 2018, the Government of Azerbaijan has undergone significant changes, including the appointment of a new prime minister and several key ministers in charge of education, agriculture and rural development, environment, and energy. While Gross Domestic Product expanded, including in the non-energy sector, significant differences remain in the livelihoods of urban and rural populations, and among different segments of the population, as the economic gains have not sufficiently benefitted the most vulnerable. Azerbaijan needs reforms to boost private sector investment, distribute oil revenues to the most vulnerable, and develop its human capital. The recent increase in budget allocation for education and health will be important, but further efforts are needed to align budget spending with the SDGs and the country's development needs and to reduce inequalities. Conservation and mitigation measures must continue tackling the effects of natural and human-induced climate change. Energy efficiency measures should still be widely promoted, and the government should be supported to develop its capacities.

- **Conclusion 3: While support to customary areas of intervention such as border management and mine action will gradually diminish as institutions become fully established, UNDP's value added appears to converge around entrepreneurship, inclusive labour markets and human development, in addition to greener growth and climate change mitigation. However, UNDP's current approach in the area of skills development and entrepreneurship lacks an organic vision that expresses the value added of UNDP's engagement across different streams of work.**

The CO played a significant role in developing the border management infrastructure of Azerbaijan, thanks to a number of subsequent projects that, since 2009, have contributed to the development of standards and capacity. The support to ANAMA, which dates back to 1999, led to the full

development of the organization's capacity and now focuses on international exposure and accreditation. Involvement in these areas will likely decrease in scope as respective national institutions become more capable.

Over the past three years, UNDP was involved in several initiatives to develop skills for the job market and promote entrepreneurship, particularly among the most vulnerable. However, work in this area was not sufficiently articulated around a strategy in support of human capital development and employment, connecting the demand and supply side of the work equation. UNDP is well positioned to implement activities on the ground which few (or perhaps no other) organizations can do at the same scale. The extent to which UNDP will be able to raise its profile and promote itself as a key player will depend on its performance during this initial stage (which some of the interviewed national stakeholders saw as a probationary period) and its ability to formulate a clear strategy based on a sound theory of change and an articulated value proposition.

In the area of environment and energy efficiency, UNDP's work is more clearly formulated to address decreasing GHG emissions, improve resilience of local communities to climate change, and reduce land degradation.

- **Conclusion 4: UNDP's work supported the realization of Vision 2020 and piloted a number of important initiatives, such as SYSLAB and WRC. UNDP's policy inputs were more limited and good results were not scaled up. The approval of the country's new economic development strategy and the additional work needed to nationalize the SDGs represent an important opportunity for UNDP to further assert itself as a thought leader in the country and promote integration among different sectors of work.**

In upper-middle-income countries like Azerbaijan, UNDP's value added is linked less to the amount of external resources that the organization can bring in support of national development, and more to innovative thinking and thought leadership. This comes from international experience and the

capacity to promote synergies among different sectors of intervention, as well as partners in the government, civil society and the private sector.

In the period under consideration, UNDP contributed significantly to the development of policy papers for the nationalization of the SDGs and provided inputs to strategic roadmaps. However, UNDP seemed to be more responsive than proactive in helping Azerbaijan shape its development agenda. UNDP's involvement in the national employment strategy was limited, and the planned CPD outputs relating to gender-sensitive policies, as well as data to inform labour and social protection policies, were not realized.

UNDP promoted important pilot interventions in the inclusive growth and environment portfolios. These piloting efforts created impact in some of the targeted areas, but more importantly they generated lessons and knowledge that could be applied nationwide. The effectiveness and impact of this work will be greater if these local level activities are linked to a cohesive national-level framework. This will enable UNDP and its national partners to take some of these solutions to scale in a more sustainable way.

The formulation of the new Development Strategy 2020-2030 under the coordination of CAERC represents an opportunity for the CO to become more engaged at the policy level. It can help link the strategy more effectively with the SDGs and the state budget to ensure that achievement of the SDGs is underpinned by necessary financial resources. Local level initiatives represent an opportunity for UNDP to further promote the interdependence of the SDGs through sustainable and innovative solutions that aim to reduce poverty while preserving natural resources and reducing the impact of human activities on the environment.


3.2. Recommendations and management response



Recommendation 1.



Strategic positioning and programme design – UNDP should develop its next CPD based on theories of change that, starting from a clear definition of the problem, define its contribution vis-à-vis that of other development partners. The CO should move away from priority-area-based theories of change towards issues-based theories of change, to which different portfolios can contribute and where government and development partner inputs are reflected. This will help reinforce synergies among different portfolios and promote partnerships. To the extent possible, the theories of change should be aligned to the three SDG accelerators. In the formulation of the next CPD, the following elements should be considered:

- In areas where it has had long-standing engagement (such as border management and mine action) the CO should reassess its position by taking into account the maturity of national institutions and its value-added potential. Where the partnership has matured into full national capacity, the CO needs to develop a clearly articulated exit strategy.
- In the area of democratic governance, UNDP should seek to create more depth and consider stronger involvement around public administration reform and human rights, despite challenges related to limited space for work in this area. This will require more advocacy, especially at the political level.
- In the area of SDGs, the CO should continue to provide support to the nationalization of the SDGs (in terms of policy making and financial allocation). It should provide methodological advice to the State Statistics Committee to improve the quality of socio-economic indicators, measure the country's progress in human and sustainable development, and promote the use of data among national institutions for evidence-based policy making. Opportunities to engage in developing the new National Development Strategy 2020–2030 should be explored.
- In the area of health procurement, the CO should focus not only on the efficient delivery of goods to counterparts, but also on supporting the establishment of robust national procurement systems which are open, transparent and bring savings to the country.
- In the area of skills, employment and business development, UNDP should seek to elevate its work to a more strategic policy level, promoting structural and institutional change, while maintaining its presence at the community level and its focus on vulnerable groups. A stronger partnership with the Food and Agriculture Organization in promoting rural development should be sought.
- In the area of environment and energy, the CO should consider how to institutionalize capacity building around nationally appropriate mitigation actions and GHG reduction.

Management Response: Agreed 				
Key Actions	Time-frame	Responsible Unit(s)	Tracking*	
			Status	Comments
<p>1.1 As part of the next CPD (2021–2025) drafting process, the CO will develop issues-based theories of change, as per the Theory of Change guidance. This will allow the CO to clearly define the problem and UNDP's contribution vis-à-vis that of other partners.</p> <p>To the extent possible, the theories of change will align with the three SDG accelerators identified in the Mainstreaming, Acceleration and Policy Support (MAPS) report.</p>	By the end of 2020	UNDP CO management team		

Recommendation 2. 		Integration – UNDP should ensure further synergies among its areas of intervention. Where feasible, the CO should seek to integrate the management of projects, especially smaller projects, to further increase efficiency and strengthen results.		
		UNDP should explore options for more efficient structuring of programme activities that allow for better links and synergies between projects operating in similar areas. The CO should establish clear criteria for how projects are clustered and ensure that projects are managed in practice in the same way they are structured on paper (and Atlas). Activities related to VET and employment (working with career centres and SYSLABs) may be linked more closely to each other. Activities targeting self-employment of women through WRCs may also be linked more effectively with activities related to skills development and training through the VET infrastructure. The CO should work to further integrate environment in its VET and employment portfolios, to promote the creation of green jobs. There is potential for linking work in the tourism sector with activities in the area of VET and management of protected zones.		
Management Response: Agreed 				

Key Actions	Time-frame	Responsible Unit(s)	Tracking*	
			Status	Comments
<p>2.1 To ensure better synergies among its areas of intervention, UNDP will explore options for more efficient structuring of programme activities that allow for better links and synergies between projects operating in similar areas. The following actions will be taken:</p> <ul style="list-style-type: none"> a. Regular quarterly meetings of programme teams (by thematic areas) will be held b. Project staff will be invited to local project appraisal committee (LPAC) meetings by thematic groups c. The inter-office memo for the LPAC structure will be updated accordingly d. A mapping of projects and synergies between them by territory will be completed. 	2020–2025	UNDP CO		

Recommendation 3.



Sub-national level – UNDP should reassess its engagement at the sub-national level, aiming to identify opportunities for further integration of activities into a more cohesive framework. To facilitate this process, the CO may consider elaborating jointly with the government a concept for local development based on an area-based approach, linked to the attainment of the SDGs. The CO should assess opportunities for more effective engagement of local governments in project activities as a way to strengthen the sustainability of structures promoted at the local level.

Management Response: Partially agreed



Key Actions	Time-frame	Responsible Unit(s)	Tracking*	
			Status	Comments
<p>3.1 The present government structure of the country is less conducive to local, area-based development programmes, given the limited competences afforded to municipalities.</p> <p>However, an area-based approach is currently considered in selected regions and will be part of the implementation methodology for the next country programme.</p>	2020–2025	UNDP CO		

Recommendation 4:

Sustainability – UNDP should pay greater attention to the sustainability of the structures its interventions help create. The CO should elaborate sustainability plans and exit strategies for the structures it establishes, including specific measures that ensure the replication, scale up and institutionalization of piloted activities. Where feasible, UNDP should ground its activities more firmly in market-based mechanisms, such as micro-finance or banking institutions.

Management Response: Agreed

Key Actions	Time-frame	Responsible Unit(s)	Tracking*	
			Status	Comments
4.1 The CO will assess opportunities for more effective engagement of local governments in ongoing project activities as a way to strengthen the sustainability of structures promoted at the local level.	2020–2025	Senior management and programme team		
4.2 During the project initiation phase, proper sustainability and exit strategies should be elaborated, and be part of the project document and its implementation strategy.	Annually in the period 2020–2025	Programme team and M&E officer		

Recommendation 5:



Funding – UNDP should develop a more solid, long-term resource mobilization strategy which articulates funding diversification objectives and identifies appropriate actions and partners. In addition to maintaining its relationship with the EU and GEF, the CO should further pursue cost-sharing opportunities as a crucial aspect of its operations in the country and communicate this clearly to government counterparts. The CO should identify, more systematically, possibilities of funding from international financial institutions and the private sector. This will require a well-articulated plan of engagement that will provide clear guidance for the interactions of staff with partners.

Management Response: Agreed



Key Actions	Time-frame	Responsible Unit(s)	Tracking*	
			Status	Comments
5.1 The CO will develop a long-term resource mobilization strategy which will include exploring partnerships with international financial institutions and the private sector, in addition to bilateral and multilateral donors and government.	By the end of 2020	Senior management with M&E officer		
5.2 The CO will further pursue cost-sharing opportunities as a crucial aspect of its operations in the country.	2020–2025	Senior management and programme team		

Recommendation 6: M&E – UNDP should significantly strengthen its M&E capacities.



- The CO should formulate clear programme outcome-level indicators around issues-based theories of change. These indicators would be tracked through projects. These indicators should, to the extent possible, link to the SDGs and be included in the CPD.
- Each project should include a sound RRF, with indicators at both output and outcome level. Indicator-related information should be included in a dashboard that the UNDP resident representative regularly discusses with programme analysts.
- Tools to track the sustainability of its interventions, such as the absorption of training for national partners or the performance of pilots over time, should be developed.
- M&E capacities should be enhanced through a dedicated staff officer and/or M&E training for programme and project officers. In case resources were not available to fund a dedicated M&E position, the CO should consider hiring M&E officer(s) covering multiple projects and operating within the project implementation units.

Management Response: **Agreed**



Key Actions	Time-frame	Responsible Unit(s)	Tracking*	
			Status	Comments
6.1 M&E capacities will be enhanced through the recruitment of a dedicated M&E specialist.	By the end of 2019	Senior management		
6.2 Once the M&E specialist is in place, s/he will provide regular M&E training for programme and project officers and ensure ongoing programme and project monitoring.	2020	M&E officer		

Recommendation 7:




Gender – UNDP should continue strengthening its work around gender and women's empowerment and develop a gender strategy outlining the CO's opportunities and approaches, covering both organizational and programmatic aspects.

- At the organizational level, the CO should identify a gender advisor and focal team and provide the necessary training for them. With their support, the CO should identify ways to enhance gender mainstreaming and increase gender expenditure, particularly in its governance and environment portfolios.
- At the programmatic level, the CO should elevate its gender-related work at a higher policy level. In partnership with other UNCT members, UNDP should identify ways to further support the State Committee for Family, Women and Children and other government stakeholders in promoting gender-sensitive policies.

Management Response: **Agreed**



Key Actions	Time-frame	Responsible Unit(s)	Tracking*	
			Status	Comments
7.1 The CO will develop a gender strategy.	2021	UNDP CO and Gender focal point		

<p>Recommendation 8:</p> 	<p>Innovation – UNDP should further promote innovation across its portfolio by using technology and behavioural research to promote ground-level social and environmental change. The focus should be on the realization of practical innovations that address specific social or environmental problems, possibly linked to existing project initiatives. UNDP should pay greater attention to the practical results that emanate from the innovation initiatives it supports. The CO should track more closely what happens to the supported innovations over time, what changes they generate at the practical level and how their impact can be sustained in the long term.</p>			
<p>Management Response: Agreed</p> 				
Key Actions	Time-frame	Responsible Unit(s)	Tracking*	
			Status	Comments
<p>8.1 The newly established Accelerator Lab will scan existing programme portfolios and prepare a plan for innovative solutions per portfolio. The Accelerator Lab will promote and account for results that emanate from the innovation initiatives it supports.</p> <p>The Accelerator Lab will create an action plan for a UNDP-led inclusivity campaign. It will also look for an integrated approach to address environmental problems, enhance awareness, and guarantee the transfer of updated technology and behavioural change in the sphere of environmental protection to Azerbaijan.</p>	Regularly until 2025	AccLab		

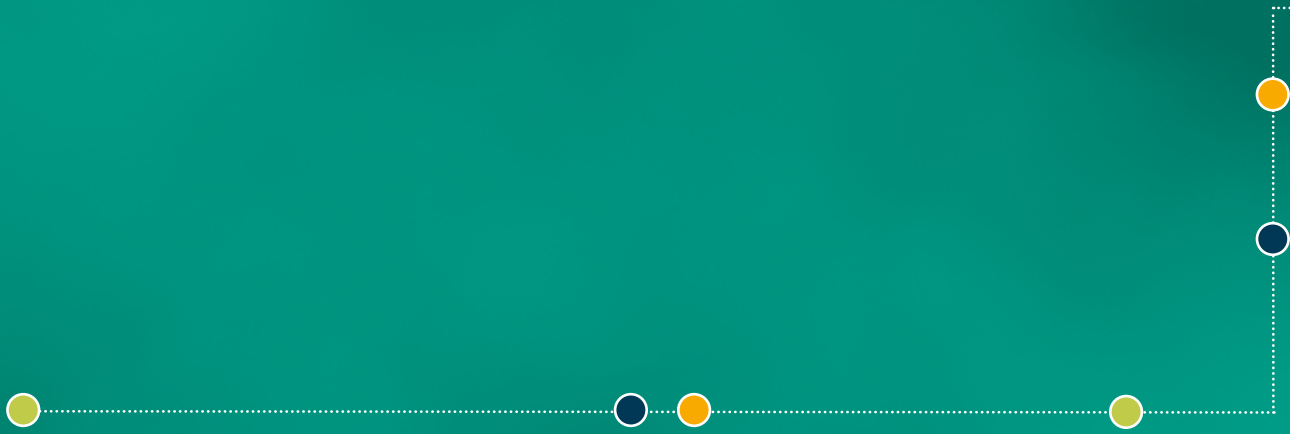
* The implementation status is tracked in the UNDP Evaluation Resource Centre

Annexes



Annexes to the report (listed below) are available on the website of the Independent Evaluation Office at:
<https://erc.undp.org/evaluation/evaluations/detail/9896>

- Annex 1.** Terms of reference
- Annex 2.** Country at a glance
- Annex 3.** Country office at a glance
- Annex 4.** List of projects for in-depth review
- Annex 5.** People consulted
- Annex 6.** Documents consulted
- Annex 7.** Summary of CPD indicators and status as reported by country office
- Annex 8.** Theories of change by programme area



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