**Developing Innovation-Driven and Sustainable Civil Society in Azerbaijan Project**

**Final Evaluation Report**

**Dr. Jennifer Shkabatur**

**November 2024**

The content of this evaluation report is solely the responsibility of the Evaluator and should not be interpreted as reflecting the views of UNDP, the EU, or any other stakeholders involved in the project’s implementation.

# Project Summary

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| **Title of the Project under evaluation** | Developing innovation-driven and sustainable civil society in Azerbaijan |
| **Funding source** | European Union  |
| **Implementing party** | UNDP  |
| **Reference Number:****Implementation period of the Project under evaluation** | ENI/2020/418-59201 December 2020– 31 August 2024 |
| **Timeframe of the evaluation** | July – August 2024 |
| **Project Budget** | 3,201,730 EUR |
| **Project expenditure at the time of evaluation (estimate)** | 2,930,000 EUR |
| **Objectives of the project**  | The project’s overall development objective was to contribute to building conducive environment for a vibrant, sustainable and innovation-driven civil society in Azerbaijan. The project pursued two specific objectives: (1) To increase CSOs capacities to engage in policy-making and foster local development; and (2) To build an enabling ecosystem and capacities for social entrepreneurship and social innovation. |
| **Country of project** | Azerbaijan  |
| **Target Regions:** | Baku and the regions of Azerbaijan - Ganja, Samukh, Sheki, , Zagatala, , Mingechevir, Salyan, Lankaran, Guba, Sumgayit, Masalli, Barda, Tovuz, Agstafa, Gedabey, Goranboy, Agdam, Agjabedi, Beylagan, Goygol, Terter, Shamkir, Goychay, Qazakh, Khachmaz, Sabirabad, Saatly, Imishli, Yevlakh, Lerik, Gusar, Bilasuvar, Zagatala |
| **Final Beneficiaries and Target Groups:** | CSOs, social purpose SMEs, public agencies and innovation/acceleration labs. |
| **Evaluator** | Dr. Jennifer Shkabatur |

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# Acronyms and Abbreviations

CDP Capacity Development Plan

CNA Capacity Needs Assessment

CSO Civil Society Organisations

CEDAW Convention on the Elimination of all Forms of Discrimination Against Women

CWD Children with Disabilities

EQ Evaluation Question

ER Expected Result

EU European Union

FGD Focus Group Discussion

GBV Gender-Based Violence

GoA Government of Azerbaijan

MLSPP Ministry of Labour and Social Protection of Population

MoE Ministry of Education

MoJ Ministry of Justice

NGO Non-Governmental Organisation

PWD Persons with Disabilities

OECD DAC Development Assistance Committee of Organisation for Economic Co-operation & Dev

PSC Project Steering Committee

SE Social Enterprise

SMART Specific, measurable, achievable, realistic and time bound (indicators)

SO Specific Objective

ToR Terms of Reference

UNDP United Nations Development Programme

UNEG United Nations Evaluation Guide

# Executive Summary

1. **Introduction and Background**

The “Developing Innovation-Driven and Sustainable Civil Society in Azerbaijan Project” was a four-year initiative designed to enhance the capacities of Civil Society Organizations (CSOs) and promote social entrepreneurship (SE) as a model for sustainable social impact. Funded by the European Union (EU) and implemented by the United Nations Development Programme (UNDP), the project was executed between December 2020 and August 2024, with a total budget of €3.2 million.

Azerbaijan’s civil society has faced numerous constraints, particularly following restrictive regulations introduced in 2013 that limited the ability of CSOs to register foreign grants. These restrictions affected both Baku-based and region-based CSOs, reducing their operational capacity and hindering engagement in policy-making processes. Despite these challenges, improvements in the CSO-government relationship since 2018 presented opportunities for greater dialogue and cooperation. The project aimed to capitalize on these developments by strengthening civil society’s role and introducing innovative solutions through social entrepreneurship.

The project pursued two specific objectives:

1. **Capacity Building for CSOs**: To increase CSOs capacities to engage in policy-making and foster local development;
2. **Fostering Social Entrepreneurship**: To build an enabling ecosystem and capacities for social entrepreneurship and social innovation.
3. **Evaluation Purpose, Process, and Methodology**

The evaluation aimed to assess the project’s performance against its objectives, document key lessons learned, and provide actionable recommendations. The evaluation followed the OECD-DAC criteria: relevance, effectiveness, efficiency, and sustainability, while integrating gender equality and human rights as cross-cutting themes.

The methodology included a comprehensive desk review, consultations with stakeholders, key informant interviews, focus group discussions, and field observations. The data collection process involved diverse stakeholders, including project beneficiaries, government representatives, social entrepreneurs, and development partners.

1. **Findings**

The evaluation identified several key findings under the main OECD-DAC criteria:

1. **Relevance**:
	* The project aligned well with national priorities, the UNDP Strategic Plan, and the Sustainable Development Goals (SDGs). It addressed critical gaps in CSO capacity and financial sustainability while promoting SE as an innovative approach to social impact.
	* Needs assessments at the project’s outset highlighted significant gaps in strategic planning, advocacy, project management, and financial skills, especially among region-based CSOs. The tailored capacity-building activities effectively addressed these gaps, emphasizing gender equality, climate action, and response to the COVID-19 pandemic.
	* Introducing social entrepreneurship was particularly relevant, given its limited recognition in Azerbaijan. The project’s emphasis on developing a supportive ecosystem for SE addressed a growing demand for diversified funding models and sustainable social impact.
2. **Effectiveness**:
	* **Civil Society Component**: The project effectively enhanced the capacities of over 50 CSOs through a comprehensive training program, including strategic planning, advocacy, gender mainstreaming, and project management. Participants reported high satisfaction, noting the practical value of the mentoring support and one-on-one advisory sessions.
	* The Small Grants Programme funded 23 CSOs for projects on gender equality, climate change, and COVID-19 response. Although grant disbursement faced delays due to regulatory barriers, UNDP adapted its approach by encouraging CSOs to register as Limited Liability Companies (LLCs), allowing activities to proceed despite increased administrative complexities.
	* **Social Entrepreneurship Component**: The SE component employed a three-level approach (macro, meso, and micro) to build a comprehensive ecosystem. This included policy advocacy for a legal framework, capacity-building for entrepreneurs, and the establishment of a Social Enterprise Platform. A total of 63 social business proposals were submitted, with 25 selected for funding. The tailored training and mentorship programs were well-received, although the limited timeframe posed challenges for full implementation.
3. **Efficiency**:
	* The project effectively utilized resources, combining local expertise with international best practices. Capacity-building activities were well-organized, and participants praised the quality and relevance of the training. However, significant delays in grant disbursement, driven by regulatory issues with the Ministry of Justice (MoJ), required adaptive measures.
	* Additional challenges included taxation, bank operations, and difficulties engaging with local authorities, particularly for region-based CSOs. These issues underscored the need for streamlined regulatory processes and stronger support mechanisms.
4. **Sustainability**:
	* The project contributed significantly to building a sustainable ecosystem for CSOs and social enterprises. Capacity-building programs equipped CSOs with skills to secure diversified funding sources, while policy advocacy efforts initiated discussions on creating a formal legal framework for SEs. The lack of a defined legal status for SEs, however, remains a barrier to long-term sustainability.
	* Ongoing mentorship and individualized advisory services will be crucial for early-stage social enterprises to maintain momentum and successfully implement their initiatives.
5. **Recommendations**
6. **Civil Society Component**:
	* **Support National Priority Areas**: Continue aligning future capacity-building efforts with government-prioritized sectors (e.g., support for internally displaced persons, veterans, and gender equality) to increase relevance and funding opportunities.
	* **Enhance State Support Mechanisms**: Strengthen the role of the State Agency for NGO Support by integrating capacity-building activities with grant programs, providing a more comprehensive support package for CSOs.
	* **Provide Tailored Mentorship**: Expand individualized mentoring and advisory services for region-based and smaller CSOs, focusing on financial management, project implementation, and navigating complex regulatory environments.
7. **Social Entrepreneurship Component**:
	* **Adopt an Ecosystem Approach**: Continue efforts to establish a comprehensive legal framework for social enterprises, engaging key government stakeholders to champion the policy reforms needed for sustainable SE growth.
	* **Facilitate Networking and Peer Learning**: Develop dedicated platforms for social entrepreneurs to network, share knowledge, and collaborate on joint advocacy efforts. These initiatives will enhance peer learning and foster a supportive community for SEs.
	* **Enhance Capacity Building**: Offer targeted training that addresses specific needs of social entrepreneurs, with an emphasis on risk management, financial planning, and business strategy. Partner with local universities to integrate SE topics into educational curricula.
	* **Improve Access to Finance**: Advocate for financial incentives tailored to social enterprises, such as tax exemptions, low-interest loans, and dedicated grant funds. Collaborate with financial institutions to improve early-stage funding options.
8. **Long-Term Support for Social Enterprises**:
	* **Institutionalize Mentorship Programs**: Establish a formal network of industry mentors to provide ongoing guidance to social entrepreneurs, supporting them through the critical stages of business development.
	* **Promote Awareness and Education**: Conduct public awareness campaigns and integrate SE subjects into academic programs at universities and vocational institutions, building a culture of social entrepreneurship.
9. **Extend Project Duration for Future Interventions**:
	* Given the complexity of building an SE ecosystem in Azerbaijan, future projects should extend their implementation periods to at least three years. This will allow for thorough training, incubation, mentorship, and effective follow-up.

**Conclusion**

The project successfully enhanced the capacities of CSOs and introduced the concept of social entrepreneurship in Azerbaijan, despite facing significant regulatory and operational challenges. By combining robust capacity-building programs, targeted policy advocacy, and a well-designed small grants initiative, the project has laid a strong foundation for future growth. However, to achieve sustainable impact, it is essential to address existing legal and systemic barriers, build a supportive regulatory framework, and continue providing mentorship and capacity-building support. Ongoing engagement with stakeholders, government bodies, and educational institutions will be vital in realizing the potential of a vibrant, sustainable civil society sector in Azerbaijan.

# Introduction

**Civil society in Azerbaijan developed dynamically after the country gained independence in 1991.** Currently, it is estimated that 4,766 CSOs are registered in the country, along with over 300 unregistered groups. However, the number of active CSOs is believed to be much lower. These organizations engaged in diverse activities, including human rights, education, culture, health, social protection, and environmental protection. Common organizational modalities for NGOs include public unions, foundations, research centers, and associations. Their activities are regulated by various legal acts, such as the Law on Non-Governmental Organizations, the Law on Grants, the Law on Public Participation, the Law on Media, and several decisions of the Cabinet of Ministers.

**The space for CSO operation in the country has been shrinking*.*** Since 2013, CSOs in Azerbaijan faced significant legal and political challenges due to new regulations on grant provisions that tightened government control over donor funds and limited opportunities for financial and technical support. As a result, only a limited number of CSOs, mostly based in Baku, managed to function effectively and display sound capacity. According to the CSO Sustainability Index report, these measures reduced civic space and placed Azerbaijan at the lowest ranks of sustainability in Central and Eastern Europe and Eurasia.

**CSOs often face difficulties in registering grants, donations and service contracts from foreign donors.** Only foreign donors that have an office in Azerbaijan, signed an agreement with Ministry of Justice (MoJ) and have Ministry of Finance’s opinion on financial-economic expediency of a grant can give grants to NGOs in Azerbaijan. All CSOs have to register their activities with the Ministry of Justice, and each foreign grant obtained by a CSO has to be separately registered within 30 days of the grant agreement. MoJ has discretion to deny registration, resulting in delays and uncertainty regarding the ability to implement foreign grants. In the regions CSOs need to inform regional executive authorities about their events in advance.

**Despite these constraints, at the time of the project start certain developments suggested improvements in the operating environment for CSOs**, creating opportunities to revive donor support and expand cooperation with the government, especially on social issues. The government’s relationship with CSOs improved since 2018, contributing to overall CSO sustainability. Positive developments were noted in the legal environment, financial viability, advocacy, and public image. Pressures on CSOs subsided; the number of grants, donations, and foreign service contracts registered with MoJ increased; local entities offered more training opportunities; and inter-sectoral partnerships between CSOs and the government expanded. Additionally, some government entities showed increased willingness to collaborate with CSOs, enabling a broader range of organizations to participate in decision-making processes. The practice of organizing public discussions with the participation of independent experts and CSOs improved. Cooperation channels widened, allowing CSOs to provide policy recommendations and participate in public councils, discussions, and working groups.

**The COVID-19 Pandemic.** The importance of active civil society has become evident during the COVID-19 crisis, especially in terms of the support provided by CSOs to vulnerable social groups. Strict regulations to curb the spread of the pandemic led to severe social and economic challenges for hundreds of thousands of people. These measures, while necessary to reduce disease transmission, had negative immediate and long-term impacts on all economic sectors. Employment and livelihoods were hit hard, and Azerbaijan faced macroeconomic shocks linked to global energy price fluctuations. This crisis was expected to have significant socio-economic and macro-economic impacts, especially on vulnerable households, affecting CSO operations and focus areas.

**The logic of the “Developing Innovation-Driven and Sustainable Civil Society in Azerbaijan Project”** identifies that the constrained legal and political environment has been the primary factor limiting financial and technical support for CSOs, which has slowed the development and growth of Azerbaijan's civil society sector in recent years. However, certain positive developments at the start of the project indicate gradual, yet noticeable improvements in the CSO-government relationship, opening opportunities to revive donor support for the CSO sector. In this context, the Project is designed as a comprehensive response to the various challenges faced by CSOs across multiple areas.

**The project's overarching long-term objective is to foster a conducive environment for a vibrant,** **sustainable, and innovation-driven civil society in Azerbaijan**. To achieve this, the project has two specific objectives: first, to enhance the representation and implementation capacities of CSOs, enabling them to actively engage in national and local policy-making and development processes; second, to build a supportive ecosystem for social entrepreneurship, which will lead to an increased number of social enterprises and greater social innovation, and also provide CSOs with a sustainable financial modality.

**\* \* \***

This document represents the Final Evaluation Report of the “**Developing Innovation-Driven and Sustainable Civil Society in Azerbaijan Project**,” funded by the European Union (EU) and implemented by UNDP (hereinafter: “the Project”).

The Report is organized into five chapters and begins with an Executive Summary. Chapter 1 consists of an Introduction and Development Context for the project. Chapter 2 presents the project strategy, description, stakeholders, and implementation arrangements. Chapter 3 details the evaluation objectives, criteria, methodology, and limitations. Chapter 4 outlies the findings of the evaluation, examining the relevance, effectiveness, efficiency, and sustainability of the project, as well as cross-cutting gender and human rights considerations (as per the Terms of Reference (ToR) for this evaluation and the OECD/DAC evaluation criteria). This analysis form the basis for the lessons learned and recommendations presented in Chapter 5. Additionally, the Evaluation Matrix and the Evaluation ToR are included as annexes. The report also features other relevant annexes, such as a list of key informants, consulted documents, and evaluation instruments.

# 2. Project Description

## 2.1. Project Strategy and Description

The EU and UNDP highly value a dynamic civil society environment that fosters pluralism and contributes to sustainable development and inclusive growth. Recognizing the vital role of civil society in supporting the 2030 Agenda for Sustainable Development, both organizations have established a long-term partnership. This collaboration has been realized through various initiatives aimed at creating a conducive environment for CSOs. These initiatives promote meaningful participation of CSOs in policy formulation, local development, and service delivery while also strengthening their internal capacities.

In 2020, EU and UNDP have launched a 3-year project “*Developing innovation-driven and sustainable civil society in Azerbaijan*” to support engagement of the civil society in the national development process. The project’s overall development objective was to contribute to building conducive environment for a vibrant, sustainable and innovation-driven civil society in Azerbaijan.

The assumptions underlining the project’s theory of change were as follows:

1. There has been a positive shift in the CSOs operating environment;
2. UNDP has built an excellent platform for the engagement of CSOs in development processes, jointly with the government;
3. The Government of Azerbaijan will remain committed to the implementation of the SDGs Agenda through multi-stakeholder partnerships including with CSOs, and
4. National systems and institutions will encourage social innovations for accelerated development and emergency response.

Drawing on these assumptions, the project’s overall long-term objective is to contribute to building conducive environment for a vibrant, sustainable and innovation-driven civil society in Azerbaijan.

The Project aimed to achieve this objective by pursuing two specific objectives (SOs):

1. To enhance CSOs representation and implementation capacities in the national and local policy-making and local development processes.
2. To build supportive ecosystem and capacities for social entrepreneurship enabling increased number of social enterprises and more social innovation.

The project included four expected results (ERs) that aimed to achieve these SOs:

1. CSO capacities for policy engagement around development issues strengthened;
2. Essential capacities of region-based CSOs as actors in local development spheres and processes increased;
3. Conducive ecosystem and enabling opportunities for boosting the start and development of social enterprise are improved (a policy and road map prepared, a dialogue for consultation and learning created, and competences developed in social entrepreneurship and social innovation)
4. Social Enterprise Platform is established and promoted.

The project supported activities around the following **priority themes:**

* Gender equality and women empowerment
* Climate change and environment
* Response to COVID-19 pandemic

The project aimed to benefit the following beneficiaries:

1. CSOs with long and proven work history and advanced capacities based in Baku and regions of Azerbaijan;
2. Small-sized CSOs or community-based organisations outside Baku;
3. CSOs with blended financial sources (funded by traditional grants and profits from social business).

## 2.4. Key Project Stakeholders

**Project implementation relied on the following stakeholders.**

**CSOs were viewed not only as recipients of technical assistance and financial support but also as key agents of change**, ensuring the project's medium- to long-term impact and sustainability.

**The project engaged socially-oriented SMEs in developing an effective ecosystem for social enterprise (SE)** development in the country, by seeking their perspectives on the context, optimal SE models for Azerbaijan, and priority directions for the SE roadmap. SMEs also benefited from learning opportunities and financial support provided through the Social Enterprise Platform.

**The Ministry of Labour and Social Protection of Population (MLSPP) integrated SE development into national priorities and legal frameworks**. Various ministries and agencies contributed by drafting policies, promoting social welfare, supporting agricultural cooperatives, and fostering innovation. Additional agencies provided support services like business development, access to finance, and market networks.

**The government played a crucial role in considering social enterprise development within the context of national priorities and integrating it into the legal framework and programming documents**. Therefore, participation and buy-in from government entities were instrumental in building an effective ecosystem to initiate and support the development of social enterprises. While no single government agency had clear responsibility for social enterprise development, the project primarily engaged with the Ministry of Labour and Social Protection.

**Given the project’s special focus on the regions of Azerbaijan, local authorities—executive power and municipalities—were key partners in implementing CSO initiatives** supported through the Small Grant Programme 2 under ER 2, as well as social businesses under ER 4. Local authorities, being the main source of knowledge about the local situation and possessing convening power, were essential counterparts. They facilitated community mobilization, provided inputs for assessments, helped select target groups and beneficiaries, and organized local events.

**Development Partners** such as UN agencies, the EU, GIZ, USAID, and others supported CSO and SME development projects in Azerbaijan, ensuring resource sharing, coordination, and support for the project's initiatives.

## 2.5. Implementation Arrangements

**While funding originated from the EU, UNDP was entrusted with the management and oversight of the overall budget and procurement of inputs required for implementing the project**. A Project Steering Committee (PSC) was established at the beginning of implementation and met at least once a year to monitor progress, guide implementation, and support the action in achieving its listed results and objectives. The PSC was composed of representatives from both UNDP and the EU.

**The day-to-day management of the action was carried out by a Project Management Unit (PMU) under the overall guidance of the PSC. The PMU will be based in Baku, and will report to the PSC**. The PMU was composed of a Project Manager, Project Officer, part-time Communication Specialist and Project Assistant.

A UNDP Programme Officer was assigned as the Project Manager and Head of the PMU, responsible for monitoring the implementation by the project team, ensuring quality assurance, and providing timely progress reports to the EU. This included drafting and adhering to the project workplan, facilitating information flow and feedback among stakeholders, guiding experts and subcontractors, ensuring timely execution of assignments, preparing progress reports, and ensuring visibility of project activities and results. The Project Officer supported the Project Manager in planning, coordinating, and monitoring implementation, contributing to progress reports, drafting terms of reference, and performing other tasks. The Project Assistant handled administrative matters, including procurement, contracting, logistics, financial management, disbursements, record-keeping, and financial reporting.

# 3. Evaluation Objective & Scope

## 3.1 Evaluation Objective

The purpose of the final project evaluation is to assess the achievements against the expected results, document lessons learnt, and provide forward looking recommendations to UNDP and its partners to be considered in the designing future interventions with civilsociety. The evaluation is expected to critically review and identify what has worked well in the project, what challenges have been faced, what lessons can be learnt to improve UNDP’s programming.

**The specific objectives of the evaluation are to:**

* Assess to what extent the project has achieved its stated overall and specific objectives
* Assess the relevance and effectiveness of the capacity building programme for civil society organisations
* Assess the effectiveness of the actions taken for creating enabling policy environment to promote development of social entrepreneurship
* Assess design and the effectiveness the financial support mechanism provided to the CSOs
* Assess design and effectiveness of the Incubation Programme for social entrepreneurs
* Assess to which extent the project contributes to greater financial independence of the CSOs
* Assess to which the project contributes to greater civic participation in policy discussions
* Assess extent to which the project integrates human rights-based approach and mainstreams gender within project planning and implementation
* Provide forward looking recommendations for future interventions

The final project evaluation was conducted in July-August 2024, as the project is scheduled to end on 30 August 2024.

The primary users of the evaluation results will be UNDP and European Union, but the evaluation report will equally be useful to the relevant government entities, UN Agencies and other development partners and donors.

## 3.2 Evaluation Criteria and Questions

The evaluation will follow the four OECD-DAC evaluation criteria – Relevance, Effectiveness, Efficiency and Sustainability. Human Rights and Gender Equality will be added as cross-cutting criteria. The tentative guiding questions are listed below:

**1. Relevance: The extent to which the overall and specific objectives of the intervention are consistent with the needs and interest of the key target groups?**

* To what extent is the project design logical and coherent?
* To what extent the project is in line with UNDP mandate, Country Programme Document, the national priorities and needs of civil society actors?
* To what extent was the project design relevant to supporting greater participation of civil society actors in policy formulation and local development processes?
* To what extent was the design of the project’s capacity building programme relevant and adapted to the diverse training needs of the CSOs?
* To what extent was the design of the social entrepreneurship component relevant the needs of the local stakeholders including social entrepreneurs, CSOs, government entities?

**2. Effectiveness: Extent to which the results of the intervention have been achieved:**

* To which extent the project activities were delivered effectively in terms of quality, quantity and timing?
* To what extent has the project achieved its outputs and targets of the logframe?
* What factors have contributed to achieving or not achieving the expected outputs and outcomes?
* How effective the project has been in advocating for policy changes to promote social entrepreneurship?
* To what extent has the knowledge and skills delivered through various capacity building interventions (trainings, mentoring etc.) translated into improved quality of deliverables by the trainees?
* What alternative or complementary approaches would be more effective in achieving the project objectives?

**3. Efficiency: How effectively were the resources including human, financial and material used to achieve the project results in a timely manner?**

* To what extent was there any identified synergy between UNDP-implemented project and other initiatives that contributed to reducing costs while supporting results?
* Was the funding sufficient and allocated strategically for the achievement of the results?
* To what extent was the project management structure efficient in generating the expected results?
* To what extent did the project M&E systems provide management with a stream of data that allowed it to learn and adjust implementation accordingly?

**4. Sustainability: Probability of the benefits of the intervention continuing in the long term**

* To what extent will the project achievements be sustained over time? What are the challenges and opportunities?
* What are the risks (political, social, other) that may jeopardize the sustainability of the project results?
* To what extent are the policy and regulatory frameworks in place that will support the continuation of the project?
* To what extent are the development partners committed to providing continued support?
* What could be done to strengthen exist strategies?

**5. Evaluation of cross-cutting issues:**

* To what extent did the project adopt gender-sensitive and human-rights based approaches?
* To what extent has gender equality and women empowerment been addressed in the design, implementation and monitoring of the project?
* To what extent has the project strengthened the capacities of civil society in better promoting and protecting women’s rights?
* To what extent have the people with disabilities been meaningfully involved in the project and to what extent have they benefitted?

**6. Way forward**

* Have any good practices, success stories, lessons learnt, or replicable examples been identified?
* Based on the analysis of the situation, provide forward looking programmatic recommendations to UNDP for future interventions in support of the civil society and social entrepreneurs

## 3.3 Evaluation Approach and Methodology

The evaluation was carried out in line with the [OECD/DAC evaluation criteria](https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm) of relevance, coherence, efficiency, effectiveness, and sustainability, as well as crossing cutting criteria of gender-sensitivity and human rights. The Report collates and analyzes lessons learned, challenges faced, and best practices obtained during the implementation period to provide forward looking programmatic recommendations to UNDP for future interventions in support of the civil society and social entrepreneurs.

The evaluation applied a blended methodological approach to collect and analyze both qualitative and quantitative data using multiple sources in order to draw valid, reliable and evidence-based findings. It followed a participatory and consultative approach ensuring close engagement of the project beneficiaries, donor, UNDP country office and other stakeholders. The following methods were utilized.

**Desk review.**The Evaluation relied on a review all relevant sources of information and documents prepared during project preparation and implementation phases, including Country Programme Document, Project Document, capacity needs assessments, annual progress reports, project revisions, project budgets and expenditure report, monitoring reports, post-training/ mentoring reports, as well as external assessments and reports deemed relevant to the country and project context.

**Consultations and key informant interviews with UNDP and other stakeholders.**As part of the evaluation, consultation meetings were carried out with the UNDP Azerbaijan team, the donor, government representatives, and other relevant stakeholders to better understand the project, including its design process, implementation modalities and choices, activities, and expected results. Based on information obtained during the consultations with the project team, follow up interviews and consultations were organized with additional key project stakeholders, including key experts and consultants in the area of social entrepreneurship. These meetings shaded light on partners’ views on the project. These consultations were carried out both physically, during the evaluation mission, and online (via Zoom) to ensure follow up data collection after the mission as needed.

**Key informant interviews with beneficiaries.** Semi-structured interviews were conducted in Baku, Ganja, and Mingecevir with a sample of beneficiary CSOs and social enterprises to assess their perspectives on the relevance, effectiveness, efficiency and sustainability of project activities.

**Focus group discussions (FGDs) with beneficiaries and key stakeholders.**Three FGDs were carried out to assess the relevance, effectiveness, efficiency and sustainability of project activities for different groups of stakeholders. These included beneficiary CSOs and social enterprises, as well as trainers that were engaged in social entrepreneurship trainings that were delivered by the project.

**On-site validation** **and field observations in Ganja and Mingecevir.** The evaluation mission included site visits and semi-structured interviews with beneficiaries that provided information regarding grant activities funded by the project and illuminated the impacts of project activities on the ground.

**All data collected during the evaluation mission and as part of follow up interviews was analyzed and compiled into this Report**, which assesses project activities and results reported vis-à-vis evidence and data collected in line with OECD/DAC Evaluation Criteria, as well as UNDP’s evaluation criteria. The Evaluation Report also identifies and document lessons learned, best practices, success stories and document and analyze challenges and possible weaknesses to inform future work of the implementing partners.

## 3.4 Evaluation Limitations

The evaluation process encountered several inherent limitations in primary data collection, which consisted of semi-structured interviews and focus group discussions with beneficiary CSOs and social enterprises.

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| **Limitation** | **Mitigation Measure** |
| CSO beneficiaries operate in a restricted funding environment, and they are highly dependent on grants. As UNDP has been among the only donors that supports civil society in the country, beneficiaries were understandably wary of negative expressions regarding either UNDP or the project, as these may jeopardize future grant availability.  | The Evaluator provided the respondents with confidentiality and anonymity guarantees, where possible; conducted the interviews in the settings where respondents felt comfortable; and established rapport between the interviewer and the respondent.  |
| There is a potential tendency among respondents to under-report socially undesirable answers and adjust their responses to align with perceived social norms (halo bias). Additionally, the extent to which respondents disclose their true opinions may vary, particularly for questions requiring them to evaluate the performance of colleagues or individuals on whom they rely for services. |
| The project targeted dozens of beneficiary organizations—both CSOs and social enterprises, yet the evaluation process could only interview a sample of them.  | The Evaluator consulted with a large number of high quality and detailed reports covering project progress and could also back them up with personal observations. |
| Since a number of questions during the interviews dealt with issues that took place in the past, recall bias cannot be excluded. | The Evaluator made sure to present the project timeline and main activities, and ask directly targeted questions. |

# 4. Key Findings

This section presents the key findings of the Evaluation in line with the four OECD-DAC evaluation criteria – Relevance, Effectiveness, Efficiency and Sustainability. Human Rights and Gender Equality are added as cross-cutting criteria.

## 4.1. Relevance

### 4.1.1. Relevance to SDGs, UNDP’s mandate, and national priorities and needs

**The project has been aligned with GoA’s national priorities and strategic frameworks.**

GoA has recognized the importance of developing civil society and enhancing cooperation between the government and CSOs. The Azerbaijan Vision 2020 Development Concept calls for the creation of a national action plan for civil society development and emphasizes involving CSOs in state program preparation and public commissions. The government has also committed to engaging civil society in the SDG nationalization process.

**Since 2014, the Law on Public Participation has stipulated CSO involvement in public councils to monitor central and local state administrations**. However, few public councils have been established, and independent CSO participation remains limited. Azerbaijan has shown a commitment to reactivating its status in the Open Government Platform. In February 2020, the President endorsed the National Action Plan for the Promotion of Open Government 2020-2022, which outlines key cooperation areas between state institutions and civil society. The plan prioritizes enhancing transparency, participation, anti-corruption measures, further digitalization of service delivery, and civilian oversight. However, the government of Azerbaijan has not made any systematic changes or reforms that would thoroughly address the concerns of civil society activists. This has resulted in the decision to permanently suspend and rescind Azerbaijan’s OGP membership for failure to follow up on the recommendations of the OGP.

The government has also made significant efforts to support entrepreneurship, as outlined in the Strategic Roadmap on SMEs Development, adopted by the President at the end of 2016. In April 2021, the President signed a Decree on Establishing a Public Legal Entity Agency for State Support to NGOs of the Republic of Azerbaijan, which replaced the NGO Support Council established in 2008.

**The project's alignment with UNDP priorities is also evident in several ways.**

The project aligns with the UNDP Strategic Plan, which recognizes the essential role of civil society in supporting the 2030 Agenda through advocacy, planning, implementation, monitoring, and accountability. UNDP emphasizes partnering with and advocating for the inclusion of civil society, and working with governments to strengthen their capacities and create opportunities for effective engagement in sustainable development.

Aligned with the UNDP Country Programme for Azerbaijan, particularly Outcome 2, the project aims to enhance national capacities and governance structures for social protection and quality public services by 2025, benefiting those furthest behind.

The project was designed during the COVID-19 pandemic, and it was also pertinent to the UNDP COVID-19 Global Policy and Programme Offer, which underscored the role of civil society in disaster risk reduction, emergency preparedness, and recovery efforts.

**The project supports progress towards the following SDGs.**

**SDG 5: Gender Equality** – the project mainstreams gender equality and women empowerment in all capacity building measures, by providing civil society agents with skills to formulate gender-responsive and transformative policies and implement gender-responsive and transformative community projects.

**SDG 13: Climate Action** – The project highlights importance of the climate change and environment agenda in policy debate and formulation, local grassroots actions, and businesses activities. It also encourages entrepreneurial CSOs and socially responsible enterprises to generate innovative solutions to the environmental challenges.

**Lastly, the project is relevant to EU priorities.**

The EU values a dynamic civil society that fosters pluralism and contributes to sustainable development and inclusive growth. It emphasizes constructive relations between governments and CSOs to articulate citizens' concerns and encourage public participation. In Azerbaijan and other Eastern Partnership countries, the EU promotes a supportive environment for CSOs, encourages their participation in domestic policy, and enhances their capacities.

The EU's initiatives in Azerbaijan focus on ensuring the rule of law, good governance, and sustainable development. The project also fosters collaboration with civil society and private sector partners to address social and economic needs, in line with the EU’s response to the coronavirus pandemic.

### 4.1.2. Project Design’s Logic and Coherency

The project’s logic posits that a constrained legal and political environment, which resulted in limited opportunities for financial and technical support for CSOs, has been the primary factor impeding the development and growth of the civil society sector in Azerbaijan over recent years. Meanwhile, recent positive developments indicate gradual but notable improvements in the CSO-government relationship, creating opportunities to revive donor support for the CSO sector. In this context, the project was designed as a comprehensive response to the numerous challenges faced by CSOs across various areas.

The project was designed to tackle two key challenges that impeded the development, growth, and sustainability of the civil society sector in Azerbaijan in the past years: (1) weak technical capacity of CSOs; and (2) dearth of funding sources and lack of financial sustainability.

**CSOs’ weak technical capacity.**The lack of financial and technical support to CSOs resulted in stagnation, hitting hardest the CSO sector in rural Azerbaijan. Regional CSOs continued to have significantly weaker organizational capacity than those in the capital due to more limited access to funding, legal and administrative barriers, and weak human capital. While financial support was necessary, rural CSOs also needed assistance in organizational development. Due to limited access to funding and weak managerial skills, rural CSOs struggled to provide essential social, educational, and advocacy services, undermining regional development at the grassroots level.

**CSOs’ lack of financial sustainability and dependence on grants.** This period of stagnation also affected the financial management of CSOs, reducing their financial sustainability. Few donors were able to award grants to CSOs in recent years. This external constraint was amplified by an internal factor: CSOs tend to be highly cause-oriented, yet they often lack business skills. This mindset leads them to prioritize outward efforts of grant seeking, over inward strategies that would enable them to identify sustainable income generating opportunities from selling goods and services. Consequently, grants remain the main source of funding, but at the end of each project, CSOs must seek further funding. As they concentrate on securing follow-up funding in the form of grants, they may spend up to half their time searching for new donors.

**It has become evident that this CSO mindset is unsustainable amid shrinking government and donor funding**, coupled with increasing demands for efficiency and impact in international development. It is thus imperative for CSOs to become more independent from governments, financially resilient, and accountable for their activities.

**The design of the project consisted of two specific objectives that directly addressed the capacity and financial sustainability challenges**, as discussed in subsequent sections. The first SO focused on CSOs (“Capacity Building Component”), while the second SO targeted social enterprises (Social Enterprises Component”):

**SO 1: To enhance CSOs representation and implementation capacities in the national and local policy-making and local development processes.** Hereinafter, activities under this SO will be referred to as “Civil Society Component.”

The project provided Baku-based and region-based CSOs a systematic and comprehensive capacity-building program covering a wide range of issues relevant to their activities, including strategic planning, project management, logframe design, budget planning, communications/advocacy/networking, community mobilisation, climate change, gender mainstreaming, fundraising, data collection and analysis. Upon completing the program, CSOs were invited to apply for small grants to engage in policy-making activities or implement local development initiatives. This coherent and logical training approach provided participating CSOs with a solid foundation to operate effectively with other donors in the future. The small grants offered CSOs a crucial funding opportunity, serving as a lifeline for many, especially those in the regions. The projects focused on pressing national and local issues such as gender, climate change, and COVID-19, enabling CSOs to address key social challenges and strengthen their integration into decision-making processes.

**SO 2: To build supportive ecosystem and capacities for social entrepreneurship enabling increased number of social enterprises and more social innovation.** Hereinafter, activities under this SO will be referred to as “Social Entrepreneurship Component.”

In Azerbaijan, social enterprise is a new and under-researched concept. Existing legislation does not recognize social enterprises as a distinct category, leading to separate support for business and social development. Many social enterprises are commercial entities created by local CSOs to strengthen financial sustainability amidst dwindling donor funds, benefiting from easy registration, low taxes, and simplified reporting.

Although social enterprise initiatives are limited, efforts to promote the concept are increasing. Organizations like the EU, UNDP, and the Ministry of Labour and Social Protection of Population have raised awareness, sparking interest among CSOs. There is a consensus on the need to encourage social enterprise development through legal changes, a special tax regime, efficiency standards, national program inclusion, awareness campaigns, capacity building, access to finance, and networking support.

Against this backdrop, the project aimed to promote the concept of social entrepreneurship following the 3M (Macro/Meso/Micro) approach:

* *Macro level*: promoting a national policy that would recognize and provide conducive conditions to social enterprises.
* *Meso level*: offering a tailor-made and diverse package of capacity building measures to existing and aspiring social entrepreneurs.
* *Micro level*: launching Small Grants Programmes to reach out and address the needs of those ‘left behind’ at the community level through social enterprises.

This design approach is commendable for its internal logic, comprehensive coverage of diverse beneficiary needs, and innovative nature. This project design also allowed UNDP to leverage its unique global presence and experience, and build local capacity in an innovative and promising field.

### 4.1.3 Relevance of the Civil Society Component

**The project focused on enhancing CSO capacities through a twin-track approach**. First, it built capacities in cross-cutting areas such as policy research, advocacy and communication, networking, organizational development, and social entrepreneurship and innovation. Second, it developed expertise in specific issues, including gender, climate change, and the COVID-19 pandemic. This involved deepening skills in gender-responsive policy analysis, climate-proofing development policies, and assessing the impact of COVID-19. The extensive capacity-building program offered to CSO beneficiaries aimed to equip them with the necessary tools to submit small grant proposals for projects related to policy formulation or local development processes.

**ER1 focused on strengthening CSOs’ capacities for policy engagement around development issues**. Under this Result, the project aimed to enhance the role of CSOs in influencing public policies on critical development issues central to the SDG Agenda, the Green Deal, and the response to the COVID-19 pandemic. The CSOs improved their knowledge and skills in generating or accessing high-quality, practically relevant research, using evidence to influence policy-making processes and monitoring, and effectively communicating their policy recommendations. To ensure a demand-driven approach, the design was informed by a needs assessment among CSOs to identify key capacity gaps, barriers, and opportunities for maximizing policy influence and engagement.

**ER2 focused on enhancing the organizational development and community activism of region-based CSOs**. Targeting small CSOs and grassroots organizations, the project sought to address their specific needs through tailored capacity-building measures identified by a needs assessment. In addition to training, CSOs received mentoring and consultancy support to instil new organizational practices. The project also facilitated dialogue between CSOs, government, local authorities, international organizations, and other support providers. This component aimed to strengthen region-based CSOs by enhancing their organizational development and community activism.

**Upon completing the capacity building programme, under either ER1 or ER2, CSOs were invited to submit proposals for as part of the Small Grants program.** The Call for Proposals clearly defined requirements, focusing research topics on priority themes of the SDG Agenda, COVID-19 relief and recovery, and the Green Deal. It strongly encouraged the application of skills and knowledge gained from the trainings. Under ER1, CSOs were invited to implement small-scale projects in research and evidence-based policy development. Under ER2, region-based CSO initiatives were invited to submit proposals for small scale projects focusing on local development and community resilience to external shocks. Evaluation and selection of winning proposals were based on the CSO's operational capacity, its relevance to the objectives of the CfP, effectiveness and feasibility, sustainability and budget and cost-effectiveness of the proposal.

**The evaluation process** **confirmed that the design of this component was highly relevant to CSO needs**. The comprehensive and robust capacity-building program was well-suited to the needs of both Baku-based and region-based CSOs. Region-based organizations found it particularly valuable, as capacity-building opportunities are notably scarcer outside of Baku. Additionally, the Small Grants program, which provided CSOs with funding to address either pertinent policy matters or local development challenges within their communities, respond to a dire need for strategic funding for CSOs. This program directly contributed to increased engagement in policy formulation and local development processes.

### 4.1.5. Relevance of the Social Entrepreneurship Component

**This component aimed to create a common understanding of the role and function of social enterprises in Azerbaijan and to develop a comprehensive national strategy for social enterprises**. The logic of this intervention drew on the 3-M approach, according to which each development intervention should consist of three components: (1) *Macro part*, which contributes to policy development; (2) *Meso part*, which provides capacity development to stakeholders that are relevant to policy implementation; and (3) *Micro part*, as part of which specific interventions are observed and tested on the ground.

**At the *macro level*, the project aimed to support a conducive ecosystem and enable opportunities for boosting the start and development of social enterprises**. This included promoting key elements such as policy frameworks, implementation plans, awareness, capacities, and networking among key stakeholders. The project planned to emphasize the importance of research, continuous learning, and dialogue to promote mutual understanding of the social enterprise (SE) concept and build trust. It sought to facilitate dialogue among CSOs, the government, and the private sector on social entrepreneurship. The initiative aimed to encourage collaborative action by organizing consultative and high-profile events with relevant stakeholders.

**At the *meso* level, the project aimed to design a platform to instil an entrepreneurial spirit and thinking through hands-on experiences** based on internationally tested methodologies and approaches used by start-up accelerators and mentorship programs. This stage included a series of structured activities aimed at enhancing the capacity of CSOs/SEs. It started with Training of Trainers (ToT) sessions on social entrepreneurship for local specialists, followed by business and social impact skills training sessions for CSOs and socially oriented SMEs, covering topics such as social impact management, business planning, business models, procurements, sales, marketing, as well as data visualization and digitalization.

**At the *micro* level, the project planned to launch a Social Enterprise platform involving three stages: ideation, incubation, and acceleration**. Open to all interested CSOs and SEs, the SE platform sought advance those with strong ideas from training to incubation. Functioning SE models would receive support through the SDG accelerator program, mentorship, demo days, peer learning, study tours, or short-term secondments to selected European countries. Additionally, scaling opportunities would be created by providing access to UNDP accelerator programs, particularly the COVID-19 Solutions Accelerator Programme.

The design of this component aimed to capture a wide range of SE-related initiatives, targeting all three levels in the development of social entrepreneurship in the country—policy making, capacity development, and grant awards and execution. **This design is sensible and comprehensive, yet it appears to be overly ambitious given the nascent conditions for SE in the country and the short project lifespan.**

**Policy development is notably lengthy in the country**, especially in innovative areas, where the understanding of the importance of SE is still lacking, no government ministry has clear ownership over the SE agenda, and cross-sectoral collaborations are necessary.

**The capacity-building approach, which leverages international expertise to develop local capabilities, is a sensible and effective strategy for introducing a novel concept in the country.** Participants found the Training of Trainers (ToT) approach, the adaptation and translation of learning materials, and the overall training program relevant and useful. However, given the high sectoral diversity and varying levels of prior experience among participants, the training program could have been more customized. This customization could be achieved through more individual one-on-**one** advisory and mentorship sessions or by engaging more homogeneous groups of participants. The latter might have been challenging due to the limited number of existing social enterprises in the country.

**The Social Enterprise platform was thoughtfully conceived as a hub for various SE activities in the country**. Yet the objective of establishing the platform within the project's limited timeframe appears to have been somewhat ambitious. Successful translation of training into ideation and progression towards acceleration necessitates several critical components: a supportive policy environment, accessible funding opportunities, heightened awareness among civil society and the private sector, diverse capacity-building initiatives, networking and mentorship opportunities, and comprehensive research on the impacts of social enterprises.

**Given the emerging nature of social enterprise in Azerbaijan, these essential components are still in the developmental stage**. Therefore, while the design of the incubation activities may have been somewhat premature, it nonetheless marks a significant advancement towards creating a robust social enterprise ecosystem.

**While the design was logical and comprehensive, it was overly ambitious given the nascent state of the national ecosystem**. The project’s resources were dispersed across a broad range of activities in policy development, capacity building, and grant-making, which may have stretched the project's capacity to achieve its objectives. Additionally, policy development in Azerbaijan is notably lengthy, particularly in innovative areas like social enterprise, where understanding and ownership are still developing. Moving from incubation to acceleration and actual implementation requires more time than initially allocated. The comprehensive nature of these processes necessitates a longer timeframe to be effectively executed. This would allow for comprehensive mentorship, follow-up, and the transition from theoretical concepts to practical business planning and implementation.

**In sum, the evaluation found that the design of the social entrepreneurship component was logical and coherent, laying the groundwork for a vibrant SE ecosystem in the country**. However, given the premature state of the existing ecosystem, the project’s resources have been overly dispersed across a broad range of activities in policy development, capacity building, and grant-making. Consequently, the SE platform's design may have been overly complex and advanced, and not sufficiently tailored to the current conditions within the country.

## 4.2. Effectiveness

This section discusses the effectiveness of project interventions, separately for the Civil Society Component and the Social Entrepreneurship Component.

### 4.2.1. Civil Society Component

This section will first assess the capacity-building phase, followed by an evaluation of the small grant implementation phase.

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| ***Capacity building phase*** |

**All capacity building targets of the project were met and exceeded, and it achieved commendable results**, as detailed below.

**Overall, CSO beneficiaries under both ER1 and ER2 expressed high levels of satisfaction with the systematic and comprehensive scope and methodology of the capacity building phase**. CSOs in the country lack opportunities for systematic and structured training activities that enhance their capacities in areas key to their operation and concerns. While available trainings are typically sporadic and unsystematic, participants commended the project for employing a robust methodology, taking a practical and user-friendly approach, and focusing on key areas of their day-to-day operation.

Aspects that contributed to the effective and timely delivery of the capacity programme include the following:

* ***Contents.* Topics covered by the training were deemed useful and important.** Feedback from FGD participants revealed that training workshops on strategic planning, project development and budget planning, logframe design, fundraising, communications, policy paper writing, and policy analysis were highly relevant to their needs. Participants were also keen to learn about climate change—a recently novel area of expertise in the country. Conversely, beneficiaries were often dissatisfied with the repetitive nature of the gender equality and gender mainstreaming trainings, noting they had received similar content in previous UNDP-funded projects.
* ***Modality.* In-person and hands-on trainings were highly preferable for participants, compared to online modalities.** Participants expressed a clear preference for face-to-face person workshops over online formats, emphasizing the importance of engagement and interaction. Online workshops were deemed less effective and engaging than in-person sessions, especially with international experts requiring interpretation. Further preference was expressed for one-on-one sessions in novel or particularly complex areas (e.g., budget planning, logframe design, policy paper writing, or policy analysis).
* ***Trainers’ quality.* Participants commended the quality and deep expertise of the project’s trainers.** They expressed a general preference for local, compared to international, trainers due to their understanding of local needs and challenges. They valued practical, context-specific insights from local experts but also saw the benefit of international experts offering broader perspectives and innovative approaches. A balanced mix of local and international expertise was suggested.
* ***Logistics.* Well-organized logistics and communication provided a smooth experience, allowing participants to concentrate fully on the training content and activities**.Effective communication from the project team ensured timely and relevant information, enhancing engagement and understanding. Clear learning objectives and tailored materials facilitated focused training, while experienced trainers delivered high-quality sessions, offering valuable insights and practical guidance.
* ***Targeted support for grant applications.* UNDP provided beneficiaries with substantial individualized support in preparing grant proposals and applications**. Participants received extensive support from UNDP in preparing grant applications. This support included strategic planning, financial planning, budgeting, and the preparation of communication plans. UNDP familiarized participants with the concept of logframes, a new and valuable tool for many CSOs in Azerbaijan. Participants also appreciated the flexibility to submit proposals in the Azerbaijani language, making the process more accessible.

**Aspects where improvements could be considered include the following:**

* ***Varying capacity levels.*** Training design may need to be further adapted to varying capacity levels among target groups.Participants noted some issues with mixed knowledge levels in training groups, making it hard for those with less knowledge to keep up. For instance, CSOs with prior donor-funded projects had stronger capacities, while those with limited resources struggled with human resources and infrastructure. Grouping participants by knowledge level may be considered.
* ***Duration.*** Perceptions regarding workshop duration varied.Many participants felt that the short sessions limited their ability to fully grasp and apply the knowledge, especially in complex areas. However, longer workshops might be impractical for full-time professionals who may find it challenging to attend extended sessions.
* ***Context.*** Participants expressed a strong preference for more training in organizational management, fundraising, project design and monitoring, and risk management under restricted political conditions with limited funding. They believed this focus would enhance their CSOs' effectiveness and sustainability.
* ***Feedback.*** Less experienced CSOs would benefit from more individualized support and detailed feedback on their outputs. They emphasized the need for detailed feedback on their grant proposals to better understand their strengths and weaknesses, which would help improve future submissions.
* ***Follow up.*** Participants expressed a strong desire for practical follow-up activities to reinforce their learning, envisioning post-training actions that would allow CSOs to apply their theoretical knowledge in real-world settings. For instance, initiating collaborative projects where participants from different CSOs work together on real-world challenges can reinforce learning, foster teamwork, and facilitate idea exchange. These projects could focus on specific topics relevant to the training, allowing participants to directly apply their skills and knowledge.

***Overall, the effectiveness capacity building programme is ranked highly satisfactory.***

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| ***Small Grants Programme*** |

**As part of the Small Grant Programme (SGP), 14 CSOs were awarded grants to engage in local development activities and 9 CSO received grants to work on policy development initiatives**. Under the local development track, 9 CSOs worked on gender, 4 on issues related to COVID-19, and 1 on climate change. Out of those, 7 CSOs were Baku-based and 7 were region-based. Under the policy development track, 7 CSOs worked on gender, 1 on climate change, and 1 on COVID-19. Out of those, 5 CSOs were based in Baku and 2 in the regions. Majority of these CSOs were part of the Capacity Building Programme, yet this was not a formal prerequisite for wining an award.

A sample of the initiatives implemented as part of each track are outlined in Boxes 1 & 2 below.

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| **Box 1. Small Grants for Local Development*****Gender***Several small grants focused on gender empowerment and equality, showcasing a diverse range of initiatives aimed at improving the lives of women across Azerbaijan. The Azerbaijan Rural Women’s Association (ARWA) leads the "Smart Women Build Smart Communities" project, which aims to enhance rural women's digital skills and knowledge, thereby increasing their participation in local economic activities. Similarly, the Progress Social Research NGO conducted extensive advocacy campaign to reduce early marriages and organized life skills workshop for girls in Sabirabad, Saatly and Imishli. The Mingachevir Parents' Association project also emphasizes gender equality, aiming to increase parental involvement and support for children's education by providing employability skills to young and vulnerable mothers.The Regional Human Rights and Media Center offers legal protection and support to vulnerable women in regions such as Barda and Agjabedi, addressing issues of gender-based violence and discrimination. The Support to Education of Women and Children NGO focuses on providing digital education and skills training to girls and boys in Lerik, Gusar, and Beylagan, aiming to reduce gender and geographical disparities in education and employment. These gender-focused projects illustrate a comprehensive approach to tackling various aspects of gender inequality, from digital education and economic empowerment to legal protection and community engagement in various regions.***Climate Change*** In the realm of environmental sustainability, the Ganja Euro-Atlantic Information Centre (GAAMM) is working on increasing awareness of climate change impacts through community engagement and educational activities. This project covers Ganja and its surrounding areas, promoting environmental responsibility and sustainable development practices, including the installation of solar panels. Similarly, Support for Women’s Social Development in Bilasuvar promotes new farming practices to help cope with climate-induced water shortages. ***COVID-19***Several projects are dedicated to mitigating the impacts of COVID-19 and supporting affected communities. The Knowledge Development and Enlightenment NGO is providing public support and education to enhance resilience against the pandemic in Ganja and nearby regions. The Global Cooperation and Analytical Research Center focuses on supporting children with disabilities and their families affected by the pandemic in Baku, Ganja, and other regions. Additionally, the Regional Human Rights and Media Center's project aims to provide legal protection and support to vulnerable groups affected by COVID-19 in regions such as Barda and Agjabedi. Local Governance Assistance NGO contributes to prevention of transmission of COVID-19 and other infections by improving the water, sanitations and hygiene environment.  |

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| **Box 2. Small Grants for Policy Development** ***Gender***Several projects focused on gender empowerment and policy development across Azerbaijan. The Constitution Research Foundation (CRF) supports in-depth research looking into gender imbalances in political participation, aiming to produce a broad reform agenda to increase women’s participation in public life. The Educational Centre for Youth establishes region-based Women Coalitions in Guba, Zagatala, and Lankaran to enhance women's roles in community decision-making processes, providing platforms for women to voice their concerns and participate in governance.The Ganja Regional Woman Center increases the role of women in local governance and economic activities in Ganja, Goygol, and Lerik regions by promoting women's participation in decision-making processes and training them to engage in policy research on pertinent local challenges The For the Sake of Civil Society project aims to decrease recidivism by supporting the reintegration of formerly incarcerated women and men in Baku, Salyan, Sheki, Goychay, and Ganja, while Uluchay focuses on policy research to propose ways to unlock the potential of women to contribute to the development of tourism industry. . These initiatives collectively aim to enhance women's roles and rights through policy development, community engagement, and support services.***COVID-19***Several projects are dedicated to addressing the impacts of COVID-19 and supporting affected communities through policy development. The Law and Development PA (LDPA) seeks to better understand the effects of COVID-19 on various social sectors and develop policies to mitigate these impacts. This project operates country-wide and aims to provide comprehensive insights and recommendations for handling the pandemic's challenges.  |

**The implementation of the SGP was significantly delayed due to factors beyond the project's control, as discussed below.** Consequently, planned grant activities were only reaching completion during the project evaluation period, and final outputs were not yet produced. This made it impossible to assess the quality or impact of these interventions. Bearing this limitation in mind, this section outlines the exogenous and endogenous factors that affected the effectiveness of the Programme implementation.

***Exogenous Factors***

**The primary impediment to the implementation of the SGP was the inability of CSOs to register the grants awarded by UNDP**. In Azerbaijan, CSOs are mandated to register foreign grants with the Ministry of Justice (MoJ), which retains the authority to deny such registrations. Without registration, the grants cannot be disbursed to the CSOs. Following the signing of grant agreements with UNDP, all beneficiary CSOs submitted registration applications to the MoJ in accordance with national requirements. However, to the complete surprise of both UNDP and the grantees, none of these applications were approved or denied. Initially, this lack of response caused delays in project activities, as it was unclear how and when the MoJ would respond. Eventually, it became apparent that the grants would not be registered.

**As the SGP was on the brink of cancellation, UNDP exhibited exceptional agility by devising an alternative organizational modality to disburse the grants**. While UNDP could not award grants to NGOs in absence of grant registration certificate , it could disburse funds to Limited Liability Companies (LLCs) through contractual services agreements. Consequently, all grantees were encouraged to establish LLCs. This process was time-consuming and required approvals from multiple stakeholders within UNDP. To facilitate the implementation of the planned activities, the EU agreed to extend the project by nine months.

**The registration of LLCs paved the way for the implementation of the SGP but resulted in nearly a one-year delay compared to the original schedule, causing numerous difficulties for beneficiaries**. Considering that the grant application process took place during May – June of 2022 while actual implementation could only start a year later, grantees were requested to provide new inception reports to reflect any changes to the original grant proposals. The CSOs were not allowed to change outcomes or outputs, and amendments were only made to the project’s methodology, implementation plan, location, indicators/targets, risks, project team and budget as long as properly justified. Time-bound activities could not be carried out as initially planned, making it challenging for CSOs to retain staff initially hired for the implementation of grant activities. In some instances, CSOs utilized their own resources to cover interim costs, and staff members volunteered their time due to the absence of alternative funding sources.

**Grantees encountered additional regulatory and taxation barriers, which hurdled the implementation of grant activities**. Taxation challenges faced by CSOs included the unexpected imposition of a new 20% tax, significantly increasing project costs. The transition from CSO status, which exempts them from taxes, to LLCs, subjected them to new tax obligations, complicating their financial management. For instance, CSOs were required to pay taxes for staff members, including social allowances and unemployment insurance, which were not covered by project funds, adding financial strain. Furthermore, tax inspectors demanded detailed proof for each tranche of funds, creating administrative burdens and necessitating extensive contractual explanations.

**Bank operations also presented difficulties**. Participants noted that while the first tranche of funding was usually received without issue, subsequent tranches often faced delays as banks required additional documentation, complicating the process. There were also complications related to tax inspections, with frequent demands for proof for each tranche of funds received.

**Region-based CSOs also encountered challenges with local authorities.**Some local executive committee heads resisted engaging with CSOs, particularly in districts targeted for local stakeholder collaboration. In Azerbaijan, such resistance effectively halts project implementation, as activities (especially in rural areas) cannot be organized without the consent of local authorities. Beneficiaries opined that this resistance stemmed from a reluctance to see well-organized civil society activities and was compounded by the CSOs’ lack of registration with the MoJ, indicating for local authorities in insufficient official support. One of the grantees, working on a gender-related policy development initiative, was forced to shift proposed activities to different regions in the country due to inability to implement them in the originally planned locations.

These administrative hurdles added to the complexity of implementing projects, as CSOs had to constantly adapt to changing conditions and requirements. For small and less-experienced CSOs that were based in the region, these difficulties were compounded to other organizational challenges.

***Endogenous factors***

**Once regulatory hurdles were addressed, beneficiaries generally implemented activities as planned.** Overall, participants highlighted the need for a longer project duration and comprehensive support to navigate financial and regulatory challenges. They also expressed the need for advanced training in financial planning and tax management to better equip CSOs to handle these issues.

**Less experienced CSOs encountered challenges during implementation and did not fully utilize the targeted support provided by UNDP during the grant process.** Initially, UNDP's formal assistance was intended to conclude after the approval of sub-grants, with an expectation that beneficiaries would proceed independently. While this hands-off approach may have suited veteran CSOs with prior experience in donor-funded projects, it proved less effective for newer organizations, which required additional guidance. Although UNDP offered a project management consultant to support CSOs in project planning and related issues, many NGOs did not take advantage of this resource, displaying limited interest in one-on-one mentoring sessions.Since none of the grant activities were completed at the time of evaluation and final outputs were not yet available, it was impossible to assess their quality or determine whether and how the skills acquired by grantees during capacity building were applied in practice.

***Overall effectiveness***

**The implementation of the SGP exhibited the difficulty and unpredictability of operating in a restricted civil society environment**. Although both UNDP , EU and SGP grantees have acted in an agile and flexible manner to ensure that grants are disbursed and implemented as planned, the practice of opening LLCs cannot be considered effective nor sustainable.

Despite the numerous challenges faced by the SGP, the **Civil Society Component had a significant national impact, leading to its adoption by the Agency for State Support to NGOs of the Republic of Azerbaijan**. Initially, the newly established Agency provided CSOs with limited grant awards, lacking any accompanying capacity-building activities—an approach considered ineffective for CSOs. Following a recommendation from a project beneficiary who participated in the UNDP project, the Agency adopted the project’s modality, which integrates grant funding with comprehensive capacity building. The State Agency restructured its program to incorporate training on proposal writing, data collection and logframe development, utilizing UNDP’s trainers. Additionally, it increased the grant amounts and uses grant proposal templates similar to the one developed by UNDP . This adoption marked a significant improvement in supporting CSOs, enhancing their capacity and effectiveness in Azerbaijan.

### 4.2.2. Social Enterprises Component

Activities under this component were undertaken at three levels: policy development, which sought to integrate the concept of SE into national policies and legislation; capacity building, which aimed to train a cadre of local SE experts and convey capacity building on SE to existing and aspiring social entrepreneurs; and operational level, which awarded grants to SE initiatives. The effectiveness of interventions at each level is outlined below.

***Policy for SE***

The absence of a formalized regulatory framework for SEs in Azerbaijan is considered a significant hindrance by many local stakeholders. One major issue is the narrowness of the current definition of SE in Azerbaijan, which is limited to enterprises employing people with disabilities.

The project pursued the objective of promoting a new, more globally aligned and locally relevant definition to better support and foster the growth of social enterprises in the country. As part of this, it commissioned a “*Report on Policy and Ecosystem Recommendations for Supporting Social Enterprises in Azerbaijan*,” which provides a set of preliminary policy and ecosystem recommendations for the creation of an environment in Azerbaijan which will enable social entrepreneurship. These recommendations are based on document research, surveys and stakeholder consultations. They were developed in a highly participatory manner, with extensive input from the SE ecosystem of Azerbaijan. These recommendations were actively promoted during various events, including workshops in 2022 and meetings of the law development working group, led by MLSPP, attended by government representatives and other stakeholders.

While the project’s recommendations on SE have never been officially endorsed by any government agency, they nonetheless had notable impact. Progress was observed as the Ministry of Labour and Social Protection of Population (MLSPP) shared the key provisions of the draft legal framework on social entrepreneurship with the UNDP. Notably, the draft aligns closely with the globally accepted definition of social enterprise proposed in the UNDP report. It incorporates clear requirements for profit reinvestment and minimizes dependence on grants, key aspects advocated in the project's policy recommendations. The framework also includes provisions for financial support and tax breaks for social entrepreneurs, further echoing the project's key recommendations.

Although still a work in progress, the document reflects significant influence from policy recommendations generated through the project. During a meeting with the Ministry conducted as part of the Project Evaluation process, Ministry representatives also verbally acknowledged the contribution of the UNDP to the development of the SE agenda.

In sum, given the challenging policy environment for SE, the draft legal framework represents a notable achievement and signifies the effectiveness of project interventions.

***Incubation training for SE***

As part of the project, a variety of capacity-building activities on social enterprises (SE) were conducted.

***Training of trainers.*** Seven local experts (four women and three men) participated in a Training of Trainers (ToT) program, equipping them to deliver training sessions to local audiences. The ToT program was deemed successful, introducing new approaches and sparking strong interest and engagement among local trainers. The exchange with master trainers was positive, and the UNDP team was praised for demonstrating its commitment to the process despite limited resources. Additionally, some beneficiaries who were introduced to the concept of SE through project trainings engaged with the Azerbaijan State University of Economics, which has since incorporated SE subjects into its curriculum. This development marks a notable step forward in strengthening the national SE ecosystem.

***Incubation training for SE.*** A total of 53 unique companies and CSOs, and 77 when including repeat participants, attended training sessions focused on business, social impact, and data visualization. By the end of 2023, three SE networking meet-ups were held: the first online event had 21 participants, the second online event had 17 participants, and the "Impact for Breakfast" event had 24 participants. Additionally, an offline roster of social enterprises was developed and is expected to be launched online.

Such incubation training has been innovative in Azerbaijan, and participants praised several aspects.

* ***Innovative and engaging content***: The capacity building programme involved innovative content that sparked excitement among participants. For most participants, this was their first encounter with the concept of SE and it raised their significant interest.
* ***High-quality trainers***: The master trainers were praised for effectively interpreting and applying the training. The training included a combination of theoretical and practical aspects, which was appreciated by the participants. Some participants noted that the workshops managed “blend training with mentorship”.
* ***Adaptation to local needs***: The collaboration between ARCO and ARPA aimed to address the specific needs of the local context. The project's team, including UNDP, was highly attentive to participants' needs, which contributed to the project's overall success.
* ***Production of local learning materials****:* Participants also highly valued the translation and adaptation of learning materials into Azerbaijani, which significantly strengthen their learning outcomes.

As the incubation program represented a first-of-its-kind pilot in Azerbaijan, several aspects could be considered for further improvement.

* ***Need for simplification.*** The initial content of the training program was found to be innovative yet challenging for many participants. Future projects should focus on simplifying the content and incorporating more interactive elements. The shift from a lecture style to a more engaging, hands-on approach is recommended to better cater to the participants' needs and facilitate their understanding.
* ***Accommodating diverse participants’ needs.*** The incubation trainings brought together a diverse group of participants, including representatives from CSOs and various business sectors. These participants had differing levels of readiness and understanding of SE. This disparity required differentiated and more individually tailor-made approaches, which the training struggled to balance within the limited time frame. However, the same training content was delivered to both groups, resulting in some sessions being insufficiently advanced for certain participants while overly complex for others. For future interventions, it is recommended to address these gaps by grouping participants based on their background, level of expertise, or sectoral focus.
* ***Need for individualized training approach.*** Participants suggested that training sessions should be tailored to the specific needs of different participant groups. Increasing the number of trainers and conducting ongoing workshops rather than one-off sessions would enhance the learning experience.
* ***Mentorship.*** Participants highlighted the need for more localized and consistent mentorship and networking opportunities. These opportunities should connect local SEs with international experts to provide ongoing support and guidance. This would help bridge the gap between theoretical training and practical implementation.
* ***Sustainability.*** Integrating coaching sessions that focus on addressing challenges and setting goals can help shift participants' mindsets towards sustainability. This approach would foster a deeper understanding and commitment to the principles of social enterprise.
* ***Networking.*** Building a strong network among SEs, CSOs, and other stakeholders was deemed crucial. This network would facilitate the sharing of best practices, collaboration on projects, and collective advocacy for a more supportive ecosystem.
* ***Digital knowledge platform.*** The establishment of a digital knowledge platform and resource centers was suggested to provide continuous access to information, resources, and support for SEs and NGOs. This platform could also host virtual networking events, further fostering collaboration and support within the SE community.
* ***Implementation Issues.*** The transition between ARCO and ARPA trainers led to confusion among participants due to differing training approaches.

***Grants for SE***

A total of 63 social business proposals, of which 41 prepared by CSOs, were submitted to the Incubation and Acceleration Programme within the Project. 41 proposals were shortlisted and 25 business plans were approved. Box 3 outlines a sample of the approved proposals.

|  |
| --- |
| **Box 3. Social Enterprise – Business Proposals** A diverse array of social businesses, each aimed at addressing specific community needs through innovative social impact modalities. A significant number of these enterprises focus on empowering vulnerable women and marginalized groups by providing vocational training, employment opportunities, and support services. For example, **Chigir** and **Uluchay** engage in the food and textile sectors, respectively, employing single women and offering vocational education to enhance their socio-economic status, with profits supporting further vocational training and social initiatives. Similarly, **Sapla** and **Dezgah** provide tailoring and textile jobs to abused women and IDPs, fostering economic independence and skill development. The **PMC Academy** extends this support by offering training in accounting and strategic planning, along with scholarships and mentorship programs for disadvantaged groups.Several enterprises also emphasize inclusive services and rehabilitation support. **UAFA** operates educational programs for children with disabilities and low-income families, reinvesting profits to sustain and expand their programs. The **Independent Lifestyle Support to PwDs** provides psychosocial rehabilitation services, while **Dance Ability** offers inclusive dance workshops and training, improving social skills and well-being for people with disabilities and other vulnerable groups. The **Enlightenment for Regional Development NGO** focuses on providing day care and rehabilitation services for children with and without disabilities, addressing the lack of such facilities in Ganja.Environmental sustainability and health education are central to enterprises like **EcoSfera**, which runs a Carbon/Plastic Free Eco Food Truck promoting healthy eating and eco-friendly practices, employing students from low-income families and using profits to expand their network and support ecological programs for children. |

**Grantees only signed grants award letters during the Evaluation period, and it was thus impossible to assess the quality of their execution**. Similar to the Civil Society Components, grantees were required to register LLCs in order to obtain the grants, thus resulting in delays vis-à-vis the original project timeline.

**Given the nascent nature of SE in the country, close and individualized mentorship and advisory services are key for the successful implementation of these SE proposals**. The majority of SE grantees come from a civil society background, and lack prior experience with the preparation of business proposals. For instance, interviews with stakeholders during the evaluation process clearly indicated that many of them struggled with risk assessment and mitigation, budget planning, and other aspects that require a business-oriented mindset.

**For future incubation cycles, it is recommended to actively involve mentors and advisors from the industry during the business proposal preparation stage, ensuring they represent the same sectors as the beneficiary social enterprises**. Additionally, it is crucial to allocate more time to understanding risk management principles, market analysis, and financial and taxation issues.

**\* \* \***

**Overall, the project achieved commendable results in a novel area within a short implementation period and amidst a challenging, rapidly changing environment.** The policy aspect for social enterprises (SE) progressed satisfactorily, resulting in the development of a draft legislative framework that aligns with UNDP's recommendations. The incubation training for SE was successfully piloted, producing a cadre of local trainers and validating the effectiveness of the training methodologies. A significant number of social business proposals were submitted, and grants were awarded to SE initiatives, although their implementation has only recently begun. These activities represent a substantial contribution to the social entrepreneurship ecosystem, accomplished within a short timeframe and under limited resources.

**However, developing a supportive ecosystem for SEs is essential for long-term success**. This involves integrating SE subjects into university curriculums and fostering a culture of social entrepreneurship from an educational level. Forming alliances with local organizations and improving access to information about SEs in the local language can help build a stronger, more informed community of social entrepreneurs. Additionally, comprehensive training, mentorship, and incubation require more time, ideally at least three years, to ensure the effectiveness and sustainability of these initiatives.

### Table 1. Progress towards Results Matrix[[1]](#footnote-1)

**(Achievement of outcomes and outputs against End-of-project Targets) for the final evaluation of the UNDP/EU project “Developing Innovation-Driven and Sustainable Civil Society in Azerbaijan Project”**

Fixed cut-off descriptors (highly satisfactory - HS, satisfactory - S, moderately satisfactory -MS, moderately unsatisfactory - MU, unsatisfactory – U and highly unsatisfactory - HU) were applied as well as the following Indicator Assessment Key.

|  |  |  |
| --- | --- | --- |
| **Green= Achieved** | **Yellow= On Target to be Achieved** | **Red= Not on Target to Be Achieved** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Results chain** | **Indicator** | **Baseline** **(value & reference year)** | **Project Completion Value (2024)** | **End Target** | **Rating** | **Notes** |
| **Impact (Overall objective )** | **Long-term impact:**To contribute to building conducive environment for a vibrant, sustainable and innovation-driven civil society in Azerbaijan. **Intermediate impacts:**Increased influence:Civil Society Organisations are recognised as key development/transformative agents and able to voice & defend the interests of the citizensSustainable Development: CSOs mobilize natural, local, social, economic and cultural resources for sustainable national and local development | Azerbaijan’s ranking in CSO Sustainability Index Quality of CSO interventions (policies, strategies, roadmaps, etc) in national and local development processes; | 2018: 5.92020: low  | 2021: 5.8 (August 2024)Azerbaijan was not part of the CSO Sustainability Index after 2021. | 2024: CSO Sustainability Index improves 2024: Quality of CSO-drafted policies, strategies, roadmaps, etc improves.  | **S**  | According to the USAID Sustainability Report 2021, overall CSO sustainability saw a slight decline in 2021. Despite remaining restrictive, the legal environment improved somewhat with the introduction of a web portal for CSOs to amend their registration documents and register funding. Financial viability was strengthened by increased foreign and domestic support, leading to a modest enhancement in service provision. The sector's public image also experienced a slight improvement over the year, largely due to CSOs' support for marginalized groups during the pandemic and the Second Karabakh War. |
| **Outcome (s) (Specific objective(s)** | SO 1. To enhance CSOs representation and implementation capacities in the national and local policy-making and local development processes.  | 1.1 Increase in the number of CSO-led interventions (public discussions, policy drafts, local development strategies etc) developed and implemented at national and local development processes.1.2 Overall conclusion on central and local governments’ performance in engaging CSOs in national and local policy making spheres and processes.  | 1.1 2020: Low 1.2 2020: Low | 1.1 A **modest positive shift** in the government's willingness to engage with CSOs, however still **limited** in areas on political, human rights and democratisation topics. (Dec 2023)1.2 Low (Dec 2023). Source: CSO Meter   | 1.1 2024 More CSO-led interventions both at national and local levels have influenced the processes for decision-making in policy-making;1.2 2023 Central and local governments are more willing and interested in engaging CSOs in decision-making processes; |  |  |
|  | SO 2. To build supportive ecosystem and capacities for social entrepreneurship enabling increased number of social enterprises and more social innovation  | 2.1 Number of procedures and institutions drafted and discussed, or relevant proposals for reform made, enabling the growth of social enterprises.2.2 Extent to which local CSOs have embraced social entrepreneurship in their activities and as part of their financial sustainability. | 2.1 2020: Low2.2 2020: Low | 2.1 The draft law aligns more closely with the globally accepted definition of social enterprise proposed in the UNDP report, incorporating clear requirements for profit reinvestment and minimising dependence on grants, aspects advocated for in the project's policy recommendations. The framework also includes provisions for financial support and tax breaks for social entrepreneurs, echoing key recommendations from the project. Aug 2024)2.2 63 social business proposals were submitted to the Incubation and Acceleration Programme; 26 business plans selected from the 41 shortlisted proposals  | 2.1 2023: At least three concrete improvements in the legal, institutional or policy frameworks related to SE;2.2 CSOs are more willing to implement activities promoting social entrepreneurship, and trust that they should adopt fundraising strategies considering social entrepreneurship as part of their financial sustainability; |  |  |
| **Outputs** | 1.1 CSO capacities for policy engagement around development issues strengthened. 1.2 Essential capacities of region-based CSOs as actors in local development spheres & processes increased. 2.1 Conducive ecosystem and enabling opportunities for boosting the start and development of social enterprise are improved (A policy and road map prepared, a dialogue for consultation and learning created, and competences developed in social entrepreneurship and social innovation.)2.2 A Social Enterprise Platform established and promoted. | 1.1.1 Number of CSOs trained in policy cycle and evidence-based policy formulation;1.1.2 Number of CSOs trained in policy communication, advocacy and networking;1.1.3 Percentage of CSO-proposed policy recommendations reflected in the national and local policy documents; 1.1.4 Percentage of policies developed and promoted by CSOs that are gender-responsive or gender-transformative. 1.1.5 Extent to which climate change, Green Deal philosophy and climate-related SDG13 reflected in CSO-led initiatives, policy engagement and M&E documents; 1.1.6 Number of CSOs trained in climate proofing of development policies;1.2.1 Number of small region-based CSOs and regional representatives of national NGOs with improved organizational and implementation capacities;1.2.2 Number of region-based CSOs and regional representatives of national NGOs trained in community mobilisation and participation; 1.2.3 Number of region-based CSOs and regional representatives of national NGOs trained in financial sustainability and fundraising prospects;1.2.4 Percentage of community initiatives developed and promoted by region-based CSOs that are gender responsive or gender-transformative; 1.2.5 Extent to which region-based CSO-led initiatives funded through the Operating Grant Mobility are COVID-19 responsive and consider climate change, Green Deal philosophy and SDG13; 2.1.1 Roster of SEs in Azerbaijan available; 2.1.2 Social enterprise network to provide an exchange of ideas and best practice learning exists;2.1.3 Existence of a commonly agreed roadmap towards SE ecosystem development;2.1.4 Number of CSOs and companies involved in social entrepreneurship that benefitted from the learning opportunities; 2.2.1 Percentage of CSOs and SMEs trained embraced social entrepreneurship in their initiatives, businesses and as part of their financial sustainability; 2.2.2 Number of social business ideas generated and financially supported through the Social Enterprise Platform; 2.2.3 Number of local experts trained as trainers and experts in social entrepreneurship 2.2.4 Percentage of social entrepreneurship initiatives that pilot innovative solutions to address social problems including but not limited to, response to the impacts of COVID-19 pandemic, gender, health, environment and climate-related goals;2.2.5 Number of local institutions trained in areas supporting SEs with access to finance, markets, partners and networks, talents and various competences;  | 1.1.1 2020: 01.1.2 2020: 01.1.3 2020: 01.1.4 2020: 01.1.5 2020: No1.1.6 2020: 01.2.1 2020: 01.2.2 2020: 01.2.3 2020: 01.2.4 2020: low1.2.5 2020: No2.1.1 2020: No2.1.2 2020: No2.1.3 2020: None2.1.4 2020: 02.2.1 2020: 02.2.2 2020: 02.2.3 2020: 02.2.4 2020: 02.2.5 2020: 0 | 1.1.1 Cumulative value: 43 CSOs (without double-counting) – 25 CSOs – 2021; 43 CSOs – 2022. (Dec 2022)1.1.2 25 CSOs (12 CSOs based in 9 regions; 17 female participants). (Dec 2022).1.1.3 Not available in this reporting period (Dec 2023).1.1.4 Not available in this reporting period (Dec 2023).1.1.5 Currently sub-projects have been funded by the Project which specifically target SDG 13, addressing climate change. (Dec 2023).1.1.6 23 CSOs trained and 15 female participants. (Dec 2022).1.2.1 18 NGOs with 18 representatives respectively. (Dec 2023).1.2.2 Cumulative value: 14 CSOs based in the regions (without double-counting) – 3 CSOs – 2021; 14 CSOs – 2022. (Dec 2022).1.2.3 22 CSOs representing at least 16 regions (Dec 2021)\*.NB: No new data available for 2022 and 2023.1.2.4 78% (Dec 2023).At least 18 grant-awarded initiatives under the Project aim to be gender-responsive, addressing women’s issues both centrally and at local levels, while directly contributing to SDG 5.1.2.5 Among the grant-awarded initiatives through the Project, only three consider climate change, adhere to the Green Deal philosophy and contribute to SDG13. None of the initiatives, whether submitted for funding but not awarded or those that received funding, are specifically COVID-19 responsive. (Dec 2023).2.1.1 Partially. Offline version of the roster has been developed, and pending its online launching. (Dec 2023)2.1.2 Yes (3 SE meet-ups took place. 21 participants attended the first online event, 17 participants attended the second online event, and 24 participants attended the impact for breakfast.) (Dec 2023)2.1.3 A progress was observed as the Ministry of Labour and Social Protection of Population (MLSPP) shared the key provisions of the draft legal framework on social entrepreneurship with the UNDP. (Dec 2023)2.1.4 A total of 53 companies and CSOs (without double-counting) and 77 companies and CSOs (with double-counting) participated in training sessions focusing on business, social impact, and data visualization. (Dec 2023)2.2.1 Not available in this reporting period.(Dec 2023)2.2.2 A total of 63 social business proposals were submitted to the Incubation and Acceleration Programme of which 41 are prepared by CSOs ,and the intention is to support up to 30 business plans selected from the 41 shortlisted proposal. (Dec 2023)2.2.3 7 individuals were trained as trainers, comprising 4 women and 3 men. (Dec 2023)2.2.4 Not available in this reporting period.(Dec 2023)2.2.5 Not available in this reporting period.(Dec 2023) | 1.1.1 At least 20 CSOs1.1.2 2023: At least 10 CSOs 1.1.3 2023: At least 20% of recommendations generated by the CSOs are accepted or well-received by the authorities 1.1.4 2023: At least 50%1.1.5 2023: CSOs place a special focus on climate change, Green deal and SDG13 in their policies, initiatives and M&E reports;1.1.6 2023: At least 20 CSOs1.2.1 2023: At least 20 CSOs, CBOs, activists’ groups1.2.2 2023: At least 20 CSOs, CBOs, activists’ groups1.2.3 2023: At least 20; 1.2.4 2023: At least 50%; 1.2.5 2023: Region-based CSOs develop and implement initiatives addressing the impacts of COVID-19 and focus on climate change, Green Deal philosophy and SDG13;2.1.1 2024: Yes2.1.2 2023: Yes2.1.3 2024: Yes2.1.4 2023: At least 20;2.2.1 2024: At least 50%;2.2.2 2024: At least 50 social business ideas generated and up to 30 business ideas financially supported;2.2.3 2023: At least 5; 2.2.4 2024: At least 40%;2.2.5 2024: At least 5 |  | CSOs are interested to engage in evidence-based policy-making CSOs have access to the information sources, communities, geographical sites and other necessary means for their research activities. The small-sized CSOs have sufficient baseline capacities and trust of constituencies to implement local development initiatives. Local governments and other stakeholders are ready for dialogue and partnership with local CSOs to address needs of vulnerable communities.CSOs embrace the concept of social entrepreneurship as a way to boost their financial sustainabilityGovernment supports promotion of social entrepreneurship and CSOs’ involvement in social innovationDomestic and international travel is free and unimpeded |

## 4.3 Efficiency

**The Project Management Unit comprised experienced team members with extensive expertise gained from successful previous interventions**, such as the “Enabling Civil Society to Play a Greater Role in Advancing Socio-Economic Rights of Vulnerable Populations” and the “Enabling Civil Society to Play a Greater Role in Advancing Gender Equality and Women’s Rights” projects. The UNDP team demonstrated commendable dedication to the project, providing comprehensive support to beneficiary CSOs. Stakeholders interviewed praised the efficient and direct communication with UNDP, highlighting the team's full commitment to the successful implementation of sub-grants on the ground.

**The UNDP team enhanced its capabilities by outsourcing both international and local expertise**. International consultants were brought in to provide local trainers and participants with broader global perspectives and experiences. Simultaneously, local experts were employed to ensure that all activities were fully adapted to the local context, conditions, and needs. Stakeholders confirmed that the inclusion of local expertise significantly benefited the project by leveraging local skills and expertise while investing in the region's human capital. This approach was especially impactful in the "Training of Trainers" for SE activities. By involving top-tier international experts to train local trainers, who then delivered training to local CSOs and entrepreneurs, the project effectively built regional capacity and generated positive spill-over effects.

**When it became clear that beneficiaries were unable to register their small grants, UNDP demonstrated remarkable agility and flexibility by adapting to the changing circumstances**. The team identified an alternative organizational solution (opening LLCs) to ensure the project's continuation and implemented the most effective approach to disbursing grants to beneficiaries under the given circumstances.

**Work planning and project implementation flows were efficient**. Document review and stakeholder consultations point to the fact that outputs have been delivered in a timely manner and that the project approaches and interventions were viable and efficient in achievement of results. Also, the interviews reveal Project’s openness and inclusion of partners from the government and civil society at all levels of interventions in planning and implementation of the project activities, strengthening the relevance of the project to developmental context of Azerbaijan.

**The project ensured synergies and complementarities with other UNDP interventions, especially in areas supporting the economic empowerment of women**. While the project’s focus on SE is unique in the country, it leveraged collaborations and partnerships with other EU-funded initiatives in the region, such as the EU-funded Collaborate for Impact market building project, which contributes to the SE ecosystem in the Eastern Partnership region through various initiatives. For instance, the project carried out SE training cohorts for journalists to improve awareness of SE, and brought together private sector representatives and stakeholders for discussions as part of the "Impact for Breakfast" concept. As ecosystem creation and networking are a major part of the SE platform (ER4), this collaboration has been efficient to streamline project resources.

**Project-level monitoring and evaluation system is efficient, while reporting is mainly output based**. UNDP’s monitoring and evaluation framework for project is comprehensive and enables good data input for analysis and reflection. The project team collects data on all events and captures main achievements both at output and outcome levels. The outcome level monitoring is conducted by regular monitoring visits to CSOs, social enterprises, and local authorities. There are close contacts and cordial relations between the team members and supported CSOs, as witnessed during the course of the evaluation. Reporting is very detailed and provides good insight into activities and results (outputs) achieved. In cases where reporting regarding sub-grant implementation is lacking, the team reaches out to beneficiaries to ensure that full data is collected and reported. There is limited outcome analysis, and this is a potential area for improvement of the project.

**Overall, at the time of the evaluation the project has partly met three out of the four outcome indicators from its Logical Framework, and 9 fully met and 6 partially met out of the 20 outputs, while information was not available for 5 output indicators.**

## 4.4. Sustainability

Amid a highly restrictive operating environment for civil society, the project’s theory of change aimed to tackle two major barriers that hinder CSO sustainability in Azerbaijan: insufficient technical capacity and over-reliance on donor funding and grants. As such, sustainability has been a key consideration in the design and implementation of all project activities.

### 4.4.1. Sustainability of the Civil Society Component

***Sustainability of the capacity building programme.*** The project’s comprehensive approach to capacity building aimed to equip CSOs with both core and advanced skills that apply to all aspects of their operation and enable them to operate more effectively across a variety of issues. The capacity building relied on a thorough needs assessment of CSOs and attempted to address their organizational and managerial long-term needs. Due to the short time span of the project, it is not feasible to assess whether and how beneficiary organizations will utilize these skills. However, the systematic nature of their delivery was a promising sign of its longer-term sustainability.

The manuals, toolkits, and guides developed by the project will be instrumental for the continuation of capacity building and quality assurance activities. The Project has provided important learning opportunities by facilitating exchanges among through exchanges among CSO across the country, and it is expected that the awareness and knowledge acquired will be sustainable at individual level.

***National institutionalization of the project’s approach.*** The two-phased modality of the project, which started with a comprehensive capacity building programme for beneficiary CSOs and only then proceeded to awarding small grants for various policy and development initiatives has been adopted and implemented by the new Agency for State Support to NGOs. The core components of UNDP’s capacity building progamme have already been delivered as part of workshops sponsored by the Agency and award amounts have increased. Such institutionalization of the project’s indicates a major contribution to the sustainability of its intervention—commendable even more in light of the highly restricted operational environment for civil society in the country.

***Sustainability of small grants for CSOs.*** Sustainability beyond initial grant support is a major concern for all small grant programs. The outputs of the small grant initiatives were not yet available at the time of the evaluation, yet the UNDP team indicated that it was planned to compile gender-related policy development outputs produced as part of the project into a single publication for joint follow-up and advocacy upon project completion. These policy papers may serve as a resource for future research and policy development work, yet no specific plans for this were made. The sustainability of local development projects has also been challenging, and there are no clear avenues for beneficiaries to carry on their work, unless new and directly relevant funding opportunities become available.

Due to the scarcity of funding opportunities and the donor dependence among CSOs, it appeared that some grant proposals were submitted primarily to take advantage of the available funding rather than as part of a comprehensive strategy. While this situation is challenging to avoid in the current civil society context in Azerbaijan, it has diminished the overall sustainability of grant activities, as they were not necessarily related to the strategic working plan of the organization.

### 4.4.2. Sustainability of the Social Enterprise Component

The concept of SE has been novel in the country and thus all policy recommendations, training modules and learning materials, which were developed for the project and translated into Azerbaijani present a contribution to the development of the SE ecosystem in the country.

***Policy level***

**The sustainability of the policy-level interventions supported by the project remains uncertain**, as only a draft legislative framework has been developed, with no concrete legislative or policy commitments ensuring its enactment. Additionally, the Ministry of Labor and Social Protection of the Population (MLSPP), currently overseeing the SE agenda, lacks a mandate over private enterprises. Assigning the SE agenda to this ministry reflects a limited understanding of SE, viewing it primarily as enterprises employing vulnerable groups.

**For a comprehensive SE policy to take shape, there must be a dedicated government champion to integrate the various outputs created thus far and continue the process of participatory engagement with the broader community**. This institution must also assess and balance necessary trade-offs considering constraints such as budget, skill availability, and the structures of the Government of Azerbaijan.

***Capacity level***

**The ToT model has been promising from a sustainability perspective, and the inclusion of SE subjects at the University of Economics marked a significant step in developing the ecosystem**. This academic commitment and the willingness of companies to support social enterprises demonstrated the project's impact on the broader community.

**The long-term sustainability of the skills imparted during the incubation training for individual trainees remains uncertain**. Since grants were awarded only towards the end of the project, there is no evidence yet on whether or how these skills will be applied in practice. For future incubation cycles, a more tailored approach to training will be necessary to ensure that the skills provided are fully aligned with the capacities and needs of each social enterprise.

**There is currently no self-sustainable local network for social enterprise in the country**, which leaves gap in advocacy and support, and diminishes the sustainability of project interventions.

***Grants for SE***

**There is still no evidence on the sustainability of interventions supported by the project’s SE platform**. Interviews held as part of this Evaluation indicated that grantees often lack detailed long-term business plans. State grants do not typically support social enterprises, leading to financial instability once initial grants are exhausted​.

## 4.5. Cross Cutting Themes

### 4.5.1. Gender

**Gender considerations have been embedded in all aspects of project activities**. At least 18 grant-awarded initiatives under the Project aim to be gender-responsive, addressing women's issues both centrally and at local levels, while directly contributing to SDG 5.

The majority of training participants-both under the Civil Society Component and under the Social Enterprise Component are female (\*\*\*precise figures will be added\*\*\*).

**It is not feasible to fully assess the gender aspects of these interventions at the evaluation period**. Due to obstacles in registering the grants, the initiation of the awarded projects has been delayed and is not available in this reporting period. The subsequent change in the registration form to LLCs within the same winning NGOs has further contributed to the delay.

### 4.5.2. Human Rights

**Due to the sensitivity of the issue of Human Rights in Azerbaijan, as in many other countries, the concept of human rights was neither discussed in detail in the project nor applied fully**.

**The promotion of socio-economic rights, however, has been a cross-cutting theme for both *Specific Outcomes* of the project**:

SO 1. *To enhance CSOs representation and implementation capacities to engage in the national and local policy-making and local development processes.* CSOs deepened their skills in conducting gender-responsive policy analysis, climate proofing of development policies and COVID-19 impact assessment. All these areas include aspects related to socio-economic rights.

*SO 2. To build supportive ecosystem and capacities for social entrepreneurship enabling increased number of social enterprises and more social innovation*. A “social enterprise” is defined as an entity, which has a primary social or environmental mission, but uses some element of trade or business activities to achieve its aims. As such, the pursuit of socio-economic rights is embedded in any viable SE.

# 5. Conclusions, Rankings & Recommendations

5.1 Conclusions & Rankings

### 5.1.1. Conclusion 1: Relevance – *highly satisfactory*

**The project aligned with Azerbaijan's national priorities and strategic frameworks, emphasizing civil society development and the introduction of SE.** The Azerbaijan Vision 2020 Development Concept and the Law on Public Participation promoted CSO involvement in state programs and public councils, although independent participation remained limited. The government supported entrepreneurship through the Strategic Roadmap on SMEs Development and established the Public Legal Entity Agency for State Support to NGOs in 2021. The project also aligned with UNDP priorities by supporting the 2030 Agenda, emphasizing civil society inclusion, and strengthening government capacities for sustainable development. Relevant to the UNDP COVID-19 Global Policy and Programme Offer, it supported SDG 5 (Gender Equality) and SDG 13 (Climate Action). The project further aligned with EU priorities, valuing a dynamic civil society that fosters pluralism and sustainable development, promotes a supportive environment for CSOs, encourages policy participation, and enhances capacities in Azerbaijan.

**The project addressed the constrained legal and political environment that had hindered civil society development in Azerbaijan, particularly due to limited opportunities for financial and technical support for CSOs**. Despite these challenges, recent improvements in the CSO-government relationship created opportunities to revive donor support. The project targeted two main challenges: the weak technical capacity of CSOs and their lack of financial sustainability. Rural CSOs faced significant organizational challenges due to limited funding, legal barriers, and weak human capital, undermining their ability to provide essential services. Additionally, CSOs’ dependence on grants and lack of business skills reduced their financial sustainability, making them vulnerable as donor funding dwindled.

**The project’s design consisted of two specific objectives**: enhancing CSOs’ representation and implementation capacities (Civil Society Component) and building a supportive ecosystem for social entrepreneurship (Social Entrepreneurship Component).

**The Civil Society Component enhanced CSO capacities through a twin-track approach**: building skills in cross-cutting areas like policy research, advocacy, organizational development, social entrepreneurship, and specific issues such as gender, climate change, and the COVID-19 pandemic. It aimed to equip CSOs with a wide array of tools that would systematically strengthen their capacity across a variety of operational areas. Following the capacity-building program, CSOs submitted proposals for the Small Grants program, focusing on priority themes**. The comprehensive capacity-building approach and structured funding opportunities were highly relevant to CSO beneficiaries**, and facilitated their engagement in policy formulation and local development processes, particularly benefiting region-based organizations.

**The Social Enterprise component aimed to create a common understanding of social enterprises in Azerbaijan and develop a comprehensive national strategy using the 3-M approach**: macro (policy development), meso (capacity building), and micro (on-the-ground interventions). At the macro level, it promoted policy frameworks, awareness, and stakeholder networking. The meso level focused on fostering entrepreneurial spirit through Training of Trainers (ToT) sessions and skills training for CSOs and SMEs. The micro level launched a Social Enterprise platform for ideation, incubation, and acceleration, offering mentorship and UNDP support.

**While the design of the SE Component was logical and comprehensive, it was overly ambitious given the nascent state of the national ecosystem**. The project’s resources were dispersed across a broad range of activities in policy development, capacity building, and grant-making, which may have stretched the project's capacity to achieve its objectives. Additionally, policy development in Azerbaijan is notably lengthy, particularly in innovative areas like social enterprise, where understanding and ownership are still developing. Moving from incubation to acceleration and actual implementation requires more time than initially allocated. The comprehensive nature of these processes necessitates a longer timeframe to be effectively executed. This would allow for proper mentorship, follow-up, and the transition from theoretical concepts to practical business planning and implementation.

### 5.1.2. Conclusion 2: Effectiveness– *Satisfactory*

***Civil Society Component***

**The project successfully met and exceeded its capacity-building targets, achieving notable results.** CSO beneficiaries expressed overall satisfaction with the systematic and comprehensive training approach, which aimed to enhance capacities in key operational areas. Participants appreciated the robust methodology, practical approach, and focus on strategic planning, project development, budget planning, logframe design, fundraising, communications, policy paper writing, policy analysis, and climate change. In-person, hands-on training sessions were preferred over online formats due to their higher engagement levels. The quality of trainers, especially local experts, was well-regarded for their practical insights and understanding of local needs.

**Effective logistics and communication facilitated a smooth training experience, allowing participants to focus on content**. UNDP provided substantial support for grant applications, including strategic planning, financial planning, and communication plans, with the flexibility to submit proposals in Azerbaijani. However, areas for improvement were identified, such as adapting training to varying capacity levels, considering longer workshop durations for complex topics, focusing more on organizational management, and offering detailed feedback and practical follow-up activities to reinforce learning.

**The implementation of the SGP faced significant delays due to factors beyond the project's control, primarily the inability of CSOs to register UNDP-awarded grants with the MoJ**. UNDP adapted by encouraging grantees to establish LLCs to receive funds, though this time-consuming process led to nearly a one-year delay. Grantees faced additional regulatory and taxation barriers, including a new 20% tax and administrative burdens from tax inspectors, complicating financial management. Delays in subsequent tranches from banks, requiring additional documentation, further complicated operations. Some region-based CSOs encountered resistance from local authorities, further hindering project implementation.

**It was impossible for this Evaluation to assess the quality of grant activities or whether grantees effectively applied the skills obtained from the Capacity Building Programme, as activities were significantly delayed and final outputs were not yet produced**. Generally, grantees highlighted the need for extended project duration and advanced training in financial planning and tax management. More ongoing support and mentorship during grant implementation would be particularly valuable for region-based CSOs. Despite the hurdles, the project had a significant national impact, leading the Agency for State Support to NGOs to adopt the project’s integrated approach of grant funding and capacity building, thereby enhancing CSO capacity and effectiveness in Azerbaijan.

***Social Enterprise Component***

**Activities under this component were undertaken at three levels: policy development, capacity building, and operational support**. Policy development aimed to integrate the concept of social enterprises (SE) into national policies and legislation. A significant challenge was the lack of a formalized regulatory framework and the narrow definition of SE in Azerbaijan, which was limited to enterprises employing people with disabilities. To address this, the project promoted a globally aligned and locally relevant definition and provided detailed recommendations for a policy framework to create an enabling environment for social entrepreneurship.

**Although these recommendations were not officially endorsed, they were largely reflected in a draft legal framework shared by the Ministry of Labour and Social Protection of Population (MLSPP).** The draft aligns with the UNDP's definition and includes provisions for profit reinvestment, reduced grant dependence, and financial support for social entrepreneurs. This draft framework, reflecting the project's policy recommendations, represents a notable achievement in a challenging policy environment.

**The project conducted a range of capacity-building activities on SE, including a successful ToT program**, which introduced new approaches and sparked strong interest and engagement among local trainers. The University of Economics' incorporation of SE subjects into its curriculum marked a significant advancement in the national SE ecosystem. The incubation training covering a variety of business management issues, social impact, and data visualization. Networking meet-ups were held and a roster of social enterprises was developed. Participants praised the innovative and engaging content, high-quality trainers, adaptation to local needs, and production of local learning materials.

**Several areas for improvement were suggested.** These include simplifying content, accommodating diverse participant needs, and bridging knowledge gaps among CSOs and SMEs. Localized and consistent mentorship and networking opportunities were highlighted, alongside policy advocacy for supportive legal and regulatory frameworks. Additionally, the creation of strong networks among SEs, NGOs, and stakeholders is crucial for collaboration and knowledge sharing. Tailored capacity-building initiatives and the establishment of digital knowledge platforms and resource centers were also recommended to provide ongoing access to resources and support.

**During the Evaluation period, grantees signed grant award letters, making it impossible to assess the quality of their execution**. Similar to the Civil Society Components, grantees had to register LLCs to obtain the grants, causing delays. Given the nascent nature of SE in the country, close and individualized mentorship and advisory services are essential for successful implementation. Many SE grantees come from a civil society background and lack experience in preparing business proposals. Interviews indicated that they struggled with risk assessment, budget planning, and other business-oriented aspects. For future incubation cycles, it is recommended to involve industry mentors and advisors during the business proposal preparation stage and allocate more time to understanding risk management, market analysis, and financial and taxation issues.

**In sum, the project achieved commendable results in a novel area within a short implementation period and amidst a rapidly changing environment**. The policy aspect for SE progressed satisfactorily, leading to the adoption of a legislative framework that aligns with UNDP's recommendations. The incubation training was successfully piloted, producing a cadre of local trainers and validating the training methodologies. Many social business proposals were submitted, and grants were awarded to SE initiatives, though implementation has only recently begun. These activities significantly contributed to the social entrepreneurship ecosystem within a short timeframe and limited resources. For long-term success, developing a supportive ecosystem for SEs is essential. This includes integrating SE subjects into university curriculums, fostering a culture of social entrepreneurship, forming alliances with local organizations, and improving access to SE information in the local language. Comprehensive training, mentorship, and incubation should ideally span at least three years to ensure effectiveness and sustainability.

### 5.1.3. Conclusion 3: Efficiency–*Satisfactory*

**The Project Management Unit, comprising experienced team members from successful past interventions, demonstrated commendable dedication and provided comprehensive support to beneficiary CSOs**. Stakeholders praised the team's efficient communication and commitment to sub-grant implementation. The UNDP team enhanced its capabilities by outsourcing international and local expertise. International consultants brought global perspectives, while local experts ensured activities were adapted to the local context, significantly benefiting the project. This approach was particularly impactful in the "Training of Trainers" for SE activities, effectively building regional capacity.

**When beneficiaries faced challenges in registering their small grants, UNDP showed agility by identifying an alternative solution, opening LLCs, to continue the project**. Work planning and implementation were efficient, with timely delivery of outputs and viable interventions. The project included partners from the government and civil society, strengthening its relevance to Azerbaijan's developmental context. Synergies with other UNDP interventions and collaborations with EU-funded initiatives streamlined resources and contributed to the SE ecosystem.

**The project’s monitoring and evaluation system was efficient, with comprehensive data collection and detailed reporting on activities and results**. However, limited outcome analysis presents a potential area for improvement. Regular monitoring visits and close relations with supported CSOs ensured thorough data collection, though focusing more on outcome analysis would enhance the project’s effectiveness.

**Overall, at the time of the evaluation the project has partly met three out of the four outcome indicators from its Logical Framework, and 9 fully met and 6 partially met out of the 20 outputs, while information was not available for 5 output indicators.**

### 5.1.4. Conclusion 4: Sustainability–*Satisfactory*

**Amid a highly restrictive environment for civil society, the project aimed to address two major barriers to CSO sustainability in Azerbaijan**: insufficient technical capacity and over-reliance on donor funding. The project's comprehensive capacity-building program equipped CSOs with essential skills and tools, based on thorough needs assessments. Although it is too early to assess the long-term utilization of these skills, the systematic delivery approach shows promise for sustainability. The manuals, toolkits, and guides developed will support ongoing capacity-building efforts.

**The project's two-phased approach—comprehensive capacity building followed by small grants—was adopted by the new Agency for State Support to NGOs, enhancing the sustainability of these initiatives**. However, the sustainability of small grants remains a concern, with some proposals submitted to secure funding rather than as part of a strategic plan. The lack of long-term funding opportunities and the donor dependency of CSOs challenge the continuation of these initiatives beyond initial grant support.

**The SE component of the project made significant contributions to the development of the SE ecosystem in Azerbaijan**, including policy recommendations, training modules, and learning materials translated into Azerbaijani. However, the sustainability of policy-level interventions remains uncertain, as only a draft legislative framework has been developed without concrete commitments. The Ministry of Labor and Social Protection, overseeing the SE agenda, lacks a mandate over private enterprises, reflecting a limited understanding of SE. For comprehensive SE policy, a dedicated government champion is needed to integrate outputs and engage the broader community, considering constraints like budget and skill availability.

**The ToT model and the inclusion of SE subjects at the University of Economics are promising steps for sustainability**. However, the long-term application of skills from incubation training is uncertain, and future cycles need tailored training approaches. Currently, there is no self-sustainable local network for SE advocacy and support. The sustainability of SE grants is also uncertain, as grantees often lack long-term business plans and financial stability beyond initial grants.

### 5.1.4. Conclusion 5: Cross-Cutting Themes–*Satisfactory*

***Gender.*** Gender considerations have been integrated into all project activities, with at least 18 grant-awarded initiatives aimed at addressing women's issues at both central and local levels, contributing directly to SDG 5. The majority of training participants under both the Civil Society Component and the Social Enterprise Component are female. However, due to delays in grant registration and subsequent changes in registration forms to LLCs, it is not feasible to fully assess the gender aspects of these interventions during the evaluation period.

***Human Rights.*** The sensitive nature of human rights in Azerbaijan limited detailed discussions and full application of the concept within the project. Nonetheless, promoting socio-economic rights was a cross-cutting theme across both Specific Outcomes (SOs). SO 1 aimed to enhance CSOs' capacities to engage in policy-making and local development, including gender-responsive policy analysis and climate-proofing. SO 2 focused on building a supportive ecosystem for social entrepreneurship, inherently embedding socio-economic rights in any viable SE by pursuing social or environmental missions through business activities.

5.2 Recommendations

**This section will separately address recommendations for the Civil Society Component and for the Social Enterprise Component.**

### 5.2.1. Civil Society Component

**The project experience has underscored the challenging conditions for civil society operations in Azerbaijan.** According to the 2023 CSO Meter, [[2]](#footnote-2) the overall civil society environment score in Azerbaijan deteriorated, with average scores decreasing across all areas in both law and practice. Compared to 2022, scores fell in three out of eleven areas, notably in Freedom of Peaceful Assembly and Freedom of Expression. Meanwhile, the State Agency for NGO Support increased state support to CSOs through grant competitions and programs.

**Given CSOs’ reliance on grants registered with the Ministry of Justice and the dominant role of government authorities, sustainable support for CSOs must align with state priorities.** The following action paths are recommended:

* **Support CSOs in National Priority Areas**: Provide assistance to CSOs working with IDPs, war veterans, or other government-prioritized areas. While these CSOs may not drive political change, they can improve the lives of vulnerable groups.
* **Strengthen the State Agency for NGO Support**: Enhance the Agency's capacity to integrate capacity-building activities with competitive small grants for CSOs, indirectly offering more services to CSOs.
* **Tailor-Made Mentorship and Advisory Support**: Offer targeted support to small, region-based, and less-experienced CSOs, addressing challenges in financial management, taxation, and project implementation through systematic capacity-building programs or on a demand basis.
* **Networking Opportunities**. CSO exhibit significant appetite for networking and experience exchange opportunities. Online discussion groups could be set up, possibly on Facebook, where participants post questions and answers to each other post-training without trainer or UNDP staff involvement. Additionally, UNDP could host monthly one-hour online “self-directed” meetings where participants discuss the challenges they face in applying the material learned. This approach would foster peer support and collaboration among CSOs, enhancing their capacity to tackle challenges independently.

### 5.2.2. Social Enterprise Component

**The project clearly exhibited the promise and important of the SE concept for Azerbaijan**. However, its experience also showcased that social entrepreneurship cannot evolve and flourish without a conducive ecosystem. The current project invested in three key components of such an ecosystem—policy, capacity building, and funding for SE. In subsequent interventions, it is advised to nurture additional SE ecosystem actors.

It is recommended to adopt an “ecosystem” approach to the promotion of SE in the country, addressing the full array of SE ecosystem components:

1. ***Generating conducive policy environment.*** The first and foremost institutional measure that is needed for the advancement of the SE ecosystem in Azerbaijan is the generation of a conducive business environment in the country. The current project has already contributed to this endeavor, and it will be important to continue these efforts, drawing on the detailed recommendations developed as part of the current project. Identifying and capacitating a government champion who will take ownership over the SE agenda will also be key.
2. ***Launching networking platforms.*** Networks for social enterprises and ecosystem players can significantly enhance peer learning, information sharing, joint advocacy, and overall ecosystem strengthening. This Evaluation identified clear interest in creating a local network, with several parties expressing willingness to help organize it. Such a network could serve as a platform for the policy development process by providing a central structure for engaging key stakeholders and addressing social enterprise topics. Such networks would be instrumental in fostering collaboration and driving the growth of the social enterprise ecosystem.
3. ***Raising awareness***: events (workshops, discussion groups, conferences, round tables, etc.) on SE could be organized both in Baku and in the regions issues to expose the merits of innovation; introduce innovation and entrepreneurship training in elementary schools and secondary schools, focusing in particular on attitudinal and behavioral issues; generate and widely disseminate information materials regarding the innovation ecosystem; establish a dedicated website that focuses on innovation and gathers all relevant information in single place; employ the media to feature role models and success stories of local innovations, etc.
4. ***Launching an “Social Entrepreneurship Agents” program***: it could be considered to employ independent consultants or business leaders that have sectoral expertise and that could work with specific SMEs on identifying their SE potential, looking for income generative opportunities, and provide tailor-made support and advice. These agents could also help SMEs take full advantage of existing government support programs and international financing opportunities.
5. ***Setting up strategic collaborations with universities and vocational training institutions.*** Higher education institutions could be key partners in the promotion of SE among young people. Incubators could be set up as part of universities, and subjects related to SE could be integrated into curricula (similar to the practice of the University of Economics under the current project).
6. ***Facilitating access to finance.*** The lack of developed and systemized financial mechanisms and incentives to support SE activities is a significant barrier for SMEs and CSOs that seek to adopt the SE approach. Distinct financial incentives are required to encourage them to embark on the SE journey. At the national policy level, these may include tax incentives or subsidies to SEs, tax benefits to individuals that invest in SEs, and various exemptions related to bureaucratic reporting. The government could also support programs that provide subsidized loans without collateral requirements for SEs, as well as tax breaks and exemptions.
7. ***Launching crowd-funding platforms***: crowd-funding—the use of small amounts of capital from a large number of individuals to finance a new business or product—may provide SEs with a promising financing source, which allows them to bypass the traditional banking system and its rigid collateral requirements.
8. ***Facilitation of research and case studies on local social enterprises.*** More work needs to be done on collecting and collating stories of success as well as stories of failures so that these can be shared and learned from. In addition, collection of sound data and figures allows for a good basis for further interventions where they will be most effective.

# ANNEXES

# Annex 1. Evaluation Matrix

The key evaluation questions and how they will be answered through selected methods are as follows.

|  |  |  |  |
| --- | --- | --- | --- |
| **Evaluation Question (EQ)**  | **Indicators**  | **Sources of Information**  | **Data collection methods**  |
| **EQ 1.** To what extent has the Project responded and remained relevant to the country priorities and in line with the national sector development priorities and plans of the country? |  **Indicator 1.1** Project Objectives and results have linkages to the Azerbaijan’s national development priorities and plans of the country with regards to the role of civil society and social enterprises.**Indicator 1.2** The Project intervention concept is aligned to identified needs regarding implementation of UNDP’s HRBA as well as overall Human Rights for Vulnerable Groups priorities (High/Medium/Low). | UNDP Country Strategies, programme documents, national government strategies/policy documents | Document analysis,Key Informant Interviews  |
| **EQ 2** To what extent is the design of the Project concept and its modalities contributing to the effectiveness of the support? Are the project’s objectives and outcomes or components clear, practical, and feasible within its time frame? | **Indicator 2.1.** Project concept includes a sound intervention logic/results framework with SMART indicators and targets, in line with best practices, that enables most effective route towards expected/intended results**Indicator 2.2.** Project concept provides clear definition of the problem to be addressed and the underlying assumptions**Indicator 2.3.** Evidence of Project partners’ attempt to reviewany incorrect assumptions or changes to the context in order to ensure achievement of the project results as outlined in the Project Document.**Indicator 2.4.** Percentage of lessons learned and recommendations from previous similar projects integrated in the project design.**Indicator 2.5.** Project design and implementation was done in close consultation with the government partners to ensure country ownership  | Project documentation, Key Informants | Document analysisKey Informant Interviews |
| **EQ 3.** How efficiently, in terms of quality and quantity, has the Project been managed with regard to the financial and human resources available? | **Indicator 3.1.** Project implementation coordinated, monitored and reported within an overall supervision system (including the Project Board) **Indicator 3.2**. Degree of respect of reporting requirements, cases reporting delays and their causes**Indicator 3.3.** Adequacy of staffing vis-à-vis perceived/realized workload**Indicator 3.4.** Degree of implementation delays and their causes**Indicator 3.5.** Degree of adequacy of the budget vis-à-vis the volume of tasks carried out**Indicator 3.6.** Work-planning processes are results-based and contribute to effectiveness of support **Indicator 3.7.** Possible adjustments to the projects’ design (logical framework) and budget are justified, appropriate and relevant, accompanied by a sound analysis and communicated to the donor.**Indicator 3.8.** Fiduciary and sound financial management rules allowed cost-effective and conscious implementation of project and informed decisions to allow for timely flow of funds**Indicator 3.9.** Co-financing is used strategically to help the objectives of the project as evidenced through regular meetings of all co-financing partners in order to align financing priorities and annual work plans | Project documentation, Key Informants | Document analysisKey Informant Interviews |
| **EQ 4.** To What extent has the project developed and leveraged partnerships toward efficient and effective delivery of results?  | **Indicator 4.1.** Collaborative leadership of the cooperation with direct and tangential stakeholders is efficient and effective, with transparent and timely decision-making **Indicator 4.2.** Roles and responsibilities are agreed and clear**Indicator 4.3.** The Executing Agency/Implementing Partner(s) execute their tasks with quality **Indicator 4.4.** Degree to which lessons derived from the adaptive management process are documented, shared with key partners and internalized by partners.**Indicator 4.5.** Support provided to the Project Beneficiary CSOs contributes to efficiency and effectiveness of support         | Project documentation, Key Informants | Document analysisKey Informant Interviews |
| **EQ 5.** To what extent has the monitoring system contributed to effective reflection of progress towards delivery of results?  | **Indicator 5.1.** Monitoring system and related tools effectively tracks progress of individual project activities and the broader development aspects**Indicator 5.2.** Monitoring system setup is accessible for involvement of key partners and aligned with national systems**Indicator 5.3**. Adequacy of resources allocated to monitoring and evaluation | Project documentation, Key Informants | Document analysisKey Informant Interviews |
| **EQ 6.** To what extent do the communication systems in place for the project contribute to efficient awareness raising and information on project progress and intended impact to the partners and public? | **Indicator 6.1.** The project’s Communication strategy is in place and contributes to regular and effective communication with key stakeholders (to ensure no key stakeholder is left out of communication)**Indicator 6.2.** Communication tools include feedback mechanisms **Indicator 6.3.** Degree to which communication with stakeholders contributes to their awareness of project outcomes and activities and investment in the sustainability of project results **Indicator 6.4.** Evidence of appropriate outreach and public awareness campaigns to raise awareness of public on project progress and intended impact | Project documentation, Key Informants | Document analysisKey Informant Interviews |
| **EQ 7.** To what extent has the project achieved its results?  | **Indicator 7.1**. Number of CSOs with improved policy making capacities**Indicator 7.2.** Percentage of CSOs proposed policy recommendations reflected in the national policy documents **Indicator 7.3.** Number of small region-based CSOs with improved organizational and implementation capacities**Indicator 7.4.** Roster of SEs in Azerbaijan available **Indicator 7.5** Social enterprise network to provide an exchange of ideas and best practice learnings exists**Indicator 7.6** Existence of a commonly agreed roadmap towards SE ecosystem development**Indicator 7.7** Number of CSOs and SMEs that benefitted from the learning opportunities**Indicator 7.8** Number of social business ideas generated and financially supported through the Social Enterprise Platform **Indicator 7.9** Number of local institutions trained in to supporting SEs | Project documentation, Key Informants | Document analysisKey Informant InterviewsFocus Group discussions Site observations  |
| **EQ 8** What is the level of Project’s contribution to overall objective? What are the sustainability prospects of achieved results?  | **Indicator 8.1.** Evidence of positive contribution of the project to beneficial development effects (i.e. income generation, human rights, improved governance etc.)**Indicator 8.2.** Evidence that the projects activities made a visible contribution to enhanced role of civil society in local development processes. **Indicator 8.3.** Level of commitment of local and national government stakeholders to support the objectives of the project**Indicator 8.4.** Local and national government partners continue to have an active role in project decision-making that supports efficient and effective project implementation**Indicator 8.5.** Mechanisms in place to ensure sustainability of results at local and national levels  | Project documentation, Key Informants | Document analysisKey Informant InterviewsFocus Group discussions Site observations  |
| **EQ 9.** To what extent has gender equality and women empowerment been addressed in the design, implementation and monitoring of the project?To what extent has the project strengthened the capacities of civil society in better promoting and protecting women’s rights? | **Indicator 9.1** Project activities promoted gender equality and contributed to women’s rights.Indicator 9.2 Capacity of beneficiary CSOs to improve women’s rights and conditions has been enhanced | Project documentation, Key Informants, FGDs | Key informant interviews, Focus Group discussions Site observations  |

# Annex 2. Terms of Reference

**TERMS OF REFERENCE AND PROCUREMENT NOTICE**



 **Date:** 27.02.2024

**Country:** **Azerbaijan**

**Description of the assignment:** International Consultant forFinal Evaluation of the Developing innovation-driven and sustainable civil society in Azerbaijan Project

**Type of Contract: International** Individual Contract

**Duty Station:** Baku, with field visits to province(s) of Azerbaijan

**Project name:** Developing Innovation-driven and Sustainable Civil Society in Azerbaijan

**Period of assignment/services:** April – June 2024 (within a span of 3 months, with the maximum of 25 working days)

The announcement for the vacancy will be available on <https://procurement-notices.undp.org/> . Proposal should be uploaded through Quantum.

 Any requests for clarification must be sent in writing via Quantum system. UNDP will respond in writing or by standard electronic mail and will send written copies of the response, including an explanation of the query without identifying the source of inquiry, to all consultants.

**1. CONTEXT**

Civil society in Azerbaijan has been developing dynamically since the country gained independence in 1991. Currently, there are over 4,500 NGOs registered in the country, and dozens of unregistered groups, however, not all of them are active. The available forms for NGOs include public unions, foundations, research centres and associations. Their activity is regulated by various legal acts such as the Law on Non-Governmental Organizations, the Law on Grants, the Law on Public Participation, Law on Media and others.

NGOs are engaged in diverse spheres of activity, including human rights, women empowerment, education, culture, health, social protection, environmental protection etc. Traditionally NGOs are mainly engaged in community-based projects focusing on vulnerable populations but there is also some involvement in the policy debates and policy-formulation processes. Several initiatives launched over the past years signal a shift in the government's willingness to engage with CSOs and more public agencies are open to co-operation and facilitate broad discussions.

The Government of Azerbaijan acknowledges the importance of broad-based stakeholder engagement including non-governmental organizations in accelerating the implementation of the SDGs. The National Voluntary Reports on SDGs feature many examples of cooperation between the government, CSOs and private sector in addressing SDGs challenges.

Sustainability of the NGOs remains an issue due to a variety of factors. Although the government increased the number of state bodies that can issue grants to CSOs, the amounts are insufficient to ensure financial sustainability. A shift from grant giving projects to those involving, at least in part, a cost recovery component through the practice of social entrepreneurship, may offer an avenue for greater financial viability. Other pathways towards a stronger civil society include forming coalitions/networks supported by common vision and objectives; creating core units of capacity in specialised areas and enhancing public sector-civil society dialogue and partnership.

The European Union (EU) and United Nations Development Programme (UNDP) value
a dynamic civil society environment, which fosters pluralism and contributes towards sustainable development and inclusive growth. The organisations recognise the important role of the civil society in support of the 2030 Agenda on Sustainable Development. The EU and UNDP have developed long-term partnership realized through several initiatives that promote a conducive environment for civil society organisations (CSOs), foster meaningful participation of CSOs in policy formulation, local development, service delivery as well as strengthen CSOs’ internal capacities.

To further support engagement of the civil society in the national development process, in 2020 EU and UNDP have launched a 3-year project “Developing innovation-driven and sustainable civil society in Azerbaijan”. The project’s overall development objective is to contribute to building conducive environment for a vibrant, sustainable and innovation-driven civil society in Azerbaijan. The project pursues two **specific objectives**:

1. To enhance CSOs representation and implementation capacities in the national and local policy-making and local development processes;
2. To build supportive ecosystem and capacities for social entrepreneurship enabling increased number of social enterprises and more social innovation.

The project’s objectives will be achieved through the delivery of the following **Outputs/Expected Results**:

* CSO capacities for policy engagement around development issues strengthened;
* Essential capacities of region-based CSOs as actors in local development spheres and processes increased;
* Conducive ecosystem and enabling opportunities for boosting the start and development of social enterprise are improved (a policy and road map prepared, a dialogue for consultation and learning created, and competences developed in social entrepreneurship and social innovation)
* Social Enterprise Platform is established and promoted.

The project will support activities around the following **priority themes:**

1. Gender equality and women empowerment
2. Climate change and environment
3. Coping with impacts of COVID-19 pandemic

The project is expected to benefit the following **civil society groups**:

1. CSOs with long and proven work history and advanced capacities based in Baku and regions of Azerbaijan;
2. Small-sized CSOs or community-based organisations outside Baku;
3. CSOs with blended financial sources (funded by traditional grants and profits from social business).

Additional project information is provided below:

|  |
| --- |
| **PROJECT INFORMATION** |
| Project Title | Developing innovation-driven and sustainable civil society in Azerbaijan |
| Country | Azerbaijan |
| Project start date | 1 December 2020 |
| Project planned end date | 30 August 2024 |
| Project budget | USD 3,201,370 |
| Project expenditure at the time of evaluation (estimate) | USD 2,930,000 |
| Funding source | European Union  |
| Implementing party | UNDP  |

**2. EVALUATION PURPOSE, SCOPE AND OBJECTIVES**

The purpose of the final project evaluation is to assess the achievements against the expected results, document lessons learnt, and provide forward looking recommendations to UNDP and its partners to be considered in the designing future interventions with civil society. The evaluation consultant is expected to critically review and identify what has worked well in the project, what challenges have been faced, what lessons can be learnt to improve UNDP’s programming.

The final project evaluation is expected to be conducted in April 2024, with draft report produced no later than end of May, as the project is scheduled to end on 30 August 2024.

The primary users of the evaluation results will be UNDP and European Union, but the evaluation report will equally be useful to the relevant government entities, UN Agencies and other development partners and donors.

In view of the above, UNDP is seeking an international consultant to conduct the final project evaluation. The evaluator will work under the overall supervision of the Programme Analyst, UNDP Azerbaijan, and day-to-day collaboration with Project Manager and project team.

The objectives of the evaluation are to:

* Assess to what extent the project has achieved its stated overall and specific objectives
* Assess the relevance and effectiveness of the capacity building programme for civil society organisations
* Assess the effectiveness of the actions taken for creating enabling policy environment to promote development of social entrepreneurship
* Assess design and the effectiveness the financial support mechanism provided to the CSOs
* Assess design and effectiveness of the Incubation Programme for social entrepreneurs
* Assess to which extent the project contributes to greater financial independence of the CSOs
* Assess to which the project contributes to greater civic participation in policy discussions
* Assess extent to which the project integrates human rights-based approach and mainstreams gender within project planning and implementation
* Provide forward looking recommendations for future interventions

**Evaluation criteria and key guiding questions**

The evaluation will follow the four OECD-DAC evaluation criteria – Relevance, Effectiveness, Efficiency and Sustainability. Human Rights and Gender Equality will be added as cross-cutting criteria. The tentative guiding questions are listed below:

**Relevance: The extent to which the overall and specific objectives of the intervention are consistent with the needs and interest of the key target groups?**

* To what extent is the project design logical and coherent?
* To what extent the project is in line with UNDP mandate, Country Programme Document, the national priorities and needs of civil society actors?
* To what extent was the project design relevant to supporting greater participation of civil society actors in policy formulation and local development processes?
* To what extent was the design of the project’s capacity building programme relevant and adapted to the diverse training needs of the CSOs?
* To what extent was the design of the social entrepreneurship component relevant the needs of the local stakeholders including social entrepreneurs, CSOs, government entities?
* To what extent did the project adopt gender-sensitive and human-rights based approaches?

**Effectiveness: Extent to which the results of the intervention have been achieved:**

* To which extent the project activities were delivered effectively in terms of quality, quantity and timing?
* To what extent has the project achieved its outputs and targets of the logframe?
* What factors have contributed to achieving or not achieving the expected outputs and outcomes?
* How effective the project has been in advocating for policy changes to promote social entrepreneurship?
* To what extent has the knowledge and skills delivered through various capacity building interventions (trainings, mentoring etc.) translated into improved quality of deliverables by the trainees?
* What alternative or complementary approaches would be more effective in achieving the project objectives?

**Efficiency: How effectively were the resources including human, financial and material used to achieve the project results in a timely manner?**

* To what extent was there any identified synergy between UNDP-implemented project and other initiatives that contributed to reducing costs while supporting results?
* Was the funding sufficient and allocated strategically for the achievement of the results?
* To what extent was the project management structure efficient in generating the expected results?
* To what extent did the project M&E systems provide management with a stream of data that allowed it to learn and adjust implementation accordingly?

**Sustainability: Probability of the benefits of the intervention continuing in the long term**

* To what extent will the project achievements be sustained over time? What are the challenges and opportunities?
* What are the risks (political, social, other) that may jeopardize the sustainability of the project results?
* To what extent are the policy and regulatory frameworks in place that will support the continuation of the project?
* To what extent are the development partners committed to providing continued support?
* What could be done to strengthen exist strategies?

**Evaluation of cross-cutting issues:**

* To what extent has gender equality and women empowerment been addressed in the design, implementation and monitoring of the project?
* To what extent has the project strengthened the capacities of civil society in better promoting and protecting women’s rights?
* To what extent have the people with disabilities been meaningfully involved in the project and to what extent have they benefitted?

**Way forward**

* Have any good practices, success stories, lessons learnt, or replicable examples been identified?
* Based on the analysis of the situation, provide forward looking programmatic recommendations to UNDP for future interventions in support of the civil society and social entrepreneurs

**Methodology**

The evaluation methodology provided here is indicative. The consultant should review the methodology and propose the final methods and data collection tools as of the inception report.

The evaluation methodology should include a mix of approaches – collecting and analysing both qualitative and quantitative data using multiple sources in order to draw valid, reliable and evidence-based findings. The evaluator is expected to follow a participatory and consultative approach ensuring close engagement of the project beneficiaries, donor, UNDP country office and other stakeholders.

Methods to be used by the evaluator should include but not be limited to:

**Desk Review**: this should a review of inter alia:

* Country Programme Document
* Project Document
* Capacity needs assessments
* Annual Progress Reports
* Project Board Meetings
* Project Revisions
* Project Budgets and Expenditure report
* Monitoring Reports
* Post-training/mentoring reports
* Field trip reports
* Assessments and reports related to the country context

**Focus Group Discussions**

* Development of evaluation questions around relevance, effectiveness, efficiency and sustainability designed for different groups of stakeholders

**Key Informant Interviews** (structured, semi-structured) with selected stakeholders representing CSOs and social entrepreneurs

**Online survey** among the project participants and beneficiaries

**On-site validation** and **field observations**

Briefing and debriefing sessions with UNDP and the project team as well as with the donor will be organised.

The evaluator should ensure triangulation of the various data sources to maximize validity and reliability of data. Based on the analysis of data and findings, the recommendations should be provided for future directions of the intervention.

The final methodological approach including interview schedule, field visits, evaluation matrix and data to be used in the evaluation should be clearly outlines in the inception report and fully discussed and agreed with UNDP. The consultant shall submit the final report in English. The structure and content of the report should meet the requirements of the [UNDP Evaluation Guidelines](http://web.undp.org/evaluation/guideline/).

**Evaluation Ethics**

This evaluation will be conducted in accordance with the principles outlines in the [UNEG ‘Ethical Guidelines for Evaluation’](https://www.unevaluation.org/document/detail/102). The consultant must safeguard the right and confidentiality of information providers, interviewees and stakeholders through measures to ensure compliance with legal and other relevant codes governing collection of data and reporting on data. The consultant must also ensure security of collected information before and after the evaluation and protocols to ensure anonymity and confidentiality of sources of information where that is expected. The information knowledge and data gathered in the evaluation process must also be solely used for the evaluation and not for other uses without the express authorization of UNDP and partners.

**3. EXPECTED DELIVERABLES AND SCHEDULE OF PAYMENTS:**

The evaluator should submit the following deliverables:

* Inception report (7 -12 pages). The inception report should be carried out following and based on preliminary discussions with UNDP after the desk review and should be produced before the evaluation starts and prior to the county visit, no later than 2 weeks after the contract signature.
* Evaluation schedule and matrix (part of the inception report)
* Evaluation debriefing to share preliminary findings (at the end of the evaluation mission)
* Draft evaluation report with a length of 40-60 pages is suggested. UNDP will review the draft evaluation report, coordinate inputs from relevant stakeholders and provide an amalgamated set of comments to the consultant within two weeks from submission;
* Final evaluation report (including executive summary and relevant annexes) incorporating feedback from the concerned parties and no later than 2 weeks after receiving UNDP comments.

The payment schedule is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Deliverables** | **Timeframe** | **Indicative number of w/d** | **Payment schedule** |
| Inception report including evaluation matrix and schedule  | 2 weeks from contract signature | 5 days | 30% |
| Stakeholder meetings, interviews and debriefing (field-based and online) | Upon agreement of mission dates with UNDP but no later that 2 weeks after acceptance of the inception report | 8 days  | 70% |
| Draft evaluation report | 2 weeks after completion of the evaluation mission  | 6 days |
| Final evaluation report  | 2 weeks after receipt of comments from UNDP  | 3 days |
| **TOTAL** |  | **22 days** [[3]](#footnote-3) |  |

Payment will be made upon certification of the satisfactory completion of the tasks and acceptance of the deliverable(s) by authorised UNDP personnel.

**4. LOCATION AND TRAVEL**

A one-week travel to Baku and selected regions of Azerbaijan will be required for this assignment. Preparatory work and report writing will be home based, while some meetings and interviews can be organized online.

**5. IMPLEMENTATION ARRANGEMENTS**

The evaluation is commissioned by UNDP Azerbaijan. The UNDP CO will ensure timely provision of logistic arrangements within the country for the evaluator. The Programme Analyst will assure smooth, quality and independent implementation of the evaluation with needed guidance from UNDP’s Senior Management.

The Project Team will be responsible for providing required information, furnishing documents for evaluation to the consultant. They will also be responsible for the logistic arrangements of the evaluation, for setting up stakeholder interviews, focus group discussions, arranging field visits etc.

Key relevant project documents will be provided to the consultant after signing the contract. The consultant should review the relevant documents and share the draft inception report before the commencement of the mission.

The final evaluation report will be approved by the UNDP Evaluation Commissioner/Owner.

**6. QUALIFICATION REQUIREMENTS AND TECHNICAL EVALUATION OF OFFERS:**

Offerors will be evaluated based on the cumulative analysis method, against combination of technical and financial criteria. Maximum total obtainable score is 100, out of which the total score for technical criteria (desk review and interview) equals to 70 and for financial criteria – to 30.

Technical evaluation will comprise of desk review and interview stages. Candidates who collect 70% (49 points) of points obtainable as a result of the desk review will form up short list and be invited to the interview.

Offerors passing 70% threshold as a result of the interview and review of the submitted reports (i.e. obtain minimum of 21 points) will be recommended for financial evaluation.

**Required skills and experience**

**Desk review:**

**Educational qualifications:**

* At least master’s degree in economics, development of related fields; **5 points**

**Experience:**

* At least 8 years of demonstratable international experience in project assessment/evaluation in development sectors; **20 points**
* Working experience in the field of civil society development, social economy, or closely related fields preferred; **10 points**
* Understanding of civic space and civil society dynamics in post-Soviet settings is an advantage; **10 points**
* Good knowledge of the socio-political context in the region; **10 points**
* Prior work experience with UNDP and good understanding of UNDP evaluation requirements is highly desirable; **10 points**

**Language requirements:**

Excellent communication, presentation and writing skills in English; **5 points**

Only those who score at least 49 points at the desk review stage are invited to the interview. At this stage, the candidates will be requested to provide copies of or links to their publicly available evaluation reports. Failure to do so may disqualify the offeror(s) from further evaluation process.

**Interview and review of reports:**

**Competencies:**

* Adequate understanding of gender equality and inclusivity concepts; **10 points**
* Excellent command of different data collection methods including FGD, KIIs etc.; **10 points**
* Strong analytical and report writing skills; **10 points**

The interview will be conducted over Zoom platform.

**7. FINANCIAL PROPOSALS (LUMP SUM CONTRACTS) AND FINANCIAL EVALUATION**

The financial proposal shall specify a total lump sum amount, and payment terms around specific and measurable deliverables. The Consultant shall also include in the financial proposal his/her proposed costs for the round trip and living/overnight stays in Baku, Azerbaijan and regions. The cost of the round trip and per diem for stay in Baku shall be indicated separately from the Consultant’s daily rate and shall not be higher than an economy class flight rates. Under no circumstance the per diem for Baku or regions of Azerbaijan should be higher than UN daily subsistent allowance rate, which is currently established at 144 USD for overnight stay in Baku and 108 USD for stay in regions.

 In order to assist the requesting unit in the comparison of financial proposals, the financial proposal will include a breakdown of this lump sum amount.

Maximum 30 points will be assigned to the lowest price offer. All other price offers will be scored using the formula (inverse proportion): Financial score X = 30\* the lowest price offer/suggested price offer. All envisaged travel costs must be included in the financial proposal as well.

# Annex 3. Evaluation Mission itinerary – July 2024

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Monday, July 8 | Tuesday, July 9 | Wednesday, July 10 | Thursday, July 11 | Friday, July 12 |
| *Location: Baku* | *Location: Ganja* | *Location: Ganja, Mingachevir* | *Location: Baku* | *Location: Baku* |
| 11:00 – UNDP BriefingMs. Leyla Fathi-Khoshginabi, Programme Analyst  | ***Travel from Baku to Ganja*** | **10:00 – Meeting with beneficiaries**Tamas NGO**11:00 – Meeting with beneficiaries**Ganja-Euro Atlantic Information Centre | **10:00 – Meeting with Ministry of Labour and Social Protection of the Population**On issues of social entrepreneurship  | **10:00 – Focus Group with Baku-based CSOs** |
| 14:00 – Project team BriefingMs. Jamila Ibrahimova, Project Manager; Ms. Jalala Allahverdiyeva, Project Officer | **15:00 – Meeting with beneficiaries**Enlightenment for Regional Development NGO**17:00** – **Meeting with beneficiaries**Ganja Regional Women Centre | ***Travel from Ganja to Mingachevir*****14:30 – Meeting with beneficiaries**Mingachevir Parents’ Association***Travel from Mingachevir to Baku*** | **14:00 – Focus Group with Social Entrepreneurs**  | **13:00 – Internal debriefing**  |

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| --- |
| Post mission meetings |
| July 16, 2024: Meeting with EU Delegation representativeParticipant: Victor Giner |
| July 18, 2024: Focus group with trainers on social entrepreneurship Participants: Enrico Testi; Nadir Guluzadeh; Sara Rajabli; Vusal Behbudov |
| July 19, 2024: Meeting with EduHub on Collaborate4Impact projectParticipant: Gulnara Ismailova, EduHub manager |
| August 6, 2024: Debrief Meeting on Evaluation Report Participants: Mr. Slobodan Tadic, Deputy Resident Representative; Ms. Jamila Ibrahimova, Project Manager; Ms. Leyla Fathi, Programme Analyst |

# Annex 4. List of reviewed documentation

* UNDP Proposal to the EU Delegation, along with the Logical Framework Matrix
* UNDP Project Document
* Project Inception Report
* All Project Progress Reports
* Training and capacity building reports
* Progress reports and logframes submitted by project beneficiaries
* Publications and resource materials produced by the Project
* Financial and Administration guidelines used by Project Team
* Programme and Operations Policies and Procedures
* UNDP country/countries programme document(s)
* Project site location maps
* Handbook on Planning M&E Evaluation for Development Results
* UNDP Social and Environmental Standards (14 July 2014)
* Environmental Standards (14 July 2014)
1. The matrix is based on data collection exercise held at the end of the 3rd reporting period. The updated matrix will be presented as part of the final report. [↑](#footnote-ref-1)
2. <https://csometer.info/updates/cso-meter-regional-report-2023> [↑](#footnote-ref-2)
3. The total number of working days is indicative and may range from 20 to 25 depending on the consultant’s approach to work, methodology etc. [↑](#footnote-ref-3)