

Monitoring Report

on

Implementation of the National Anti-Corruption Action Plan for 2012-2015

(September 2013 –December 2014)

**This report has been developed by the experts of the
“Constitution” Research Foundation.**

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EXECUTIVE SUMMARY

This report covers the results of the monitoring of implementation of the National Anti-corruption Action Plan (NAP) for 2012-2014. The report focuses on the implementation of NAP and provides recommendations to the governmental bodies, committees, municipalities and State-owned companies. The main focus of the report is on the progress made on implementation of activities in 28 areas envisaged in NAP.

The results of the monitoring show that efforts were made to implement the NAP, but additional efforts are needed to improve their efficiency.

After 2 years and 4 months of implementation of the NAP, the average implementation rate of its components accounts for 71.47%.

Significant progress is observed in the state of implementation of the NAP since its approval till the end of 2014. The following activities can be specifically cited: improvement of the legislation and legal framework in general, organization of e-services, improvement of the legislation on civil service and institutional mechanisms, maintaining the State Registry of Real Estate, introduction of e-services and innovations with regard to registration of real estate, introduction of new procedures on conduct of inspections in entrepreneurial entities, development of actions on introduction of the mechanisms of social protection of the population, targeted social aid, assignment of disability categories, initiatives on increase of transparency and accountability in communal sector, measures of control and oversight on the

reception of people and consideration of their appeals, new steps in issuance of licenses in the construction sector, and positive trends in implementation of measures aimed at improvement of activities of the Main Department for Combating Corruption.

The general finding is that the process of amending and revising the legislation and procedures in broader sense, design and adoption of development concepts in various spheres, as well as implementation of basic measures for introduction of e-services is close to completion. Implementation of the actions envisaged in NAP will be remarkable from this standpoint. The observations allow us to state that practical problems related to implementation of the legislation still exist in majority of cases. The main priority must be given namely to improvement of practices.

The monitoring process showed that the state bodies displayed noticeable dynamic in implementation of their duties under NAP. 18 draft laws and one code have been developed in connection with implementation of NAP during 2013-2014.

Two concept papers, four drafts of new rules regulating different spheres have been developed and six new rules have been approved in connection with implementation of NAP during 2013-2014.

Very good dynamics and progress is observed in implementation of anti-corruption actions in the high-risk corruption spheres like public procurement, conduct of tenders, licensing, and issuance of permissions.

At the same time, it should be stressed that almost no activities have been conducted to organize educational courses on combating

corruption and include them in curricula of higher and secondary education institutions, training and education centers.

One of the important points to pay attention to is slow introduction of e-services in the high-risk corruption spheres.

There is a need for serious monitoring and analysis of the NAP implementation by the Anti-Corruption Commission. The Commission should keep the dynamics under strict attention.

At the same time, approval of the Law “On Regulation on Inspections in Entrepreneurship Sphere and Protection of Entrepreneurs’ Interests” by the President and its entry into force, and the President’s Decree “On Additional Measures for Development of Entrepreneurship” should be noted as the factors that can be considered as triggers for taking meaningful measures for improvement of entrepreneurial environment.

GOAL OF THE MONITORING:

The goal of the monitoring is to provide each stakeholder with independent assessment related to implementation of their aspects of the National Action Plan. The Monitoring Group described progress and weaknesses in implementation of 124 items of the NAP and suggested recommendations for more efficient fight against corruption problem in Azerbaijan.

ABOUT THE NAP

The National Action Plan (NAP) is comprised of actions reflected in 125 items and to be implemented by the State bodies, committees, municipalities, State-owned companies and other stakeholders. The actions are grouped in 28 areas. The conduct of the monitoring is focused on the status of implementation of the actions envisaged for 2012 and 2013. The National Action Plan envisages implementation of two actions in 2012 48 –in 2013, and 40 –in 2014. (*Chart 1*)

# of activities	2012	2013	2014	2015
2	■			
13	■	■		
1	■	■	■	
11	■	■	■	■
36		■		
38		■	■	
1			■	
4		■	■	■
19	■	■	■	■

MONITORING METHODOLOGY

The methodology of the monitoring of the National Anti-Corruption Action Plan for 2013-2015 is developed by the experts of “Centre for anti-corruption research and initiative “Transparency International-Russia” Anti-Corruption Initiatives and Research Center based on the request from “Transparency Azerbaijan” Anti-Corruption Public Union.

The methodology was developed for evaluation of each action from 125 areas reflected in NAP based on the data collected from three different sources:

1). Analysis of open sources (news, official reports and other publicly available information) was conducted to evaluate the status of implementation of each NAP component. According to the methodology, the experts were supposed to give points to components based on the evidences of the progress made on them. According to “the data collected from the open sources” the following scoring was used: no progress in the implementation was scored –0 point, evidences of some progress –1 point, clear evidences on implementation of a concrete action –2 points, clear evidences of significant progress with additional efforts –3 points.

2). When possible, inquiries were submitted to evaluate the relevant State bodies’ activities. Based on the references received, the following scoring ranging from 0 to 3 was used: no or negative response –0, action is implemented fully and comprehensively –3. Total 58 inquires were sent during the monitoring and 54 of them were responded.

3). The same scoring rule was applied to “the data on the results of NGO survey”. In evaluation of certain number of action, 3 points were given for achieving concrete result on the action. For instance, during evaluation of the actions related to “development of rules for anti-corruption expert examination of legal acts”, “development, approval and entering into force of the rules” were given 3 points in addition to the above mentioned scoring. It means that the monitoring could reveal that the rules were discussed, drafted, information on them are given to media and NGOs were informed about them. In such case, implementation of the action could be scored with 6 maximum points. If the rules are approved and entered into force, distinct information about this is available in the open sources, and NGOs are informed about them, then the action might get maximum 9 points. At the same time, the methodology also includes indicators to measure the scope of implementation of some actions.

SUMMARY OF THE MONITORING RESULTS

123 out of 125 NAP items have been evaluated in 2012-2014. The heaviest NAP area in terms of its weight is the area 14 that includes 8 components -“Improvement of public procurement and increase of transparency”. The following set of Charts graphically displays the weight of each of the National Plan’s components in the National anti-corruption plan, as well as the evaluation of performance in the NAP implementation.

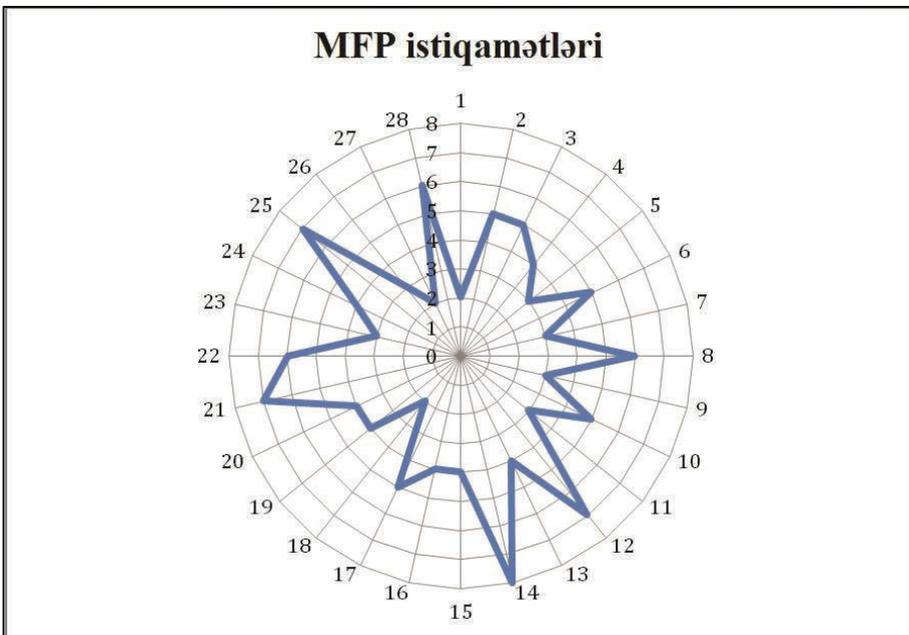


Chart 2. Number of actions under individual NAP areas

As seen from Chart 2, some components of the NAP include more items than others. The evaluation team consider all components and items within them to be equally important and thus, all further assessment is done by comparing the evaluated performance to intended performance.

The task of the monitoring group was to evaluate the progress made on implementation of these 28 areas. The assessment is done on a regular basis. First assessment phase, conducted in fall, 2013, showed some performance of certain agencies. The summarised data of first phase of the monitoring is displayed in Chart 3.

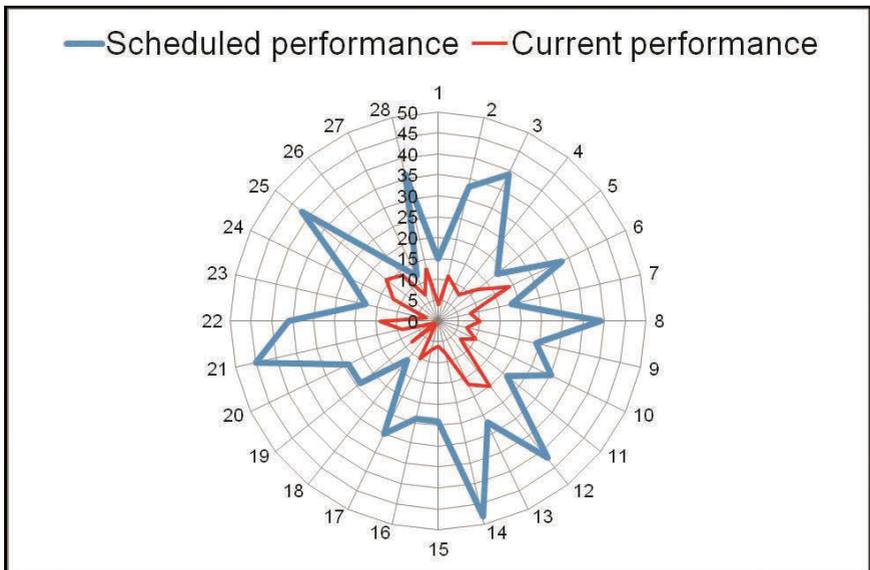


Chart 3.

Current VS planned status as of September, 2013.

The blue line in **Chart 3** shows the number of components in each of 28 areas. The red line indicates the progress made on implementation of each component. The closer the red line to the blue line, the better progress on the implementation in the respective area.

The second phase of the monitoring has been conducted in early 2015. It assesses progress that has been achieved by the state agencies from 2012 till December, 2014. The summarized data describing the progress of implementation can be found in **Chart 4**.

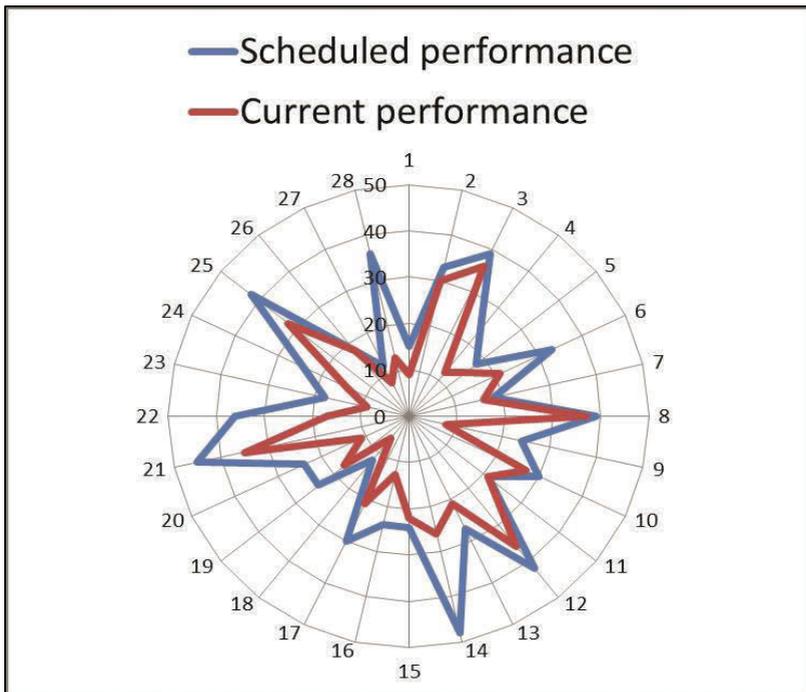


Chart 4. Current VS planned status as of December, 2014.

Chart 4 is used to show the progress made in implementation of actions on each area. The outside blue line means 100% implementation and the inside red line is the actual execution ratio. When omitting the number of items in each of the 28 items of the NAP and presuming that 100% implementation of each component is the ultimate goal, we can calculate the percentage of implementation of each component (see **Chart 5**).

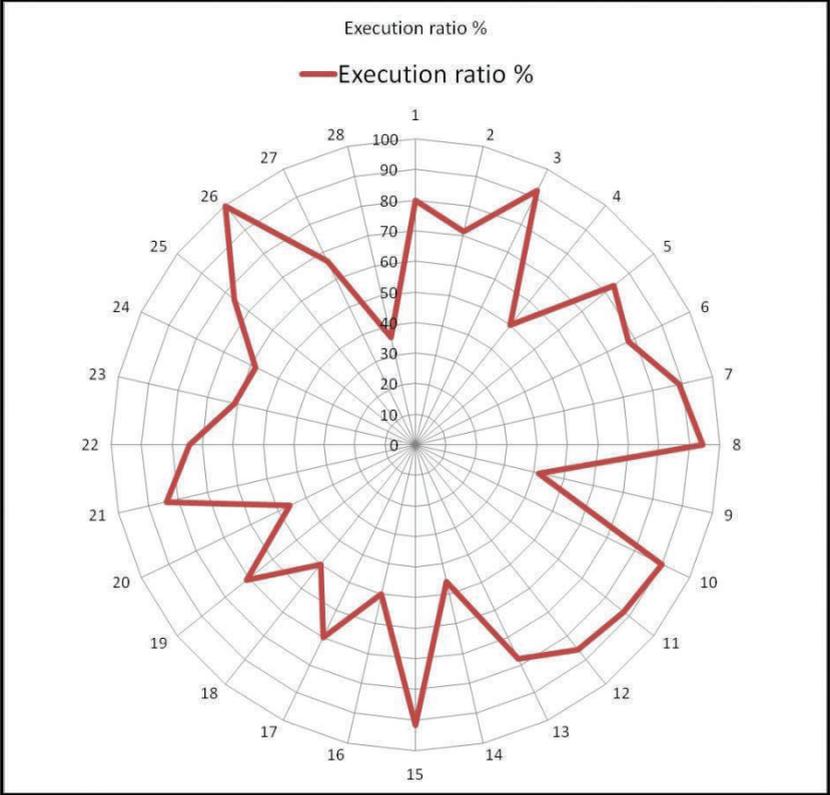


Chart 5. Progress in each of the 28 NAP areas.

As **Chart 5** displays, the most progress is made in the following areas –26 –“Development of international cooperation in combating corruption”; 8 - “Improvement of activities and increase of professionalism of civil servants”; 3 - “Improvement of the criminal prosecution legislation”; 15 - “Increasing transparency in maintaining the State Registry of Real Estate”; 10 - “Improvement of code of conduct”; and 7 - “Improvement of the legislation and institutional mechanisms on civil service”.

Table 2 (Annex 1) provides detailed data on the above-mentioned components.

STATUS OF NAP ITEMS IMPLEMENTATION

This part of the report describes the progress made for the actions envisaged to undertake in 2012 - 2014. In accordance with the methodology, it is possible to score each action by the scale of 0 - 6 or 0 -9.

1. Improvement of the anti-corruption legal framework.

Score on this area - 12 out of 15 points (80%)

1.1 Specification of the rules for evaluation of the legal regulation impact. Implementers: *Cabinet of Ministers, Ministry of Justice, Ministry of Economy and Industry, Ministry of Finance* - 2013.

The Ministry of Justice drafted “The Rules for Evaluation of the Legal Regulation Impact” and submitted to the Cabinet of Ministers. The report of the Ministry of Economy and Industry on implementation of the National Action Plan for 2013 states that the draft has been reviewed and opinion was given by the letter # İSN-X/O-1075/2014 of 07.02.2014¹. The Ministry of Finance also provided its opinion about the drafts of the decree on approval of “The Rules for Evaluation of the Legal Regulation Impact” and their updated versions.

3 out of 6 maximum points on this item.

1.2. Development of the rules for anti-corruption expert examination of legal-normative acts. Implementers: *Cabinet of Ministers, Ministry of Justice* - 2013.

Draft of “The Integrated Rules for Expert Examination of Legal-normative Acts to be adopted by Central Executive Authorities and the Bodies adopting such Acts regarding their Exposure to Abuse (corruption)” has been prepared and submitted to the Cabinet of Ministers.

9 out of 9 maximum points on this item.

2. Improvement of consideration of appeals and complaints.

Score on this area - 30 out of 42 points (71.43%)

2.1. Improvement of the technical and human capacity of 161-hotline call center functioning under the General Prosecutor’s Office

¹economy.gov.az/doc/korrupsiya-hesabat-2013.doc

of the Republic of Azerbaijan, facilitation of prompt consideration of the information entered the center, and publication of statistical and analytical information related to the received appeals. Implementer: *General Prosecutor's Office*–2012-2015

161-Hotline under the General Prosecutor's Office has started its operation since March 3, 2011. Free 24/7 services are provided to the population all days, including holidays and non-working days, all technical installation, software and equipment are in place. General Prosecutor's Office prepared changes and addition to the relevant normative acts for capacity improvement of the center's staff and submitted them to the Cabinet of Ministers.

During the period between January 01–December 31, 2013, the 161-Hotline received 6149 calls.

During the period between January 01 –December 31, 2013, the 161-Hotline received 4945 calls.

The Main Office considered 3194 appeals from the population and 218 materials of criminal character were investigated. Criminal proceedings have been initiated on 82% of those appeals and necessary preventive measures have been taken with regard to the rest of the appeals.

Main Anti-Corruption Office conducts semi-annual and annual reporting events with mass media outlets and civil society organizations on its activities².

6 out of 6 maximum points.

2.2. Specification of integrated methodology and standards for organization and functioning of Hotlines by the State agencies.

² <http://www.genprosecutor.gov.az/?/az/news/view/900/>

Implementers: *Cabinet of Ministers, Ministry of Justice, Anti-Corruption Commission*–2013.

Ministry of Justice drafted “The Integrated Methodology and Standards for Organization and Functioning of Hotlines by the State agencies” and submitted them to the Cabinet of Ministers.

3 out of 6 maximum points.

2.3. Development of a draft law on protection of informers of corruption cases (the Whistleblower Law). Implementers: *General Prosecutor’s Office, Ministry of Justice, Anti-Corruption Commission* –2014.

General Prosecutor’s Office drafted “The Law on Protection of Informers of Corruption Cases (the Whistleblower Law)” and submitted it to the Cabinet of Ministers.

The Ministry of Justice reviewed “The Law on Protection of Informers of Corruption Cases (the Whistleblower Law)” and provided legal opinion about it.

The Legislative Improvement Working Group of the Anti-Corruption Commission has discussed the draft law together with representative of NGOs.

6 out of 9 points.

1.4. Development of proposals on improvement of the rules for consideration of complaints, appeals and petitions related to corruption. Implementers: *General Prosecutor’s Office, Ministry of Justice, Anti-Corruption Commission*–2013.

The Main Anti-Corruption Office has drafted the law on additions the Code of Administrative Offences of the Republic of Azerbaijan and submitted it to the Cabinet of Ministers.

6 out of maximum 9 points.

2.5. Organization of regular in-person, as well as mobile reception of citizens by the heads of state agencies. Implementers: *central and local executive authorities*–2012-2015.

There are 29 central executive bodies in the Republic of Azerbaijan. Websites of each of these bodies have information on the reception days, hours, names of the officials to receive people and contact information to book an appointment with those officials. At the same time, there are 85 local executive bodies. Websites of 77 of these bodies have information on the reception days, hours, names of the officials to receive people and contact information to book an appointment with those officials. Besides, the schedule of reception days of central executive bodies for 2014 has been posted on mass media outlets in advance³. Media outlets provide regular information on visiting reception sessions of heads of the central executive authorities.

Heads of central executive authorities received 10529 citizens in 67 towns and districts and considered 10194 appeals.

4

6 out of 6 maximum points.

2.6. Improvement of electronic receipt and official responding to complaints and appeals. Implementers: *central and local executive authorities*–2013-2014

Websites of all 40 central and 92 local executive bodies receive e-appeals. Electronic reception of complaints and appeals of citizens are processed in accordance with the Law of the Republic of Azerbaijan on “The Rules for Consideration of Complaints and

³ <http://news.lent.az/news/182817>

⁴ <http://www.azerbaijan-news.az/index.php?mod=3&id=62474>

Appeals of Citizens” and “The Rules for Maintaining Records Management in Government Bodies, Offices, Organizations and Enterprises” approved by Decree #52 of the President of the Republic of Azerbaijan, dated December 29, 1998.

But there are no provisions on electronic receipt of suggestions, complaints and appeals of citizens in these rules. Citizens’ appeals are received and recorded electronically, and answered in accordance with the above-mentioned Rules.⁵

The integrated rules and procedures for electronic receipt and official responding to complaints and appeals of citizens have not been developed. Central and local executive authorities are putting some individual efforts in this direction.

It was not possible to obtain any information on the works for development of integrated rules and procedures for electronic receipt of suggestions, complaints and appeals of citizens..

3 out of 6 points.

3. Improvement of the criminal prosecution legislation

Score on this area - 36 out of 39 points (92,31%)

3.1. Development of draft laws on the rules for application of criminal-legal measures to legal entities. Implementers: *General Prosecutor’s Office, Ministry of Justice* - 2013.

General Prosecutor’s Office has drafted the law on the rules for application of criminal-legal measures to legal entities and submitted to the Cabinet of Ministers of the Republic of Azerbaijan.

6 out of 9 points.

⁵ <http://az.trend.az/azerbaijan/politics/2062198.html>

3.2. Development of proposals on limitation of corruption-related immunity of judges. Implementers: *General Prosecutor's Office, Ministry of Justice* - 2013-2014.

Draft Law on Amendments to the Law of the Republic of Azerbaijan on Courts and Judges has been prepared by the General Prosecutor's Office and submitted to the Cabinet of Ministers. The Ministry of Justice provided respective opinion to the draft law.

9 out of 9 points.

3.3. Development of proposals on improvement of effectiveness of investigative and search actions related to combating corruption. Implementer: *General Prosecutor's Office* - 2013-2014

General Prosecutor's Office continued its work on development of proposals on improvement of effectiveness of investigative and search actions related to combating corruption and preparation of draft laws on making relevant amendments and additions to the legislation⁶. A draft law on improvement of effectiveness of investigative and search actions related to combating corruption has been drafted and submitted to the Cabinet of Ministers of the Republic of Azerbaijan.

NGOs are aware of discussion being conducted in this direction.

9 out of 9 points.

3.4. Identification of additional actions on improvement of protection of corruption witnesses and the persons cooperating with the bodies undertaking criminal prosecution measures.

⁶<http://www.azerbaijan-news.az/index.php?mod=3&id=26693>

Implementers: *General Prosecutor's Office, Ministry of Internal Affairs, Ministry of National Security* - 2013-2014

The works on development of proposals for protection of corruption witnesses and the persons cooperating with the bodies undertaking criminal prosecution measures and development of draft laws on making amendments and additions to the legislation with this regard have been continued.⁷ The relevant draft law has been submitted by the General Prosecutor's Office to the Cabinet of Ministers.

For the purpose of improving protection of corruption witnesses and the persons cooperating with the bodies undertaking criminal prosecution measures, the General Prosecutor's Office and the Ministry of Internal Affairs signed an instruction on "Additional measures for protection of the persons cooperating with the bodies undertaking criminal prosecution measures" and sent it for execution.

6 out of 6 points.

3.5. Development of proposals on inclusion of plea bargain on corruption crimes in the criminal procedures legislation. Implementer: *General Prosecutor's Office* - 2013-2014.

The works on development of proposals on inclusion of plea bargain on corruption crimes in the criminal procedures legislation and making relevant amendments and additions to the legislation have been continued.⁸ The General Prosecutor's Office drafted the law of proposals on inclusion of plea bargain on corruption crimes

⁷<http://www.azerbaijan-news.az/index.php?mod=3&id=26693>

⁸<http://www.genprosecutor.gov.az/?/az/speeches/view/37/>

in the criminal procedures legislation and submitted it to the Cabinet of Ministers of the Republic of Azerbaijan.

NGOs are aware of these developments.

6 out of 6 maximum points.

4. Improvement of the activity of the Anti-Corruption Commission of the Republic of Azerbaijan

Score on this area - 12 out of 24 points (50%)

4.1 Conduct of investigations and evaluations on the corruption-related appeals submitted by the Commission to the relevant State bodies. Implementer: *Anti-Corruption Commission*—constantly

The Anti-Corruption Commission informed that the appeals entered to the Commission are referred to the Anti-Corruption Department (ACD). It was also informed that since the Commission does not have authorities to undertake investigation in this sphere, the mentioned appeals are referred to ACD.

Although ACD provides semi-annual and annual reports, no information is provided on the number of appeals and actions undertaken with their regard.

3 out of 6 points.

4.2 The Commission to conduct monitoring to check the implementation of the Action Plan. Implementer: *Anti-Corruption Commission*—constantly

The Anti-Corruption Commission stated that NAP envisages a monitoring mechanism. As envisaged in the NAP, all governmental bodies mentioned in the plan have presented their annual reports at the end of calendar year.

The Commission learns these reports, and once the process is over, CSOs are engaged in their monitoring. Also, reports and researches of CSOs will be used, too. NGOs have information that the Commission will conduct monitoring of the NAP, a methodology is being developed and discussions are going on.

3 out of 6 points.

4.3 Conduct of specialized researches and surveys to define the level of corruption. Implementer: *Anti-Corruption Commission* - constantly

With financial support of the Anti-Corruption Commission and operatorship of the Constitution Research Fund, NGO Information and Cooperation Network engaged "SIGMA" Development and International Research Center to conduct a nationwide (except Nakhchivan Autonomous Republic) survey with 1200 respondents in March-September 2014 to learn public opinion about the level of corruption in Azerbaijan, its status in different spheres and how the public evaluates anti-corruption activities .

The report prepared based on the survey findings has been submitted to the Anti-Corruption Commission.

4 out of 6 maximum points.

4.4 Development of proposals on improvement of the structure of the Secretariat of the Anti-Corruption Commission, further development of its capacity and human resources. Implementers: *Anti-Corruption Commission, Cabinet of Ministers, Ministry of Finance* - 2013.

According to information from the Ministry of Finance, the request of the Secretariat to allocate funds in the State budget for 2014 necessary for maintaining the Secretariat and its material and technical supply is being considered by the Ministry.

NGOs and NGO Anti-Corruption Network came up with suggestions in this area in several occasions. NGOs are aware of discussion going on this subject for certain period of time.

2 out of 6 points.

5. Improvement of the activity of the Anti-Corruption Department of the General Prosecutor's Office of the Republic of Azerbaijan.

Score on this area - 15 out of 18 points (83.33%)

5.1 Actions on provision of access for the Department to use information systems, databases and registries of the State bodies in the manner defined by the legislation and in real time mode. Implementers: *General Prosecutor's Office, State Agency for Public Service and Social Innovations under the President of Azerbaijan, Cabinet of Ministers, relevant governmental bodies*–2013

Draft legal acts to ensure use of electronic information resources maintained by the State bodies in real time mode have been developed and submitted to the Cabinet of Ministers of the Republic of Azerbaijan and the Anti-Corruption Commission.

3 out of 6 maximum points.

5.2 Broadening of the Department's activity on preventive actions and adoption of the relevant plan of actions. Implementer: *General Prosecutor's Office*–2012-2013

An Action Plan on widening preventive measures by the Main Anti-Corruption Office has been drafted and approved on December 26, 2012. The Action Plan was discussed during the extended operational meeting at the General Prosecutor's Office on

January 2013. It received feedback and its objectives were further specified.⁹

Information on this activity is available in the open resources and NGOs are informed about it. The General Prosecutor's Office informed that since the Action Plan is confidential and of operational character, it is not publicized in details.

6 out of 6 maximum points.

5.3 Improvement of the integrated database of corruption crimes. Implementer: ***General Prosecutor's Office*** - 2013-2014.

The General Prosecutor's Office informed that an Expert Group with departmental authorities has been established for provision of specialized advices and recommendations to prosecutors and investigators based on preliminary investigation materials and criminal cases related to finances, accounting, banking, loans, science, technical and other professional areas, also conducting revisions and development of opinion based on the revisions, as well as for the purpose of managing the Integrated Database of corruption-related crimes.¹⁰

Necessary measures have been taken and respective software has been developed for improvement of the integrated database on corruption-related crimes.

Information on this activity is available in open sources. The inquiry has been responded. NGOs are not aware of this activity.

6 out of 6 maximum points.

⁹<http://www.aznocorruption.az/az/news/842-ba351-prokuroru-yan305nda-korrupsiyaya.html>

¹⁰<http://news.lent.az/news/66453>

6. Preventing money laundering and strengthening the institutional mechanisms in this area

Score on this area - 21 out of 27 points (77.78%)

6.1 Development of proposals for acceding of the Republic of Azerbaijan to Council of Europe's Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism. Implementers: *Cabinet of Ministers, Financial Monitoring Service* - 2013.

February-June of 2014 was dedicated to development of proposals for acceding of the Republic of Azerbaijan to Council of Europe's Convention "On Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism".

Opinions and proposals of the relevant agencies regarding acceding to CoE's Warsaw Convention "On Anti-Money Laundering/Combating the Financing of Terrorism" have been received, the Convention has been translated into Azerbaijani and together with the relevant set of documents (justification, legal expert opinion, translation of the Convention, draft law and order, statements regarding acceding to the Convention and etc.) has been submitted to the Cabinet of Ministers with cover letter # 07\01-2\006 of 01.04.2013.¹¹

There is available information on this in the open sources. The Financial Monitoring Service responded to the inquiry and confirmed the information available in the open sources.

6 out of 6 maximum points.

6.2 Development of a legal-normative act for formation of a national mechanism on dispossessed asset recovery. Implementers: *General*

¹¹http://www.fiu.az/images/documents/az/fealiyyet_planlari/mmx_korrupsiya_ya_qarshi_milli_fealiyyet_plani.pdf

Prosecutor's Office, Ministry of Justice, Financial Monitoring Service–2013-2014.

The work on development of the draft legal-normative acts on dispossessed asset recovery has been continued.¹² Initially, the legislation of Germany, Lichtenstein, Switzerland, England and USA in this area is reviewed. The Ministry of Justice has reviewed and provided its legal opinion about the following drafts laws: “On Amendments to the Criminal Procedure Code of the Republic of Azerbaijan”, “On Operational and Search Activities”, and “On Legal Assistance to Criminal Cases”.

The proposed amendments cover two directions: 1) improvement of legal norms (property tracking, seizure, confiscation, returning to the State ownership) reflected in Criminal and Criminal Procedure Codes; 2) improvement of legal assistance mechanism in consideration of criminal cases to strengthen mutual cooperation with foreign states. Also, in addition to the existing provision on confiscation of property, the draft law was included the norms specifying mechanisms for extrajudicial confiscation mechanism. This remedy is used in the cases when criminal indictment against a person is impossible.

It is also proposed to include the following provisions into the Criminal Procedure Code: execution of court decisions in Azerbaijan, ensuring execution of decision of local courts by foreign states and property tracking by investigator¹³.

6 out of 6 maximum points.

6.3 Development of the rules on supervision of the relevant State bodies over the anti-money laundering and combating the financing

¹²Financial Monitoring Service

¹³ <http://www.fiu.az/images/documents/az/neshrler/fmsreport2013.pdf>

of terrorism (AML/CFT) commitments of the supervised entities and other participants of the monitoring. Implementers: ***Financial Monitoring Service and State bodies overseeing supervised entities and other actors participating in the monitoring*** - 2013.

Since the Law “On Regulation of Inspections in the Entrepreneurship Area and Protection of Entrepreneurs Interests” adopted in 2013 has already specified goals and principles of inspections in the entrepreneurship area, their organization and conduct, rights and duties of the inspecting bodies and their employees, integrated and general requirements regarding protection of rights and interests of entrepreneurs during inspections, development of the rules on the control of the inspecting bodies envisaged in item 6.3. of NAP became void.

6.4 Development of an integrated statistical database on AML/CFT field. Implementers: ***Financial Monitoring Service, Ministry of National Security, General Prosecutor’s Office***–2013-2014

The Financial Monitoring Service did some researches for implementation of its task related to creation of an integrated statistical database. Within the research, methods of FATF, MONEYVAL and OSCE, as well as financial monitoring experience of some countries related to design of the subject database were studied. Based on these researches, new statistical table form reflecting the relevant information and guidelines have been developed.

The activity on creation of the integrated statistical database is being carried out in cooperation with the relevant State bodies. Thus, joint discussions with representatives of the General Prosecutor’s Office, Ministry of Internal Affairs and Ministry of National Security have been held in the administrative Office of the Financial Monitoring Service. Suggestions put forward during these discussions were also taken into account in the draft guidelines and

the draft was submitted to the relevant bodies. Discussions on creation of the database have also been held with experts of the World Bank, IMF and OSCE¹⁴.

The information received from open sources coincides with the responses received from the inquiry. It is expected that new statistical table template and regulations will be approved in the first half of 2015.

3 out of 6 maximum points.

6.5 Development of draft legal-normative acts on regulating the activity sphere of pawnshops and the physical persons and legal entities providing intermediary services on purchase and sale of real estate in accordance with the Civil Code of the Republic of Azerbaijan. Implementers: *Financial Monitoring Service, Ministry of Justice*–2013.

Financial Monitoring Service has drafted changes to legal-normative acts for licensing of activities of pawnshops in accordance with provisions of the Civil Code. Thus, draft laws, decrees and orders have been developed for making changes to the Law “On the State Fees”, to the “Guidelines on issuance of special permission (license) for some activities in the Republic of Azerbaijan” approved by Decree #782 of the President of the Republic of Azerbaijan dated September 2, 2002, and to the Order #174 of the Cabinet of Minister of the Republic of Azerbaijan (November 7, 2002) “On the additional rules required for special permission (license) depending on the type of activity”. Presently the agreement on drafts is close to completion.

The draft Law “On Realtors” has been drafted taking into consideration practices of several other countries related to regulating of activities of the physical persons and legal entities

¹⁴http://www.fiu.az/images/documents/az/neshrler/icra_hesabati_tedbirler_p_lani_antikorrupsiya.pdf

providing intermediary services on purchase and sale of real estate, and submitted to the Ministry of Justice. The goal of this law is to regulate the realtor activity, to form the public policy in the field and to protect the rights of physical persons and legal entities with regard to carry-out of realtor activity in the Republic of Azerbaijan.

NGOs are informed about this activity. Information on this activity is obtained from open sources.

6 out of maximum 9 points.

7. Improvement of the legislation and institutional mechanisms on civil service

Score on this area - 16 out of 18 points (88.89%)

7.1 Development of drafts for transforming the legislation on civil service to a code.

Implementers: *Cabinet of Ministers, Commission on Civil Service Issues under the President of Azerbaijan* –2013-2014

The Civil Service Commission under the President of the Republic of Azerbaijan has presented the first draft of the Civil Service Code in 2013 and was sent to the relevant governmental agencies for their feedback and suggestions. On April 4, 2013, the Commission conducted a roundtable discussion on presentation of the first draft of the Code. The draft of the Code has been developed within a joint project implemented by the Commission in collaboration with the German International Cooperation Organization (GIZ)¹⁵.

Representative of State bodies, NGOs and international organization participated in the roundtable discussion. The draft

¹⁵<http://az.trend.az/news/society/2135360.html>

Code was discussed, and opinions and proposals of the civil society representatives were taken at the event. At the same time, proposals of the State bodies were also learned. The draft was reworked taken into consideration the proposals and it was decided to submit it to the relevant agency.

The draft Civil Service Code and suggested proposals are posted in the website of the Civil Service Commission¹⁶.

6 out of 6 points.

7.2 Creation of a specialized training center under the Civil Service Commission under the President of the Republic of Azerbaijan (for delivery of training and education on application of the civil service legislation, code of conduct, conflict of interests and etc.). Implementers: *Cabinet of Ministers, Commission for Civil Service Issues under the President of Azerbaijan*–2013-2014

The works on establishment of a specialized Training Center under the Commission (for delivery of training and education on application of the civil service legislation, code of conduct, prevention of conflict of interests, combating corruption and etc.) has been continued.

Relevant draft legal acts have been prepared in 2013 for establishment of the Training Center. The legal normative acts include the issues on the legal status, number of staff, material and technical supply, as well as organization of the center's work. Opinions and suggestions of the relevant state bodies on the drafted documents have been received and submitted to the Cabinet of Ministers of the Republic of Azerbaijan in the form of proposals.

¹⁶ <http://dqmk.gov.az/index.php/home/post/1286>

The Training Center will start its operations after construction of the new building of the Commission is completed. Along with the Training Center, the new administrative building of the Commission will host exams for entry to the civil service, as well as various conferences. It is planned to engage more 5 thousand civil servants in training activities in the Training Center to be delivered by high level domestic and international specialists.¹⁷

4 out of 6 maximum points.

7.3 Providing proposals for improvement of the structure and material and technical capacity of the Civil Service Commission under the President of the Republic of Azerbaijan. Implementers: *Cabinet of Ministers, Commission for Civil Service Issues under the President of Azerbaijan*—2013-2014

The Commission has developed a justification note and corresponding draft act on increase of staff and change of the Commission's structure, and submitted them to the Ministry of Finance together with a cover letter #01/05-05/2429 of November 26, 2013. By its letter # 04/03-404-10786 of December 29, 2013, the Ministry of Finance issued a positive feedback to the set of documents and agreed to increase of the Commission's staff for 15 positions. The Commission submitted relevant documents on the increase of the staff to the Cabinet of Ministers.

The number of the staff of the Commission has increased for 15 positions by Order #377 of the President of the Republic of Azerbaijan of April 11, 2014 "On Making Changes to Order # 1005 of the President of the Republic of Azerbaijan of September 15,

¹⁷ <http://az.trend.az/azerbaijan/society/2287438.html>

2005 “On Provision of Activity of the Commission for Civil Service Issues under the President of Azerbaijan”¹⁸.

New 7-storey building is being constructed for the Commission for Civil Service. It is expected to complete in 2015.

6 out of 6 maximum points.

8. Improvement of activities and increase of professionalism of civil servants

Score on this area - 38 out of 39 points (97.43%)

8.1 Improvement of mechanisms for competitive and transparent admission to civil service. Implementers: *Commission for Civil Service Issues under the President of Azerbaijan, central and local executive authorities* - 2012-2014

“The Rules for Conduct of Interview for Admission the Civil Service and Attain Administrative Positions” have been reviewed and updated to further improve competitive and transparent selection process for civil service during 2013, relevant changes were made to “The Rules for Development of Test Samples for Exams to Get Admitted to Civil Service in Governmental Bodies, and Preparation of Expert Examinations” and “The Rules for Organization, Conduct and Evaluation of Exams for Admission to Civil Service in the Governmental Bodies” and these acts have been submitted to the Ministry of Justice for registration in the State Registry of Legal Acts of the Republic of Azerbaijan.

¹⁸ <http://dqmk.gov.az/index.php/home/post/1304>

According to the changes made to “The Rules for Conduct of Interview for Admission the Civil Service and Attain Administrative Positions”, evaluation criteria for identification of correspondence of candidates to the proposed vacancy have been improved. At the same time, some provisions were added to the relevant rules envisaging participation of civil society representatives as members of the evaluation group and observers during interviews in order to increase transparency of the interviews and ensure their participation in the decision-making process. According to the change made to the Rules, civil society and NGO representatives can participate as observers in test exams and interviews without getting registered.

“The Rules for Organization, Conduct and Evaluation of Exams for Admission to Civil Service in the Governmental Bodies” have been improved, duties and responsibilities of the managers, controllers, administrators, other persons (persons ensuring security, observers, medical and technical staff) taking part in the examination process responsible for organization and conduct of the exams have been clarified.

For further improving the mechanism of the admission to the civil service based on competition and transparency, the list of bachelor specialties of 1975, 1987, 1993 and 2009 were harmonized with the Order #4 of the Cabinet of Ministers of January 9, 1997. Also, the list of master specialties of 2009 were harmonized with the Order #4 “On the List of Higher and Secondary Professional Education Areas and Specialties” of the Cabinet of Ministers of January 9, 1997. Selection of candidates for civil service vacancies corresponding their specialties and areas of expertise is already carried out via information technologies irrespective of their year of education and date of issuance of their diplomas.

Another mechanism for demonstration of objectivity and transparency of the admission to the civil service is checking of the test results by candidates. Thus, after the test exam is over, note on the results are immediately given to the candidate. The candidate compares the note with his/her own answers displayed on the computer monitor.

Also, relevant section is added to the Commissions website to ensure live on-line show of the test exams for admission to civil service.

At the same time, new independent experts on different subjects have been engaged in the groups conducting interviews related to admission to civil service. Their involvement in the interviews is aimed at increasing of objectivity and transparency of the interviews, ensuring public oversight on the civil service sphere and increasing the trust towards the process, and comprehensive and more professional evaluation of skills and knowledge. Independent experts basically include employees of scientific and education institutions and NGOs.

Also, citizens are provided with the opportunity to take free on-line mock tests via the Commission's website. The goal is to help potential candidates in their preparations to test exams.

Discussions have been held with NGOs on this matter.

6 out of 6 points.

8.2 Development of proposals for improvement of the rules regulating complementary education of civil servants. Implementers: *Commission for Civil Service Issues under the President of Azerbaijan, Ministry of Education* - 2012-2013

During 2013, draft law on amendments to the Law “On Civil Service” related to the issues of training of civil servants and aimed at improvement of the guidelines regulating complementary education of civil servants have been developed.

According to the draft, it is envisaged to add Article 22.2 (Training of Civil Servant) into the Law “On Civil Service”. The article will define the goals of trainings for civil servants, regulations for conduct of short-term trainings and training needs assessment, grounds for participation of civil servants in short-term trainings, and legal grounds for delivering special trainings for the persons hired to civil service for administrative positions for the first time, as well as the civil servants assigned to managerial positions from 3rd-7th categories of administrative positions. The draft has been submitted to the Cabinet of Ministers.

At the same time, proposals have been presented on “The Guidelines for Type, Form, Term and Financial Provision of Complementary Education of Civil Servant”.

The presented proposals include improvement of the guidelines and harmonization of the guidelines with requirements of the Law of the Republic of Azerbaijan “On Education”. At the same time, the draft envisages internship and advanced development efforts as complementary directions along with specialization of civil servants. The draft also includes identification of annual State quota for civil servants’ advanced development education by mutual agreement between the Commission and relevant State body and submission of the quota based on the forecast of the relevant State body to the Ministry of Finance not later than July 1 annually. By this, efficiency of financing civil servants’ right to receive complementary education will be ensured.

Additionally, harmonization of the guidelines regulating civil servants' complementary education with requirements of the Law of the Republic of Azerbaijan "On Education" was carried out during first 6 months of 2014.¹⁹ Besides, the Commission started learning foreign countries' experiences in this area. It is envisaged to develop draft of new guidelines regulating civil servants' complementary education by end of this year.

6 out of 6 maximum points.

8.3 Development of the anti-corruption training module by education institutions and centers under the State bodies and organization of education programs related to the mentioned issue (code of conduct, conflict of interests, freedom of information and etc.). Implementers: central executive authorities, *Commission for Civil Service Issues under the President of Azerbaijan, Anti-Corruption Commission* - 2013-2014

Foreign countries' best practices have been learned for development of a training module on combating corruption and relevant presentations and manuals have been developed. Respective training module development has been finalized.

6 out of 6 maximum points.

8.4 Adoption of the guidelines for evaluation of activity of civil servants and creation of a special evaluation software system. Implementer: *Commission for Civil Service Issues under the President of Azerbaijan* - 2013-2014

¹⁹ <http://dqm.gov.az/index.php/home/post/1309>

The Commission for Civil Service Issues under the President of Azerbaijan has completed development of the guidelines for evaluation of activity of civil servants.²⁰

“The Guidelines for Evaluation of Service Activities of Civil Servants” have been approved by the Order #02-Q of the Commission dated February 10, 2014 and included in the State Register of Legal Acts. Related training titled “The Guidelines for Evaluation of Activity of Civil Servant” was organized and held on June 3-4, 2014 with organizational support of the Commission. Head of Structural Sections and 58 representatives responsible for implementation of the evaluation in 32 State bodies have participated in the mentioned training.

Training on the topic of “The Guidelines for Evaluation of Activity of Civil Servant” was conducted on July 25, 2014 within joint organizational cooperation of the Commission and the State Statistics Committee of the Republic of Azerbaijan.

Heads of structural sections of the central apparatus of State bodies and representatives responsible for implementation of the evaluation took part in the training.

Terms of Reference for establishment of the evaluation system were discussed in the Commission during the first 6 months of 2014. It is planned to announce a tender for establishment of relevant software.

NGOs are informed about these activities. Information in open sources confirms the responses to the inquiries.

6 out of 6 maximum points.

²⁰http://az.azvision.az/Dovlet_qulluqchularinin_fealiyyeti_qiymetlendirilib_-7307-xeber.html#.Uibbxjblb5M

8.5 Development of pilot projects on introduction of rotation system in civil service and the related methodical guidelines. Implementers: *central executive authorities, Commission for Civil Service Issues under the President of Azerbaijan* - 2013-2014

Based on analysis of international practices and national legislation for development of rotation system in the civil service during 2013, as well as the current situation that conditions the importance of such rotation, the Commission developed necessary proposals that reflect the goals, objectives, grounds and conditions, as well as limitations of introduction of the rotation in civil service.

Experiences of foreign countries have been studied to form rotation system in the civil service of Azerbaijan and the national legislation has been analyzed with this regard. Practices gained and proposals received during first 6 months of 2014 were internally discussed in the Commission. The Commission developed a pilot project on rotation of the cadre. Various rotations have been carried out in the State Agency for Public Service and Social Innovations and the State Social Protection Fund.

5 out of 6 points.

8.6 Development of proposals on gradual increase of salaries of civil servants and strengthening their social protection. Implementers: *Cabinet of Ministers, Ministry of Finance*–2013-2015.

Draft Order of the President of the Republic of Azerbaijan reflecting salary increase for civil servants, taking into consideration the changes made to the Law of the Republic of Azerbaijan “On Civil Service” and “Compendium of Classification of Administrative and Support Positions” has been prepared and presented. As a result, on December 2013, the President of the

Republic of Azerbaijan issued Order #135 “On Making Changes to Order# 2934 of the President of the Republic of Azerbaijan dated July 9, 2008”and salaries of civil servants was increased starting December 1, 2013.

According to the mentioned Order, minimum level of monthly salaries of civil servants was increased as follows: from 175 AZN to 250 AZN for administrative positions and from 120 AZN to 150 AZN for support staff positions.

Besides, amounts of the bonuses given to civil servants based on their specialty degrees have been reviewed and increased starting December 1, 2013 based on Decree #39 of the President of the Republic of Azerbaijan “On Making Changes to the Guidelines on Assigning Specialty Degrees to Civil Servants” dated December 2, 2013 which was approved by Decree #589 of the President of the Republic of Azerbaijan on September 3, 2001.

Funds necessary for the increase are envisaged in 2014 State Budget and allocated to the relevant State bodies in the established manner.

9 out of maximum 9 points.

9. Preventing conflict of interests and submission of financial statements.

Score on this area - 10 out of 24 points (41.6%)

9.1 Presenting proposals on improvement of the legislation on preventing conflict of interests in the activities of civil servants and State bodies. Implementers: *Cabinet of Ministers, Anti-Corruption Commission*–2013.

Draft law “On Conflict of Interests” has been developed. At the same time, provisions to prevent conflict of interests are included

in the laws of the Republic of Azerbaijan “On Code of Conduct for Civil Servants” and “On Civil Service”. NGOs are aware of the development of the draft law. Open sources have provided information on development of the draft law.

6 out of maximum 9 points.

9.2 Organization of trainings on preventing conflict of interest. Implementers: *Anti-Corruption Commission, central and local executive authorities*–2013-2015.

The Anti-Corruption Commission informed that trainings on prevention of conflict of interests are organized for all central executive authorities. The initially obtained information provides the ground to say that trainings were delivered to 60% of the local executive authorities. Internet resources have information about this. NGOs were involved in a number of trainings conducted in central and local executive authorities.

4 out of 6 maximum points.

9.3 Development of proposals on electronic submission of financial statements by officials. Implementers: *Cabinet of Ministers, Anti-Corruption Commission* - 2013.

The Anti-Corruption Commission informed that “Constitution” Research Fund prepared draft of the template of “The Declaration of Financial Information by Officials” and submitted to the Commissions. Works on suggestions are going on.

NGOs presented those suggestions and discussed them with the Commission’s officials.

2 out of 9 points.

10.Improvement of code of conduct

Score on this area - 27 out of 30 points (90%)

10.1 Organizing constant education course and trainings for civil servants on code of conduct issues. Implementers: *central and local executive authorities, Commission for Civil Service Issues under the President of Azerbaijan* - 2012-2015.

The Commission has sent letters to central and local executive authorities to ensure delivery of regular trainings on “Code of Conduct” and the authorities were recommended to have such trainings to be in compliance with Article 20.00.2 of the Law of the Republic of Azerbaijan “On Code of Conduct of Civil Servants”.

On December 16-17, 2013, the Commission conducted a workshop for ethics inspectors of the central executive authorities titled “Ethics in Civil Service”.

The Commission held 2 workshops (courses) and 8 trainings on code of conduct during first 6 months of 2013 and 2014.

6 out of 6 maximum points.

10.2 Preparation of annual reports on code of conduct issues (the reports include information on the educational work done, cases of violation of code of conduct and applied punishment measures), submission of the reports to the Anti-Corruption Commission and their publication. Implementers: *central and local executive authorities, Commission for Civil Service Issues under the President of Azerbaijan* - 2012-2015

Central and local executive authorities prepare annual reports on code of conduct and submit them to the Commission.

Integrated annual report of the Commission is posted in its website and media outlets are informed about this.²¹

6 out of 6 maximum points.

10.3 Defining effective mechanisms for investigation of complaints related to violation of code of conduct. Implementers: *central and local executive authorities, Commission for Civil Service Issues under the President of Azerbaijan*–2013-2014

Practices of foreign countries, including Turkey, Kazakhstan and Great Britain have been studied for identification of effective investigation mechanisms for consideration of the complaints on violation of the code of conduct received in first 6 months of 2013 and 2014.

It is planned to develop and submit draft law on making corresponding changes to the Law of the Republic of Azerbaijan “On Code of Conduct of Civil Servants”.

3 out of 6 maximum points.

10.4 Creation of a special section on code of conduct in the websites of State bodies (electronic complaint mechanism on violations of code of conduct, ethic rules, ethic report and etc.). Implementers: *central and local executive authorities* - 2013

Websites of all 40 central executive bodies have “Code of Conduct” posted and all 92 local executive authorities receive complaint on non-ethical conduct cases via their websites. The Report on Violations of the Code of Conduct is publicized by the Commission on Civil Service Issues in a centralized manner.

6 out of 6 points.

10.5 Defining the education module and minimum terms for teaching the code of conduct, organizing trainings on this topic.

²¹<http://az.trend.az/news/society/2116060.html>

Implementers: *Anti-Corruption Commission, Commission for Civil Service Issues under the President of Azerbaijan* - 2013.

During 2013, the Commission did some work on formation of training standard on ethics issues and developed a training module on code of conduct. The training module includes training programs and hours, presentation on code of conduct, methodical manual and video presentation on code of conduct. The video on code of conduct has been posted on the Commission's website. The presentation displays importance of ethical behavior, main ethical principles and oversight on ethical issues.²²

As an element of the training module, the Commission prepared a book on ethical behavior issues. The book covers the following topics: definition of ethics, importance of ethical behavior in civil service, ethical dilemmas civil servants may face, the principles envisaged in the legislation, control over observation of the code of conduct, ethics advisors, receipt of gifts and etc. It is planned to distribute the book to all central and regional executive authorities, as well as to judiciary bodies.

6 out of 6 points.

11.Improvement of municipalities' activities

Score on this area - 21 out of 24 points (87.50%)

11.1 Development of proposals on competitive and transparent admission to service in municipal staff. Implementers: *municipalities, Ministry of Justice* - 2013.

Amendments to the Law of the Republic of Azerbaijan "On Municipal Service" included proposals on the provisions of the law

²² <http://www.csc.gov.az/index.php/home/post/1229>

related to competitive hire process for municipal staff and increase of transparency. The draft law has been submitted to the Parliament for discussion.²³

6 out of maximum 9 points.

11.2 Organization of trainings, education courses and seminars for municipal staff on anti-corruption issues. Implementers: *municipalities, Ministry of Justice*—constantly.

In the first half of 2014, municipal councilors and staff members were lectured on anti-corruption issues during educational courses arranged in the Academy of Justice. At the same time, workshops have been delivered on combating corruption.

The topic titled “Development and implementation of local budget, correspondence of expenditures to approved budget line items, approval of financial reports” was covered during the courses organized for municipal councilors and staff members.

At the same time, lectures on “New budget and organization of its interaction with the State budget”, “Increase of accountability, transparency in activities of municipalities and the issues of combating corruption” were listened by municipal chairpersons in the advanced development course organized in cooperation with the Public Administration Academy under the President of the Republic of Azerbaijan and held April 7-11.

Besides, regional trainings on “Introduction of financial reporting in municipalities” have been delivered for financial managers of municipalities in cooperation with GIZ.

At the same time, methodical guide titled “Summary of issues related to introduction of financial reporting in

²³ <http://az.trend.az/azerbaijan/society/2360951.html>

municipalities”has been developed and distributed to municipalities.

6 out of 6 maximum points.

11.3 Development of code of conduct for municipal servants. Implementers: *municipalities, Ministry of Justice* - 2013.

The Law“On Code of Conduct of Municipal Servants”has been drafted and submitted to the Parliament for discussion.²⁴

9 out of 9 points.

12.Improvement of the favorable environment for entrepreneurship activities

Score on this area - 36 out of 42 points (85.71%)

12.1 Studying problems faced by entrepreneurs in their relations with the State bodies and identification of measures for their solution. Implementer: *Ministry of Economy and Industry*–constantly.

A representative of the Ministry of Economy and Industry was assigned for inspection 15136 entrepreneurial entities based on appeals received during 2014. When assigning the representative, the focus was to conduct inspections based on the extracts proving that the inspections are registered with the integrated registry database since May 1, 2011.

Total 28958 appeals, including 5858 appeals in 2014, have been received from Baku and regions through 195-2 Hotline of the

²⁴ <http://az.apa.az/news/371638>

Ministry. The appeals were mostly related to the following issues: development and public regulation of entrepreneurship, anti-monopoly policy and protection of legal rights and interests of consumers, soft loans provided through the National Fund for Assistance to Entrepreneurship, and other issues related to authorities and activity of the Ministry of Economy and Industry.

At the same time, managers of the Ministry of Economy and Industry and the minister himself met with entrepreneurs in the regions of the country in several occasions, the entrepreneurs were listened to, and the sides exchanged of opinions on and discussed the issues of entrepreneurs' interests.

Records in the Control Books for inspections in entrepreneurial entities were examined, prompt communication system with entrepreneurs has been established, information on those persons who impede and illegally interfere in their activities covering the period of the second half of 2013 was included in the letter # İSN-X/O-6352/2014 of July 10, 2014 and sent to the President of the Republic of Azerbaijan.

4 out of 6 maximum points.

12.2 Development of the integrated registry of the inspections carried out in the entrepreneurship sphere, including automation of information transfer to the registry. Implementers: *Ministry of Justice, Ministry of Finance*–2013-2014

The software of the integrated registry of inspections in the entrepreneurship sphere carried out in 2013 has been improved, and entity codes for further clarification of inspections have been introduced to widen the mutual integration with the Ministry of Taxes.

Moreover, for the purpose of implementation of the Law “On Regulating Inspections in the Entrepreneurship Sphere and Protection of Entrepreneurs’Interests”and the decree on its execution date August 28, 2013, as well as in order to improve and expand the existing system, new technical program specifications have been developed, the implementing organization has been contracted and the initial works have started.

In connection with the effectiveness of the Law “On Regulating Inspections in the Entrepreneurship Sphere and Protection of Entrepreneurs’Interests”since March 1, 2014, the existing information center underwent certain changes to ensure implementation of the law’s requirements. Introduction of information on the risk groups and list of questions has already become possible.

For the purpose of maintaining, observing the Integrated Registry of Inspections in the Entrepreneurship Sphere that operates in the system of the Ministry of Justice and providing it with Internet, funds have been envisaged in the State budget for 2013 and 2014 upon request of the Ministry, and allocation of funds from 2015 State budget are planned.

For the purpose of covering necessary costs for improvement of the registration system of the Integrated Registry of Inspections in the Entrepreneurship Sphere, in accordance with Order of the Cabinet of Minister, the Ministry of Justice has been allocated with finances from the Resource Fund envisaged in 2013 State Budget.

NGOs have information about this matter.

6 out of 6 maximum points.

12.3 Improvement of the electronic portal and the telephone service for receipt of information on illegal inspections in the entrepreneurship sphere. Implementers: *Ministry of Justice, Ministry of Economy and Industry*–2013.

“Statute on the Form and Maintenance of the Integrated Registry of Inspections in the Entrepreneurship Sphere” has been approved by Decree #383 of the President of the Republic of Azerbaijan dated February 15, 2011 and the Integrated Registry of Inspections in the Entrepreneurship Sphere has started operating since May 1, 2011. Registration of actions of public control in the Registry enables to oversee frequency of the conducted inspections, as well as to inform entrepreneurial entities about the planned inspections in advance and their results. The Integrated portal of the registration-information system that ensures maintenance of the Registry, its utilization and protection of the data thereto has been located in www.yoxlama.gov.az website for use of inspecting bodies and entrepreneurial entities.

E-Service section for entrepreneurs has been established in the website of the Ministry of Justice to inform about illegal inspections.

According to the Order of the Cabinet of Ministers of October 28, 2013, it is planned to establish a Comprehensive Call Center (automated hotline 1650) on Entrepreneurship Sphere to cover activities of the Ministries of Taxes, Finances, Justice, Economy and Industry, Labor and Special Protection, as well as the State Customs Committee and the State Social Protection Fund. The main purpose of establishing such a center is to increase efficiency of the public support to entrepreneurs, improve and simplify relations between the State and entrepreneurs, provide physical persons and legal entities with information from an

integrated sources and increasing the level of legal education of the population.

“The Comprehensive Call Center” is meant to create conditions for rise of the country’s business reputation, prompt submission of requests from tax payers to the relevant State bodies and receive timely information.

6 out of 6 points.

12.4 Development of proposals on responsibilities of the inspectors and inspecting bodies in the cases of appointment, conduct of illegal inspections and taking measures on their findings. Implementer: *Ministry of Justice*–2013.

In accordance with Article 35.1 of the Law “On Regulation of Inspections in the Entrepreneurship Sphere and Protection of Entrepreneurs’ Interests”, relevant draft amendments to the Code of Administrative Offences of the Republic of Azerbaijan has been prepared and submitted. The amendments are related to administrative accountability of the persons who committed unregistered inspection, did not include information to the Registry on annual inspection plan, results of inspections, as well as on application of restrictive measure, illegal restriction of entrepreneur’s activities, deviation from the time, timeframe and inspection questions, conduct of inspection in different address and by different inspectors.

6 out of 6 points.

12.5 Creation of a risk assessment system related to inspections in the entrepreneurship field and their sanctioning based on management of risk assessments. Implementer: *State bodies carrying out public regulation and control* - constantly.

The Law of the Republic of Azerbaijan “On Regulation of Inspections in the Entrepreneurship Sphere and Protection of Entrepreneurs’ Interests” has become effective from March 1, 2014.

Also, to ensure public oversight in accordance with the Law, an opinion on the draft order of the Cabinet of Ministers on “Criteria for Identification of Risk Groups on the Areas of Oversight of the State Control Service on Technical Regulation and Standardization under the State Committee of the Republic of Azerbaijan on Standardization, Metrology and Patent” has been prepared and submitted to the State Committee of the Republic of Azerbaijan on Standardization, Metrology and Patent.

A risk-based automated selection method for tax audit purposes functions in the system of the Ministry of Taxes in connection with application of assessment of risks during selection of tax payers for the purpose of mobile tax inspections. This method includes 6 selection models and one auxiliary model and undertakes assignment and management of inspection through the system.

An automated risk-based selection method for tax audit purposes and related to application of tax-payers risk factor assessment system and for mobile tax inspections is functioning under the Ministry of Taxes system. This method contains 6 selection and one auxiliary model carries out sanctioning and management of inspections through the system. Two risk groups of tax payers have been identified –those having venue and active cash office, but have not passed prompt tax control, and those with facilities with more than 25 m² and having tax payers with 30 thousand manat turnover. Automated selection of the mentioned entities is carried out for conduct of prompt tax control.

Creation of a risk assessment system related to in-house tax inspections conducted in the entrepreneurship field and

systemization of in-house tax inspections through sanctioning of inspections based on risk assessment, as well automation of development of relevant letters of discrepancy enabled effective application of more than 20 risk criteria developed during in-house tax inspections²⁵.

4 out of 6 points.

12.6 Acceleration of preparation of draft law on regulating the inspections in the entrepreneurship sphere and protection of entrepreneurs' interests. Implementer: *Administration of the President of the Republic of Azerbaijan* -2012.

The Presidential Administration informed that the President of the Republic of Azerbaijan had drafted the law "On Regulating the Inspections in the Entrepreneurship Sphere and Protection of Entrepreneurs' Interests" and submitted it to the Parliament of Azerbaijan. The draft law has been accepted by the Parliament.

6 out of 6 points.

12.7 Taking measures in all spheres to reduce the scope of cash operations and to increase non-cash ones. Implementers: *Cabinet of Ministers, Ministry of Taxes, Central Bank*–2013-2014

As a result of joint measures taken by the Ministry of Finance and the Central Bank, the Ministry of Justice has also been integrated into the Government Payment Portal. To this end, relevant lists on the budget classification codes of fees collected by the Ministry of Justice and treasury details of the organizations collecting the fees have been identified, all technical and other

²⁵http://vn.taxes.gov.az/qanun/dovlet_proqrami/korrupsiyaya_qarsi.pdf

issues related to connection of the information system of the Ministry to the Government Payment Portal have been discussed.

In case of emergence of VAT interests of tax payers through VAT deposit accounts, a mechanism for automatic write-off of the debt amount from the sub-record account to budget has been established in the Online Tax Department and put into operation since October 21, 2013.

As a result of joint measures taken by the Ministry of Finance and the Central Bank, an electronic payment system of taxes and fees has been established. 154,4 million AZN from 754.163 payments was transferred to the State budget during the past period of the report year using this e-service.

The relevant software of the Ministry has been improved to arrange control over the process of expanding the use of POS-terminals, including preparation and submission of POS-terminal notifications.

The Advertisement billboards promoting benefits of non-cash payments in the territory of the country have been renewed and the work is continued.

In order to support public discussions for reduction of cash and increase of non-cash transactions, officials of the Ministry in close cooperation with media people, gave interviews during analytical programs in some TV channels and several articles promoting and stimulating non-cash transactions have been publicized in the printed press.

Upon initiative of “taxes” newspaper –official organ of the Ministry of Taxes, a roundtable discussion titled “The level of non-cash transactions is an important indicator of transparency and accountability” has been held in the International Press Center and widely covered in the mass media.

In 2013, at the initiative of the “Taxes” newspaper, an individual journalist articles competition was announced. One of its topics was “development directions of non-cash payment system”. The competition involved 15 articles and editorials from various media outlets. All the articles and editorials have been published in the press and the winners were awarded.

During 2013, the development of card infrastructure has accelerated and the number of debit cards reached 5,5 million pieces. In comparison with 2012, increase in the number of cards was 9%, in the number of ATMs –8%, and in the volume of non-cash transactions via POS-terminal –1,8 times.

During last 5 years, the total volume of non-cash transactions through payment systems increased for 45,9%. The proportion of the total payments through non-cash systems to GDP in 2009 was 2,26 times, in 2010 –2,04 times, in 2011 –2,15 times, in 2012 –2,2 times and in 2013 –1,98 times. In 9 months of 2014, the total amount of non-cash transactions was for 9,313 million manat more than in 2009. In other words, this amount constituted 87,624 mln. manat in 2014.

4 out of 6 points.

13.Improvement of audit services

Score on this area - 21 out of 27 points (77.78%)

13.1 Continuation of activities related to introduction of international independent audit standards (IAS). Implementer: *Audit Chamber*—constantly.

Introduction of IAS started since 2010 and current joint works of the International Federation of Accountants (IFAC) and the Ministry of Finance are continued²⁶.

6 out of 6 points.

13.2 Drafting development concept of the auditor service based on the international experience. (2012-2020). Implementer: *Audit Chamber* - 2013.

The Audit Chamber stated that they finalized the work on the draft concept of development of audit in the Republic of Azerbaijan by 2020.²⁷

6 out of 6 points.

13.3 Taking measures for defining mechanisms related to application of administrative responsibility for refraining from mandatory audit. Implementer: *Ministry of Taxes, Audit Chamber*– 2013.

The works for defining mechanisms related to application of administrative responsibility for refraining from mandatory audit are continued²⁸. The Ministry of Taxes expressed its opinion to the relevant draft prepared by the Audit Chamber in April 2013.

The Ministry of Taxes provided its remarks and suggestions regarding the draft “Agreement on Identification of Mechanisms related to Application of the Administrative Responsibility for Evasion from Compulsory Audit” prepared by the Audit Chamber.

²⁶<http://www.azerbaijan-news.az/index.php?mod=3&id=16510>

²⁷<http://www.aztv.az/readnews.php?lang=az&id=10998>

²⁸http://www.audit.gov.az/uploads/2012-2015-ci_iller_Auditorlar_Palatasinin_Aciq_Hokumet_Is_Plani.pdf

3 out of 6 points.

13.4 Development of proposals on improvement of the legislation on internal audit. Implementers: *Cabinet of Ministers, Ministry of Finance, Chamber of Accounts, Audit Chamber–2013*

“Development Concept for the Audit Service on the Republic of Azerbaijan for 2012-2020” has been prepared. The Concept was presented on April 11, 2014. The part of the Concept related to the audit sphere has been drafted taking into consideration foreign practices and recommendations of international financial institutions.

The main objective of the Concept is to identify future development directions of the audit service in Azerbaijan, expansion of introduction of international audit standards, recognition of the role of the auditor profession in the society, development of audit market, wider use of audit services for ensuring transparency in economic and financial relations, increase of responsibility of auditors in combating corruption, protection of interests of the users of audit services and improvement of regulatory activities in this field.

9 out of 9 points.

14.Improvement of public procurement and increase of transparency

Score on this area - 22 out of 48 points (45,8%)

14.1 Introduction of e-public procurement system. Implementers: *Public Procurement Agency, central and local executive authorities* - 2013.

Although conduct of e-tender is on the agenda of the Agency for quite some time, no serious progress has been observed in this direction. The Agency has been providing 3 e-services required by the Cabinet of Ministers, however, these services cover only basic aspects of the public procurement process.

The Agency is planning to present the tender in 4 phases and only Phase 1 has been finalized:

- posting calls for tender on e-page,
- posting tender document on e-page,
- e-submission of tender proposals,
- e-evaluation of tender proposals.

The Chamber of Accounts failed to organize evaluation of public procurements, whereas the methods and measures to be introduced for making tenders transparent and accountable are of utmost importance for sound checks and balances system.

The Agency developed a package of proposals to the Law "On Public Procurement" for increase of effectiveness of anti-corruption measures and transparency and competitiveness of the tender process, and submitted it to the Cabinet of Ministers on November 12, 2012.

The proposed suggestions include the following: Procurement planning and posting procurement plans on the official website; identification on general principles of introduction of e-procurement; provision of environment preventing discrimination against bidders; publication of estimated price; simplification of submission of documents by bidders; exclusion of comparison on non-required criteria during bidders proposal evaluation; limitation

of fee for participation in tender to fees for announcement, multiplication , distribution of tender documents and when necessary costs for their translation; limitation of possibilities to use non-competitive methods. ²⁹

1 out of 6 points.

14.2 Improvement of the control over execution of public procurement agreements, including payments on those agreements. Implementers: ***Public Procurement Agency, Ministry of Finance, Chamber of Accounts***–2013-2014

The draft Law “On Making Changes to the Law of the Republic of Azerbaijan “On Public Procurement”” prepared by the Public Procurement Agency included provision on improvement of the control over implementation of public procurement contracts. The Ministry of Finances provided its feedback to the revised version of the mentioned law.

For better solution of issues ensuing from the requirements of Article 23.2 of the Law of the Republic of Azerbaijan “On Public Procurement“, the Ministry of Finance approved “The Guidelines of Participation of Representatives of the Ministry of Finance in Tender Commission”, approved by Decision of the Ministry’s Collegium on July 16, 2013.

The State Treasury Agency strengthened its financial oversight on purposeful spending of the budget funds. Respective documents of the State-funded organizations required for

²⁹National Transparency System Report developed by Transparency Azerbaijan within “National Transparency System”project implemented with financial support of the European Union (<http://transparency.az/milli-s%C9%99ffafliq-sistemi/>)

undertaking budgetary and extra-budgetary expenditure operations have been analyzed, their compliance to the existing normative documents has been identified and then the expenditure operations have been carried out.

No available information. 3 out of 6 points.

14.3 Establishment of a mechanism preventing participation of physical persons and legal entities, violated the law during bidding for public procurement and implementation of procurement contracts, in future public procurement processes. Implementers: ***Public Procurement Agency, central executive authorities*** - 2013-2014

The draft Law “On Making Changes to the Law of the Republic of Azerbaijan “On Public Procurement”” prepared by the Public Procurement Agency also included provisions preventing participation of physical persons and legal entities, violated the law during bidding for public procurement and implementation of procurement contracts, in future public procurement processes.

2 out of 6 points.

14.4 Taking relevant actions for undelayable consideration of complaints in order to protect the rights of the bidders participating in the public procurement tenders. Implementers: ***Public Procurement Agency, central and local executive authorities***—constantly.

Although the Law “On Public Procurement” has a section on consideration of complaints, the role of the Public Procurement Agency in this process and the manners for independent

investigation of complaints have not been specified. The Agency submitted its proposals with regard to these issues.

Information about more than 75% of public procurement operation such as procurement plans, tender opportunities and contract notifications have been made public. No information is publicized on the complaint resolution.³⁰

The Ministry of Economy and Industry informed that according to Article 23.2 of the Law of the Republic of Azerbaijan “On Public Procurement”, the representatives of the Ministry assigned to the composition of the tender commission have controlled implementation of procurement procedures in accordance with the relevant legislation and no complaints have been received from bidders up to date.

1 out of 6 maximum points.

14.5 Informing law-enforcement bodies on the corruption cases detected in public procurement actions. Implementers: *Public Procurement Agency, central and local executive authorities*—constantly.

The Ministry of Economy and Industry informed that according to Article 23.2 of the Law of the Republic of Azerbaijan “On Public Procurement”, the representatives of the Ministry assigned to the composition of the tender commission have not detected any corruption cases in public procurement actions.³¹

³⁰ Public Expenditures and Financial Accountability Assessment publicized on December 10, 2014: Performance Report: Repeat Assessment. World Bank ([//www.maliyye.gov.az/sites/default/files/PEFA_AZE%20FINAL.protected.pdf](http://www.maliyye.gov.az/sites/default/files/PEFA_AZE%20FINAL.protected.pdf))

³¹ <http://economy.gov.az/media/pdf/Kor2012.pdf>

Also, no corruption cases have been specified in 2014 Annual Corruption Report prepared by the Main Anti-Corruption Department.

1 out of 6 maximum points.

14.6 Development of a methodology for defining estimated prices during implementation of public procurement actions. Implementers: ***Public Procurement Agency, central and local executive authorities*** - 2013-2014

The Public Procurement Agency has drafted “The Methodology for Defining Estimated Prices during Implementation of Public Procurement Actions”.

2 out of 6 maximum points.

14.7 Development of procurement plans by procurement organizations and their posting on the website of the State Agency for Public Procurement. Implementers: ***Public Procurement Agency, central and local executive authorities***–2013.

Information on 2014 procurement plans submitted by procurement organizations to the Public Procurement Agency have been posted on official website of the Agency (<http://tender.gov.az/new/index.php?inc=plan>).

6 out of 6 maximum points.

14.8 Creation of an integrated registry of the procurement contracts concluded through the public procurement procedures and posting the registry on the website of the State Agency for Public Procurement. Implementers: ***Public Procurement Agency, central and local executive authorities***–2013.

The Public Procurement Agency has created an integrated registry of the procurement contracts concluded through the public procurement procedures and posted the registry on the website. The Agency posted information on 10812 sale-purchase contracts took place in 2014. Procurement actions worth 620825221,40 AZN was carried out during 2014.

6 out of 6 maximum points.

15.Increasing transparency in maintaining the State Registry of Real Estate

Score on this area - 22 out of 24 points (91.67%)

15.1 Development of proposals on simplification of the guidelines for registration of the property rights. Implementers: *Cabinet of Ministers, State Committee on Property Issues*–2013.

The Law of the Republic of Azerbaijan #880-IVQD of December 27, 2013 approved changes to the Law of the Republic of Azerbaijan “On the State Registry of Real Estate”. These changes envisage real time electronic issuance of real estate descriptions and electronic receipt of notarized notes on the rights registered in the State Register and limitations over them (debt-saddled property), electronic and immediate transfer of notarized agreement to the State Registry, exchange of information through electronic information systems, and ensuring issuance of paper or electronic version of reference or justified rejection letter by the registration body to the requestor within 1 working day.

Azerbaijan got the 3rd place for property registration in the rating table of "Doing Business-2014".

According to the report, Azerbaijan holds 59th position among Eastern European and Central Asian countries it assigned to.

The report states that 4 procedures are required in Azerbaijan for registration of property, which may take up to 11 days. According to the rating, this is one of the best indicators. Thus, the process requires averagely 6 procedures, up to 26,5 days and costs equal to 2,8% of the property's value in Europe and Central Asia.³²

6 out of 6 maximum points.

15.2 Ensuring electronic obtain of information and documents from the State registry of Real Estate. Implementer: *State Committee on Property Issues*–2013.

According to “The Guidelines for Providing E-Services on Individual Fields by the Central Executive Authorities” approved by the Cabinet of Ministers’ Order #191 of November 24, 2011 and “The List of E-Services”, the State Committee on Property Issues is supposed to provide 6 e-services.

Necessary and regular efforts have been made to extend the list of e-services provided by the Committee and as a result, by the Cabinet of Ministers’ Orders # 145 of June 20, 2013, #105 of April 16, 2014 and #266 of July 31, 2014, changes were made to Order # 191 of the Cabinet of Ministers of November 24, 2011 on approval of “The Guidelines for Providing E-Services on Individual Fields by the Central Executive Authorities” and “The List of E-Services”, and the number of e-services provided by the State Committee on Property Issues has been increased.

³² <http://sia.az/az/news/social/373789-doing-business-2014-hesabatinda-azerbaycan-emlak-in-qeydiyyatina-gore-on-siradadir>

The Committee is currently providing 31 e-services. 18 of them are related to the State registry of ownership over real estate. 4 out of 31 e-services are informative and 27 are interactive.

The mentioned interactive services are those dealing with privatization of stocks of JSCs, small State-owned enterprises and entities, incomplete constructions and vehicles which belong to governmental bodies.

The applications for participation in privatization of State property are accepted electronically. Besides, the following e-services are being provided: reports on protection, management and status of use of the State property, service fee for renting the State property, extracts on real estate, mortgage, registration and cancellation of leasing operations, provision of information from the State Property Registry. All the e-services have been integrated into the "R-Government" portal.

Total number of e-requests entered the departments of the Committee in 2014 is more than 158 000.³³

Taking into account citizens' interest and demand on various fields of services, the Committee also established mobile offices of the State Registry of Real Estate to make the services related to the State registration of ownership rights over real estate and other material rights more accessible for citizens, establish mutually interactive communication with citizens, increase effectiveness of in the field of the State registration of ownership rights over real estate and other material rights. Guidelines on this matter have been

³³ <http://www.stateproperty.gov.az/index.php/az/x%C9%99b%C9%99r-arxivi/1104-%C9%99mlak-m%C9%99s%C9%99l%C9%99l%C9%99ri-d%C3%B6vl%C9%99t-komit%C9%99si-2014-c%C3%BC-ild%C9%99-h%C9%99yata-ke%C3%A7irilmi%C5%9F-f%C9%99aliyy%C9%99t%C9%99-dair-m%C3%BC%C5%9Favir%C9%99-ke%C3%A7irib>

drafted and approved by the respective order of the State Committee on Property Issues.

Procedures for rendering the services related to registration of property rights over real estate and other material property to citizens based on the mentioned guidelines outside the administrative building of local offices and departments of State registration bodies have been defined and service vehicles have been allocated and assigned to the field.

4 out of 6 points.

15.3 Improvement of exchange of information between real estate registration agencies and notary offices. Implementers: *State Committee on Property Issues, Ministry of Justice*–2013.

According to Article 5.6 of the Republic of Azerbaijan, exchange of information between the State Committee on Property Issues and the Ministry of Justice via electronic information systems has been carried out. Since March 3, 2014, reference notes covering description of the real estate, the rights over the property registered in the State Registry and limitations over them (debt-saddled property) are received by notary offices in the real time mode.

6 out of 6 points.

15.4 Broadening exchange opportunities between the State Registry of Real Estate and other information systems (databases, information-search databases, registries and etc.) and provision of data reliability. Implementers: *State Committee on Property Issues, relevant governmental bodies*–2013-2014

“The security requirements for exchange of information, mutual cooperation between the State Committee on Property Issues and the Ministry of Justice via electronic information systems, as

well as the guidelines for payment of the fee for reference notes”have been approved by Decision #3 of the Collegiums of the State Committee on Property Issues on February 14, 2014, and became effective from February 25, 2014 upon inclusion in the State Registry of Legal Acts of the Republic of Azerbaijan under the number 15201402140003.

6 out of 6 points.

16.Improvement of issuance of licenses, permissions and certification work

Score on this area - 12 out of 24 points (50%)

16.1. Presenting proposals on simplification of terms and conditions for issuance of licenses and permissions. Implementer: *Cabinet of Ministers*–2012.

With regard to the types of permissions for business entities of legal and physical persons in the Azerbaijani legislation, it should be noted that their total number is 305, including 46 permissions, 1 expert examination, 90 special consent (license), 27 special permissions, 1 confirmation note, 2 technical check, 3 technical condition, 1 technical review act, 2 order, 52 certificates, 19 opinions, 3 legalizations, 2 consents, 4 agreements, 2 registration documents, 3 technical passports, 47 other types of permissive documents. Presently, the number of to-be-licensed activity types is 59. The number of to-be-licensed activates was not more than 40 in the decree of January 27, 1997. The number of to-be-licensed activates was reduced from 240 to 30 groups by the decree of September 2, 2002. Afterwards, several amendments increased this number to 85, but as a matter of fact, 240 types of activates were

licensed in reality, i.e. executive bodies expanded the list gradually. It should be noted that the number of to-be-licensed types of activities in EU countries ranges from 30 to 90, and it is 300 in Japan. However, thank to more elaborate institutional environment, this fact does not obstruct development of entrepreneurship in those countries. Basically, the number of the applied licenses should be optimized on one hand, but on the other hand, control over their issuance by the central and local executive authorities must be tightened. Among governmental agencies, the State Committee on Securities (SCS), the Ministry of Emergency Situations (MES), the Ministry of Communication and Information Technologies (MCIT), and the Ministry of Agriculture (MoA) are the leading agencies in terms of the number of issued licenses.

Presently, there are 12 permissions and licenses issued by the local executive authorities along with the central ones in Azerbaijan.

The main issues that entrepreneurs complain about are lengthy licensing process, rejection to issue license without indicating the reason, risk of corruption and lost of resources. Reforms in the licensing sphere in the last 10 years were slow in Azerbaijan in comparison to the sphere of public regulation of the private sector, including small and medium enterprises, specifically in registration of businesses and inspections.³⁴

The Decree of the President of the Republic of Azerbaijan of March 3, 2014 has tasked the relevant executive bodies with the following:

³⁴ Licensing activity: International experience and Azerbaijani reality - Research, Baku-2013. Foundation for Support to Development of Entrepreneurship and Market Economy (EDF), Support to Economic Initiatives (SEI) Public Union (file://hp-655/Users/Public/Documents/Kocurmeler_yanvar_TI/Hesabat_14/lisenziyashdirma_Az.pdf)

- reduction of time and procedures for electronic registration of legal entities and physical persons who undertake entrepreneurship activity without creating legal entity (individual entrepreneurs) through one-stop-shop system;
- reduction of procedures and time for issuance of permissions for construction;
- organization of electronic receipt of documents for connection to electricity supply network, reduction of procedures, time and costs in this area;
- reduction of procedures, time and costs in the registration of real estate ownership rights;
- reduction of documents, time and costs required during import-export operations; and
- improvement of the activity the entities that influence the process of loan issuance.

Relevant researches have been conducted for improvement of business and investment environment in connection with implementation of measures ensuing from the decree of the Ministry of Economy and Industry and models in 8 directions have been analyzed based on the international best practices. The respective package of proposals have been prepared and submitted to the government.

Some progress has been made in issuance of permissions for construction. The procedures, deadlines regarding adoption of the Urban Planning and Construction Code of the Republic of Azerbaijan have been further specified and redefined. Also, the Code stipulates that permission is required for all residential buildings except the ones not more than 3 floors, not taller than 12 meters and with apertures not higher than 6 meters.

The Code defines the following deadlines: 15 days for submission of documents to get permission for construction, 1 month for issuance of opinions, and 3 months for consideration of the request and making decision on it. In total, 4 months and 15 days are allocated for receipt of the permission for construction (the term may change depending on early issuance of the permission or its rejection). According to the Doing Business Report, the total time to spend for the whole process is indicated as 151 days, and 140 days out of them are supposed to spend for receipt of the permission, which is considered as significant amount of time.³⁵

The Law on making changes to the Code of the Republic of Azerbaijan "On Urban Planning and Construction" has been adopted. The changes specified the minimum distance between neighboring buildings. This change serves to prevent a number of abuses during construction of residential buildings not requiring special permission.

Also, in November of the last year, "The Guidelines for Undertaking of Public Control over Construction" has been approved. The new guidelines define procedures and mechanisms for undertaking public control over implementation of the construction works during all stages, including construction or

³⁵Transparency Azerbaijan Anti-Corruption Public Union: "Problems connected to and recommendations for ensuring transparency in registration of new multiapartment residential buildings" (<http://transparency.az/hokum%C9%99tl%C9%99-v%C9%99t%C9%99ndas-c%C9%99miyy%C9%99ti-uzvl%C9%99ri-coxm%C9%99nzilli-binalarin-qeydiyyati-sah%C9%99sind%C9%99-nailiyy%C9%99tl%C9%99r-v%C9%99-probleml%C9%99r-haqqinda-muzakir-2/#more-440>)

repair, reconstruction or rehabilitation (hereinafter –construction and installation), as well as beatification works.

The Cabinet of Ministers of the Republic of Azerbaijan approved the following documents: "Integrated Template of the Permission for Exploitation of Construction Facilities", "The List of Construction Facilities not requiring Technical Control ", "The List of Additional Conditions envisaged in the permission for Construction" by the Cabinet's Decision # 302, 303, 304 of September 11, 2014 and "The List of Construction Documents added by the Customer to the Permission for Exploitation of the Construction Facilities requiring Permission" by the Cabinet's Decision # 309 of September 16, 2014.

In connection with implementation of the mentioned decisions, "The Template of Readiness for Exploitation Act" has been approved by Decision #0164 of the Minister of Emergency Situations, dated November 26, 2014.

Although these changes led to specification of the procedures, terms and authorities in the field of issuance of construction permissions, the bureaucratic burden is still quite heavy. Experts consider necessary to take new steps for further simplifications in this field.

Officials of the Ministry of Culture and Tourism of Azerbaijan informed about their plans to simplify licensing of hotel activities³⁶.

Despite all this steps, one cannot observe systemic steps for development of proposals on simplification of terms and conditions for issuance of licenses and permissions. There is need for more holistic approach based on the international best practices in this field. Civil society institutions have prepared a package of proposals

³⁶ <http://pda.milli.az/news/society/239499.html>

related to this issue and submitted it to the relevant governmental bodies (Package of Proposals developed Consortium of Public Unions under USAID-funded “Small Enterprise Support Project, including 1) EDF; 2) ERC; 3) Support for Economic Initiatives Center; 4) Small and Medium Enterprise Support Center; 5) Guba Carpet Association; 6) Bridge to the Future –Ganja-based NGO and related to the Decree of the President of the Republic of Azerbaijan on additional measures for development of entrepreneurship, dated March 3 2014).³⁷

3 out of 6 maximum points.

16.2 Organization of e-services for issuance of licenses and permissions. Implementers: *relevant central and local executive authorities*–2013-2014

“The List of E-Services” approved by Order #191 of the Cabinet of Ministers indicated organization of e-services on issuance of 38 licenses and permission.

According to the data of 2014, the number of the approved e-services is 452. 407 of them are those in the E-Government Portal.

According to the statistical data, the e-services related to issuance of licenses and permissions are not among the most popular services used in the E-Government Portal. This can be explained with the fact that very few of the mentioned e-services are interactive. More than 80% of the services are of informative character and at the same time enable to get electronic copies of initial documents.

³⁷http://edf.az/ts_general/azl/ksid/tovsiyeler/tovsiyeler.htm

In general, the conducted studies show that process of organization and improvement of the e-services related to issuance of licenses and permissions goes slower in comparison with other services.

3 out of 6 maximum points.

16.3 Presenting proposals on cancellation or simplification of re-certification of the goods imported from EU and OECD member States and having compliance and quality certificate. Implementer: *Cabinet of Ministers, State Committee on Standardization, Metrology and Patent*–2013.

No available information. 0 out of 6 maximum points.

16.4 Ensuring and promoting the activity of “The Electronic Information Portal on Permissions”, posting of newly received information on permission documents and legislative drafts on the portal. Implementer: *Ministry of Economy and Industry, State bodies carrying out public regulation and control*–2013.

For the purpose of controlling “The Electronic Information Portal on Permissions” (www.icazeler.gov.az), regular review of the information and examination of drafts, respective measures have been taken by the Order of the Ministry of Economy and Industry #F-44 “On Regulation of Issues related to the management of the Electronic Information Portal on Permissions”, dated April 10, 2012.

According to 2014 data, total 325940 users have benefitted from the portal.

Users from 105 foreign countries submitted their requests to the portal. Total 145 draft legislative acts have been submitted to the portal by 20 governmental agencies for discussion since

March 15, 2012. Total 47320 users have benefitted from the portal's services and 13 draft legislative acts have been posted on the portal by 6 governmental agencies for public discussion.

6 out of 6 maximum points.

17. Increase of effectiveness of tax control and inspections

Score on this area - 21 out of 30 points (70%)

17.1 Automation of tax audit selection process and development of selection standards. Implementer: *Ministry of Taxes* - 2013-2014

Selection criteria for tax audits are specified in "The Guideline on Conduct of Tax Audits" approved by Order # 1317040100209400 of the Ministry of Taxes, dated March 3, 2013. 6 risk models' standards based on the risk models stipulated in Item 17 of the mentioned Guidelines have been defined and the selection processing the audit model of the Automated Tax Information System (ATIS) has been fully automated.

The Guidelines defined methods of use of the information obtained through search engine of the audit selection system, from declarations of tax payers and foreign sources for the purposes of mobile audit inspections within ATIS project. Also risk-based automated selection method has been developed for audit purposes, which enables to automatically provide users with the results under all models and sub-models.

6 out of 6 points.

17.2 Establishment of standard indicators system and software for conduct of in-house and mobile tax inspections. Implementer: *Ministry of Taxes* - 2013-2014

The following 4 selection methods have been developed for the purpose of conduct of next mobile tax inspections based on “The Guidelines for Conduct of Tax Inspections”:

1. Random audit selection. This random selection method is used for tax audit of the tax payers who have tendency to evade from paying taxes.
2. Selection of audit based on known sources. This is an audit technique necessary to implement over large companies and leading sectors. Among others, the tool enables to investigate, without conducting mobile inspection, the discrepancies between the information available in the customs bodies, as well as official information of other sources and the information from the reports submitted by tax payers, also discrepancies in declarations or other documents submitted to tax bodies causing tax evasion.
3. Selection of audit referring to other information. This method ensures making right decision based on the years of hands-on experience of the persons conducting audit. It is about inspecting by tax bodies the activities of tax payers undertaken during the last year, based the information of other tax and governmental bodies, and other information from known sources.
4. Selection of audit through software models. Selections on 6 independent risk models in ATIS audit module has been conducted for selection of audit through software models. Final risk scores calculated as a result of the selections constitute the basis for conduct of next mobile tax inspection.

Additionally, development of risk assessment system for in-house inspections in the entrepreneurship sphere, systematization of

the in-house tax inspections based on risk management of the inspections and automation of development of relevant discrepancy notes created an environment for more efficient introduction of 24 risk criteria.

6 out of 6 maximum points.

17.3 Improvement of providing tax payers with necessary information and of promotional work among tax payers. Implementer: *Ministry of Taxes* - 2012-2013.

During 2013, total 278.295 tax payers have been received in the tax payer service offices and centers, and provided with 599.056 various tax services. 238.666 calls from taxpayers and citizens were answered via 195 hotline information service, including 64.576 calls through automated answering service and 174.090 by inspectors-operators through individual telephone conversation. In 2013, 584.387 tax payers have received information through messaging system. The website of the Ministry of Taxes (www.taxes.gov.az) had 3,5 million visitors. During the mentioned period, 2.236 questions have been answered via Q&A section of the website.

146.800 copies (133.900 in Azerbaijani and 12.900 in English) of 14 different leaflets, manuals and magazines reflecting necessary information for tax payers on the tax legislation and administration have been printed out and distributed to tax payers.

Advertisement on the necessity of conclusion of labor agreements were placed in the back side of the receipt given to the subscribers who had unpaid bills to Baku city Electricity Supply Company.

New leaflet titled “Features of introduction of control-cash registers and serious reporting forms” has been developed, printed in 15 000 copies and distributed to tax payers.

Besides, a leaflet reflecting benefits of non-cash payments, including payment cards, POS-terminals and the rules for their use has been developed, printed in 30 000 copies and is being distributed to tax payers.

6 out of 6 maximum points.

17.4 Conduct of risk analysis of the provisions in the Tax Code enabling corruption. Implementer: *Ministry of Taxes* - 2013-2014

The Ministry of Taxes informed that the works on risk analysis of the Tax Code regarding the cases creating conditions for corruption are continued.

1 out of 6 maximum points.

17.5 Presenting proposals on reduction of frequency of submission of tax declarations. Implementer: *Ministry of Taxes* - 2013.

Discussions related to identification of existing opportunities to reduce the periodicity of submission of tax declarations are continued in the Ministry of Taxes. Since the terms for submission of mining tax declarations are regulated by the Tax Code, proposals on this issue will be submitted to the relevant bodies based on the results of the initial discussions.

2 out of 6 points.

18. Increasing transparency in the privatization process

Score on this area - 6 out of 12 points (50%)

18.1 Introduction of electronic management system in preparation of auctions. Implementer: *State Property Committee*–2013.

The State Committee on Property Issues initiated 31 services for public use. All e-services have been integrated into the “E-Government” portal. According to the data as of end of 2014, more than 111 thousand physical persons and legal entities have been benefitted from the Committee’s e-services.

E-services operating in the Committee’s e-portal are about privatization, management of the State property and registration of real estate. 25 of the services are interactive. The interactive services include those related to auctions on privatization of stocks of joint-stock companies, incomplete constructions and vehicles that are in the balance of governmental bodies. These services enable electronic receipt of requests for participation in auctions related to privatization of the State property.

3 out of 6 points.

18.2 Ensuring registration of citizens for auction in real time mode. Implementer: *the State Property Committee*–2013-2014

The e-services proposed by the State Committee on Property Issues already receive requests electronically for participation in auctions related to privatization of the State property.³⁸

³⁸<http://www.stateproperty.gov.az/index.php/az/x%C9%99b%C9%99r-arxivi/1104-%C9%99mlak-m%C9%99s%C9%99l%C9%99l%C9%99ri->

3 out of 6 points.

19.Improvement of the process of collection of customs fees and tariffs

Score on this area - 17 out of 24 points (70.38%)

19.1 Location of the information about customs fees and tariffs in internet information resources. Implementer: *The State Customs Committee*—constantly.

An informative service on goods nomenclature has been established in the Customs Committee’s website. An informative e-service for calculation of fees applicable to automobiles imported in the Republic of Azerbaijan has been established.³⁹

The www.rusum.az website portal designed with support of the Anti-Corruption Commission of the Republic of Azerbaijan has been updated. Information on customs fees and tariffs has been posted on the portal.

6 out of 6 maximum points.

19.2 Ensuring transfer to non-cash payment system for customs payments. Implementer: *The State Customs Committee*—2012-2013

All customs offices have been provided with POS-terminals and foreign economic activity actors have been informed about this. Currently, works are being done to ensure customs fees to pay via online and bank services.

d%C3%B6vl%C9%99t-komit%C9%99si-2014-c%C3%BC-ild%C9%99-h%C9%99yata-ke%C3%A7irilm%C5%9F-f%C9%99aliyy%C9%99t%C9%99-dair-m%C3%BC%C5%9Favir%C9%99-ke%C3%A7irib

³⁹<http://www.rusum.az/calc3.php>

An e-service functions in the Committee's website to undertake online payment of customs fees. This service has also been integrated in the E-Government Portal.

6 out of 6 points.

19.3 Improvement of consideration of complaints on the decisions of customs authorities. Implementer: *the State Customs Committee*–2012- 2013

The State Customs Committee informed "IAMS-Recordkeeping" automated management system has been further improved and its features have been expanded. Central Mail Server has been created to manage and safeguard the electronic document circulation and equipped with Anti-Spam filtering system.

1 out of 6 points.

19.4 Acceleration of commodity turnover on the customs boarder and creation of favorable conditions for entrepreneurial entities. Implementer: *The State Customs Committee*–2013.

17 legal normative acts have been developed, agreed with the relevant governmental agencies and approved with respective decisions of the Cabinet of Minister. The acts will enable observation of procedures and transactions envisaged in the Tax Code and officialization of customs documents in accordance with the international standards.

The following documents have been approved in 2014 : template of the Protocol "On Conduct of Individual Inspection", template of the Protocol "On Taking the Goods Prohibited or Restricted to Deliver (Transfer)", "The Guideline for Patrolling and Customs Observation Procedures for Officials of the Customs Bodies", "The Guidelines for Customs Clearance of the Goods Transferred through International Pouching System and Accompanied by the Documents Specified in the Act of the International Post Union", "The Guidelines for Exchange of

Information on Risks", "The Guidelines for Maintaining Special Customs", "The Guidelines for Transferring of the Customs Debt Payments by Postal Service Operators to Accounts of Customs Bodies", "The Guidelines for Creation and Marking of the Customs Control Zones", "The Guidelines on Defining of General Criteria and Priority Control Fields" and the Statute "the International Marine Trade Port Customs Post". All the documents have been entered into the State Registry of Legal Acts of the Ministry of Justice.

"E-Customs Payments" electronic customs service has become operational.

The existing 192-Holine of the Committee has been replaced with new 192-Call Center meeting international standards and working via IP-phone system. The ATS operating in SCC's administrative building and communication lines connecting the Committee and its structural sections have been removed and new IP telephone system has been installed to cover the apparatus of the State Customs Committee, the customs bodies and other entities under its subordination".⁴⁰

Since 2013, "X-REY SMiT Heymann" system has been installed in all border entry points of the country. The equipment is brand new and provides full range x-ray examination of trucks within 3 minutes. The official website of the State Customs Committee www.customs.gov.az enables more efficient use of information resources, widening of relations between customs bodies and business structures, and prompter processing of citizens and entrepreneurs' requests. A corporate network that constitutes technical basis of the integrated automated information system has already improved.

The integrated automated management system of the Customs Service of Azerbaijan has been created. "One-Stop-Shop" system enables acceleration of goods and loads turnaround, undertaking of import-export operations in accordance with the

⁴⁰ <http://www.ictnews.az/wap/read.php?lang=1&content=28832>

modern requirements and the control procedures in the border entry points of the country are carried out within 20 minutes time period.

The work on taking relevant measures for further improvement of the "One-Stop-Shop" has been continued.

IAMS-RISK system has been established to automate risk management related to the goods and vehicles passing through the customs posts in the border entry points.

"IAMS-Postal Shipments" sub-system has been developed and put on operation. The sub-system allows postal shipment companies to declare the goods they want to transfer into the country in advance through entering "the personal cabinet of a Foreign Economic Activity actor" established in the website of the State Customs Committee.

The project called "Tourist Refund Scheme (TRS)" has been developed in the customs-border points of the Republic of Azerbaijan by using the methodology specified in "The Regulation on Calculation of the Time Period for Release of Goods", the software of the project has been designed and integrated into IAMS. The project has been introduced in the following customs-border points: Astara Customs Office, "Qosha Tepe" point of Bilasuvar Customs Office, "Sınıq Korpu" point of Tovuz Customs Office and "Mazımchay" point of Balakan Customs Office. ⁴¹ The implementation of the project allows to define the time needed for passage, release and border passage of goods and vehicles through border points. Thus, it is envisaged that the gathered statistical data will facilitate more efficient management of goods and vehicles passage through borders.

Since August 2013, the Law "On Customs Tariff" has become effective.

The works on introduction of "e-Customs Declaration/Goods" (receipt of customs declaration for clearance of goods and vehicles) and "e - Monitoring" (online monitoring of the

⁴¹ <http://pda.milli.az/news/economy/321710.html>

clearance process of the goods and vehicles imported and exported by foreign economic activity actors) electronic customs services is being implemented.

The Laws "On Regulation of the Foreign Economic Activity" and "On Anti-dumping, Compensation and Guarding Measures " are being drafted.

4 out of 6 points.

20. Improvement of urban planning, construction legislation and administrative management in this field

Score on this area - 11 out of 24 points (45.38%)

20.1 Presenting proposals on creation of an effective administrative management related to permissions for construction, control over construction and permission for exploitation of construction, and introduction of "One-Stop-Shop" system. Implementer: *Cabinet of Ministers* - 2013.

Introduction of "One-Stop-Shop" principle in issuance of permissions for construction is envisaged in the Urban Planning and Construction Code.⁴² At the same time, we failed to get concrete information on any proposals about the introduction of the "One-Stop-Shop" system.

1 out of 6 points.

20.2 Ensuring transparency and civic participation in urban planning and construction activities. Implementer: *Architecture and Urban Planning Committee, Ministry of Emergency Situations, local executive power bodies, municipalities* - 2013-2014.

⁴²<http://www.anspress.com/index.php?a=2&lng=az&nid=149045>

Comprehensive presentation and final public discussion on “the Regional Development Plan of Extended Baku” with participation of all stakeholders (governmental agencies, organizations and etc.) took place in Four Seasons Hotel in Baku on May 15, 2014. As a result of the discussions, “The Regional Development Plan of Extended Baku” was found feasible. Taking into consideration of opinions and suggestions of the governmental agencies and organization represented all stakeholder, it was decided the State Urban Planning and Architecture Committee to submit the Plan to the Cabinet of Ministers of the Republic of Azerbaijan for approval in the near future in accordance with the requirements of the relevant legislation.

4 out of 6 points.

20.3 Conduct of citizen awareness-raising activities on the requirements of the Urban Planning and Construction Code. Implementer: *Architecture and Urban Planning Committee, Ministry of Emergency Situations, local executive power bodies, municipalities* - 2013-2014.

First drafts of the Main Plans of Naftalan, Gusar, Mingachevir and Goygol cities, being developed upon the Committee’s order, have been presented for discussions of local executive authorities and the general public. The public discussions in Naftalan and Mingachevir cities have been finalized, whereas the discussion in Goygol and Gusar cities are still going on.

The main plan along with the cadastre plan of Shirvan city is being developed as a first experience in the country. The first draft of the Main Plan of Shirvan city passed through public discussions in the administrative building of the city executive authorities and the city public was informed about the cadastre plan.

4 out of 6 points.

20.4 Presenting proposals on application of principles of e-governments in the urban planning and construction field. Implementer: *Cabinet of Ministers* - 2013.

The State Urban Planning and Architecture Committee offers the e-service called "Receipt of request and documents for issuance of special permission (license) to legal entities and physical persons to deal with designing of buildings and constructions of I and II category in accordance with the public standards".

The State Agency for Safety Control in Construction under the Ministry of Emergency offers the following e-services in the construction sphere:

- ✓ Receipt of e-requests and documents for issuance of special permission (license) for "Undertaking of engineering-research works for buildings and constructions of I and II category in accordance with the public standards"
- ✓ Receipt of e-requests and documents for issuance of special permission (license) for "Undertaking of engineering-installation works for buildings and constructions of I and II category up to 40 meters in height (except private residential and summer houses up to 12 meters in height) in accordance with the public standards"
- ✓ Receipt of e-requests and documents for issuance of special permission (license) for "Undertaking of engineering-installation works for buildings and constructions of I and II category up to 65 meters in height (except private residential and summer houses up to 12 meters in height) in accordance with the public standards"
- ✓ Receipt of e-requests and documents for issuance of special permission (license) for the type of activity "On Installation and Maintenance of Elevators"

These e-services can be considered as second category services. Despite the establishment of these services, no holistic and systemic approach is observed with regard to overall introduction of e-government principles in the urban planning and construction field.

2 out of 6 maximum points.

21.Improvement of the management mechanisms in education institutions

Score on this area - 35 out of 42 points (83.88%)

21.1 Increasing transparency in exam process in education institutions. Implementer: *Ministry of Education, State Student Admission Committee(SSAC)*–2012-2013.

The Virtual Test Center (VTC) has been established in the Azerbaijan Medical University. Already from the winter sessions of 2011-2012 academic year, the exams in the university are conducted through the Virtual Test method. About 250 computers have been installed in VTC, connected to the internet and managed through a main server. More than 100 students can take an exam in this center.⁴³ The virtual test is being introduced in the Azerbaijan Pedagogical University, Architecture University, and Medical University.⁴⁴

The Minister of Education signed Order #558 of May 8, 2014 to organize summer semester exam session in higher education institutions for 2013-2014 in accordance with the existing

⁴³<http://webcache.googleusercontent.com/search?q=cache:http://www.amu.edu.az/az/pages/2/547>

⁴⁴http://soft.tusi.biz/ts_general/azl/news/tsn-33.htm?mod=print_document&lang=azl

guidelines and to ensure transparency and objectivity in evaluation of students' knowledge.

The Telephone Information Center (146-Hotline service) of the Ministry of Education receives requests related to examination process in the educational institutions.

Since 2014, it is possible to watch the examination process in the test halls of the Azerbaijan State Economic University online via installed web-cameras. The broadcast through "Livestream" website is publicly available for every internet user.

3 out of 6 points.

21.2 Increasing effectiveness of consideration of complaints in higher education institutions. Implementer: *Ministry of Education*–2012-2013.

The Minister of Education signed Order #558 of May 8, 2014 to organize summer semester exam session for 2013-2014 in accordance with the existing guidelines and to ensure transparency and objectivity in evaluation of students' knowledge.

According to the Order, the managers of higher education institutions have been tasked to organize the exam sessions in compliance with the existing normative documents, to establish the Examination Headquarters in their educational institutions, to consider all entered complaints in prompt manner, to create conditions for parent's and public participation at the session in order to ensure transparency of the process, and to punish the persons, in accordance with the existing legislation, who caused negative cases during organization and conduct of the exams. They have been warned about their personal liability for any negative cases that may happen in their educational institutions.

Based on the Order, the managers of the educational institutions issue their own orders related to organization of the exam sessions. "The Examination Headquarter" is established accordingly. The Headquarters investigate the complaints and appeals related to the exams.⁴⁵ The students of the educational institutions are made aware of the channels of communication with the Headquarters.

There no limitations for parental participation in the exams.

All educational institutions inform the Ministry of Education about the results of the exam session in 10 days after their conduct.

The Telephone Information Center (146 Hotline Service) of the Ministry of Education receives appeals regarding the examination process in the educational institutions.

4 out of 6 points.

21.3 Adoption of code of conduct for teachers. Implementer: *Ministry of Education*–2012-2013.

The Code of Conduct for actors of the educational process has been developed jointly by ABA CEELI and the Anti-Corruption Working Group of the Ministry of Education.⁴⁶

"The Code of Conduct for Teachers" has been approved. The Code is in line with the Law of the Republic of Azerbaijan "On Education", other legislative acts and "Ethical Standards Model for Actors of the Educational Process".

The Code defines and regulates ethics principles and the related requirements, as well as mutual relations of the actors of the educational process.

⁴⁵

http://adpu.edu.az/gen/download/AR_TN_558_nomreli_emr_08052014_barede.pdf

⁴⁶<http://www.edu.gov.az/upload/file/e-xidmetler/standartlar-modeli.pdf>

6 out of 6 maximum points.

21.4 Publication of information on teacher vacancies on the official web-site of the Ministry of Education and in press. Implementer: ***Ministry of Education*** - constantly.

Information on teacher vacancies is published on the official web-site of the Ministry of Education and in the press.⁴⁷

6 out of 6 points.

21.5 Conduct of centralized and transparent exams for hiring teachers to the announced vacancies. Implementer: ***Ministry of Education***—constantly.

The Minister of Education of the Republic of Azerbaijan has signed an order on regulating the process of hiring of teachers to general and primary vocational education schools in 2013-2014 academic years.

In accordance with the order, the process of hiring teachers in 2013-2014 academic year to the vacancies in general and primary vocational education schools is conducted in a centralized manner, competitively by using software.

The vacancies are announced, then the requests of the teachers who want to change their positions are given first priority in the consideration process, their requests are satisfied based on the competition, and afterwards those who desire to start new teaching career take exams. All this is carried out electronically and without any interference from outside. The teachers learn about their results

⁴⁷<http://www.edu.gov.az/view.php?lang=az&menu=391&id=4084>

immediately after they pass the exam and based on the score their employment to the vacancy is defined.

We need to mention about the school principals when talking about teachers. The Ministry of Education delivered training for young and energetic cadre who desired to hold principal positions this year and taught them the principles of the modern management. This process will continue.

According to the results of the competition on filling the teacher vacancies in general education institutions and vocational lyceums in 2014-2015 academic year, total 1692 people have been employed. 1405 of them got encouragement measures applied. The level of filling of the vacancies has increased for 40% in comparison to the previous academic year.

No limitations have been placed for the NGOs who desired to observe the competition process.

6 out of 6 points.

21.6 Presenting proposals on defining the responsibility for hiring teachers out of competition. Implementer: *Cabinet of Ministers, Ministry of Education*–2013.

According to Item 5 of “The Guidelines for Identification of the Demand for Teachers in General Education Institutions and Vocational Schools under the Ministry of Education of the Republic of Azerbaijan, Distribution of Pedagogical Cadre and Their Employment”, the managers of relevant educational institutions and bodies, as well as members of competition commissions are liable for observation of the requirements of the mentioned Guidelines, and for oversights in the field of the work with staff.

6 out of 6 maximum points.

21.7 Presenting proposals on salary increase for teachers and strengthening their social protection. Implementer: *Cabinet of Ministers, Ministry of Education*–2012-2015.

Item 2.3.1 of the State Strategy for Development of Education in the Republic of Azerbaijan envisages establishment of a differentiated salary system competitive in the labor market.

4 out of 6 maximum points.

22.Improvement of management mechanisms in health care

Score on this area - 17 out of 36 points (47.22%)

22.1 Accelerating the activities related to introduction of the mandatory medical insurance in the health care system. Implementer: *Cabinet of Ministers, Ministry of Health*–2013-2014.

The works on accelerating the activities related to introduction of the mandatory medical insurance in the health care system are continued⁴⁸.

1 out of 6 maximum points.

22.2 Delivery of trainings and courses on promoting code of conduct for medical doctors. Implementer: *Ministry of Health*–2013-2014.

The works on delivery of trainings and courses on promoting code of conduct for medical doctors are continued⁴⁹.

⁴⁸<http://sehiyye.gov.az/fealiyyetler.html>

⁴⁹<http://sehiyye.gov.az/fealiyyetler.html>

1 out of 6 maximum points

22.3 Publication of information on medical doctor vacancies in the official web-site of the Ministry of Health and in the press. Implementer: *Ministry of Health*—constantly.

Information on medical doctor vacancies is published in the official web-site of the Ministry of Health and in the press.⁵⁰

6 out of 6 maximum points.

22.4 Ensuring transparent and competitive hiring of medical doctors to vacant positions through tests and interviews. Implementer: *Ministry of Health*—constantly.

Based on the Decision #3 of the Health Collegium of the Ministry of Health of the Republic of Azerbaijan, dated January 18, 2013, employment of health care workers to the vacant positions in the health care institutions under the Ministry have been undertaken in a centralized manner.

The candidates first take a test exam, and then are interviewed. The interview procedures have been specified. Video recording also takes place.

Analysis of “The Guidelines for Centralized Employment of Health Care Providers of the Health Care Institutions” displayed that the procedures for receipt of documents, publication of vacancies, conduct of test exams and interviews, and consideration of complaints are quite clearly stated. The guidelines also provide remedies for the competitors to defend their rights. Mechanisms for ensuring transparency are also in place.

Receipt of the documents for employment is processed electronically. Health care providers who intend to submit their

⁵⁰http://www.sehiyye.gov.az/musabiqe_elanlari.html

documents for vacancies via the e-service can do so by visiting the official website of the Ministry of Health, going to “Centralized Employment of Health Care Providers” section, selecting “Vacancies”, getting information on availability of vacancies, using his/her ID number and pin-code to fill the application form out and submit the application electronically.

During the competition process, international and domestic NGOs, media representatives can observe the test exams and interviews. To this end, information about the observers must be submitted to the Examination Commission 3 days prior to the conduct of the exams and interviews.

6 out of 6 maximum points.

22.5 Presenting proposals on defining the responsibility for hiring medical doctors out of competition. Implementer: *Cabinet of Ministers, Ministry of Health*–2013.

The Ministry of Health continues the works on presenting proposals on defining the responsibility for hiring medical doctors out of competition ⁵¹.

1 out of 6 maximum points.

22.6 Presenting proposals on salary increase for medical doctors and strengthening their social protection. Implementer: *Cabinet of Ministers, Ministry of Health*–2012-2015.

The Ministry of Health informed that the works on salary increase for medical doctors and strengthening their social protection are continued.

2 out of 6 points.

⁵¹<http://sehiyye.gov.az/fealiyyetler.html>

23.Improvement of introduction of corporate management principles in State-owned enterprises

Score on this area - 11 out of 18 points (61%)

23.1 Studying the areas of introduction of corporate management principles in State-owned enterprises and conduct of training on this topic. Implementer: *Ministry of Economy and Industry Development, State Property Committee, State-owned enterprises –2013-2014*

The Ministry of Economy and Industry developed the Corporate Management Standards of Azerbaijan in connection with introduction of the corporate management system in the public enterprises.⁵²

The assessment is conducted through the questions compiled on 9 criteria indicated in the methodology and reflected in “The Bulletin on Assessment of Corporate Management in Economy Societies”. More than 30 companies passed the assessment. According to the findings of the assessment, “The Table for Assessment of Corporate Management in Economy Societies in accordance with the Corporate Management Standards of Azerbaijan”. Respective researches have been conducted on introduction of the corporate management principles in the public enterprises and topics of the trainings to be delivered were identified.

52

http://economy.gov.az/index.php?option=com_content&view=article&id=98&Itemid=142&lang=az

The list of companies to participate in the corporate management trainings has been compiled and invitation letters have been sent to them. The information on the future training participant companies is being collected presently.⁵³ It is planned to have trainings on 8 topics.

6 out of 6 maximum points.

23.2. Development of proposals on effective use of funds allocated from the State budget, including financial aid by the State-owned enterprises. Implementer: *Ministry of Economy and Industry Development, Ministry of Finance, State-owned enterprises–2013-2014.*

Studies on effective use of the funds allocated to the State-owned enterprises from the State budget, as well as of financial aids, have been conducted, recommendations on improvement of economic activities of the State-owned enterprises have been prepared and submitted to the Cabinet of Ministers of the Republic of Azerbaijan with the letter # İSN-X/O-4801/2014 of May 17, 2014.

4 out of 6 points.

23.3 Development of annual reports by State-owned enterprises and their publication. Implementer: *State-owned enterprises–2013-2015.*

The State-owned companies like AZNEFTKİMYAMAŞASC, Azersu ASC, Azerenerji ASC, prepared annual reports on their activities and posted on their

⁵³<http://economy.gov.az/media/pdf/Kor2012.pdf>

websites. There was not possible to obtain information about preparation, publication and distribution of

1 out of 6 points.

24.Improvement of communal services

Score on this area - 14 out of 24 points (58.33%)

24.1 Finalization of installation of smart card counters for payment of electricity, natural gas and water consumption bills. Implementer: *“Azərenerji” OJSC, “Bakielektrikşəbəkə” OJSC, SOCAR, “Azərsu” OJSC*–2013-2014.

As of October 1, 2014, “Azərsu” ASC provides nation-wide water supply and sewerage services to 1308772 subscribers. 1255853 of them are residential sector, and 52919 –non-residential sector subscribers.

As of October 1, 2014, 750 000 (55,6%) of 12439561 residential subscribers served by “Azərsu”ASC have been provided with gas-meters. 352 000 of them are mini smart gas-meters. 38504 (75,9%) out 52046 of non-residential subscribers have been supplied with gas-meters.

As of December 2014, the number of subscribers supplied with gas reached 1 732 266 people. 22 262 of the registered subscribers are non-residential ones. In general, 81 928 out of 1 710 004 residential subscribers are those new ones registered in 2014. 30 892 of them reside in Baku, Absheron and Sumgayit, and 53 468 in the regions.

“Azəriqaz” production union has sold 2 473 576 668 m³ of gas to the residential sector and collected 101,1 % fees for that.

1004 Emergency Call Center and 185 Hotline of the Union has received 70 238 requests in 2014.

3 out of points 6.

24.2 Completion of introduction of an automated central computer system for registration of consumption of electricity, gas, water, and payments for utilities. Implementer: *“Azərenerji” OJSC, “Bakielektrikşəbəkə” OJSC, SOCAR, “Azərsu” OJSC*–2013-2014.

The State Oil Company informed that the database of subscribers maintained for consumers of natural gas has been transferred from FoxPro software to more sophisticated AGIS (Automated Gas Information System) software which works on real time online mode.⁵⁴

Currently, measures on automation of potable water and sewerage system services usage are continued to take. Testing of new management system on subscriber information has been finalized and it started to be utilized in Yasamal district from August 27, 2014.

Preparatory work for introduction of the system in other districts is going on and it is planned district-by-district introduction of the system during 2014.

Automated Management System for Electricity Supply and “Population”Subscriber Information Database are functional in “Azerenerji” OJSC and “Bakielektrikşəbəkə” OJSC respectively.

4 out of 6 points.

⁵⁴<http://www.ikisahil.com/index.php/analitika/item/7219-qaz-t%C9%99s%C9%99rr%C3%BCfat%C4%B1nda-m%C3%BCh%C3%BCm-u%C4%9Furlar-%C9%99ld%C9%99-edilmi%C5%9Fdir.html>

24.3 Solution of issues with supply of multi-story newly built buildings with gas. Implementer: ***Baku City Executive Power, Ministry of Emergency Situations, SOCAR***–2013-2014.

In 2014, gas supply to 238 multi-story buildings was provided based on submission of the relevant documents to “Azerqigas” Production Union. This covers total 17 348 apartments.

In 2013, 149 multi-story building have been provided with natural gas supply.

Since there is no exact statistics on the number of newly built multi-story buildings, it was impossible to identify the percentage of their coverage with gas supply.

4 out of 6 points.

24.4 Carrying out reforms in housing-communal economy, including optimization of the normative and tariffs of the services provided in this field. Implementer: ***Cabinet of Ministers, Ministry of Economy and Industry, Tariff (price) Council*** - 2013-2014.

The Ministry of Economy and Industry has drafted “The Action Plan for Development of the Housing-Communal Economy in the Republic of Azerbaijan in 2014-2016” and submitted it to the Cabinet of Ministers for agreement with other governmental agencies, as well as with enterprises and organizations.

Proposals on management, development of the housing-communal economy on the principles of the market economy and on establishment of a mechanism for supporting reforms in this field (draft Decree of the president of the Republic of Azerbaijan “On Approval of the Guidelines for Establishment of the Housing-Communal Economy Support Fund and its Use”) has been drafted and submitted to the Cabinet of Ministers to issue respective order to the relevant governmental agencies to provide their feedback , as well as with enterprises and organizations. At the same time, the

importance of establishment of the mentioned Funds was indicated in the letter # İSN-X/O-5805/2014 of the Ministry of Economy and Industry, dated July 25, 2014. In connection with this issue, regular discussions are held with the respective departments of the Cabinet of Ministers.

“The Guidelines for Maintenance of Multi-Storey Building and Use of Housing Space” has been developed to ensure protect general property of multi-storey buildings and normal exploitation of housing spaces taking into account provisions of the Housing Code. “The Guidelines for Consideration of Housing Spaces as Non-Housing Ones” has been drafted to define how to consider housing Spaces as non-housing ones irrespective of the type of property.

The Law “On Changes to the law of the Republic of Azerbaijan “On Privatization of the Housing Funds in the Republic of Azerbaijan”” has been drafted and submitted to the relevant governmental bodies to get their feedback and suggestions.

The draft of “The Guidelines on Methodical Basis for Calculation of Labor, Service and Cost Norms on Sprigging Operations and their Introduction” has been prepared and submitted to the Ministries of Labor and Social Protection, Finance, Justice, and Baku Main Executive Authorities for agreement. Currently, the works on the development of the final version of the document are carried out.

The Order of the Cabinet of Ministers of the Republic of Azerbaijan reflecting the issues related to the problems emerged in the economic and financial activities of “Azəristilik-təchizat” OJSC has been drafted and sent to the Cabinet of Ministers together with the cover letter # İSN-X/O-7150/2014 of August 7, 2014.

Also, suggestion of the Ministry of Economy and Industry on necessity to harmonize the limits envisaged for heating services for the entities funded from the State budget with the actual demand have been submitted to the Cabinet of Ministers by the letter # İSN-X/O- 4960/2014 of May 22, 2014.

At the same time, suggestions on the reconsideration of the tariffs on the services provided by “Azərıstılıktəchizat” OJSC have been analyzed together with the Secretariat of the Tariff Council based on the international practices, the respective order of the Cabinet of Ministers on withdrawal of hot water supply tariffs from the public regulation has been developed and submitted to the Cabinet by the letter # İSN-X/O-9604/2014 of October 31, 2014.

3 out of 6 maximum points.

25.Improvement of the management mechanism in the field of labor and social security

Score on this area - 32 out of 42 points (76.19%)

25.1 Prevention of informal employments and implementation of measures for legalization of labor activity of the workers engaged in “shadow economy” for protection of their labor rights.

Implementers: *Ministry of Labor and Social Protection, the State Migration Service*–2013-2014

The Ministry of Labor and Social Protection has introduced e-registration system for labor agreements.

By its Decision #183 of June 6, 2014, the Cabinet of Ministers approved “The Guidelines on the Form of the Notification for Labor Agreements and Their Entry into the Electronic Database

System, the Information Form submitted to Employer on Registration of the Notification for Labor Agreement, as well Obtaining of the Information from the Notification for Registered Labor Agreement in Real Time Mode”.

In accordance with Article 3 of the Labor Code, the employer must enter an electronic document, i.e. notification on the labor agreement into the electronic database system of the relevant executive authority in order to ensure electronic registration of the conclusion of the labor agreement, changes thereto or its termination. For this purpose, employers or the persons authorized by them must have an enforced e-signature.

This system creates new opportunities to strengthen the control over employer-employee relations.

37.608 cases of non-observance of the administrative legislation’s requirements on staying, temporarily and permanently residing or residing with invalid documents in the territory of Azerbaijan by foreigners and persons without citizenship, in 2014.

Based on the existing grounds, 3.306 of them were allowed to stay in the country, decision to leave the country was made about 27.683 of them and 6.431 of them were administratively kicked off the country.

The State Migration Service issued work permit to 12.000 foreigners in 2014 to carry out paid works in the country. 257 inspections were conducted in entrepreneurial entities to check the observance of the regulations on use of foreign work force. The inspections detected 164 administrative offences and 2543 foreigners were deported from the country due to their illegal work activity.

6 out of maximum 6 points.

25.2 Improvement of the situation with consideration of complaints related to social aid programs, delivery of social services, payment

of social and unemployment allowances. Implementer: *Ministry of Labor and Social Protection*–2012-2013.

The Ministry of Labor and Social Protection's 142-Call Center continues its activity to strengthen social protection of the population, assign and allocate targeted public aid, ensure medical and social rehabilitation of disabled people, organize medical-social expert examination, carry out public control over observance of the labor legislation at workplaces, ensure employment of unemployed people and those seeking work, objectively learn the public opinion on the work done in the field of regulation of labor migration, promptly receive and response to the citizens information, inquires and complaints regarding the above-mentioned fields. Appeals of 32 008 citizens have been responded through 142-Call Center in 2014.

Analysis of the complaints related to the cases of violation of the code of conduct by the civil servants working in the system of the Ministry of Labor and Social Protection is conducted and the civil servants committed violation of the code are punished through relevant disciplinary measures. 114 people were reprimanded, 8 people got salary cut and 3 people were dismissed from their position in 2014 for delinquencies in conduct of their work responsibilities.

The Ministry holds discussions and cooperates with NGOs on this issue.

4 out of 6 maximum points.

25.3 Delivery of trainings on increasing professionalism of the workers of labor and social protection sphere and on their code of conduct. Implementer: *Ministry of Labor and Social Protection*–2013-2014.

By its Order #11/7-0101 of January 2008, the Ministry of Labor and Social Protection has approved “The Code of Conduct of the Civil Servants of the Ministry of Labor and Social Protection” to define the relations regarding service ethics and out-of-business behavior norms and principles of the employees working in the system of the Ministry and their observance.

The Scientific-Research and Education Center on Labor and Social Problems develops and approves annual plan and program for development to increase professionalism of the civil servants working in the structural departments of the Ministry of Labor and Social Protection. Trainings on ethical behavior, conflict of interests, freedom of information and other topics have been conducted within the program.

4 out of 6 maximum points.

25.4 Taking relevant measures for approximation of the criteria for identification of disability to international standards.

Implementer: ***Ministry of Labor and Social Protection***–2012-2013.

Presently, the criteria for identification of disability are specified by the Decision made by the Cabinet of Ministers in 1997. The criteria for identification of disability have already reworked and submitted to the government. NGOs are aware about these issues and they have been involved in discussions with this regard.

For the purpose of eliminating negative cases in identification of disability, development of “The Medical-Social Expert Examination and Disability Rehabilitation System” has been continued. The system that will ensure electronic information exchange between the relevant agencies, will play a serious role in elimination of the cases creating conditions for corruption and

bribery. It also will enable citizens electronically review the results of their disability examinations and obtain e-notes with this regard.

The new drafts of the Law “On the Rights of Persons with Disabilities” and “The National Action Plan for Protection of Rights of People with Disabilities in 2014-2018” have been prepared.⁵⁵

The officials of the Ministry of Labor and Social Protection provided regular information to the media on this issue.

3 out of maximum 6 points.

25.5 Presenting proposals on reduction of the number of documents necessary for assignment of the targeted social aid and simplification of the procedures for submission of the documents. Implementer: *Ministry of Labor and Social Protection*—2012-2013.

The works on automation of mechanisms for assignment of the targeted public social aid are continued. The new to-be-established system will allow citizens to apply electronically to get targeted public social aid without collecting any paper document. Citizen-official contacts will be reduced to minimum in this process and automation of the decision-making process will be ensured in accordance with the legislative requirements.

6 out of maximum 6 points.

25.6 Improvement of the management mechanisms of the social service enterprises. Implementer: *Ministry of Labor and Social Protection* - 2012-2013.

The Ministry of Labor and Social Protection continued the works on improvement of the management mechanisms of the

⁵⁵ <http://az.trend.az/azerbaijan/society/2248409.html>

social service enterprises. The Ministry conducted monitoring of enterprises.⁵⁶

It is planned to implement a Twinning Project between the Ministry of Labor and Social Protection and the European Union on “Development of the Social Service Sphere”. The competitive selection process for this project found the Austrian experience the most progressive and it was decided to cooperate with this country in the social services sphere.⁵⁷

3 out of 6 of points.

25.7 Presenting proposals on creation of a mechanism of assigning the public orders on social service to the specialized enterprises and organizations. Implementer: *Ministry of Labor and Social Protection* - 2012-2013.

Based on “The Guidelines for Granting Public Procurement to Municipalities, Physical and Legal Persons, as well as NGOs” approved by Decision #330 of the Cabinet of Ministers of the Republic of Azerbaijan on December 30, 2012, the Ministry of Labor and Social Protection issued social orders and the specialized NGOs are implementing those projects.

6 out of 6 maximum points.

26. Development of international cooperation in combating corruption

Score on this area - 18 out of 18 points (100%)

26.1 Mutual activities with international and regional organizations on combating corruption, participation in various international programs and projects, as well as continuation of

⁵⁶<http://az.trend.az/news/society/2088033.html>

⁵⁷ http://kapitalinfo.az/news_557.html

mutual cooperation with the international organizations specialized in this field and the relevant bodies of foreign countries.

Implementer: ***Cabinet of Ministers, Anti-Corruption Commission, central and local executive bodies, The General Prosecutor's Office, Judicial-Legal Council, Ombudsman*** - 2012-2015.

On January 28-29, 2014, 25 employees of the Main Anti-Corruption Office under the General Prosecutor's Office participated in the training titled "Criminal Liability of Legal Entities" conducted through support of TAIEX (Technical Assistance and Information Exchange) mechanism within EU European Neighborhood Policy.

On 17-19 February, 2014, an employee of the Main Office paid a monitoring visit to the Republic of Tajikistan to participate in the 2nd round evaluation of Tajikistan under the Istanbul Anti-Corruption Action Plan of OECD's Anti-Corruption Network for Eastern Europe and Central Asia (ACN).

On 24-28 March, 2014, the Chief of the Anti-Corruption Office under the General Prosecutor's Office participated in the 63rd plenary session of the Council of Europe Group of States against Corruption (GRECO) in Strasbourg, France. He had wide exchange of opinions about the agenda and organizational issues of the high-level international conference titled "Combating Corruption: International Standards and National Experiences" planned to hold in our country.

Members of the Milli Majlis (Parliament) of Azerbaijan and employees of the Anti-Corruption Office under the General Prosecutor's Office participated at the Conference "Strengthening the Capacity of Parliamentarians, Judges and Prosecutors to Prevent

Corruption in Their Own Ranks"- Emerging Trends from Two Years of GRECO Round IV Evaluations, held on 10-11 April, 2014 in Laxenburg, Austria.

Employees of the Anti-Corruption Office also participated in the 13th Monitoring meeting of the Istanbul Action Plan of OECD Anti-corruption Network for Eastern Europe and Central Asia meeting held in Paris, on 16-18 April 2014.

The Chief of the Anti-Corruption Office under the General Prosecutor's Office participated in the spring session of participated in the spring session of the Executive Committee of International Association of Prosecutors held in Québec, Canada on 8-10 May 2014. The General Prosecutor's Office and Military Prosecutor's Office of the Republic of Azerbaijan are members of this Association.

Reports of the governing bodies, including the President, General Secretary and General Counsel of the Association were listened in the meeting. In their speeches, Mr. Gerhard Jarosch, President of the Association and Mrs. Elisabeth Howe, General Counsel of the Association mentioned their visits to Azerbaijan in January and April 2014. They also underlined quite high level of business relations established between the Association and Azerbaijan, and appreciated the efforts made by the country to modernize the prosecutor activity.

On 16-17 June, 2014, the Chief of the Anti-Corruption Office under the General Prosecutor's Office participated in the 64th plenary session of the Council of Europe Group of States against Corruption (GRECO) in Strasbourg, France. He had wide exchange of opinions with the managers of the organization about the agenda

and organizational issues of the high-level international conference titled “Combating Corruption: International Standards and National Experiences” planned to hold in our country.

The Head of the Ombudsman’s Apparatus, a council specialized in anti-corruption issues and senior advisor of the international relations section of the Apparatus participated in the workshop titled “Development and Implementation of the National Action Plan on Human Rights” held by the EU Human Rights Commission on March 27-28, 2014 in Paris.

6 out of 6 points.

26.2 Continuation of necessary actions for implementation of the recommendations given to the Republic of Azerbaijan by UN, Council of Europe Group of States against Corruption (GRECO) and within OECD’s Istanbul Anti-Corruption Action Plan. Implementer: *Cabinet of Ministers, Anti-Corruption Commission, central and local executive bodies, The General Prosecutor’s Office, Judicial-Legal Council, Ombudsman* - 2012-2015.

The cooperation between the Council of Europe Group of States against Corruption (GRECO) and the Republic of Azerbaijan has successfully continued. Thus, some important steps have been made to implement the recommendations indicated in the 3rd Round Evaluation of the organization on the Republic of Azerbaijan. The Anti-Corruption Office under the General Prosecutor’s Office has drafted legal-normative acts on automatic and full release from punishment of the active bribers who provided information to the competent bodies.⁵⁸

⁵⁸<http://www.genprosecutor.gov.az/?/az/news/view/568/>

The Council of Europe Group of States against Corruption (GRECO) conducted IV Evaluation Round on Azerbaijan on 15-18 April, 2014. In connection with this effort, the following experts of GRECO paid a business visit to Azerbaijan: Mr. Jim O’Keeffe, Mr. Georgi Rupchev, Mr. Drazen Jelenic, Mrs. Helena Lisuchova and Mrs. Lyubov Samokhina.

A number of meetings with participation of members of the Anti-Corruption Commission’s Secretariat, the Parliament and Judicial-Legal Council, judges of the Constitutional Court, Supreme Court and other instance courts, responsible employees of the relevant ministries, teachers of higher education institutions and representatives of the civil society have been held in accordance with the agenda developed by the Administration of the President of Azerbaijan and GRECO organization in connection with carry-out of the Evaluation Mission.

6 out of 6 maximum points.

26.3 Broadening cooperation with the International Anti-corruption Academy (IACA), carry-out of joint education and learning projects. Implementer: *Ministry of Taxes, Anti-Corruption Commission*–2013-2015.

Within the cooperation between the Government of Azerbaijan, the Council of Europe Group of States against Corruption (GRECO) and the International Anti-Corruption Academy (IACA), a high-level international conference titled “Combating Corruption: International Standards and National Experiences” was held on June 30 –July 1, 2014 in connection with the chairmanship of the Republic of Azerbaijan. High level governmental and State officials, MPs, representatives and employees of the Anti-Corruption Commission, central executive

authorities, the General Prosecutor's Office, as well as other law-enforcement agencies of the country, higher education institutions, NGOs and international organizations present in Azerbaijan participated in the conference.

More than 130 representatives from 13 reputable international organizations and 35 countries of the European Union, including general prosecutors of Turkey, Albania, Moldova, Croatia, Georgia, Monaco and Lichtenstein, ministers of justice of Bosnia-Herzegovina, Albania, Croatia, heads of specialized anti-corruption agencies of France, Poland, Lithuania, Macedonia and Serbia, director of the Directorate General of the Council of Europe on Human Rights and Legal Issues, president of GRECO, executive secretary of IACA, president of IAP, general secretary of the International Association of Anti-Corruption Authorities IAACA and many others participated in the conference.

6 out of 6 points.

27. Development of cooperation with CSIs on combating corruption.

Score on this area - 8 out of 12 points (66.67%)

27.1 Involvement of civil society institutions in the implementation of the actions envisaged in the Action Plan. Implementer: *Cabinet of Ministers, Anti-Corruption Commission, central and local executive bodies, The General Prosecutor's Office, Judicial-Legal Council, Ombudsman*–2012-2015.

In response to the inquiry, the General Prosecutor's Office informed that it continued close cooperation with the non-governmental organizations, including Transparency Azerbaijan,

implementing anti-corruption education and legal aid programs. Thus, the General Prosecutor's Office cooperated with the Advocacy and Legal Aid Center project implemented by the American Bar Association's Central and Eastern Europe Legal Initiative (ABA-CEELI), the Main Anti-Corruption Office investigated the appeals on corruption allegations received from Transparency Azerbaijan and initiated criminal proceedings on some facts.⁵⁹ In response to the inquiry, the Ombudsman office and the Anti-Corruption Commission informed that both agencies closely cooperate with the Information and Cooperation Network of Anti-corruption NGOs.

The Main Anti-Corruption Office publicizes annual and semi-annual report in collaboration with the civil society institutions.

Representation of the civil society institutions have been increased in the Legislative Improvement Working Group of the Anti-Corruption Commission.

With support of the Anti-Corruption Commission, the Information and Cooperation Network of Anti-corruption NGOs has conducted an opinion poll to assess the level of corruption perception in the country.

The Law of the Republic of Azerbaijan "On Public Participation" became effective on June 1, 2014. This law regulates relations coming forward from involvement of the citizens of the Republic of Azerbaijan in the public administration in accordance with Paragraph 1 of Part 1 of Article 94 of the Constitution of the Republic of Azerbaijan.

"The Statute on Election of Public Council by Civil Society Institutions" has been adopted by Decision #71 of the Cabinet of Ministers.

4 out of 6 points.

⁵⁹<http://jurnal.meclis.gov.az/news.php?id=401>

27.2 Financial support to CSIs for implementation of the actions envisaged in the Action Plan and implementation of projects. Implementer: *Cabinet of Ministers, Anti-corruption Commission, central and local executive bodies, The General Prosecutor's Office, Judicial-Legal Council, Ombudsman, CSSN–2012-2015.*

The General Prosecutor's Office informed that the Memorandum of Understanding signed between the Anti-Corruption Commission under the General Prosecutor's Office and the Information and Cooperation Network of Anti-corruption NGOs is successfully implemented in various directions. Dissemination of anti-corruption knowledge for formation of public stance, implementation of joint educational projects, including publication of anti-corruption materials and other public announcement products are brilliant examples of the cooperation between two sides. Employees of the Anti-Corruption Commission under the General Prosecutor's Office together with representatives of the Information and Cooperation Network of Anti-corruption NGOs take part in the discussions within the project called "Say No to Corruption" in various TV channels on different topics like status of corruption, joint measures to combat it and etc. During the reporting period, the public, through AzTV and Public TV channels, was regularly informed about the operations and investigations on the criminal proceedings carried out by the Commission.⁶⁰

The Council for the State Support to NGOs under the President of the Republic of Azerbaijan regularly includes fight against corruption, increase of transparency and accountability into the main list of grant competition themes. Six NGOs and 2 NGO coalitions received total 54 000 AZN grants on these themes in 2014.

In response to the inquiry, the Anti-Corruption Commission informed that the NGO Anti-Corruption Network receives grant for implementation of projects and development of institutional

⁶⁰<http://www.azerbaijan-news.az/index.php?mod=3&id=26693>

capacity. "Constitution" Research Fund and the International Legal Center have also received grants in 2014.

4 out of 6 maximum points.

28. Anti-corruption education

Score on this area - 13 out of 36 points (36.11%)

28.1 Annual evaluation of the status of implementation of the Action Plan and its publication. Implementer: *Anti-Corruption Commission* - 2012-2015.

In response to the inquiries, the Anti-Corruption Commission informed that the works on annual evaluation of the status of implementation of the Action Plan and its publication are continued and relevant preparations are made.

3 out of 6 points.

28.2 Organization of special TV and radio programs and debates by the State bodies on combating corruption. Implementer: *central and local executive bodies* - constantly.

The Ministry of Economy and Industry informed that taking into consideration the importance of transparency and combating corruption, TV spots covering the regional events of the National Fund for Support to Entrepreneurship of the Republic of Azerbaijan related to the State support to entrepreneurship development and activities of the enterprises and entities, as well as activities of the enterprises created at the expense of concessional loans issued by the Fund were broadcast, and employees of the Fund were interviewed by TV and radio channels. Regular issues of the program called "Quality Sign" jointly developed by the Ministry of Economic Development and AzTV, and covering the issues of

protection of customer rights, oversight and educational activities undertaken in this direction were broadcast. Additionally, interviews of the Ministry's officials were organized for "Günün nəbzi" and "Kənd saati" programs of AzTV, "Aktual qonaq" of Khazar TV to talk about the activities related to implementation of State programs, corporative management, e-services provided by the Ministry, the rules for issuance of concessional loans and oversight measures undertaken in the consumer market.⁶¹ MES, Audit Chamber provided similar answer.

2 out of 6 maximum points.

28.3 Organization of promotional campaigns for increasing public trust towards State bodies' activities. Implementer: *central and local executive bodies* - constantly.

High level of cooperation with mass media outlets has been established to cover the activities of tax authorities and reach out to general public. During the reporting year, 11 press-releases are made to media, 2 interviews of high ranking tax officials were arranged, 43 spots on tax issues were broadcast on national TV channels, and 230 articles were published in internet sites and 239 in the central newspapers. Media participated in the ceremony of signing of the agreement "On exchange of tax-related information between the Government of Azerbaijan and the Republic of Argentina", and briefing were arranged for high ranking officials of the Ministry of Taxes on the work for promoting open government. Media representatives were invited to the seminar on "Increase of

⁶¹<http://economy.gov.az/media/pdf/Kor2012.pdf>

non-cash operations and broadening the use of POS-terminals". The event was widely covered in media⁶².

In response to the inquiry, MES informed that the promotional work on their activities has been organized to increase public trust towards the governmental agencies and the activities in these directions are improved⁶³. Article 6.3 of 2013-2014 Work Plan of the Audit Chamber of the Republic of Azerbaijan includes publication of audit-related books, teaching guides, informational and promotional materials. Events on different topics have been held to increase public trust towards the Ministry of Economic Development and media participation at these events was ensured. Annual reports on the Ministry's activities for 2009, 2010, 2011 and 2012 have been posted on www.economy.gov.az website, websites of the Ministry and its structures are regularly updated, interviews of high ranking officials of the Ministry to national and foreign media outlets have been arranged and article published.⁶⁴ The Ministry of Ecology and Natural Resources, the Ministry of Communication and Information Technologies and the Ministry of National Security provided similar responses.

4 out of 6 points.

28.4. Envisaging educational courses on anti-corruption in curricula of higher and secondary vocational schools, extended specialization courses and education centers. Implementer: **Ministry of Education** - constantly. No available information. 0 out of 6 points.

28.5 Organization of essay and art contests on combating corruption and other type of intellectual competitions among secondary school

⁶²http://vn.taxes.gov.az/qanun/dovlet_proqrami/korrupsiyaya_qarsi.pdf

⁶³http://www.fhn.gov.az/newspaper/?type=view_news&news_id=3202

⁶⁴<http://economy.gov.az/media/pdf/Kor2012.pdf>

students. Implementer: *Ministry of Education* - constantly. No available information. 0 out of 6 points.

28.6 Publication of anti-corruption leaflets, manuals and other educational materials and their distribution among population. Implementer: *Anti-Corruption Commission, The General Prosecutor's Office, central and local executive bodies* - constantly.

The Anti-Corruption Commission opened a twitter account last quarter to inform the public about its activities and created its page in Wikipedia in Azerbaijani and English languages. www.antikorrupsiya.gov.az—the official portal of the Anti-Corruption Commission has been improved and the legislative framework has been fully updated, including the English versions. The composition of the Working Group under the Commission has been renewed. The information about the composition of the Working Group can be obtained from the Commission's website.

The Commission has developed anti-corruption manual leaflet on its activities in Azerbaijani, English and Russian languages and disseminated to the civil society members and general public.

The Commission has also developed two e-Bulletins in 2014.

The following leaflets in different languages have been published on the results of 2013: "Bulletin", "The Anti-corruption Policy of Azerbaijan", "iAACA", "Azerbaijan-BPA Cooperation", "GRECO", "OECD", "iACA", "The Anti-Corruption Commission of the Republic of Azerbaijan", "The Main Anti-Corruption Office under the General Prosecutor's Office of the Republic of Azerbaijan", "Judicial-Legal Reforms in Azerbaijan".

The information about the criminal cases investigated by the Main Office, undertaken operational and searching measures and cooperation with international organizations have been prepared for sharing via media outlets and posted on the General Prosecutor's website.

4 out of 6 points.

STATUS OF IMPLEMENTATION OF NAP ACTIONS PLANNED TO BE COMPLETED IN 2014

It was planned to complete implementation of activities under 48 NAP items in 2013. This constitutes 38,4% of all activities in the NAP. No progress has been identified on 6 out of 48 items (12,5 %) during the first monitoring. Minor progress has been noticed under 13 items. more than 80% of activities under 3 items has been recorded. And on 1 item, 100% of the activities have been completed. Overall, 50% and more completion of activities has been defined under 14 items. In percentage it constitutes 29,6 % of all activities.

In accordance with the NAP structure, only 1 activity (Item 2.3) must be started and completed in 2014.

Implementation of 38 activities has commenced in 2013 and planned to complete in 2014.

In general, after NAP's approval, it was planned to finalize implementation of 91 activities in 2014.

The results of the monitoring showed that although the NAP implementation dynamics for 2014 was higher than for 2013, only 53 activities has been fully completed. More than 30 activities have been implemented for more than 50%, whereas 20 activates are done for 50%. the implementation rate for 11 items is lower than 30%. 7 items have been implemented above 30% .

RECOMMENDATIONS

1. There is a serious need for increase of coordination efforts and oversight of implementation of the NAP activities by the Anti-Corruption Commission.
2. It is important to accelerate implementation of the above-mentioned NAP actions in the high risk corruption areas. The Anti-Corruption Commission should strengthen control to speed up the implementation of these actions. Civil society institutions should primarily focus their advocacy and promotion activities on this direction.
3. Delays in the anti-corruption preventive measures envisaged in the NAP, some activities for reduction of corruption risks and sluggish introduction of electronic services in high corruption risk areas must be under special focus, and the Anti-Corruption Commission and civil society institutions must put relevant efforts to accelerate the work in this direction. NGOs, media must take measures to keep these issues on the agenda as urgent topics in terms of combating corruption.
4. Development of a methodology for diagnosis of the entrepreneurship environment and conduct of the relevant

assessment could be very positive steps in fighting against corruption.

5. There is a very serious need for establishment of concrete mechanisms for prevention of conflict of interests and submission of financial information.
6. Taking serious steps in organizing anti-corruption education courses in higher and secondary education institutions, as well as in curricula of extended courses and education centers would be an important movement in formation of anti-corruption culture. Inactivity in this sphere generally affects anti-corruption efforts. The relevant agencies, the Ministry of Education, the Anti-Corruption Commission must put undelayable efforts to achieve progress in this direction.
7. Cooperation with civil society institutions must be broadened during implementation of anti-corruption activities and the actions envisaged in the NAP. This cooperation would be especially effective when developing draft laws, rules and criteria, and introduction of regulatory tools. Despite some progress in this area, there is a serious need for deepening of the cooperation. The agencies responsible for implementation of the NAP activities need to take concrete steps in this direction.
8. Allocation of grants to the NGOs functioning in the anti-corruption area, organization of courses, and issuance of orders for implementation of education activities could significantly contribute to societal support to the anti-corruption policy and create favorable ground for reforms in this sphere. The anti-corruption initiatives of domestic NGOs

were mostly funded by foreign donors. The relevant governmental bodies need to keep these issues under close attention and make practical steps on supporting the civil society institutions' anti-corruption efforts. Currently, shortage of material resources does not allow them to fully realize their potential.

9. There is a serious need for acceleration of the works and the soonest finalization of creation of an integrated methodology for the "hotline" activity of the State bodies. Presently, the hotlines play the role of the main source for feedback for the population and getting information on corruption offences. Taking this into account, development of integrated standards for hotline services is an important pending task. It would be helpful to benefit from civil society organizations' experience in this field. Many NGOs has created pro-bono legal assistance services, hotlines for receipt and analysis of information on corruption offences, as well as the hotlines on consumer rights, and have extensive experience in this sphere.
10. There is a serious need for broadening the scope of awareness-raising and education activities on the combating corruption. Certain initiatives have been taken in this direction during recent years. However, they are not sufficient and the State bodies must put more efforts for implementation of the activities defined in this direction. The monitoring process shows that this area does not enjoy the attention it deserves.
11. There is a need for very serious initiatives and reforms in the management of the State-owned enterprises, as well as the

companies with the State shares. Also the monitoring and effective evaluation of the spending of the funds allocated to them from the State budget, as well as introduction of a working oversight mechanism should be considered as high priority endeavor. With few exceptions, transparency and accountability in those enterprises are very low.

12. There is a serious need for studies and researches to assess the level of effectiveness of the NAP activities, to define the effect of set of measures to the anti-corruption processes in comparison to the effect of individual new mechanisms, tools and procedures in terms of achieving results. The statistical indicators, concrete steps for improvement of the legal-normative framework and introduction of new mechanisms can be considered as achievements. However, this approach may lead to evaluating imitational efforts as practical achievements. Only wide studies in the future may identify the level effectiveness of the efforts. The global practices show that one of the components of the effective fight against corruption is tracking of efficiency of the taken measures and ensuring quick response.

CONCLUSIONS

According to the results of the monitoring, the NAP's average implementation rate during 2 years and 4 months constituted 71,47%.

From the NAP approval to 2014 one can observe significant progress in implementation of the activities envisaged thereto. Especially, we can notice positive tendencies in the following fields: **improvement of the legislation on civil service, institutional mechanisms and legal-normative framework in general, organization of e-services, maintaining the State Registry of Real Estate, introduction of e-services and innovations in registration of real estate, introduction of new procedures for conduct of inspections in entrepreneurial entities, social protection of the population, development of measures for introduction of new mechanisms in assignment of disability categories, initiative on increasing of transparency and accountability in the activity of municipalities and communal sector, measures of control in receipt of citizens and consideration of their appeals, new steps made in the sphere of issuance of permissions for construction, and, carrying out of measures aimed at improvement of the activity of the Main Anti-Corruption Office.**

The general conclusion is that the process of polishing and reworking larger-scope legislation and procedures, generation and adoption of development concepts in various fields, as well as implementation of fundamental measures regarding the introduction of e-services is close to completion. Implementation of the NAP actions is remarkable from this standpoint. The observations give ground to note that practical problems with implementation of the

legislation remains in number of instances. The main priority should be namely improvement of the practices.

The monitoring process showed that the governmental agencies displayed noticeable dynamics in implementation of their duties related to the NAP. 18 draft laws and one code related to the NAP implementation have been prepared during 2013-2014.

During 2013-2014, 2 concept papers, 4 new guidelines to regulate different spheres have been drafted and 7 new guidelines have been adopted in connection with the NAP implementation.

The process of approval and entering into force of the draft laws, amendments to the existing legislation, guidelines and procedures related to the NAP implementation is delayed. More than 40% of those documents have been submitted to the Cabinet of Ministers already one year ago.

Another issue that draws our attention is the limited amount of publicly available information on the undertaken work. The governmental bodies provide information about the concrete activities, drafting of laws, guidelines, criteria and etc. However, media or public do not get information about them. At the same time, apparently the governmental agencies do not show interest in public discussion of the documents and do not rush to involve civil society institutions to decision-making process. Perhaps this is the reason that the CSIs do not have enough information on the implementation of the NAP activities. This became evident during the monitoring process.

The dynamics and progress in the implementation of the anti-corruption activities in high-risk corruption fields like public procurement is very low.

As it was mentioned above, during the last 3 years, arrangement and expansion of e-services became as one of the main priorities of the policy for combating corruption. However, organization and introduction of e-services must be lifted to levels 4 and 5 - *what levels? Anton* for achieving more effectiveness especially in the high-risk areas. E-services are applied to the NAP, but since there are no outcome indicators in the Plan, the monitoring just states facts and the results look satisfactory. However, in practice, the question of contribution of the steps to reduction of corruption remains open. Undoubtedly, these initiatives are valuable and enable citizens to save their time, reduce direct contacts with officials and quicken the e-service provision. But in reality policy efforts must be made to raise them to 4th and 5th level to have noticeable and true impact on corruption arrangements. We already have sufficient experience and knowledge in this field and good potential has been formed for making progress.

At the same time, the fact that there are almost no activities in the curriculum of the higher and secondary schools, professional development and educational centers on organization of educational courses on combating corruption should be in the focus.

Delay in adoption of the Law "On Conflict of Interests", lack of progress on publication of financial information by officials must be emphasized as problems in implementation of the NAP.

It is visible that there is delay in execution of some preventive measures and some activities aimed at reduction of corruption risks.

First of all, delays are observed in simplification of issuance of licenses and permissions, reduction of regularity of submission of tax declarations, transfer to the medical insurance system in the health care sphere, and adoption of the draft legal-normative acts regulating the area of activity of the pawnshops, legal entities and physical persons providing intermediary services on purchase and sale of real estate.

At the same time, introduction of e-record-keeping on consideration of citizens' requests, presentation of reports on code of conduct, and improvement of the integrated registry of the inspections in entrepreneurial entities can be evaluated as remarkable steps in right direction.

Development of the guidelines for conduct of anti-corruption expert examination of draft legal acts should also be considered as a positive progress.

Among other positive developments one should note publication of semi-annual and annual reports by the Anti-corruption Commission and improvement of the work of 161 Hotline.

Also gradual installment of smart-card meters in the communal sector, the measures for expansion of non-cash payments, clarification and simplification of the procedures for construction of private residential houses, continuation of reforms in the education system, receipt of e-appeals by the governmental bodies, launching of the electronic registry system of labor agreements and introduction of technical innovations in consideration of and responding to citizens' appeals can be stressed as positive factors.

ANNEX 1. NUMBER OF COMPONENTS PER EACH NAP AREA AND EVALUATION OF THEIR IMPLEMENTATION PROGRESS

Table 2. Number of components per each NAP area and evaluation of their implementation progress

Столб № цп	Actions intended in NAP	# of action	Imple menta tion %
26	Development of international cooperation in the field of combating corruption	3	100
8	Improvement of activities of the state servants and increase of their workmanship	6	94,43
3	Improvement of legislation in the field of criminal persecution	5	92,31
15	Increase of Transparency in the field of conducting state registry of the real estate	4	91,67
10	Improvement of Ethical Code	5	90
7	Improvement of legislation and institutional mechanisms on the state service	3	88,89
11	Improvement of activities of the municipalities	3	87,5
12	Improvement of suitable environment for entrepreneurship activities	7	85,71

21	Improvement of management mechanisms in educational institutions	7	83,88
5	Improvement of the activities of the Administration for Combating Corruption attached to the General Prosecutor's Office of Azerbaijan Republic	5	83,33
1	Improvement of legislation base for combating corruption	2	80
6	Prevention of legalization of incomes obtained through criminal way and strengthening of institutional mechanisms in this field	4	77,78
13	Improvement of Audit Services	4	77,78
25	Improvement of management mechanism in the field of labor and social welfare	7	76,19
22	Improvement of management mechanisms in the field of health	6	74,22
2	Improvement of affairs for review of applications and complaints	6	71,43
19	Improvement of the process of collection of customs duties and rates	4	70,83
17	Increase of efficiency of tax control and inspections	5	70

27	Development of cooperation with civil society institutions in the field of combating corruption	2	66,67
23	Improvement of application of corporate management principles in the state institutions	3	61
24	Improvement of communal public services	4	58,33
4	Improvement of the activities of the Commission for Combating Corruptions of Azerbaijan Republic	4	50
16	Improvement of licensing and authorization and certification issues	4	50
18	Increase of transparency in the privatization process	2	50
20	Improvement of city planning and construction legislation and administrative management in this field	4	45,83
14	Improvement of State Acquisitions and increase of transparency	8	45,81
9	Prevention of Conflict of interests and submission of declarations regarding financial character information	3	41,6
28	Enlightenment regarding combating corruption	6	36,11

Implementation status of the recommendations prepared based on the outcomes of the 1st monitoring (September 2012 – September 2013) of Implementation of the “2012-2015 National Action Plan (NAP) on Combatting Corruption”

S/s	Recommendations	Implementation status
1	<p>There is a serious need for expanding coordination activity and increasing control by the Commission on Combatting Corruption over implementation of the NAP. Such mechanism should be established that the Commission would receive information not only in the reports submitted at the end of the year, but will regularly receive immediate information about the measures taken and the activities conducted. It will provide opportunity to obtain timely information about delays in the certain spheres and their causes and to make efforts for taking additional measures</p>	<p>Increase of coordination in the activity of the state bodies responsible for implementation of NAP had been observed during the second monitoring. This is seen in speed up of adoption of the normative acts that should be agreed by the several bodies. Besides, this is felt in organization and improvement of the electronic services and improvement of the electronic information exchange systems.</p>
2	<p>Speeding up of the abovementioned activities and implementation of the measures in the spheres with high risk of corruption provided in NAP is important. The Commission on Combatting Corruption should</p>	<p>There is certain progress in implementation of the activities provided in NAP in the spheres with high risk of corruption. Measures taken in the sphere of registration of the immovable property, permission for construction,</p>

	<p>also increase its control for speeding up implementation of these measures.</p>	<p>provision of the addressed social allowances, recruitment to the state service can be mentioned. Despite that, problems remain. Particularly, the measures planned to be taken in the sphere of procurement, improvement of the control over effective use of the state budget funds, increasing transparency in activity of the companies belonging to the state or with share of the state, facilitation of provision of licenses and permissions are either not implemented or are realized partially.</p>
<p>3</p>	<p>Delay in the preventive measures in combatting corruption provided in NAP and a range of activities directed towards decrease of the corruption risks, slow application of the electronic services in the spheres with high risk of corruption should be in focus and activities in this sphere should be accelerated</p>	<p>The level of preventive measures in combatting corruption is not satisfactory. Certain steps had been made in application of the electronic services in the spheres with high risk of corruption. The customs procedures are mainly digitalized; as well as electronic services had been applied in the sphere of operations with the immovable property and provision of permissions for construction. However, there is a serious need for development and improvement of these</p>

		electronic services to become more useful from the point of view of combatting corruption.
4	Preparation of the methodology for diagnostics of the entrepreneurial atmosphere and conduction of evaluation in accordance with this would also be very important step in combatting corruption.	During the discussions conducted at the Ministry of Economy and Industry, the experts of the Ministry stated that the appeals made to them by the entrepreneurs are analyzed and information is provided to the head of the state. Such information was presented for the first 6 months of 2014. At the same time, the bodies of the Ministry conduct various researches. However, the project experts consider that these steps are not sufficient for complete and objective diagnostics of the entrepreneurial atmosphere. For this purpose, special methodology based on the international experience and reflecting the local peculiarities should be prepared. This issue had also been brought to the attention of the specialists of the Ministry.
5	There is a very serious need for prevention of conflict of interests and speeding up the activities for establishment of the exact mechanism of	There is no any progress regarding this issue.

	provision of financial information	
6	<p>Taking serious steps on organization of the training courses on combatting corruption in the curriculum of the higher and secondary education institutions, professional development and training centers is a very important step in formation of the anticorruption culture. Passiveness in this direction negatively affects the efforts on combatting corruption, in general. The appropriate institutions, Ministry of Education, should make immediate efforts to achieve progress in this direction.</p>	<p>After the initial version of the report had been prepared we received information that the Ministry of Education together with the Fund of Struggle against Corruption conducted the essay competition combatting corruption in the secondary schools in Baku. However, we think that this is not complete implementation of the measures provided in the NAP. The issue of organizing the training courses on combatting corruption is set broader in NAP and the appropriate structures should take practical steps regarding this issue.</p>
7	<p>During implementation of the measures on combatting corruption, implementation of the activities provided in NAP, the cooperation with the civil society institutions should be broadened. Particularly, this cooperation would be very useful in preparation of the draft laws, regulations and criteria, application of the regulatory tools.</p>	<p>There are examples of cooperation with the civil society in implementation of activities provided in NAP. Particularly, Commission on Combatting Corruption, Department on Combatting Corruption near the Prosecutor General, and Commission on the State Service Issues provide good examples. Nonetheless, the initial public discussions are not conducted in the spheres related to</p>

		<p>preparation of the normative acts and application of the regulation tools, the prepared documents, regulations and instructions are not being previously discussed with the civil society. The civil society is not being informed.</p>
8	<p>Provision of grants to the civil society institutions working in the sphere of combatting corruption, making orders for organization of courses and conducting enlightenment activities</p>	<p>Although, there is a certain positive experience in this sphere, in general, the situation is not satisfactory. The Council on State Support to NGOs regularly and sustainably adds such topics as transparency, accountability, combatting corruption to the grant competitions it announces. The statistics on this are reflected in the Report. The Commission on Combatting Corruption also provides small grants. However, the situation that appeared in the recent 18 month with receiving grants from the foreign donors has its negative effect. Although, there are official disclosures that the state bodies will provide grants, the practical steps haven't been made in this direction yet. The same can be said regarding orders.</p>

9	There is a serious need for speeding up the activities on preparation of the single methodology for the activity of the “Hot-lines” of the State Bodies and completion of this work in a short period of time.	There is no any progress regarding this issue.
10	There is a need felt in broadening the scope of the information and enlightenment activities related to combatting corruption	Certain steps had been made regarding this issue. However, it cannot be said that, in general, the situation improved enough. There are no sufficient reasons for it.
11	It becomes clear from the information that the are more measures implemented by one executor. Clearer system of appointing the institutions responsible for implementation of the measures would provide positive incentive to these institutions for implementation of the NAP activities is the provided time period.	The experts of the Commission on Combatting Corruption agree with this. It is stated that work will be done in this direction in the future.

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