



FINAL REPORT

Submitted by the Economic Research Centre (ERC)

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BAKU – June, 2008

Project number: ***ECAX-503001-005690-4***

Project title: **EVALUATION OF THE FACTORS
AFFECTING THE MECHANISM OF
TARGETED SOCIAL ASSISTANCE**

Organization's name: **Economic Researches Centre (ERC)**

Project duration: **Twelve (12) months**

Project start and end dates: **July 01, 2007 / June 30, 2008**

Project budget (in Euro) 25.000

Project budget (in AZN) 29.480

Target area: **TARGETED SOCIAL ASSISTANCE (TSA)**

Target groups: People were sampled from households who had been granted the benefits, people were from the households to whom the benefit was denied, people were sampled from households who potentially candidate for TSA

Target region Mingechevir city

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1. REPORT CONTEXT

1.1. Summary

The investigation has been carried out by the Economic Research Centre, in the framework of the project supported by the Oxfam Novib Netherlands organisations.

1.1.2. Purpose of the Project:

The main purpose of the project is to decrease inclusion and exclusion mistakes of the Ministry of Labour and Social Protection of the Population (MLSPP), as well as refine the mechanisms for the targeted social assistance (TSA), simplify the procedures for application, and to decrease the cost of application for the needy segments of the population.

Research of the quality of the applying of the new mechanism with understanding of it's social majority, appearance of information of the population about the TSA, determination of the factors affecting the inclusion and exclusion mistakes, determination of the differences between law and real action of the system, making the system more useful for the poor people, simplifying of the appeal procedures were selected as the main purpose of the research work.

Analysis of the system's action is one of the main purposes of the research from the point of simplifying of TSA's use by poors by making direct orders and suggestions.

1.1.3. Objective of the Project:

The main objective of the project is to support the Ministry (MLSPP) by the preparation of proposals dealing with the refinement of the mechanism for TSA thought the elimination of inclusion and exclusion errors, as well as on the diminution of the cost of application, particularly for the needy sections of the population, through the simplification of the procedures for application. Also, the investigation has sought to assess the level of public awareness and to analyse the expectations of household economies from the TSA system.

To achieve the above-mentioned objectives, the following issues have been investigated:

1. Sources of information and accessibility of the information for the population;
2. The problems which the Ministry (MLSPP) and other competent organizations were facing while accepting applications
3. The time and means of finance spent on having the applications accepted
4. Incomes and expenditures of household economies
5. Professionalism of officials, etc.

1.1.4. Issues sought to be addressed.

To achieve the project's impact objectives, targets below were undertaken:

Target 1. To explain of inclusion and exclusion mistakes

1.1. During the report period the following activities have been implemented for achieving this target:

The project “On assessment of the factors that influence effectiveness of targeted social assistance mechanism” was through state registration with the Ministry of Justice on September 12, 2007.

For supporting the project from informational and organizational point of view in the Republic of Azerbaijan, Mr. F.H.Alekberov, Minister of Labor and Social Protection of Population, and Mr. Arif Veliyev, Chairman of the State Statistics Committee, were addressed with an official letter and informed on their obligations on September 21, 2007.

For the period of July - August, 2007 within the framework of the project a coordinator, Vusal Gasymly, conducted meetings with specialists and experts working for state authorities. Methodical and scientific issues were discussed at the meetings to provide chances and representatives for carrying out questionnaire in Mingechevir city according to the theory of probability. As a result, the clusters where the new respondents are located have been defined by serpentine method in Mingechevir city.

Within the framework of the project Vusal Gasymly met with Babek Huseynov, a main specialist at the Ministry of Labor and Social Protection of Population in August 2007. The meeting discussed the content of inquiry forms to be distributed among the respondents, as well as the latest changes in the field of targeted social assistance, in the field of legislation. .

After meeting with the specialists working for the official bodies and with independent experts, the research team developed the research design and preparation of the questionnaire started. Three questionnaires were accepted to carry out survey. The first questionnaire impacted 200 persons who participated in the previous survey but were refused to receive TSA. The second questionnaire impacted 200 persons who participated in the previous survey but were entitled to receive TSA. The third questionnaire was used in the course of survey among 400 new respondents who didn't participate in the previous survey (*Questionnaires are attached*).

The questionnaire prepared by the ERC Team passed through initial testing on a pilot basis in 20 households (5 receiving TSA, 5 denied and 10 potential applicants) located in Baku City. Amendments and addendums made as a result of the pilot, as well as opinions of the specialists made the questionnaire more practicable.

To establish a questioner group, Vusal Gasymly was business trip to Mingechevir in October, 19-20 2007. He formed 5 groups consisting of questioners to conduct survey in this town. Coordinator was elected for each group. The group members were appointed to carry out survey on 8 clusters in the town. Labor agreement was signed by the group members. Work Plan of the group was adopted and every questioner involved in each group were through training separately. The questioners informed on the questionnaire's content and dislocation of the respondents, and they provided methodical and organizational recommendations as well. After completion all preparatory works, the survey commenced on November 1, 2007.

Survey was always carried out under supervision of the ERC project coordinator and his assistant. For carrying out monitoring the implementation process, assistant project coordinator and member of project staff was on business trip to Mingachevir 15 times during the project.

1. During the first business trip November, 02-03, 2007, the project staff, took part in defining the geography poll of the questioners and coordinated the questioners' activities.
2. In November, 09-10, 2007 during his second business trip for inspecting the accuracy and quality of the inquiring project staff carried out monitoring the respondents involved in the process by selection method. As a result of such monitoring, it became obvious that the inquiring has been carried out in a quality manner in the territory designated in advance.
3. In November, 23-24, 2007 during his third business trip for inspecting the accuracy and quality of the inquiring project staff carried out monitoring the respondents involved in the process by selection method once more. As a result of the final monitoring, it became obvious that the inquiring has been carried out in a quality manner in the territory designated in advance.
4. For signing survey agreements, the office manager, traveled on business to Mingachevir on December 07-08, 2007.
5. For holding survey monitoring, the office manager, traveled on business to Mingachevir on December 11-14, 2007.
6. For collecting information regarding survey, the office manager, traveled on business to Mingachevir on December 18-19, 2007.
7. For collecting information regarding survey, the assistant of the project coordinator traveled on business to Mingachevir on February 06-08, 2008.
8. For making some accuracies regarding survey, the assistant of the project coordinator traveled on business to Mingachevir on February 28-29, 2008.
9. For making some accuracies regarding survey, the office manager, Shohlat Salimov traveled on business to Mingachevir on March 05-07, 2008.
10. For implementation of event matters, the office manager traveled on business to Mingachevir on April 02-03, 2008.
11. For organizing event, the assistant of the project coordinator and the office manager traveled on business to Mingachevir on April 17-18, 2008.
12. For implementation of preparation matters of event, the assistant of the project coordinator and the office manager traveled on business to Mingachevir on April 22-23, 2008.
13. For implementation of event matters, the assistant of the project coordinator and the office manager traveled on business to Mingachevir on April 28-29, 2008.
14. For holding seminars for Mass media and NGOs, ERC Chairman Gubad Ibadoglu and ERC Deputy Chairman Vusal Gasimli traveled on business to Mingachevir on April 30, 2008.

15. For distribution publication “From social assistance to rehabilitation”, the assistant of the project coordinator traveled on business to Mingachevir on June 25-26 2008.

The inquiring process lasted till December 2007 and was finalized from the beginning of the March. After reviewing the questionnaires in Baku city, the information processing began. Information processing has been carried out according the following stages:

- a) The form has been selected for entering the questionnaire information into SPSS program;
- b) Operators have entered the questionnaire information into the program;
- c) The questionnaire information shall be processed in SPSS and STATA programs, linear, correlation, etc. relations shall be found. Logit, FGT models shall be installed.
- d) The results generated from the questionnaire information processing have been explained and research report has been prepared as well.

The research report consists of 7 (seven) sections. In the background, information has been provided about the system of social benefits existing in the Azerbaijan Republic, and elaboration is given on the objectives of the investigation. The first part encompasses a wide range of general information about respondents; it also includes the findings of the corresponding analysis of the employment status, level of education and other characteristics of the respondents, and the profile of the applicants for TSA in general. Also analysed are the incomes and expenses of the responses, and the self-assessment of the quality of life/living conditions of the respondents. Considered in the second part is the status of public awareness. The topics of the corresponding analysis include the sources of information for the population, as well as the accuracy and clarity of the information which is provided out of these sources, and the level at which the population can benefit by the information provided. The third part is about the investigation into administrative hurdles that appear during the submission of applications, and the findings of the analysis of the problems which the Ministry (MLSPP) and other competent organizations are facing while accepting applications. The fourth part includes the findings of the analysis of the honouring of lawful provisions by officials in the phase of submission of applications. In the fifth part, there have been examined the judgements by the respondents concerning the professionalism of officials, while in the sixth part, an analysis has been carried out into the reasons for the refusal of TSA. At the end, all the outcomes have been summarized. See: <http://erc-az.org/new/uploads/file/june14-english.pdf> (*The research report is attached*).

Target 2. Designing effective mechanisms for TSA systems:

- ◆ Expertise of the legal framework of TSA systems;
- ◆ Collection and analysis of budgetary and statistical data on TSA;
- ◆ An analysis of opportunities for mechanisms aimed to simplify of TSA systems;
- ◆ Study of the international experiences;

- ◆ Prepare Recommendation Package for development TSA systems in Azerbaijan.

2.1. The following activities/measures were implemented within the project:

2.1.1. The legal framework of TSA systems. To ensure the operation of the system of targeted social benefit, there has been approved the Azerbaijan Republic law “On the targeted state social assistance” and three Regulations by the Azerbaijan Republic Cabinet of Ministers.

In accordance with the approved legislation:

- Every single family with a monthly income level per family member below the eligibility criteria (now is 55 AZN) is considered as a family of scanty means and has the right to targeted social benefit;
- Eligibility criteria mean the limit, which is subjected to annual approval, along with the approval of the state budget, in order to assign the state social benefit depending on the minimum of subsistence per socio-demographic group of the population;
- All types of incomes of the members of the family, including the toys that were presented to family members, and the income from the real estate or other property in the possession of family members, and/or the money or in-kind income which have been generated or can be generated from secondary households are incorporated into the incomes of the family;
- The social benefit is assigned by the district (city) Centres for the Social Protection of the Population to the families with scanty means according to the area in which these families live;
- The amount of the social benefit is equivalent to the difference between the average monthly income of the family and the amount per family member according to the eligibility criteria;
- Social benefit is assigned for a six-month period, while a family with scanty means reserves the right to apply for it anew;
- In case of a change in the composition or the amount of incomes of a family with scanty means, the family has to provide the corresponding information within seven days (since the change);
- if a family fails to submit information that can be a circumstance of a reduction in the amount of or suspension of the social benefit at all, that family will be deprived of the right to social benefit for two years;
- A family with scanty means selects a family member to act on behalf of the family, and that person submits the required documents, including the income statement of the family.

The following legislative acts have been appraised:

- Law of the Azerbaijan Republic on “On the targeted state social assistance”
- Law of the Republic of Azerbaijan “On Minimum Substance”
- Rules on Calculation of Incomes Obtained from Personal Subsidiary Economy for Receiving Social Assistance”
- Regulations on the Commission Appointing State Social Assistance
- Rules on applying for social assistance, its appointment, allocation, provision and refusal to provide social assistance

- Rules on Calculation of Family Average Monthly Incomes.

In addition to the above-mentioned, a number of laws and normative acts, regulating certain components of the, TSA, as well as TSA accession, have been analyzed and appraised.

2.2. Collection and analysis of budgetary and statistical data on TSA. To implement this item, undertakings were performed in a number of directions below:

a) *The package of documents reflecting the State Budget for 2006, 2007 and 2008 has been screened. TSA expenditures financed out of the State Budget as per functional, economic, and organizational classification. TSA financing systems have been analyzed with the help of package of documents reflecting the State Budget for 2006, 2007 and 2008. Information on TSA systems as of 2006 -2008 has been collected, systemized and appraised.*

b) *Statistical data have been obtained and properly appraised– It ranged from appraising yearbooks and bulletins issued by the State Statistics Committee, reports and statements from the Ministry of Labour and Social Protection of the Population, researches the WB and Urban Institute devoted to the TSA in Azerbaijan to systemizing and processing all data according to survey requirements.*

2.3. Access to international experiences. To determine TSA significance, scope and objectives, international experiences have been gained, as well as materials issued by the U.S. and Russia Urban Institute, WBI, ILO and its branches have been used. The following references have been studied:

1. Ravallion M. Poverty Comparisons, A Guide to Concepts and Methods, LSMS Working Papers, N88, The World Bank, Washington, D.C.
2. Coudouel A., Hentschel J.S., Wodon Q.T. Poverty measurement and analysis. World Bank Sourcebook, Washington D.C., 2001
3. A. Barrientos, A. Shephard. Chronic poverty and social protection. CPRC, 2003
4. Tabor S. Assisting the poor with cash. Design and implementation of social transfer programs. World Bank Institute, 2002
5. Bidani B, Datt G, Lanjouw J, Lanjouw P. Specifying Poverty Lines: How and Why. Asian Development Bank, 2001
6. Kamanou G, Morduch J. Measuring Vulnerability to Poverty, UN University, 2002

The following Internet resources have been explored:

<http://www.urbaninstitute.org>

<http://urbaneconomics.ru>

www.iet.ru

2.4. Various research materials centered at the targeted social assistance system in separate countries, including in Azerbaijan, have been comparatively reviewed. To this end, the following researches conducted in Azerbaijan and other market transition countries by a variety of international development organizations have been inquired:

2.5. Discussions with local TSA experts. Individual and group meetings with about 11 local experts on TSA problems and financing mechanisms have been held in Baku and Mingechevir.

2.6. Meetings with international experts. Throughout the project implementation and survey conduct, the Project Team has conducted meetings with representatives of various international organizations functioning in Azerbaijan or ones invited from abroad. The sides exchanged views on all aspects of the survey addressed, and foreign consultations were considered by the Project Team.

Target 3. Presentation of mechanisms (Recommendation Package) regarding effective use of public financing of TSA systems and formation of public opinion to that end:

- ◆ Popularization of the main Result of Research and Recommendation Package on improvement TSA systems in Azerbaijan.

To gain these targets the project was extended to the following activities:

3.1. Roundtables centered at TSA organization and financing have been held. Such seminar discussions were organized at ERC premises or special halls in Baku and Mingechevir.

3.1.1. On April 24, 2008, Economic Research Center held a presentation of its project result on “*Improvement of Targeted Social Assistance System*” with funding of Oxfam Novib. (*The agenda is attached*). The presentation was taken place in the International Press Center. Some members of Commission on Social Policy in Parliament (MPs), representatives of government structures, particularly representative from the Labour and Social Protection Ministry of the Republic of Azerbaijan, representative NGOs, and mass media, as well as independent experts and researchers on the field participated at the seminar. (*The list of participation is attached*).

In conference making presentation on it Deputy Chairman of ERC Board and project coordinator Vusal Gasymlı told that the survey had been conducted in Mingachevir within the framework of the project among 800 respondents (*The presentation is attached*):

“The result of the survey is as the following: People receiving TSA gathered averagely 7 documents. But respondents managed to get TSA presenting maximum 16, minimum 1 document. They spent approximately 5.1 days for getting TSA. One of the respondents gathered the documents in 40 days, the other 22 did it during a day. 94 of respondents (49%) tried to register the documents once, 52 of them (25.7%) twice, 38 of the respondents (18.8%) three times and 8 respondents (4%) tried for registration 4 times.”. V.Gasimli that amount of people which don't need TSA, but received it is 12.8%. It was defined that 38.2 per cent of respondents are people, who need, but didn't get TSA..

By V.Gasymlı's views the following results had been achieved from the project implementation:

- Forecasts for 2008 on TSA have been prepared on the base of information for 2006 and it was accepted that incomes of the population were constant, increases observed in 2007 and forecasts for 2008 wasn't taken into consideration.;

- Forecast amount is not substantiated taking into consideration slight increase of need criteria for 2008;
- Forecast amount for social expenditures per person is not appropriate to life level in some regions.;
- Low level of advocacy on TSA among people;
- “Expensive application” for getting TSA;
- Great number of documents for getting TSA;
- Problems in calculation of incomes of households;
- TSA includes only 30% of population;
- Existence of import and extraneous faults.

After then Vusal Gasymlı told that the following recommendation pack had been prepared for government:

- Needs criteria should be brought to well-fare minimum periodically;
- More people should be provided with TSA;
- TSA forecasts should be worked out taking into consideration poverty level and regional features of the country;
- TSA should be applied for 1 year;
- During giving TSA calculation of incomes of households should be more flexible and realistic;
- Rules regarding family property should be soften while giving TSA;
- Request for TSA should be organized in “a window” order.

The public response to the press conference was quite positive. Thus the conference was recorded and broadcasted by ANS and ITV. The outcomes of press conference were commented on by BBC and Free European Channel (Liberty) radio stations. The articles on the results of the seminar were issued in the newspapers (*Media published articles are attached*):

| Name | Article title |
|---------------|---|
| Gun Sahar | No help for forbear |
| Bizim Yol | The targeted social assistances provided for only 30% of poor population |
| İmpuls | Survey regarding targeted social assistance was conducted in Mingachevir |
| Yeni Musavat | Small part of targeted social assistance fund are expended |
| Khalg Cabhasi | Needs criteria should be brought to well-fare minimum |
| 24 saat | Deep changes will be conducted in social assistance grant |
| Olaylar | Targeted Social Assistance should be applied for 1 year |
| Hafta ichi | Apply social assistance for 1 year |
| Kaspi | Granting period of targeted assistance must be changed |
| Markaz | Targeted assistance became a problem |
| Ekspress | Economic Research Center: Give Targeted social assistance with “a window” |

| | |
|-----------------|---|
| 525th newspaper | Musa Guliyev: "I think, implementation of "a window" system will be successful in this sphere." The Ministry for Labor and Social Protection of Population is interested in cooperation with Economic Research Center |
| Baki-Khabar | 12% of granted don't need Targeted Social Assistance |
| Zerkalo | Apply Targeted Social Assistance to masses! |
| Ekho | Targeted Social Assistance includes only 30% of poor families |

Information about the press conference was distributed by APA, Turan, and Trend information agencies as well as by other internet portals. Here is a list of corresponding websites:

<http://www.novosti.az/exclusive/20080424/42263950.html>

<http://economics.apa.az/news.php?id=65874>

<http://www.gun.az/2008/04/24/get=4609>

<http://www.ans.az/nid70168.html>

One of the serious results of the press seminar, the head of the project, was invited to Baku office of Radio Liberty in special program on Shaffafliq (Transparency) for comment result of research.

3.1.2. On April 30, 2008, discussions took place in Mingachevir city regarding the preliminary outcomes of the project "Assessment of factors affecting the efficiency of targeted social assistance mechanisms" implemented by Economic Research Centre (ERC) with funding support from Oxfam Novib, Netherlands attended by representative of state authorities, non-governmental organizations, city municipality and mass-media (The list of participation is attached).

Opening the workshop, ERC chairman Gubad Ibadoglu talked about the history of the project implementation as of 2006, who further expressed his appreciation towards the consideration of ERC recommendation in the assignment of TSA funds after the project was executed in Mingachevir for the first time. ERC deputy chairman, Vusal Gasimli, reported having surveyed 800 people in Mingachevir and discloses their finding that while the poverty was assessed at 25.8% percentage points in the city, only 2% of population was receiving assistance. According to him, out of all beneficiaries, 12.8% people were receiving the assistance while they really do not need it. The statistical analysis revealed that out of the total percentage of the people rejected to be given assistance, 79% had an average monthly income below the subsistence level (40 AZN manats). TSA rejected people were left out of the assistance program as a consequence of their dissatisfaction with the jobs offered by the employment office. According to the words of senior consultant at Mingachevir city centre of Labour and Social Protection, Huseyn Asgarov, people turn down offered jobs with a monthly wage range of 60-100 AZN manats and their qualifications do not fit with high-paid jobs. Nasib Suleymanov, chairman of "Chichek" Public Union of beekeepers, commented that the centre of Labour and Social protection of people should know the exact list of city people that need TSA since there are people that

even do not apply for the assistance because of their ignorance and difficulty with collecting necessary documentation for it.

Zahid Gasimov, representative from the Mingachevir city municipality, proposed estimation of the people entitled to receive assistance benefits with the help of block committees as they appear to know the needs of locals. A local Isa Salahov who state to have been living in Mingachevir for 64 years maintained that the assistance does not go to right addresses. Later on, Gubad Ibadoglu made people assured that the raised concerns or suggestions would be incorporated into the package of recommendations for the submittal to the government further adding that ERC would in the nearest future give a book entitled “Assessment of factors affecting the efficiency of TSA mechanism” at the disposal of its readers.

The articles on the results of the seminar were issued in the newspapers (*Media published articles attached*):

| № | Name | Article title |
|----------|-----------------------|--|
| 1 | Mingachevir Ishiglari | What is revealed by survey? 1 of 4 Mingachevir person lives in poverty |
| 2 | Bizim yol | Targeted social assistance is misdirected |
| 3 | 525-ci qəzet | Targeted social assistance was discussed in Mingachevir |

3.1.3. The media conference of presentation Recommendation Package on “Improvement TSA systems in Azerbaijan” was held in May 8 in International Press Club. (*Photos from all public campaign with CD-version are attached*). Media conference was videotaped by several TVs such as: ANS (Azerbaijan) and Seher TV (Iran) and telecasted. As the resonance of the conference, the project coordinator Gubad Ibadoglu gave an interview to the ANS TV and this interview was telecasted. The results of the conference were broadcasted by BBC and ANS CM radios. The outcomes of the conference were spread by several information (press) agencies such as APA, Turan, and Trend made transmission. Some outcomes of the conference were published in following newspapers (*Media published articles are attached*).

| № | Name | Article title |
|----------|-----------------|---|
| 1 | Baki-Khabar | Is there “A window” system in targeted social assistance too? |
| 2 | Gun Sahar | Assisting recommendation to targeted assistance |
| 3 | 525th newspaper | Application for targeted social assistance is computer-aided |
| 4 | Bizim Yol | Serious disadvantages in targeted social assistance grant |
| 5 | Yeni Musavat | “Few documents required for targeted social assistance ” |
| 6 | Markaz | Targeted assistance is misdirected |
| 7 | Khalg Cabhasi | Targeted social assistance should enhance its field |
| 8 | Sharg | No headline |
| 9 | Zerkalo | More than a million of people are poor |

3.2. Articles on the project have been periodically published in central newspapers (525-ci gazet, Expert Journal and etc.) in April, May and June (*Media published articles are attached*).

3.1.4. Below are the media published articles, based on payment.

| № | Name | Article title | Date |
|----------|------------------|---|-----------------------------|
| 1. | Expert Journal | Targeted social assistance mechanism needs serious improvements | March 2008, № (51) |
| 2. | Expert Journal | Econometrics overview to Targeted Social Assistance | April 2008, № (52) |
| 3. | Expert Journal | Some problems of TSA | May 2008, № (53) |
| 4. | 525 th newspaper | From social assistance to rehabilitation | June 07, 2008 № 101 (52692) |

3.1.5. There were held debates in the Azadliq radio in the following dates:

1. There was a debate of project coordinator Vusal Gasymlı with Representative from the Labour and Social Protection Ministry of the Republic of Azerbaijan, Babek Hunseyinov on April 24, 2008. The ERC's research report was the topic of the debate.
2. There was a debate of project expert Gubad Ibadoglu with the director of the poverty problems department of Labour Union, Rena Mammadova on June 13, 2008. Presented to the related organizations The Recommendation Package of ERC was the topic of the debate.
3. There was a Talk Show of project expert Gubad Ibadoglu with the beneficiaries. He answers questions by submitted different social group. (*CD-versions are attached*).

3.1.6. Was published and distributed the book on "From social assistance to rehabilitation"

The foreign experience in terms of TSA was studied under the project based on the lessons learnt and result of research, as well as the important legislation document, the 8 chapter handbook titled as "From social assistance to rehabilitation" was published in the total number of 1000 copies. Nearly 100 copies of the book were distributed among the participants of the final project conference, who were representatives of government agencies, international organizations, local NGOs and Mass-media. The distribution is still ongoing to various interest groups and authorities of government body. (*Book with CD-version is attached*).

3.5. Was presented the book on "From social assistance to rehabilitation"

Presentation of that book was held on June 27, 2008 in International Press Center. Representatives from international organizations, World Bank, International Monetary Fund; from government structures, the Ministry of Health, the Ministry of Labour and Social Protection of the Population and functioning within it Research and Educational Research Centre under the Ministry of Labour and Social Protection of the Population, the State Social Protection Foundation, Azerbaijan Labour Unions' Confederation, local NGOs and press organs participated in the event. (*The list of participants is attached*.) Speaking in the event the Chairman of ERC Management Board, Gubad Ibadoglu, informed

participants about carried out activities and achieved results within the project. According him, presented to the community “From social assistance to rehabilitation” book includes results and prepared on their basis recommendation package: “We presented these recommendations to the certain structures and we get responses about it already. We think that our research and presented recommendations will play a positive role in the efficiency of the targeted social assistance mechanism.” (*The press-release is attached.*)

The representative of the Ministry of Labour and Social Protection of the Population, Nasimi Suleymanov, chairman of Economic Initiatives Assistance Public Union, Azer Mehtiyev, World Bank, Saida Bagirova, the representative of Azerbaijan Labor Unions’ Confederation Rana Alizada, and others exchanged views on research and targeted social assistance process. (*Published articles are attached.*)

3.6. During the project the periodical media continued discussions of the project. Vusal Gasimli, project coordinator and Gubad Ibadoglu, member of research group gave an extensive interview to the newspapers “Echo”, “Yeni Musavat”, “Zerkalo” “Azadlig”, Dengi and etc., radio Azadliq and TV channel “ANS”.

3.7. Result of project and answers to Recommendation Package:

Under the project, Economic research Center has worked out a package of recommendations on “**Improvement TSA systems in Azerbaijan**” and presented it to government authorities concerned. A few state bodies, as shown below, have expressed their reactions to it (*Package of Recommendations is attached*):

Below is the Package of Guidelines:

1. To increase public awareness on the Targeted Social Assistance Program (through advertisements in central TV stations in particular);
2. To take measures towards mitigating frivolous applications, resulting in high administration costs barring eligible households from taking-up their entitlement; to reduce financial costs (such as dues, transportation expenses, etc) and loss of time (collecting documents, wait in queue, etc.);
3. To bring the criteria of social assistance needs to a subsistence minimum in a stage wise and undelayable manner;
4. To scientifically substantiate the level of need criterion and subsistence minimum, to ensure adequacy in the structure of the basket demand, as well as prices for goods and services in the basket;
5. To follow the principle “inflation + poverty advantage” while adjusting the need criterion;
6. To extend the scope of the social assistance scheme to target the poorest families as much as possible;
7. To forecast targeted social assistance, provided that regional features of poverty are taken into consideration;
8. To follow the FGT index that defines “deepness of need” when making forecasts on targeted

social assistance;

9. To calculate the household incomes in flexible and reasonable respects in granting targeted social assistance: the productivity standard in livestock sector must be renewed on a yearly and regional differential basis;
10. To end the practice envisaging assessment of the family income based on a normative price for land in granting targeted social assistance, to apply a more appropriate assessment mechanism;
11. To mitigate rules for “property” item in granting targeted social assistance: eligibility for the TSA must be restored when the family owns a vehicle with a life of over 20 years;
12. To involve representatives from NGOs, trade unions and local authorities (municipalities, communities) in the Commission created at the Center for Social Protection of the Population, in order to address targeted social assistance programs;
13. To work out a mechanism for access to the capacity of the local public (communities, local authorities, community-based organizations, etc) with the purpose of identifying social groups eligible for targeted social assistance and assessing their income;
14. To calculate targeted social assistance per family for those families living in one apartment;
15. To computerize applications for targeted social assistance on a ‘single window’ principle;
16. To work out normative for the term “appropriate job” envisaged by the Employment Law, with a view to specifying precisely the employment status for targeted social assistance;
17. To implement social-health programs (compulsory health insurance, etc.) in addition to the targeted social assistance scheme that encompasses health, housing, food, etc, after reevaluating the need of low-income families in Azerbaijan in terms of income, expense and property ownership;
18. To implement social rehabilitation programs in support for the targeted social assistance and other benefits;
19. To create conditions for NGOs to hold regular monitoring on effective and transparent utilization and distribution of funds allocated for targeted social assistance, as well as to facilitate opportunities for public scrutiny in this sphere;
20. To increase the salary of government officials involved in granting social assistance, particularly the employees of the Center for Social Protection of the Population;
21. To create a reliable statistical and electronic base and a web-resource bank, to ensure unlimited access to services provided through them. *(Answers are attached).*

With the program implementation, ERC has received the following answers:

| Number | Name of Organizations | Answers |
|--------|---|---|
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| 1. | Ministry of Labor and Social Protection of the Population (MLSPP) | <p>Final Report and Recommendations Package of the project “On assessment of the factors influencing effectiveness of targeted social assistance mechanism” carried out by Economic Research Center (ERC) were reviewed with the Ministry of Labor and Social Protection of the Population. We hope that cooperation between the Ministry and Economic Research Center becomes more fruitful.</p> <p><i>Natig Gasimov,</i> <i>Head of the Department of Poverty Issues and Targeted Assistance Policy</i></p> |
| 2. | Ministry of Economic Development | The Package is under consideration. |
| 3. | Azerbaijan Confederation of Trade Unions | <p>The Recommendation package “On assessment of the factors that influence effectiveness of targeted social assistance mechanisms” has been reviewed with Azerbaijan Trade Unions Confederation.</p> <p>We would like to bring to your notice that the representatives of the Trade Unions Confederation also participated constantly in the composition of the coordination commission established under the Ministry of Labor and Social Protection of Population, and they remarked and made their recommendations within the period of the working group’s activity. Some of them are reflected in Law and the relevant Rules as well.</p> <p>We kindly ask you to take into consideration of our recommendations and at the same time pay attention to our proposals.</p> <p>In case of assessment the needs of the poor families and calculation of average monthly income, the basic part of the pensions of disabled people of I group, student grants, humanitarian and charitable aids should be taken into consideration.</p> <p>The case of refusal to appoint the social assistance relates to the defined stringent</p> |

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| | | <p>conditions. Because of stringent calculation rules on land standards as well as incomes generated by cattle-breeding the families purchasing a plot of land or owning cattle almost are not covered by targeted social assistance.</p> <p>In addition, it will be expedient to reinsert the words “without valid excuse” to paragraph 4.2.3 “in case of not receiving the social assistance by the family more than 3 months” of the Rules “On applying for social assistance, its appointment, allocation, provision and refusal to provide social assistance”.</p> <p><i>J.Alkhasov, Deputy-chairman of Azerbaijan Trade Unions Confederation</i></p> |
| 4. | Commission of Social Policy at the Parliament | The Package is under consideration. |
| 5. | Ministry of Finance | The Package is under consideration. |
| 6. | State Committee for Land and Cartography | The Package is under consideration. |
| 7. | Central Employment Department at the Ministry of Labor and Social Protection of the Population | The Package is under consideration. |
| 8. | Research and Educational Center for Labor and Social Problems at the Ministry of Labor and Social Protection of the Population | <p>It is already more than two years a new mechanism – targeted social assistance mechanism has been applying to the system of social protection of population in the Republic of Azerbaijan. From the day of applying of targeted social assistance up today our state has been implementing stable activity in the direction of wide propagandizing this mechanism amongst the population of the republic, and using comprehensively the opportunity of media mass. At the same time, durable policy is being implemented in the direction of increasing the amount of social assistance and bringing it up to living wage. Over the 2 years of application of this mechanism, the need criterion which is the main indicator in providing assistance has increased from 30 manats to 55 manats and it is visual proof.</p> <p>Different researches are being carried out in the direction of assessment of efficiency</p> |

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| | | <p>of this mechanism. Activity of Economic Researches Center is estimable in this work.</p> <p>As to recommendations package prepared as a result of the latest researches carried out by Economic Researches Center and submitted to our Center, we would like to bring to your notice that most of these recommendations are in the competence of the Ministry of Labor and Social Protection of Population. That is why, it would be better if the Ministry passes a remark directly about these recommendations (paragraphs 1, 2, 3, 6, 7, 8, 11, 12, 13, 15, 17, 18, 19, 20, 21). We can make the following remarks on other paragraphs:</p> <p>Paragraphs 4 and 5. In case of defining the living-wage, inflation level in the country should be taken into account and indexation of living-wage should be carried out regularly.</p> <p>Paragraph 9. Undoubtedly, increasing of prices, inflation influences not only the level of incomes generated from cattle-breeding, and certainly the level of households' income, their real rate as well. In case of defining the profit norm, both these factors and regional features should be paid attention.</p> <p>Paragraph 10. In our opinion, incomes generated from plot of land should be calculated not on the basis of normative price of land and quality group, but on the basis of the volume of productivity of the land and on the market prices.</p> <p>Paragraph 14. To our mind, the size of households should be taken as basis in allocation of targeted assistance. It complies with the world practices as well.</p> <p>Paragraph 16. We agree with this proposal. However, developing those standards is in competence of the concerned authorities.</p> <p style="text-align: right;"><i>Dr., Proff. H.Mammadova, Director of the Economic Research and Educational Centre for Labor and Social Problems under Ministry of Labour and Social Protection of the</i></p> |
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| | | <i>Population</i> |
| 9. | Representative World Bank in Azerbaijan | The Package is under consideration. |

4. IMPACT JUDGEMENT

Estimated impact scope:

| Beneficiaries | Total | Male (%) | Female (%) |
|---------------|--------|----------|------------|
| Direct | 800 | 40 | 60 |
| Indirect | 18 000 | 48 | 52 |
| Advocacy | 500 | 55 | 45 |

Criterion 1: *Impact on the lives of poor women, men, girls and boys.*

Although the project aimed at proposing a Package to improve Targeted Social Assistance in the Republic of Azerbaijan and efficiency of the budget spending on TSA, it is worth speaking of entire project related events, such as roundtables, seminars, press-conference, etc. The survey showed that people receiving TSA gathered averagely 7 documents. But respondents managed to get TSA presenting maximum 16, minimum 1 document. They spent approximately 5.1 days for getting TSA. One of the respondents gathered the documents in 40 days, the other 22 did it during a day. 94 of respondents (49%) tried to register the documents once, 52 of them (25.7%) twice, 38 of the respondents (18.8%) three times and 8 respondents (4%) tried for registration 4 times.” The survey showed that amount of people which don't need TSA, but received it is 12.8%. It was defined that 38.2 per cent of respondents are people, who need, but didn't get TSA.

Criterion 2: *Changes in policies, practices, ideas, and beliefs.*

Project-related propaganda and discussions among government structures, international organizations, NGOs have had positive impacts in several directions:

1. Following discussions at meetings with some members of parliament (MPs), an initiative was forwarded to improve legislation regarding the Targeted Social Assistance. For example, MP Musa Guliyev, Deputy Chairman of the standing commission for social policy in Parliament, during discussions said “we need to improve legislation regarding the Targeted Social Assistance immediately. ” And, ERC experts stand ready to assist the commission to that end. It was decided to jointly work out the draft and use ERC researches. Also, the chairman underlined they are prepared to discuss ERC proposals on amendments or changes to the existing legislation in the Targeted Social Assistance.

2. On April 24, 2008, the Radio Debate in Azadliq Channel saw a meeting between representative from Ministry Labor and Social Protection of Population, Mr. Babek Huseynov and Project Coordinator Mr. Vusal Gasymlı, in which they exchanged views on ERC-led project results and ERC-designed Recommendation Package to improve Targeted Social Assistance in the Republic of Azerbaijan. Mr. Huseynov said he screened the research and Recommendation Package materials ERC had forwarded to submit to the ministry and pointed to significance of ERC activity in that area. He maintained that the ERC research had interested the Ministry Labor and Social Protection of Population.
3. A letter # 12/8-127, May 20, 2008, from the Ministry Labor and Social Protection of Population read that the Package to improve Targeted Social Assistance in the Republic of Azerbaijan sent by ERC had been reviewed by ministerial experts and proposals reflected in the document will be taken into consideration in programs to be designed in years to come.

Criterion 3: *Progress towards enhanced gender equity.*

Above all, the social security and project delivery is the only system in Azerbaijan that the majority of staff the two spheres employs women. By estimates, 70% of social staff is women. In fact, most of TSA beneficiaries are women. We had arranged roundtables and seminars are provided by women. Regarding decision-making at TSA, women certainly play a great role in this.

Criterion 4: *Beneficiary involvement in the program project activity.*

About 100 participants of over 2 seminars discussions in Baku were government officials, journalists, representatives of foreign organizations and local NGOs and experts. Official executives from the ministries of labor and social protection of population and finances participated in Baku. In addition, issues discussed at these roundtables were covered by about 15 media outlets. That means roughly 30,000 readers indirectly benefited from the project.

Criterion 5: *Sustainability of changes sought in the lives of people living in poverty.*

Sustainability of impacts emerged as a result of project-related measures can be evaluated from several points of view:

- a) Attention to TSA delivery has increased at the government level. To date different projects aimed at improving TSA have been implemented in the country with the help of international organizations. However, project implementation effectiveness has been poor. It is mainly due to the fact that the governments show interest for this sphere. ERC, through its activities (awareness,

meetings, seminars, etc.) managed to redirect government officials, experts, NGOs and international organizations in this sphere.

b) Improvement of legislation base and adoption of relevant normative acts in on agenda. A catalog of legal acts on the social security and protection system, including TSA delivery, was adopted. None of them reflect reality though: they are full of discrepancies and disadvantages. Parliament already plans to make amendments to some legislative acts.

5. RESULTS AND OUTCOMES.

Azerbaijan has replaced the system of benefits to lower income households inherited from the former Soviet Union with Targeted Social Assistance (TSA) based on equality, fairness and adequate degree of targeting for about two years. During 2006, as much as 218,673 persons, while 364,059 in 2007 were impacted by TSA. On average, the amount of per capita TSA has been increased from 8.36 manats to 17.38 manats over this period. The Economic Research Center (ERC) has been focusing on statistical changes, thoroughgoing tendencies observed for the past two years, and since then key for ERC has been to study the efficiency of social protection system in the Republic of Azerbaijan and to work out appropriate guidelines needed for improvements in this field through conducting monitoring of TSA mechanisms. Experience shows that TSA mechanisms even in developed countries see regular improvements.

And, ERC has been lately investigating the effective social protection policy in the Republic, including diferent aspects of state assistance targeted to vulnerable households and individuals. Taking into consideration the characteristic features, scope and depth of the work Baku-based ERC experts have undertaken, their activity can be divided into three stages:

Stage I consisted of expertise of the legal and normative base and public information campaigns to create a TSA system. Since ERC experts conducted expertise of the legal and normative base for PSA policy in the first half of 2006 and presented their recommendations to concerned state bodies on improvement of existing and related documents. With a view to improving quality of government policy in this sphere, ERC has published a leaflet. The document, which reflects the list of documents needed to allocate targeted social assistance resources, procedures for introduction of the targeted social assistance, as well as methods of calculating household incomes, has become a major information source.

Stage II covered monitoring of transparency and efficiency of state funding allocated to targeted social assistance conducted by ERC expert in rural and later in urban areas starting from the second half of 2006. To that end, ERC conducted a survey among respondents who received TSA, as well as those who applied but were rejected for targeted social assistance and the ones that never applied for that. The survey results were analysed and assessed. This stage also conducted assessment through a test

method among government inspectors dealing allocation of targeted social assistance. All the results obtained from all related activities have been debated in an event attended by specialists from interest and impact groups thus achieving social dialog and making it available to the public through media outlets. The book titled “Targeted Social Assistance (TSA): principles of fairness, adequate degree of targeting, and equality” have been much helpful to those employed by the social protection system, policy-makers, as well as civil society analysts and researchers.

Stage III covered the project addressing assessment of the factors impacting efficiency of the targeted social assistance mechanism with the purpose of evaluating errors of inclusion and exclusion in TSA coverage, as well as identifying poverty factors, given the social significance and scale of insufficient benefit capacity problem in Azerbaijan. As part of this project implemented from 2007, ERC studied issues facilitating the access of eligible social groups to targeted social assistance.

In addition, ERC Team assessed the cost of the application for both families entitled and rejected to receive TSA. One of the essential outcomes obtained was to assess the poverty line through FGT indexes and to define the “deepness of need” which was first practiced in Azerbaijan. ERC suggested the Ministry of Labor and Social Protection of the Population to shift forecasting of need for targeted social assistance based on this indicator.

As part of this stage, one of the milestones ERC achieved was publication of the book titled “From social assistance to rehabilitation” . So, this book is not only an educational manual but also an introduction to research of targeted social assistance mechanism. It is an important source of reference in terms of tackling problems in building an effective social protection system (including TSA) that is becoming rather essential in Azerbaijan.

With the program implementation, ERC has obtained the following outcomes:

1. The number of documents had been reduced from 22 to 14 resulting in upward trends in TSA in 2007, compared to 2007, in spite of the poverty line reduction;
2. Although the limitation for eligibility of family households with one cow and five sheep for TSA was avoided, the principle of calculating the income from household economies had been launched thus leading to a positive impact on TSA;
3. Owing to consistent problem coverage, highest agencies of the State, including the Standing Commission for Social Policy in Parliament in particular, have become to be addressing TSA more often thus ensuring sensitivity to the country context, especially on the background of the impact of price surge on the poverty rate;
4. The research has had a positive impact on the yearly increase of funds allocated for targeted social assistance;
5. The research revealed the poverty gap calculation aimed to assess the methodology of forecasting the need for targeted social assistance;

6. The research helped ERC to improve the staff's technical competence with the appropriate monitoring and supportive surveys.
7. On sidelines of the project termination in June 2008, the minimum substance was increased to AZN 55 from AZN 45, by the initiative from ERC. According to the chairman of Social policy permanent committee of Parliament, Hadi Rajabli, these changes will increase number of families receiving targeted social assistance from 100 to 160 thousand.
8. On sidelines of the project termination in June 2008, According to other changes in law, families will receive targeted assistance not for 6 month but for a year. Besides, families, restricted to receive assistance because of any defect, are able to reapply not after 2 years but after 1 year.

A package of Recommendation to Improve Targeted Social Assistance in the Republic of Azerbaijan

The Economic Research Center (ERC) has been studying the mechanism for Targeted Social Assistance (TSA) for two years since the application of this Program started in the Azerbaijan Republic. Since then, the ERC has conducted a variety of researches through presenting to relevant state-run structures guidelines on the survey results to that end. The researches aimed at improving the TSA mechanism, achieving the adequate degree of targeting, as well as fairness and equality by increasing this system's efficiency. Therefore, in addition to researches, the scope of the activity within ERC is also extended to public awareness and advocacy.

As part of this initiative, the recent research with funding from Oxfam- Novib was dedicated to the theme titled "Assessment of the factors impacting efficiency of the targeted social assistance mechanism". The research aimed at evaluating errors of inclusion and exclusion in TSA coverage, as well as identifying poverty factors. The objectives addressed by the project were achieved through a quantitative survey that envisaged data collection. To tackle the errors of inclusion and exclusion, the ERC Team carried out a survey covering: 1) 200 families receiving TSA and 2) 200 families that are rejected to receive TSA. And additional randomly selected 400 households were involved in the survey process through a common household questionnaire. So, the survey that impacted 800 households was carried out in Mingchevir city in October to November 2007. The respondents were assured that the survey data would be used for research purposes on a condition of anonymity only.

Once the survey outcomes were processed in the SPSS və Stata programs, they had been analysed, evaluated by Baku-based ERC analysts. Consequently, the problems, certain

tendencies were identified. The ERC has therefore developed a package of offers to resolve the problems subjected to various discussions. Below is the Package of Guidelines:

1. To increase public awareness on the Targeted Social Assistance Program (through advertisements in central TV stations in particular);
2. To take measures towards mitigating frivolous applications, resulting in high administration costs barring eligible households from taking-up their entitlement; to reduce financial costs (such as dues, transportation expenses, etc) and loss of time (collecting documents, wait in queue, etc.);
3. To bring the criteria of social assistance needs to a subsistence minimum in a stage wise and undelayable manner;
4. To scientifically substantiate the level of need criterion and subsistence minimum, to ensure adequacy in the structure of the basket demand, as well as prices for goods and services in the basket;
5. To follow the principle “inflation + poverty advantage” while adjusting the need criterion;
6. To extend the scope of the social assistance scheme to target the poorest families as much as possible;
7. To forecast targeted social assistance, provided that regional features of poverty are taken into consideration;
8. To follow the FGT index that defines “deepness of need” when making forecasts on targeted social assistance;
9. To calculate the household incomes in flexible and reasonable respects in granting targeted social assistance: the productivity standard in livestock sector must be renewed on a yearly and regional differential basis;
10. To end the practice envisaging assessment of the family income based on a normative price for land in granting targeted social assistance, to apply a more appropriate assessment mechanism;
11. To mitigate rules for “property” item in granting targeted social assistance: eligibility for the TSA must be restored when the family owns a vehicle with a life of over 20 years;
12. To involve representatives from NGOs, trade unions and local authorities (municipalities, communities) in the Commission created at the the Center for Social Protection of the Population, in order to address targeted social assistance programs;
13. To work out a mechanism for access to the capacity of the local public (communities, local authorities, community-based organizations, etc) with the purpose of identifying social groups eligible for targeted social assistance and assessing their income;
14. To calculate targeted social assistance per family for those families living in one apartment;

15. To computerize applications for targeted social assistance on a 'single window' principle;
 16. To work out normatives for the term "appropriate job" envisaged by the Employment Law, with a view to specifying precisely the employment status for targeted social assistance;
 17. To implement social-health programs (compulsory health insurance, etc.) in addition to the targeted social assistance scheme that encompasses health, housing, food, etc, after reevaluating the need of low-income families in Azerbaijan in terms of income, expense and property ownership;
 18. To implement social rehabilitation programs in support for the targeted social assistance and other benefits;
 19. To create conditions for NGOs to hold regular monitorings on effective and transparent utilization and distribution of funds allocated for targeted social assistance, as well as to facilitate opportunities for public scrutiny in this sphere;
 20. To increase the salary of government officials involved in granting social assistance, particularly the employees of the Centre for Social Protection of the Population;
- To create a reliable statistical and electronic base and a web-resource bank, to ensure unlimited access to services provided through them.