



COUNCIL OF EUROPE GRANT APPLICATION

**PROJECT: Support to the anti-corruption strategy of Azerbaijan
(AZPAC)**

CoE project No. 2007/DG1/VC/951

Project Application

Project budget: USD 800,000

Donors: Proposed voluntary contribution through Grant Agreement with United States Agency for International Development (USAID)

Implementation: Council of Europe

Project partner: Commission on Combating Corruption under the Governing Council

Duration: 24 months

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1 BACKGROUND INFORMATION

1.1 Beneficiary country

Azerbaijan

1.2 Funding

Proposed Voluntary Contribution through Grant Agreement application with the United States Agency for International Development (USAID)

1.3 Implementing organisation

Council of Europe (Technical Cooperation Division, Department of Crime Problems, Directorate General I - Legal Affairs)

1.4 Relevant country background

In recent years, the government of Azerbaijan undertook a number of important steps in the fight against corruption. The country ratified the Council of Europe's Criminal and Civil Law Conventions against Corruption in 2004, and joined the Council's Group of States against Corruption (GRECO) in June 2004; the United Nations Convention against Corruption (UNCAC) was signed in 2004 and ratified in 2005. In 2004, a State Programme on Combating Corruption was adopted, covering broad directions for measures to be undertaken on legislative and institutional reform for the period of 2004-2006. The 2006 GRECO evaluation report commended the steps undertaken with regard to the introduction of new Anti-corruption Strategy and Actions Plan, and amendments to existing legislation¹, but at the same time, the report contains a range of recommendations aimed at improving the national anti-corruption legal and institutional framework.

Despite these steps, corruption remains a serious concern for the people of Azerbaijan. Transparency International's annual Corruption Perceptions Index (CPI) indicates a modest, yet consistent, up-wards trend: in 2003, Azerbaijan's score was at 1.8, in 2004 at 1.9, in 2005 at 2.2, and in 2006 at 2.4². However, the May 2006 Freedom House Report, assessing Azerbaijan and 30 other 'Nations in Transit' against a range of governance benchmarks, put the country's index on corruption at an unchanged, since 2003, score of 6.25 on a scale of 1 – 7 (where 7 is the lowest possible score³).

¹ See page 42 of the GRECO evaluation report; the full report can be found at [http://www.coe.int/t/dg1/greco/evaluations/round2/GrecoEval1-2\(2005\)5_Azerbaijan_EN.pdf](http://www.coe.int/t/dg1/greco/evaluations/round2/GrecoEval1-2(2005)5_Azerbaijan_EN.pdf).

² Transparency International's Corruption Perceptions Index (CPI) assesses perceptions of corruption on a scale from 0 to 10, where 10 marks the highest possible score; a score below 3.0 indicates that corruption is endemic. For the various CPI's and a background of the methodology used, see http://www.transparency.org/policy_research/surveys_indices/cpi.

³ The full report providing the background to the scores can be found at <http://www.freedomhouse.org/template.cfm?page=47&nit=390&year=2006>.

1.5 Current state of affairs in the relevant sector

1.5.1 Relevant international background

a) Corruption/Anti-corruption

Azerbaijan joined the Group of States against Corruption (GRECO) on 1 June 2004, and was submitted to a joint evaluation procedure - covering the themes of the first and the second evaluation rounds – from 12 to 16 December 2005. The GRECO report, including 27 recommendations, was adopted in June 2006⁴. Subsequently, Azerbaijan will submit its report on compliance with the GRECO recommendations to the plenary in December 2007.

The conclusions of the 2006 GRECO evaluation report stated that: '[...] in spite of the measures adopted under the State Programme [on Combating Corruption], the system still suffers from several shortcomings. The limited co-operation and co-ordination by the various authorities responsible for detecting, investigating and prosecuting corruption offences and the lack of a proactive approach in investigating corruption offences are major obstacles to an effective fight against corruption [...]. In the area of public administration, it should be a matter of priority for the authorities to provide training and raise awareness with respect to access to information, to amend current provisions on gifts, to adopt a code of ethics for all public sector employees, to address actual and potential conflicts of interests, to establish a formal duty for all such employees to report suspicions of corruption and afford adequate protection to so-called whistleblowers and to ensure that the information contained in financial declarations submitted by both civil servants and officials can be verified.' Currently, a follow-up Anti-corruption Strategy is being drafted, which is expected to be adopted by summer 2007.

The UN Convention against Corruption (UNCAC) was ratified in October 2005. To date, there has not been any comprehensive analysis on Azerbaijan's implementation of its provisions.

Azerbaijan participates in the so-called 'Istanbul Action Plan' of the Anti-Corruption Network for Transition Economies (ACN), the secretariat of which is based at the Paris Headquarters of the Organization for Economic Co-operation and Development (OECD). The review mechanisms of the ACN Action Plan are very similar to that of the Council of Europe's GRECO; albeit the absence of any sanctions in the framework of the process, the Istanbul Action Plan has been an efficient mechanism to raise and maintain high-level awareness of corruption in the participating countries, including Azerbaijan.

b) Money Laundering

Azerbaijan is member of the Council of Europe's Select Committee on Monitoring Compliance with International Standards in the field of Money Laundering, (MONEYVAL). A first evaluation of Azerbaijan took place in 2003. Following this, a detailed assessment report was adopted by the MONEYVAL plenary in June 2004, which included a 'Recommended Action Plan to Improve Compliance with the FATF Recommendations'⁵. Since June 2004, Azerbaijan has been under the Compliance Procedure⁶ of the MONEYVAL. During the 21st MONEYVAL plenary meeting (28-30 November 2006), and after hearing the progress report with regard to Azerbaijan's Compliance

⁴ For the full report, see [http://www.coe.int/t/dg1/greco/evaluations/round2/GrecoEval1-2\(2005\)5_Azerbaijan_EN.pdf](http://www.coe.int/t/dg1/greco/evaluations/round2/GrecoEval1-2(2005)5_Azerbaijan_EN.pdf).

⁵ The summary report is public and can be found at [http://www.coe.int/t/e/legal_affairs/legal_co-operation/combating_economic_crime/5_money_laundering/evaluations/MONEYVAL\(2004\)24E-Azerbaijan1.pdf](http://www.coe.int/t/e/legal_affairs/legal_co-operation/combating_economic_crime/5_money_laundering/evaluations/MONEYVAL(2004)24E-Azerbaijan1.pdf)

⁶ The Committee Compliance Procedure is invoked as a further peer, involving a graduated series of steps to ensure compliance with specific aspects of the mutual evaluation report.

Enhancing Procedures, the plenary agreed to move the country from Step 3 to Step 2, which means that there is still need to improve the anti-money laundering and terrorism financing legislation which has been expected to be newly introduced and enforced in the country for a while.

Azerbaijan has ratified, in 2003, the UN Convention against Transnational Organized Crime (Palermo Convention⁷). In the same year, Azerbaijan ratified the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime⁸. In 2004, Azerbaijan also ratified the Council of Europe Convention on the Suppression of Terrorism⁹.

Draft money laundering legislation is still under discussion, as is the discussion *inter alia* on the establishment and the nature of the future Financial Intelligence Unit (FIU), including the question as to which institution should be hosting the FIU. Both issues are expected to be resolved before the end of summer 2007.

1.5.2 State Programme on Combating Corruption and its Implementation

A State Program on Combating Corruption was adopted in September 2004 by Decree of the President of Azerbaijan. The document laid out horizontal principles underpinning the anti-corruption reforms in Azerbaijan, such as the principle of the rule of law, transparency, checks and balances on state institutions, prevention and education. The State Programme further defined policies and measures, until 2006, in the areas of improvement of legislation, bodies and institutions in charge of fighting corruption, the public administration ('state bodies'), the judiciary and law enforcement system, as well as in economic and social fields, and in education of the public.

The line ministries in charge for implementing the respective measures in the State Programme reported bi-annually to the Commission on Combating Corruption under the Governing Council on the Civil Service¹⁰ on progress achieved. The reports of the Cabinet of Ministers on overall progress and the reports of the Commission on its meetings are published on the respective websites.

As a recent event, the results (analysis) of the implementation of the 2004 – 2006 State Programme' have been expected to be published by the Commission in a number of media.

However, there has also been criticism about the lack of involvement of civil society in the work of the Working Groups, as well as cautious questioning of the real results of the implementation of the State Program.

Currently, a new follow-up State Program (Anti-corruption Strategy and its Action Plan) is being drafted by the Commission for 2007-2011. First drafts on measures for the new Strategy have been submitted by the different line ministries to the Commission. After a consolidation of all proposals, the draft Strategy is planned to be discussed during a national anti-corruption conference with broad stakeholder participation from NGO's and the media.

⁷ The Convention can be found at <http://www.unodc.org/palermo/convmain.html>.

⁸ The Convention can be found at <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?NT=198&CM=8&DF=4/22/2007&CL=ENG>.

⁹ The Convention can be found at <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?NT=196&CM=8&DF=4/22/2007&CL=ENG>

¹⁰ The Commission's website can be found at <http://commission-anticorruption.gov.az/eng/>.

1.5.3 Bodies for management, coordination and monitoring of the State Programme and its Implementation

The responsibility for overseeing the implementation of the State Program was given to the Cabinet of Ministers and a Commission on Combating Corruption established by the 2004 Law on Combating Corruption for that purpose, and set up in 2005 under the Governing Council on the Civil Service. Both bodies were to report independently on the implementation of the measures undertaken in the framework of the State Program on a regular basis to the president; the Cabinet of Ministers was also to include information on anti-corruption policies and measures in its annual report to the Parliament.

The Commission on Combating Corruption consists of 15 members representing the judiciary, and the executive. Various Working Groups have been established by the Commission, which review, among other, drafts of legislation. Invited representatives of civil society, the media, and international organizations participated in the work of these groups.

1.5.4 Legal framework for the prevention and combating of corruption

The Law on Combating Corruption was adopted in January 2004. The Law provides a definition of corruption and establishes corruption-related offences for public officials and defines the liability for such offences. It establishes the obligation for officials to declare their assets and incomes, and makes provisions allowing for the confiscation of the proceeds of corruption. A presidential decree of March 2004 On the Implementation of the Law on Combating Corruption provided for the statute of the State Commission on Combating Corruption, as well as for amendments that would harmonize existing legislation with the Law on Combating Corruption.

Laws such as the Law on Submission of Financial Information by Public Officials; the Law on the Right to Obtain Information; the Law on Administrative Proceedings; the Judicial Legal Council Act; and amendments to the 1997 Courts and Judges Act entered into force in 2005.

A number of partial changes were made to the Criminal Code and Criminal Procedure Code where the following new provisions/offences were introduced: the offence of money laundering; confiscation of proceeds of crime; trading in influence; privileges and benefits, as well as bribery through intermediaries.

Following a request made in September 2005, Council of Europe experts were asked to produce an opinion on the Criminal Code, assessing its compatibility with the European Convention on Human Rights and the European Court for Human Rights' (ECHR) case law, as well as with existing standards in the criminal field. On December 2005, the Secretary General of the Council of Europe forwarded the experts' comments to the authorities of Azerbaijan for consideration.

In June 2006, a Working Group was set up, chaired by the President of the Supreme Court and composed of representatives of the Ministry of Justice, Ministry of Interior, Prosecutor's Office, Supreme Court, lawyers and academics of the Baku State University. This Working Group studied the experts' comments on the Criminal Code, made recommendations aiming at improving the Code and proposed concrete amendments to it. As a result, in March 2007, the translated versions of the amendments prepared were sent to the Council of Europe, with view to their being discussed at a follow-up expert meeting.

It is expected that a second revision of both the Criminal Code but also for the Criminal Procedure Code will take place aimed at improving provisions related to corruption and economic crime

offences in light of recent treaty law obligations. With the ratification of the UN Anti-Corruption Convention (UNCAC), additional legal changes are necessary (for example on the introduction of specific criminal offences of active and passive bribery in the private sector – a requirement also set out in the CoE Criminal Law Convention on Corruption), and certainly assistance with the implementation will be required.

Thus far, there appears to be no comprehensive analysis of the legislative needs; such an analysis might be undertaken as a first step prior to any intervention on these codes.

A Law on Ethics, a Law on Conflict of Interest, a Law on Responsibility of Legal Persons for Corruption Offences, and a 'Law against Money Laundering and Counter financing of Terrorism' have been drafted. All four drafts have been submitted for Council of Europe expertise to screen their compliance with the relevant Council of Europe Conventions and standards to which Azerbaijan has adhered. Two round-table discussions will aim at clarifying outstanding issues of concern. The Laws are planned to be adopted before summer 2007.

While the overall legal framework of Azerbaijan has broadly been brought into line with international standards and instruments, the prime challenge is now the effective and efficient implementation of the laws, and benchmarking its efficiency and ways for improving it.

1.5.5 Bodies and institutions responsible for preventing and combating corruption

1.5.5.1 Public Prosecutor's Office

A Department on Combating Corruption in the Office of the Prosecutor General was established in 2005 and is directly accountable to the General Prosecutor. The Department is specialized in the detection, investigation and prosecution of corruption offences, and is composed of three Divisions: Anti-corruption; Criminal Investigations; and Analysis and Information. The Department has currently 20 staff, i.e. is operating at half of its capacity. The Department also reported on a number of internal disciplinary measures undertaken against prosecutors. In 2006, the Department forwarded 135 cases to the court, all of which resulted in conviction decisions. Most of the cases that have been handled and prosecuted by this Department have been related to offences of abuse of power, embezzlement, and bribery.

The Prosecutor General's office expressed strong and continuous need for specialized and multidisciplinary training of prosecutors, in particular on the new provisions in the Criminal Code, such as those related to institutional cooperation between financial intelligence services and the prosecution on money laundering and economic crime. Specially designed trainings and assistance with relevance to combating corruption with prosecutorial services, however, will be covered by the European Commission which is currently preparing a multi-annual twinning project with the Department and which will be focusing on capacity building and training of this service.

However, some relevant activities/measures within the framework of this new proposed project might, involve prosecutors, for example through multi-agency/multi-disciplinary training; the specific participation of prosecutors.

1.5.5.2 Ministry of Justice

A newly established Judicial Legal Council operates under the auspices of the Ministry of Justice. The Ministry's prime focus at the moment is on the harmonisation of the legislation dealing with working principles and guidelines for high instance courts; and the rules for the removal

and/replacement and appointment of Judges. A separate Council of Europe project is supporting this on-going reform in close cooperation with the recently established Working Group on selection, appointment and promotion of judges. In addition, there is also an expert group in place that deals with training of judges and prosecutors. A Code of Ethics for Judges is in the course of being developed, and the 1997 Courts and Judges Act is being modernized. By presidential decree, an Academy of Judges is to be established under the Ministry of Justice that would allow both judges and prosecutors to receive training. The Academy will also deal with the pre-appointment training and stages for future judges.

The Ministry of Justice expressed continued need for specialized training, especially on the Code of Ethics. Special expertise was required on the issue of immunities and privileges of judges, but also for the various stages of the re-evaluation process of judges and judges' background. Introducing Integrity Tests/Plans was another idea for conducting preliminary information courses prior to introducing such systems.

1.5.5.3 Civil Service Commission

The Civil Service Commission (CSC) under the president of Azerbaijan has been working since 2006. Its main objectives are to ensure a transparent and open, merit-based recruitment of civil servants, as well as continuous professional development of civil servants.

The Civil Service Commission expressed its need for specialized training, in particular with view to the anticipated adoption of the 'Law on Ethics' and the 'Law on Conflict of Interest'.

1.5.5.4 Ministry of Taxes

As a result of the 2004-2006 State Program on Combating Corruption, the Ministry of Taxes established internal security departments inside its different agencies, comprised of former prosecutors, police, and tax experts. The structure of the Central Administrations' Internal Audit Department covers operations on the one hand (i.e. investigation and discovery of corruption cases and reporting to management), and investigation (i.e. reacting on complaints from the public and other institutions) on the other hand. In 2005, the investigation section had received 108 complaints, including 30 from other agencies; 12 staff were dismissed as a result, 12 cases were forwarded to the Prosecutor-General's Office. In 2006, 110 complaints were received from citizens, and 35 from other agencies; 36 cases resulted in action – 6 staff were dismissed, 10 cases were forwarded to the Prosecutor-General's Office.

With view to its experience to date, the Ministry of Taxes' Central Administration in general, and its Internal Audit Department in particular have identified the following needs for training and support:

- General information on the use of Special Investigative Means(SIMs) when investigating finance-related crimes;
- Processes and Best Practices on Internal Administrative Investigations and Internal Audit Procedures;
- Training on Code of Ethics for Tax and Customs officers;
- Training on corruption-related offences, tax evasion, and other economic crime; and
- Preventive measures related to economic crime and cooperation with law enforcement agencies.

The Ministry of Taxes has also a membership seat in the Commission on Combating Corruption.

1.5.5.5 National Bank of the Republic of Azerbaijan

The National Bank of the Republic of Azerbaijan has been involved in anti-money laundering efforts since 1997; as a result of a variety of efforts, including international monitoring mechanisms such as MONEYVAL, awareness on the issue has increased substantially in recent years. An inter-ministerial expert group on money laundering was established in 2003, with three key objectives: a) to elaborate proposals for domestic anti-money laundering and terrorist financing measures, including appropriate legislation; b) coordination of inter-governmental policies; and c) establishment of international co-operation mechanisms on anti-money laundering issues.

While there is still a lot of scope for legislative changes, a number of alignments have taken place in recent years, or are in the final stages. These concern the improvement of legislation and its alignment with FATF provisions – the current draft of Law on Prevention of the Legalisation of Illegally Obtained Funds or other Property and Financing of Terrorism is a result of these efforts (the law has received the support of 18 line ministers and is expected to be passed by Parliament in June 2007); another 11 laws are to be brought in line with FATF/MONEYVAL recommendations, including here the Criminal Code, the Tax Code, the Administrative Code, and the Civil Code.

A further focus of the National Bank is on increasing the institutional capacities for dealing with money laundering, through strengthening the government's regulatory functions, and through support to the development of capacities of financial actors (banks, insurance companies etc.). Public awareness raising measures are seen as a further important focus of activities.

Since 2003, the National Bank has a special department on money laundering, which operates as a *quasi* Financial Intelligence Unit. No decision on where the final FIU will be located has been taken at this stage; yet, the issue is expected to be resolved by June 2007. Once established, there is a substantial need for training of FIU staff, and for development of internal capacities and expertise of its staff, ranging from multi-stakeholder and multidisciplinary trainings (involving law enforcement agencies) on issues related to investigation of money laundering offences and economic crime.

1.6 Related programmes and other donor and technical assistance activities

The **Council of Europe**, through its Technical Cooperation Division's 2006 OCTOPUS programme of cooperation with Azerbaijan, has provided a series of technical assistance activities aimed at the following issues: initial revision of the 2004-2006 State Programme against Corruption; revision of the draft Law on Anti-money Laundering and Terrorism Financing; training on issues related to the institutional set up of Financial Investigation Units (FIUs) in the fight against money laundering; expertise and revision of the draft laws/amendments on Conflict of Interests, Code of Ethics, and Criminal Liability for Legal Entities. In addition, since the Council of Europe is the home of the only two European monitoring mechanisms on corruption (GRECO) and money laundering/terrorism finances (MONEYVAL), the Republic of Azerbaijan has been monitored and evaluated by those two mechanisms over the last year, and has been provided with specific recommendations in observance with European and international standards in the fight against corruption, money laundering and terrorism financing¹¹.

Through its project in support of 'Good Governance through Civil Service Reform', **UNDP** is co-funding institutional and capacity building projects at the Civil Service Commission (CSC) under the

¹¹ See appendix 8 (8.3) on Council of Europe activities/technical assistance projects in other countries and other related subject areas.

President of Azerbaijan. *Inter alia*, the project assists in the establishment of competitive civil service entry exams; it also provides trainings to the CSC, as well as material equipment¹².

The **European Union**, through its European Neighbourhood Policy (ENP) instrument, has defined the fight against corruption as one of its priority areas for action¹³ for the period from 2007 to 2013. Legislative reform in line with European and international standards, and effective and efficient application of the laws are seen as a precondition to create a more favourable business and investment climate.

Azerbaijan participates in the so-called 'Istanbul Action Plan' of the **Anti-Corruption Network for Transition Economies (ACN)**, the secretariat of which is based at the Paris Headquarters of the Organization for Economic Co-operation and Development (**OECD**). The review mechanisms of the ACN Action Plan are very similar to that of the Council of Europe's GRECO; despite the absence of any sanctions in the framework of the process, the Istanbul Action Plan has been an efficient mechanism to raise and maintain high-level awareness of corruption in the participating countries, including Azerbaijan.

The **Organization for Security and Co-operation in Europe (OSCE)** has been involved in anti-corruption efforts in Azerbaijan since 2000. Its activities included assessments of relevant legislation, support to the implementation of the State Program against Corruption, awareness campaigns, and direct support to civil society organizations, such as the national chapter of Transparency International.¹⁴

The **German Agency for Technical Co-operation (GTZ)** is, since 1997, supporting legal and judicial reform¹⁵. The project's main beneficiaries are the Constitutional Court, but also the Ministry of Justice.

The **American Bar Association's Rule of Law Initiative/CEELI**, funded by USAID has been active in Azerbaijan since 1999. It covers a wide portfolio of legal education activities, including on increasing capacities for anti-corruption education. ABA/ROLI has also provided expertise on key anti-corruption draft legislation.¹⁶

The **World Bank's** 2007 – 2010 Country Assistance Strategy foresees substantial lending in four key areas, one of which is the improvement of the quality and transparency of public sector governance, including strengthening of the judicial system of Azerbaijan.¹⁷

1.7 Problems and needs to be addressed

After a significant number of steps undertaken by the government of Azerbaijan to harmonize national legislation with international standards and obligations, it is now important that the on-going legislative and institutional reforms be effectively and efficiently enforced and implemented in

¹² For a project fiche, see <http://www.un-az.org/undp/Democratic/civilservicereform.php>.

¹³ For the full text of the ENP Action Plan, see http://ec.europa.eu/world/enp/pdf/action_plans/azerbaijan_enp_ap_final_en.pdf.

¹⁴ For further information, see http://www.osce.org/baku/item_1_23654.html.

¹⁵ For a comprehensive project description, see <http://www.gtz-legalproject.az/eng/>.

¹⁶ For further information on ABA/ROLI in Azerbaijan see <http://www.abanet.org/ceeli/countries/azerbaijan/program.html>.

¹⁷ On the WB's CAS for Azerbaijan, see <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/AZERBAIJANEXTN/0,,menuPK:301926~pagePK:141132~piPK:141105~theSitePK:301914,00.html>.

practice. Only this will have an impact on the public regaining trust in the State institutions, and on corruption-levels falling. This objective should guide the elaboration of the new Anti-corruption Strategy and Action Plan for the next years.

Thus, a technical assistance project aiming at contributing to these objectives will serve as one tool for providing and supporting reforms and interventions in the following areas:

At the strategic level

- Assistance to the drafting and implementation of a new Anti-corruption Strategy and its Action Plan of specific anti-corruption measures;
- Assistance to enhance the reporting and monitoring of specific measures of the Anti-corruption Action Plan;
- Inclusion of long-term prevention mechanisms; and
- Inclusion of long-term diagnostic and monitoring mechanisms and benchmarks, to establish baselines and begin assessing gaps and measuring impact of anti-corruption measures over time.

At the level of prevention and education

- Expertise and advice on improvement and creation of coherent mechanisms to communicate with and involve the public, civil society and media into monitoring and participating on anti-corruption reforms and policies;
- Training on ethics provisions and strengthening the management of conflicts of interest in the civil service and of elected office holders;
- Practical multi-disciplinary training on detection and investigation of corruption and money laundering offences; and
- Expertise on drafting anti-corruption prevention-related legislation to comply with international anti-corruption instruments and standards.

At the level of repression

- Provision of legislative drafting and implementation expertise in particular on the Criminal Code and the Criminal Procedure Code, and other related economic crime legislation to comply with international anti-corruption instruments and standards;
- Legal training, and thereby strengthening the capacity and skills to implement new legislation in the area of detection and investigation of corruption, economic crime and money laundering; and
- Review and expertise on how to improve the capacities of specialized bodies/units with repressive functions for fighting corruption.

2 PROJECT GOALS/OBJECTIVES

2.1 Overall approach and objectives

The overall objective of the project is:

To contribute to democracy and the rule of law through the prevention and control of corruption in Azerbaijan in accordance with European and other international standards and GRECO and MONEYVAL recommendations.

The project objective is to enhance specifically the implementation of GRECO and MONEYVAL recommendations and compliance with European and international anti-corruption standards through:

1. Improving the strategic anti-corruption framework in line with GRECO recommendations through expert/technical support in:

- providing expertise for the elaboration of a new anti-corruption strategy and implementation plan, taking into account lessons learned and remaining gaps from the previous programme and its implementation framework;
- strengthening the implementation and monitoring capacities of the Anti-Corruption Monitoring Commission;
- furthering the understanding of the causes, vectors and forms of corruption in Azerbaijan through support to corruption surveys;
- supporting the work of the Commission in order to increase its transparency and its openness to all relevant stakeholders, in particular those from civil society;
- elaborating effective micro-level, sectoral diagnostic and monitoring mechanisms that will assess gaps, establish baselines, indicate progress and provide ongoing data for regular periodic assessments of the impact of anti-corruption measures.

2. Drafting laws / amending domestic legislation elaborated in cooperation with relevant partner institutions and benchmarking against international standards in the fight against corruption and efficient implementation of the relevant legislative framework through support to:

- analyzing remaining gaps in the existing legal framework, and contributing to drafting legislation as identified in the new National Anti-corruption Strategy and its Action Plan;
- training on drafting and implementation of new legislation, including on financial/budgetary implications of new laws;
- improving where necessary, the existing legislation in line with European and international standards.

3. Establishment of a network and system to prevent the use of the financial system for money laundering and terrorism financing purposes and enable the authorities of Azerbaijan to cooperate nationally and internationally in fighting money laundering and terrorism financing in accordance with European and international standards through support to:

- the guidelines for establishment of the future Financial Intelligence Unit (FIU);
- training of the FIU staff;
- multi-disciplinary and multi-agency training on money-laundering and financial crime legislation; and

- Support international cooperation with other FIUs through MoUs.
- 4. Enhancing capacities for the prevention of corruption through micro-system studies and institutionalizing efficient management of ethics' provisions and conflict of interest in the public service** supported through:
- assessing the needs and elaborating policy options for preventive anti-corruption measures across the public sector;
 - guidelines on management of conflicts of interest;
 - elaboration and implementation of guidelines on reporting corruption and protection for whistleblowers;
 - reform, elaboration and implementation of legislation on financing of political parties and election campaigns, in line with Council of Europe standards and recommendations, and in anticipation of the third round of evaluations under the peer review mechanism of the GRECO;
 - building of capacities to conduct corruption-risk assessments in the public administration.

Overall Indicators of success for the achievement of this objective are:

1. The level of ratification of the Council of Europe Criminal Law Convention on Corruption;
2. The level of the implementation of Council of Europe and other international standards in the fights against corruption;
3. The level of compliance with GRECO and MONEVAL recommendations and OECD/ACN recommendations;
4. The level of implementation of the measures of the new Anti-corruption Strategy and Action Plan (2007-2011)
5. A positive trend in future corruption perception indices, including Transparency International's CPI and Freedom House, as well as WB Governance Indicators.

2.2 Results

The results of the project are expected to be the following:

1. A new anti-corruption strategy and action plan elaborated with an emphasis on monitoring and implementation and medium-term preventive reforms;
2. Relevant draft provisions and regulations elaborated and submitted to Parliament;
3. Institutional capacities, reporting and cooperation at the national and international levels improved within AML/CFT system, in light of European and international standards and MONEVAL recommendations.
4. Specific corruption-prevention measures improved;

3 ASSUMPTIONS AND RISKS

The project is based on the assumption that the Government of Azerbaijan is committed to introduce and implement a new Anti-Corruption Strategy and a coherent Action Plan, and in particular the measures that would be covered by the present project.

This implies that:

- that a sustainable and consistent political will to undertake anti-corruption reforms and combat corruption is visible and real;
- the strategy and action plan drafting group and the monitoring bodies are provided with the necessary resources to coordinate, monitor and manage the strategy and action plan;
- the cooperating institutions nominate their contact persons, and successfully implement the activities of the action plan under their responsibility and regularly report to the monitoring group of the strategy and action plan;
- the necessary legal reforms are undertaken in due time, that is, that the Government submits draft laws prepared to the Parliament for adoption as duly planned and needed;
- corruption-prevention measures are sufficiently coordinated with the whole reform of the Public Service.

4 SCOPE OF THE WORK

4.1 Summary of overall actions¹⁸

Overall objective	To contribute to democracy and the rule of law through the prevention and control of corruption in Azerbaijan in accordance with European and other international standards and GRECO and MONEYVAL recommendations.
Project objective	To enhance the implementation of GRECO and MONEYVAL recommendations and compliance with European and international anti-corruption standards.
Output 1	Strategic anti-corruption framework improved in line with GRECO recommendations and good practices.
Indicator	Strategy and Action Plan have been drafted, and are perceived to have been drafted (in international and national monitoring reports and indices), in a transparent and participatory process, involving a multitude of stakeholders, including civil society, and incorporating their input. Commission is working, and is perceived to be working (in international and national monitoring reports and indices), in a transparent and participatory way.
Action 1.1	Support the elaboration and implementation of the new Strategy and Action Plan on Combating Corruption (2007-2010 Strategy);

¹⁸ The listed actions may represent more than one activity on its own, and the detailed Workplan of activities which is to be elaborated and finalised during the inception phase based on the initial Logframe of the project (1st month), will reflect all the necessary specific activities, their number and timing the needed inputs.

Action 1.2	Support the Commission on Combating Corruption in monitoring and management of the Strategy and Action Plan on Combating Corruption;
Action 1.3	Support a comprehensive analysis on corruption and lessons learned on the basis of previous practices in Azerbaijan;
Action 1.4	Support (a) baseline survey(s) on corruption (perception, experience, attitude);
Action 1.5	Support activities aimed at increasing public awareness and civil society cooperation in monitoring and participating in the implementation of the Anti-corruption Strategy and Action Plan;
Action 1.6	Provide equipment to the Commission and its legislative working group;
Output 2	Draft laws/amendments to improve domestic legislation elaborated in cooperation with relevant partner institutions and benchmarking against international standards in the fight against corruption and efficient implementation of the relevant legislative framework.
Indicator	International monitoring reports acknowledge progress made by Azerbaijan in complying with standards and in filling legislative gaps. New legislation introduced has undergone prior feasibility studies, and has started to be implemented in a tangible and sustainable way. Introduction of a Compliance Matrix for anti-corruption, and money laundering legislation and other relevant legislation with benchmarking parameters; measurement of progress takes place against the observance of international standards.
Action 2.1	Provision of training on Treaty Law implementation at the domestic level with reference to all relevant anti-corruption and economic crime related conventions and instruments;
Action 2.2	Support the elaboration of specific relevant draft laws foreseen by the new Anti-corruption Strategy (2007-2010);
Action 2.3	Assist in the review of the national legislation on its compliance with the provisions of the Civil Law Convention on Corruption (ETS 174) and corporate civil liability;
Action 2.4	Support the elaboration of a “compliance matrix” for the domestic legislation and institutional set-up in line with the relevant international legal instruments;
Action 2.5	Review and evaluate systems and the regulatory framework of issues related to conflict of interests, financing of political parties, declaration of assets; immunities and privileges;
Action 2.6	Provision of relevant training on legislation drafting, feasibility of new legislation introductions, and implementation aspects, especially when building new institutional frameworks.

Output 3	Establishment of a network and system to prevent the use of the financial system for money laundering and terrorism financing purposes and enable the authorities of Azerbaijan to cooperate nationally and internationally in fighting money laundering and terrorism financing in accordance with European and international standards
Indicator	Progress acknowledged by MONEYVAL future evaluation/progress rounds and removal of Azerbaijan from Stage 2 and its Compliance Procedure. Establishment of the FIU with clear internal proceedings and staff selection procedures. Initiation of international cooperation with other FIUs and signing of at least one MoU with another country.
Action 3.1	In-country multidisciplinary training course(s) for financial intelligence officers, and other relevant cooperating agencies' detecting of cases of economic crime and in particular of corruption and money laundering (pro-active and multidisciplinary approach, case studies etc.);
Action 3.2	In-country training course(s) on the use of special investigative means for all relevant agencies (including national bank officers, members of the new upcoming FIU, auditors and tax officials) in light of European and international standards, ECHR case-law when combating economic crime; reporting corruption; suspicious financial transactions and inter-agency cooperation;
Action 3.3	International trainers' participation in training courses for judges related to cases of economic crime and in particular those of corruption and money laundering;
Action 3.4	Support the establishment of the FIU and its nature/institutional allocation by providing legislation implementation guidelines and international standards through best practices dissemination;
Action 3.5	Support the organisational set up of the new FIU by providing guidelines and tools on the organigramme; job descriptions; Manual of operations; Rules of Procedure; and elaborate a training strategy for all FIU officers.
Action 3.6	Study visits for the new FIU staff responsible for international cooperation to 2 FIUs of other European countries to promote the initiation of operational MoUs.
Output 4	Capacities for the prevention of corruption enhanced through micro-system studies and through institutionalizing efficient management of ethics' provisions and conflict of interest in the public service.
Indicator	At least 2-3 micro-system studies have been undertaken and its results and recommendations have been taken on board from respective institutions/authorities. Repeat assessment figures under each result show an improvement in the levels of awareness and knowledge about policy reforms introduced, including on ethics' provisions, conflict of interest guidelines and whistleblower protection mechanisms.

Action 4.1	Support the conducting of 3 repeat micro-system studies in order to identify corruption- prone areas, and recommend measures for systemic improvement aimed at preventing corruption and increasing application of efficient rules on ethics and streamlining procedures;
Action 4.2	Introduce Integrity Test to contribute to the strengthening of capacities for the prevention of corruption within the Ministry of Taxes;
Action 4.3	Contribute to strengthening the capacities for the prevention of corruption within the Judiciary through training on the best practices related to integrity tests within judiciary;
Action 4.4	Support the elaboration and implementation of a national strategy (and action plan) with respect to training on ethics and conflict of interest for the civil service, including the provision of pilot trainings and methodology to assess impact of trainings; guidelines for reporting on corruption and protection for whistleblowers;
Action 4.5	Review, recommendations and follow-up on legislation of standards on financing of political parties and election campaigns, in line with CoE standards and recommendations.

4.2 Target groups and expected impact

The main project partner from the Azerbaijan side will be the Commission on Combating Corruption under the State Council on Management of the Civil Service. The Commission will be the body which will liaise with other project partners and beneficiaries.

Other project beneficiaries will include:

- The National Bank
- The Ministry of Justice
- The Ministry of Tax
- The Civil Service Commission

Other *indirect* beneficiaries and counterparts will include:

- The General Prosecutor's Office
- The Ministry of Interior.

The project will operate at the national level through cooperation with national partner institutions and beneficiaries and at the international level promoting international cooperation, networking and exchange of information. The activities related to *indirect* beneficiaries (General Prosecutor's Office and law enforcement) as listed above will be funded from separate funds (i.e., general budget technical assistance activities, or other donors) however those activities will be tailored in line with scope of action under this project if subject related to it while being implemented by the Technical Cooperation Division.

5 TIME LINE

5.1 Location

A project office will be established in Baku either within the premises of the Council of Europe Office in Baku, or within the premises of the Commission on Combating Corruption under the State Council on Management of Civil Service. Activities will mainly take place in Baku. A very limited number of study visits/best practice exchange international/regional meetings will take place in other European countries.

5.2 Commencement date, inception phase and period of execution

The project is foreseen to have a duration of 24 months.

The proposed duration is from 1 September 2007 – 30 August 2009.

The project will begin with an inception phase of 2 months, during which the project office will be established, staff recruited and during which the logical framework and a detailed project Workplan will be finalised and such documents will be serving as Project Documentation governing the implementation of the project on the day to day basis. A start-up event/conference presenting the project and adopting the Workplan with clear timelines for each activity and with the agreement of all stakeholders will be organised at the end of the inception phase.

1 st month	Recruitment of project staff and preparation of the project office in Baku
2 nd month	Finalisation of the logical framework, preparation of the detailed Workplan and of the inception report;
1 st / 2 nd month	Start-up event/conference to present the project and adopt the Workplan with all stakeholders.

6 REQUIREMENTS AND MANAGEMENT

The project will be managed and implemented by the Council of Europe in cooperation with the Commission on Combating Corruption under the State Council on Management of the Civil Service. For this purpose, the Commission on Combating Corruption under the State Council on Management of the Civil Service will appoint a senior official to function as the Project Liaison and thus as the main interlocutor for the purposes of this project. The Project Liaison will not be a part of budgetary cover under this project, and his activities of coordination shall at no cost be charged as expenses of the project implementation. He/She will also ensure that activities are carried out and that inputs are provided by other relevant agencies and institutions as required. The Project Liaison should thus be sufficiently senior to interact with other institutions benefiting from the project and involved in the implementation of the Workplan of activities of the project.

6.1 Personnel

6.1.1 Project team

Overall project management will be ensured by the Technical Cooperation Division (Department of Crime Problems, Directorate General of Legal Affairs) at the Council of Europe in Strasbourg. An assistant will be recruited (based in Strasbourg) under the present project to support the Head of Technical Cooperation in this task. In addition, a Project Desk Manager/Officer in Strasbourg will be

assigned to oversee the project's implementation and daily follow up of actions and assist the team in Baku.

In accordance to the Council of Europe financial regulations and finance management, the budget and the expenditures as foreseen and estimated will be processed and managed in accordance to the attached **Appendix V** chart.

During the implementation of the project, short-term and long-term experts (national and international) will be commissioned.

In Baku, an international expert will be recruited as the Project's Long-Term Adviser (LTA) responsible for the day-to-day implementation of the major part of the activities of the project. The LTA will be directly providing technical and expert advice and support to the main beneficiaries of the project. The project will be supported by 1 locally recruited Project Officer/Assistant for administration and secretarial/translations assistance. The LTA and the Project Officer/Assistant will be based at the Project's Office in Baku.

The Long-Term Adviser (LTA) will have the following role and responsibilities:

- under the supervision of the Project Desk Manager/Officer (CoE Secretariat member) coordinate activities of the project team and ensure achievement of its objectives,
- guide and supervise other project staff,
- ensure daily co-operation with the project partners,
- prepare proposals of activities with indicative budgets to the Project Desk Manager/Officer for approval,
- organise approved activities,
- organise and coordinate work of short-term experts,
- propose amendments to the work plan,
- provide advise to the project beneficiaries on a daily basis,
- provide inputs for the final report,
- draft progress and activity reports.

Requirements:

- Proven (ideally more than 10 years) experience on international development work and rule of law area;
- Working experience on technical assistance projects related to corruption, money-laundering,
- Legal or economic background;
- Excellent knowledge of international standards and best practices in the field of corruption, money-laundering and terrorism financing;
- Experience in implementation of international technical assistance projects in the field of justice and home affairs, ideally in transition countries;
- Knowledge of political and Anti-corruption and AML/CTF situation in Azerbaijan;
- Very good command of English;
- Confirmed excellent drafting skills (examples to be provided);
- Previous experience in the region of the South Caucasus is an asset;
- Knowledge of Azeri or Russian language is an asset;
- Communication and IT skills;
- Ability to work and live in an international environment.

1 Local Project Officer/Assistant (long term, up to 24 work months, Baku)

The Local Project Officer/Assistant will:

- Be part of the project-team;
- Assist the overall management and coherence of the project;
- Coordinate the project Workplan and its calendar of activities in cooperation and under the guidance of the Long-Term Adviser, and the Project Coordinator assigned by the Azeri authorities;
- Assist Strasbourg-based project management staff as well as short-term and long-term experts;
- Provide administrative and translation assistance to support the organisation of each project input;
- Ensure relevant field project reporting, including financial reports;
- Function as technical adviser to the Project Coordinator and Long-Term Adviser and of international and national experts when necessary.

Requirements:

- Not less than 3 years of professional experience at national or international levels in criminal justice/law enforcement-related fields, of which at least some experience in matters related to corruption, money laundering and economic crime;
- Administrative experience (including target setting and planning, administration, finance and reporting);
- Experience in the management and coordination of international technical cooperation projects;
- Azeri mother tongue, proficiency of spoken and written English language and, ideally, knowledge of Russian;
- Communication, and IT skills;
- Ability to work in an international environment.

1 Project Assistant (up to 24 work months, Strasbourg)

This assistant will support the management and expert team based in Baku and in Strasbourg in terms of administration of the project, logistics of mobilisation and recruitment of long-term and short-term experts and organisation of study visits. The assistant will also support the financial and other reporting to the donors of the project.

Requirements:

- At least 3 years of professional experience as assistant;
- Fluency in English and/or French. Knowledge of Azeri or Russian an advantage;
- Knowledge of the Council of Europe's administrative and financial rules;
- Experience in the preparation of financial reports;
- Good writing skills.

6.1.2 International short-term consultants and long-term national consultants

The project team will propose a Workplan detailing short-term and long-term international consultants/experts, including the long-term national experts that will be needed for the implementation of project activities.

The Council of Europe will ensure the active participation of local professional skills where available, and a suitable mix of European and local experts in the project team. All local experts are to be independent and free from conflicts of interests.

Civil servants and other staff of the public administration of Azerbaijan shall not be recruited as experts.

6.2 Nature/Types of Activities

The following types of activities are proposed:

Expert advise – provided by the LT-Adviser within his/her competence/experience or, as necessary, by ST-Advisers selected according to their specific field of competence, through direct conversation with individual officials or groups of officials on the issues specified in the Workplan and wherever necessary.

Expert opinions – will be provided in writing, as necessary, to comment on the pieces of legislation or their drafts or other documents, by independent experts from the Council of Europe Member States via the CoE Secretariat.

Study visits to other CoE Member States - provide first-hand experience to complement the theory and help individuals to examine possible changes to their own procedures and approaches, and also initiate the basis for launching the Memoranda of Understanding between Azerbaijan and other CoE Member States.

Roundtables and seminars - allowing stakeholders/professional groups and individuals to look at ways in which their own policies can be reformed. They will also be used to contribute specialist knowledge to a broader debate on a given issue.

Workshops - allow a particular task to be undertaken involving multiple co-operating parties. Experts put their knowledge at the disposal of practitioners and officials. Workshops can also be used to provide specific advanced training.

Training courses – allow participants to acquire new knowledge and/or professional skills through interaction with a qualified trainer. Elements of self-education can be included.

Research – a way to get a comprehensive overview of a given issue to serve a basis for further analysis.

Translations - make important texts and information accessible in local languages and can be used as a tool in training activities and seminars.

Publication and dissemination of texts and/or audiovisual CD-ROMs - ensure that certain expertise or knowledge is made available to the widest possible audience.

6.3 Equipment

Computer equipment and other furniture (printer, fax and copy machines) for the office of the Commission on Combating Corruption under the State Council on Management of Civil Service will be provided. Website development on the project and its deliveries will be established.

Equipment is to be procured by the Council of Europe under its regulations and following approval of the list of equipment by the beneficiary.

7 REPORTING AND EVALUATION

7.1 Project Reporting

The Council of Europe will submit the following reports:

- An **inception report** within two months after the beginning of the project. The inception report will contain a detailed Work plan, the name of possible experts for the training, and implementation measures.
- Four **progress reports** to be submitted every 6 months. The report will list in detail the activities undertaken and assess the progress towards achievement of project objectives. This update will stress particularly the achievement of results.
- A **final report** will be made by the end of the project period. The final report should follow the inception report format and include an in-depth assessment of the project implementation, results and level of achievement of the objectives.

Reports produced in this project will be submitted by the Council of Europe to the project's donors and to the Commission on combating corruption under the State Council on management of Civil Service. The inception, progress and final reports will be prepared in Azeri and in English.

The reports shall be submitted in hard copy and electronic format (as a single Word file). In addition to the above formal reports, the Council of Europe shall provide such information on project progress as is reasonably required by the project's donors, and can regularly inform the donors of political, economic or institutional developments of relevance to the project. The Council of Europe shall in particular provide the donors with electronic and hard copies of:

- training material prepared under this project;
- reports of short-term specialists;
- any other publication produces during the course of the implementation of the project activities.

The Council of Europe shall pay particular attention to the confidentiality of data. Reports, as well as press statements made by the Council of Europe will make clear that any opinions expressed therein do not represent the opinion of the donor nor any government.

Reports should be submitted to: USAID Baku, Azerbaijan (Donor) and (Office of the Commission on Combating Corruption under the State Council on Management of Civil Service)

7.2 Evaluation

Two months before the end of the project, the project will be evaluated by two external independent evaluators. One evaluator will be commissioned by the Council of Europe and the other one will be commissioned by the Donor organisation. Prior to the evaluation, the project management in consultation with the project coordinator will prepare a detailed progress report which will be made available to the evaluators. A briefing and debriefing meeting prior to and after the evaluation shall

be held between the evaluators and the Council of Europe in order to discuss details and provide information as needed.

8 APPENDIX I: LOGICAL FRAMEWORK¹⁹

Level	Description	Indicators	Sources of verification	Assumptions
Overall objective	To contribute to democracy and the rule of law through the prevention and control of corruption in Azerbaijan in accordance with European and other international standards and GRECO and MONEYVAL recommendations.			
Project objective	To enhance the implementation of GRECO and MONEYVAL recommendations and compliance with European and international anti-corruption standards	<ul style="list-style-type: none"> ▪ Level of compliance with the Council of Europe Criminal Law Convention on Corruption; ▪ Level of compliance with the GRECO and OECD/ACN recommendations; ▪ Level of implementation of Council of Europe and other international standards in the fight against corruption; ▪ Level of implementation of the measures of the new Anti-corruption Strategy and Action Plan; ▪ Positive trend in future corruption perception indices, including Transparency International's CPI and Freedom House, as well as WB Governance indicators, and other surveys, including those done in the framework of the project. 	<p>CoE Treaty Office database</p> <p>Project reports</p> <p>GRECO evaluation reports</p> <p>MONEYVAL evaluation reports</p> <p>Corruption perception surveys</p>	Continuous commitment of the government of Azerbaijan to the implementation of the Anti-Corruption Action Strategy and Action Plan
Output 1	Strategic anti-corruption framework improved in line with GRECO recommendations and good practices.	Strategy and Action Plan have been drafted, and are perceived to have been drafted, in a transparent and participatory process, involving a multitude of stakeholders, including civil society, and incorporating their input	Strategy and Action Plan incorporate suggestions and proposals received by civil society and other stakeholders	Government and State Commission are committed to opening the drafting process of the new Anti-corruption Strategy and Action Plan to a wide variety

¹⁹ The logical framework will serve to prepare a detailed Workplan of activities and their time lines that and will be finalised during the inception phase with the input and agreement of the project's main beneficiaries.

Level	Description	Indicators	Sources of verification	Assumptions
		The State Commission is working, and is perceived to be working, in a transparent and participatory way.	Monitoring reports submitted to the President. Project reports Media reports International monitoring reports (GRECO, OECD/ACN, MONEYVAL)	of stakeholders, including from civil society.
Action 1.1	Support to the elaboration and implementation of the new Strategy and Action Plan on Combating Corruption (2007 – 2011)			
Action 1.2	Support through expert advice to the State Commission of to the establishment of an effective and efficient management and monitoring mechanism of the Strategy			
Action 1.3	Comprehensive analysis on corruption and lessons learned on the basis of previous practices in Azerbaijan			
Action 1.4	Seminar(s) on increasing public awareness and civil society cooperation in monitoring and participating in the implementation of the Anti-corruption Strategy and Action Plan			
Action 1.5	Provision of equipment to the Commission and its legislative Working Group.			
Output 2	Draft laws/amendments to improve domestic legislation elaborated in cooperation with relevant partner institutions and benchmarking against international standards in the fight against corruption and efficient implementation of the relevant legislative framework.			

Level	Description	Indicators	Sources of verification	Assumptions
		observance.	Civil society participation and opinion	aspects;
Action 2.1	Training on Treaty Law implementation at the domestic level with reference to all relevant anti-corruption conventions and instruments			
Action 2.2	Support the elaboration of draft laws foreseen by the new State Programme on Combating Corruption (2007-2011)			
Action 2.3	Review of national legislation on its compliance with the provisions of the Civil Law Convention on Corruption (ETS 174).			
Action 2.4	Elaboration of a 'compliance matrix' for the domestic legislation and institutional set-up in line with the relevant international legal instruments			
Action 2.5	Review and evaluation of regulatory framework related to conflict of interests, financing of political parties, declaration of assets, immunities and privileges			
Action 2.6	Provision of relevant training on legislation drafting, feasibility of introduction of new legislation, in particular where it concerns the establishment of new institutions			
Output 3	Establishment of a network and system to prevent the use of the financial system for money laundering and terrorism financing purposes and enable the authorities of Azerbaijan to cooperate nationally and internationally in fighting money laundering and terrorism financing in accordance with European and international standards	<ul style="list-style-type: none"> ▪ Progress acknowledged by MONEYVAL, Azerbaijan taken off Stage 2 monitoring and of compliance procedure ▪ Number of participants in training activities ▪ Evaluation/feedback from participants confirms usefulness of training ▪ FIU working according to operational guidelines ▪ Number of MoUs concluded with FIUs of other countries 	<p>Project reports</p> <p>Draft laws</p> <p>Evaluation reports from training activities</p> <p>Institutional set up and its efficiency approach</p>	<p>Continuous commitment of the government of Azerbaijan to establish a Financial Intelligence Unit (FIU) and to make it operational.</p> <p>Preliminary measures for new institutional structures are already expecting</p>
Action 3.1	In-country multidisciplinary training course(s) for financial intelligence officers, and other relevant cooperating agencies' adjudication of cases of economic crime and in			

Level	Description	Indicators	Sources of verification	Assumptions
	particular of corruption and money laundering			
Action 3.2	In country multi-disciplinary training course(s) on the use of special investigative means for all relevant agencies (including national bank officers, members of the new upcoming FIU, auditors and tax officials) in light of European standards and ECHR case-law when combating economic crime, reporting on corruption, suspicious financial transactions and inter-agency cooperation.			
Action 3.3	Training for Judges related to economic crime (corruption and money laundering)			
Action 3.4	Support to establishment of FIU through delivery of relevant material (standards and best practices) in Azeri language			
Action 3.5	Support to organisational set-up of the new FIU by providing guidelines and tools on the organigramme, job descriptions, Manual of Operations, Rules of Procedure, and elaboration of a training strategy for all FIU officers			
Action 3.6	Study visit(s) for new FIU staff responsible for international cooperation to 2 other FIUs of European countries to promote the initiation of operational Memoranda of Understanding.			
Output 4	Enhancement of capacities for the prevention of corruption through micro-system studies and through institutionalizing efficient management of ethics' provisions and conflict of interest in the public service	<ul style="list-style-type: none"> ▪ Repeat assessment figures show an improvement in the levels of awareness and knowledge about policy reforms introduced; ▪ Number and portfolio of participants in training; ▪ Number and content of micro system studies; ▪ Feedback reforms that could and may be initiated due to outcomes of system studies; ▪ Evaluation/feedback from participants in training and participatory institutions in micro system studies confirms usefulness 	<p>Micro-system studies and their recommendations and outcome results</p> <p>Project reports</p> <p>Training evaluation reports</p> <p>National statistics</p>	<p>Institutional cooperation is sustainable and continuous with the Commission;</p> <p>Political will to undertake trainings and micro system studies is present and facilitates all the process and activity outcomes</p>
Action 4.1	Conduction of 3 repeat micro-system studies in order to identify corruption- prone areas, and recommend measures for systemic improvement aimed at preventing			

Level	Description	Indicators	Sources of verification	Assumptions
	corruption and increasing application of efficient rules on ethics and streamlining procedures			
Action 4.2	Introduce Integrity Test to contribute to the strengthening of capacities for the prevention of corruption within the Ministry of Taxes			
Action 4.3	Contribute to strengthening the capacities for the prevention of corruption within the Judiciary through introduction / training on the concept of Integrity tests in the judiciary as one of the best practices.			
Action 4.4	Support the elaboration and implementation of a national strategy (and action plan) with respect to training on ethics and conflict of interest for the civil service, including the provision of pilot trainings and methodology to assess impact of trainings; guidelines for reporting on corruption and protection for whistleblowers			
Action 4.5	Review, recommendations and follow-up on legislation of standards on financing of political parties and election campaigns, in line with CoE standards and recommendations			

