UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT DOCUMENT
Republic of Azerbaijan

Project Title: **Developing Innovation-driven and Sustainable Civil Society in Azerbaijan**
Project Number: 00123786
Implementing Partner: UNDP
Start Date: 10 February 2021 **End Date:** 9 February 2024 **PAC Meeting date:** 8 January 2021

Brief Description

Over the past years, CSOs in Azerbaijan have reportedly faced certain legal and political limitations that resulted in scarce opportunities for financial and technical support for the CSOs and reduced civic space. Recent developments point that there are visible improvements in the CSOs operating environment that open up a possibility to revive donors' efforts in support of the CSO sector and expand avenues for CSOs cooperation with the Government around social issues. Against this background, the project is designed as a multi-dimensional response to accelerate the development and growth of the civil society sector in Azerbaijan through, inter alia, promoting social entrepreneurship culture and innovative solutions.

The project's overall development objective is to contribute to building conducive environment for a vibrant, sustainable and innovation-driven civil society in Azerbaijan. The project pursues two specific objectives:

SO 1. To increase CSOs capacities to engage in policy-making and foster local development;

SO 2. To build an enabling ecosystem and capacities for social entrepreneurship and social innovation.

The project's objectives will be achieved through the delivery of the following Expected Results (ER):

ER 1. Capacities of the CSOs for policy engagement around development issues are strengthened.

ER 2. Essential capacities of the region-based CSOs as actors in local development processes are built.

ER 3. Conducive ecosystem and enabling opportunities for boosting the start and development of social enterprise are improved.

ER 4. Social Enterprise Platform is established and promoted.

The project will target CSOs, social purpose SMEs, public agencies and innovation/acceleration labs.

Contributing Outcome: CPD Outcome 2: By 2025, people furthest behind benefit from enhanced national capacities and governance structures for social protection and quality public and social services, in line with Azerbaijan's international commitments.

Indicative Output(s) with gender marker:

1. Capacities of the CSOs for policy engagement around development issues are strengthened (GEN2).
2. Essential capacities of the region-based CSOs as actors in local development processes are built (GEN2).
3. Conducive ecosystem and enabling opportunities for boosting the start and development of social enterprise are improved (GEN1).
4. Social Enterprise Platform is established and promoted. (GEN1)

Total resources required:		**3,584,229**
Total resources allocated:		
	UNDP TRAC:	
	Donor (EU):	**3,584, 229**
	Government:	
	In-Kind:	
Unfunded:		

Agreed by UNDP/Implementing Partner:

Print name: Alessandro Fracassetti, Resident Representative

Date: 11/02/2021

I. DEVELOPMENT CHALLENGE (1/4 PAGE – 2 PAGES RECOMMENDED)

Civil society in Azerbaijan has been developing dynamically since the country gained independence in 1991. Currently, there are more than 4,500 CSOs registered in the country, and over 300 unregistered groups[1], however, the number of active CSOs is believed to be much lower. CSOs are engaged in diverse spheres of activity, including human rights, education, culture, health, social protection, environmental protection etc.

Since 2013, CSOs in Azerbaijan have reported to face certain legal and political constraints associated with the new rules regulating provision of grants to CSOs that tightened government control over donor funds and limited opportunities for financial and technical support for the CSOs. As a result, only a limited number of CSOs, mostly based in Baku, appeared to be able to function effectively and display a sound capacity.[2] According to the CSO Sustainability Index report[3], these measures reduced civic space and put Azerbaijan at the lowest ranks of sustainability of any country in Central and Eastern Europe and Eurasia.

At the same time, recent developments point that there are visible improvements in the CSOs operating environment that open up a possibility to revive donors' efforts in support of the CSO sector and expand avenues for CSOs cooperation with the Government, especially around social issues. The government's relationship with CSOs have thawed in 2018, contributing to improvement in overall CSO sustainability, with positive developments noted in the legal environment, financial viability, advocacy, sectoral infrastructure, and public image dimensions. Pressures on CSOs subsided; the number of grants, donations, and foreign service contracts registered with the Ministry of Justice increased; local entities offered more training opportunities and inter-sectoral partnerships between CSOs and the government expanded; and the sector's public image improved. Some government entities have demonstrated an increased will to collaborate with CSOs, enabling a broader range of CSOs to participate in decision-making processes.

During the past two years, the practice of organizing public discussions with the participation of independent experts and CSOs has to some degree improved. CSO-government cooperation channels have widened, with CSOs being given more opportunities to provide policy recommendations and participate in public councils, discussions, and working groups[4]. To earn credibility and effectively influence policy the CSOs need to beef up their technical expertise and experience in policy-making processes, and be familiar with key structures and procedures involved in the development and implementation of policy. While CSOs in Azerbaijan have practical knowledge of what is happening on the ground it is crucial that they acquire specific research skills and learn how to better utilise the evidence they collect, if they want to stand a better chance of improving their capacity to influence public policies. In addition, the CSOs also need to develop their communication strategies to become better able to persuade people of the validity of their goals and strategies.

The lack of financial and technical support to the CSOs that resulted in stagnation of civic activity hit hardest the CSOs sector in rural Azerbaijan. The organizational capacity of regional CSOs continues to be significantly weaker than that of organizations in the capital because of their more limited access to funding (both foreign and domestic), legal and administrative barriers, and weak human capital. Rural CSOs do need financial support, but more importantly, they need assistance in organizational development. As a result of limited access to funding and overall weak managerial skills, rural CSOs fail to provide much-needed social, educational, and advocacy

[1] ICNL, Civic Freedom Monitor, http://www.icnl.org/research/monitor/azerbaijan.html#reports

[2] USAID, CSO Sustainability Index for Azerbaijan, 2017

[3] https://www.fhi360.org/sites/default/files/media/documents/resource-csosi-2018-report-europe-eurasia.pdf

[4] Open Government Platform held "Open Government Week" in Azerbaijan http://ogp.org.az/index.php/2018/05/23/open-government-platform-held-open-government-week-in-azerbaijan/

services for their communities which, in turn, undermines further regional development at the grassroots level.

The period of stagnation has also affected the financial management of CSOs and further reduced their financial sustainability. Few donors reported to be able to award grants to the CSOs over the past years. In addition to this external constraint, there is also an internal factor – CSOs' mind set is largely people focused but doesn't normally include business skills and tends to be more outward than inward looking regarding sustainable funding and earning income from selling goods and services. Thus, grants are the main source of funding but, at the end of every project, CSOs need to look for further funding. As they are focused on follow-up funding in grant form, they may spend as much as half their time looking for potential new donors[5]. A shift from grant giving projects to those involving, at least in part, a cost recovery component through the practice of social enterprise (SE) methodology, may offer an avenue for greater financial viability.

In the context of Azerbaijan, social enterprise is a new concept and has not been well researched. The country has relevant legislation regulating entrepreneurial and not-for-profit activities but the existing legislation doesn't recognize social enterprises as a separate category. Hence, public policies and institutions tend to support business and social development taken separately and not together as in the spirit of social enterprise. The examples of the SEs in Azerbaijan are often commercial entities set-up by local CSOs or their leaders in response to the shrinking flow of the donor as a way to strengthen financial sustainability. This model has been efficient so far due to easy registration, low tax and simplified reporting.

Available research suggests that the number of SE initiatives in Azerbaijan is limited, but the efforts to explain and promote understanding of the SE concept have been increasing. A number of organizations (such as EU, UNDP, Ministry of Taxes, Youth Foundation) have conducted awareness raising events to kick-off discussions on the ways to promote social entrepreneurship in Azerbaijan, which, in turn, have led to growing interest on the part of the CSOs to transform into SEs. There is a general consensus that development of SEs should further be encouraged and set of measures recommended to promote SEs include introduction of legal changes (including a Law on Social Entrepreneurship), special tax regime, setting efficiency standards for SEs, inclusion of SEs development as an objective into national programmes and roadmaps, raising awareness on SEs, capacity building programmes, access to finance and support to networking.

The project is proposed at the time of the growing COVID-19 crisis that significantly amplifies the risks for vulnerable people and communities that are supported by CSOs and social enterprises. Since March, community transmission of COVID-19 in Azerbaijan has already commenced, and the number of cases is growing daily. With strict regulations put in place to curb the spread of COVID-19 pandemic, hundreds of thousands of people who live in Azerbaijan face severe social and economic challenges. While necessary for reducing the speed of transmission of the disease, these measures risk having negative immediate and long-term impacts on all sectors of the economy, so employment and livelihoods will be hit hard by the consequences of the health crisis. Besides, Azerbaijan is also exposed to macroeconomic shocks linked to fluctuations in global energy prices. In March 2020, oil prices have dipped to an unprecedented $25/barrel, whereas Azerbaijan's national budget has been built around $55/barrel. In sum, the crisis is expected to have a significant socio-economic and macro-economic impact, especially on the households that are at risk to be left behind, which inevitably affects the operations and focus areas of CSOs in Azerbaijan. Vulnerable people are much more likely to remain unemployed for longer, they will most likely have zero financial reserves to draw on. Against this background, the project offers a combination of traditional and new ways for supporting the people, businesses and governments, by accelerating growth of the civil society sector while promoting the social entrepreneurship culture and unique and innovative solutions of social enterprise in Azerbaijan.

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[5] Independent Project Evaluation Report for EU-funded "Enabling civil society to play a greater role in advancing socio-economic rights of vulnerable population" Project, UNDP

II. STRATEGY (1/2 PAGE - 3 PAGES RECOMMENDED)

The intervention's logic identifies constrained legal and political environment that resulted in scarce opportunities for financial and technical support for the CSOs as the main factor that has slowed down the development and growth of the civil society sector in Azerbaijan over the past years. Given that a) there a positive shift in the CSOs operating environment, and b) UNDP has built an excellent platform for the engagement of CSOs in development processes jointly with the government, and assuming that a) the Government of Azerbaijan will remain committed to the implementation of the SDGs Agenda through multi-stakeholder partnerships including with CSOs, and b) that the national systems and institutions will encourage social innovations for accelerated development and emergency response, the project will make a transformational change towards greater sustainability and innovation-driven culture by pursuing the following avenues:

a) By offering demand-driven and differentiated support for a robust capacity development of the CSOs, the project will revitalize operation of the CSOs in a more dynamic and effective way;
b) By advancing the involvement of the CSOs in policy dialogue, the project will strengthen positioning of the CSOs as participants in formulating and implementing the SDG agenda;
c) By reaching out to the grass-roots level, the project will advance the role of CSOs in local development processes and build trust of their constituencies;
d) By extending financial support through diverse modalities, the project will ensure that all or most categories of the CSOs can benefit and meet the most pressing needs as well as needs of their constituencies;
e) By establishing key SE ecosystem elements (policies, awareness, capacities and networking), the project will foster a more favourable environment for social entrepreneurship among key stakeholders in the social economy;
f) By launching a Social Enterprise Platform and building up a portfolio of socially important projects for investment, the project will drive social innovation and strengthen financial sustainability of CSOs and socially oriented SMEs.

The project's Theory of Change is informed by the lessons learnt in the course of implementing similar projects in support of the civil society, in particular the project "Enabling civil society to play a greater role in advancing socio-economic rights of vulnerable populations". The most important conclusion emanating from the evaluation is the issue of 'sustainability' and the link to 'social enterprise'. The report reads: "*The existing NGO model simply cannot be sustained in a time of shrinking government and donor funding and increased calls for efficiency and impact in international development. It is time to realize that NGOs need to become more independent from governments, financially resilient and accountable for their activities*".

The evaluation also suggests that UNDP projects/programmes should always have the 3-M (Macro/Meso/Micro) approach. The project is therefore designed in a way that fully embraces this recommendation and envisages actions at:

- Macro level (the policy part): Promoting role of CSOs in policy debate around SDG Agenda and developing policies for social entrepreneurship (Expected Results 1 and 3)
- Meso level (capacity development): Offering a tailor-made and diverse package of capacity building measures (Expected Results 1, 2 and 4), and
- Micro level (grassroots activities): Launching Small Grants Programmes to reach out and address the needs of those 'left behind' at the community level (Expected Results 2 and 4).

Relevance to UNDP priorities

The role of the civil society is acknowledged in the UNDP Strategic Plan that states:

"Civil society plays many important roles in support of the 2030 Agenda, from advocacy and planning to implementation, monitoring and accountability. UNDP will continue to partner with and advocate for the inclusion of civil society (including women's rights and disabled people's organizations) in country-led efforts to achieve the 2030 Agenda, guided by the advice of the UNDP Civil Society Advisory Committee. Where requested, UNDP will also work with Governments to strengthen the capacities of civil society organizations and to help countries create space and opportunities for civil society to effectively engage in sustainable development".

The project is also fully aligned with UNDP Country Programme for Azerbaijan, specifically Outcome 2 "By 2025, people furthest behind benefit from enhanced national capacities and governance structures for social protection and quality public and social services, in line with Azerbaijan's international commitments.".

UNDP COVID-19 Global Policy and Programme Offer also promotes the role of civil society organizations, private sector (including business networks and SMEs, Accelerator programmes[6]) in the response to COVID-19, including strategic engagement of both in disaster risk reduction, emergency preparedness, response and recovery for COVID-19. Building on UNDP's integrator role, UNDP mobilizes its actions together with partners including civil society actors to provide accelerated solutions in three interlinked areas, one of which is social and economic needs assessment and response. To this end, UNDP Global Offer goes along with the EU's response to the coronavirus pandemic in the Eastern Partnership countries in supporting the most vulnerable groups and civil society organizations[7].

Relevance to national priorities and strategic frameworks

The Government of Azerbaijan acknowledges importance of stimulating development of civil society and enhancing cooperation between the government and the CSOs. The Azerbaijan Vision 2020 Development Concept envisages preparation of a 'national action plan on the development of civil society'. It also calls for involving CSOs in the preparation of state programmes of special importance and their close participation in the work of public commissions. The Government has committed to engaging civil society in the SDG nationalization process.

Since 2014, Azerbaijan adopted the Law on Public Participation. The law stipulates the participation of CSOs in public councils to monitor the work of central and local state administrations. However, few public councils have been established so far, and very few independent CSOs have been selected to participate in them.[8]

The government of Azerbaijan demonstrated its willingness to re-activate its status in the Open Government Platform. In February 2020, the President endorsed a National Action Plan for Promotion of Open Government 2020-2022 that identifies main areas of cooperation between the state institutions and civil society. The Plan prioritizes measures enhancing transparency and participation, anti-corruption, further digitalization of services delivery and civilian oversight.

The Government has also taken significant efforts to support development of entrepreneurship. This support is grounded in the Strategic Roadmap on SMEs development adopted by the President at end of 2016. Azerbaijan is continuously improving business environment, as measured by the World Bank's Doing Business Report, and has strengthened institutional framework for business support by setting up the State Agency for Support to SMEs development.

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[6] UNDP launched COVID-19 Solutions Accelerator Programme to accelerate innovative solutions that tackle development issues that are severely affected by the pandemic through access to funding, educational and mentorship tracks for scaling, tools for systemic problem analysis and partnership networks.

[7] http://afew.org/wp-content/uploads/2020/04/Coronavirus-Support-for-EaP_EN.pdf

[8] Ibd.

Relevance to EU priorities

The EU gives value to a dynamic civil society environment, which fosters pluralism and contributes towards sustainable development and inclusive growth. At the same time, the EU recognizes the importance of constructive relations between the government and CSOs through articulating citizen's concerns and encouraging public participation[9]. This is achieved through a number of initiatives run by EU in Eastern Partnership countries including Azerbaijan such as promoting a conducive environment for CSOs, fostering meaningful participation of CSOs in domestic policy, as well as increasing their capacities as reflected in "Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions[10]". To this end, the EU supports CSO in Azerbaijan to ensure the rule of law, good governance, and sustainable development[11].

Alignment with SDGs

The project will support progress towards the following SDGs:

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

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

III. RESULTS AND PARTNERSHIPS (1.5 - 5 PAGES RECOMMENDED)

The project's overall long-term objective is to contribute to building conducive environment for a vibrant, sustainable and innovation-driven civil society in Azerbaijan. The project's specific objectives (SOs) are the following:

SO 1. To increase CSOs capacities to engage in the policy-making processes and foster local development;

SO 2. To build an enabling ecosystem and capacities for social entrepreneurship and social innovation.

The project's SO1. will be achieved through the delivery of the two Expected Results (ER):

ER 1. Capacities of the CSOs for policy engagement around development issues are strengthened.

[9] Shrinking Space for Civil Society: the EU Response https://www.europarl.europa.eu/RegData/etudes/STUD/2017/578039/EXPO_STU(2017)578039_EN.pdf

[10] The roots of democracy and sustainable development: Europe's engagement with Civil Society in external relations https://www.ioe-emp.org/index.php?eID=dumpFile&t=f&f=126648&token=e5330920726d44e8659ff9ab5fa1d5b5c06dfe9f

[11] Azerbaijan and the EU https://eeas.europa.eu/delegations/azerbaijan/916/azerbaijan-and-eu_en#Civil+society+dialogue

Under this Result, the project will aim to enhance the CSOs' role in influencing public policies around the most pressing development issues which are at the heart of the SDG Agenda, Green Deal and response to COVID-19 pandemic. The CSOs will improve their knowledge and skills in generating or accessing high-quality, practically relevant research, using evidence in influencing the policy-making processes and policy monitoring, and communicating their policy recommendations in an effective and credible manner.

To ensure that the capacity building programme is demand driven its design will be informed by a needs assessment among CSOs that will identify key capacity gaps, barriers and opportunities to maximize chances for policy influence and greater policy engagement. The needs and demands will be addressed through a menu of capacity building measures combining:

- Delivery of trainings on the priority topics and cross-cutting issues
- Tailor-made coaching and advisory support including organization of webinars with lead experts (e.g. to help CSOs be better prepared to policy discussions on strategic documents), short-term assignment of experts to coach or advise CSOs on specific issues (e.g. organizational development, financial management etc.). Specific demands in coaching will be identified during needs assessment.
- Development of various resource materials (toolkits, handbooks, guidelines etc.)
- Organization of simulation exercises
- Professional networking to build professional and personal contacts, build coalitions and encourage collaborative actions for policy influence.

Upon completion of the capacity building programme, CSOs will gain practical experiences by implementing small-scale projects in research and evidence-based policy development under the small grant programme. The Call for Proposals will clearly define requirements to focus research topics around priority themes of the SDGs Agenda, COVID-19 relief and recovery, and Green Deal, and will strongly encourage application of the skills and knowledge gained from the trainings (such as use of tested research methodologies, effective communication methods, digital platforms, interactive mapping, digital data storage, and other innovative tools).

The target groups will include CSOs, think-tanks and research institutions. The estimated number of beneficiaries – 20.

The Estimated Result 1 will be achieved through delivery of the following activities:

Activity 1.1	Assessment of CSOs' capacity needs for greater policy influence and engagement in policy formulation
Activity 1.2	Development of a handbook on qualitative policy research and delivery of training in policy research (e.g. types of research, data collection, sampling, research tools and methodologies etc.)
Activity 1.3	Training in advocacy and effective communication for policy influence
Activity 1.4	Training in networking and other means for policy influence
Activity 1.5	Organization of at least 5 networking meetings among CSOs, think-tanks and research centres around policy issues
Activity 1.6	Organization of at least 4 on-demand webinars with international experts
Activity 1.7	Assignment of at least 10 short-terms experts/coachers upon CSOs' demand to help address specific gaps/challenges
Activity 1.8	Development of a walkthrough manual/guidelines for gender transformative and gender responsive policy development and delivery of a 3-day training on gender mainstreaming in policy development and M&E
Activity 1.9	Awareness raising session on the global climate change agenda, Green Deal philosophy and climate-related SDG 13
Activity 1.10	Training in climate proofing of development policies

Activity 1.11 Translation and adaptation of the COVID-19 rapid impact assessment methodology and delivery of training in the COVID-19 socio-economic impact assessment

Activity 1.12 Implementation of a Small Grant Programme to support CSOs participation in evidence-based policy development, policy dialogue and public debate

ER 2. Essential capacities of the region-based CSOs as actors in local development processes are built.

This Component aims to strengthen region-based CSOs by enhancing their organizational development and community activism. The set of interventions under the ER 2 will provide local CSOs with knowledge, skills, networking and funding opportunities, and is expected to give impetus to greater citizens' participation and engagement in local development processes around priority issues such as SDG Agenda, Green Deal and response to COVID-19.

This category of the CSOs includes start-up level, small or micro-size CSOs, community-based and grassroots organizations that have so far been unable to make a meaningful contribution to local development due to lack of basic capacities and poor resource base. The capacity building measures will be tailor-made to the specific needs of the rural CSOs that will be identified through a capacity needs assessment. In addition to the trainings, the CSOs will also be provided with demand-based mentoring and consultancy support to continuously ingrain the new organizational culture and management practices. The project will also facilitate dialogue and relation building between the CSOs, government, local authorities, international organizations and other agents that can provide funding and non-monetary support to local CSOs.

Upon completion of the capacity building programme, CSOs will benefit from a Small/Micro Grant Programme (SMGP) implemented through Operating Grant modality. The SMGP will have double purpose: on one hand, Operating Grant modality will give beneficiary CSOs the time and resources needed to build advocacy and management capacities, foster partnership and coalition building, concentrate on creating or improving the organizational settings and internal development, while, on the other hand, it will give CSOs an opportunity to gain practical experiences and trust of constituencies by implementing small-scale initiatives to bring solutions to local challenges. Thereby, the SMGP will support core functioning/existence of CSOs and its routine activities as well as support it in becoming a resourceful and influential player in local development processes.

The Operating Grants will be allocated in a competitive manner to the best regional CSOs initiatives in support of sustainable local development and community resilience to external shocks. The Call for Proposals will encourage application of the skills and knowledge gained from the trainings, and size of the grant will be commensurate to the applicants' management capacities. Evaluation and selection of the winning proposals will be made on the basis of the CSO's annual work programme and its relevance towards the objectives of the CfP.

The target groups will include small-size CSOs, community-based and grassroots organizations located outside Baku. The estimated number of beneficiaries – 80.

The Estimated Result 2 will be achieved through delivery of the following activities:

Activity 2.1 Capacity needs assessment of small-sized CSOs in the regions of Azerbaijan

Activity 2.2 Delivery of 4 trainings in essential CSO management skills and organizational development

Activity 2.3 Delivery of 4 trainings the CSOs in community mobilization and participation techniques

Activity 2.4 Delivery of 4 trainings in financial sustainability and fund-raising

Activity 2.5 Delivery of 4 specific tailor-made trainings to fill-in capacity gaps identified in the needs assessment

Activity 2.6 Provision of demand-based mentoring and consultancy support to the CSOs

Activity 2.7 Development of a walkthrough manual/guidelines for designing and implementing gender responsive and gender transformative community projects and delivery of training on designing and implementing gender-responsive and gender transformative community projects

Activity 2.8 Awareness raising sessions on the global climate change agenda, Green Deal philosophy and climate-related SDGs

Activity 2.9 Awareness raising sessions on the COVID-19 pandemic

Activity 2.10 Organization of at least 5 networking meetings between CSOs, government, local authorities, international organizations

Activity 2.11 Implementation of a Small/Micro Grant Programme using Operating Grant modality.

SO 2. will be achieved through the delivery of the following Expected Results:

ER 3. Conducive ecosystem and enabling opportunities for boosting the start and development of social enterprise are improved.

This Component will seek to create a common understanding of the role and function of the social enterprises in Azerbaijan, and develop a comprehensive national strategy for social enterprises to ensure comprehensive and coherent support by public institutions and donors. This result will help establish and promote key elements of the social entrepreneurship ecosystem such as policy framework, implementation plan, awareness, capacities and networking among key stakeholders in the social economy. The strategy will identify actions based on different models of the role, functions and context of social enterprises.

In carrying out the activities under this Result, the project will emphasize importance of research, continuous learning, and dialogue to promote mutual understanding of SE concept and trust, and facilitate dialogue between the CSOs, the Government and private sector on social entrepreneurship, build trust, and encourage collaborative action by organizing consultative and high-profile events to promote social entrepreneurship with relevant stakeholders. It will also build a strong foundation for a networking platform for social entrepreneurs.

As a result of the interventions under ER 3, consensus will be built amongst the main stakeholders on the long-term vision, objective, outcome and impact of actions in the field of social enterprise development.

The main beneficiaries of this Component are: i) CSOs that have grants and donations as their main source of funding; ii) entrepreneurial CSOs that have started to earn income from private or public customers; iii) socially responsible SMEs. Other stakeholders include public authorities, innovation agencies and organizations with potential to assist CSOs interested in SE transformation.

The Estimated Result 3 will be achieved through delivery of the following activities:

Activity 3.1 Stakeholder mapping and SWOT analysis on the current state, development potential and barriers of social enterprises and their ecosystems

Activity 3.2 Development of a report on the role of social enterprise in the socio-economic development of the country and resilience to external shocks

Activity 3.3 Organization of 2 workshops to build capacities of CSOs, socially-oriented SMEs, intermediaries in the ecosystem and public authorities to understand SE concept and various SE models

Activity 3.4 Development of a policy paper for building a conducive ecosystem for boosting the start and development of social enterprises including sustainable finance model

Activity 3.5 Organization of a consultative meeting and a high-profile event to discuss draft policy paper

Activity 3.6 Development of a roadmap to translate policy options into policy actions for implementation by various stakeholders

Activity 3.7 Organization of a consultative meeting and a high-profile event to discuss draft roadmap

Activity 3.8 Development of an online roster of social enterprises

Activity 3.9 Organization of at least 4 meet-ups of the SEs for continuous peer learning, networking and dialogue

ER 4. Social Enterprise Platform is established and promoted.

Under this Component, the project will seek to design a platform to instil entrepreneurial spirit and thinking through a realistic hands-on experience based on the internationally tested methodologies and approaches used by start-up accelerators and mentorship programmes (such as ASHOKA, Techstars, Seedstars, Yunus Social Business and others). The Component will support building a pool of local master trainers/mentors who will be paired with international experts throughout the project.

The SE platform will involve three stages: ideation, incubation and acceleration. The ideation stage will be open to all CSOs/SEs interested to participate in the programme. Following the trainings, CSOs/SEs with strong ideas will be accepted to the incubation level to further cook their ideas. Enterprises which already have functioning SE models will be helped to accelerate through SDG accelerator programme, mentorship, demo days with investors, peer learning, study tour or short-term secondments to a selected European country. In addition, the project will create scaling opportunities for CSOs/SEs via access to UNDP accelerator programmes, in particular COVID-19 Solutions Accelerator Programme. This component will be closely coordinated with the EVPA-implemented regional project that in Azerbaijan will focus in facilitating access to finance to social entrepreuneurs.

The Programme seeks to address the effects of the pandemic in a forward-looking perspective to parts of the population with socio-economic vulnerabilities, women and girls, young people and refugees. Moreover, it will seek to accelerate solutions that enable resilience and adaptation - through enabling a faster connection between problem holders and solutions, and a faster flow of information across the board.

Throughout the cycle, CSOs/SMEs will be encouraged to generate innovative solutions tackling the **Sustainable Development Goals** and safeguarding their progress in the face of the COVID-19 pandemic, with a focus on gender, health, environment and climate related goals. Participating CSOs/SEs will be strongly encouraged to leverage use of digital technologies to facilitate business continuity, provide digitalized access to remote education arrangements, health information, telemedicine and other e-services for all. Most successful social business ideas will receive financial support.

Last but not least, the Component will build capacities of local organizations with mandate and potential to provide various services to SEs.

The scope of work will include:

Activity 4.1 Delivery of ToT training on social entrepreneurship for local specialists

Activity 4.2 Delivery of 3 business and social impact skills trainings to the CSOs interested in shifting towards SE and socially oriented SMEs (social impact management, business planning, business models, procurements, sales and marketing, cooperation)

Activity 4.3 Delivery of 3 trainings in data visualization and digitalization

Activity 4.4 Development of a digital knowledge platform

Activity 4.5 Organization of an ideation booth camp where CSOs/SE will work on social gaps and potential solutions (Introduction to Start up World)

Activity 4.6 Assessment of initial ideas and selection of the CSOs for the incubation or acceleration stage (depending on the maturity of the social business)

Activity 4.7 At the incubation stage, delivery of 3 advanced customized trainings and mentorship service for the selected CSOs to further elaborate and develop their ideas

Activity 4.8 Organization of a Pitch Day for the incubating CSOs/SEs where they will defend their business proposals, that will be evaluated by the jury and decision on winning proposals will be announced

Activity 4.9 Organization of Demo Days with investors, accelerators, COVID-19 Solutions Accelerator, potential partners

Activity 4.10 Provision of financial support to the winning CSOs/SEs and implementation of the social business plans

Activity 4.11 Organization of a study tour to a selected European country for peer learning

Activity 4.12 Training for local organisations with a potential to assist SEs to access finance, markets, partners and networks, talents and competences

The main beneficiaries of this Component are: i) CSOs that have grants and donations as their main source of funding; ii) entrepreneurial CSOs that have started to earn income from private or public customers; iii) socially responsible SMEs; iv) innovation agencies and organizations with potential to assist SE start-up and transformation such as Agency for Support of SME Development, AgroProcurementSupply, Innovation Agency under the Ministry of Transport, Communication and High Technologies, Innoland under ASAN. The total number of the key beneficiaries is about 65.

Resources Required to Achieve the Expected Results

The amount of financial resources required to achieve the Expected Results totals at US$ 3,584,229.

The main means for ensuring successful completion of the project will consist of the following:

Project Management Staff:

- Project Manager
- Project Officer
- Project Assistant
- UNDP Programme Officer

Experts/Consultants:

Due to the action complexity and four demanding components to be implemented, the project will gather a wide range of experts in order to meet the strategic demands and maximize the project impact. The key consultancy positions are briefly outlined below:

- Policy research specialist: He/she will be responsible for developing the agenda, content, training materials and delivery of the trainings for the CSOs on policy research and evidence-based policy making, and if needed, may also be involved in assessing the applications for the Small Grant Programme to support CSOs engagement in policy processes.

- Gender expert: The gender expert will be responsible for developing the agenda, content, training materials and delivery of the trainings to the CSOs on gender analysis and gender impact, and gender-responsive project design, implementation and monitoring, and any other tasks required to ensure socially equitable impact of the action on both men and women.

- Experts in organizational development: A team of experts will be tasked with designing the agenda, context, training materials and delivery of the trainings on CSO management, as well as providing ongoing mentoring and advisory support to the CSOs to ensure the knowledge and skills are instilled and applied in practice.

- Experts in social enterprise ecosystems: The experts will be responsible for producing a coherent narrative that explains the context, guiding the process of identifying strategic choices for the SE development and facilitating reaching consensus amongst the main stakeholders on the long-term vision, objective, outcome and impact of actions in the field of social enterprise development. They will also be a source of reference for encouraging and credible examples of the SE from abroad. In addition to foreign experts, UNDP will also mobilize internal capacities of the Acceleration Lab to support successful implementation of the ER 3 and 4.

- SGP Managers: The action envisages three schemes of the financial support to the third parties: i) SGP to support CSOs engagement in policy processes; ii) SGP to support CSOs in local development initiatives; and iii) financial support to social business ideas (incubation programme). Implementation of each scheme will be coordinated by an SGP Manager who will be responsible for the elaboration and finalization of the Call for Proposals; responding to FAQs during the information session and online; reviewing, shortlisting and assessing (jointly with other members of the Evaluation Committee or the jury) the eligible proposals, and providing feedback and support to the applicants in finalizing their full proposals.

In implementing this project, there are several categories of costs that are envisaged for the functioning of the Project Management Unit, including:

Travel

- Per diem and ticket costs

Supplies/Materials:

- Office supplies, furniture and computer equipment (desks, chairs, cabinets and a camera) for project management and other services (tel/fax, electricity/heating, maintenance)
- Supplies, materials and sundries for trainings and workshops
- Visibility materials

Operational facilities:

- Office space for project management staff
- Premises for meetings and networking events
- Premises for trainings
- Rent and maintenance of vehicle (incl. fuel)

Other services

- Sub-contracts for translation and printing
- Sub-contracts for organization of events
- Sub-contract for capacity building in social entrepreneurship. Business development specialists: These specialists will be tasked with developing the curriculum and training materials and delivering basic and advanced business skills trainings to the CSOs and SMEs as well as providing ongoing mentoring and advisory support within the Social Enterprise Platform
- Sub-contract for IT services

Partnerships

Key project stakeholders will be:

Civil society organizations[12]

Civil society organizations are seen both as the recipients of the technical assistance and financial support from the project and as the key agents for change that will ensure the project's impact and sustainability of results in the medium to long-term perspective. Civil society organizations are the primary beneficiaries of the activities under all four Expected Outputs and co-implementing agents of the activities under the Expected Output 1, 2 and 4. They will contribute to the project by providing valuable insights into the policy-making, generating solutions to local problems and being at the forefront of social business development. Their genuine participation and commitment will be instrumental to promoting the culture of participation, transparency and accountability in designing and implementing public policies around the national 2030 Agenda on Sustainable Development.

Small and Medium Enterprises

SMEs are crucial economic actors and an important source of job creation and innovative capacity. The project will engage the SMEs that run or are interested to start business focused on socially important issues. The project will involve the socially-oriented SMEs in the process of developing an effective ecosystem for the SE development under ER 3 by seeking their perspective on the context, optimal SE models for Azerbaijan, and priority directions for the SE roadmap. SMEs will also benefit from the learning opportunities and financial support provided through the Social Enterprise Platform under the ER 4.

Government

The government will play a crucial role in considering social enterprise development in the context of national priorities and integrating it into the legal framework and programming documents. Therefore, participation and buy-in from the government entities will be instrumental for building an effective ecosystem to boost the start and support development of the social enterprises. While there is no single government agency with a clear responsibility for the social enterprise development, the following entities have mandate related to various aspects of SE promotion and social innovation:

[12] The project considers CSOs to include all non-state, and non-profit making structures through which people organise themselves to pursue shared objectives and ideals. Operating from the local level to national, regional and international levels, CSOs comprise both urban and rural organisations, as well as formal and informal organisations. Organisations range from grass roots and community-based organisations, to non-governmental organisations, women organisations, faith-based organisations, foundations and research institutions, trade unions, cooperatives, professional and business associations, and the media.

- Ministry of Economy responsible for drafting and implementing policies and strategies for SMEs development;
- Ministry of Labour and Social Protection of Population responsible for the programmes related to social welfare and labour market;
- Ministry of Agriculture responsible for legislation on agricultural cooperatives;
- State Agency for Service Provision and Social Innovation responsible with promotion of innovation to public service delivery.

In addition, the project will engage the public agencies with the potential to provide SEs with support services such as business development, access to finance, markets, networks etc. These agencies include:

- Agency for Support of SMEs Development under the Ministry of Economy
- Innovation Agency under the Ministry of Transport, Communication and High Technologies
- Innoland and ABAD under the State Agency for Service Provision and Social Innovation
- Agro Procurement Supply under the Ministry of Agriculture

Last but not least, National Coordination Council On Sustainable Development, State Committee for Family, Women and Children Affairs and Ministry of Ecology and Natural Resources will be involved to provide their perspective and inputs into the cross-cutting themes of gender and climate change.

Local authorities

Given the special focus of the project on the regions of Azerbaijan, local authorities – executive power and municipalities – are evident partners in the implementation of the CSOs initiatives supported through the Small Grant Programme 2 under the ER 2 as well as social businesses under the ER 4. The local authorities are the main source of knowledge on the local situation, and have convening power. As such, they are evident counterparts for mobilization of communities, provision of inputs into the assessments and selection of target groups and beneficiaries, organization of local events.

Financial institutions and potential investors

The project will seek to mobilize public and private institutions with a potential interest to provide financial support to the SEs. These are state funds such as Youth Fund, National Fund for Support to Entrepreneurs, State Fund for Development of IT, banks, private companies with strong CSR, microfinancing institutions.

Development partners

The project will look for complementarity and synergies with the EU-funded regional project in support of social entrepreneurship implemented by European Venture Philanthropy Association (EVPA).

Coordination and synergies will be sought with the EU's Framework Partners for Capacity Development of Civil Society Organisations in the Eastern Partnership, a group of seven selected civil society organisations with recognised knowledge, local political awareness and experience in supporting civil society in the wider Eastern Neighbourhood region. With EU funding, these framework partners are implementing similar capacity building activities and financial support in the Eastern Partnership countries, including Azerbaijan, contributing to increased outreach and financial support to new civic actors and to grass-root communities.

Other international partners (UN agencies, GIZ, USAID) supporting CSOs and SMEs development projects and initiatives in Azerbaijan will also be important project stakeholders. They will share, coordinate and collaborate with the project as and where relevant.

Risks and Assumptions

The achievement of the project results is premised on the following assumptions:

- The Government of Azerbaijan remains committed to the implementation of the SDGs Agenda.
- The Government of Azerbaijan affirms its commitment to engage with civil society in policy-making.
- Systems and institutions encourage social innovations for accelerated development and emergency response.
- CSOs are interested to engage in evidence-based policy-making
- CSOs have access to the information sources, communities, geographical sites and other necessary means for their research activities.
- The small-sized CSOs have sufficient baseline capacities and trust of constituencies to implement local development initiatives.
- Local governments and other stakeholders are ready for dialogue and partnership with local CSOs to address needs of vulnerable communities.
- CSOs embrace the concept of social entrepreneurship as a way to boost their financial sustainability
- Government supports promotion of social entrepreneurship and CSOs' involvement in social innovation
- COVID-19 related limitations are fully or partially lifted and domestic and international travel is free and unimpeded.

Project risks and mitigation measures are presented in the Risk Log in Annex 3.

Stakeholder Engagement

The project will target the following categories of organizations:

- Civil society organizations of various calibre, areas of activity, geographic location
- Small and Medium Enterprises which are focused on or are interested to address socially important issues
- Public organizations with a mandate or potential to deliver services to social enterprises
- Innovation agencies and acceleration labs

Final project beneficiaries are:

- CSOs and SMEs will benefit from access to capacity building opportunities, more conducive environment and new and alternative funding options that will eventually help them achieve higher social impact and credibility;
- Communities and various population groups will benefit from improved and innovative services provided by socially responsible businesses and CSOs;
- Government will benefit from partnership with social entrepreneurs to generate more effective local development outcomes.

Knowledge

A dedicated knowledge portal will be created to provide public access to knowledge products generated by the project for all the interested groups; it will make available the training materials, workshop presentations, videos and other resources which are generated by the project and are of public interest. In addition, the project will produce an online database of the social enterprises.

In the frame of the proposed project, key activities to ensure visibility and share project progress and lessons learnt will include:

- The Project Launch Workshop will be organized at the start of the project to communicate the action objectives, expected results and activities to the concerned stakeholders;
- Media advisory, press releases and social media posts will be issued on a regular basis to inform the public about the specific activities/outputs and milestones (including the meetings, trainings, events in regions, results, achievements, etc.);
- A dedicated knowledge portal will be created to provide public access to knowledge products generated by the project for all the interested groups; it will include all training materials, workshop presentations, videos and other resources that have been produced in the frame of the action and which may be of public interest;
- At least four success stories per year will be produced to capture and promote the project results and best practices. At the end of the project, a booklet on success stories of CSOs implementing the SGPs will be produced. Success stories will be disseminated through media, UNDP and EU websites and social media.
- Videos, digital tools and other innovative resources that are of public interest will be shared through media and social media channels;
- SGP project factsheets will be produced to ensure visibility of the CSOs-implemented initiatives;
- High-profile events will be organized to communicate strategic messages related to policy changes;
- A final workshop will be organized at the completion of the project with media participation to disseminate information on the project results to all concerned stakeholders.

The applicable UNDP and EU visual identity elements, required disclaimers etc. will be included in all the publications, purchased hardware etc. as per the specific EU guidance and agreements with the United Nations.

A part-time (50%) Communication Specialist will be recruited to support visibility activities and facilitate knowledge-sharing. He/she will be responsible for the content development and design of the project factsheets; production of project's communication materials (success stories, press releases etc.), publication of the booklets on project results; ensuring compliance with UNDP and EU public disclosure policies; supporting development of the knowledge portal content; and any other tasks that may be required.

Sustainability and Scaling Up

The project will be based on a set of overarching implementation principles that will guide the implementation of all stages of the project with a view to contribute to the sustainability of results after the end of the project funding. These principles translate in the following project tasks:

- Develop ownership of the development processes by organisations and institutions in Azerbaijan that have the potential or interest to engage in capacity and ecosystem building for sustainable CSOs;
- Support social enterprises to play a key role in the economic and social recovery from COVID-19 pandemic;
- Develop trainings materials for CSOs in the local language that will be accessible electronically upon completion of the project thus contributing to the sustainability of the capacity building measures;
- Develop an identity amongst social enterprises established under different legal forms, and working in different fields, and communicate their role in the socio-economic development of the country, and design the development of support structures and mechanisms bottom-up, by co-creating these with stakeholders, peers and users;
- Focus on peer learning and networking, notably by organising and facilitating links of Azerbaijani organisations and institutions with suitable counterparts in other countries, notably in the European Union;
- Create a pool of local master trainers in SE to reduce future dependency on the external expertise;
- Assist entrepreneurial CSOs and socially oriented businesses in focussing their mission and activities on tackling the Sustainable Development Goals, with a focus on gender and green goals.

Important drivers that can contribute to a successful, sustained and scaled-up programme are the following:

Azerbaijan endorsed the 2030 Agenda on Sustainable Development and created the National Coordination Council on Sustainable Development. The Government of Azerbaijan considers the national SDG process as an opportunity to empower a broader range of national stakeholders, promote participative national dialogue and to streamline wider cooperation on the path to sustainable development. As stated in its first Voluntary National Report, the Government has committed to engaging civil society as brokers for this process, "securing outreach to all the groups and segments of society". Government is also increasing attention to SMEs development and continuously improves the overall business environment, as evidenced by Azerbaijan's ranking in the World Bank's Doing Business Index. The synergetic effect of these factors creates a positive perspective for sustainability of the project results at the policy level.

The strategy for institutional sustainability will base on the solid tailor-made capacity development component and networking. It goes beyond traditional delivery of trainings and teaching new skills, and enables hand-on application of acquired skills through grant implementation. The project also seeks to forge strategic partnership with the international organisations specialized in supporting social entrepreneurship (e.g. Seedstars) and local agencies with a potential to provide services to the SEs. Sustainability will also be supported by the networking and partnership building that will be facilitated by the project. This will leave behind lasting partnerships between CSOs, socially-oriented enterprises, national and local authorities, and potential investors.

The support for social innovation is specifically designed to enable CSOs members and entrepreneurs to prototype their ideas with a view to scaling up successful initiatives. Strong emphasis will be placed to explore options for facilitating a networking platform for social entrepreneurs for innovation in collaboration with interested partners and investors.

The project also has a room to address environmental opportunities. The social initiatives and businesses projects that benefit from the project's funding mechanism, will be screened for their

contribution to climate-related SDGs. It is expected that the other activities will have no adverse environmental impacts. This assumption will be subject to regular reviews, including mid-term and end-of-project reviews.

IV. PROJECT MANAGEMENT (1/2 PAGES - 2 PAGES RECOMMENDED)

Cost Efficiency and Effectiveness

The project will draw from the UNDP's experience of administering similar projects on enabling civil society organizations to play a more active role in addressing socio-economic issues and providing services to the vulnerable populations. In particular, to ensure cost-efficiency and effectiveness the project management approach will take into account the following best practices and lessons learned:

- The project's design is informed by the independent evaluations of similar interventions in Azerbaijan as well as review of international good practices and lessons learnt in countries in similar contexts, and is using approaches and methods of proven effectiveness;
- The project will apply the twin-track approach as the most efficient way to boosting the CSOs' capacities by combining capacity building in cross-cutting areas (such as research, advocacy, communication, networking, entrepreneurship skills) with building knowledge and expertise in issue-based areas such as gender, climate change and COVID-19 pandemic;
- To ensure effectiveness of the capacity building interventions, the project will apply **differentiated approach** that will consider specific needs, challenges and opportunities of the various organizations targeted by the project, and result in tailor-made design of trainings and resource materials;
- UNDP will continue to support networking and exchange of experience between the CSOs, to ensure continuous learning, analysis and adaptation;
- The project combines expert designed solutions and recommendations with the engagement of local experience and knowledge and successful practices;
- The project will share the costs of the Communication Specialist with the EU-funded project "VET for the Future: Development of VET Providers' Excellence in Azerbaijan";
- The project will gain cost-efficiency at the operational level by applying best-value-for-money principle in all procurement actions, and using, where available, UNDP's corporate long-term agreements with vendors for delivery of goods and services.
- The project will streamline the innovation across various components building on the capacity of the UNDP Accelerator Lab.

Project Management

The project office will be based in Baku where most activities under ER 1, 3 and 4 will be implemented. However, some project activities (e.g. activities under ER 2 and the Small Grant Programmes to be funded under the Expected Output 2 and 4) will be implemented in various regions of Azerbaijan.

The overall project oversight will be ensured by a UNDP Programme Officer to be assigned to the project. The cost of the Programme Officer will be fully recovered through the Direct Project Costing arrangement. Operational support to the project management will be provided by a full-time Project Assistant and UNDP Operations Unit, including HR Associate, Finance Associate and Procurement Associate.

The project is subject to the audit in line with UNDP policies and procedures.

V. RESULTS FRAMEWORK[13]

Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework: **Outcome** 2: By 2025, people furthest behind benefit from enhanced national capacities and governance structures for social protection and quality public and social services, in line with Azerbaijan's international commitments.
Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets: **Indicator 2.2.1** Number of civil society organizations with strengthened capacity to engage in critical development issues, development planning, budgeting and monitoring at national and local levels **Baseline:** 0 **Target:** 25
Applicable Output(s) from the UNDP Strategic Plan: Signature Solution #2: Strengthen effective, inclusive and accountable governance.
Project title and Atlas Project Number: Developing Innovation-driven and for Sustainable Civil Society in Azerbaijan, Award ID: 00130484, Project ID: 00123786

EXPECTED OUTPUTS	OUTPUT INDICATORS[14]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3	Year 4	Year ...	FINAL	
Output 1.1: *Capacities of the CSOs for*	***1.1.1*** *Number of CSOs with improved policy making capacities*	*Project reports*	*0*	*2020*		*20*				*20*	*Post-training evaluation, training logs*

[13] UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

[14] It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

policy engagement around development issues are strengthened.	***1.1.2** Percentage of CSOs proposed policy recommendations reflected in the national policy documents*	*Policy documents*	*0*	*2020*		*5%*	*15%*			*20%*	*Government and CSOs reports, final project evaluation report*
Output 1.2: *Essential capacities of the region-based CSOs as actors in local development processes are built*	***1.2.1** Number of small region-based CSOs with improved organizational and implementation capacities*	*Project reports*	*0*	*2020*		*80*				*80*	*Post-training evaluation, training logs, field visits, final project evaluation*
Output 2.1: *Conducive ecosystem and enabling opportunities for boosting the start and development of social enterprise are improved*	***2.1.1** Roster of SEs in Azerbaijan available*	*Website*	*No*	*2020*			*Yes*			*Yes*	*Online roster*
	***2.1.2** Social enterprise network to provide an exchange of ideas and best practice learnings exists*	*Records of networking meetings*	*No*	*2020*			*Yes*			*Yes*	*Review of meeting records*
	***2.1.3** Existence of a commonly agreed roadmap towards SE ecosystem development*	*Project records*	*No*	*2020*			*Yes*			*Yes*	*Review of workshop records*
Output 2.2: *Social Enterprise Platform is established and promoted.*	***2.2.1** Number of CSOs and SMEs that benefitted from the learning opportunities*	*Project records*	*0*	*2020*		*60*				*60*	*Records from trainings and other learning opportunities (study tours etc.)*
	***2.2.2** Number of social business ideas generated and financially supported through the Social Enterprise Platform*	*Project records*	*0*	*2020*			*50*			*50*	*Project records, evaluation/ scoring sheets*
	***2.2.3** Number of local institutions trained in to supporting SEs*	*Project records*	*0*	*2020*			*5*			*5*	*Training logs*

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.		
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.		
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.		
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.		
Project Report	A progress report will be presented to the Project Board and key stakeholders,	Annually, and at the end of the			

	consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	project (final report)			
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.		

Evaluation Plan[15]

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Final Project Evaluation	n/a	Signature Solution#2: Strengthen effective, inclusive and accountable governance.	By 2025, people furthest behind benefit from enhanced national capacities and governance structures for social protection and quality	August 2023	CSOs, SMEs, EU, government agencies, local authorities	Source: project budget Cost: 27,316

[15] Optional, if needed

			public and social services, in line with Azerbaijan's international commitments.			

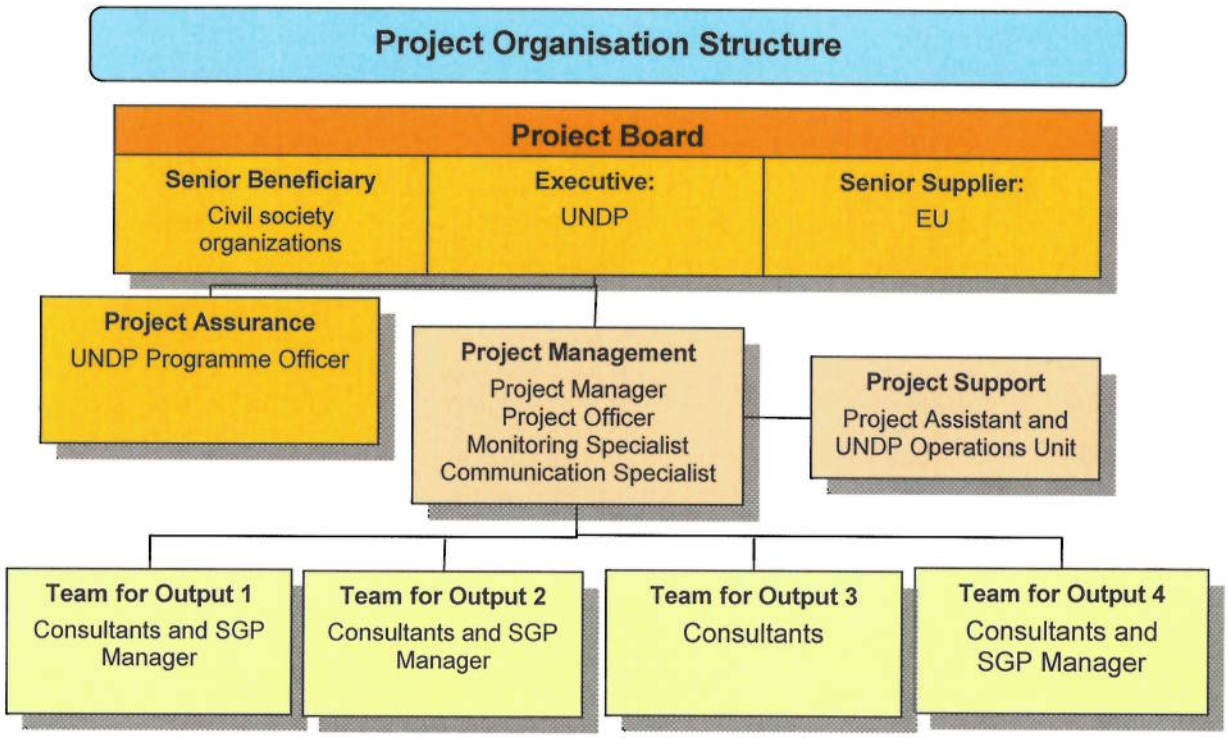
VII. MULTI-YEAR WORK PLAN

The Multi-Year Work Plan is attached in the Excel format.

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The project will be directly executed by UNDP Azerbaijan (DIM). DIM modality was the preferred option given that the project will support interventions to be implemented across a wide range of sectors and issues ranging from gender equality to climate change, COVID-19 pandemic, entrepreneurship, social innovation, as well as in different regions of Azerbaijan. The mandate and capacity to implement such projects is split between various central and local-level executive authorities. In view of absence of a single government authority capable to implement the project, national implementation modality is not seen as a feasible option. However, the project will seek strong involvement and partnership with different partners, including Ministry of Economy, Ministry of Labour and Social Protection of Population, the State Committee for Family, Women and Children Affairs, and other relevant central and local authorities, civil society organizations and municipalities (see details above in the sub- section 'Partnerships').

The roles and responsibilities for the implementation of the programme will be in line with UNDP Rules and Regulations for Project Management that defines minimum requirements to ensure UNDP's accountability for programming activities and use of resources. Project management responsibilities will be distributed according to the following division of work: Project Board, Project Assurance, Project Management, and Project Support.



The Project Board is the group responsible for making by consensus executive management decisions for a project when guidance is required by the Project Manager, including approval of project plans and revisions. In order to ensure UNDP's ultimate accountability, the Project Board decisions should be made in accordance to standards that shall ensure management for development results, best value money, fairness, integrity, transparency and effective international competition.

This Project Board contains three roles: an Executive to chair the group, a Senior Supplier to provide financial resources of the project's activities, and a Senior Beneficiary to ensure the realisation of the project's benefits from the perspective of the beneficiaries. The Executive role is held by UNDP Deputy Resident Representative. The Senior Supplier role is held by EU Delegation in Azerbaijan and the Senior Beneficiary role will be held by the civil society organizations

benefiting from the project. The Project Board will meet at least once a year to review the project progress and address any problems that may arise in implementation. The meetings of the Project Board will also be a space to propose and adopt changes to the project's implementation plan wherever such changes are deemed feasible.

Programme Assurance: UNDP Azerbaijan Programme Officer will hold the Programme Assurance role. The Programme Assurance role supports the Project Board by carrying out objective and independent programme oversight and monitoring functions. This role ensures that appropriate programme management milestones are managed and completed and link with AccLab to realizing outcomes on innovation.

The Project Manager has the authority to run the project on a day-to-day basis on behalf of UNDP Azerbaijan. The Project Manager's prime responsibility is to ensure that the project produces the required results that are capable of achieving the benefits defined in this document. He/she will be supported by the Project Officer. The Project Officer will contribute into planning, coordinating and monitoring implementation of project activities. He/she will provide inputs into project progress reports, help drafting scope of works/Terms of Reference/technical specifications for sub-contractors, and perform other substantive and organizational tasks.

Part – time Monitoring Specialist will be tasked to develop and maintain the M&E System of the project and ensure that it feeds the PMU with relevant information for progress assessment and decision-making. The Monitoring Specialist will be I n charge of reviewing the logical framework, particularly indicators and monitoring mechanisms; monitoring, recording and reporting on progress of the indicators against the Logframe, the Annual Work Plan, and Budgets (AWPBs); making field visits and spotchecks (including to the CSO-implemented projects and businesses); documenting and collecting information on lessons learned; identifying, analyzing and report best practices; organizing the independent evaluation, and providing inputs into the regular donor reports.

The Project Support role provides project administration and management support to the Project Manager. This role will be performed by the Project Assistant and UNDP Operations Unit. He/she The Project Assistant will be responsible for all administrative matters such as procurement, contracting, organizational/logistical matters, and financial management of the project including disbursements, record-keeping, cash management, preparation of requests for direct payment and advances, and compilation of financial reports.

The PMU will be supported by a team of international and local experts/subcontractors to be recruited for the implementation of the specific outputs/activities of the project.

IX. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of the Republic of Azerbaijan and UNDP, signed on 6 January 2001. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be directly implemented by UNDP ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures.

X. RISK MANAGEMENT

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)

2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the [project funds][16] [UNDP funds received pursuant to the Project Document][17] are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment ("SH") allegations in accordance with its regulations, rules, policies and procedures.

6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:

    a. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
        i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
        ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.

    b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
    c. In the performance of the activities under this Project, UNDP as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or

[16] To be used where UNDP is the Implementing Partner

[17] To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or address SEA and SH.

d. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.

e. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.

f. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.

g. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

   Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

h. UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

   Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

i. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.

j. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

k. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled "Risk Management Standard Clauses" are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

XI. ANNEXES

1. **Project Quality Assurance Report**
2. **Social and Environmental Screening Template**
3. **Risk Analysis**
4. **Project Board Terms of Reference and TORs of key management positions**

Annex 3. Risk Log

	Description	Risk Category	Impact & Likelihood = Risk Level	Risk Treatment / Management Measures	Risk Owner
1	There is a risk that the government will not provide the civil society with space and opportunities to influence the national agenda.	Political	Likelihood=3 Impact = 5 Risk Level = Substantial	Building on its relations with a broad array of the government agencies, UNDP will advocate for the participation of the CSOs in the policy making processes around SDGs issues. Possible response measures will include continued advocacy for participatory approaches in formulating and implementing SDGs agenda that will be emphasized during working and high-level meetings, in public statements and strategy documents.	Project Manager
2	Some CSOs may face delay in registering their grant contracts due to the impediments in the legal environment.	Political	Likelihood=3 Impact=4 Risk Level = Substantial	UNDP will leverage its clout to facilitate the process of registering the grants by the Ministry of Justice. UNDP will send to the MoJ an advance notification with the list of grant winning CSOs and a Letter of Support. If needed, UNDP will also meet the top management of the Ministry to advocate for the smooth registration process.	Project Manager
3	The idea of starting up and running businesses may be new to many CSOs that mostly rely on the traditional sources of income such as grant. They may not be able to readily embrace the SE concept and open/run commercially viable business.	Institutional	Likelihood=3 Impact=2 Risk Level = Moderate	The project methodology goes beyond performing the task of delivering trainings and teaching new skills, and takes a broader view of changing mind-sets and attitudes. This will be achieved by engaging the CSOs leaders and activists through the Social Enterprise Platform and facilitating networking between CSOs, SMEs and organizations specialised in supporting SEs or having such potential	Project Manager

Annex 4. Terms of Reference

Project Board

Overall responsibilities: The Project Board is the group responsible for making by consensus management decisions for a project when guidance is required by the Project Manager, including recommendation for UNDP/Implementing Partner approval of project plans and revisions. In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance to standards that shall ensure best value to money, fairness, integrity transparency and effective international competition. In case a consensus cannot be reached, final decision shall rest with the UNDP Programme Manager. Project reviews by this group are made at designated decision points during the running of a project, or as necessary when raised by the Project Manager. This group is consulted by the Project Manager for decisions when PM tolerances (normally in terms of time and budget) have been exceeded.

Based on the approved annual work plan (AWP), the Project Board may review and approve project quarterly plans when required and authorizes any major deviation from these agreed quarterly plans. It is the authority that signs off the completion of each quarterly plan as well as authorizes the start of the next quarterly plan. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the project and external bodies. In addition, it approves the appointment and responsibilities of the Project Manager and any delegation of its Project Assurance responsibilities.

Composition and organization: This group contains three roles, including:

1) An Executive: individual representing the project ownership to chair the group.

2) Senior Supplier: individual or group representing the interests of the parties concerned which provide funding and/or technical expertise to the project. The Senior Supplier's primary function within the Board is to provide guidance regarding the technical feasibility of the project.

3) Senior Beneficiary: individual or group of individuals representing the interests of those who will ultimately benefit from the project. The Senior Beneficiary's primary function within the Board is to ensure the realization of project results from the perspective of project beneficiaries.

Potential members of the Project Board are reviewed and recommended for approval during the LPAC meeting.

Specific responsibilities:

Defining a project

i. Agrees on project manager's responsibilities, as well as the responsibilities of the other key members of the project management team;
ii. Delegates any project assurance function as appropriate;
iii. Reviews the progress report for the initiation stage (if an initiation plan was approved);
iv. Reviews and appraises detailed project plans, including the multiyear workplan and Atlas reports covering activity definition, an updated risk log and the monitoring schedule plan; and
v. Shares annual reports and relevant information on achievement of the outcomes with the programme board and outcome group.

Running a project

i. Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;
ii. Address project issues as raised by the project manager;
iii. Provide guidance on new project risks, and agree on possible countermeasures and management actions to address specific risks;
iv. Agree on project manager's tolerances as required;
v. Review the project progress, and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
vi. Review combined delivery reports prior to certification by the implementing partner;
vii. Appraise the project annual review report, including the quality assessment rating report; make recommendations for the workplan; and inform the outcome group about the results of the review;
viii. Provide ad hoc direction and advice for exceptional situations when the project manager's tolerances are exceeded; and
ix. Assess and decide to proceed on project changes through appropriate revisions. +

Closing a project

i. Assure that all project deliverables have been produced satisfactorily;
ii. Review and endorse the final project review report, including lessons learned;
iii. Review financial reports, including the final combined delivery report prior to certification and signature;
iv. Make recommendations for follow-up actions to be submitted to the outcome group and programme board; and
v. Notify the outcome group and programme board of the operational completion of the project.

Project Manager

Overall responsibilities: The Project Manager (PM) will report to the UNDP Azerbaijan Programme Officer (or other duly designated UNDP officer) for all of the project's substantive and administrative issues. The PM will report on a quarterly basis to the Project Board. The PM will be responsible for meeting UNDP obligations under the project and will perform a liaison role with the Government, donors, NGOs and other project partners.

Specific responsibilities:

Running a project

I. Plan the activities of the project and monitor progress against the approved workplan;
II. Mobilize personnel, goods and services, training and micro-capital grants to initiate activities, including drafting terms of reference and work specifications, and overseeing all contractors' work;
III. Monitor events as determined in the project monitoring schedule plan, and update the plan as required;
IV. Manage requests for the provision of financial resources by UNDP, through advance of funds, direct payments or reimbursement using the fund authorization and certificate of expenditures;
V. Monitor financial resources and accounting to ensure the accuracy and reliability of financial reports;
VI. Be responsible for preparing and submitting financial reports to UNDP on a quarterly basis;
VII. Manage and monitor the project risks initially identified and submit new risks to the project board for consideration and decision on possible actions if required; update the status of these risks by maintaining the project risks log;
VIII. Capture lessons learned during project implementation; a lessons learned log can be used (see template).
IX. Perform regular progress reporting to the project board as agreed with the board;
X. Prepare the annual review report, and submit the report to the project board and the outcome group;
XI. Prepare the annual workplan for the following year, as well as quarterly plans if required; and
XII. Update the Atlas Project Management module if external access is made available.

Closing a project

i. Prepare final project review reports to be submitted to the project board and the outcome board;
ii. Prepare final lessons learned report, identify follow-up actions and submit them for consideration to the project board;
iii. Manage the transfer of project assets and files to national beneficiaries;
iv. Prepare the final financial report to be certified by the implementing partner and submit the report to UNDP; and
v. Support the UNDP programme manager in the commissioning, management and use of evaluation, including the preparation of a management response and implementation of committed actions (if delegated).

Project Officer

Overall responsibilities: The Project Officer (PO) will report to the Project Manager for all the project's substantive and administrative issues such as procurement, contracting and logistics. He/she will be responsible for day-to-day management of the project, mobilization of the project inputs and ensuring project deliverables in accordance with the workplan.

Specific responsibilities:

Running a project

I. Plan the activities of the project and monitor progress against the approved workplan;
II. Monitor events as determined in the project monitoring schedule plan, and update the plan as required;
III. Mobilize personnel, goods and services, training and micro-capital grants to initiate activities, including drafting terms of reference and work specifications, overseeing all contractors' work and ensuring the timely execution of their assignments;
IV. Maintain project records, draft routine correspondence and ensure adequate information flow between project partners, stakeholders and beneficiaries;
V. Organize project trainings, meetings, stakeholder consultations and other project events;
VI. Be responsible for financial management including disbursements, record-keeping, cash management, preparation of payment requests and compilation of financial reports.
VII. Ensure visibility of project activities and results;
VIII. Support PM in monitoring risk log and capturing lessons learnt in the project implementation;
IX. Draft the regular and annual review report, and submit the report to the PM for review;
X. Prepare the annual workplan for the following year, as well as quarterly plans if required; and
XI. Update the Atlas Project Management module if external access is made available.

Closing a project

vi. Prepare initial draft project review reports to be submitted to the PM;
vii. Contribute to the final lessons learned report, identify follow-up actions and submit them for consideration to PM;
viii. Manage the transfer of project assets and files to national beneficiaries;
ix. Prepare initial draft financial report for review of the PM; and
x. Support the PM in the commissioning, management and use of evaluation, including the preparation of a management response and implementation of committed actions (if delegated).