



**İqtisadi Tədqiqatlar Mərkəzi**

**Economic Research Center**

**ANNUAL REPORT**

**BAKU -2008**

➤ **Implementation of programs / projects and achievement of planned objectives**

During 2007 Economic Research Center implemented several projects, the results of which were successful both for ERC activity and society. Generally, projects have covered economic fields of the country, particularly anti-inflation policy of the government monitoring of funds allocated for different social assistance purposes, transparent municipality budget and increasing level of public participation in municipalities' decision making process..

**a) Title of the project: “Local Self-Governance and Role of Municipalities in Poverty Reduction ”**

**Financial support: Oxfam Great Britain**

**Project term: 01.01.2006 – 01.01.2007**

The project aims to direct local budgetary funds towards municipality, programs on social and economic development and to achieve an advance in the lives of poor men and poor women in municipalities, in order to increase the role of municipalities in poverty reduction through expanding community accountability in the local budgetary process and increasing transparency of budgetary funds.

*“Conception of Strengthening Municipalities in Azerbaijan”* consisting of 51 pages published in the framework of the project which includes

**a)** organisation of budget-related documents in municipalities; **b)** Application of public participation technologies in the budgetary process; **c)** application of Information Technologies to budget management will pave the way for improvement in initiatives related to budget transparency, as well as increasing sustainability of outcomes gained.

**Title of the project: “Monitoring of Usage of State Budget Funds Allocation for Refugees to Cover Electricity Cost and Food Provision”**

**Financial support: Open Society Institute-Assistance Foundation**

**Organizational Support: National Budget Group**

**Project term: 01.03.2007 – 01.03.2008**

The main objective of the project is to monitor transparency of funds allocated from state budget to IDP and refugees for using electricity costs and food, thus to ensure transparent distribution mechanisms. Furthermore, to learn the gaps in this sphere, to pass received experience to other NGO networks through trainings organization and development and implementation of advocacy concept together with them.

Effective co-operation contacts have been achieved with State Committee on Affairs of IDP and Refugees within the framework of the project. ([www.erc-az.org](http://www.erc-az.org))

**b) Title of the project: “Enhancing Transparency Initiatives and Ensuring Public Participation in Municipal Budget”**

**Financial and Organizational Support: Civil Society Project of USAID**

**Project term: September 03 2007 – May 03 2008**

Methodological and technical support of 4 municipalities chosen on pilot basis in Guba, improvement of budget-tax system and increasing of public participation in this process was planned. For the first time in Azerbaijan organizing of participation forms such as “Citizen’s Report Card” and “Town Hall Meeting” is planned for 2008 in the framework of the project.

**c) Title of the project: “Health Related Millennium Development Goals Campaign”**

**Financial support: “Oxfam” International humanitarian organization (Great Britain)**

**Project term: 15.06.2007-15.07.2007**

The main goal of the project is increasing of public awareness on current situation in Azerbaijan, possible threats and perspectives in the field of realization of Millennium Development Goals, also to drive attention of government structures to these issues through Mass Media. Documentary film reflecting the situation in Azerbaijan on two of the Millennium Development Goals –“In a Future Incarnation” has been screened on ANS TV (July 7, 2007, 14.20 pm) and on regional TV channels, such as “Simurg” TV (19.10), “Aygün” TV (19.10), “Mingachevir” TV (20.30), Alternative TV (20.45), “Gutb” TV (21.35).

**d) Title of the project:** *“Assessment of Factors that Effect Implementation Accuracy of Targeted Social Assistance Mechanism”*

**Financial support:** “Oxfam-Novib”, Netherlands

**Project term:** 01.09.2007 – 30.04.2008

The project entails objectives such as to assess needs-based social assistance assignment process, avoid factors of inclusion and exclusion errors that impede the poor to have an access to this benefit, to estimate the scale of this problem and its impact on social assistance assigned households. Beginning from November 1st, 2007 the survey has been carried out in Mingachevir among 5 survey groups and has been completed by December 1. Results of the survey will be delivered to society after to be processed via SPSS programm.

For further detailed information on the implemented projects, please go to <http://erc-az.org/new/view.php?lang=en&menu=2>

**e) Title of the project:** *“Budget Transparency and Increasing of Public Participation in Decision Making Process of Municipalities”*

**Financial support:** USAID

**Organizational support:** CHF

**Project term:** 17.09.2007-17.02.2008

The main goal of the project is increasing of municipalities’ knowledge and experience on budget management and achievement of public participation in decision making process of municipalities by increasing public awareness. One day in advance of each training in each region, orientation sessions were provided by ERC experts and trainers in association with the CHF Deputy Director for the regional office staff and responsibilities were assigned.

During trainings, attendees were introduced to the project goals, activities, and implementation stages and made familiar with the successful cases under the same previous projects. To enhance the effectiveness of the held presentations, and find out the quality of presentation contents and professionalism of trainers, evaluation sheets were distributed to participants at the end of each training.

**f) Title of the project:** *“Alternative Inflation Methodology Development”* (<http://erc-az.org/new/view.php?lang=en&menu=4>)

**Financial support:** USAID and ERC, in part

**Organizational support:** World Learning, Eurasian Foundation

**Project term:** 03.11.2006-31.01.2008

The goal of the project is strengthening of current anti-inflation policy of the government, determination of influence of the inflation to poverty level and preparation of alternative methods for it.

Program activity, which is the part of Institutional Development project, of 2007 on “Alternative Inflation Methodology Development” project has served the goals to broaden the project and

strengthen advocacy based on the results achieved during implementation of the project. Activity is divided into two rounds.

**The first round** has been assessment of the results achieved during reserches on project implementation and preparation of Recommendation Pack with the prupose to strengthen anti inflation policy in Azerbaijan. Below is a short review of recommendations:

**a) Monetary anti-inflation policy:**

**b) Fiscal Anti-inflation policy:**

**c) Administrative Anti-inflation policy.**

Recommendations Pack has been presented to state agencies dealing with economic and financial policy, as well as to the Ministry of Finance, Ministry of Economic Development, and National Bank. At the same time the Pack has been translated into English and sent to World Bank and International Monetary Fund. On November 29, 2007 in International Press Club Recommendations Pack has been presented to Mass Media with the purpose to strengthen anti inflation policy. 22 Mass Media representatives have participated in the presentation. 6 news agencies have delivered information about the event. Reportage on the event has translated on news program “Khabarchi”of ANS TV. Furthermore, 5 articles on the methods of strengthening anti inflation policy in Azerbaijan have been published. 4 of them have been in Azerbaijani language, so as 1 of them has been in Russian.

**1.** Monopoly and Unfair Competition are the Main Factors Stimulating Inflation– “Baki Zaman” newspaper, December 26, 2007

**2.** Underground Economy is One the Main Factors Accelerating Inflation. –“Ayna” newspaper, January 24, 2008

**3.** The Government should Overview Monetary Policy Again.– “Gun Sahar” newspaper, January 25, 2008

**4.** Oil Incomes-the Main Factor Stimulating Inflation– “525-ci” newspaper, January 29, 2008

**5.** Forecast Tensions in Inflation Rate for This Year– “Zerkalo” newspaper, January 31, 2008

**The second round** has been observed with activities strengthening preparation and implementaion process of Family Web Calculator. With this purpose survey in two regions has been held. (Baki and Mingachevir). 150 respondents from each region have participated in survey. The purpose of survey has been determination of 100 products from 585 most used. After completion of the survey ERC associates have held monitoring among respondents. Web calculator prepared in the framewrok of the project is available in three languages.

- The calculator was launched to ensure individuality and practical use of the inflation rate.
- Based on the survey, the top consumed 100 items including food, non-food and services were selected.
- The Consumer can calculate his/her own inflation rate by entering the most consumed product names in 3 languages starting form January 2008.

Furthermore, presentation of the web calculator has been carried out. Presentation organized in two languages- Azerbaijanian and English was held in hotel “Europe” on January 17, 2008. 56 representatives of different institutions participated at the presentation conference. 28 newspapers spread information about the presentation. Currently promotion campaign of inflation calculator continuous. In the result of promotion activities number of users visiting web page ([www.inf.erc-az.org](http://www.inf.erc-az.org)) has increased up to 311.

**g) Title of the project: “Implementation of Information-Communication Technologies (ICT) in Monitoring and Advocacy of Health Budget”**

**Financial support: OSI-AF, New-York office**

**Project term: 25.01.2007-25.10.2007**

As the result particular link on the basis of products (Talk-shows, radio-debates, special number of “Expert” magazine, articles published in newspapers, events on increasing public enlightenment, press conferences) received from implementation of this project has been created on the web site of ICT. For further information, please visit the web site [www.med.erc-az.org](http://www.med.erc-az.org).

Also, for additional information on activities held within the framework of the project see att. A1.1

➤ **Strategic development of the organization**

• **Organizational update**

Thanks to the **Institutional Core funding program of LGI/OSI**, Budapest, a position of **External Communications officer** has been established at ERC as of January 1, 2007 to enlarge scope of already existing relations and build up new partnership links & relationships with various key stakeholders in the implementation of its activities. The project caused a few organizational culture changes involving re-shaping values, beliefs and behavior taking a great deal of time and hard work from everyone involved

Over the 6 months since the start of the project, the officer dealt with his job in two major directions:

- 1) Extended communication both with foreign and domestic organizations and networks;
- 2) Deliberations on development and extension of organizational policy portfolio;

In particular the following activities have been done during the period since January 1, 2007:

- ◆ As of April 16, 2007 ERC has become part of **CIVICUS network**, known as, an international alliance to strengthen citizen action and civil society throughout the world with a vision of worldwide community of informed, inspired, committed citizens engaged in confronting the challenges facing humanity. The negotiations for membership lasted through a few stages with the successful completion. ERC is the second organization from Azerbaijan to within that network
- ◆ After a series of negotiations, from April 2, 2007, ERC started to cooperate with **Center for International Private Enterprise**, committed to strengthening democracy through private enterprises and market-oriented reforms by submitting a proposal.
- ◆ Due to the extended collaboration, ERC was recently consulted by experts of future USAID funded project experts, who were representatives of Chemonics International, a consulting firm and offered ERC an opportunity for cooperation within the upcoming project.

- ◆ Another success in terms of extensive relations was that, on March 9, 2007, ERC was invited by *American International Health Alliance* to cooperate within the framework of the upcoming health project in Azerbaijan on developing a national master plan for workforce & health infrastructure. The negotiations are still continued by the officer.
- ◆ The officer was responsible for the content and design of organizational brochure for ERC and the final draft was prepared since the late March containing mission, vision, organizational background, research dimensions, recently finalized projects and values that the center supports. The officer made sure that the brochure details are also available online at organizational website, which could provoke other future partnerships.
- ◆ The negotiations have been started and are still going on in terms of membership to the *Global Development Network (GDN)*, an independent not-for-profit organization dedicated for research capacity building in developing and transition countries.
- ◆ With regard to the relevant trips, the external communications officer has visited Japan on a workshop of Asian Think-tanks from June 5-8, 2007 that discussed *Strengthening Knowledge Management and Knowledge Sharing* for Development. The workshop added value to the organizational development with an emphasis on the effective use of Information Technology in communications strategy with target audiences.

During the next 6 months of the project the following activities have been done.

- The negotiations on membership to *ECAS (European Citizen Action Service)* have been started and are still going on in the direction bilateral co-operation and fruitful membership to this network dealing with the aid to organizations to establish contacts organizing visits to the EU Institutions and other European NGOs
- With the purpose to extend international relations negotiations on membership issues to *European Policy Institutes Network (EPIN)* is still going on as well. *EPIN* is a network of dynamic think tanks and policy institute current EU and European political and policy debates with more than 25 member think tanks in 21 countries.
- The same process is being continued with the *Network of Institute and Schools of Public Administration in Central and Eastern Europe (NISPACEE)*. In case of membership and finding funds representative of Economic Research Center is to be able to participate in 16<sup>th</sup> Annual Conference- “ Public Policy and Administration: Challenges and Synergies”, May 15-17, 2008, Bratislava, Slovak Republic.
- Being a member of *European Network of Training Organizations for Local and Regional Authorities (ENTO)* participation of chairman of ERC Gubad Ibadoglu *had* been planned in Bureau meeting held in France, Strasbourg on January 17, 2008. The participants were responsible for funding of transport and accommodation on their own. Because of financial difficulties caused the participation of ERC was not possible in that case.
- The next step towards institutional development of the organization was the successful negotiation with *Stockholm Network* which is the leading pan-

European think tank and market oriented network and a one-stop shop for organizations seeking to work with Europe's brightest policymakers and thinkers. In the result of negotiations ERC achieved membership within the network and has been signed up to newsletters of the network's activity. Future participation of the ERC in events hold by network which will aid to learn and share knowledge and experience is planned as well.

- Another success of Economic Research Center was the co-operation proposal received by *Foreign Policy Research Institute of Villanova University* and a copy of report of the project Global "Go-To Think Tanks" implemented by this think tank.
- The officer was responsible for new design and translation of brochure for ERC, which has been completed and is ready for publishing.
- The most important achievement have been through membership co-operation between ERC and such networks as *PASOS, CIVICUS, PWYP, ENTO, IBP AND EITI Secretariat in Oslo, Norway.*
- *Board developments (changes, updates etc.)*

In July, 2007 ERC registered some changes in the Board of the Economic Research Center. Thus with the decision of general meeting of the organization Azer Mehtiyev, Rovshan Agayev and Aynur Djabbarova have been dismissed from Board by their own will. Eldar Godjaye, Vusal Gasimli and Elshad Mikayilov were accepted to the Board instead of them. A.Mehtiyev has offered candidacy of V.Gasimli for the position of Board deputy, which has been supported by meeting. So as he had resigned from this position. Furthermore, Observation Council of Economic Reserach Center has been formulated which members were Ali Alirzayev, Azer Mehtiyev, Leyla Aliyeva, Mehman Aliyev and Naila Balayeva.

- *Staff developments (changes, updates etc.)*

On par with the orientation of HR office, the special policy has been designed and put in place. Based on that policy, job application forms, personal sheets of the staff have been created.

Another effort of HR manager was to take part in the selection process of new staff members, such as recruitment of 2 persons within the framework of the project "*ICT Application in the Advocacy campaign for Health monitoring*". The selection was merit based in the sense that the job announcement had been initially posted on organizational website. As a result of the selection, **Fidan Najafova** and **Sharafat Ismayilov** were appointed to these positions.

In order to further improve the job participation and avoid any occasions of absenteeism, a few staff members were orally warned ultimately changing their attitudes towards their work.

In October 2007, External Communications Officer Elshad Mikayilov and Quality Control officer Tural Mammadov were dismissed due to their appointment to another project. Vacancies for their positions were announced. Vacancy announcements were replaced in "**525ci**" newspaper, on the web site [www.day.az](http://www.day.az) and [www.azerweb.com](http://www.azerweb.com). 29 applicants were invited to the interview. Test exam has been organized among the candidates on November 6, 2007. 11 applicants were passed to the second round. The second round has been organized on November 14, 2007. In this round Chairman of the Board Gubad Ibadoglu, Deputy chairman Vusal Gasimli and HR Manager Jeyran Nasibova interviewed the candidates passed test examen succesfully. After several discussions **Nurana Ismayilova** has been appointed as Quality Control officer and **Parvana Persiani** as External Relations Office. N.Ismayilova and P.Persiani were appointed from December 01, 2007 with the term of 2 test month.

Note: **N.Ismayilova** graduated from the faculty of Finance and Business Accountant of Azerbaijan University of Cooperation in 2007. Speaks Azerbaijani, Russian and English fluently. **P.Persiani** is doing her last year bachelor degree at Azerbaijan University of Languages, in International Relations and European Studies faculty. Speaks Azerbaijani, Russian and English fluently, has good knowledge of German and French.

CV's are attached as MS Office Document. (See. Att B 1.1 and att C 1.1)

- ***Any other internal organizational development (new procedures, practices introduced etc.)***

With the purpose to reduce cash operations within the organization's financial deals card system has been implemented for giving salaries both to permanent staff and projects team since September of 2007. Corresponding documents have been presented to the bank and plastic cards have been received. Corresponding documents of the employees, which don't have social insurance card connected with private enumeration have been presented to State Social protection Fund as well and insurance cards have been received.

Corporate promotion marks have been accepted with the decision of the Board. The first step towards this has been updating and designing of the logo in new standards. In October IP has prepared instruction reflecting the logo and indicators of the logo and has presented them to ERC.

- On November 28-30th, 2007, HR Manager of Economic Research Center Jeyran Nasibova participated in training related to her position. Seminar held in BP Business Center was organized by Azerbaijan Micro Finance Association.

Training-seminar has been dedicated to human resources management. The objective of the training has been aid to managers working with human resources to understand the key elements of effective control of human resources within their organization. The first day of the training has been dedicated to the control of human resources and writing of IR instructions, but the second day has been dedicated to salary, awarding, encouraging, also to appointment, selection process issues. During the third day control of employees work, development and training topics have been delivered. Trainings have been conducted by director of 'Azeri Star' micro financial institute Rufat Abbas. Training participants have received certificates.

- As with the improved qualifications of the staff, the officer made sure that the quality control specialist Tural Mammadov and monitoring group leader Zamin Talibli attended a workshop on "Writing Effective Policy papers" where they were introduced to how to structure the policy papers and design the content.
- For motivation of the staff, Rauf Gasimov, coordinator assistant under the municipal project, and administrative manager Shohlet Salimov were awarded an additional 30 AZN manats in addition to their monthly salaries particularly for their biggest contribution to the organization of the final conference on the municipal project.
- As for the enhanced knowledge of the staff members, Shohlet Salimov office manager was detached to a two-month course to adopt Photoshop CS and Corel Draw Applications as of May 07, 2007.
- Also during June, 2007, negotiations went with the Chamber of Accounting and eventually finance manager Anar Bayramov joined the auditing course leading to practical recommendations for financial management improvements in the organization. Meanwhile, the negotiations are still successfully going on with the Counterpart Int. Azerbaijan to make their Financial Management Consultant, Tyler Loc DuLam, who is working with the Civil Society Project, available to visit our office and help our finance manager with the conduct of financial assessment process.



- On July 16-20, 2007 Quality Control Officer of Economic Research Center Tural Mammadov, External Communications Officer Elshad Mikayilov, Rajab Imanov and Rauf Gasimov participated in the training on “Citizen participation” organized by Counterpart International. Training was organized in Novkhani Summer Training Center. The goal of the training was to aid the development of dialogue between Azerbaijani government and citizens through creating active democracy existing on the basis of representacy. Training was conducted by associates of Urban Institute – Deborah Kimble and Naviin Djavid. Training participants were awarded with certificates.
- On July 25-26, 2007 Financial Manager of Economic Reserach Center Anar Bayramov participated in training course on classification, Accounting and Analysis of Loan Operations in Micro Finance Associations. The seminar held in BP Business Center was organized by Azerbaijan Micro Finance Association. Lectures were delivered by Chief Accountant of “Cred Agro” Non-Banking Credit Organization. Training participants were awarded with certificates.

Among international events where ERC has been presented either by its Management Board members or staff are conference held in Sarayevu on March 27-29, 2007 on the topic “Local Governance and social responsibility in Central and Eastern European Countries”; training on the topic “Funding of health sector”, on May 16-June 06, 2007 in Clivlend (USA); seminar on the topic “Bridge between Knowledge and Power” held in Budapest on May 17-18, “Strategic Dimensions and Internal Situation “ the XIII SPF Issyk-Kul Forum on November 5-6, 2007; An international think-tanks' conference” organized by OSI-AF (PASOS)- “Common Foreign Policy Priorities towards an Open Society, Berlin , November 01-03 and others.

PR Manager Dunya Abdullayeva has been awarded with 100 manat bonus for providing high level organization of the event dedicated to 6 month final results of the project “Development of Alternative Inflation Methods” on August 6, 2007 and for other achievements in PR strategy of ERC.

As a result of changes to the organizational structure of ERC made since January 2007 under the Institutional Core Funding granted by OSI/Budapest, Think-Tank Fund, a position of quality control specialist has been created and the following is the list of activities implemented by the officer to ensure the quality outputs of the Center.

1. Initial Quality standards have been identified and adjusted to the specificities of ERC management.
2. During the period between January-June, the “Expert”, an editorial monthly publication of ERC, has been released for 6 times and the articles contained therein went through the checklist of standards organized by the officer and they have all been aligned in terms of formatting, structure and content design with the eventual permission on their final drafting. All numbers of the magazine are published in the last decade of each month . The table indicates assessment of each number of the the magazine. (5 - excellent, 1 – fail ; see att. D1.1)
3. At the end of March the brochure of ERC was designed and the officer made sure that the organizational background and other technical stuff be incorporated into the content. In April the publishing of the borchure has been provided. The Table below indicates asesment of the brochure (5 - excellent, 1 – fail; see att. E 1.1)
4. In the first decade of March “Citizen’s Budget Guide” for 2007 that had been initially submitted to the control supervisor to check against the pre-defined set of targeting communication standards.

After control the checking the guide has been published in the last decade of March. The table indicates assessment of the guide (5 - excellent, 1 – fail, see att. F 1.1):

5. Starting from the end of April, the activities of ERC for 2006 have been compiled into an annual report particularly reflecting 11 ERC conducted projects, website and official overseas visits of the staff members.

The table indicates assessment of annual activity for 2007 (5 - excellent, 1 – fail, see att. G 1.1):

6. In the first 6 month of the year the quality of final reports on the projects *“Advocacy on Targeted Social Assistance Mechanism and Monitoring of Resources Allocated from State Budget”*, *“Enhancing of Transparency Initiatives in Municipality Budgets and Public Participation”*, *“Evaluation of Factors Having Influence on Targeted Social Assistance Mechanism”*, *“Budget Transparency and Control”*, *“Role of Municipalities in Poverty Reduction and Local self-governance in Azerbaijan”* has been checked and presented to corresponding donors.

7. *“Conception of Strengthening Municipalities in Azerbaijan”* consisting of 51 pages published in the framework of the project *“Role of Municipalities in Poverty Reduction and Local self-governance in Azerbaijan”* has been presented to quality control manager in the last decade of April after which presentation has been organized.

8. In the framework of the project *“Alternative Inflation Methods Development”* control on manual-*“Alternative Inflation: International Experience and Azerbaijan”* has been implemented. After checking the accuracy of the book standarts it has been presented for publishing.

The table indicates assessment of the book. *“Alternative Inflation Methods Development”* (5-excellent, 1-fail, see att. H 1.1):

9. Starting from the beginning of the year web sit eof ERC is renewed regularly and this process is controlled particularly. After changing the logo preparation process of new design has begun. ([www.erc-az.org](http://www.erc-az.org)) Discussions have been held on several variants proposed by specialists of “Deltasoft” and beginning from September web site has been worked out in its new design.

10. Starting from August new corporative logos has been active. Initially it has been decided to improve the design of the logo. Porposals of two experienced firms in this sphere- “Anexi” and “IP” has been recieved and after long-term discussions the logo version proposed by “IP” has been adopted

11. Two numbers of newsletter of ERC which was planned to be published once a month has been published. After prepration of newsletter materials it has been presented to Quality Control officer and after accurate check-control it has been published.

12. During its activity the events and hearings of Economic Research Center have been held following the instruction and after finishing have been assessed by Quality Control Officer. The table indicates list of events held during the year and their assessment ranking. (5-excellent, 1-fail, see att. J 1.1):

13. ERC has participated in 2 days training organized in ‘Delphin’ hotel on the topic “preparation of effective public analys documents” on March 14-15, 2007. Preparation of effective policy documents on the basis of project researches has been taught in the training. Experience of famous world experts has been used during the training course.

➤ **Financial sustainability / fundraising / income generating activities**

The main achievements of organizational activities’ are mostly related to *“Alternative Inflation Methodology Development”* project. As so indicators presented by ERC are used as foothold by

such resources as “The Economist” magazine, Economist Intelligence Unit, Financial Times. We calculator has been prepared and at the moment is being implemented successfully.

The main difficulties are related to co-operation with state agencies, which is reflected by lack of democratic situation, free media, and transparency in budget system and etc. of the country.

➤ **Use of the core and institutional funding by OSI’s Think Tank Fund**

Thanks to the Institutional Core funding program of LGI/OSI, Budapest, a position of **External Communications officer** and Quality Control officer have been established at ERC as of January 1, 2007. Due to the activity of External Communications Officer to scope of already existing relations has been enlarged effectively and new partnership links & relationships with various key stakeholders in the implementation of its activities has been build up. The relationships with networks such as *ENTO*, *PASOS* and others have had its positive benefits for ERC through learning, sharing experience with each other. The project caused a few organizational culture changes involving re-shaping values, beliefs and behavior taking a great deal of time and hard work from everyone involved.

Activity of **Quality Control officer** has given its positive effects on the general institutional development of the organization as well. Due to this activity and strategic documents prepared by **HR manager** quality of the job done by employees has been increased obviously. Quality on organizing of events, public hearings, publish materials has been strengthened, which broadens public confidence to ERC and it is directly reflected in its future activity encouraging for more tough work with community.

The other positive term of ERC due to co-operation with **OSI’s Think Tank Fund** is **PR** activity. The result of PR work has had its benefits on ERC activity, as publishing of articles on ERC activities, strengthening of efforts on publishing “Expert” magazine and general advocacy of the work done by ERC. As so 5 articles to be published in the framework of ERC collaboration with OSI’s Think Tank Fund. At the same time there are rational outcomes which are the result of co-operation between ERC and OSI’s Think Tank Fund. However, existence of double-digit inflation rate in Azerbaijan has been officially recognized. Alternatively calculated inflation rate has become a reference point for businesses, households, media (e.g. “The Economist” magazine, Economist Intelligence Unit, Financial Times etc), and researchers. Intensified anti-inflation efforts have been defined as a priority issue before the government. Insurance component of pension is announced to be indexed by the State Social Protection Fund. Preparation and application of an inflation calculator and assessment of inflation impact on poverty rate in the households are included to the direct benefits of the organization as well.

In the field of monetary trends main achievements have been the following;

- Real effective exchange rate became priority in the monetary policy;
- The package including the main currencies will be considered as a basis in defining the exchange rate of manat starting from 2008;
- Measures on liberalization of capital outflow regime will be continued;
- For the first time double-digit CPI forecast -13% was announced in 2007;
- The National Bank re-raised financing rate to 13 %;
- The growth tempo of money supply was adjusted to the non-oil sector growth level.

The following activity areas have been improved: the legalization of the capital to compensate the impact of fiscal policy on the real effective exchange rate, improvement of customs administration, and elimination of price increase of the monopolies;

The proportion of the non-oil deficit of the total budget to the non-oil growth output was decreased.

The growth rate of the budget was adjusted to the growth rate of GDP.

➤ **Future plans and challenges**

Some challenges are caused by governmental structures while public hearing and other events like these. But due to efforts of project teams these problems are solved and generally institutional activity of ERC is not damaged, the goals and purposes are achieved successfully.

As well as lack of free media, democratization process and transparent budget system in the country are essential challenges.

The terms related active participation of ERC in networks where it has membership are facing some financial challenges. Recently ERC has been invited to participate in Bureau meeting of ENTO. As participants of the meeting were responsible for their accommodation and lodging themselves, ERC was not been able to participate in that meeting.

General overview of challenges could be classified as;

- Institutional Challenges;
- Limited or no involvement in State Programs;
- Limited cooperation with business communities (ProCon GFK Market Research center)