

ANNUAL ACTIVITY REPORT

2014

June 30, 2015
Baku, Azerbaijan

Table of Contents

Abbreviations and Acronyms	3
Multi-Stakeholder Group (MSG).....	4
Assessment of the implementation of the 2014 Work Plan	6
Overview of the EITI implementation status	6
The working groups of the MSG.....	7
The activity of the EITI parties: achievements and constraints	8
The EITI related events	11
Appendix 1 - The statement of the NGO Coalition on the ITEI activities for 2014.....	13
Appendix 2 – 2014 Work Plan for implementation of EITI in the Republic of Azerbaijan	14
Appendix 3 – The meetings of the MSG held in 2014 and the adopted decisions	20
Appendix 4 – Validation of implementation of the EITI in Azerbaijan in 2014 in accordance with the requirements of the EITI Standard.....	28
Appendix 5 –The costs of the EITI Secretariat in 2014	31
Appendix 6 – The Non-governmental Organizations participating in the EITI of Azerbaijan.....	32
Appendix 7 – List of the companies participating in EITI Azerbaijan	36

Abbreviations and Acronyms

AZN	Azerbaijani Manat
EITI	Extractive Industries Transparency Initiative
ITEI	Improving Transparency in Extractive Industry
MSG	Multi-Stakeholder Group
MSI Integrity	Institute for Multi-Stakeholder Initiative Integrity
NGO	Non-Governmental Organization
PWYP	Publish What You Pay
SOCAR	State Oil Company of the Azerbaijan Republic
SOFAZ	State Oil Fund of the Republic of Azerbaijan
SSPF	State Social Protection Fund

Multi-Stakeholder Group (MSG)



The MSG plays a role of the decision making authority in the implementation of the EITI in the country. The Group was established in January, 2010 and consists of the representatives of the parties of the Memorandum (the NGO Coalition, the Group of Companies and the EITI Commission) with the purpose of providing stronger and more efficient multilateral supervision and management on the implementation of the Initiative in Azerbaijan. So, each of the EITI parties appoints 3 primary and up to 3 (three) alternate members having equal rights to MSG (total 9 primary members + up to 9 alternate members). The chairman of the EITI Commission becomes the member of the MSG on behalf of the Azerbaijani government and chairs the group meetings. The composition of the MSG is updated every year.

The group meets at least four times a year.

The members of Multi-Stakeholder Group in 2014

The EITI Commission:

Shahmar Movsumov	The Executive Director of SOFAZ, the chairman of the EITI Commission, MSG chairman
Iftikhar Huseynov	Representative of Ministry of Energy
Zaur Fatizadeh	Representative of Ministry of Taxes
Shahmirza Safarov	Representative of Ministry of Ecology and Natural Resources (alternate)

Group of Companies:

Araz Yusubov	Representative of “BP”
Jamila Hadiyeva	Representative of “Statoil”
Kamran Maharramov	Representative of the State Oil Company of the Azerbaijan Republic (SOCAR)
Bakhtiyar Akhundov	Representative of “Chevron” (alternate)
Rasim Akhundov	Representative of “Total” (alternate)
Vagif Abdullayev	Representative of “Neftechala” company (alternate)

ITEI Coalition:

Gubad Ibadoglu	Economic Research Center
Azer Mehtiyev	“Support for Economic Initiatives” Public Union
Elchin Abdullayev	“Democratic Institutions and Human Rights” Public Union
Mehriban Vazir	The Political Culture Center of the Azerbaijani Women (alternate member)
Dunya Sakit	Individual member (alternate member)
Ilham Huseynli	Chairman of the Public Union “Democratic development and Economic Cooperation” (alternate member)

Assessment of the implementation of the 2014 Work Plan

The 2014 work plan reflects the priorities set forth in implementation of the EITI in Azerbaijan, envisaged steps of action, planned and actual execution dates of the activities, responsible parties, funding source, allocated funds, current status and obtained results (Appendix 2). The work plan was approved in the last MSG meeting of 2013.

The implementation of the following activities in the 2014 Work Plan was not completed: *1.1. Collect contextual information, 1.3. Discuss and approve the contextual information, 1.8. Approve the Auditor report, 1.9. Place the Government's report, Auditor's report and companies' individual reports on the websites of the EITI Azerbaijan, SOFAZ, the Coalition and the International Secretariat, 1.10. Publish the Government's final report in the official government newspaper, 1.11. Present the NGO Coalition's opinion, 1.16. Discuss the draft document wherein the EITI report and Activity Report will be published together, 1.17. Publish the EITI report and Activity report for 2013 in a single document, 2.1. Discuss and endorse the adaptation of the Auditor's Terms of Reference to the Standard, 2.3. Prepare a summary of the EITI report to ensure its readability and comprehensibility for population considering the inclusion of new information to the report, 3.1. Prepare and publish special printed materials (brochure, booklet, book), 3.5. Conduct round tables and lectures at universities, 3.6. Organize round tables in regions, on central and regional TV channels, 4.1. Discuss and make preparations for the training, 4.2. Conduct training.*

The reason for some of the action steps (for example, *Gathering contextual information, approval of the Auditor's report, publishing the EITI report and Activity report 2013 in a single document, etc.*) not being implemented by the planned execution dates of MSG on the EITI implementation in Azerbaijan for 2014 was due to the late signing of the new Memorandum of Understanding prepared in accordance with the EITI Standard. Even though the planned execution date for signing of the Memorandum was January 22 – 31, the actual execution date was June 10.

The overview of the EITI implementation

8 meetings of the MSG were held in 2014. Besides, the working groups of the MSG have conducted 4 meetings and continued the works through electronic communication. During the held meetings, the other issues related to the EITI implementation in the work plan arising along the year were discussed and relevant decisions were adopted. In order to ensure timely and highly qualitative execution of the decisions, the cooperation between the EITI Secretariat of Azerbaijan, MSG and in general, all the EITI parties continued in 2014.

In-depth discussions were conducted on the Memorandum in the MSG meetings in the first half year of 2014 and the work in the working group for adaptation of the Memorandum to the EITI standard continued. On June 10, 2014, in the 31st meeting of the MSG, new Memorandum of Understanding

was signed among the EITI parties of Azerbaijan and the reporting period covering 2013 was started. The 2013 EITI Report began to be compiled based on the EITI Standard adopted in the 6th EITI Global Conference held in Sydney. According to the decision adopted in the MSG meeting dated June 10, 2014, in order to give support to preparation of the synthetic tables and contextual information that would be included to the report, the working group was established. Detailed discussions were conducted with the auditor in the MSG meetings and meetings of the working group as well as through electronic communication on the 2013 EITI report and relevant work was done throughout the year. At the end of 2014, the initial draft of the 2013 EITI Report was submitted to the MSG.

The EITI Board meetings were held in Norway, Mexico and Myanmar in 2014 and the chairman of the State Commission on EITI of Azerbaijan, the representatives of the local secretariat have taken part in the above stated meetings.

On June 29, 2014, the 2013 EITI Annual Activity Report was disclosed and placed in the official website of Azerbaijan EITI.

In the 28th meeting of the EITI International Board (held in Naypyidaw, the capital of Myanmar on October 14-15, 2014), the EITI Board has adopted a decision on conducting of early Validation on EITI in Azerbaijan. Detailed discussions were conducted in the MSG on the decision of the EITI Board and based on the decision of the MSG the Validation group for Validation was established. In addition, the workshop “prior to Validation” on the EITI was held in SOFAZ on December 24.

The working groups of the MSG

The activities of the working group for adaptation of the Memorandum to the EITI Standard were continued in 2014.

As we know, the need for adaptation of the Memorandum - the major document regulating the implementation of the EITI in Azerbaijan, to the new Standard arose and the working group consisting of the MSG members continued its activities in 2011.

The discussions of the working group continued regularly in electronic form in 2014. During the discussions, the update of the Memorandum and its preparation in accordance with the EITI standards, the improvement of Appendixes of the memorandum and especially the report forms were widely discussed, and the issues creating questions were settled by applying to the International EITI Secretariat. In the 31st meeting of the MSG on June 10, 2014, the EITI parties of Azerbaijan have signed a new Memorandum of Understanding.

The working group was established consisting of the MSG members for “providing support to the preparation of synthetic tables and contextual information to be included to the auditor report”.

According to the requirement of the new Standard adopted in 2013, the contextual information that gives the summary of the extractive industry should be reflected in the EITI reports. In the MSG

meeting dated June 10, 2014, the working group was established consisting of the MSG members for “providing support to the preparation of synthetic tables and contextual information to be included to the auditor report” (2 persons from the ITEI Coalition, 2 persons from the group of companies, 2 persons from the EITI Commission). In accordance with the decision of the MSG, the Auditor was assigned to collect contextual information and it was decided to continue the work under the supervision of the working group. The working group has held 5 meetings starting from August 2014, and the discussions were regularly continued in electronic form. The activities of the working group continued in 2015 too.

The working group for “Validation” was established.

The Validation decision of the International Management Board was widely discussed in the MSG meetings and according to the decision of the MSG, the working group for Validation was established consisting of the MSG members (1 person from the ITEI Coalition, 1 person from the group of companies, 1 person from the EITI Commission). The work of the working group for “Validation” was continued in 2015 too.

The activities of the EITI parties: achievements and constraints

The NGO Coalition for the ITEI:

In both characterized periods of 2014, the stability prevailed in the activities of the Coalition within the framework of the MSG, and the NGO representatives obtained some achievements by contributing to EITI implementation in this format.

The discussion of the new Memorandum of Understanding was completed among the parties during the period and the document was adopted and signed by the MSG, the members of the NGO Coalition represented in the MSG took part in the working group for the preparation of the “contextual information” section of the EITI report for 2013, the experts of the Coalition have prepared their opinions on the initial report for 2013. Overall, the participation of the civil society in the MSG was productive.

Nonetheless, there were also constraints in the activity of the NGO Coalition for ITEI.

The detailed information about this was provided in the Statement of the Coalition in the Appendix 1.

The Group of Companies:

Intensive consultations were conducted inside the group of companies during 2014 on the new Memorandum of Understanding and preparations for the reporting cycle according to the new requirements. The representatives of BP and Chevron have contributed to the preparation of the new draft Memorandum within the relevant working group by also taking active part in the meetings of the group of companies. Throughout the year, the representatives of SOCAR and BP have actively taken part in the other working groups of the MSG. Besides, on the recommendation of the EITI Secretariat and the NGO Coalition, the members of the group of companies have received the official delegation of Russia (May), “MSI Integrity” (May), the representatives of the World Bank (September) and the

representatives of the special mission of the international EITI Board in various times, and took part in various events by the invitation of the NGO Coalition.

The Government Commission:

In 2014, the chairman of the Government Commission and its members have actively participated in the EITI related activities. The Chairman of the Commission, Executive Director of SOFAZ has continued his work on improving the efficiency of the work of the MSG, delivering speeches and holding discussions in various meetings and events, supervising the work of the local EITI Secretariat in addition to participating in the administration of the EITI on an international scale.

The delegation led by the chairman of the Government Commission on EITI, the member of the EITI Board, the Executive Director of SOFAZ Shahmar Movsumov has taken part in the following meetings:

On March 18-19 2014, Oslo, Norway, the 26th meeting of the International Board on EITI.

July 1-2 2014, Mexico City, Mexico, the 27th meeting of the International Board on EITI.

December 3, 2014, Moscow, Russian Federation, an international conference on “The influence of the Transparency Initiative of the Extractive Industries to the environment of business administration: international practice”.

Additionally, the members of the Government Commission were represented in the working groups composed of the MSG members, repeatedly took part in the meetings and contributed to the works for preparation of relevant documents.

The EITI Secretariat:

The EITI Secretariat of Azerbaijan has taken part in the local, international and EITI related events while implementing of the decisions adopted by the MSG, providing organizational and coordinative support to the parties, keeping regular contacts with them, responding to the inquiries not directly related to the EITI.

The EITI improvements based on the recommendations of the Validator and the Auditor

After successfully passing the Validation in 2009, Azerbaijan immediately started to execute the recommendations set forth by the Validator and achieved the implementation of all the suggestions within a short period of time. Since that period on, the work for deepening the EITI in the country has been continued with an increasing tendency.

During 2014, the work for enhancing the context and increasing the quality of the EITI reporting in the country has been continued. The draft EITI report for 2013 has been prepared in accordance with the EITI Standard by taking into account all recommendations made by the auditor on the 2012 EITI report.

The EITI related events

The discussions on the topic of “Anonymous Azerbaijan and pseudo transparency” in Baku

The ITEI Coalition has organized a public discussion on the SOCAR-related report of the non-governmental organization “Global Witness”, titled “Anonymous Azerbaijan” and also held a public discussion on “Anonymous Azerbaijan and pseudo transparency” in Baku on January 15. The member of the Coalition, the chairman of the Oil Research Center Ilham Shaban made a speech in the event and noted that the accusations directed against SOCAR were mainly concentrated on the activities of the “SOCAR Trading SA” company specialized on the sale of crude oil.

The chief of the Legal department of the State Oil Company of the Azerbaijan Republic Eldar Orujov taking part in the event noted that the malicious and wrong position was expressed against Azerbaijan in this report and stated that the unclear points in the report of “Global Witness” were clarified by SOCAR and all the arguments were proved to be groundless. In addition, he stressed that the publication of this report in the start of realization of the large scale international projects implemented by SOCAR was not accidental and all of these were done with the purpose of damaging the positive image of SOCAR gained in the international level and preventing it from participation in large scale projects.

Campaign on TV, media, internet and social networks in respect of the 10th anniversary of the EITI

Within the framework of the project “campaign on the national and regional TVs, media, internet and social networks in respect of the 10th anniversary of the EITI”, the programs titled “new standard of the EITI” was broadcasted in Azadlig radio on December 28, 2013, and “the reporting procedure and reports to the State Oil Company” on February 1, 2014.



The Transparency Coalition has celebrated its 10th anniversary

The ITEI Coalition for Improving Transparency in Extractive Industry of the Public Unions established on May 13, 2004 has celebrated its 10th anniversary.

The members of the Coalition, the representatives of the media and civil society, the representatives of the EITI Secretariat and as well as the representatives of the international organizations and diplomatic corps took part in the jubilee event. The jubilee event was ended by the demonstration of the film dedicated to the 10-year-activities of the Coalition.



The workshop prior to Validation in Istanbul

On December 5-7, 2014, the ITEI Coalition of Azerbaijan has met in Istanbul for preparation and discussion of the early Validation process to be held in January of 2015 by the decision of the International Board on the EITI.



Jonas Moberg, Sam Bartlett and Dvyeke Rogan from the International EITI Secretariat joined the session through the skype. The head of the International EITI Secretariat Jonas Moberg gave information about the early Validation decision of the EITI Board, the scale of the Validation process and the role of the civil society in this process. The early Validation in Azerbaijan also includes Validation of 3 specific conditions connected with the country along with the EITI requirements”: Mr. Moberg noted.

Appendix 1 – Statement of the NGO Coalition on the ITEI activities for 2014

2014 was a difficult year for the Coalition for Improving Transparency in Extractive Industry of the Public Unions (ITEI). So that, the common difficulties encountered by civil society have also affected the NGO Coalition. It is possible to divide the program activity of the Coalition in 2014 into 2 groups as periodically. While the activities of the ITEI Coalition in the first period - until July of 2014, were implemented with small limitations, in the second period – starting from the end of June, it became rather difficult. The technical, legal, administrative and financial restrictions aggravating the situation of the civil society in the country have also caused certain stagnation in the activities of the NGO Coalition. Thus, the NGO Coalition has faced difficulty in renting the assembly hall in big hotels for conducting the 10th year jubilee event in June. From the second half of the year, the changes in the legislative acts regulating the activities of the NGOs have actually deprived the Coalition from the donor contribution. The difficulties encountered by the civil society organizations in this period negatively affected the Coalition, too. The bank accounts of some organizations who are the members of the Coalition were closed, and some of them were involved to the investigation and tax inspections started against the NGOs from April of 2014. They underwent inspections in the border check points during traveling abroad. Therefore, the NGO Coalition failed to implement the activities under their responsibility on the 2014 EITI Work Plan during the period.

Appendix 2 - 2014 Work Plan for implementation of EITI in the Republic of Azerbaijan



2014 Work Plan for implementation of Extractive Industries Transparency Initiative (EITI) in the Republic of Azerbaijan

In 2014 the EITI implementation in Azerbaijan will be mainly focused on implementing the Initiative in the country in accordance with the Standard, improving readability and comprehensibility of the EITI reports for population, conducting awareness raising activities about EITI, upholding effective dialogue among government, civil society and companies.

Priorities for 2014	Action steps	Estimated implementation date	Actual implementation date	Responsible party(s)	Funding source	Allocated funds	Implementation status	Outcome
1. Preparation, disclosure of the EITI Report and Activity Report for 2013 in accordance with the EITI Standard and publication of them in a single document	EITI report ¹	1.1. Collect contextual information	January 15-May 30	Secretariat ³ , MSG ⁵ , Auditor ⁴	SOFAZ ⁹	4.995 AZN	In progress	Informing society about the country's revenues from extractive industries, enhancing the content and increasing the volume of EITI reports, increasing benefits and easing the use of the EITI data
		1.2. Check the materiality of payments' by companies to the State Social Protection Fund (SSPF) for 2013	February 3-17	15-Apr	MSG, Secretariat	Funding is not required	Completed	
		1.3. Discuss and approve contextual information	February 17-June 10	24.01.2014; 19.02.2014; 13.03.2014; 15.04.2014; 10.06.2014; 21.07.2014; 12.09.2014; 17.10.2014	MSG	Funding is not required	1. Was discussed with Moore Stephens company at the MSG meetings 2. In progress	
		1.4. Send reporting templates to local and foreign companies	March 3-7	19-Jun	Secretariat	Funding is not required	Completed	

Annual Activity report?	1.5. Submit the government's, local and foreign companies' reports to the Auditor	by May 1	10-Aug	Committee ⁶ , Group of companies ⁷	Funding is not required		Completed
	1.6. Conduct the reconciliation process	May 1 - July 1	August 4-October 2	Auditor	SOFAZ	24.849 AZN	Completed
	1.7. Present Auditor's reconciliation report, companies' individual reports and government's report to the MSG.	July 1-15	3-Oct	Auditor	Funding is not required		Completed
	1.8. Approve the Auditor's report	July 15-30		Auditor, MSG	Funding is not required		
	1.9. Place the government's report, auditor's report and companies' individual reports on the websites of the EITI Azerbaijan, SOFAZ, Coalition and International Secretariat	Within 5 days after execution of action 1.8		Secretariat	Funding is not required		
	1.10. Publish the government's report in the official government newspaper	Within 5 days after execution of action 1.8		Secretariat	SOFAZ	400 AZN	
	1.11. Present the NGO Coalition's opinion	by September 1		Coalition ⁸	Funding is not required		
	1.12. Conduct preliminary discussions on Activity report	January 17-24	24-Jan	MSG	Funding is not required		Completed
	1.13. Prepare the draft text of the report	February 5 - March 14	19-Mar	MSG, Secretariat	Funding is not required		Completed
	1.14. Send required information and materials to the Secretariat	February 5 - March 14	19-Mar	Coalition, Group of	Funding is not required		Completed

				companies, Committee				
		1.15. Approve the draft text of the report, place it on the EITI Azerbaijan website	March 14 - April 1	29-Jun	MSG, Secretariat	Funding is not required		Completed
	Publication of reports	1.16. Discuss the draft document combining EITI report and Activity Report	August 15- September 1		MSG, Secretariat	Funding is not required		
		1.17. Publish the EITI report (2013) and Activity report (2013) in a single document	September 1 - November 17		Secretariat	SOFAZ		
2. Achieving complete transition to the EITI Standard in Azerbaijan		2.1. Discuss and endorse the adaptation of the Auditor's Terms of Reference to the Standard	January 17- February 17	24.01.2014; 19.02.2014; 13.03.2014; 15.04.2014; 10.06.2014; 21.07.2014; 12.09.2014; 17.10.2014	Coalition	Funding is not required		1. Was discussed with Moore Stephens company at MSG meetings 2. In progress
		2.2. Sign a new Memorandum of Understanding prepared in accordance with the Standard	January 22 - 31	10-Jun	MSG, Group of Companies, Committee, Coalition	Funding is not required		Completed
		2.3. Prepare a summary of the EITI report in order to maintain readability and comprehensibility for population considering the inclusion of new information to the report	July 1-30		MSG	Funding is not required		
		2.4 Discussions on the creation of the Legal Basis for the EITI implementation	May 1 - June 30	10-Jun	MSG	Funding is not required		Completed
								Conforming the EITI implementation in Azerbaijan to the requirements and rules of the EITI Standard

	2.5. Discussions on the challenges in the activities of the member organizations of NGO Coalition for Improving Transparency in Extractive Industries	July 21-September 30	21.07.2014; 03.10.2014	MSG	Funding is not required		Completed	
3. Fostering outreach initiatives to increase awareness about EITI implementation in Azerbaijan and exchange of experience within the country and abroad	3.1. Prepare and publish special print materials (brochure, booklet, book)	in the course of the year		Secretariat, Coalition	SOFAZ, International Donor organizations			Raising awareness of population about EITI implementation in Azerbaijan, extensive promotion of EITI's general philosophy and Azerbaijan's EITI report, exchange of experience with other countries
	3.2. Place the materials on website and distribute hard copies	in the course of the year	in the course of year	Secretariat, MSG, Coalition	Funding is not required		In progress	
	3.3. Participate at the EITI events abroad (conferences, seminars, trainings, exhibitions, exchange programs and etc.)	in the course of the year	in the course of year	MSG, Secretariat, Committee, Group of companies, Coalition	SOFAZ, Companies Group, International Donor organizations	29.000 AZN	In progress	
	3.4. Regularly upgrade and update the EITI Azerbaijan official website	in the course of the year	in the course of year	Secretariat	SOFAZ		In progress	
	3.5. Conduct round tables and lectures at universities	in the course of the year		Coalition	International Donor organizations, Group of companies			
	3.6. Organize round tables in regions, on central and regional TV channels	in the course of the year		Coalition, Group of companies	International Donor organizations, Group of companies			
4. Organizing a training for Group of Companies in order to increase the quality of	4.1. Discuss and make preparations for the training	September 15 - October 20		Secretariat, Group of companies, MSG	Funding is not required			Enhancing the competence of companies in filling out EITI

EITI reporting

4.2. Conduct the training

October 24-31

Secretariat,
Group of
companies

SOFAZ

6.000
AZN

reporting
templates and
increasing the
quality of the
EITI reporting

- 1 Annual report covering the reconciliation of government's and extractive companies' reports by Auditor, analysis as well as explanation of differences and contextual information
- 2 Annual report on EITI Implementation in the country and MSG's annual activities
- 3 Azerbaijan EITI Secretariat
- 4 Audit company conducting reconciliation of EITI reports and preparing final report. Auditor company is selected for 3-year term for reconciliation of EITI reports in Azerbaijan according to the MSG's decision. "Moore Stephens" audit company was selected in 2013 by the MSG to reconcile EITI reports for 2012, 2013, 2014.
- 5 Multi-stakeholder group where each 3 EITI party (government, companies, NGO's Coalition) is equally represented
- 6 Government Committee established by the ordinance of the Cabinet of Ministers of the Republic of Azerbaijan
- 7 Local and foreign companies operating in the extractive industries of Azerbaijan
- 8 The Coalition of Azerbaijan Non-Government Organizations "For Improving Transparency in Extractive Industries
- 9 State Oil Fund of the Republic of Azerbaijan

The Work Plan was approved at the MSG's meeting dated 03.12.2013. Agreed updates and amendments to the Work plan by MSG members are carried out on monthly basis.

The meetings of the MSG planned for 2014	The issues included in the Work Plan
January 24	2.1. 1.12. 2.2.
February 19	1.1. 1.3. 1.16. 2.2.
March 13	2.1. 2.2. 2. 12.
April 15	2.1. 2.3. 1.2.
June 10	2.4. 2.2. 2.1. 1.16
July 21	2.5
October 3	10.1
December 10	1.11

Appendix 3 – The meetings of the MSG held in 2014 and the adopted decisions

The dates of the MSG meetings	Agenda	The adopted decisions
January 24	Discussion on the adaptation of the Terms of Reference of the Auditor to the EITI Standard	<ol style="list-style-type: none"> 1. The EITI Secretariat of Azerbaijan to obtain information from the International Secretariat on the necessity of reselection of an auditor for reconciling the reports of 2013 in the next reporting period. 2. Moore Stephens audit company to make necessary changes and amendments to the Terms of Reference to be used in Azerbaijan, to submit the draft of that document and the methodology of collection of contextual information in the next MSG meeting.
	Discussions around the EITI activity report (2013)	<ol style="list-style-type: none"> 1. To send the draft text of the report to the MSG members via e-mail and to submit the opinions and suggestions about the report to the Secretariat until February 03, 2014. 2. To review the final version of the report in the next MSG meeting.
	Discussion of the final draft of the New Memorandum	<ol style="list-style-type: none"> 1. The members of the NGO Coalition in the MSG to share the results of the discussions in the Council about the opinions and suggestions sounded at the last MSG meeting on Memorandum at the next MSG meeting. 2. To include the issue of disclosure of the minutes to the agenda of the next meeting. 3. The EITI Secretariat to write to the International Secretariat and clarify the following questions: <ul style="list-style-type: none"> - May there be obstacles for Azerbaijan in passing of the Validation process if the MSG signs the memorandum, but implements the reporting in accordance with the new Standard? May there be obstacles in passing the Validation if the MSG starts the new Standard without signing the Memorandum and finalizes the process of signing the memorandum prior to commencement of the Validation process in

The dates of the MSG meetings	Agenda	The adopted decisions
		<p>Azerbaijan?</p> <p>- is there necessity of reselection of the auditor with the purpose of conducting the 2012 reporting process in accordance with the New Standard? Or is it sufficient to attach the Terms of Reference prepared by the EITI Board in accordance with the new Standard to the contract with the auditor company (Moore Stephens) selected for the next 3 reporting periods.</p>
February 19	1. Discussion on collection of contextual information	<ul style="list-style-type: none"> • Azerbaijan EITI Secretariat to send the reporting forms prepared by the NGO Coalition to the Auditor • The Auditor to present the new Terms of Reference updated in accordance with the Standard, the reporting forms and the methodology of collecting contextual data by 23th February of 2014 • The Inception Report not to be prepared for the next reporting year.
	2. Discussion on final draft of the New Memorandum	<ul style="list-style-type: none"> • Azerbaijan EITI Secretariat to send the request for recommendations of the International Secretariat on below listed issues in relation with the new Memorandum: <ul style="list-style-type: none"> - The status of the Azerbaijan EITI Secretariat - “Confidentiality” clause - “Power of this Memorandum” clause • In “Structure of MSG” clause, the number of alternate members to be increased to maximum 3 members for each MSG party • Azerbaijan EITI Secretariat to prepare the last version of the draft Memorandum which reflects all suggestions of both Group of Companies and NGO Coalition and send it to the MSG.
	3. Discussion of the draft text of the EITI activity report (2013)	<ul style="list-style-type: none"> • MSG members to send all information and suggestions on Annual Activity Report to the Azerbaijan EITI Secretariat by

The dates of the MSG meetings	Agenda	The adopted decisions
		<p>28th February 2014</p> <ul style="list-style-type: none"> MSG members to send their suggestions on whose quotes will be included to the Report by 28th February 2014
	4. Discussion of the issue of disclosure of the minutes.	<ul style="list-style-type: none"> The extracts from the last 3 MSG meetings' minutes in Azerbaijani to be sent to the PWYP Secretariat <p>Azerbaijan EITI Secretariat to prepare the extracts from the minutes starting from the 28th MSG meeting in defined format and place them in Azerbaijan EITI official web-site in the appropriate section in two languages (Azerbaijani and English)</p>
	5. Discussion of the reporting forms of the NGO Coalition	<ul style="list-style-type: none"> Auditor to review and check by 28th February whether the information in the reporting forms prepared by the working group is sufficient for filling out the summary tables prepared by the NGO Coalition
	6. The other issues	<ul style="list-style-type: none"> Azerbaijan EITI Secretariat to send the request to the International Secretariat on solving the technical problems and lack of information in the section about Azerbaijan.
March 13	1. Discussion of the issues of collection of contextual information and adaptation of the collection of conditions of the Auditor to the Standard	<ul style="list-style-type: none"> The Auditor to complete the Terms of Reference by having it translated into Azerbaijani and send to the Azerbaijan EITI Secretariat by not later than 19 March. The selection methodology to be inserted into the Terms of Reference of the Auditor

The dates of the MSG meetings	Agenda	The adopted decisions
	2. Discussion on final draft of the New Memorandum	<ul style="list-style-type: none"> • 1. Azerbaijan EITI Secretariat to prepare a final draft of the Memorandum on the basis of the comments shared at the meeting and send to the parties for their approval by not later than 14 March. • 2. A review of the issue of creating a legal base for the Azerbaijan EITI to be added to the Work Plan for 2014.
	3. Discussion of the report forms prepared by the NGO Coalition	1. The Auditor to complete the work by comprehensively reviewing the reporting forms and send the final forms to the Secretariat by 19 March.
	4. Discussion of the draft text of the EITI activity report (2013)	<ul style="list-style-type: none"> • G. Ibadoglu, member of the MSG, to send the Coalition-related information for the Activity Report to the Azerbaijan EITI Secretariat by 19 March. • If the members of the MSG have any final comments or proposals regarding the text of the Activity Report for 2013, for them to accordingly notify the Azerbaijan EITI Secretariat by 19 March. • The list of website addresses of the members of the EITI not to be included in the Activity Report.
	5. The other issues	<ul style="list-style-type: none"> • Regarding broadcasting about the EITI, G. Ibadoglu, member of the MSG, to prepare and send to the Azerbaijan EITI Secretariat by 19 March a draft broadcast for the purpose of making an application to Ictimai TV Channel (Public TV).

The dates of the MSG meetings	Agenda	The adopted decisions
April 15	1. Discussion on final draft of the New Memorandum	<ul style="list-style-type: none"> The NGO Group to form the opinion of the EITI Coalition of Public Associations on the two amendments to the final draft of the Memorandum made by the Group of Companies and to advise the EITI Secretariat accordingly.
	2. Discussion of the report forms and new TOR for Auditor	<ul style="list-style-type: none"> 1. The contextual information and summary tables prepared by the EITI NGO Coalition to be added to the Terms of Reference of the Auditor. The Auditor to complete the Terms of Reference, along with the representatives of the Secretariat and SOCAR, by considering the comments made in the meeting, and the Secretariat in its turn to share the final document with the MSG.
	3. Discussion of the information received from the SSPF	<ul style="list-style-type: none"> As of the next reporting period, the receipts from the extractive industry companies to the SSPF for mandatory state social insurance contributions to be included in the contextual information section of EITI Report.
	4. The other issues	<ul style="list-style-type: none"> The Secretariat to add a column for the forecast finance to the Work Plan and send the updated Work Plan to the members of the MSG. Each member of the MSG to review the comment of the EITI International Secretariat concerning the Work Plan for Azerbaijan for 2014 and share his/her opinions with the members of MSG.
June 10	1. Discussion on establishment of the legal base on implementation of the EITI	Presentation of the draft EITI Law prepared by the NGO Coalition to be considered as reviewed.
	2. Signing of New Memorandum	<ul style="list-style-type: none"> New EITI Memorandum to be considered as signed on 10

The dates of the MSG meetings	Agenda	The adopted decisions
		<p>June 2014 and the Memorandum dated to 24 November 2004 and Agreement on MSG's activity on implementation of the EITI in Azerbaijan to be considered as invalid.</p> <ul style="list-style-type: none"> • New EITI Memorandum to be placed on the EITI official website and invalid documents should be removed. • The press-release on signing the New Memorandum among Azerbaijan's EITI parties to be published.
	3. Discussion of the Collection of Conditions of the Auditor	<ul style="list-style-type: none"> • The main text of Auditor's Terms of Reference to be considered as approved by the MSG. • In order to support the development process of synthetic schedules and contextual data to be included in the report of the auditor a Working group should be created consisting of G.Ibadoglu, K.Maharramov, Z.Fatizadeh as the primary members and A.Mehtiyev, A.Yusubov as the alternative members.
	4. Discussion on commencement of 18 th reporting period for the EITI (covering 2013)	<ul style="list-style-type: none"> • 18th EITI reporting period (covering 2013) to be launched and appropriate actions should be taken by EITI Secretariat.
July 21	1. Discussion on emerged difficulties in the activity of Members of the EITI Coalition of Civil Society Organizations.	<ul style="list-style-type: none"> • If the emerged difficulties and problems have not been solved until September 2014, the EITI Secretariat to organize the next MSG meeting in September of the current year in order to discuss these issues.

The dates of the MSG meetings	Agenda	The adopted decisions
	2. Discussion on the activity of a Working Group consisting of MSG members on supporting the development process of synthetic schedules and contextual data to be included in the Auditor's report.	<ul style="list-style-type: none"> Auditor to introduce draft structure of the report on contextual information to Working Group. <p>Working Group's meeting to be organized between August 26 and September 9 by the Secretariat.</p>
October 3	1. Presentation of final draft of the Auditor Report and the Government Report covering 2013	<ul style="list-style-type: none"> The presented EITI report for the year 2013 to be considered and comments and notes to be shared by the parties within a month The Coalition to prepare the opinion on report for the year 2013 and present on the next MSG's meeting
	2. Discussion on the difficulties encountered by the Public Unions in the activities of the organizations being members of ITEI Coalition	
	3. The other issues	The EITI Secretariat to prepare a summary on the implementation of Work Plan for 2013 and send it to the MSG members and this issue to be discussed at the next MSG meeting.
December 10	1. Presentation of the opinion of the NGO Coalition on the reports of the EITI Commission and Independent Accountants (for 2013)	The local Secretariat to request information from the international Secretariat on the criteria against which the Validator will be selected as well as inform the International Secretariat that it is unfeasible to approve a Validator company within such a short period of time.

The dates of the MSG meetings	Agenda	The adopted decisions
	2. Discussion on the Validation to be conducted in Azerbaijan	<p>The following information not to be included in the EITI report and to explain the grounds of that in the EITI report for 2013:</p> <ul style="list-style-type: none"> ▪ infrastructure provisions and barter arrangements ▪ subnational payments and subnational transfers ▪ social expenditures ▪ Register and allocation of licenses ▪ beneficial ownership

Appendix 4 – Validation of implementation of the EITI in Azerbaijan in 2014 in accordance with the requirements of the EITI Standard

Requirements of EITI Standard ¹	Progress of Azerbaijan per item
1. The EITI requires effective oversight by the multi-stakeholder group.	
1.1 The government is required to issue an unequivocal public statement of its intention to implement the EITI.	+ ²
1.2 The government is required to appoint a senior individual to lead the implementation of the EITI.	+
1.3 The government is required to commit to work with civil society and companies, and establish a multi-stakeholder group to oversee the implementation of the EITI.	+
1.4 The multi-stakeholder group is required to maintain a current work plan, fully costed and aligned with the reporting and Validation deadlines established by the EITI Board.	+
2. The EITI requires timely publication of EITI Reports	
2.1 Implementing countries are required to produce their first EITI Report within 18 months of being admitted as an EITI Candidate. Thereafter, implementing countries are expected to produce EITI Reports on an annual basis.	+
2.2 EITI Reports must cover data no older than the second to last complete accounting period, e.g. an EITI Report published in calendar/financial year 2014 must be based on data no later than calendar/financial year 2012. Multi-stakeholder groups are encouraged to explore opportunities to publish EITI Reports as soon as practically possible. In the event that EITI reporting is significantly delayed, the multi-stakeholder group should take steps to ensure that EITI Reports are issued for the intervening reporting periods so that every year is subject to reporting.	+
2.3 The multi-stakeholder group is required to agree the accounting period covered by the EITI Report.	+
3. The EITI requires EITI Reports that include contextual information about the extractive industries.	
3.1 Compiling contextual information.	+
3.2 The EITI Report must describe the legal framework and fiscal regime governing the extractive industries.	+

¹ For more detailed information on EITI Standard's requirements see the Azerbaijan EITI official website, <http://www.eiti.az/index.php/en/senedler-2/eiti-standards>

² Meets EITI Standard's requirement

3.3 The EITI Report should provide an overview of the extractive industries, including any significant exploration activities.	+
3.4 The EITI Report must disclose, when available, information about the contribution of the extractive industries to the economy for the fiscal year covered by the EITI Report.	+
3.5 The EITI Report must disclose production data for the fiscal year covered by the EITI Report, including:	+
3.6 Where state participation in the extractive industries gives rise to material revenue payments, the EITI Report must include: a) An explanation of the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (SOEs), e.g. the rules and practices governing transfers of funds between the SOE(s) and the state, retained earnings, reinvestment and third-party financing. b) Disclosures from SOE(s) on their quasi-fiscal expenditures such as payments for social services, public infrastructure, fuel subsidies and national debt servicing. The multi-stakeholder group is required to develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams, and should include SOE subsidiaries and joint ventures. c) Disclosures from the government and SOE(s) of their level of beneficial ownership in mining, oil and gas companies operating within the country's oil, gas and mining sector, including those held by SOE subsidiaries and joint ventures, and any changes in the level of ownership during the reporting period. This information should include details regarding the terms attached to their equity stake, including their level of responsibility to cover expenses at various phases of the project cycle, e.g. full-paid equity, free equity, carried interest. Where there have been changes in the level of government and SOE(s) ownership during the EITI reporting period, the government and SOE(s) are expected to disclose the terms of the transaction, including details regarding valuation and revenues. Where the government and SOE(s) have provided loans or loan guarantees to mining, oil and gas companies operating within the country, details on these transactions should be disclosed in the EITI Report.	+
3.7 The EITI Report must describe the distribution of revenues from the extractive industries.	+
3.8 The multi-stakeholder group is encouraged to include further information on revenue management and expenditures	* ³

³ * means: the required information is not disclosed since it does not exist in Azerbaijan / or works on meeting the EITI Standard's requirement are being continue / since requirement is encouraged it is either partially met or unmet in Azerbaijan

in the EITI Report, including:	
3.9 Registration of licences	+
3.10 Allocation of licences	+
3.11 Beneficial ownership	*
3.12 Contracts	+
4. The EITI requires the production of comprehensive EITI Reports that include full government disclosure of extractive industry revenues and disclosure of all material payments to government by oil, gas and mining companies.	
4.1 Defining the taxes and revenues to be covered in the EITI Report	+
4.2 Defining which companies and government entities are required to report	+
5. The EITI requires a credible assurance process applying international standards.	
5.1 Appointment of the Independent Administrator	+
5.2 Agreement of Independent Administrator's Terms of Reference	+
5.3 Assessment and recommendations from the Independent Administrator	+
5.4 The multi-stakeholder group should endorse the EITI Report prior to its publication.	+
6. The EITI requires EITI Reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate.	
6.1 The multi-stakeholder group must ensure that the EITI Report is comprehensible, actively promoted, publicly accessible and contributes to public debate.	+
6.2 The multi-stakeholder group is encouraged to make EITI Reports machine readable, and to code or tag EITI Reports and data files so that the information can be compared with other publicly available data.	*
7. The EITI requires the multi-stakeholder group to take steps to act on lessons learnt and review the outcomes and impact of EITI implementation.	
7.1 The multi-stakeholder group is required to take steps to act upon lessons learnt; to identify, investigate and address the causes of any discrepancies; and to consider recommendations for improvement from the Independent Administrator.	+
7.2 The multi-stakeholder group is required to review the outcomes and impact of EITI implementation on natural resource governance.	+

Appendix 5 – The costs of the EITI Secretariat in 2014

The direction of expenses	The costs (AZN)
EITI – publication	3,929.40
EITI – travelling costs	11,082.48
EITI - Audit	23,457.46
Total	38,469.34

Appendix 6 – The Non-governmental Organizations participating in the EITI of Azerbaijan

- 1 The "Constitution" Researches Fund
- 2 Citizens' Labor Rights Protection League
- 3 "Care for Elderly Intellectuals" Public Union
- 4 "Aran" Human Rights Resource Center
- 5 Ganja Children Foundation
- 6 Regional Human Rights and Media Center Public Union
- 7 Islam, Democracy and Human Rights center
- 8 "Development Society and Civil Relations" Public Union
- 9 "The Center for Support to Civic Initiatives" Public Union
- 10 The Western Regional Representative of Azerbaijan National Committee of Helsinki Citizen's Assembly
- 11 Modern Development and Legal Aid Center Public Union
- 12 "Educational Research Center" Public Union
- 13 "Region" International Analytical Center (RIAC)
- 14 The Oil Worker's Rights Protection Committee
- 15 Young Democratic Reformers Public Union
- 16 Regional Human Rights and Social Research Center"
- 17 Economic Research Center
- 18 "Assistance to Social-Cultural Development of Youth" Public Union
- 19 Eco-World Public Union
- 20 The Center for Citizen Initiatives and Legalization improvement
- 21 Human Rights and Enlightenment Public Union
- 22 The Center for Research Against Tortures
- 23 Promotion of Human Rights and Law
- 24 Election Research Center" Public Union
- 25 Democratic Institutions and Human Rights Public Union
- 26 The Center for Women Problems Research
- 27 Azerbaijan National Committee for protection of human rights and freedoms
- 28 "Assistance to the Settlement of Socio-Economic Problems of Mine Victims" Public Union
- 29 "Regional Development and Human Rights" Public Union
- 30 The Center for Legal Assistance to the Oil Workers
- 31 "Towards Healthy Life" Ecological Public Union

32 “The Center for Study of Economic Resources” Public Union
33 “Caucasus Media Research Center ”
34 “Youth Club" Public Union
35 Social Strategic Investigations and Analytical Researches
36 “Regional Women Initiatives” Public Union
“The Resource Center for Development of Democracy and the NGO”
37 Public Union
38 The Society for Democratic Reforms
39 “Democratic Initiatives and Social Development” Public Union
40 “Civil Society Institute” Public Union
41 “Tereggi” Social Development Public Union
42 “Regional Gender Center” Public Union
43 “The Research Center for Development Vision” Public Union
44 Public Association for Assistance to the Free Economy
45 "The Society for Care to the Garabag Invalids"
46 The Center of Law Initiatives for Civil Society
47 "Ulduz" Electronic Organization
48 "Zangilan” Public Union
49 Human Rights in Extracting Industry"
50 "Road Construction Monitoring Center" Public Union
51 “Electronic Election" Public Union
Caucuses International Relations and Strategic Investigations Center –
52 QAFSAM
53 "ELS" Independent Investigations Center
54 Azerbaijan Free Teachers’ Union
55 Political Cultural Center of Azerbaijan Women
56 Ecological Renaissance
57 “Regional Human Rights and Enlightenment Center” Public Union
58 “Enlightenment of Young Generation" Public Union
59 “Modern Woman and Society” Public Union
60 “Assistance to Economic Initiatives” Public Union
61 “Solidarity among the Women” Public Union
62 “Digital Development” Public Union
63 Economic Innovation Center
64 “Support to Young Poets” Public Union
65 “Xilaskar” Public Union
66 “Tereggi” Social Studies Public Union
67 "Return to the Native Land" Public Union
68 “Enlightenment in respect to Gene Engineering” Public Union
69 Economic and Social Enlightenment Center
70 “Journalist Initiatives” Center
71 Economic and Social Development Center
72 “ Human Rights - 2003” Public Union
73 Democratic Development Platform

- 74 "Equal Possibilities Center" public union
- 75 "Belief on the Future" care to the persons in need" Public Union
- 76 "Support to Propoganda of Cultures and Public Creativity" Public Union
- 77 "Democracy and Woman Initiatives" Public Union
- 78 Regional "Garabag" Agricultural Association Public Union
- 79 "Development of Knowledge and Enlightenment" Public Union (Ganja)
- 80 "Law World" Legal Propoganda Public Union
- 81 Multimedia Center
- 82 The Support for Scientific Development of Youth" Public Union
- 83 The Center for Economic and Political Investigations
- 84 The Center for Monitoring of Social Resources
- 85 Oil Investigations Center
- 86 Humanitarian Investigations Center
- 87 The Center for Economic and Legal Enlightenment of Journalists
- 88 "Democracy Monitor" Public Union
- 89 "Garabag Fighters Association" Public Union
- 90 "Guzaran" Social Investigations Center
- 91 Muğan Human Rights Protection Public Union
- 92 Democratic Development and Economic Cooperation Organization
- 93 "Aran" Ecological Enlightenment Public Union
- 94 "The Foundation for Protection of Democratic Values "
- 95 "Dalga" Protection of Ecology and Nature" Public Union
- 96 "Ekoloq" Assistance to Protection of Environment" Public Union
- 97 "Carpet World" Association (Guba city)
- 98 "Woman World " Public Union
- 99 Democratic Society, elections and press monitoring
- 100 Agrarian Industrial Engineers" Public Union
- 101 Economic and Ecological Investigations Center
- 102 Democratic Reforms Center
- 103 Regional Enlightenment Public Union
- 104 "Mashal" Sosial Support to the Invalid and Martyr Families Public Union
- 105 Social Initiatives and Human Rights Public Union
- 106 Democracy and Ecological Balance Public Union
- 107 "Free Person" the Society for protection of human rights
- 108 "Umid" Assistance to social development Public Union
- 109 "Healthy Development and Enlightenment" Public Union

Individual members:

Hijran Hamidova
Arzu Soltan
Shamil Movsumov
Elmidar Aliyev
Dunya Sakit
Fuad Rasulov
Pashayeva Sadagat
Jafarova Suheylya

Appendix 7 –List of the companies participating in EITI Azerbaijan

1. SOCAR
2. Azerbaijan (ACG) Limited
3. Azerbaijan (Shah Deniz) Limited
4. Ali-Bairamli Oil Ltd
5. Salyan Oil Ltd
6. Gobustan Oil Ltd
7. BP Exploration (Caspian Sea) Limited
8. BP Exploration (Azerbaijan) Limited
9. BP Shafag-Asiman Limited
10. Inpex Southwest Caspian Sea, Ltd.
11. ONGC Videsh Limited
12. Statoil Apsheron A.S
13. Statoil Shah Deniz A.S
14. Türkiye Petrolleri Anonim Ortaklığı (TPAO)
15. Turkish Petroleum Overseas Company Ltd
16. Total E & P Azerbaijan B.V
17. Total E & P Absheron B.V
18. Chevron Khazar, Ltd.,
19. Exxon Azerbaijan Limited
20. Itochu Oil Exploration (Azerbaijan) Inc.
21. Naftiran Intertrade Co (NICO) Limited
22. Lukoil Overseas Shah-Deniz Ltd
23. Novatis Oil F.Z.E.
24. Commonwealth Gobustan Limited
25. Fortunamate Assets Limited
26. CNPC
27. Kura Valley Development Company LTD
28. Karasu Development Company
29. Azen Oil Company B.V.

30. Apsheron Investments Limited
31. Neftechala Investments Limited
32. Shirvan Investment Limited
33. GDF SUEZ E&P Absheron B.V
34. Bahar Energy Limited
35. UGE-LANCER PTE.LTD
36. R.V. Investment Group Services
37. AzGerneft LLC
38. Salyan Oil

