

To: CHF International Azerbaijan

From: Economic Research Centre

Final Report
(September 17, 2007-January 01, 2008)

Project on “Enhanced Transparency Initiative and Ensuring Public Participation in Municipal Decision-making process”

In line with the SW-07-02 Grant Agreement on “Enhanced Transparency Initiative and Ensuring Public Participation in Municipal Decision-making process” that was launched by Economic Research Center with funding support from CHF, Azerbaijan in order to strengthen the municipalities in Azerbaijan started to be implemented as scheduled.

By September 24, 2007, the action plan and training materials had been arranged and all the organizational issues of the training series that were supposed to be held in Northeast, Northwest and Southeast be resolved. Likewise, all the necessary contact had been established with CHF regional offices.

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, implementation stages and made familiar with the successful cases under the same previous projects.

So as to increase the effectiveness, the training participants were split into two groups and each was trained separately for two days. The training program topics were interactively delivered and practical issues raised and discussed with the following questions being relevantly answered and interpreted in accordance with the legislation and workgroups were set up to discuss practical issues.

The handouts were disseminated to the participants to sustain the follow-up effect of the training, and electronic copies were provided to CHF regional branches and contacts of relevant experts and trainers were given to the trainees. 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. (Annex 2)

For Northeast region

On September 18, 2007 meetings and follow-up discussions of ERC Project experts and trainers took place with the CHF regional office members.

During the first project implementation stage covering 25-28 September, 2007, a training was conducted for 47 representatives (including municipal heads, accountants etc) of 23 municipalities (Guba, Khachmaz, Gusar and Devechi regions) in the Khachmaz branch of CHF on the topic of “Enhanced Transparency Initiative and Ensuring Public Participation in Municipal Decision-making process”. As mentioned before, the participants were split into two groups and the first group was trained on 25-26 September, 2007 where 22 people from 12 municipalities, and 3 Umid people attended. The second training took place on 27-28 September, 2007 with the participation of 21 people from 11 municipalities and one Umid official.

The participant municipalities from Northeast region:

Districts	Municipality	Name and second name	Getting in touch by telephone
North-east Districts			
Quba			
1.	Hajihuseynli municipality	Mammadyarov Denyar	357-39-02
2.	Davudova municipality	Dashdemirov Nizami	766-34-05
3.	Mollaburhanlı municipality	Zekiyev Hikmet	478-62-83
4.	Amsar municipality	Teymurxanov Eynulla	329-00-70
5.	Amsar municipality	Mammadov Maqsud	379-40-82
6.	Ashagi Atuc municipality	Əbdulrahmanov Akif	533-01-05
7.	Ashag Atuc municipality	Agayev Bayram	4-04-06
8.	Ashag Atuc municipality	Alisultanov İlham	532-88-92
9.	Zerdabi municipality	Feyzullayeva Fatmaxanım	392-51-44
10.	Zerdabi municipality	Feyzullayeva Gunay	-
11.	Mohuc municipality	İdrisov Ruhulla	3-30-85
Qusar			
12.	Bedirqala municipality	Aliyev Hajibala	392-08-93
13.	Balaqusar municipality	Bagiyev Dashdemir	796-86-54
14.	Hasanqala municipality	Mustafaev Nebi	338-85-56
15.	Hasanqala municipality	Azizov Firuz	-

16.	Xuray municipality	Aliyev Akber	520-51-07
17.	Piral municipality	Nesrullayev Nesrulla	543-58-16
18.	Xuray municipality	Soruxanova Naibe	530-88-32
19.	Piral municipality	Rustamov Ajder	-
20.	Qazmalar municipality	Shahsanova Ayarxanım	98-2-74
21.	Qazmalar municipality	Eyyubov Heydar	622-27-15
22.	Qusar municipality	Mammadov Abulfat	571-42-41
23.	Hezre municipality	Misrixanov Ummet	626-04-32
24.	Hasanqala municipality	Hajaliyev Mahir	661-12-62
25.	Hazra municipality	Babaxanov Azer	673-24-03
Xachmaz			
26.	Sayad municipality	Mammadov Balabay	342-74-02
27.	Sollar municipality	Qasimov Valeh	485-80-76
28.	Sollar municipality	Bayramov Rahib	055 730-86-40
29.	Qarachay municipality	Allahyarov Elshad	316-41-69
30.	Qarachay municipality	Balayev Yusif	597-25-04
31.	Ashagi Zeyid municipality	Pashayev Terlan	349-77-82
32.	Ashagi Zeyid municipality	Mammadov Mubariz	0172-6-12-32
33.	Xudat municipality	Allahyarov Elman	318-39-01
34.	Xudat municipality	Amirbeyov Ariz	368-45-64
35.	Xudat municipality	Qarayev Siyavush	648-33-85
36.	Xudat municipality	Abdullayev Amiraga	621-83-04
Devechi			
37.	Rahimli municipality	Aliyev Abulfat	361-81-69
38.	Shahnezerli municipality	Mammadov Sahib	340-43-80
39.	Shahnezerli municipality	Musayev Dilaver	-
40.	Rahimli municipality	Bibiquluyev Alirahim	381-12-43
41.	Gendob municipality	İsmayılov Nəcmədin	336-39-56
42.	Gendob municipality	Hajiyev Arif	340 43 80
43.	Rahimli municipality	Ahmedov Alesker	
Umid			
44.	Umid organization	Oleq amrahov	353-47-74

45.	Umid organization	Tunzala Humbatova	376-75-91
46.	Umid organization	Rubaba Babaxanova	671-42-30
47.	Umid organization	Azad Bahaddinov	637-38-54
<i>23 Municipalities and 47 persons have participated in training on North-East districts</i>			

Results of evaluation sheets on the Northeast region:

The training of “Enhanced Transparency Initiative and Ensuring Public Participation in Municipal Decision-making process” conducted for the CHF cooperating district municipalities in local office of “Umid” in Khachmaz city from September 25 – 28 was assessed by the attendees as per the evaluation sheet distributed at the end of the training. It is to note that the evaluation sheet was filled and submitted by 27 people. The sheet required separate assessment of each presentation, assessment of organizational preparation and attendees’ suggestions. Presentation and organizational preparation evaluation was conducted on a 10 point scale. (10-the best, 1-the worst). The sheets were analyzed and the final results are as follows. The results are presented with regard to each question:

1. « Presentation on the topic of “Local budget process and transparency”:

Urgency of the topic – was assessed by 10 points by 17 people, 9 by 4 people, 8 by 4 people, 1 by 7 people and 6 by 1 person .

Presentation quality – was assessed by 10 points by 18 people, 9 by 2 people, 8 by 6 people, and 5 by 1 person.

Trainer’s competence – was assessed by 10 points by 20 people, 9 by 3 people, and 8 by 4 people.

2. Presentation on the topic of “Enhanced Transparency Initiative and Ensuring Public Participation in Municipal Decision-making process”:

Urgency of the topic – was assessed by 10 points by 21 people, 9 by 3 people, 8 by 1 person, and 7 by 2 people.

Presentation quality – was assessed by 10 points by 17 people, 9 by 6 people, 8 by 1 person, and 7 by 3 people.

Trainer's competence – was assessed by 10 points by 19 people, 9 by 3 people, 8 by 2 people, and 7 by 3 people.

3. « Presentation on the topic of «Local budget calculation and payment»:

Urgency of the topic – was assessed by 10 points by 21 people, 9 by 4 people, 8 by 1 person, and 7 by 1 person.

Presentation quality –was assessed by 10 points by 16 people, 8 by 4 people, 6 by 1 person, and 5 by 1 person.

Trainer's competence –was assessed by 10 points by 18 people, 8 by 3 people, 7 by 1 person, and 5 by 1 person.

4. Presentation on the topic of «How to analyze the municipality budget?»:

Urgency of the topic – was assessed by 10 points by 21 people, 9 by 3 people, 8 by 2 people, and 4 by 1 person.

Presentation quality – was assessed by 10 points by 18 people, 9 by 5 people, 8 by 3 people, and 6 by 1 person.

Trainer's competence – was assessed by 10 points by 19 people, 9 by 6 people, 8 by 1 person, and 6 by 1 person.

5. Presentation on the topic of «Local budget classification»:

Urgency of the topic – was assessed by 10 points by 20 people, 9 by 2 people, 8 by 4 people, and 5 by 1 person.

Presentation quality – was assessed by 10 points by 17 people, 9 by 4 people, and 8 by 6 people.

Trainer's competence – was assessed by 10 points by 19 people, 9 by 3 people, 8 by 4 people, and 5 by 1 person.

6. Organizational preparation level of the training:

Training room facilities – was assessed by 10 points by 18 people, 9 by 3 people, 8 by 1 person, 7 by 2 people, 6 by 1 person, and 5 by 2 people.

Situation of technical equipment – was assessed by 10 points by 20 people, 9 by 1 person, 8 by 1 person, 7 by 4 people, and 6 by 1 person.

Quality of service during breaks – was assessed by 10 points by 19 people, 9 by 2 people, 8 by 3 people, 7 by 2 people, and 6 by 1 person.

- ✚ The most favourable aspects of the training were mentioned by the attendees as being educated, having good time, gaining new knowledge on preparation and analysis of the budget, calculation and collection of the local taxes and public participation in the activities of the municipalities.
- ✚ The training attendees suggested the future trainings to be dedicated to the accounting and tax arrangement and analysis of laws and normative acts about municipalities
- ✚ Suggestions regarding improvement of the future trainings included training all the municipality members and officials, enlarging the training hall and increasing the number of visual aids.

For the Northwest region

The second training of the first project stage took place in Gakh city in the Northwest region with a total of 42 representatives from 20 municipalities of Shaki, Gakh, Zaqatala, Balaken districts. The first training that was held on 02 – 03 October, 2007 was attended by 29 people from 16 municipalities, 3 people from Excom office. The second training held on 04–05 October 2007 was attended by 10 people from 4 municipalities.

The participant municipalities from Northeast region:

<i>North-West districts</i>	<i>Municipalities name's</i>	<i>Members name's</i>	Getting in touch by telephone
Balakan			
1.	RİH	Rahimli Shahin Qurban	050 671-88-23
2.	Pushtetala municipality	Alqayev Necmeddin	565-17-89
3.	Pushtetala municipality	Balamedova Aybeniz	24-2-32
4.	İtitala municipality	Umaxanov İsrafil	665-38-90
5.	İtitala municipality	Veliyeva Asmer	763-08-07
6.	Kortala municipality	Musayev Xalil	27-4-9
Zaqatala			
7.	Zayam	Eminov Rasul Ramazan	511-41-31
8.	Yuxarı Chardaxlar	Qurbanov Hasan Qurban	473-41-99
9.	Danachı municipality	aliyev Hushan Eyyub	583-82-91

10.	Chobankol municipality	Mustafayev Hamlet	050 54-28-15
11.	Yengiyan municipality	Shabanov Ramiz İsmayil	(174)63-2-05
12.	Maqov municipality	Qostiyev Asadullali	050 304-60-02
13.	Kapanakçi municipality	Kerimov Ziyaviddin	674-92-347
14.	RİH	Davudov Yusif Safar	050 339-60-03
15.	RİH	Qazilov Valeh Abdulbagi	050 317-26-79
16.	Danachi municipality	Milletov Mammad	344-17-56
17.	Kapanakçi municipality	Süleymanova Mirvari	050 372-85-08
18.	Kapanakçi municipality	Murtuzova Nəzmiyyə	92-3-85
19.	Chobankol municipality	Cebayilov Harun	72-5-10
20.	Yengiyan municipality	Qurbanov Namin	585-99-13
21.	Danachi municipality	Zutov Omer	75-5-57
Qax			
22.	Zarna municipality	Saadov Rahim	421-48-31
23.	Zarna municipality	Bayramova Haqiqat	-
24.	Amberchay municipality	Mecidov Nariman S.	752-93-88
25.	Amberchay municipality	Adurzayev Elchin C.	549-78-84
26.	Calayır municipality	Hafizov Shahid Said	632-19-07
27.	Calayır municipality	Sarkarova Dostu Said	-
28.	Qum municipality	Ramazanova Maxtim	90-2-22
29.	Qum municipality	Muslumov Shirin M.	050 583-90-88
30.	Lakit municipality	Shirinov Rovshan M.	050 368-21-35
31.	Lakit municipality	Maherramov Aslan H.	49-2-59
32.	Tasmali municipality	Habibova Manzura	050 781-24-62
33.	Tasmali municipality	İsmayilova Xuraman	43-3-38
34.	Qashqachay municipality	Rəhimov İsa	98-6-51
35.	Qashqachay municipality	Ramazanov Anvar	98-6-51
Sheki			
36.	Ashagi Goymuk municipality	İbrahimov Qudrat Kazim	96-4-02
37.	Qoxmuq municipality	Qafarov Shamil Mammad	323-55-86
38.	Qoxmuq municipality	Hasanov İlqar Alefser	050 512-51-19
39.	Kish municipality	Qarayev Malik	050 515-14-58

40.	Kish municipality	Shamseddinov Bayram	98-1-76
41.	Ashagi Goymuk municipality	İbrahimov İlyas İbrahim	0177-96-4-02
42.	Ashagi Goymuk municipality	Ahmadov Azer Racab	0177-96-4-02
<i>20 municipalities and 42 persons have participated in training on North-West districts</i>			

Results of evaluation sheets on the Northwest region:

The training of “Enhanced Transparency Initiative and Ensuring Public Participation in Municipal Decision-making process” conducted for the members of the partner municipalities within SW 07-02 project in Gakh city from October 2 – 5 was assessed as per the evaluation sheet distributed to the participants at the end of the training. 29 people responded to the sheet. The participants’ evaluation is as follows:

1. Presentation on the topic of “Local budget process and transparency”:

(10-the best, 1-the worst)

Urgency of the topic – was assessed by 10 points by 17 people, 8 by 7 people, and 7 by 1 person.

Presentation quality – was assessed by 10 points by 10 people, 9 by 8 people, 8 by 9 people, 7 by 1 person, and 6 by 1 person.

Trainer’s competence – was assessed by 10 points by 14 people, 9 by 8 people, and 8 by 7 people.

2. Presentation on the topic of “Enhanced Transparency Initiative and Ensuring Public Participation in Municipal Decision-making process”:

(10-the best, 1-the worst)

Urgency of the topic – was assessed by 10 points by 14 people, 9 by 5 people, 8 by 6 people, 7 by 3 people and 6 by 1 person.

Presentation quality – was assessed by 10 points by 6 people, 9 by 11 people, 8 by 8 people, 7 by 2 people, and 6 by 2 people.

Trainer’s competence – was assessed by 10 points by 14 people, 9 by 8 people, 8 by 3 people, and 7 by 4 people.

3. Presentation on the topic of «Local budget calculation and payment»:

(10-the best, 1-the worst)

Urgency of the topic – was assessed by 10 points by 19 people, 9 by 4 people, 8 by 5 people, and 7 by 1 person.

Presentation quality – was assessed by 10 points by 10 people, 9 by 14 people, 8 by 4 people, and 7 by 1 person.

Trainer's competence – was assessed by 10 points by 13 people, 9 by 12 people, 8 by 3 people, and 7 by 1 person.

4. Presentation on the topic of «How to analyze the municipality budget?»:

(10-the best, 1-the worst)

Urgency of the topic – was assessed by 10 points by 20 people, 9 by 5 people, 8 by 4 people, and 7 by 1 person.

Presentation quality – was assessed by 10 points by 16 people, 9 by 6 people, 8 by 6 people, and 7 by 1 person.

Trainer's competence – was assessed by 10 points by 17 people, 9 by 6 people, 8 by 5 people, and 7 by 1 person.

5. Presentation on the topic of «Local budget classification»:

(10-the best, 1-the worst)

Urgency of the topic – was assessed by 10 points by 16 people, 9 by 4 people, 8 by 5 people, and 7 by 4 people.

Presentation quality – was assessed by 10 points by 8 people, 9 by 12 people, 8 by 6 people, and 7 by 3 people

Trainer's competence – was assessed by 10 points by 16 people, 9 by 7 people, 8 by 4 people, and 7 by 2 people

6. Organizational preparation level of the training:

(10-the best, 1-the worst)

Urgency of the topic – was assessed by 10 points by 16 people, 9 by 5 people, 8 by 2 people, 7 by 1 person, 6 by 3 people and 5 by 2 people.

Presentation quality – was assessed by 10 points by 15 people, 9 by 5 people, 8 by 5 people, 6 by 1 person, 5 by 2 people and 3 by 1 person.

Trainer's competence – was assessed by 10 points by 11 people, 9 by 6 people, 8 by 4 people, 7 by 2 people, 6 by 2 people, 5 by 3 people and 2 by 1 person

✚ The most favourable aspect of the training for you:

The most favourable aspects of the training were mentioned by the attendees as being educated, getting information on the recent laws and normative acts, extending experience on public experience, budget analysis, tax calculation, application of concessions and establishment of relations with international organizations.

✚ What topic would you like the next training to be about?

Determination of the municipalities' authorities, development of business plans by the areas to increase source of incomes and determination of full rights of the municipalities were the topics the attendees wanted to be discussed in future trainings.

✚ What suggestions do you have to improve the training?

The main suggestions of the attendees regarding improvement of the training were to be provided with printed literatures on the new laws.

For Southeast region

The second training of the first project stage took place in Lenkoran city in the Southeast region with a total of 33 representatives from 20 municipalities of Jalilabad, Lenkoran, Astara, Lerik, Masalli and Yardimli districts. The first training that was held on 08 – 09 October 2007 was attended by 11 people from 7 municipalities, while the second training held on 10-11 October 2007 was attended by 21 people from 13 municipalities.

The participant municipalities from Southeast region:

<i>South-East districts</i>	<i>Municipalities name's</i>	<i>Members name's</i>	<i>Getting in touch by telephone</i>
Calilabad			
1.	Privolnoye municipality	Jahangirov Allahshukur	686-50-35
2.	Privolnoye municipality	Selimov Aliyar	576-34-14
3.	Babakhanlı municipality	Mammadov Alipasha	640-74-65
4.	Babakhanlı municipality	Qubadov Solvan	684-14-45
5.	Uzuntapa municipality	Babashov İbrahim	055 621-91-10
Astara			
6.	Odjekeran municipality	Hakayev Saxavat	368-01-83
7.	Odjekeran municipality	Racabov Afqan	-

8.	Tulaguvan municipality	Ağayev Rafiq	513-46-72
9.	Tulaguvan municipality	İsayev Shahmirza	645-63-82
Lerik			
10.	Bibihoni municipality	Vahabov Rasul	662-87-55
11.	Daster municipality	Dadashov Qalib	389-30-21
12.	Daster municipality	Abbasov Faiq	-
13.	Daster municipality	Cabbarov Natiq	-
14.	Hovil municipality	Shaxiyev Abdulla	361-34-65
15.	İİS	Shabanov Fayaz	660-29-61
16.	Molalan municipality	Aliyev Yadulla	405-87-85
Yardimli			
18.	Gavran imunicipality	Mustafayev Seyran	579-75-16
19.	Chanakhbulaq municipality	Novruzov Shahmur	516-88-54
20.	Urakaran municipality	Shirinov Ahmed	348-21-64
21.	Golyeri municipality	Baxshiyev Shakir	050 504-47-46
Masallı			
22	Agakishibeyli municipality	Abasov Rafet	300-28-01
23.	Agakishibeyli municipality	Shahverdiyev Novruz	151-5-16-15
24.	Agakishibeyli municipality	Shahverdiyev Alxas	341-28-59
25.	Ahmedli municipality	İsmayılov Hadi	454-83-92
26	Sharafa municipality	Cafarov Alisa Alish	466-21-53
27.	Bina Xocavar	Azimov İxtiyar Alxas	464-54-50
28.	Chakhirli municipality	Mammadov Ziyafat	341-84-58
29.	Chakhirli municipality	Gozalov Yashar	561-93-44
30.	Abasbeyli municipality	Mehtiyev Cabrayıl	783-60-98
31.	Hasanlı municipality	Dadashov İlham	394-46-16
32.	Hasanlı municipality	Huseynov Alesger	362-89-88
33.	Sharafa municipality	Ziyadov Alimammad	222-19-47

<i>20 Municipalities and 33 persons have participated in training on South-East districts</i>			
<i>Generally 62 municipalities and 122 persons have participated in training</i>			

Results of evaluation sheets on the South region:

The training attendees conducted assessment as per the evaluation sheets distributed at the end of the trainings run by the Southeast region. The evaluation sheet was filled and submitted by 25 people. The sheet required separate assessment of each presentation, assessment of organizational preparation and attendees' suggestions. Presentation and organizational preparation evaluation was conducted on a 10 point scale. (10-the best, 1-the worst). The sheets were analyzed and the final results are as follows. The results are presented with regard to each question:

1. « Presentation on the topic of “Local budget process and transparency”:

Urgency of the topic – was assessed by 10 points by 20 people, 9 by 2 people, 8 by 1 person, 7 by 1 person, and 6 by 2 people.

Presentation quality – was assessed by 10 points by 17 people, 9 by 4 people, 8 by 2 people, 6 by 1 person, and 5 by 1 person.

Trainer’s competence – was assessed by 10 points by 20 people, 9 by 1 person, 8 by 2 people, 6 by 1 person and 5 by 1 person.

2. Presentation on the topic of “Enhanced Transparency Initiative and Ensuring Public Participation in Municipal Decision-making process”:

Urgency of the topic – was assessed by 10 points by 18 people, 9 by 5 people, 8 by 1 person, and 3 by 1 person.

Presentation quality – was assessed by 10 points by 17 people, 9 by 5 people, 8 by 2 people, and 6 by 1 person.

Trainer’s competence – was assessed by 10 points by 19 people, 9 by 3 people, 8 by 2 people, and 6 by 1 person.

3. «Presentation on the topic of «Local budget calculation and payment»:

Urgency of the topic – was assessed by 10 points by 20 people, 9 by 3 people, 8 by 1 person, and 7 by 1 person.

Presentation quality – was assessed by 10 points by 19 people, 9 by 5 people, and 7 by 1 person.

Trainer's competence – was assessed by 10 points by 20 people, 9 by 3 people, 8 by 1 person, and 5 by 1 person.

4. Presentation on the topic of «How to analyze the municipality budget?»:

Urgency of the topic – was assessed by 10 points by 19 people, 9 by 5 people, and 8 by 1 person.

Presentation quality – was assessed by 10 points by 20 people, 9 by 1 person, 8 by 3 people, and 6 by 1 person.

Trainer's competence – was assessed by 10 points by 21 people, 9 by 2 people, 8 by 1 person, and 7 by 1 person.

5. « Presentation on the topic of «Local budget classification»:

Urgency of the topic – was assessed by 10 points by 21 people, 9 by 3 people, and 8 by 1 person.

Presentation quality – was assessed by 10 points by 18 people, 9 by 4 people, 8 by 2 people, and 7 by 1 person.

Trainer's competence – was assessed by 10 points by 20 people, 9 by 3 people, 8 by 1 person, and 6 by 1 person.

6. Organizational preparation level of the training:

Training room facilities – was assessed by 10 points by 16 people, 9 by 5 people, 8 by 2 people, 7 by 2 people, and 7 by 2 people.

Situation of technical equipment – was assessed by 10 points by 17 people, 9 by 3 people, 8 by 3 people, and 6 by 1 person.

Quality of service during breaks – was assessed by 10 points by 20 people, 9 by 2 people, 8 by 1 person, and 7 by 2 people.

✚ Accurate choice of subjects and their correct explanation to the attendees, municipality budget formulation process, exact calculation rules of local taxes, public awareness about how to better build future activities and getting new information on draft budget and analysis, calculation and collection of local taxes, as well as public participation in municipality activities were mentioned by the citizens as the most favourable aspects of the training.

✚ The attendees want the future trainings to be about municipal governance and management, municipality relations with the state structures, recently adopted decisions

about the municipalities, guidelines for municipality interaction with the people, municipality budget formulation sources, tax collection methods, organization and management of accounting and tax issues and analysis of laws and normative acts about the municipalities.

- ✚ Suggestions regarding improvement of the future trainings included training all the municipality members and officials, enlarging the training hall and increasing the number of visual aids.

In the following stage, project experts made trips to municipalities as planned by the action plan to collect budget figures for newspaper publication. During the visits, experts brought the budget drafts of municipalities in line with the legislative classification standards as specified by decision 149 of Cabinet of Ministers and the budgets were prepared in two copies, one for municipalities and the other for newspaper publication.

The data collected for forecasted budgets were analyzed by experts and a few necessary corrections made and arranged into tables. Afterwards, forecasted budget revenues and expenditures were differently interpreted across municipalities and continuous work was done on newspaper publication of budgets. The 2008 budget forecasts were arranged by the relevant permanent commission on the basis of proposals of executive body of municipalities. As per the requirements of Tax Code and “Financial bases of municipalities” of the Azerbaijan Republic, the revenues sources and tax base that are assigned to municipalities were identified based on the all-around assessment. The forecasted expenditures of municipal budgets were basically arranged for administrative purposes and based on the needs of socio-economic development of local people.

The cover page of newspaper contained the introductory information on the project “Enhanced Transparency Initiative and Ensuring Public Participation in Municipal Decision-making process” and the project activities were introduced to the broader audience. Each page of the newspaper was devoted to one municipality budgets and their economic classifications of revenues and expenditures were shown graphically in both relative and absolute terms. The last page of the newspaper was concerned with the training held in each region and reflected the training pictures. On November 20, 2007, 9000 copies of “Municipality budget” newspapers, 3000 copies per region, came out and were disseminated among the municipalities and their people. During the following stages, preparation was done for public hearings in the sense that

package of recommendations as to how to engage wider public into the hearings were organized and presented to each municipality (Annex 3).

As of 27th November, 2007, public hearings took a start in all three regions. All the hearings were conducted in line with what had been defined in the guidelines (Annex 4). The project experts acted as moderators and ensured that discussions went on the planned track and made interventions, if necessary.

The participation rate at public hearings was as follows in the below table for individual regions:

Northeast region

<i>Municipalities</i>	<i>Nº</i>	<i>Municipalities name's</i>	Member' number	Date	Time
Xachmaz	<i>1</i>	Xudat	71 persons	27.11.2007	11:00
	<i>2</i>	Shollar	47 persons	27.11.2007	15:00
Quba	<i>3</i>	Hajihuseynli	53 persons	28.11.2007	11:00
	<i>4</i>	Davudoba	21 persons	28.11.2007	15:00
Davachi	<i>5</i>	Rahimli	26 persons	29.11.2007	11:00
	<i>6</i>	Shahnezerli	18 persons	29.11.2007	15:00
	<i>7</i>	Gendab	3 persons 9	30.11.2007	11:00
Quba	<i>8</i>	Mohuj	42 persons	04.12.2007	11:00
	<i>9</i>	Mollaburhan	22 persons	04.12.2007	15:00
Qusar	<i>10</i>	Piral	35 persons	05.12.2007	11:00
	<i>11</i>	Hezre	27 persons	05.12.2007	15:00
	<i>12</i>	Bedirqala	43 persons	06.12.2007	11:00
	<i>13</i>	Kohnə Xudat Qazmalar	30 persons	06.12.2007	15:00
Xachmaz	<i>14</i>	Qarachay Jek	31persons	11.12.2007	11:00
	<i>15</i>	Ashagi Zeyid	42 persons	11.12.2007	15:00
Qusar	<i>16</i>	Hasanqala	32 persons	13.12.2007	11:00
	<i>17</i>	Balaqusar	15 persons	13.12.2007	15:00
	<i>18</i>	Xuray	24 persons	14.12.2007	11:00

Note: though the public hearing at Zerdabi municipality of Guba district was scheduled for 11:00 am on 7th December, 2007, it was delayed until 19th December, 2007 due to the absence of municipal councilors.

Northwest region

<i>Municipalities</i>	<i>Nö</i>	<i>Municipalities name's</i>	Member' number	Date	Time
Şəki	<i>1</i>	Kish	100 persons	28.11.2007	11:00
	<i>2</i>	Qoxmuq	35 persons	28.11.2007	15:00
Qax	<i>3</i>	Tasmali	120 persons	29.11.2007	11:00
	<i>4</i>	Qum	45 persons	30.11.2007	11:00
	<i>5</i>	Ləkit	35 persons	30.11.2007	15:00
	<i>6</i>	Jalair	40 persons	04.12.2007	11:00
	<i>7</i>	Zarna	45 persons	04.12.2007	15:00
	<i>8</i>	Amberchay	40 persons	05.12.2007	11:00
Zaqatala	<i>9</i>	Yengiyan	40 persons	06.12.2007	11:00
	<i>10</i>	Kapanakchi	60 persons	06.12.2007	15:00
	<i>11</i>	Yuxari Chardaxlar	68 persons	07.12.2007	11:00
	<i>12</i>	Zayam	23 persons	07.12.2007	15:00
	<i>13</i>	Danachi	36 persons	11.12.2007	11:00
	<i>14</i>	Chobankol	40 persons	11.12.2007	15:00
Balakan	<i>15</i>	Pushtatala	55 persons	12.12.2007	15:00
	<i>16</i>	İtitala	36 persons	13.12.2007	11:00
	<i>17</i>	Maqov	120 persons	13.12.2007	15:00
	<i>18</i>	Kortala	26 persons	13.12.2007	15:00

Note: Though the public hearing at Qaşqaçay municipality of Guba district was scheduled for 15:00 am on 5th December, 2007, it was cancelled due to the rejection of municipal councilors to conduct public hearing.

Southeast region

<i>Municipalities</i>	<i>Nö</i>	<i>Municipalities name's</i>	Member' number	Date	Time
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Calilabad	1	Babaxanli	35 persons	27.11.2007	11:00
	2	Privolnoe	62 persons	28.11.2007	11:00
	3	Uzuntepe	31 persons	28.11.2007	15:00
Masalli	4	Agakishibeyli	62 persons	29.11.2007	11:00
	5	Sharafa	88 persons	29.11.2007	15:00
	6	Hasanli	28 persons	30.11.2007	11:00
	7	Ahmedli	35 persons	30.11.2007	15:00
	8	Chaxirli	44 persons	04.12.2007	11:00
	9	Bina-Xocavar	21 persons	04.12.2007	15:00
Lerik	10	Molalan	48 persons	05.12.2007	11:00
	11	Bibiyoni	40 persons	05.12.2007	16:00
	12	Hovil	27 persons	06.12.2007	11:00
	13	Daster	24 persons	06.12.2007	15:00
Yardimli	14	Golyeri	42 persons	07.12.2007	11:00
	15	Chanaxbulaq	22 persons	07.12.2007	15:00
	16	Uraqaran	38 persons	11.12.2007	11:00
	17	Gavran	22 persons	11.12.2007	15:00
Astara	18	Tuleguvan	54 persons	12.12.2007	11:00
	19	Ojekæeran	27 persons	12.12.2007	15:00

Report for North-western region

On November 28-30, 2007, ERC conducted a series of public hearings starting with the Kish and Goxmug municipalities, Shaki district and proceeding with Tasmali, Gum and Lekid municipalities, Gax dirstrict, while the other series took place on December 4-7th with Zerne, Emberchay, Celair municipalities, Gax district and Yengiyan, Kepenekchi, Yuxari Chardaglar and Zeyem municipalities, Zagatala district, followed by public hearings of December 11-13th at Danachi, Chobankol, Maqov municipalities in Zagatala and Pushtetala, Ititala and Kortala municipalities in Balaken district. The public hearings discussed the forecasted 2008 municipal budget with the local people, which had, prior to public hearings, been announced through the posters placed in public spaces of municipal territory and preceding newspaper publication. The newspaper publication described economically classified budget revenues and expenditures and provided for functional explanation for people's ease on the budget expenditures for particular interests that fitted people's expectations. Likewise, the announcements showed exact time and location of public hearings. The conduct of hearings followed the earlier designed instructions and each hearing was started with a speech made by municipal heads or other relevant municipal

councilars, which was throughout the whole process of hearings, moderated and intervened by project experts for necessary additional input on the said budget items. Municipalities introduced the projected budget revenues to the citizenry and made them clear on the budget items that seemed kind of blurred. In the end, people's specific concerns and suggestions were heard and put in general discussion. Some of the proposals made by people were included into the next year budgets, while others were left for additional reflection in terms of their calculation and potential inclusion into the budgets depending on their possibility of implementation. In any case, proposals that sounded very relevant were pledged by municipalities to incorporate into their budgets. People were also made sure that the final budget would be placed on the budget information boards so that people are continually aware of the budget implementation and able to track the performance of municipalities in line with the agreed upon budget priorities. ERC project experts Vusal Gasimli and Rejeb Imanov took part in the afore-mentioned public hearings in the capacity of moderators accompanied by CHF regional office representatives except for in two municipalities of Kish and Goxmug.

On November 28th, at 11:00am, Shaki district municipality of Kish held a public hearing attended by 100 people from diverse groups of interested stakeholders. During the hearing, the construction, repair and lighting of internal roads was raised as a major concern by people for discussion. The other necessary issue raised was to erect a new building, like a club, to serve for public event purposes. Later on, the municipal head Malik Garayev said to the people that after the accurate estimations of proposals, such as if they fit into the available 2008 year budget revenues, they would consider people's suggestions and let them people know, if any change ultimately occurred in budget expenditures. Besides, the direction of social assistance that had also been embraced by the budget projections was specified and possibilities of building municipal enterprises to serve as additional revenue sources for municipal budget were debated as well.

On November 28th, at 15:00pm Shaki district municipality of Goxmug held a public hearing with the participation of around 35 locals to discuss the forecasted 2008 budget which was basically concentrated on the installation of pipe for adequate drinking water supply. During the discussions, it was agreed upon that in case of additional funding from other sources the drinking water problem would be treated as the major budget priority. Along with that, the cleaning of the current water pipe and installation of a new one were the key part of the heated discussion.

On November 29th, at 11:00am, there was held a hearing at Tasmali municipality of Gax district. The event was attended by 120 people of different interest groups, where the basic discussion went on the topic of building a new playing ground, repairing the bridge and directing

major budget expenditures on the renovation of territorial roads and repairing rooms of the kindergarden and adding one more person with a need for social assistance into the list of beneficiaries. On top of that, names of 13 tax debtors and their amounts of debts (a total of 2 752 AZN manats) were reported to event participants.

A group consisting of village “agsaggals” (*i.e.* the respected elderly people) was formed to exert public influence on them and individual meetings of group members were scheduled with tax payers. In the end, the population suggested that the revenue and expenditure transactions of the municipality be posted on budget boards in several places of the village on a monthly basis.

On November 30th, at 11:00am, Gax district municipality of Gum held a public hearing that was attended by close to 45 people. The event first started, as was requested by the people, with the detailed explanation on the revenue and expenditure sides of the budget. The people agreed on the draft budget which contained major expenses particularly for the construction of sport building at the cost of the reduced administrative and maintenance expenditures of the municipality building and increased budget amount for sports purposes. The municipality, in its turn, expressed that they would consider the suggestion and promised to post the latest changes to the budget on the budget board.

On November 30th, at 15:00pm, Gax district municipality of Lekid held a public hearing attended by 35 people, where they basically discussed the improved drinking water supply. The municipal head stated that in the event of timely payment of taxes by the local people the problem of drinking water would be resolved. He also said that the amount would be raised from 90 AZN manats up to 360 manats for the payment of electricity bills. In the end, it was stated that a particular commission would be established to help low-income families with the funerals and allocate necessary social assistance to households with the people’s opinions in that regard being taken on board.

On December 4th, at 11:00am, Gax district municipality of Celair held a public hearing with around 40 people representing various interest groups. In general, the people in attendance expressed their agreement with the prepared budget draft. However, they suggested that municipality should take more care of village cemetery in terms of installation of water pipe to the cemetery, put in special things for the water not to get spoiled and run some repair work on the cultural house. The locals also proposed to grow grains in the municipal lands and sell as a way for the additional revenue source for the budget and look for credit opportunities with a view to purchasing new agricultural technologies.

On December 4th, at 15:00 pm, Gax district municipality of Zarna held a public hearing with 45 people from various interest groups in attendance. The attending people proposed repairing

the bridge and road substantially, lighting village streets, and providing for assistance with the water cleaning. Also allocation of money to address the problems of repairing the schools and cultural houses were raised and discussions held in that regard. In the end, the municipality claimed that most of the proposed ideas were beyond the budget. However, he stated that some of the raised problems could be addressed within the budget; while on the other hand, he suggested that the remaining problems would be projected and submitted to relevant state and international bodies.

On December 5th, at 11:00am, there was held a public hearing in Gax district municipality of Emberchay that was attended by 40 people with various backgrounds. The discussed issues included building artesian, changing electricity columns, supplying the school with heating and repairing the kindergarden. The municipal head promised to assess the costs related with the raised issues and consider possible solutions to them within the given budget resources.

On December 6th, at 11:00am, Yenigiyan municipality of Zagatala district conducted a public hearing with various group people of 40 attending. The major discussion went on around erecting a special building for catering purposes and more budget spending on massive cultural events. Besides, people requested to have a few budget expenditure that seemed a bit vague for them clarified and the municipality detailed the relevant expenses to them.

On December 6th, at 15:00 pm, Kepenekchi municipality of Zagatal district conducted a hearing with 60 people in attendance. The proposed ideas were basically concerned with the installation of 2 km drinking water pipe and tapping the available water pipes and increasing renovation expenses at the cost of reduced administrative and maintenance expenditures and directing the increased renovation expenditures totally towards the renewal or roads repair of the act hall, and lighting of central streets.

On December 7th, at 11:00 am, Zagatala district municipality of Yuxari Chardaglar conducted a hearing for the total attending people of 68. The participants were introduced to the detailed budget revenues and expenditures and later on uttered their agreement with the developed 2008 budget.

On December 7th, at 15:00 pm, Zagatala district municipality of Zayam held a budget hearing with 23 people. The participating citizenry complained about the low funding for municipal budget and therefore declared their agreement with the projected budget. They also discussed the possibilities of projecting issues regarding road improvement, water and light columns in order to deliver them to the concerned international and governmental bodies.

On December 11th, at 11:00 am, Zagatala district municipality of Danachi held a budget hearing for the total attending village people of 37 from diverse interest groups. During the hearing, the suggestions made by the people were mostly related to the construction of internal

roads, playing-fields and drinking water pipes to the village center. Giving his opinion on the suggestions made, the head of the municipality stated that the budgeted funds of 5 500 manats for the road construction would be spent for the construction of roads proposed by the people. He also declared the construction of 1 km road to Mehdioba district. On the question of play-ground restoration, the municipal head added that a new facility would be constructed in the place of the current old one. The draft budget is already in place for the construction and works will initiate as of April, 2008. In the end, the citizenry insisted on the head coming out with reports and get them updated on any progress towards the specified priorities. These reports were suggested to be announced on a weekly basis after “Juma” Namaz. The municipal head accepted the idea and agreed to monthly report to the people and delivery awareness speeches to them.

On December 11th, at 15:00pm, Zagatala district municipality of Chobankend ran a public hearing with the participation of a total of 40 people that represented various interest groups. The raised questions were basically concerned with the improved water supply, cleaning of drainage canals and repairing of health care point, and putting the the building that is currently not used and therefore is in need for repair to serve as the sports hall. Likewise, people proposed that the projected budget funds of 3055 AZN mantas for renovation should be directed towards the cleaning or territorial road sides and this suggestion was welcomed by the head. During the hearing, the increased health expenses, social assistance with new applicants were raised as a major recommendation by people for discussion. As a result of discussions a decision was made that education costs would be raised by 10% at the cost of the reduction of funds allocated for the maintenance of village roads. In the end, the municipal head reported to the citizens on implementation of some current repairing works in the health point by reducing 1000 manat from the item of maintenance of roads.

On December 12th, at 15:00pm, Balakan district municipality of Pushtatala held a public hearing attended by 55 people from diverse groups of interested stakeholders. During the hearing, the improvement of the drinking and water construction, repair and lighting of internal roads was raised as a major concern by people for discussion. The other necessary issues raised was to build a pipe from the 3-km away gas pipeline, purchase sports equipment, place street lights and renew electricity columns and provide the school with wood. a new building, like a club, to serve for public event purposes. Durin the public hearing, the municipal head also warned people that the electricity problems occurs due to the absence of electrician in the area and stated the municipality’s readiness to cover monthly expenditures for such a person if any one would agree to function as electrician. Eventually, it was unanimously agreed that due to the less mount of money that was considered in the budget for kinder garden renovation, this sum should be spent on building new drainage canals and purchasing sports equipment.

On November 28th, at 15:00pm Balakan district municipality of Ititala held a public hearing with the participation of around 36 locals to discuss the forecasted 2008 budget which was basically approved by the attending people. During the discussions, explanations were provided by the relevant municipal authorities on road repair and education costs and beneficiaries of social assistance. People ultimately proposed to spend 4000 AZN manats that were initially intended to purchase a vehicle for the municipality on the restoration of the kindergarden, which was consented.

On December 12th, at 11:00am, Zagatala district municipality of Maqov held a public hearing with around 120 people representing various interest groups. (*Note: due to the change in the event date, CHF representative was able to attend the session.*)

On December 13th, at 15:00pm, Балакян district municipality of Кортала ran a public hearing with 22 villagers. In general, the people in attendance expressed their agreement with the prepared budget draft. However, they suggested that municipality should take more care of building a road to the growing fields from the village and arrange transportation to pick up the children to school that live afar. The locals were made sure regarding the consideration of their recommendations in the final budget after a thorough assessment and were assured that they would be updated of any change. Afterwards, they were detailed on the revenues and expenditures of the upcoming year budget.

Statistical results for North-west region public hearings

<i>District municipality located in</i>	<i>№</i>	<i>Municipality Name</i>	<i>Date</i>	<i># of participants</i>
Shaki	1	Kish	28.11.2007	100
	2	Gokhmukh	28.11.2007	35
Gakh	3	Tasmali	29.11.2007	120
	4	Gum	30.11.2007	45
	5	Lakit	30.11.2007	35
	6	Jalair	04.12.2007	40
	7	Zarna	04.12.2007	45
	8	Ambarchay	05.12.2007	40

Zagatala	9	Ienzian	06.12.2007	40
	10	Kapanakchi	06.12.2007	60
	11	Yukhari Chardakhlar	07.12.2007	68
	12	Zayam	07.12.2007	23
	13	Danachi	11.12.2007	37
	14	Chobankhol	11.12.2007	40
	15	Pushtatala	12.12.2007	55
Balakan	16	Magov	13.12.2007	120
	17	Ititala	13.12.2007	36
	18	Kortala	13.12.2007	22

Summary on public hearings held in the North-Western region

Starting from November 28, 2007 up to December 13, 2007, public hearings were held in 18 municipalities of 4 districts (Shaki, Zagatala, Gakh, Balakan) of North-western region to discuss forecast budget indicators for 2008 with the citizens. Approximately 1000 people in total attended these hearings. Participation rate made up 55 people on average by each municipality. Quantitatively, higher participation rate was observed in Kish, Tasmali, Magov, Yukhari Chardakhlar, Kapanakchi and Pushtatala municipalities. That is, participation rate constituted 87 people on average in these municipalities. Kortala, Zayam, Lakit and Gokhmukh municipalities share the lowest participation rate. On average 28 citizens attended these municipalities. The highest participation rate was recorded for Magov and Tasmali municipalities (120 people), while the lowest participation rate was observed in Kortala municipality (22 people). Kish, Tasmali, Chobankol, Pushtatala, Danachi and Yengiyani municipalities are distinguished for active citizens in the hearings. Inasmuch as these municipalities were attended by high rate of participants, the hearing is likely to be considered developed in essence with an audience of complete perception. While conducting this evaluation, the reality and high rate of advantage of their suggestions were taken into consideration. Gokhmukh, Kortala, Gum and Zayam municipalities were distinctive with passive participants. The citizens in those hearings failed to make concrete suggestions on forecast budget which comes out from immature relationship between the citizens and the municipality. On the whole, Kish, Tasmali and Danachi municipalities produced the best result both by participation rate and active citizens. The lowest indicators by these criteria were observed in Kortala, Zayam and Gokhmukh municipalities.

Public hearing analysis

Northwest region

While assessing the budget hearings held in 18 municipalities of northwest region, the following factors impeding both public attendance and openness of municipality to public should be considered:

1. Lack of autonomous municipal decision-making

The municipalities being dependent either legally or illegally on the excoms, prevents them from making autonomous decisions. Pursuant to the legislation, the municipalities are authorized for sale of municipality lands. Yet the citizen must apply to the municipality as well as get opinion of the excom, if he/she wants to buy land. The citizen encounters different bureaucratic obstacles while getting the opinion of the excom. Hence, the municipalities fall under the influence of either citizens or excoms. On the one hand, the municipalities fail to provide the citizens with information on interference of district excoms in their activities and thus it becomes impossible to coordinate the citizens' wishes with the real budget at all. Consequently, they become indifferent about open discussions of their budget with the citizens regardless of their wish. Furthermore, the municipalities are entrusted with collecting electricity and gas fees by the members of the excoms despite those activities are beyond their authorities. All these facts bring to troubled relations between the citizens and the municipalities.

2. Less financial capacity vs. bigger responsibilities.

Reconstruction or rehabilitation of electricity, gas, water and road lines in the area was mentioned as priority by the citizens in the budget hearings. In that, the financial capacity and responsibilities of the municipalities are insufficient to eliminate those problems, people become less confident in municipalities. The budget of the most municipalities where hearings were run, almost includes their salary cost and maintenance cost of the enterprise (the budget capacity of some municipalities are even insufficient to cover those expenses).

3. Citizens' late payments of municipal taxes and fees.

Since most of the citizens delay payment of municipality taxes and payments, they fail to apply to the municipality with any requirement or suggestion. The citizens are aware that the municipality will require them to pay tax debts in case they apply to the municipality with any problem. Consequently, it appears as if the municipality and the citizens come to the mutual "agreement", that is, the citizens do not pay taxes and require nothing for the solution of the problems.

Achievements analysis during hearings

Except for Kish and Magov municipalities among partner municipalities of northwest region, none has run a hearing about forecasted budget discussion so far. As per the observations made during hearings, it may be inferred that the discussion of the forecasted budget was approved both by the municipalities and the citizens. Sharing mutual responsibility principles between the

people and the municipalities was set as a priority during hearings. It entailed getting people's opinions and suggestions during the budget year, awareness and transparency criteria, participation forms of the people in economic, social and other projects, and provision of awareness campaigns on practical works the citizens can do for the budget formulation. Besides, several methods were employed so as to enable the citizens pay taxes in due time. The names of heavy tax payers were mentioned in the hearings and the efficiency of individual talks with the heavy tax payers were explained to the active groups of the population (the educated men, village "*agsaggalars*" (the respected older people), and active members of the community). The opinions made in most of the hearings give ground to say that people's distrust in the municipalities arises from their lack of knowledge about the budget. Since the people were unaware of the municipality budget and responsibilities, they required solution of the problems from them. But after they became aware of the real budget and responsibilities of the municipality during the hearing, the people developed certain opinions of their own in this respect. The municipalities realized the importance of people's awareness of processes in the hearings.

Southern region

Beginning from November 27 until December 12, budget hearings were held in Babakhanli, Privolnoe and Uzuntapa municipalities in Jalilabad district, Agakishibayli, Sharafa, Hasanli, Ahmadli, Chakirli and Bina-Khojavar municipalities in Masalli district, Molalan Bibiyoni, Hovil and Daster municipalities in Lerik district, Golyeri, Chanakhbulag, Uragaran and Gavran municipalities in Yardimli district, and Tulaguvan and Ojakaran municipalities in Astara district to discuss forecast budget for 2008 together with the local citizens under the Economic Research Center project of SW 07-02. The project experts Gubad Ibadoglu and Rauf Gasimov took part in the public hearings as moderators. Likewise, the local representatives of CHF organization attended the hearings. The implementation succession of the hearings stands as follows.

On November 27th, at 11:00am, Jalilabad district municipality of Babakhanli held a public hearing on forecast budget for 2008 attended by 35 citizens from diverse groups of interested stakeholders. Following thorough information provided by Babakhanli municipal head on forecast budget for 2008, unavailability of drainage channel, health point, club, mosque and communication network was raised as a major concern by people for discussion. Moreover, the citizens suggested reducing funds in the amount of 500 manats from several sections and allocating 100 manats of it for press procurement and 400 manats for implementation of future projects. In the end, the municipal head said to the people that the suggestions made would be discussed in the municipal meeting and that all opinions and suggestions made would be

considered within the capacity of the municipal budget and let the citizens know on the last budget.

On November 28th, at 11:00am Jalilabad district municipality of Privolnoe held a public hearing with the participation of around 62 locals from various interest groups to discuss the forecasted 2008 budget. The citizens made their opinions and suggestions after the Privolnoe municipal head provided detailed information on the forecasted 2008 budget. The citizens stated that the municipality had never come out with any report so far and that all the problems of the village remained unsolved. That the young families are not provided with land plots, the members of the municipality are unaware of the municipal budget, no work is conducted to repair internal roads, village lands are used as range by the soldiers, mulberry gardens are destroyed due to lack of care, the bridge is not available over the river to pass to the pasture as well as gas, water and road problems were treated as priorities. Following long discussions, the municipal head stated that some portion of the mentioned problems were envisaged in the budget and a few others are beyond the resources of the municipality and therefore they would address to the relevant bodies to solve the problems. In the end, the municipal head stated he would consider people's recommendations in the final budget.

On November 28, at 15:00pm, Jalilabad district municipality of Uzuntepe held a public hearing with the participatin of 31 people to discuss the 2008 year budget. After a detailed explanation on the budget components, discussions went on with people's considerations of the budget. The issues were basically concerned with the drinking water supply and installation of a new pipe for the water and fencing the newly built cemetery, repairing the village roads and paving gravels on the roads. Finally, the municipal head took the floor saying that the practice of public hearing is new for the municipality and it would from then onward become the tradition of governance and confirmed that the raised problems were among the major concerns of the village and the 2008 budget contained funds for them. The head also said that mentioned ideas would be included into the budget and some portion of the water problem would be resolved.

On November 29th, at 11:00am, Masalli district municipality of Agakikishibeyli ran a public hearing attended by 62 villagers to exchange viewpoints on the 2008 year budget items. The people were first introduced to the budget in general and later on started to make their proposals for possible consideration. On the whole, the key issue was to cut expenses down from other budget items and increase expenditures for road improvement, sports and renovate the kindergarden. The municipality was also requested to take measures against the water leaking

into the streets. In the end, the municipal head appreciated peoples viewpoints and ranked them all very important, however, stating that the limited budget resources do not allow them to settle them at once. Yet, he promised to include some of them into their budget.

On November 29th, at 15:00pm, There was held a municipal budget hearing for the village people of 88 at Masalli district municipality of Sharafa. The budget was, item by item, made clear to the attending people and shortly after, people articulated their suggestions while they also acknowledged the constrained budget funds. The other important questions raised by people were about the absence of space for trashes, assistance with the poor households, illegal occupation of the roads by some villagers, cleaning of water pipes and sewerage canals in some places. The municipal head accepted that the mentioned problems exist and the settlement of a few of them were foreseen in the budget. Likewise, he said that the raised recommendations would be assessed for the inclusion into the budget and would inform people of any change to the budget.

On November 30th, at 11:00am, Masalli district municipality of Hasanli held a public hearing with the participatin of 28 people to discuss the 2008 year budget. After a detailed explanation on the budget components, discussions went on with people's considerations of the budget. Opening the hearing, the member of Hasanli municipality provided the participants with thorough information on the forecasted 2008 budget. Then the floor was given to the citizens to obtain their opinions. The participating citizenry mainly complained of poor state of household plots due to risen ground water level affected by lack of implementing cleaning works in the channel coming from Takhtachay, as well as drinking water problem, road problem, drinking water problem of school and martyrs' spring remaining beyond care. Responding to the questions of the citizens, the municipality member declared that some of those problems were envisaged in the forecasted 2008 year budget, while the other suggestions would be considered during the budget adoption within the municipal resources.

On November 28, at 15:00pm, Masalli district municipality of Ahmedli held a public hearing with the participatin of 35 people to discuss the 2008 year budget. After a detailed explanation on the budget components, discussions went on with people's considerations of the budget. The issues were basically concerned with the deteriorated roads, obselete water tubes and dark steets with no lights. The other suggestions were that the funds allotted for the schools be enhanced, and funds allocated for establishment of a stadium in the village. The suggestions made were welcomed by the participants. The head also said that mentioned ideas and suggestions would be

considered in the final budget of the municipality and people provided with detailed information about it.

On December 4th, at 11:00am, Masalli district municipality of Chakirli ran a public hearing for forecasted 2008 year budget with around 44 people representing various interest groups. Opening the hearing, the municipal head provided detailed information on predefined schemes of inflows and outflows for forecasted 2008 year budget. Later on, the floor was given to the citizens to share their opinions on the municipality budget. The people in attendance mostly complained of deteriorated roads and springs and recommended that the municipality assume responsibility for them. Likewise, the participants suggested charging fees for any possible violation of the legislation and directing it towards sports, restoration and sanding of the school yard. In the end, the municipal head declared that he agreed with all suggestions and opinions provided and that they would be taken into account during adoption of the municipal budget and promised to provide the citizens with detailed information on the adopted budget.

On December 4th, at 15:00 pm, Masalli district municipality of Bina-Khojavar held a public hearing on forecasted 2008 year budget with 21 people from various interest groups in attendance. Initiating the session, the municipal head provided detailed explanation on predefined schemes of revenues and expenditures for forecast budget of 2008. Afterwards, the floor was given to the citizens to share their opinions on the municipality budget. The attending people complained of deteriorated roads and the monument of the martyr the Bina-Khojavar secondary school is named after. The citizens came out with suggestions to reduce funds from several sections and direct them to people with social needs, increase funds envisaged for education and repair the stadium. Besides, the participants stressed the importance of allocating funds for fencing the cemetery due to charged fees for any possible violation of the legislation. In conclusion, the municipal head appreciated peoples viewpoints and ranked them all very important, however, stating that the limited budget resources do not allow them to settle them at once, yet promised to consider suggestions made during the budget adoption and provide the citizens with detailed information on any changes if made..

Lerik district municipality of Molalan . On December 5th, 2007, at 11:00am, there was held a public hearing at the municipal building to discuss the projected 2008 budget figures with the citizenry that was represented by 48 participants. The municipal head lectured on the 2008

budget indicators and responded to the concerned questions asked by the people. The villagers made an important point of the fact that the municipality had never had arranged such a hearing before and inadequate water supply, deteriorated roads, were the most cited concerns. Most of the people suggested that more budget expenses would go to road improvement, while the others asserted that many problems arose with regard to tax collection because people did not know their land plots. It was therefore proposed that all the higher authorities should be addressed with this regard. The municipal head promised to incorporate mentioned concerned issues into their budget.

On December 5th, at 16:00pm, Lerik district municipality of Bibiyoni held a public hearing with the participation of 40 people to discuss the 2008 year budget. After a detailed explanation on the budget components, discussions went on with people's considerations of the budget. Opening the hearing, the member of Hasanli municipality provided the participants with thorough information on the forecasted 2008 budget revenues and expenditures. Then the floor was given to the citizens to get their opinions, who mainly complained of the poor state with the roads, communication and bridges. Most of them suggested having more funds in the budget available for the road improvement purposes. Besides, it was also agreed that relevant state bodies should be addressed for the concern of the absence of communication. The municipal head appreciated the conduct of the public hearing practice and declared that some of those problems would be considered during the budget adoption within the municipal resources.

On December 6th, 2007 at 11:00pm, Lerik district municipality of Hovil held hearing with the participation of around 27 locals from various interest groups to discuss the forecasted 2008 budget. The citizens made their opinions and suggestions after the Privolnoe municipal head provided detailed information on the forecasted 2008 budget. The discussions took place with the citizenry who had a chance for the first time to have their voices heard towards the budget approval process. The major issues raised regarding the budget priorities included road improvement, and restoration of the school roof at the cost of reduced amount from other budget items. Besides, they said that the health care point had no facility and thought it very crucial to allocate some funding to take care of it. In the end, the municipal head stated he would consider people's recommendations in the final budget and let them know of any changes made to the budget.

On December 6th, at 15:00pm, Lerik district municipality of Daster held a municipal budget hearing for the village people of 24. The municipal head commented on the budget forecasts for 2008 and left space for people to articulate their viewpoints on the budget components. It was obvious that people were more preoccupied with the problems of deteriorated school building, electricity pillars and water supply. People offered to cut down 100 AZN manats from other

budget sections and redirect towards renovation ends and allocate 100 AZN manats to low income families. The municipal head accepted that the mentioned problems existed. Yet, they prevailed over the current budget resources. However, he said that the raised recommendations would be included as much as possible into the budget and would inform people of any change to the budget.

On December 7th, 2007, at 11:00am, there was held a public hearing at ***Yardimli district municipality of Golyeri*** to discuss the projected 2008 budget figures with the citizenry that was represented by 42 participants. The municipal head informed people about the 2008 budget indicators and responded to the concerned questions asked by the people. The villagers basically talked about the deteriorated village roads, cemetery and inadequate water supply, which was assessed by the municipality as beyond the budget resources. The other proposition was to build a stadium at the cost of reduced amounts from other budget sections for the youths to spend their leisure time. The municipal head assured people that their views would be considered in the next year budget and would let the people know about any change to the budget.

On December 7th, 2007 at 11:00am, Yardimli district municipality of Chanaxbulag held hearing with the participation of around 22 locals from various interest groups to discuss the forecasted 2008 budget. The citizens made their opinions and suggestions after the municipal head provided detailed information on the forecasted 2008 budget. The discussions took place with the citizenry who had a chance for the first time to have their voices heard towards the budget approval process. The major issues raised regarding the budget priorities included the lack of space for leisure, deterioration of the stadium, and nondocumentation of funds provided by the citizens for road improvement. The citizens also suggested allocating funds for the sports ground at the cost of reduced amount from other budget items. In the end, the municipal head stated he would consider people's recommendations in the final budget and let them know of any changes made to the budget as well as stressed importance of timely tax payments.

On December 11th, 2007, at 11:00am, there was held a public hearing at ***Yardimli district municipality of Urakaran*** to discuss the projected 2008 budget figures with the citizenry that was represented by 38 participants from different interest groups. Only one out of seven municipality councilars took part in the hearing. In that neither the municipality head, the deputy, nor the municipality accountant attended the hearing, it was run by the member of the municipality together with the executive representative. The citizens made their opinions and suggestions after the municipal member provided detailed information on the forecasted 2008 budget. The villagers basically talked about the poor state of heating system of the school and electricity problem. Since no authority participated in the hearing, the sounded opinions and suggestions remained open. The municipal representative promised to deliver opinions made by

the citizens to the municipal head and the municipal councilar and assured people that their views would be considered in the next year budget.

On December 11th at 15:00pm, Yardimli district municipality of Gavran ran a budget hearing for the forecasted 2008 year budget with 22 citizens from various interest groups. Initiating the hearing, the municipality head provided information on revenues and expenditures for the forecasted 2008 year budget. Later on, he gave the floor to the citizens to voice their opinions and suggestions. The water problem was mentioned as priority by the citizens. Making several suggestions on prevention of floods and waste waters to blend with springs, the citizens stressed the importance of solving this problem. In future, distribution of this water to the village was also mentioned. In conclusion, the municipality head mentioned the water problem as priority and declared at all costs to rehabilitate the spring and implement fencing around it in 2008 and that the suggestions would be considered within the municipality resources and the citizens provided with detailed information on the adoption of the budget.

On December 12th at 11:00am, Astara district municipality of Tulaguvan held a budget hearing for the forecasted 2008 year budget. 54 citizens from diverse interest groups attended the hearing. After greeting the attendees, the municipality head provided thorough information on the inflows and outflows for the forecast budget of 2008. Afterwards, the citizens got the floor to make suggestions and opinions on the budget. The people talked about the importance of solving water and incomplete road problem and that the living conditions get worse every year due to lack of water that prevents from watering orchards which is the key source of income for the citizens. Inasmuch as, there is not any place for the young people to spend their leisure time and so leave the village for other places, the citizens suggested reducing funds from other sources and directing them towards establishment of a stadium. In the end, the head municipality promised to accomplish construction of incomplete roads in 2008 and other suggestions to be considered within the recourses of the municipality during the budget adoption.

On December 12th at 15:00pm, Astara district municipality of Ojakaran carried out a budget hearing for the forecasted 2008 year budget with 27 people of different interest groups. Opening the hearing, the municipality head provided detailed information on revenues and expenditures for the forecasted 2008 year budget. Later on, the citizens voiced their opinions and suggestions on the municipality budget. The participants mainly complained of deteriorated roads, and declared the rehabilitation of the roads to be a crucial problem. Likewise, they recommended to reduce funds from other sources and direct them towards schools and the poor families and also stressed importance to render assistance the mourning ceremonies of the poor families. In

conclusion, the head municipality said that all suggestion made would be considered during the budget adoption and let the citizens know of any changes to it.

Statistical results of South public hearings

District	Nº	Municipality name	# of participants	Date
Jalilabad	1	Babaxanli	35 people	27.11.2007
	2	Privolnoe	62 people	28.11.2007
	3	Uzuntapa	31 people	28.11.2007
Masalli	4	Agakishibayli	62 people	29.11.2007
	5	Sharafa	88 people	29.11.2007
	6	Hasanli	28 people	30.11.2007
	7	Ahmadli	35 people	30.11.2007
	8	Chakhirli	44 people	04.12.2007
	9	Bina-Khojavar	21 people	04.12.2007
Lerik	10	Molalan	48 people	05.12.2007
	11	Bibiyoni	40 people	05.12.2007
	12	Hovil	27 people	06.12.2007
	13	Daster	24 people	06.12.2007
Yardimli	14	Golyeri	42 people	07.12.2007
	15	Chanakhbulag	22 people	07.12.2007
	16	Uragaran	38 people	11.12.2007
	17	Gavran	22 people	11.12.2007
Astara	18	Tulaguvan	54 people	12.12.2007
	19	Ojakaran	27 people	12.12.2007

Summary on preparation, participation and activity at South public hearings.

Preparation in advance of each public hearing was conducted, which proved to be successful during the course of hearing. Assuming that it was the first time that all municipalities, except for Chaxirli municipality of Masalli district, had had public hearings, the preparation efforts can be highly estimated. The best preparation took place with the Babaxanli and Privolnoe municipalities of Jalilabad district, Agakishibeyli, Sharafa, Chaxirli and Bine-Xocavar

municipalities of Masalli district, Molalan and Bibiyoni municipalities of Lerik district, Golyeri and Gavran municipalities of Yardimli district and Tulaguvan municipality of Astara. The highest participation was observed at Babaxanli and Privolnoe of Jalilabad, Agakishibeyli, Sharafa and Chaxirli municipalities of Masalli district, Molalan and Bibiyoni municipalities of Lerik district, Golyeri municipality of Yardimli district and Tulaguvan municipality of Astara. During these public hearings, municipal heads and others councilars took an active part in the processes. In terms of people's contribution to the budget building through their viewpoints, locals at Babaxanli and Privolnoe municipalities, Agakishibeyli, Sharafa, Chaxirli and Bine-Xocavar municipalities of Masalli district, Molalan and Bibiyoni municipalities of Lerik district, Golyeri and Chanaxbulag municipalities of Yardimli district and Tulaguvan municipality of Astara.

Public hearing analysis on the South region

While assessing the budget hearings held in 19 municipalities of southeast region, the following factors impeding both public attendance and openness of municipality to public should be considered:

1. Local people's unawareness or misconception about municipal governance:

The local people do not have large information on financial capacity and responsibilities of the municipality and think of the municipality as one of the structures of excoms. Large awareness activities were implemented in this respect during the hearings. As a result of improper interference of excoms in municipal activities, collection of electricity and gas fees in the region is required from the municipalities which actually by law lines within the responsibility of different excoms in the region. This in turn impacts adversely on the relations between the local population and the municipality. Municipality members obliged to require those payments from the people and the citizens get angry with each other that results in the fact that the citizens avoid paying taxes to the municipality

2. Less Financial capacity vs. bigger responsibilities:

During the hearing, the repair of the roads under the responsibility of the municipality, lack of internal drinking and irrigation water, building and rehabilitation of electricity and gas lines in the area of the municipality was raised as a major concern by village people for discussion. The unemployment problem in the area of the municipality and the location of people's land plots in the territory of other municipalities impacts substantially on the budget formulation of the municipalities. People can not cultivate their land and accordingly municipalities do not get any revenues form these sources. Hence, the municipality is deprived of land tax which forms the municipality budget. Certain problems relating to the property tax also affects adversely on the municipality budget. The population engaged in agriculture being free of such taxes will

eventually cause municipal bankruptcy. Hence, the lack of funds in the municipality budget is perceived by the population as the failure of the municipalities to exercise their authorities. All above mentioned factors bring to the fact that the municipality loses its prestige among the population.

2. The citizens avoiding to pay municipality taxes and payments:

Since most of the citizens delay payment of municipality taxes and payments, they fail to apply to the municipality with any requirement or suggestion. This is because of low tax culture among the population. The local people are not enough interested in payment of taxes. The reason is that, the people engaged in agriculture being announced free of profit tax and others of this kind by the head of the state is perceived by the people as they are exempted from taxes and they consider that the paid tax become lost. This is due to the fact that awareness activities have not been carried out among the population so far.

3. Achievements analysis during hearings:

The implementation of the hearings revealed that none of the 19 municipalities except for Chakirli municipality of Masalli district had ever run such a hearing. Though some municipalities attempted to hold such hearings, they failed in the end. Because of unawareness on the municipality budget during hearings, and no previous reporting experience of municipalities, the people distrust the municipality. Such hearings were reported to be helpful for the interaction between municipalities and people which seeks to promote responsibility-sharing. The distribution of the published municipality budget among the population and conducting such hearings were approved by the population. The conclusion may be made as a result of such hearings that the people's distrust in the municipalities emanates from their lack of information. The municipalities not providing information to the people results in the fact that people think wrongly about the municipalities.

Report on the North-east public hearings

Khudat city municipality. The public hearing took place at 11:00pm on November 27th, 2007 at the building of Khudat city representative of Excom office. The event was attended by 65 people and started with the speech by the head of the organization committee, deputy chairman and secretary that were selected based on votes. The municipal head Elman Allahyarov continued the session with his speech after the forecasted 2008 budget had been introduced to the people in detail. Over the course of the discussions, the expenditures for substantial road restoration and

education were raised as top priorities that more funds need to be allocated for. Likewise, it was suggested that the musical school should be renovated too. In response to that, the municipal councilors said that the budget did contain funds for the identified purposes. Yet, they said that the projected budget could not cover all those issues unless all the projected budget inflows were ensured. The maintenance of water pipes were commonly recognized as the main problem that had engines in need for the repair. Hence, the budget was adopted with no changes made.

Shollar village municipality of Khachmaz district. The public hearing was held in front of the shopping point in the village center with 35 people being involved on November 27th, 2007 at 15:00pm. Similarly, the head of organization committee, his deputy and secretary were selected on a vote basis and the agenda approved. The municipal head afterwards Valeh Gasimov made a speech on the 2008 budget and appealed to people to actively take part in the discussions. In order to encourage people that seemed passive, the moderator embellished a few of the mentioned budget figures, which was difficult, if not impossible, in a sense that only school headmaster made his point. All the people commonly stated that the most important village problem is the water and agreed that the municipality could not solve the problem. Afterwards, the municipal head, interrupting the moderator's speech, said that they can do practically nothing about this problem, although the CHF regional representative had met with the people more than twice and the region had a parliamentarian. thus the projected 2008 budget was adopted with no further change made.

Guba district municipality of Hajihuseynli. On November 28th, 2007, at 11:00am, there was held a public hearing at the municipal building to discuss the projected 2008 budget figures with the citizenry that was represented by 53 participants. The project expert Tural Mammadov describe the goal of the event to the people and later on the head, deputy head and secretary of the organization committee was formed followed by the approval of the event agenda. The municipal head Danyar Mammadyarov lectured on the 2008 budget indicators and responded to the concerned questions asked by the people. First and foremost, people reprobated the municipality for requesting less subsidy from the state budget and suggested that the amount should be increased from 1000AZN manats to 2000. Then, the villagers talked about the major concerns that included inadequate water supply, deteriorated roads, unuseful electricity columns so on and so forth. During the discussions, specific changes were proposed to particular budget items in a sense that 3367 AZN manats that was initially intended for administrative issues should totally be spent on the restoration of the roads. Bundan the people also claimed that the education expenses would be insufficient too and suggested the amount be raised from the envisaged 950 to 1100 AZN mantas. Likewise, it was proposed that the amount of 200 AZN

manats that was intended to cover staff salaries should be transferred to the section of non-staff personnel's wages. All of the changes were noted in the form of protocol and the event finalized.

Guba city municipality of Davudoba. The public hearing took place at 15:00pm on November 28th, 2007 at the school building. The event was attended by 21 people and the project expert Tural Mammadov describe the goal of the event to the people and later on the head, deputy head and secretary of the organization committee was formed followed by the approval of the event agenda. The municipal head Xoshbaxt Dashdemirov continued the session with his speech after the forecasted 2008 budget that had been introduced to the people in detail. Over the course of the discussions, the deteriorated roads, water supply and school were raised as top priorities that need to be given more attention in the next year budget. One more suggestion was to settle the water problem during the next budget year. As regards a specific proposal, the amount of 1134 AZN manats that was previously aimed at restoration of the administrative building towards the road repair. There was no other suggestion made and the event was wrapped up.

Davachi district municipality of Rahimli. On November 29th, 2007 at 11:00am, there was conducted a public hearing at the cultural club of the village with the participation of 26 people to discuss the project figures of the 2008 budget. The project expert Tural mammadov explained the goal of the event to the people followed by a speech by the municipal head Alirahim Bibiguliev on the 2008 forecasts. Here too the most cited problems were associated with the water. The specific suggestion to the budget was to redirect 400 AZN manats out of the total of 1000 manats that was previously intended for the purchase of computer set for the municipality to the repair of roads. Another proposal was to restore the cultural club of the village. The budget was not further changed and the event was concluded.

Davachi city municipality of Shahnezerli. The public hearing took place at 15:00pm on November 29th, 2007 at the school building. The event was attended by 18 people and the project expert Tural Mammadov described the goal of the event to the people and later on the head, deputy head and secretary of the organization committee was formed followed by the approval of the event agenda. The municipal head Ahad Huseynov continued the session with his speech about the forecasted 2008 budget that had been introduced to the people in detail. Over the course of the discussions, the water was defined as the top priority issue for the next year budget and municipal councillors said that the budget include funds for this problem. There was no other suggestion made on expenditures and the event was finalized.

Davachi district municipality of Gendob. On November 30th, 2007, Gendob municipality held a public hearing attended by 39 people to discuss the projected 2008 budget. the project expert Tural Mammadov described the goal of the event to the people and later on the head, deputy head and secretary of the organization committee was formed followed by the approval of the

event agenda. Afterwards, the deputy municipal head talked about the classified budget and the floor was then given to people to comment on their municipal budget, who essentially mentioned water as the central concern and suggested that the next year budget should entirely be directed to tackle that problem. No more comment was made and the budget was approved.

Guba district municipality of Mohuc. On December 4th, 2007 at 11.00am, Mohuc village school hosted a public hearing with the participation of 42 people to get people's feedback on the projected 2008 budget figures. Tural Mammadov described the goal of the event to the people and later on the head, deputy head and secretary of the organization committee was formed followed by the approval of the event agenda. Following the speech on the budget by the municipal head Ruhulla Idrisov, questions and answers took a start with people making their comments and recommendations. Dissatisfied with the level of tax collection, villagers suggested that the people should be distinguished in terms of those who crops and those who do not and the major problem appeared to be connected with water supply and uttered their eagerness to contribute both physically and financially to the project that CHF (UMID) implemented. The budget funds were recommended to comprise up to 1500-2000 to resolve the problem. The budget resources were projected at 3195 AZN manats. The event was protocolled and finalized.

Xachmaz district municipality of Mollaburhan. On December 4th, 2007, at 15:00pm, there was held a public hearing at the village school building with around 23 people to hear people's proposals on the forecasted budget spending figures. People first listened to the comprehensive explanation of the project goal by the project expert Tural Mammadov whose speech was followed by the creation of the organization committee consistent of head, deputy head and secretary. Then municipal head Firuz Mammedov gave a general idea on the budget spending for the next year, which was debated by the people. They also required for additional explanation regarding the payment principles of the property taxes. In the end, the problems were raised, which were predominated basically by the deteriorated electricity pillars and inadequate supply of gas and electricity. The other majority of the attendees cited the water as the top concern. At the end of the discussions, the villagers proposed a few changes to the budget spending and 1000 AZN from the budget section of *other expenses* was redirected towards *renovation*. The event was protocolled and concluded.

Gusar district municipality of Piral. On December 5th, 2007 at 11.00am, there was held a public hearing at the veterans' house of Piral village to facilitate understanding of people on the projected 2008 budget figures with the participation of 35 people. Project experts Tural Mammadov and Elshad Mikayilov briefed people on the project goal and the organization committee was formed consisted of head, deputy head and secretary and agenda approved. The municipal councilar Ramiz lectured on the 2008 budget and called on people to make their

comments and propositions. The villagers commonly agreed that tax rates were high. Water was mentioned to be the biggest problem of the village. Municipal councilors made it clear that the budget considered specific expenses to tackle the problem partially. It was also made clear that a new water pipe was going to be built with the support of wealthy people. Villagers also demanded a monthly posting by the municipality of tax collection level and activities done. So the budget was adopted with no changes made and the event was protocolled.

Gusar district municipality of Hazra. On December 5th, 2007 at 15.00pm, Hazra school building hosted a public hearing with a view to getting people's feedback heard and making them aware of budget spending priorities in 2008 with 27 people in attendance. The project expert Elshad Mikayilov concisely talked about the project goal to people followed by the establishment of organization committee consistent of head, deputy head and secretary. The municipal head Ogtay Shafiyev briefly reported the 2008 budget figures to the people and appealed to people for active feedback, who complained about no reforms being implemented that caused the consequential low tax collection. They also said that they had over times address to the Excom Office with the same concern. Not raising any specific proposal to the municipal budget, people only recommended to have education costs a bit more increased from additional sources of funding. The proposal was protocolled and the event was finalized with no further comments being made.

Gusar district municipality of Bedirgala. On December 6th, 2007 at 11.00pm, Bedirgala village club hosted a public hearing for 2008 budget forecasts with the participation of 43 people. Once the organizational committee staff had been established and agenda approved, discussions took a start with the speech by municipal head Hajibala Aliyev on 2008 budget projections. The villagers criticized the fact that certificates for their by-yard land had not been distributed yet. Given the limited municipal budget resources, the villagers proposed to resolve only one social problem each budget year. No more propositions were made to the budget except for one general recommendation to clean the ditches that was also protocolled and the event was concluded.

Gusar district municipality of Kohne Xudat Gazmalar. On December 6th, 2007, at 15:00pm, the village club hosted a public hearing to discuss the 2008 budget projections, where there were 30 people present. After the project expert Elshad Mikayilov's introduction of the project goal to the people, the organization committee was established and agenda accepted. The municipal head Heydar Eyyubov made an explanation on the figures envisaged in the budget. The attendees did not make any proposal to the budget and the budget was adopted.

Xachmaz district municipality of Garachay Cek. On December 11th, 2007 at 11.00am, the village club hosted a public hearing to discuss 2008 projections with the participation of 31

people. The project expert Tural Mammadov described the project goal and the organization committee members were determined and the agenda approved. The municipal head Elshad Allahyarov informed people about the 2008 budget components. The school headmaster proposed an increase in education expenditures in the next year budget. Besides, the youth participants were unhappy with the unemployment and suggested that a sports hall be built for the youths to spend their leisure time. The villagers also confirmed that the budget resources were insufficient for the gas and water problems. The municipal head promised to consider the mentioned issues in the budget as much as possible and since no more suggestion was made and therefore the event was protocolled.

Xachmaz district municipality of Ashagi Zeyd. On December 11th, 2007, at 15:00pm, there was held a public hearing at the village school dedicated to the 2008 budget forecasts. 42 people were present at the activity. The project expert Tural Mammadov briefly introduced the project goal to the people and afterwards the organization committee was established. The people started to share their views that were basically associated with the deteriorated electricity pillars and water pipes, high-cost wood, and other challenges that people faced in respect to land purchase and roads. The municipal head made clear that some of the mentioned problems had been incorporated into their next year budget priorities. As for the specific proposals, people suggested that the 900 AZN manats previously considered for the computer set purchase should be redirected towards the repair of the water pipes. Though a bit unrealistic, it was proposed that waters fees collected from people be paid by the municipality. The municipal head stated that the tax collection level was low and it was important that additional revenue sources should be given at the disposal of the municipality. The raised proposals were protocolled and as no more suggestions were made, the event was concluded.

Qusar district municipality of Hasangala. On December 13th, 2007, at 11.00am, the village club hosted a public hearing with 32 people to discuss the 2008 budget forecasts. The project expert Tural Mammadov briefly introduced the project goal to the people and afterwards the organization committee was established and agenda adopted. The municipal head Nebi Mustafayev briefed the budget components and left the space for mutual discussion. The villagers raised inadequate water supply and deteriorated territorial roads as the major concerns that need urgently to be resolved during the upcoming budget year. The municipal councilors made an important point of the inclusion of the mentioned issues in their budget. The attending people also proposed to found municipal enterprises that would partly resolve the unemployment problem and increase tax collection. No other recommendations were made on the budget spending and the event was finalized.

Gusar district municipality of Balagusar. On December 13th, 2007 at 15.00pm, the village cultural house hosted a public hearing to discuss 2008 projections with the participation of 15 people. The project expert Tural Mammadov described the project goal and the organization committee members were determined and the agenda approved. The municipal head Agadadash Omarov informed people about the 2008 budget components and assured people that all the mentioned issues had been considered in the budget. Since no more suggestion was made, the event was protocolled and finalized.

Gusar district municipality of Xuray. On December 14th, 2007, at 11:00am, there was held a public hearing at the village club dedicated to the 2008 budget forecasts. 24 people were present at the activity. The project expert Tural Mammadov briefly introduced the project goal to the people and afterwards the organization committee was established. The municipal head Akbar Aliyev informed the people about the 2008 budget projections and the people started to share their views that were basically associated with the gas, water and trash issues. The municipal head made clear that water had been incorporated into their next year budget priorities and as regards the gas, they would contribute to the project that would be implemented with the CHF. The raised proposals were protocolled and as no more suggestions were made, the event was concluded.

Guba district municipality of Zerdabi. The hearing scheduled for December 7th, 2007 at 11.00am was deferred due to the absence of municipal head and other councilars and was held on December 19th, 2007 at the village tea-shop with 44 people in attendance. The deputy municipal head Gulperi Aliyeva informed people about the 2008 budget projections. Whereas the people requires head's presence at the hearing, he could not attend as he was on vacation. The participants seemed to be unhappy with the deteriorated roads and sewerage system and therefore they put forward the mentioned problems as the top priorities that the municipality should take care of during the 2008 budget year. The municipal head promised to consider them due to no more suggestion raised the event was protocolled and concluded.

Due to the unwillingness of the municipal head of Guba district municipality of Amsar, the public hearing scheduled for December 3rd, 2007, was cancelled.

Another deffered public hearing was in Atuc municipality of Guba district on December 7th, which had initially been planned for December 3rd, 11:00am. The reason for the deferral was the low level of public participation. However, the next time the hearing was totally cancelled because there was no one present.

Statistical figures for the North-east public hearings.

№	District	Municipality	Venue of Public Hearing	# of participants
1	Davachi	Rəhimli	<i>Club</i>	26
2		Şahnəzərli	<i>Club</i>	18
3		Gəndab	<i>Village tea-shop</i>	39
4	Xachmaz	Xudat	<i>City club</i>	71
5		Şollar	<i>City center (open air)</i>	47
6		Mollabürhan	<i>Village school</i>	22
7		Qaraçay Cek	<i>Club</i>	31
8		Aşağı Zeyid	<i>Village school</i>	42
9	Guba	Hacıhüseynli	<i>Municipal building</i>	53
10		Davudoba	<i>Village school</i>	21
11		Möhüc	<i>Village school</i>	42
12		Zərdabi	<i>Village tea-shop</i>	44
13	Gusar	Piral	<i>Village's veterans house</i>	35
14		Həzrə	<i>Village school</i>	27
15		Həsənqala	<i>Village club</i>	32
16		Balaqusar	<i>Village cultural center</i>	15
17		Bədirqala	<i>Village club</i>	43
18		Köhnə Xudat	<i>Village club</i>	30
		Qazmalar		
19	Xuray	<i>Village club</i>	24	

Summary on the North-east public hearings.

There was held a series of public hearings on November 27th through December 27th, 2007 at 19 municipalities of 4 districts (Guba, Gusar, Xachmaz and Davachi) of the North-east region to discuss the 2008-year budget forecasts with the public participation of a total of 700 people, an average of 35 people per municipality.

Quantitatively, the highest participation rate was at Xudat, Shollar, Hajihuseynli, Gendob, Mohuj, Bedirgala, Zerdabi and Ashagi Zeyd, an average participation rate of 48 people per municipality, while the lowest rate was observed at Davudoba, Shahnezerli, Mollaburhan, Balaqusar and Xuray municipalities, an average of 20 people per municipality. The highest rate was at Xudat municipality, 71 people, while the lowest was at at Balagusar municipality, 15 people.

The Hajihuseynli, Mohuc, Piral, Bedirgala and Ashagi Zeyid municipalities stood out other municipalities for the most active people. The people turned out to be the most active as compared to the others and came out averagely with 3 proposals each. The most passive people were at Xudat, Shollar, Shahnezerli, Gendob, Mollaburhan, Hazra, Kohne Xudat Gazmalar, Balagusar and Xuray municipalities' public hearings. None of the people at those public hearings made any proposals, perhaps because of the limited budget resources, higher trust in municipal heads and etc.

Hajihuseynli, Bedirgala and Ahsagi Zeyid showed the highest performance in terms of people's participation and activity. By these two criteria, the lowest rate was with Balagusar, Shahnezerli and Mollaburhan municipalities.

As for the venues of public hearings, 9 of them were held in club halls, 1 in open air, 1 in municipal building and 6 in village schools and the rest two in village tea-shops.

Public hearing analysis on the Northeast region

Public hearings were held in 19 municipalities, including Guba, Gusar, Khachmaz and Davachi districts from November 27 till December 19, 2007 to discuss forecasted 2008 year budget together with the local population. Approximately 700 people in total attended the hearings and below are the noteworthy points:

1. **Local people's unawareness or misconception about municipal governance.** The local people do not have large information on financial capacity and responsibilities of the municipality and think of the municipality as one of the structures of excoms. Large awareness work was implemented in this respect during the hearings.
2. **Low-level tax culture.** The local population are not enough interested in payment of taxes since they think that those payments become lost. This is because the awareness activities have not been implemented among the population so far.
3. **Irrelevant interference of excoms in municipal activities.** That is, certain excoms require collection of electricity and gas fees in the region from the municipalities. This in turn impacts negatively on the relations between the local population and the municipality. Municipality members obliged to require those payments from the people and the citizens get angry with each other that results in the fact that the citizens avoid paying taxes to the municipality.
4. **Local population's mistrust in municipal operations.** The municipalities encounter difficulties in solving local problems due to a number of responsibilities and little financial capacity. That is, financial capacity of the municipalities is insufficient for the

solution of the local problems. Consequently, the population becomes less confident in the municipalities.

5. **Low budget revenues.** The major stable source of income of such country municipalities is the land tax. It will sound wrong to speak about the total budget formulation given the low tax payment by the region. That is, the sale of the land under the property of the municipalities and subsidies to be provided from the state budget are the main source of incomes for the municipalities failing to collect all the taxes. Considering that land sale is not permanent, it is impossible to forecast the revenues in this respect accurately. The amount of subsidies provided from the state budget is too little. The subsidy granted to the district municipalities varies between 800-1200 manat. Not all of these funds go the municipal budget. For example, it is to note that 600 manat out of the subsidy provided for each municipality in Guba last year was obtained by the respective excoms to build a monument in the city which is unambiguously against the law.

The differences are observed in the districts by active population. Gusar district stood out these 4 districts for the most active participants. The people turned out to be the most active in 4 public hearings out of those run in 7 municipalities of this district and the village population didn't hesitate while speaking of the problems. Besides, the village people also made suggestions on the budget formulation. Davachi district showed the lowest performance in terms of people's activity. Excluding little activity of the village participants in public hearings held in Rahimli municipality, the village people showed no interest in the discussions at all in public hearings run by this district. 2 municipalities in Guba (Amsar and Ashagi Atuj) and 1 in Khachmaz (Sayad) refused to run hearings.