Amendment to Supplemental Letter No. 2 to Financing Agreement

REPUBLIC OF AZERBAIJAN

October 3, 2014

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Re: Credit No. 4418-AZ
Social Protection Development Project
Performance Monitoring Indicators

Dear Sirs and Mesdames:

This refers to the provisions of paragraph 1, Section II.A of Schedule 2 to the Financing Agreement, dated November 28, 2008, between the International Development Association (the Association) and the Republic of Azerbaijan (the Recipient) for the above-listed Project.

The Recipient hereby confirms to the Association that the amended indicators set forth in the attachment to this letter shall serve as a basis for the Recipient to monitor and evaluate the progress of the Project and the achievement of the objectives thereof.

Very truly yours,

REPUBLIC OF AZERBAIJAN

By: Razim Valiyev, Director
Public Debt Management Agency
Authorized Representative

Attachment
REPUBLIC OF AZERBAIJAN
Social Protection Development Project
(Credit No. 4418-AZ)

Performance Monitoring Indicators

Table 1

Project Development Objectives

Original Project Development Objective:
The project development objective is to improve delivery of labor market and social protection interventions through strengthened institutions, enhanced institutional and human resources capacity, and improved targeting of social safety net programs.

Project Development Objective Indicators

<table>
<thead>
<tr>
<th>Status</th>
<th>Indicator Name</th>
<th>Unit of Measure</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Change</td>
<td>Improved User Satisfaction</td>
<td>Percentage</td>
<td>70.00</td>
</tr>
<tr>
<td>No Change</td>
<td>The coverage of the very poor population by the targeted social assistance program</td>
<td>Percentage</td>
<td>70.00</td>
</tr>
<tr>
<td>No Change</td>
<td>Number of participants in active labor market programs inserted into jobs, including in the occupational field for which they are trained</td>
<td>Percentage</td>
<td>33.00</td>
</tr>
<tr>
<td>No Change</td>
<td>Number of job seekers, as reported by the LFS, served by the National Employment Service</td>
<td>Percentage</td>
<td>40.00</td>
</tr>
</tbody>
</table>

Intermediate Results Indicators
<table>
<thead>
<tr>
<th>Status</th>
<th>Indicator Name</th>
<th>Unit of Measure</th>
<th>End Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEW</td>
<td>Developed new labor market record keeping and upgraded interactive call center</td>
<td>Text</td>
<td>New labor market record keeping including labor contract electronic registry and electronic data sharing center established; interactive call center upgrade completed</td>
</tr>
<tr>
<td>DROPPED</td>
<td>Integrated provision of social protection interventions evaluated.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DROPPED</td>
<td>Disability certification is based on international standards and is expertly performed; DCS publishes its reports annually.</td>
<td>Text</td>
<td></td>
</tr>
<tr>
<td>No Change</td>
<td>Targeting mechanism and implementation procedures adjusted after each round of monitoring survey</td>
<td>Text</td>
<td>Adjustments take place based on 2011 monitoring survey</td>
</tr>
<tr>
<td>No Change</td>
<td>ICT Department fully capable to provide administrative and technical support and maintain corporate network at all territorial and functional and administrative levels.</td>
<td>Text</td>
<td>ICT Department fully functional</td>
</tr>
<tr>
<td>No Change</td>
<td>MIS system generates intended reports on programs, participants and flow of funds and feeds into M&amp;E activities</td>
<td>Text</td>
<td>MIS generates intended reports</td>
</tr>
<tr>
<td>No Change</td>
<td>Computerized record keeping in all MLSPP and its affiliated agencies offices.</td>
<td>Text</td>
<td>Implementation on schedule/MIS completed as planned</td>
</tr>
<tr>
<td>DROPPED</td>
<td>Evaluation of the piloted School to work programs finished and at least three are</td>
<td>Text</td>
<td></td>
</tr>
<tr>
<td>No Change</td>
<td>Central and regional Career Counseling Centers operational</td>
<td>Text</td>
<td>Career counseling activities implemented; Report issued; evaluation report issued.</td>
</tr>
<tr>
<td>No Change</td>
<td>30 new module training programs developed and in use and three new module training centers fully functional</td>
<td>Text</td>
<td>100% modular programs developed; training takes place accordingly</td>
</tr>
<tr>
<td>No Change</td>
<td>Operations guidelines and manuals for a new menu of ALMPs prepared and in use</td>
<td>Text</td>
<td>OG&amp;M in use</td>
</tr>
<tr>
<td>No Change</td>
<td>Automated, up to date information on nationwide vacancies available in all local NES offices</td>
<td>Text</td>
<td>75% of new jobs advertised through NES</td>
</tr>
<tr>
<td>No Change</td>
<td>Labor market information (LMI) system in place and two reports on labor market situation and trends published</td>
<td>Text</td>
<td>MLSPP publishes a comprehensive statistical and analytical report on labor market situation and developments</td>
</tr>
<tr>
<td>No Change</td>
<td>200 occupational standards, based on ISCO-88/ISCO-08, and 100 training standards developed and in use</td>
<td>Text</td>
<td>100% (200 occupational and 100 training standards) adopted</td>
</tr>
<tr>
<td>No Change</td>
<td>Central and three regional occupational safety laboratories modernized and fully functional and two reports on work and occupational safety published</td>
<td>Text</td>
<td>Fully operational, report published</td>
</tr>
<tr>
<td>No Change</td>
<td>Labor Code amended</td>
<td>Text</td>
<td>Labor Code amended</td>
</tr>
</tbody>
</table>