**Annex 1.1 Example of a Local Program for Management Improvement: The Think Tank Capacity Building Program in Baku**

***Context***

The Economic Research Centre (ERC) is a policy research oriented think tank established through the initiative of three young economists in 1999. ERC’s mission is to contribute to formulation of economic and social policies of the government through research and exchange of ideas. At that time, involvement of citizens in state governance, control over spending of public assets, transparency, and accountability of state agencies were alarming issues. There was a scarcity of in-depth research in all sectors of economy; the budget package was only 20 pages, and the requirements for use of budget funds were not formulated. In the last 14 years, ERC has evolved to be a prominent and well-known think tank not only in Azerbaijan, but in the region and CIS countries as well.

Azerbaijan is living its post peak oil period and the period of rapid economic growth achieved by oil production will soon be left behind. In the post-oil period, Azerbaijan will face tremendous challenges ensuring continuous and sustainable economic growth. Consequently, the Azerbaijani government will face difficulties in continuing its current policies on poverty reduction and addressing issues of employment and access to social welfare. Therefore, independent non-governmental organizations like ERC need to keep its management practices updated and at international standards by involving diverse experts, taking internal steps to build capacity, and diversifying their financial sources.

To address the need for policy analysis and recommendations, a number of government-based research institutions were established in recent years – the Strategic Research Center under the President of Azerbaijan Republic, the Analytical Information Centre of Parliament, the Economic Research Institute of State Economic University, and the Research & Development Center of Central Bank. However, these institutions – restrained in their research by existing political dogma – are incapable of examining a full spectrum of alternative policy options. This gap is filled by non-state think tanks such as ERC. Particularly in the current situation, where pressure and restrictions are imposed by the Azeri government against independent think tanks, implementation of such projects has become challenging.

Therefore, ERC leadership believes it imperative for private think tanks to produce and excellent analytic work and communicate it effectively to succeed in the policy market place. Strong management is a critical element in realizing this objective. During 2007-2008, ERC was able to make major upgrades in its administrative practices—ranging from public relations and HR to financial management—with resources provided by a Think Tank Fund grant.

**Initiative to strengthen think tank operations**

The Center has a tradition of seeking to support other think tanks in Azerbaijan and contributing to improvement of these organizations. Therefore, ERC led establishment of the Azerbaijan Think Tank Alliance (ATTA) ([www.thinktank.az](http://www.thinktank.az)) in May 2013. ATTA was established through the initiative, “Enhancing the effectiveness of government by strengthening the role of think tanks in decision-making arena,” which was funded by the European Union (EU) in partnership with Policy Association for an Open Society (PASOS) and “Intelligent Citizen” Enlightenment Center (ICEC). Its aim is to increase the institutional and research capacities of think tanks and to expand their impact, including fostering their participation in decision making process through mobilizing funds from diverse, particularly domestic, sources.

*Problems of Azeri think tanks.* The main challenges faced by think tanks include: (i) lack of institutional capacity in strategic management, quality control, and financial sustainability; (ii) lack of policy-analysis research skills, particularly in modern research methods and technologies, and (iii) poor policy dialogue between government structures and non-state think tanks.

*The initiative.* To address these problems, ERC decided to design and implement the “Enhancing the effectiveness of government by strengthening the role of think tanks in decision-making arena” project, which aimed at de-monopolizing public policy decisions in Azerbaijan by (i) building the institutional and research capacity of 18 non-state think tanks, and (ii) empowering informed and responsible participation of these think tanks in inclusive policy making in the country.

In terms of institutional development, ERC implemented a series of trainings to support strengthening the institutional capacities of partner think tanks. These trainings included “Strategic management of think tanks,” “Strategic planning in think tanks,” “Fundraising and accounting policy in think tanks,” “Evidence-based advocacy strategy training,” “Think tanks-media: perspectives on mutual synergies,” “Making Contact: Tools for building effective communication,” and “Introduction to SPSS.” These course were supplemented with mentoring sessions given primarily by ERC staff.

Additionally, ERC developed the Journal of Policy, which publishes papers written by partner think tanks’ staff and published in a journal format. Besides this, ERC organized meetings of partner think tanks with governmental agencies in a roundtable format and similar meeting for Azerbaijan’s business community.

Less important activities including stimulation of more rigorous research through the“ Best Policy Paper” contest among ATTA members, which generated a robust response. Another way of bringing together partner think tanks under ATTA is by members presenting their ideas at the Board and Assembly of ATTA. Lastly, the first National Exhibition of Azerbaijan think tanks was organized. During this exhibition, think tanks had numerous opportunities to demonstrate their products, research, and projects before state agencies, business community members, international organizations and the public as well.

***Outcomes realized***

The formal project terminated in December, 2013 and by that time ERC had reached the following outcomes:

* 75 percent of think tanks had raised 25 percent of their budgets from local sources;
* The [www.thinktank.az](http://www.thinktank.az) online payment (e-commerce) system was created, which allows think tanks to sell their policy products via an online platform;
* A bilingual (English/Azerbaijani) journal containing policy papers produced by local think tanks was produced in two editions and widely distributed;
* Over 10 evidence-based policy documents were produced and based on robust data analyses rather than mere data description;
* 95 percent of members now have quality control systems in place;
* The majority of beneficiary think tanks have (i) a strategic plan, (ii) a Public Relations (PR) policy in place and operating, (iii) an advocacy strategy,; and (iv) accounting and financial management policy and procedures in place.
* A formal think tank network with a realistic structure was created that will continue to operate.

***Remaining challenges***

Through realization of the “Enhancing the effectiveness…” project and establishment of Azerbaijan Think Tank Alliance, ERC management changed the way think tanks in Azerbaijan operate. However, there are still some gaps in this field:

* While funding diversification has improved, more is to be done.
* Relationships and involvement in dialogues with state agencies and business communities remain limited.
* A base of strong policy papers in Azerbaijan has not been createded yet, so the penetration of think tanks’ analysis has been limited in the international market.

***The future***

By mobilizing the resources of both ATTA and ERC, the plan is to implement more joint advocacy activities. ERC with the support of members of ATTA is planning to advocate for hotly debated issues concerning Azerbaijan’s civil society and will try to resolve key existing problems. Additionally, the publication of the semi-annual journal of policy papers will be continued. Also, additional issues of a newsletter about the activities of partner think tanks in ATTA are planned.

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1. Mr. Bayramov has since become Chairman of ATTA’s Board. [www.erc.az](http://www.erc.az/" \t "_blank); [gibadoglu@erc.az](mailto:gibadoglu@erc.az" \t "_blank) [↑](#footnote-ref-1)