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Følgende er en redegørelse i forbindelse med finanslovsbevillingen på 2,5 mio. kr. årligt til Copenhagen Consensus Center. Redegørelsen dækker dels 2007 og forventningerne til 2008, og rækker lige ind i 2009, idet projekterne er flerårige, samt at den endelige bevilling for 2007, udbetalt i to rater, hvor første rate først blev overført i midten af 2007.

Anvendelsen af bevillingen forventes fordele sig over især to projekter i 2008, desuden forventes en del af bevillingen anvendt til forskellige formål dækkende over almindelig sekretariatsbetjening, administrationsomkostninger til Copenhagen Business School og rejseaktivitet i forbindelse med deltagelse i arbejdet med international prioritering. De to projekter, som bevillingen forventes anvendt til at støtte er dels Baku Consensus (for Azerbaijan) og European Environmental Priorities. Begge projekter er forberedt i 2007 med forprojekter og forventes gennemført i løbet af 2008-09. Den konkrete gennemførelse afhænger bl.a. samarbejdspartnerne og Copenhagen Consensus Center øvrige projekter og bemanning. Endelig må det forventes at ressourcerne løbende vil blive omfordelt i mindre omfang afhængigt af aktuelle muligheder og behov.

#### **Projektet Baku Consensus**

Projektet forventes gennemført i slutningen af 2008 og støttes dels af midler fra Ministry for Economic Development (Azerbaijans regering), UNDP og finanslovsbevillingen. Detaljer om projektet fremgår af *Bilag 2: Terms of Reference, inkluderende budget for Baku Consensus*. Projektet er kommet i stand på UNDPs nationale kontor for Azerbaijan. Imidlertid har der været flere tilpasninger af forventninger og tilsvarende budget. Derfor har projektet ikke kunne påbegyndes tidligere i 2007 og en del af 2007 bevillingen svarende til ca. 1 mio. kr. forventes anvendt i 2008. Projektets samlede budget er på ca. 4 mio. kr. Projektet afventer nu alene det azerbajjanske økonomiministeriets endelige underskrift.

#### **Projektet European Environmental Priorities**

Dette projekt er allerede ministeriet bekendt, idet der tidligere har været afholdt flere møder med Ministeren i løbet af 2006 inden midler var tilvejebragt. I *Bilag 1: Projektbeskrivelse og budget for European Environmental Priorities* er projektet beskrevet yderligere, inklusive budget. Grundlæggende består projektet af en kerne samt forskellige komponenter, som afhængigt af interesse og økonomiske muligheder kan vælges fra. Budgettet i bilaget et største budget.

Budgettet er: 4,6 mio. kr., hvoraf en del af bevillingen tænkes anvendt. Såfremt projektet nedskaleres (bla NGO og ungdomsforum) vil budgettet tilsvarende falde til højst 3,2 mio. kr. I øvrigt er der sikret Tipsmidler på 150.000 kr. som bidrag til udbredelse af resultaterne blandt ungdommen (i budgettet anslået til i alt 870.000 kr.). Med FL bevillingen for 2007, 2008 samt andre bidrag vil projektet kunne gennemføres, om end sandsynligvis i en lidt reduceret skala, så det samlede budget nærmere er små 4 mio. kr. Afhængigt af den konkrete, reviderede projektplan, som er under udarbejdelse vil indhold og budget kunne afvige noget fra det i bilaget beskrevne.

Mht. udbetaling af de resterende beløb for 2007 på 1,25 mio. kr. imødeses dette. Desuden bedes næste års bevilling overført svarest muligt i 2008 under forventning om finanslovens vedtagelse. På forhånd tak.

Med venlig hilsen



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## Bilag 1: Projektbeskrivelse og budget for European Environmental Priorities

### European Environmental Priorities

#### Finding and Prioritizing Solutions to Europe's Environmental Challenges

The following document outlines the procedure for addressing the challenges facing Europe's environment in the future. The framework follows the Copenhagen Consensus approach and will identify the best solutions the challenges that Europe's environment is facing. The EU and the various national policies address an array of areas. Important are the so-called seven Environmental Thematic Strategies that encompass some of the most important environmental issues in Europe.

The project will address each of themes and identify relevant solutions meeting each of the challenges in full or partially. In addition the project will address climate change and other areas not directly included in the themes (for instance non-marine waters, groundwater and chemicals). The table below presents an overview of the areas, themes and legal issues:

Four Environment priority Areas	Seven Environmental Thematic Strategies	EU law overview
(A)	(B)	(C)
Climate change	...	Climate change
Environment & Quality of Life	Pesticides Air Urban	Air pollution (Noise)
Nature & Biodiversity	Marine Soil	(Water) Soil protection Nature and biodiversity
Sustainable Use & Management of Natural Resources & Waters	Recycling Resources	Sustainable development Waste

Source: (A)+(B) [http://ec.europa.eu/environment/newprg/pdf/ts\\_presentation\\_nov2005.pdf](http://ec.europa.eu/environment/newprg/pdf/ts_presentation_nov2005.pdf).  
 (B) [http://ec.europa.eu/environment/newprg/strategies\\_en.htm](http://ec.europa.eu/environment/newprg/strategies_en.htm).  
 (C) <http://europa.eu/scadplus/leg/en/s15000.htm>.

The thematic strategies represent directions as laid-out for the environmental policies in the EU. The project's starting point is the existing regulation. In this way the key questions within each theme is to find the best solutions moving forward for achieving environmental solutions.

#### A schematic example of a theme and its solutions

The case of the Waste Electrical and Electronic Equipment directive (WEEE) form the framework for the implementation of policies in the member countries. Solutions to *Waste* could be to limit the number and amount of hazardous substances in products, improving recycling rates or making incineration of waste less pollutant through filters, to mention but a few. Each of the solutions, once implemented, will have some benefits and costs. Some of the most important benefits are improvements in the environment and reduction of health risks. The costs are more diverse as they depend on the specific

solution. In the case of additional reduction of hazardous substances in products the costs are essentially the extra costs of substituting to other, less pollutant substances.

Producing a prioritized list of good environmental solutions within each theme would focus the public's attention to the area of the environment, focus attention on the great investments to be made and at the same time sensitize the public to the necessary trade-offs within each area involved.

The process and identified solutions within these themes would be important for three reasons:

- With limited resources and potentially infinite solutions, a list of priorities will provide an improved foundation for more transparent decision-making for policy-makers in the EU.
- A list of solutions for the themes would ensure higher attention to the many excellent solutions within the environmental area. It would energize the environmental community into working for the best solutions early and hard.
- Balancing the costs and benefits of an array of solutions within each theme is crucial in order to start with the most efficient solutions first.

### **Structure**

The structure would be based around the seven themes with the inclusion of climate change among other additional important themes. The approach will resemble the original Copenhagen Consensus set-up by assessing the costs and benefits of the various solutions. However, a *very* important difference will be that each theme will only be assessed in its own right, *i.e.*, the best solutions to mitigating air pollution, the best solutions to improve urban environment and so on will be identified individually by the expert panel.

The first step in the process will be to identify the biggest environmental challenges within the seven themes which provide the essential core. The starting list would include:

- Air Pollution
- Prevention and Recycling of Waste
- Protection and Conservation of the Marine Environment
- Soil
- Sustainable Use of Pesticides
- Sustainable Use of Resources
- Urban Environment
- Climate change
- Non-marine water and groundwater

The project team will seek the advice from relevant agencies on which issues to include on the list (EEA, National Environment Ministries, and DG Environment) and the NGOs. Based on this a list of themes / challenges will be finalized by the CCC.

### **The theme research papers**

We will ask three leading economists within each of the approximately ten themes to write a 50 page theme / challenge paper. This would include:

- Short overview of the theme
- Establish around five prominent solutions, politically and academically
- Estimate their costs
- And their benefits

The paper would in this way essentially be a literature review of the existing cost-benefit analyses for the chosen solutions. The papers should take into consideration the relevant differences between countries and regions within Europe. The expert panel will review the paper and be able to ask for clarifications and extra data. The paper should address future environmental solutions building on existing environmental quality and policies.

### **Alternative views**

In order to ensure a balanced presentation for the expert panel, short alternative view papers forming a critical review of the research papers will also be presented. The resource base for this will include academia, relevant agencies (EEA, National Environment Ministries, and DG Environment) and the environmental NGOs.

### **The expert panel**

To assess the effectiveness of the proposed solutions a small panel will be invited. This panel will be making the assessment and provide conclusion on how effective the various proposals are within each area. In this way the panel will produce rankings within each of the themes. The panel will consist of around 8-10 experts and should be balanced between economic generalists (comprising at least half of the group) and environmental economists (who will provide in-depth insight to the panel).

### **Meetings**

For each area, the theme research lead author and the alternate view authors will meet for one morning or afternoon to present their findings and debate with the expert panel. The expert panel will then review the collected evidence and their discussions with the researchers, and ultimately set their individual estimates for each solution within each theme. The median of the individual rankings will constitute the collective ranking, the Copenhagen Consensus ranking, of each area, *Waste* for instance. In total, the expert panel will meet for around five days, addressing around two themes a day. This means that each day for the run of the week, we will be able to publish two new lists of priorities for two important thematic areas of the EU environment.

### **Parallel meetings: the Youth Forum and the NGO Forum**

Concurrently with the main meeting, two parallel meetings will be hosted to utilize the information gathered, to hear additional voices and ensure greater attention.

We would establish a *Youth Forum* (was also done for the Copenhagen Consensus 2004), where 80 young students from all over Europe would come together and complete the same exercise with a more public and youth-inspired focus.

Furthermore, we would establish a *NGO Forum* with around 25 representatives from larger European environmental NGOs (e.g. Greenpeace, Friends of the Earth, WWF, World Water Council, International Institute for Environment & Development etc.).

## **Output**

For each challenge an in-depth paper of the costs and benefits of the solutions addressing the challenge will be prepared. Additionally, two alternative views for each challenge will be prepared. Furthermore, in order to facilitate the general public access to the material summaries will be prepared. Finally, the output from the meeting will be a list of solutions for each of the challenges. Each list would contain an assessment by the panel of the desirability of the solutions presented to them. Such lists for each area would provide new insights to the costs and benefits of various solutions and be motivating to the general public and the environmental debate, and in particular be inspiring to the European Parliament and the Commission. Finally, the results – theme research papers and the panel’s lists – would provide information to the national decision-makers in Europe. It would also encourage and motivate other agencies to increase their attention and focus on the best opportunities first and give a more constructive framework for future legislation.

## **Organization, work plan and funding**

The Copenhagen Consensus for Europe’s Environment would be organized by the Copenhagen Consensus Center. The project is expected to start end of 2007 and be finalized 2008/09. Funding will be provided by the Danish Ministry of Environment, Copenhagen Consensus Center and the Ministry of Science, Technology and Innovation (through the Tipsmidler, i.e. receipts from the state lottery pools). Additional financial support is expected from other donors although no final commitment has been obtained at present.

## Budget

<b>TOTAL IN DKK</b>						<b>4,598,265</b>
<b>SECRETARIAT, SALARIES</b>						<b>1,036,400</b>
	<b>26</b>	<b>Month</b>	<b>Costs</b>	<b>Effort</b>		
Director	1,6	16	83.000	10%		132.800
Project Director	2,4	16	54.000	15%		129.600
Project Manager	12	16	40.000	75%		480.000
Project Officer	6	12	29.000	50%		174.000
Student Assistance	2,5	5	24.000	50%		60.000
Press Officer	1,5	6	40.000	25%		60.000
<b>SECRETARIAT, ORGANIZING</b>						<b>400,000</b>
			<b>Costs</b>	<b>No.</b>		
Venue			200.000	1		200.000
Event handling						100.000
Hosting (cocktail + food and drinks)						75.000
Misc. office/venue costs						25.000
<b>TRAVEL AND HOTELS</b>						<b>627,500</b>
			<b>Costs</b>	<b>No.</b>	<b>Nights</b>	
Travel, expert panel			25.000	8	-	200.000
Travel, specialists (author)			12.500	10	-	125.000
Travel, alternative views			5.000	20	-	100.000
Travel, secretariat			0	10	-	0
Hotel, expert panel			2.000	8	5	80.000
Hotel, specialists (author)			1.500	10	2,5	37.500
Hotel, alternative views			1.500	20	2	60.000
Hotel, secretariat			0	0	0	0
Misc. travel costs (local, ground etc.)						25.000
<b>PUBLICATION AND DISSEMINATION</b>						<b>75,000</b>
Publications						50.000
Web (design, hosting etc.)						25.000
<b>PREPARATION OF BACKGROUND MATERIAL</b>						<b>875,000</b>
			<b>Costs</b>	<b>No.</b>		
Honorarium, expert panel			50.000	8		400.000
Honorarium, specialists (author)			25.000	10		250.000
Honorarium, alternative views			7.500	20		150.000
Summaries of background papers			7.500	10		75.000
<b>YOUTH FORUM - #</b>						<b>80</b>
	<b>80</b>	<b>Month</b>	<b>Costs</b>	<b>Effort</b>	<b>Nights</b>	
Program Officer, YF		4	29.000	50%		58.000
Assistants during the event		2	12.000	100%		24.000
Travel and stay (PO)						0
Travel and stay (assistants)						0
Travel			2.500	-	-	200.000
Hotel			600	-	6	288.000
Per diem			150	-	6	72.000
Social arrangements			400	-	1	32.000
Food and beverages			150	-	6	72.000
Venue facilities						20.000
Facilitator			25.000	-	1	25.000
Handling and ground transport			1.000			80.000
<b>NGO FORUM - #</b>						<b>25</b>
	<b>25</b>	<b>Month</b>	<b>Costs</b>	<b>Effort</b>	<b>No.</b>	
Program Officer, NF		4	33.000	50%		66.000
Assistants during the event		2	12.000	100%		24.000
Travel and stay (PO)						0
Travel and stay (assistants)						0
Travel			3.000	-	-	75.000
Hotel			1.000	-	6	150.000
Per diem			0	-	6	0
Social arrangements			400	-	1	10.000
Food and beverages			150	-	6	22.500
Venue facilities						0
Facilitator			10.000	-	1	10.000
Handling and ground transport			1.500			37.500
<b>OVERHEAD (CBS)</b>						<b>218,365</b>
		<b>Salaries</b>	<b>Of this overhead</b>			
Overhead, salaries		1.160.400	13%	133.497	Already included in the salaries	
Overhead, services			7%			218.365
<b>UNFORESEEN EXPENDITURES</b>						<b>100,000</b>
Unforeseen expenditures						100.000

## **Bilag 2: Terms of Reference, inkluderende budget for Baku Consensus**

Det bemærkes, at der er forskellige tidsangivelser der ikke er ajourførte. Projektet forventes gennemført på 12 måneder. Det samlede budget er på ca. 750.000 USD svarende til knapt 4 mio. kr.

### **TERMS OF REFERENCE**

**for**

### **BAKU CONSENSUS**

*The Republic of Azerbaijan shall ensure the improvement of the wellbeing of the people and every citizen, their social protection and normal living standard*

Constitution of the Republic of Azerbaijan



## 1 Institutional framework

### 1.1 Main responsibilities

The project described below is being implemented by the request of The Government of Azerbaijan. The Ministry of Economic Development of Azerbaijan headed by Minister Mr. Heydar Babayev will be the point of contact for this project and all its participating agencies and bears the main responsibility for the project.

The Baku Consensus is an initiative of the Government of Azerbaijan undertaken by the Centre of Economic Reforms (CER) in the Ministry of Economic Development ([www.economy.gov.az](http://www.economy.gov.az)). It is facilitated by the Copenhagen Consensus Center ([www.copenhagenconsensus.com](http://www.copenhagenconsensus.com)) and supported by The United Nations Development Programme in Azerbaijan (UNDP) ([www.un-az.org/UNDP](http://www.un-az.org/UNDP)).

The UNDP in Azerbaijan and the CER will assist the Ministry of Economic Development with overseeing that the project is carried out in accordance with the guidelines below. The Danish research center the Copenhagen Consensus Center (CCC) at Copenhagen Business School is together with the CER responsible for implementing the project and all its components and answers to the Ministry of Economic Development.

### 1.2 Oversight

A Steering Committee chaired by the Minister of Economic Development oversees the implementation of the results of the Baku Consensus. Other members include the UNDP Resident Representative in Azerbaijan and Director and Adjunct Professor Bjorn Lomborg of CCC.

Furthermore, the Baku Consensus Working Group manages the implementation of the Baku Consensus, chaired by Deputy Minister of Economic Development Ms. Sevinj Hasanova and reports to the Minister and the Steering Committee. Other participants in the working group are Mr. Henrik Meyer from the Copenhagen Consensus Center, Director Dr. Namiq F. Tagiyev from the CER, and Deputy Resident Coordinator from the UNDP, David Eizenberg.

The implementation will be carried out by the CCC assisted by the CER.

## 2 Objectives

The overall objective of this program is to provide qualified input to the Government of Azerbaijan in its efforts to ensure further social and economic development of Azerbaijan by setting a clear and well-argued list of proposals for efficient solutions to some of the most important challenges facing Azerbaijan.

The program combines local ownership with international expertise of the highest standards in order to apply national and international academic research to the current social and economic reality of Azerbaijan.

The three sub-objectives of the program are to:

- provide specific project suggestions and a sense of direction as to how Azerbaijan might best spend its growing oil revenues to the maximum benefit of its citizens,
- maximize participation of the Government, civil society and the citizens of the country in the program to ensure that the outcomes of the Baku Consensus reflect the priorities of the country itself, and
- Result in direct policy input to the 2010 national budget negotiations.

### **3 Execution Timetable**

Execution Period:	15 months (August 2007 – October 2008)
Disbursement Period:	1st of August 2007 – 1st of November 2008
Installments:	Phase 1: 1st of August 2007
	Phase 2: 1st of December 2007
	Phase 3: 1st of April 2008
	Phase 4: 1st of November 2008

### **4 Background and Justification**

#### *4.1 Ranking of Viable Solutions: Best Things First*

In the world, many public expenditure programs and policies are pursued, but they are certainly not equally beneficial. Since they all ultimately compete for the same pool of money (either from donors, multilateral banks, or national budgets), it makes sense to try to prioritize possible expenditure programs to make sure we implement programs with the highest benefit/cost relation before programs with the lowest benefit/cost ratios – in order to ensure the maximum benefit for the populations at the lowest costs.

Laying out a prioritization of programs in which the delivery of efficient solutions to crucial challenges is viable for the people of Azerbaijan is important for four reasons. First, there are many challenges facing every nation on various levels. Assessing the main social and economic challenges facing the people of Azerbaijan will provide a comprehensive overview of the nature and scope of the challenges, the subsequent solutions to these challenges as well as their costs and benefits and thus improve the foundation upon which the Government can make decisions on

public expenditure programs. Second, the Government of Azerbaijan stands to gain a substantial amount of revenue from its oil sales over the next few years and now finds itself in a highly favorable economic position to deal with the challenges facing its country and thus would highly benefit from guidance of the economic analyses and list of priorities resulting from the project. Third, such a high-profiled economic prioritization event will ensure a heightened awareness and focused interest on the further social and economic development of Azerbaijan both within the country and on a global level. Fourth, ranking the viable solutions to the challenges facing Azerbaijan in terms of costs and benefits is crucial, as problems still vastly outnumber resources to solve these problems.

The final list of priorities will enable Azerbaijani policymakers to focus more on the top opportunities, doing the most good for the available resources. In particular, it would supplement the already ongoing efforts of the Government and its State Programme on Poverty Reduction and Economic Development by focusing on the relative effectiveness of the solutions available.

The background of this initiative for Azerbaijan is the worldwide Copenhagen Consensus prioritization project initiated in 2003, which ended with a one-week expert meeting in 2004 in Copenhagen. Its goal was to prioritize the proposed solutions to ten of the world's greatest challenges, within a budget constraint and reflecting the technological and political limitations of feasible policy interventions. The organizers of Copenhagen Consensus 2004, together with the contributions of top economic experts in a myriad of disciplines originally identified 32 problem areas based on United Nations publications, which were then reduced to 10 top challenges. These were: Climate change, communicable diseases, conflicts, education, financial instability, governance and corruption, malnutrition and hunger, migration, water and sanitation, and subsidies and trade barriers. Once the ten challenges were selected an economist of internationally recognized reputation in each of the relevant subject areas was selected to write a challenge paper outlining the extent of the problem, the feasible solutions and their scope, and their costs and benefits. In this paper the authors were asked to identify the best ways (in terms of benefits to humanity) of spending a hypothetical sum of \$50 billion. For each paper two further specialists were contracted to write critical appraisals of each challenge paper.

All in all, the process brought together 30 of the world's top economists in the selected challenge areas and produced a comprehensive overview of the current information about the costs and benefits of alternative solutions to different problems. All of the proposed solutions were then ranked by a panel of eight highly esteemed economists, including three Nobel laureates. Each panel member made his individual ranking, and the collective ranking was constructed through the median ranking. The ranking of issues that could be most efficiently addressed and the identified solutions, as well as the individual papers are available at [www.copenhagenconsensus.com](http://www.copenhagenconsensus.com). The individual papers have also been published by Cambridge University Press in the book "Global Crises, Global Solutions."

The Copenhagen Consensus has attracted considerable publicity and interest throughout the world for the simplicity of its approach, the soundness of its reasoning and the potential importance of its findings.

Undertaking a Copenhagen Consensus process for Azerbaijan would involve national input on main challenges and their possible solutions, produce academically valid estimates of costs and benefits over a wide range of policy areas, and help the country in setting a clear and well-argued list of accessible and easily communicable projects ranked by their effectiveness. The list could contribute to the debate over policies and budget allocations within the Government and Parliament of Azerbaijan. At the end of the day, the list would not make policy decisions error-free but would make it less error-prone. While such a list would not mean that only top efficiency public expenditures programs would be pursued first, it would facilitate the promotion of highly beneficial programs and make it more difficult to push through bad investments. The structure proposed would closely resemble the original Copenhagen Consensus set-up.

The Copenhagen Consensus addressed global problems whereas the Baku consensus would look for the best solutions to national problems. Global problems, by definition, affect all countries. When looking at Azerbaijan's national problems there are two groups of people – those who would be directly affected by public expenditure choices (its citizens) and those not (foreigners). As the Copenhagen Consensus demonstrated, the involvement of foreigners would allow the Baku Consensus to direct the attention of some of the world's greatest economic thinkers to the problems of Azerbaijan. But, for the Baku Consensus, it would be of critical importance to have the broad and effective participation of the government and citizens of Azerbaijan at every stage of the process. That is, the Baku Consensus would need to focus on bringing international expertise to suggest possible economic solutions to the needs of Azerbaijan, as expressed by its government and its citizens.

To ensure that international expertise is applied to the needs of Azerbaijan this proposal has been written to ensure a high degree of ownership by the government and people of Azerbaijan. As the following sections will show the proposal has been written with clear intention of national participation in every stage of the Baku Consensus.

#### 4.2 *Relationship with the Government of Azerbaijan's economic development strategy*

The economic analysis papers and the ranked list of viable solutions are expected to provide a great opportunity to support the Government of Azerbaijan as they address the Millennium Development Goals, other policy goals selected by the Government, as well as implement the Government's State Programme on Poverty Reduction and Economic Development.

## 5 **Project Description**

## 5.1 *Components*

To accomplish the stated objective the project will draw upon the Copenhagen Consensus Center's previous and similar undertakings. The main components in the process are:

- ToR for Staff
- Preparing a gross list of major challenges facing Azerbaijan
- Selecting 8 highly esteemed and internationally recognized economists for the international Expert Panel of Economists (EP)
- Selecting 6 Azerbaijanis for the National Advisory Panel (NSB)
- Selecting 8 key challenges from the gross list
- Selecting 16 Challenge Paper Authors (CPA) (8 international economists and 8 Azerbaijani economists)
- Selecting the 16 international and national discussants (IND & ND) (8 international and 8 Azerbaijani)
- Preparing the Challenge Papers (CP)
- Preparing the Discussants Papers (DP)
- Preparing and carrying out the Expert Panel meeting
- Presenting and discussing the results
- Publication and dissemination

### 5.1.1 *Staff*

From the CCC, Director, Mr. Bjorn Lomborg and Deputy Director and Project Director, Mr. Henrik Meyer will oversee the project implementation, while the project implementation will be carried out by Project Manager, Mr. Tommy Petersen. Furthermore, Copenhagen Consensus Center will involve other staff members especially during the execution of the final meeting in Baku March 2008. The Copenhagen Consensus Center will mainly be in charge of engaging participants and administering all contact with participants while ensuring the highest level of quality in the research papers and the process. In addition, the CCC will be responsible for all logistics assisted by the CER.

#### **Director (CCC Director, Bjørn Lomborg)**

Main project responsibilities:

- Engaging experts
- Ensure methodological quality
- Ensure outreach of Baku Consensus and press
- Chair roundtable meeting
- Disseminate results in Baku and internationally

#### **Project Director (CCC Deputy Director, Henrik Meyer)**

Main project responsibilities:

- Overall lead on the project from CCC
- Ensure quality of methodological framework

- Overall contact to all involved scholars in the project
- Budgets and accounts

### **Project Manager (CCC Project Manager, Tommy Petersen)**

Main project responsibilities:

- All practicalities in the day-to-day work with the project
- Assist in ensuring quality of methodological framework
- Assist with contact to scholars
- Secretarial assistance to all participants
- Handle and oversee logistics
- Settlement of accounts
- General administrative tasks
- Communication link between CCC-CER-MED

From the CER, Director Dr. Namiq F. Tagiyev and Deputy Director, Mr. Vagif A. Rustamov will oversee the implementation of the project, while the project implementation will be assisted by a National Coordinator situated in Baku at the CER whose salary will be covered by the project and who will answer to the CCC. The CER will mainly assist in handling all logistical issues related to workshops, meetings and the final roundtable in Baku, while helping to ensure the highest level of quality in the research papers and the process by assisting the Copenhagen Consensus Center with correspondence with national participants and on-the-ground formalities.

### **National Coordinator**

- Assist in compiling gross list of challenges
- Assist in identifying national scholars
- Assist with national outreach
- Assist with logistics (missions, roundtable meeting, and workshops)
- Secretarial assistance to participants (primarily Azerbaijani nationals)
- Support communication between CCC-CER

#### *5.1.2 Preparing a Gross List of Major Challenges*

The process of identifying potential challenge areas aims at involving as many Azerbaijani officials, NGOs and academics as possible. There will be a call for challenge suggestions sent out to a wide range of Ministries and Government agencies, NGOs and Universities in the beginning of the project. There will also be a workshop aimed at, among other things, receiving proposals for challenges to be dealt with in this project. The Copenhagen Consensus Center, the CER and the UNDP will also review the development literature on Azerbaijan, including the work of development institutions as well as research centers throughout the country in order to assist in establishing the final list of the most significant challenges facing the country. The CCC will obtain additional feedback on the gross list from the working group to further ensure that the gross list includes the most essential challenges for Azerbaijan and is in accordance with the parameters qualifying an issue as a challenge. With all this input, the CCC will prepare the gross

list of challenges to be assessed in subsequent stages of the process subject to approval from the Working Group.

### 5.1.3 *Selecting the Expert Panel (EP)*

The expert panel (EP) is expected to consist of eight top-level economists, a group that is expected to include minimum one Nobel Laureate. The Expert Panel will provide advice and comments by email and meet in Baku for the final prioritization of the solutions to the 8 challenges. Prior to their arrival in Baku the EP will have been presented with the 8 challenge papers and the 16 discussant notes in order to prepare for the meeting in Baku. A panel of eight has proved to be large enough to ensure broad coverage and provide adequate 'room' for each of the experts to express their views during the final meeting. The CCC and the working group will jointly select the EP, and the CCC will be responsible for approaching potential panelists. The selection will be done in close consultation with the working group. Director of the CCC (Bjorn Lomborg) will chair the expert panel meeting and not be a member of the panel.

#### **Terms of Reference for Expert Panel**

<b>Position / title:</b>	Expert
<b>Project:</b>	Baku Consensus (Ministry of Economic Development)
<b>Duration:</b>	August 2007 – October 2008
<b>Duty station:</b>	Country of origin

The Expert in the expert panel (EP) will help select the final eight challenges to be dealt with at the conference as well as participate at the roundtable meeting in Baku and help compile the final list of priorities.

#### **Tasks:**

- To select from a gross-list of challenges the eight challenges to be dealt with at the final meeting.
- Study the economic analyses (challenge papers) before the final meeting
- Participate in the final expert meeting in Baku in March 2008 and provide their personal ranking of all the presented solutions.

#### **Qualifications:**

- Excellent record of accomplishment within economics meeting the highest international standards and with extensive published research.
- Besides professional accomplishment, knowledge about Azerbaijan or the Caucasus region will also be taken into consideration when selecting the experts.
- The group should cover transitional economics and natural resource rich economies within its expertise.

#### 5.1.4 *Selecting the Advisory Panel*

The Advisory Panel will comprise of 6 Azerbaijanis nationally recognized for their insight into the challenges of Azerbaijan in order to assist the Expert Panel in the process and in particular at the meeting. The Advisory Panel will provide local insight to the Expert Panel in the selection process of the challenges if the EP upon request. Furthermore, the Advisory Panel will assist the Expert Panel at the meeting in Baku by providing knowledge on Azerbaijan to the panel upon request. The Advisory Panel will not make their own ranking and is not part of the expert panel.

#### **Terms of Reference for Advisory Panel Members**

<b>Position / title:</b>	Advisory Panel Member
<b>Project:</b>	Baku Consensus (Ministry of Economic Development)
<b>Duration:</b>	August 2007 – October 2008
<b>Duty station:</b>	Azerbaijan

#### **Tasks:**

- Help select the final eight challenges from a gross-list of challenges
- Study the economic analyses (challenge papers) before the final meeting.
- Be present at the final roundtable meeting to assist the expert panel with answers to questions on Azerbaijan.

#### **Qualifications:**

- Advanced university degree (at least master degree) and significant professional experience, at least 7-10 years, with issues relating to the socio-economic conditions of Azerbaijan.
- Demonstrated experience with economic analyses or economic studies a preference but not a requirement.

#### 5.1.5 *Selecting Key Challenges from the Gross List*

Each member of the expert panel and the Advisory Panel will be asked to carefully select 6 challenges each from the gross list which they individually decide should be part of the eight challenges dealt with in this project. The Copenhagen Consensus Center, the CER and the working group will then compile the final list of 8 challenges.

#### 5.1.6 *Selecting the Challenge Paper Authors (CPA)*

As soon as the final list of challenges has been selected, the CCC will begin the search process for 8 international top-level economic scholars and 8 Azerbaijani economists, two within each challenge area, to write the economic analyses on the challenges. The CCC will work closely together with the CER to identify 8 Azerbaijanis with undisputed academic qualifications, good knowledge of the specific challenge and empirical analyses of the costs and benefits of various policy proposals who can assist the international top-level economist in writing the paper. The final list of 16 authors will be approved by the working group.



**Terms of Reference for ICPA's**

<b>Position / title:</b>	International Challenge Paper author
<b>Project:</b>	Baku Consensus (Ministry of Economic Development)
<b>Duration:</b>	August 2007 – October 2008
<b>Duty station:</b>	Country of origin

The International Challenge Paper Author (ICPA) will make an economic analysis on one of the 8 specific challenges selected for the Baku Consensus. The paper will be written in collaboration with a national challenge paper co-author (NCPA). The ICPA will be the lead author and have the final word in disputes.

**Tasks:**

- To prepare a challenge paper of approximately 50 pages (or between 20,000 and 30,000 words) together with the NCPA to the highest professional standard.
- Meet the requirements of "Agreement between Copenhagen Consensus Center and the challenge authors" (attached is a generic example of the contract)
- Present at the final expert meeting in Baku in March 2008.

**Qualifications:**

- Advanced university degree (at least master degree) in economics and significant professional experience, at least 10 years, with particular skills within the specific challenge.
- Experience in applied economics and preferably good knowledge of the socio-economic conditions of Azerbaijan or the Caucasus.
- In-depth experience with and knowledge of the challenge
- Excellent economic data retrieving and handling skills
- Fluency in English

**Terms of Reference for NCPAs**

<b>Position / title:</b>	National Challenge Paper Co-author
<b>Project:</b>	Baku Consensus (Ministry of Economic Development)
<b>Duration:</b>	August 2007 – October 2008
<b>Duty station:</b>	Azerbaijan

The National Challenge Paper Co-author (NCPA) participates in the preparation of a challenge paper on one of the 8 specific challenges selected for the Baku Consensus. The paper will be written in collaboration with the international challenge paper lead author (ICPA).

**Tasks:**

- To assist in the preparation of a challenge paper of approximately 50 pages (or between 20,000 and 30,000 words) to the highest professional standard.
- Meet the requirements of “Agreement between Copenhagen Consensus Center and the challenge authors” (attached a generic contract)
- Participate in the presentation at the final expert meeting in Baku in March 2008.
- Help disseminate the main points of the paper in Azerbaijan.

#### **Qualifications:**

- Advanced university degree (at least master degree) preferably in economics and significant professional experience, at least 7-10 years
- Experience in applied economics and good knowledge of the socio-economic conditions of Azerbaijan
- In-depth experience and knowledge of the specific challenge
- Excellent (economic) data retrieving and handling skills
- Competence in computing, including Microsoft Word and Excel
- Fluency in English and Azerbaijani

#### *5.1.7 Selecting the Discussants (IND and ND)*

To ensure the quality of the challenge analyses, two persons for each challenge will act as discussants, one of which will be an expert from Azerbaijan. It is an integral part of the Copenhagen Consensus methodology to ensure the highest quality of the challenge analyses since these papers represent the foundation for the expert panel’s prioritization. Thus, finding qualified discussants to review the quality of the challenge paper analyses is crucial. The CCC will once again work closely together with the CER to identify the 8 Azerbaijanis out of the 16 discussants. The final list of discussants will be approved by the working group.

#### **Terms of Reference for Discussants**

<b>Position / title:</b>	International and National Discussants
<b>Project:</b>	Baku Consensus (Ministry of Economic Development)
<b>Duration:</b>	August 2007 – October 2008
<b>Duty station:</b>	Country of origin and Azerbaijan

Each Discussant prepares a discussant note which is a short review of one of the challenge papers. National discussants would, as far as possible, be representatives of relevant line ministries with relevant economics background. National and international discussants are expected to produce separate brief critical reviews of one specific challenge paper including individual feedback to the challenge papers, discussing the feasibility and quality of the presented solutions. Potentially they could even present alternative or modified solutions including costs and benefits.

#### **Tasks:**

- To prepare a discussant note of approximately 5 pages (or between 2,000 and 3,000 words) to the highest professional standard.

- Meet the requirements of “Agreement between Copenhagen Consensus Center and the discussants” (attached a generic contract)
- Present at the final expert meeting in Baku.
- Provide dissemination of the paper

#### **Qualifications:**

- Advanced university degree (at least master degree) in economics and significant professional experience, at least 7-10 years
- Experience in applied economics and preferably good knowledge of the socio-economic conditions of Azerbaijan and/or the Caucasus
- In-depth experience and knowledge of the challenge
- Excellent economic data retrieving and handling skills
- Competence in computing, including Microsoft Word and Excel
- Fluency in English

#### *5.1.8 Preparing the Challenge Papers (CP)*

The challenge papers constitute the core economic input to the Baku Consensus and are one of the two the main deliverables of the project. Each paper will use a common methodological framework developed by the CCC (see examples of challenge papers at [www.copenhagenconsensus.com](http://www.copenhagenconsensus.com)) to assess the best solutions to overcome the challenge. Essentially, each paper will provide up to five solutions, each quantified with costs and benefits. It is essential that economic estimates of the costs and benefits of each presented solution are provided since the cost/benefit ratio provides the most important input to the expert panel's ranking of the opportunities. The papers should consist of 15,000-20,000 words depending on the subject and will be presented to the panel of experts at the roundtable meeting. The CCC will monitor the production of the Challenge Papers and bears the responsibility for the final quality of the papers. A period of 5 months will be allocated to this.

#### *5.1.9 Preparing the Discussant Papers (DP)*

The aim of the discussant papers is to present, in a concise manner, other aspects of the challenge and, especially, of the costs and benefits of the suggested solutions. Furthermore, the DP can independently present new opportunities for intervention, with their corresponding cost-benefit analysis. The discussant papers should consist of around 4,000 words and will be presented at the roundtable meeting to the panel of experts. The CCC will monitor the production of the Discussant Papers and bears the responsibility for the final quality of the papers. A period of one month will be allocated for this.

#### *5.1.10 Preparing and Implementing the Roundtable Meeting*

The process of identifying and ranking viable solutions for the region culminates in a three-day roundtable meeting, during which the challenge paper authors and the selected discussants present the results of their work to the expert panel. The roundtable will meet in closed sessions to stimulate an open discussion. Each member of the panel will make his/her own individual

ranking of the presented opportunities, giving an answer to the question: If Azerbaijan was to spend, say, \$50 billion over the next five years on improving the welfare of its citizens, which projects would yield the greatest net benefits? In order to derive realistic solutions from an economic viewpoint, this assessment will reflect the technological and political limitations of feasible policy interventions.

#### 5.1.11 *Presenting and Discussing the Results*

The Baku Consensus will close with a final press meeting to present the list of priorities for social and economic investments by the Government of Azerbaijan most suitable for bolstering development efforts. The CCC will organize the press meeting with the support of the CER and the Working Group. The CCC will lay out and implement a media strategy to create awareness of the results nationally and internationally.

#### 5.1.12 *Publication and Dissemination*

The challenge papers, the discussants' papers, together with the EP's ranking of viable solutions and final deliberation and remarks will be made available to the public via the CCC web site on [www.copenhagenconsensus.com](http://www.copenhagenconsensus.com). If feasible, the selected top challenges could be announced at a high-level regional meeting if such a meeting is to take place around the conclusion of the project. Post-conference, the CCC will come to Baku in the spring of 2009 to create awareness of the results among the main stakeholders involved with the 2010 financial budget.

### 5.2 The main deliverables of the Baku Consensus are:

- 8 documents on the challenges and 16 review documents with the comments of the discussants.
- A ranked list of viable solutions to the further social and economic development of Azerbaijan.

## **6 Budget and Payment Schedule**

The total budget for Baku Consensus, including general management support to UNDP and contingency, is USD 765,290 of which USD 250,000 will be funded by the Ministry of Economic Development of Azerbaijan, USD 200,000 will be funded by the UNDP, USD 200,000 by the Copenhagen Consensus Center, and USD 125,000 will be funded by additional sources. The project will finance consulting services including the contracting of international scholars, as well as the logistical expenses for the roundtable meeting. The project will additionally finance publication and dissemination expenditures. Disbursements to the Copenhagen Consensus Center need to be in accordance with the work plan laid out between the CER and the CCC following the four major steps in the project and relating to the total of USD 575,000 covering the contributions of UNDP, and the Ministry of Economic Development of Azerbaijan:

- USD 189,750 (33 percent) of the Contract Price shall be paid on the commencement date (August 1<sup>st</sup> 2007)
- USD 189,750 (33 percent) of the lump-sum amount shall be paid upon the start of phase 2 (December 1<sup>st</sup> 2007)
- USD 97,750 (17 percent) of the lump-sum amount shall be paid upon the start of phase 3 (April 1<sup>st</sup> 2008)
- USD 97,750 (17 percent) of the lump-sum amount shall be paid upon the finalization of the project (November 1<sup>st</sup> 2008)

Installments to the CCC will be disbursed as indicated in section 6.4 of the Contract and specified in section 6.4. of the 'III. Special Conditions of the Contract', and following the four phases with an installment at the beginning of each phase beside from the last phase where the installment will take place at the end of the project. All other costs will be disbursed against a budget projection and/or report to be presented by the CCC, as final amounts may vary per category within the maximum total budget stated above (including the contingency costs which have been left out in the four installments). The CCC will submit corresponding documentation (receipts, agreements) to the Ministry of Economic Development.

See breakdown of the budget below:

ITEM		No.	Unit cost	Total Cost
<b>Expert Panel</b>				
Nobel Laureate, minimum one	person	1	40.000	40.000
Other international economists *	person	7	15.000	105.000
Advisory Panel (local experts)	person	6	0	0
Visit to Baku (prioritisation meeting) -				
a. air fares	return trip	8	5.000	40.000
b. hotels	nights	40	300	12.000
c. social events	events	2	3.000	6.000
<b>Sub-total</b>				<b>203.000</b>
* Including expertise in transitional and resource economics				
<b>Challenge Papers</b>				
International challenge paper authors	person	8	15.000	120.000
National counterparts	person	8	1.500	12.000
International discussants	person	8	4.000	32.000
National discussants *	person	2	750	1.500
Visit to Baku to present papers				
a. air fares (authors + discussants)	return trip	16	4.000	64.000
b. hotels	nights	48	200	9.600
<b>Sub-total</b>				<b>239.100</b>
* assumes 6 discussants from ministries				
<b>Support Activities</b>				
Conference material to all participants	total		5.000	5.000
Conference transport	total			5.000
Meeting rooms + refreshments	total			10.000
CCC project manager 1 month supervision in Baku	30 days	1	8.000	8.000
Project Officer at CER	total	12	1.250	15.000
Summaries of papers		8	1.200	9.600
Translation of summaries		8	400	3.200
PR	total			5.000
Interpreter (working visits, conference and meetings)	weeks	7	300	2.100
<b>Sub-total</b>				<b>62.900</b>
<b>Copenhagen Consensus Center</b>				
Initial mission				
a. fees	person-weeks	2	3.300	6.600
b. air fares	return trip	2	2.000	4.000
c. per diems	nights	14	200	2.800
Supervision of challenge paper authors				
a. fees	person-weeks	6	3.300	19.800
Public forum and panel meeting				
a. fees	person-weeks	6	3.300	19.800
b. air fares	return trip	4	2.000	8.000
c. per diems	nights	56	200	11.200
Publicity and dissemination				
a. fees	person-weeks	4	3.300	13.200
b. air fares	return trip	2	2.000	4.000
c. per diems	nights	14	200	2.800
Backstopping support in Copenhagen	person-weeks	24	3.300	79.200
<b>Sub-total</b>				<b>171.400</b>
<b>Contingency</b>		10%		67.640
<b>UNDP general management support</b>				21.250
<b>OVERALL TOTAL</b>				<b><u>765.290</u></b>

## 7 **Monitoring**

Two groups have been set up to oversee and monitor the implementation of the project. The Steering Committee will monitor that the four phases of the project will be completed as laid out in the contract, while the Working Group will actively be participating in securing the quality of the project by being consulted on the actual implementation of each of the four phases. Funds will be subject to the general financial management guidelines of the UNDP.