

## **MAIN MESSAGES FOR THE AZERBAIJAN NATIONAL VOLUNTARY REPORT ON IMPLEMENTATION OF 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT**

### **Sustainable Development in the Context of Azerbaijan National Development Agenda**

1. The core elements for development model in Azerbaijan were formulated in the mid 1990-s and were gradually and consequently implemented by the Government through various integrated national programs. By 1996 economic growth resumed and in 1995-2003 it averaged at the level of 5.9% allowing macroeconomic stability and gradual restoration of industrial capacities, significant growth in employment and incomes of the population, improvement of the fiscal balance.
2. Continuous efforts of the Government, business community and civil society of Azerbaijan resulted in GDP increase 3.4-fold in 2004-2015 (average 10.6% annually) and 2.9-fold per capita GDP growth allowing Azerbaijan to move to the group of upper middle-income countries. Spurred by the oil-revenues, critical investment, both public and private, were mobilized for modernization of infrastructure, support to non-oil sectors, and financing of human development.
3. Starting from 2010 non-oil sector has been a key driving force of economic growth – while in the oil sector averaged 3.0% annually decline was observed in 2010-2014, non-oil sector growth equaled 8.8% annually.
4. Accelerated economic growth, broad institutional reforms aimed at improved public administration, as well as reforms in health, education and social protection resulted in significant improvement of the country's global ratings reflecting its progress in achieving MDGs and pursuing wider national development agenda.
5. Azerbaijan was assessed as a “leading reformer of the world” in 2009 by the World Bank’s “Doing Business” Report. Based on the World Economic Forum’s “Global Competitiveness Report for 2016-2017” Azerbaijan is now 27 ranks ahead comparing to 2006 and is 37<sup>th</sup> among 138 countries. In accordance with this report, Azerbaijan is 39<sup>th</sup> in the world for the quality indicators of macroeconomic environment, 26<sup>th</sup> for labor market efficiency, 37<sup>th</sup> for national income to GDP ratio and 55<sup>th</sup> for infrastructure quality.
6. Poverty has decreased from 49.0% in 2001 to 7.6% in 2011 and further down to 4.9% in 2015. Azerbaijan’s food security is similar to that of the developed countries, with malnutrition affecting less than 5 per cent of the population. In recognition of Azerbaijan's outstanding achievements in implementation of the Millennium Development Goals, Azerbaijan received the 2015 South-South Award. Since 2010 Azerbaijan is in the group of countries with high human development (2015 HDI is above the average of 0.759 for countries in Europe and Central Asia).
7. Successful implementation of the oil-boom based development strategies and progress with MDGs allowed Azerbaijan to move to the longer-term development agenda. The visionary “Azerbaijan-2020” formulated by the President of Azerbaijan in 2012, foresees the country as the place where the population's incomes are high, unemployment is minimum, human capital is highly developed, the environment is protected and every citizen has broad opportunities<sup>1</sup>. Based on the core elements of the concept of sustainable development the Vision reflects the longer-term national aspirations and goals and the key challenges on the way towards those goals.

### **Azerbaijan on the Way towards Sustainable Development**

8. Long-lasting peace, security, stability and social cohesion are the major pre-requisites for sustainable development. However, the military aggression of Armenia against Azerbaijan does not allow achieving any major progress in the region. Despite the resolutions of the United Nations Security Council 822 (1993), 853 (1993), 874 (1993) and 884 (1993), condemning the use of force against Azerbaijan and occupation of its territories, reaffirming the sovereignty and territorial integrity of

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<sup>1</sup> *Azerbaijan 2020: Look into the Future*

Azerbaijan and calling for immediate and unconditional withdrawal of the occupying forces from all occupied territories of Azerbaijan, and in flagrant violation of international law, Armenia continues its purposeful efforts towards consolidating the current status-quo of the occupation, strengthening its military build-up in the seized territories and preventing the hundreds of thousands of forcibly displaced Azerbaijanis from returning to their homes and properties in those areas. The resolution of the conflict would not only bring stability and progress to both Armenia and Azerbaijan; it would also ensure *peace and justice* in the entire region.

9. Building inclusive and resilient growth, ensuring sustainable development would require moving from oil based to more diversified economy, continuing investment in human development, and ensuring greater connectivity to regional and global markets to fully unleash the exporting capacities of Azerbaijan. At the background of existing and emerging externalities, 12 Strategic Road Maps adopted by a Presidential Decree in 2016 outlining the policy measures focused on re-balancing the economy by supporting new “high-end” sectors. The structure of economy will be adjusted through (i) higher growth of non-tradable sector versus tradable sector, (ii) processing versus production, (iii) private business versus public business, (iv) high technology intensive sectors versus low technology intensive sectors, (v) sectors based on highly qualified labor versus low qualified, (vi) high return markets versus low return markets and (vii) high value added generating sectors versus low value added generating sectors<sup>2</sup>.
10. While the Government will be pursuing ambitious structural reforms program in the coming years, it considers SDGs as a comprehensive framework providing integrated approach for development complementing and reinforcing the Strategic Road Maps.
  - Complex nature of SDGs emphasizes the fact that development goals are indivisible and require concerted efforts of all stakeholders, not just the Government;
  - Both the Strategic Road Maps and nationalized SDGs processes would require sophisticated system of indicators and improved data collection system for policy formulation process as well as for monitoring and evaluation;
  - “Leaving no-one behind” principle fully coincides with priorities of the Government to address issues of balanced spatial/territorial development and reducing inequalities, eliminating all forms of poverty and empowerment of women and youth. This particularly refers to refugees and IDPs.
11. All Government development plans and programs (both ongoing and those yet to be formulated) during the period until 2030 will be revised, harmonized and aligned to support achievement of nationalized SDGs.

### **National SDG Process – Institutional Mechanisms for an Integrated Approach**

12. The National Coordination Council for Sustainable Development with its Secretariat in the Ministry of Economy was established according to the Decree of the President of the Republic of Azerbaijan. The NCCSD has full authority to perform its core functions formulated as follow: Ensure broad based and inclusive stakeholder participation; Translate global sustainable development goals, targets and indicators to the national context; Identify of national priorities and sustainable development gaps; Articulate inclusive and rights-based national strategies and policies; Coordinate and promote collaboration among various government agencies and ministries; Secure coherence among development partners to align with national priorities; Design national reporting and review framework, and links to regional and global reviews; Identify needs and opportunities for capacity development.
13. To support the NCCSD in both nationalization of SDGs and further implementation of respective programs and plans the government established four Thematic Working Groups (TWGs) – Economic Growth and Decent Jobs, Social Development, Environmental Issues, Monitoring and Evaluation. The NCCSD has the power to establish additional TWGs and engage both local and international expertise to support SDG nationalization, planning and implementation of respective policy measures.

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<sup>2</sup> Strategic Road-Map – National Economy Perspectives.

14. The State Statistical Committee (SSC) is identified as a key national agency responsible for processing and maintaining effective and responsive database to measure the progress in achievement of nationalized SDGs. The intensive consultations are still in progress for the alignment of SDG goals, targets and indicators to national priorities. All central government agencies and local governments have appointed the focal points to support SSC in its efforts to collect and process data, formulate, pilot and introduce new indicators for SDG monitoring and evaluation. Extensive use of ICT tools will be promoted at all levels of the government to enable innovative approaches in data collection and processing.

### Building National Ownership and Participation

15. The Government of Azerbaijan considers the national SDG process as an opportunity to empower a broader range of national stakeholders, promote participative national dialogue and to streamline wider cooperation on the path to sustainable development. Driven by the principle of “*leaving no one behind*”, which is a core commitment of the SDGs, and determined to engage all stakeholders in achieving the SDGs, the National Coordination Council for Sustainable Development of Azerbaijan Republic partnered with the UN Office in Azerbaijan conducted a panel discussions on SDG implementation which brought together representatives of the different groups of society (academia, civil society, women, youth, parliament). The government, while acting as coordinator for the attainment of nationalized SDGs, will be facilitating and supporting SDG-focused initiatives of civil society institutions, academia, business and professional associations, other stakeholders and partners.
16. To maintain interactive communications with local and international partners the Government will create an interactive web-platform promoting awareness on global and national SDG goals and targets, milestones and indicators. This web-platform would be instrumental for participatory process of consultations on the national SDGs, for monitoring and reporting process.
17. Local mass media and civil society would be engaged as brokers for this on-line and off-line process, securing outreach to all the groups and segments of society. *Special emphasis would be made to hear voices of women, youth, disadvantaged, particularly of refugees and IDPs.*

### Next Steps for 2017 and Beyond

18. Nationalization of SDGs through aligning those to the national context and to the Azerbaijan’s strategic development priorities would allow to formulate by end of 2017 *National Sustainable Development Goals and Targets*, strengthen a broad consensus about those.
19. Subsequently, in 2018, Government would convene a National SDG Conference with UN Country Office to discuss the *means of implementation* of the national SDG Agenda. The Conference would be instrumental in defining of new drivers of growth and transformation, and the entry points for interventions, which could generate the larger positive spillovers across various sector of the national economy, covering all the part of the country and ensuring that all people of Azerbaijan are engaged to and could ultimately benefit from the SDG process.
20. Success in the implementation of the 2030 Agenda would also require learning on the best international practices, particularly under the South-South Cooperation modality. Azerbaijan would remain committed for *sharing its knowledge and experience* in formulating and implementing of nationalized SDGs.
21. Government and its development partners would need to elaborate *a system of SDG indicators*, critical for monitoring and reporting. Data availability, access to data and capacities to both collect, process and disseminate data remain as one of major challenges ahead requiring dedicated efforts both at national and international levels.
22. The Government would continue relying on UNDP as well as other UN agencies on their support and guidance at the different stages of the national SDG process from the nationalization of the goals towards monitoring and reporting.