

2015 RC Annual Report

Brief description

Azerbaijan has enjoyed an energy-fuelled boom over the last two decades, remaining one of the world's fastest-growing economies and transforming in a few years into an increasingly assertive presence on the regional arena. Economic growth was spurred by the exploration of oil and gas reserves, high levels of public expenditure, and reforms to support a market-based economy. Despite the robust progress, the national economy remains largely dependent upon the extraction and production of fossil fuels.

The country was affected by the dramatic decline of global oil prices and broader economic slowdown. In February, after almost two decades of relatively stable exchange rates, the government devalued the manat by 33 percent to ease strains on fiscal and external balances. In December, the Central Bank decided to abandon national currency's dollar peg, allowing its free float after spending more than half its reserves¹ to prop up the manat, which lost roughly half its value, simultaneously raising inflation. Some contraction of government spending is expected, along with steps to improve the quality and efficiency of public expenditure.

The economic slowdown poses new challenges yet opens new opportunities. Azerbaijan initiated a reshuffle of the government and macroprudential measures², starting fundamental reforms of its financial sector, and shifted a focus on promoting entrepreneurship and sustainable non-oil economy expansion (particularly, in agricultural, tourism and IT sectors, which will receive targeted state support) and export-oriented growth. Broadening access to finance to spur investment and innovation will be another priority. Some of the government entities were abolished (e.g. the State Committee for Land and Cartography, the State Procurement Agency); the principal partner of the United Nations for the UN-Azerbaijan Partnership Framework 2016-2020 formulation, finalization and implementation, the Ministry of Economy and Industry was renamed the Ministry of Economy; the structural changes in the Ministry of Communications and High Technologies; dissolving the Ministry of National Security and splitting its functions between the newly created State Security Service and Foreign Intelligence Service – to name a few recent changes made as part of the ongoing reforms.

Multiple local and international observers monitored the November parliamentary elections. The government invited the observation mission of the Parliamentary Assembly of the Council of Europe, which concluded that the voting process was adequate and generally in line with international standards³. Observers particularly noted improvements in the access of voters to information, the inclusiveness of voter registration and the quality of electoral materials, as well as a significant increase in voter turnout and the transparency of voting and counting procedures, which demonstrates another step forward taken by Azerbaijan towards free, fair and democratic elections. The ruling New

¹ <http://www.ft.com/intl/cms/s/0/9759f42a-c51b-11e5-b3b1-7b2481276e45.html#axzz3yYerhWuY>

² Spillovers from Russia to the CCA, IMF Report, p.103
<https://www.imf.org/external/pubs/ft/reo/2015/mcd/eng/pdf/mreo1015ch7.pdf>

³ Statement by the PACE Observation Election Mission, 1 November 2015, Strasbourg
<http://assembly.coe.int/nw/xml/News/News-View-EN.asp?newsid=5856&cat=31>

Azerbaijan Party won 70 out of 125 seats. New committees were established to address the issues related to health; women, family and children; youth and sports, and religious organizations. The existing committees were mandated, in addition to their previous functions, to oversee policies on anti-corruption, labour as well as industry and entrepreneurship. The percentage of female members of parliament increased from 11 to 17 percent between 2005 and 2015.

The amendments to the Law on NGOs (Public Associations and Foundations) introduced new requirements for donor organizations providing grants to NGOs. Nearly all grant programmes funded by the international development organizations have been suspended. The limbo in the NGO situation is affecting the work of UN Agencies; efforts are being made to find an interim solution.

The State Agency for Public Service and Social Innovations (ASAN Xidmet) received the 2015 UN Public Service Award⁴, along with 22 institutions from 18 countries, in the category of ‘Improving the Delivery of Public Services’. ASAN was set up in 2013 as a ‘one-stop shop’, the principal national integrator of e-government solutions to improve transparency, reduce bureaucracy and eliminate corruption in the provision of public services. Several UN Agencies in Azerbaijan continue expanding cooperation with ASAN to further promote good governance and human rights.

Azerbaijan was awarded a special FAO prize for achievements in fighting poverty and hunger at the Awards Ceremony in Rome on completing the MDG round, given an impressive progress made by the country in fighting poverty (poverty rate declined from nearly 50% in 2001 to 5% in 2015). Azerbaijan’s food security is today similar to that of the developed countries, with malnutrition affecting less than 5 per cent of the population. Azerbaijan is one of the 18 countries out of 128 countries worldwide, which have reached the goal of halving the total number of undernourished.

Azerbaijan ranks 78 out of 188 countries and territories on the 2014 Human Development Index (HDI)⁵, which puts the country in the high human development category. Over the last decades, Azerbaijan’s life expectancy at birth increased by 5.8 years, mean years of schooling increased by 1 year, and expected years of schooling increased by 0.6 years. Azerbaijan’s 2014 HDI is above the average of 0.748 for countries in Europe and Central Asia. In 2015, GDP grew by 1 percent, down from 2.8 percent in 2014 and 5.8 percent in 2013. Azerbaijan now faces the challenge of sustaining the progress through resilient and sustainable sources of growth to avoid the ‘middle-income trap’⁶, given that a substantial group of households graduated from poverty, but did not reach the ranks of the middle class.

The 2015-2016 Global Competitiveness Report shows that Azerbaijan maintains its relatively high overall rank of 40 out of 140 countries, facilitated by the relatively stable macro-economic environment. At the same time, corruption still remains a concern despite steps taken by the government to improve governance in public services, particularly through ‘ASAN Xidmet’ Centres. In the World Bank’s Doing Business 2016 report, Azerbaijan ranks 63rd out of 189 economies, with particularly low scores in dealing with construction permits, getting electricity, obtaining credit,

⁴ 2015 UN Public Service Awards Winners, UNDESA

<http://workspace.unpan.org/sites/Internet/Documents/Winners%202015%20UNPSA%204.06.15.docx.pdf>

⁵ Briefing note for countries on the 2015 Human Development Report, UNDP NY

http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/AZE.pdf

⁶ The World Bank Country Partnership Strategy for Azerbaijan for 2016-2020; p.2

http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/07/21/090224b083014397/2_0/Rendered/PDF/Azerbaijan00C0thePeriod0FY2016020.pdf

trading across borders and resolving insolvency. The latest improvements are related to starting a business and strengthening of minority investor protections.

Displacement remains a key challenge, which the country experienced at an early stage of independence gained in 1991. As a result of the armed hostilities in and around the Nagorno-Karabakh region, thousands of ethnic Azerbaijanis fled their homes becoming refugees or IDPs. Led by the OSCE Minsk Group, which is co-chaired by France, US and Russia since 1994, negotiations have made no progress, and a fragile ceasefire agreement is still being violated. A new state programme on improving livelihoods of IDPs (2016-2020) is expected to be endorsed soon. The government launched a new settlement for 552 internally displaced families in the Agjabady region, in addition to the state-funded similar 70 settlements built for refugees and IDPs in various regions of the country.

Azerbaijan has become a founding member of the newly established Asian Investment Infrastructure Bank, which is in line with several successful efforts made by the country over the last years to position itself on the international arena as an emerging donor and a visible regional player, expanding cooperation with Europe and Central Asia and contributing to the integrated transportation and logistics networks across Eurasia. Azerbaijan plays an important role in the energy security of Europe. The commitment to implementing the Southern Gas Corridor continued to be of utmost significance for EU-Azerbaijan dialogue. The country's role as a regional infrastructure hub is increasing - the Baku-Tbilisi-Kars railway will be launched by November 2016, connecting Azerbaijan with Europe as part of the historic Silk Road trade routes, which are being restored within the Trans-Asian Railway to serve 28 countries; the first test container train arrived at the new Baku International Sea Port, which will be the biggest trade harbour in the Caspian basin, building the China-Europe overland link. Azerbaijan provides support to the peacekeeping mission in Afghanistan and has pledged additional 2 million euros to the Afghanistan National Army Trust Fund. The government delivered humanitarian assistance to the earthquake affected Nepal, Kyrgyzstan and Tajikistan.

The United Nations provided support to Azerbaijan in its further engagement in South-South and Triangular Cooperation as means to share with developing countries its wealth of experience, technical know-how and expertise accumulated during the transitional years. UNDP facilitated the knowledge transfers on public service delivery with Turkmenistan. UNHCR is interested in providing support to Azerbaijan's sharing experience in protection of the rights and social security of IDPs and refugees.

Highlights on progress on joined up work

The UN-Azerbaijan Partnership Framework (UNAPF) 2016-2020 document was finalized, in consultation with all resident and non-resident UN Agencies, government and other stakeholders, and submitted to the Cabinet of Ministers on 19 June 2015 for approval. Although the document is still pending its endorsement, the lead UN Agencies (UNDP, UNICEF, UNFPA, WHO, UNEP, ILO, OHCHR,) and the World Bank made arrangements to initiate operationalization of three UN Theme Groups and three UNAPF Results Groups, which will be addressing the respective UNAPF strategic priority areas (including (a) promoting sustainable and inclusive economic development underpinned by increased diversification and decent work; (b) strengthening institutional capacities and effective public and social services; and (c) improving environmental management and resilience to hazards and disasters) and cross-cutting issues (HRBA, gender equality, youth, specific capacity development for monitoring and evaluation). As soon as the UNAPF is approved and launched, the required coordination mechanisms will be activated to gear the implementation process under the stewardship of the UNAPF Steering Committee to be co-chaired by the Minister of Economy and the UN Resident Coordinator.

Launching the 2030 Agenda for Sustainable Development. The UN System in Azerbaijan, jointly with the Ministry of Foreign Affairs, UNDP Regional Hub in Istanbul and the French Embassy, partnered with other Government counterparts, development actors and a wide range of stakeholders to convene a conference on 23 October (in observance of the 70th anniversary of the United Nations), offering the first opportunity to discuss the newly endorsed 2030 Agenda for Sustainable Development, with 17 Sustainable Development Goals (SDGs). The conference laid emphasis on the implementation of the SDGs in Azerbaijan and the country's aspirations for contributing to strengthening international security and promoting sustainable development globally, as well as the UN's assistance in the country's becoming a donor and its further sharing expertise with other countries through South-South and Triangular Cooperation. Mrs. Bérengère Quincy, the French Ambassador for COP 21, joined the conference as one of the panelists and focused on the preparations made for the UN Climate Change Conference in Paris, emphasizing the importance of a joint action in halting climate change.

UNICEF, UNFPA and UNDP contributed to *integrating SDGs into national policies*, emphasizing the centrality of empowering and enabling women and young people, including the demographic dividend, with a strong focus on generating reliable data. Specifically, UNICEF (i) facilitated intensive youth consultations through online/offline platforms on issues affecting their lives, such as safe and inclusive sport, child marriages, social inclusion, protection and meaningful participation, for gathering evidence to inform national policies and state programmes. Over 16,000 adolescents were consulted. The suggestions and recommendations generated by the consultations were considered by the government while formulating *the State Youth Development Programme 2016-2020*; (ii) cooperated with national counterparts to provide support for drafting a *National Children Strategy 2015-2020*, which is expected to be endorsed soon and contribute to the implementation of Vision 2020 national plan; (iii) provided technical and financial support to the Government to launch the first-ever inclusive schools in Baku for primary-grade students; (iv) submitted findings of a study on child deprivation to the State Statistics Committee; and (v) provided support to the Ministry of Emergency Situations to carry out a Disaster Risk Analysis in a selected district the results of which were integrated into the district-level disaster management and development plans for 2016-2020, respectively. UNFPA provided support to the government in drafting and refining *the State Programme on Demography and Population Development 2016-2025*. UNDP and UNFPA collaborated to produce *evidence on interlinkages between the population dynamics and socio-economic trends* to contribute to informed national policy and decision-making.

Providing support to the Government in producing a final National MDG Progress Report. UNDP took the lead in the UN Country Team's efforts to assist the Government in developing the final MDG progress report, which was released in July 2015. The lessons learned and evidence from the publication will help the UNCT lay a foundation for a dialogue with the government and development partners to transit from MDGs to SDGs, once they are prioritized, and adopt an inclusive and comprehensive approach to sustainable development in Azerbaijan.

Advocating for human rights, values of justice and women's empowerment remained central to the UN System in Azerbaijan. Chaired by OHCHR, the UN Working Group on Human Rights provided support to the government in the implementation of the country's commitments within the UN human rights mechanisms, promoting the role of civil society in advocating for effective implementation of the Special Procedures, Treaty Bodies and the Universal Periodic Review (UPR) recommendations, and contributing to strengthening tracking systems in the Ombudsperson's Office for effective implementation of the UPR and CEDAW recommendations, which, inter alia, included conducting a research exclusively dedicated to monitoring of Azerbaijan's commitments on sexual and reproductive

health and rights. The institutional capacity of the Ombudsman's Office was further strengthened to improve independent monitoring and reporting of child rights violations in public settings. A Stakeholder Dialogue contributed to monitoring of the implementation of the UPR and CEDAW concluding observations. In April, the UNCT hosted a visit of the UN Subcommittee on Prevention of Torture.

The UN Resident Coordinator and the Chair of the UN Gender Theme Group (UN GTG) joined the national delegation to participate in the 60th session of the CEDAW Committee convened on 16-18 February 2015 in Geneva, and submitted the UNCT Shadow Report. The UN GTG led the UN Country Team's concerted efforts to create a dialogue with the government and non-state actors to follow up the concluding observations of the CEDAW Committee emanating from the open public hearing of the 5th periodic CEDAW state report. In November, as part of the 16 Days of Activism against Gender Violence campaign, a series of high-level events, including the respective international conferences on prevention of domestic violence and the phenomenon of child marriages, were hosted by the government, in partnership with UN Agencies, national counterparts and private sector, to identify potential areas of cooperation and joined-up approaches to enhance the implementation of the Convention.

Joint advocacy for better health services: (i) As a result of the joint advocacy and technical assistance provided by WHO, UNPFA and UNICEF over the last several years, the government commenced in January 2015 the implementation of a new live birth registration system, complying with the international standards of live birth definition, within the State Programme for Improving Maternal and Child Health 2014-2020; (ii) WHO teamed up with UNICEF, UNFPA, UNDP and the World Bank to develop the first National Strategy on the Non-Communicable Diseases, which was approved in December 2015; (iii) UNEP cooperated with WHO to help the government achieve the principles set up in the Parma Declaration on Environment and Health; (iv) UNECE and WHO provided joint support for introducing national indicators within the implementation process of the UNECE Water Convention; and (v) UNFPA led the UNCT consultations to initiate a dialogue with the government on addressing the major health challenges facing women and children, thereby underpinning the Global Strategy for Women's, Children's and Adolescents' Health (2016-2030), which is fully aligned with the SDGs.

Results of joined-up approaches

In the light of a gradual shrinking of the core and non-core funding for development in Azerbaijan, UN Agencies created diverse partnerships in 2015, as follows:

- (i) UNDP and UNEP cooperated with **the French Embassy** while making arrangements for the participation of Mrs. Bérengère Quincy, the French Ambassador for COP 21, at the October conference dedicated to the launch of the SDGs. The UN stands ready to continue cooperation with the Embassy to provide support to the government in accelerating its contribution to the cooperative climate action in support of the new Paris Agreement;
- (ii) UNDP formed partnership with **USAID** to support youth and women by encouraging entrepreneurship, creating decent jobs for better livelihoods and advancing gender equality, particularly in rural areas. A joint two-year project was launched in December 2015;
- (iii) **JICA** expressed interest in partnering with UNDP in strengthening resilience to natural disasters;
- (iv) UNICEF collaborated with the **2015 Baku European Games Organizing Committee** to (a) give adolescents a voice on how safe and inclusive sport can benefit their lives, and (b)

- enhance their role in the development of a social legacy of the first European Games hosted by Azerbaijan in June 2015;
- (v) With support from the ADB, UNICEF partnered with the state-owned Water Company **Azersu** to model a WASH-in-School programme;
 - (vi) Partnership built by UNICEF and **ASAN Xidmet Centres** helped provide the legal aid and counselling services to over 215 children (half of them are girls) and their families;
 - (vii) As part of the 16 Days of Activism Campaign, the UN Gender Theme Group partnered with **GameTV.Az** Corporation to produce a public service advertisement on combating violence against women.

The newly formed partnerships offer a powerful incentive to explore other available opportunities for further mobilizing resources that will aim to generate inclusive and sustainable development in the country, which is facing the economic slowdown. The UN system in Azerbaijan will intensify its efforts to expand partnerships in innovative ways and seek new resource mobilization opportunities in order to remain strategic, maximize the impact of its limited resources, and ensure consistent, high quality policy and technical support to the government, given that viable partnerships have been established with several active donors and, at a strategic level, with key Embassies.

Upcoming opportunities in 2016

2016 will be a special year for Azerbaijan. The **United Nations Secretary-General Ban Ki-moon** will visit the country during 25-27 April to attend the 7th *Global Forum of the UN Alliance of Civilizations*, which will bring nearly 3,000 state and non-state actors to discuss the prevention of violent extremism and best practices in social inclusion. The Forum (i) will be hosted as part the year-long advocacy campaign, along with other high-profile events given that the government declared 2016 the Year of Multiculturalism, and (ii) will not merely concentrate on promoting dialogue between diverse cultures, but rather emphasize concrete actions oriented to support the achievement of the SDGs, in particular goal 16 aimed to “promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”.

The UN System in Azerbaijan will focus on the implementation of the *UN-Azerbaijan Partnership Framework* and *prioritization and roll out of SDGs*, with a special focus on *strengthening national M&E capacity to provide evidence-based policy support* anchoring greater transparency and accountability. This joint effort will contribute to the improvement of quality, availability and compliance of national statistics with international standards, and help the government embrace a strategic, systematic and transformative approach to rethinking development through (i) emphasizing the sustainable human development perspective; (ii) strengthening national accountability mechanisms, and (iii) building innovative partnerships for inclusive and sustainable development.

The United Nations and Azerbaijan are entering a new phase of cooperation, shifting focus from the assistance paradigm to a greater emphasis on an expanded partnership. The UNCT will follow up a first-ever joint introduction of the *UN system-wide donor-funded Junior Professional Officer (JPO) Programme* made by high-level representatives from UNDP, UNFPA, UNICEF, UNHCR, UNESCO, and UNDESA at ADA University on 27 January 2016, as part of the ‘Careers at the United Nations’ initiative. Collaboration of different UN Agencies through the JPO Programme will offer new career opportunities for dynamic, adaptable, and meritocratic young Azerbaijani professionals and contribute to harnessing human capital in Azerbaijan.

The UN joint priorities identified for 2016 include:

1. Launching the UNAPF and operationalization of the UNAPF Results Groups and UN Theme Groups. The UNCT will apply three pillars of Delivering as One model (i.e. Empowered RC/Empowered UNCT; Operating as One; and Communicating as One) throughout the UNAPF implementation. The overarching ambition will be to promote sustainable development, inclusive economic growth and accountability to address the social, economic and environmental vulnerabilities affecting society, with a specific focus on the most disadvantaged groups.
2. Rolling out the prioritized/localized Sustainable Development Goals, building on the lesson learned and progress made towards the Millennium Development Goals, which will provide a platform for the UN's possible support: (i) to identify interlinkages, synergies and benefits across sectors to maximize the expected value of outcomes of the broad objectives for sustainable development; (ii) to integrate the SDGs into national strategies and sector-specific development policies, and strengthen national monitoring system; and (iii) to engage a wide range of partners in the policy dialogue on the SDGs and launch a joint advocacy campaign to develop a robust monitoring framework to measure their implementation.
3. Providing support to the government to follow up the CEDAW Concluding Observations, advancing gender equality and strengthening women's empowerment, which will remain a fundamental condition for sustainable social and economic development, as a cross-cutting issue throughout all localized SDGs. The UN Gender Theme Group will lead the UNCT's joint support for the follow-up process, including in the development of a national action plan and a monitoring mechanism to implement the recommendations and concluding comments of the CEDAW Committee.
4. Holding the first UNAPF Annual Review to strengthen the existing coordination mechanisms and ensure that the concerted UN efforts are coherent and will have greater impact on the sustainable development of the country.
