Major developments that affected the work of the UNCT in 2012

2012 marked the 20th anniversary of Azerbaijan’s accession to the United Nations and the UN presence in the country. Azerbaijan held the first Presidency of the Security Council in May, having been elected as a non-permanent member for the 2012-2013 term. The Government continued its efforts to diversify the economy, focusing on employment-centred growth, and strengthened social services. The UN reinforced its partnership with the Government in meeting national development priorities and the MDGs.

Economic growth continued to slow as output in the dominant oil sector fell. Non-oil output was rising rapidly, but not enough to cancel out the downward trend in oil extraction, which remains the key factor for the real GDP growth figures for 2012 (GDP increased by 9.7% in non-oil sector and decreased by 6.5% in oil sector). Over the last few years, Azerbaijan has invested $3 bln in the ICT sector, in an effort to replace oil with ICT as one of the top non-oil revenue earners. Agriculture and rural development are increasingly important for the economy, with a large part of the revenues from oil production and exports invested into this sector. Investing in public infrastructure and social services remained a priority, including increased pensions. According to national figures and statistics, the minimum wage rose to 108AZN (US$137), and the poverty rate dropped to 6% from 7.6% in 2011. Unemployment decreased to 5.2% from 5.4% in 2011, although Azerbaijan’s labour market is still characterised by a mismatch of demand and supply, underemployment and high youth unemployment. The government continued to draw on the State Oil Fund (SOFAZ) to help finance social spending and infrastructure projects (the SOFAZ reserves stand at nearly US$34 bln, an increase by almost 3%). The government's expenditure target for 2013 is 19.9 bln AZN, an increase of around 12%. Social spending may increase this year, ahead of the presidential election scheduled for October 2013, and likely result in a reduction in the SOFAZ reserves.

Notwithstanding significant government investments and efforts, uneven development of the regions, urban/rural disparities, growing income inequality and unemployment (particularly among youth), inadequate quality of public services, underdeveloped infrastructure, and persistent gender gaps remain an issue. A major development in 2012 was the finalization of the national development strategy Azerbaijan: Vision 2020. Following UNDP’s advocacy for recognizing the need for better balancing sustainable patterns of growth and that of UNCT on the importance of developing the social sector and reducing inequities, Vision 2020 will guide the Government’s policies over the next eight years, with the ambitious goal to double GDP per capita by 2020 and transform Azerbaijan into a high income country and rising into the group of top-ranked countries of high human development.

The Government announced 2013 as the Year of ICT. The country strives to become an ICT leader by the year 2025. Initiated by Azerbaijan, the Trans-Eurasian Information Super Highway (TASIM) project which aims to serve as an engine for reducing poverty and accelerating economic growth in this region was unanimously adopted by a resolution of the UN General Assembly. UNDP supported Azerbaijan to host the 7th annual Internet Governance Forum that was attended by Mr. Wu Hongbo, Under-Secretary-General for Economic and Social Affairs, and Dr. Hamadoun Touré, Secretary General of the ITU.

Azerbaijan hosted the 28th FAO Regional Conference for Europe which was attended by Mr. José Graziano da Silva, FAO Director-General. The new OCHA regional office in Almaty joined the UNCT as a non-resident agency. Mr. Rashid Khalikov, OCHA Geneva Director, participated in the International Humanitarian Forum and met with the UNCT. With support from OHCHR, Mr. Anand Grover, Special Rapporteur on the right to health, visited the country, for the first time, and shared with senior government officials his conclusions and recommendations concerning realization of the right to health. The expert’s concluding statement was hard-hitting, acknowledging progress made, but comparing that progress to the infrastructural and economic progress, encouraging much faster development of the health sector. The mission report has not been finalized yet.

Led by the OSCE Minsk Group, negotiations over the occupied territories in and around Nagorno-Karabakh made, unfortunately, no progress as yet.
Summary of progress in UN Reform

- **Efforts to align with the national development processes:**
  UNDAF (2011-2015) implementation was monitored by the UN Theme Groups on Economic Development, Governance, Social Development, and Gender, and the UN Task Forces on Human Rights and Disaster Risk Reduction. UNDAF mid-term review will start in November 2013 to assess that UNDAF priorities remain relevant and determine the need for any realignment of the UNDAF outputs or cross-cutting issues.

- **Support to the national government in advancing the achievement of the Millennium Declaration/MDGs:**
  The Government remains committed to the MDGs and uses its increased revenue from oil production to finance much of the public investment needed to achieve the MDGs. The UN continued to play a key role in advocating and providing technical assistance to achieve the MDGs. The country has already met or is well on its way toward meeting many of the MDGs, including the Goals of halving extreme poverty (already reached in 2008), achieving universal primary education, eliminating gender disparities in secondary education, and reducing the spread of TB. The UNCT continued its support to improve health related indicators which have seen some improvements, yet still require much attention as they remain below the average for upper-middle-income countries. Azerbaijan joined the 100 pilot countries initiating a national dialogue on the Post-2015 Development Agenda. The inclusive and balanced national consultations process will be aligned with the priorities enshrined in the new Vision 2020. The UNCT will partner with the Ministry of Economic Development, as the lead national partner, and work with the government, donors, development agencies, academia, NGOs, and the private sector to identify areas for development beyond 2015.

- **Progress UNCTs are making collectively in support of the national partners' endeavours towards capacity development:**
  The UN helped the country to sustain its achievements and continue to diversify the economy, improve governance and meet international commitments. Governance, particularly insufficient coordination among public agencies, remains an important concern and constraint to sustainable development. The UNCT continued its strong support for capacity development, mainly, focusing on promoting good governance, including e-governance and technical capacity. Concerted capacity development efforts and communication were tailored for the institutions and individuals to generate tools and data for evidence-based decision making. Support was rendered to develop national policies in a participatory and consultative way, with an emphasis on the importance of following a holistic approach and expanding collective efforts to reach the most disadvantaged and vulnerable.

**Highlights on progress towards UNDAF outcomes**
The UNDAF has three outcomes: economic development, social development, and good governance, with advancing gender equality, integrating disaster risk reduction, and strengthening M&E as the cross-cutting areas.

**Outcome 1: A diversified economy ensuring sustainable growth across many sectors, generating decent work opportunities and improved incomes for all regions and social groups**
The UN supported the government to further promote diversification of the economy and improve decent work opportunities by providing access of the unemployed, especially youth and women in rural areas, to necessary skills and resources; to engage with the private sector for continued growth; improve environmental management and mitigate climate change effects; enhance rural development.

The UNCT including the World Bank encouraged the development of the labour market in Azerbaijan to ensure inclusive and sustainable economic growth. The top priorities under the reform include improvement of labour market institutions and national employment services, providing favourable conditions for employment, especially young people, and improvement of advisory services for building a career. The UN helped to develop vocational education and training programmes to ensure qualitative improvement of the skills of the labour force, in particular the disabled. The UNCT supported the Government to further promote women’s employment. UNDP
trained 35 rural women in starting up business; conducted awareness raising campaign in 10 villages, benefitting nearly 600 men and women, and developed a resource manual *Rural Women and Community Participation*. UNDP partnered with the Ministry of Labour and Social Protection and SYSLAB, a Norwegian NGO, to establish the Baku Training Center for the unemployed, introducing an innovative employment scheme – over 80% of the unemployed persons recruited by the Centre have found a job within a few months. The approach will be replicated in two more large cities of Azerbaijan in 2013. UNHCR and FAO supported the Government to facilitate self-reliance and income-generation opportunities for IDPs and refugees through provision of small business start-up grants and vocational training.

UNECE and UNIDO supported the Government to promote non-oil development policies aimed at increasing private sector competitiveness and removing trade barriers, especially for exports; promoting trade facilitation, the Single Window implementation and Data Harmonization; establishing industrial parks for economic diversification and job creation. UNDP led the UNCT’s efforts to launch the UN Global Compact and will strengthen the network as a mechanism for stronger Corporate Social Responsibility and social participation.

With significant GEF funding, UNDP addressed the challenges of land degradation and deforestation and protection of marine biodiversity of the Caspian Sea. UNDP assisted drafting of legislation on impact assessments, as an important instrument of national environmental policy and improving capacities for solid waste management. The State Company on Alternative and Renewable Energy Sources was assisted to improve legislation, strengthen economic viability, and build the staff capacity.

**Outcome 2: Improved and equal access to quality health, education and social protection services**

The UN system in Azerbaijan is committed to continue its assistance to bring about a positive change and address emerging development challenges through coherent and effective joint UN action.

UNICEF and WHO supported the government with improving mortality statistics. A group of experts led by the chairperson of the Technical Working Group of the Inter-Agency Group on Mortality Estimation assisted the Government to address the large discrepancy existing between the government-reported statistics for infant and child mortality and the UN inter-agency estimates (which differ by a factor of between 3 and 4). One of the reasons for the discrepancy is the continued use of the outdated ex-Soviet Live-Birth Definition (LBD). The Ministry of Health is now adopting the international LBD and acquiring equipment and training to support premature and under-weight babies. Another important contribution to the increased knowledge and understanding of the situation of social development in Azerbaijan is a major nutritional status survey being supported by UNICEF, with funding provided by USAID, in partnership with WHO and UNFPA. The field work will start in early 2013 and the report is due by mid-2013.

In order to demonstrate the feasibility and desirability of control of worm infestation among school children, as part of anaemia reduction initiative, WHO and UNICEF teamed up with the GFATM and the Rastropovich Foundation to make a wide intervention of de-worming in nearly 100 schools and demonstrate how to organize this campaign including the communication component. The findings will be submitted to the Government by the end of 2013.

The Joint UN Team on AIDS supported the formulation of the new National AIDS Strategic Plan for 2013-2017 to be endorsed in 2013. National M&E plan on HIV/AIDS was developed and endorsed. The important study on the size of groups at higher-risk of contracting HIV was completed, as a result of UN inter-agency collaboration and strong advocacy with the Ministry of Health. However, phasing out of GFATM funding and the closure of the UNAIDS office tentatively scheduled for September 2013 will require stronger national ownership and funding from the state budget.

WHO and the WB supported the Government to lead a more forceful national response to the growing threat posed by non-communicable diseases (NCDs) and risk factors that are causing mortality in Azerbaijan. A national NCD risk factors survey conducted by the Government helped to
identify areas for priority action and build national capacity. The survey findings will feed into the NCD strategy due by the end of 2013. WHO, UNEP and the WB made good progress in the joint country assessment of environmental health, as a preparatory phase for a concerted action in 2013. WHO and UNEP supported the Government to host the 3rd European Environment and Health Ministerial Board meeting. WHO and IAEA undertook an assessment on Cancer Prevention and Control, which will form the basis for further joint work in 2013.

With the guidance from WHO and UNICEF, the Parliament reviewed the Health Code for mandatory fortification of flour, sugar, and milk, with important micronutrients, and early-detection of conditions that lead to disability, for early intervention to avoid or mitigate those conditions.

**Outcome 3:** More transparent and accountable public institutions, staffed by a professional civil service and guided by appropriate laws enforced by a responsive judicial system to ensure the legal protection of the rights of all, including the most vulnerable

The UNCT joined efforts to promote governance and enhance efficiency, accountability and transparency within public administration, with a special focus on the issues of e-governance and youth participation.

UNDP put emphasis on institutional capacity development in public administration through the introduction of adapted ICT solutions for automation of processes such as the competitive recruitment examinations to the civil service, management of pension accounts, collection and storage of personal data on citizens in a centralized register. UNDP continued its partnership with the Civil Service Commission, the State Social Protection Fund, the Ministry of Justice, and the State Customs Committee, to achieve the commitment to transparency and sustain the increasing trust by citizens in these institutions. UNDP supported the Government to establish the State Agency for Public Services and Social Innovation (ASAN) which will provide easy on-and-offline services and coordinate the work of other government agencies engaged in delivering e-services. UNDP supported ASAN with coordinating donor support.

With EU support, UNDP assisted the State Customs Committee to develop the new Customs Code that complies with European standards. Within the EU-funded South Caucasus Integrated Border Management Programme, UNDP partnered with the State Border Service and State Customs Committee to develop the Border Code and facilitate bi-lateral cooperation between Azerbaijan and Georgia.

UNICEF and UNDP teamed up with the Ministry of Youth and Sports to advocate for youth empowerment and participation in policy-making and implementation. UNDP supported the development of leadership and public service skills and capacities among youth, introduced the RBM concept to the Ministry staff, and developed a draft Monitoring and Evaluation Framework for the three central components of the State Youth Programme (2011-2015).

Led by UNICEF, the UN Task Force on Human Rights supported the Government to promote and protect human rights and fulfil its commitments to international treaties. As Azerbaijan is due to submit its second national Universal Period Review (UPR) report in 2013, OHCHR supported the Government, civil society, and the Office of the Ombudsman to review the progress since the first report and prepare the second one. UNHCR and UNICEF prepared their own reports for the UPR review committee. OHCHR and UNICEF led the UNCT’s continued support to building capacity of the Ombudsman’s Office. OHCHR, jointly with the Ombudsperson’s Office, provided a series of trainings for NGOs on the UPR and international advocacy on implementation of international human rights obligation of Azerbaijan. A specific focus was made on the role of NGOs in implementation of the national human rights programme, as well as on the progress of the implementation of the recommendations under the first UPR cycle. In cooperation with the NGOs’ Alliance on Child’s Rights and the Citizens’ Labour Rights Protection League, OHCHR delivered 12 training sessions for civil society and media on the UN human rights protection mechanisms and international advocacy, and 47 NGOs and public institutions were trained in human rights monitoring and reporting methodologies and research techniques. UNAIDS led training for NGOs addressing HIV/AIDS in the UPR reporting.
There has been some progress in the NGO and Ombudsman reports to the Committee on the Rights of Persons with Disability, but, as there is uncertainty about whether or not that Committee will review Azerbaijan’s First Progress Report in 2013, the momentum has lessened.

The UNCT supported the newly established Justice Academy to incorporate specific human rights training programmes into the curricula. UNICEF continued advocacy for designating a separate Child Ombudsman, or, at least, the Deputy Ombudsman, with a special focus on the child rights, and supported development of a curriculum on child rights in three journalism schools. UNAIDS, OHCHR, and UNICEF continued to support mainstreaming of human rights in journalism.

The UN Task Force on Human Rights joined the Rule of Law Group meetings chaired by OSCE and the Human Dimension meetings hosted by bilateral donors to strengthen the interaction with non-UN organizations that are engaged in promoting human rights.

UNHCR teamed up with IOM to support the Government to better address the issues of IDPs, refugees, asylum seekers and migrants, and strengthen cooperation among all stakeholders to ensure holistic and coordinated approach to migration management. UNHCR provided legal support and counselling services to refugees and IDPs, including women subjected to domestic violence, asylum seekers and stateless persons. In cooperation with OSCE, training sessions on refugee protection, mixed migration, asylum, and trafficking were organized for the state servants working in the Baku International Airport. With funding received from the Norwegian Government, IOM supported the Government to establish effective mechanisms safeguarding the rights of persons involved in migration.

**Other highlights in coordination:**

**Joint projects:** The UNCT initiated several joint projects. UNFPA and UNDP supported the Government to undertake a demography study aimed to better understand the implications of the demographic trends for the socio-economic development of the country and adequately address the emerging challenges. Chaired by UNFPA, the UN Gender Theme Group boosted inter-agency collaboration through three joint projects to advance gender equality and promote women’s empowerment.

**Communications:** Led by UNDPI, the UN Communication Group (UNCG) encouraged UN agencies to speak ‘with One UN voice’ through joint UN4U outreach efforts, observance of UN Days, advocacy events promoting the MDGs and campaigns on cross-cutting issues such as human rights, gender, and environment. The UNCG partnered with 12 public high schools to organize the 4th Model UN Conference dedicated to the 20th anniversary of UN presence in Azerbaijan; UNHCR, WFP, and IOM were invited as guest speakers.

**Common services:** The OMT updated 18 long-term agreements and signed new ones for printing, fuel, and hotel services. Common services were regularly reviewed to improve coordination among UN agencies and to achieve cost savings. The UN House has been renovated and expanded with new space. Subject to a safety review, the effective use of the new space will be determined.

**Cross-cutting issues**

**Gender mainstreaming** – Chaired by UNFPA, the UN Gender Theme Group (GTG) supported the Government in the preparation of the 5th national periodic CEDAW report due in August 2013, achieving gender-sensitive policies, more coherently integrating gender equality priorities into broader development programmes, and in the development of a road map for short- and longer-term national plans for CEDAW implementation. The GTG initiated three joint projects addressing a wide range of issues such as domestic violence and gender-based violence (UNHCR/UNFPA); building knowledge and improving support for migrants’ spouses and family members staying behind in Azerbaijan (IOM/UNDP); and empowering women victims of domestic violence with improved socio-economic capacity and gender awareness in Azerbaijan (IOM/UNFPA). Joint efforts were made to help the Government to launch an annual campaign promoting 16 days of activism against gender-based violence and to raise awareness of media on detrimental effects of child marriages. UNFPA, UNICEF, UNDP and IOM will apply in January 2013 to the UN Trust Fund to address the
problem of child marriages in Azerbaijan. Since the disproportionate sex ratio at birth tends to significantly increase and has been in the media spotlight, the Government, with support from UNFPA, undertook a qualitative assessment of the skewed sex ratio at birth aimed to identify the major reasons for such imbalance. The report will be available in early 2013 and the findings will be extensively advertised to bring more public attention to the harmful practice and advocate for formulating national policies to effectively address this complex problem.

Disaster Risk Reduction (DRR) remained as one of the key focus areas of the UNCT operations. WHO supported the Government to strengthen capacity of the national health system to cope with potential epidemic and pandemic diseases and effectively manage health crises. UNICEF, with funding received from DIPECHO, continued work with the Ministry of Education and Ministry of Emergencies (MoES) to integrate DRR into education and promote safe schools as well as to sensitize policy makers on the Hyogo Framework for Action. UNDP, with GEF funding, supported the MoES to address climate change and foster flood mitigation through improving the legislation and policy, strengthening institutional capacity, and empowering communities to actively participate in water and flood management.

Key aspects of the proposed 2013 work plan and linkages to ongoing issues of concern within the country:

The oil sector development has transformed Azerbaijan into one of the active players in the industry in the region, and the country became a high MIC. Donors have almost disappeared and, consequently, the resources contributed by the UN became small compared to the share of the Government revenue. The UNCT will increasingly focus on joint action that will deliver important development changes and quality results, with relatively modest resources.

The UNCT will explore opportunities to support the Government to diversify the economy and shift focus from oil extraction to production and services, benefitting from, for instance, the experience gained by Norway, the country that offers the world an inspiring model for how to exploit finite natural resources and use the revenues in the long-term interest of all its citizens, and manifests the role of transparency and accountability that are fundamental to the Norwegian success and mutually reinforcing and important drivers of economic progress.

The UNCT identified the following priority areas for 2013 joint action and focused coordination:

- **Launching national consultations to identify the sustainable development goals, as part of the Post-2015 Development Agenda.** The UN system will partner with the Ministry of Economic Development to work together with national counterparts, development partners, representatives from academia, private sector, NGOs, and media for their broad participation in the national dialogue to generate suggestions and recommendations for the Post-2015 development framework due in June 2013. This work will build on the **Vision 2020** strategy developed by Azerbaijan in 2012, with some support from the UN.

- **Promoting youth issues through a UN Joint Initiative.** The UNCT will undertake a series of outreach events to promote youth, especially in rural areas, encourage youth participation in development and build on the experience gained with the inclusive post-2015 regional consultations. The UNCT will explore opportunities to transform the joint youth initiative into Joint UN Action next year.

- **Organizing the UN Contingency Planning workshop.** With support from OCHA, the UNCT will organize the UN Contingency Planning workshop to update and endorse the IACP. The RC’s Office, in close cooperation with the UNCT colleagues and partners, will follow up the actions approved at the workshop.

- **Undertaking UNDAF Mid-term Review.** The UNCT will conduct the UNDAF (2011-2015) mid-term review in November 2013, following the presidential election scheduled for October. The UNCT will take a stock of the evolving development status of the country and ensure that the UNDAF will continue to serve as an instrument of change with the purpose of improving the quality of life and living standards of the people of Azerbaijan in a sustainable and equitable manner.