



Azerbaijan:

Where East Meets West



MDG Progress Report
to the 2005 World Summit

Basic Facts on Azerbaijan



Form of Governance: Presidential Republic

Head of State: Ilham Aliyev

Total Area: 86,600 sq km
(about 20% of territories under occupation)

Population: 8,347,300
(estimated one million of the population are refugees and internally displaced)

Capital: Baku

Language: The official language is Azerbaijani.
Other languages: Russian, Georgian, Armenian, Lezghi, etc.

Religion: Majority of the population is Muslim.
Other religions include Christianity and Judaism.



Shared Vision for Reducing Poverty in Azerbaijan

Excerpts of statements made at the 2005 Annual Conference of the State Programme on Poverty Reduction and Economic Development, Baku, 12 May 2005



"Nobody should live in poverty in Azerbaijan. I hope all related parties Government, international organizations, international financial structures, entrepreneurs and non-governmental organizations will serve this purpose. I am sure we will reach the goal. I wish success to all of us on this path".

H.E. Ilham Aliyev, President of the Republic of Azerbaijan

"Today, poverty reduction means improving access to basic resources, including education and health care services, land and water, ensuring equal rights for men and women, meeting needs for infrastructure and utility services, improving environment and providing adequate living standards for the population".

Farhad Aliyev, Minister of Economic Development of the Republic of Azerbaijan

"I want to underline here the importance of linking poverty reduction to economic development. Because it is in linking these two elements, in our opinion, that lies the secret of success of this operation."

Marco Borsotti, UN Resident Coordinator and UNDP Resident Representative in Azerbaijan

"As regards macro-economic stability and the development of the non-oil sector, significant progress has been achieved over the past years".

Fritz Zurbrugg, Executive Director for Azerbaijan, International Monetary Fund

"A key issue for Azerbaijan will be to ensure that the benefits of this rapid economic growth reach all segments of society".

Satish Rao, General Director, East and Central Asia Department, Asian Development Bank

"We greatly appreciate the Government's intention to develop a ten year State Programme for Sustainable Human Development to capture and address the most critical needs within a longer time horizon".

Ahmed Jehani, Country Manager, World Bank

"Unless there is systemic reform, including a thorough liberalization of the economy, a country cannot achieve sustained growth".

Reno Harnish, Ambassador of USA to Azerbaijan

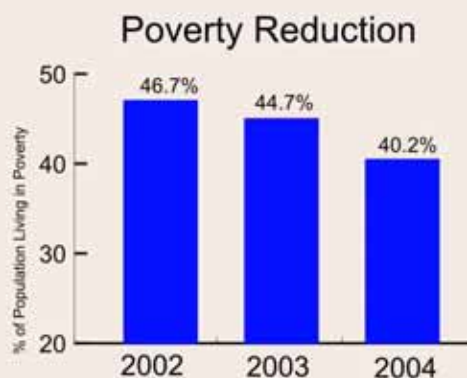
"We may conclude that Azerbaijan intends to continue the balanced approach of poverty reduction and economic development".

Antonius de Vries, Special Envoy to Azerbaijan, European Commission

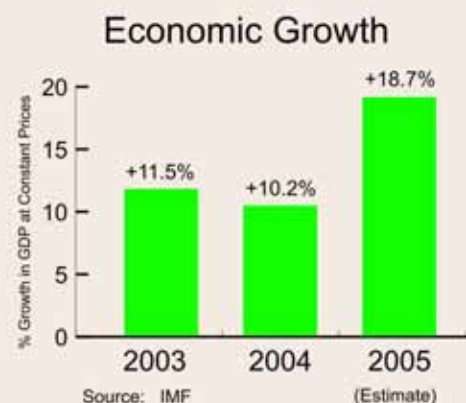


Major Achievements

- The proportion of population living in poverty fell from 47% in 2002 down to 40% in 2004
- Azerbaijan is estimated to have one of the highest rates of economic growth in the world of nearly 20% in 2005
- At current world oil prices, Azerbaijan's future oil revenues are estimated to exceed US\$200 billion
- The Government has established a State Oil Fund to accumulate oil revenues for future generations
- Azerbaijan was the first country in the world to issue a report within the framework of the British Government's Extractive Industries Transparency Initiative
- The Government is committed to using the country's oil wealth to reduce poverty
- In 2002, the late former President Heydar Aliyev launched the three-year State Programme on Poverty Reduction and Economic Development
- Azerbaijan produced the world's first integrated annual report on its poverty reduction strategy and the Millennium Development Goals
- The Government has announced its intention to adopt an additional ninth Millennium Development Goal to strengthen good governance in accordance with European Union standards
- In 2005, President Ilham Aliyev issued a decree to create a ten-year State Programme on Poverty Reduction and Sustainable Development to achieve the Millennium Development Goals by 2015



Source: Azerbaijan Household Budget Surveys



Source: IMF

(Estimate)

Challenges



Azerbaijan is a newly-independent country, recovering from the collapse of the Soviet Union.

The challenge is to complete the transition to a market economy and democratic system.



While Azerbaijan's oil sector is expected to generate substantial oil revenue, it accounts for fewer than 1% of the country's jobs.

The challenge is to create new jobs in the non-oil sector.



Baku, the capital of Azerbaijan, has so far benefited from most of the country's recent economic growth.

The challenge is to create economic opportunities in the regions, outside of Baku.



Azerbaijan is living with the legacy of an unresolved conflict which resulted in the occupation of about 20% of its territory and the creation of one million refugees and internally displaced persons.

The challenge is to peacefully resolve the conflict based on the principle of the "sovereignty and territorial integrity of all States in the region" as stated in related UN Security Council resolutions.





Localizing the Millennium Development Goals

Global MDGs

Goal 1: Eradicate extreme poverty and hunger

Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

Goal 2: Achieve universal primary education

Target 3: Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Goal 3: Promote gender equality and empower women

Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and at all levels of education no later than 2015

Goal 4: Reduce child mortality

Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

Goal 5: Improve maternal health

Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio

Goal 6: Combat HIV/AIDS, malaria and other diseases

Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS

Goal 7: Ensure environmental sustainability

Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

Goal 8: Develop a global partnership for development

Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.

MDG - Plus

Examples of Azerbaijan's localized MDGs

Goal 1: Reduction of income poverty

Target 1: Reduce, between 2002 and 2015, the proportion of people whose per capita monthly consumption expenditure is below the country's absolute poverty line

Goal 2: Achieve near-to-universal secondary education

Target 3: Ensure that, by 2015, children, boys and girls alike, will be able to complete a full course of secondary schooling (11 classes)

Goal 3: Promote gender equality and empower women

Target 4: Maintain gender equality in primary and secondary education, and improve gender equality in higher education

Goal 4: Reduce child mortality

Target 5: Reduce by two-thirds, between 2001 and 2015, the under-five mortality rate

Goal 5: Improve maternal health

Target 6: Reduce the maternal mortality ratio by 2015 to the level of 1990

Goal 6: Combat HIV/AIDS, malaria and other diseases

Target 7: Have halted by 2008, and begun to reverse, the spread of HIV/AIDS.

Goal 7: Ensure environmental sustainability

Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water

Target 11: Ensure by 2010 that all internally displaced persons are re-housed from accommodation with limited access to sanitation, etc.

Goal 8: Develop a global partnership for development

Targets 12, 13 and 14: Increase foreign investment in the non-oil sector and exports from the non-oil sector. Join the World Trade Organization.

Goal 9: Strengthen good governance

Milestones

2000

President Heydar Aliyev signs the Millennium Declaration on behalf of the Republic of Azerbaijan



2001

- Secretariat of the poverty reduction strategy set up to coordinate strategy formulation and donor support
- Participatory process undertaken including a series of town hall meetings with civil society in regions
- 15 Government working groups established for different sectors

2002



President Heydar Aliyev launches the three-year State Programme on Poverty Reduction and Economic Development

2003



Secretariat of the State Programme on Poverty Reduction and Economic Development initiates the discussion on country-specific Millennium Development Goals

2004

First integrated Millennium Development Goals/State Programme on Poverty Reduction and Economic Development annual report released



2005

President Ilham Aliyev issues a decree to create a ten-year State Programme on Poverty Reduction and Sustainable Development to achieve the Millennium Development Goals by 2015.

Partnerships



The signing of the "Contract of the Century", Azerbaijan's first agreement with international oil companies, 1994.



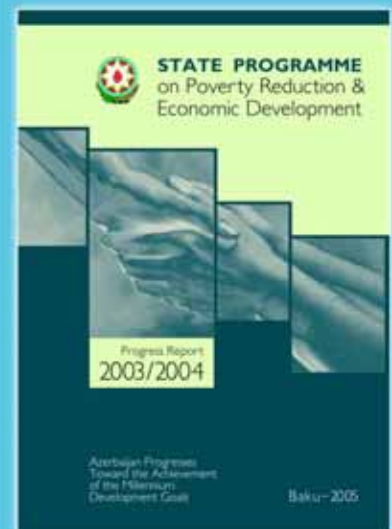
The Presidents of Azerbaijan, Georgia and Turkey inaugurating the Azerbaijan section of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, 2005.



On 12 May 2005, the Government of Azerbaijan signed a Joint Declaration to prepare a State Programme on Poverty Reduction and Sustainable Development to achieve the Millennium Development Goals in Azerbaijan by 2015 with its key partners:

- *the Asian Development Bank*
- *the European Bank for Reconstruction and Development*
- *the World Bank*
- *the International Monetary Fund*
- *the United Nations Development Programme.*

At the request of the Government, the United Nations system in Azerbaijan prepared nine vision papers to assist the Government and civil society in localizing each of the Millennium Development Goals. These vision papers provide analysis and advice on the major development challenges facing the country.

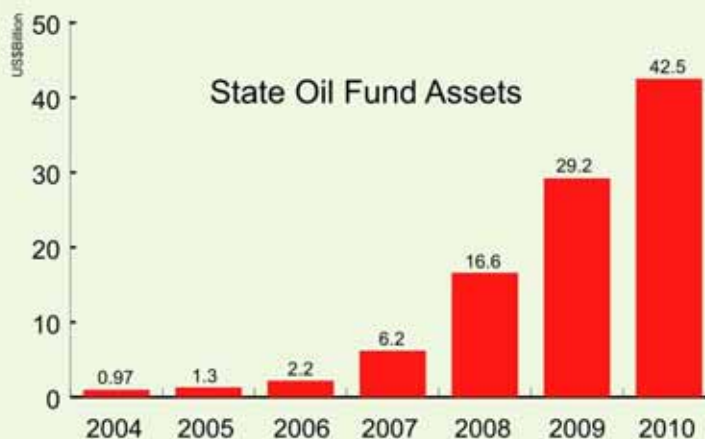




Where will Azerbaijan be in 2015?

Azerbaijan is on track to meet the Millennium Development Goals in 2015

- We are developing the vision by formulating a ten-year State Programme on Poverty Reduction and Sustainable Development aligned to the Millennium Development Goals
- We are accumulating the money by properly managing our rapidly growing oil revenue and maintaining macro-economic stability
- We are preparing to convert our black gold into human gold by reforming our education, social protection and health systems and by modernising the country's infrastructure
- We are improving governance by strengthening the rule of law, public administration and democratic institutions and by combating corruption and monopolies
- We are helping the private sector to grow and create jobs by beginning to reform the banking system and reduce Government regulation
- We are opening up to the global economy to attract investment and facilitate trade
- We are ready to be a bridge between East and West for oil and gas pipelines, for rail, road, sea and air transport, and for information and communication technology



Sources : Azerbaijan authorities and IMF staff estimates and projections



keep the promise

Millennium Development Goals



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