



Joint Programme 2021 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Azerbaijan

Reporting Period: 1 January - 31 December 2021

JP title: Financing the Future - Aligning Budgeting, Planning and Mobilizing Financing Through an Integrated National Financing Framework

PUNOs: UNDP, UNFPA

Government partner: Ministry of Economy

Target SDGs: SDGs 1, 3, 5, 7, 8, 9, 13, 16, 17

Gender Marker: 2

Approved budget: USD 999,990

Co-funding: USD 499,995

Total Disbursement by 2021: USD 499,995

Total estimated expenditures: USD NA (est. Delivery rate: NA%)

Total estimated commitments (including expenditures): USD 237,368 (est. Committed rate: 47.5%)

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Executive Summary

The PUNOs worked with the government partners and other stakeholders to establish high-level dialogues with the stakeholders and analyze the financing landscape in the country. In this regard, the PUNO will highlight achievements such as preparing the Third Voluntary Report, a high-level event on development financing, and assessments.

The Third Voluntary National Review (VNR), titled “Transforming our World: The 2030 Agenda for Sustainable Development” illustrates the framework with which the Government of Azerbaijan continues to fulfill its commitment to the 2030 Agenda on SDGs under the main principles of universality, integrated approach and “Leaving no one behind”.

To promote a high-level dialogue, the PUNO worked on the national level with the government of Azerbaijan to align national priorities with the sustainable development goal. For this purpose, the PUNO organized an event

on “Financing Sustainable Development: Sustainable and Green Recovery from COVID-19”. At the event, the Minister of the Economy outlined the national vision and priorities and emphasized the willingness of the government of Azerbaijan to continue cooperation with the UN agencies on aligning national priorities. To follow up on the high-level dialogue around financing development and green growth in Azerbaijan, UNDP, together with key government partner, launched on Development Financing Assessment by organizing multi-stakeholder and bilateral consultations on the financing landscape in the country.

A face-to-face survey on situation of older people with particular focus on older women in Azerbaijan was conducted to draw a comprehensive and insightful portrait of elderly, their social well-being, lifestyles, and quality of life. The research was aimed to contribute to improved data and evidence for informed policy and decision making to track emerging population dynamics in the pursuit of sustainable development. The survey covered 2,500 older persons 60+, male and female, living in urban and rural areas according to the 2019 Census.

Annual Progress

Overall JP self-assessment of 2021 progress:

Not-satisfactory (majority of expected results not yet achieved; over 3 months delay in implementation)

Comments on self-assessment: The PUNOs have faced several challenges in rolling out the activities and engaging the government on the national financing framework. The project’s launch has been substantially delayed due to COVID restrictions and escalation of the military conflict in and around Nagorno-Karabakh. Many awareness raising and capacity building actions used to be offered via videoconferencing which entailed series of challenges regarding local population’s access to and use of IT technologies. At the later stages, the PUNOs have challenges also to start the dialogue on the financing issues as the theme is not a core offer of the CO. However, despite the obstacles, the PUNOs succeeded in mobilizing the key stakeholders.

Overall progress and key developments to date (3 key JP milestones)

The PUNOs were on track regarding the milestones such as research, assessment, and feasibility studies on SDG financing, advocacy activities, and mobilization of new partnerships. The PUNOs supported the government of Azerbaijan in holding a multi-stakeholder consultative meeting with the key government partners to explain the importance of the national development framework. Furthermore, the PUNOs organized over 14 bilateral meetings with the stakeholder to explain their role in establishing INFF and collecting data for the Development Financing Assessment. These meetings were organized as a part of the dialogue that PUNOs established on the national level with the Ministry of Economy.

The PUNOs have also launched several assessments per the government request and in line with the national development priorities. In addition to mapping the financing landscape, the Development Financing Assessment in Azerbaijan will prioritize several areas such as green growth, digital transformation, and regional reintegration. In addition, the PUNOs will prepare the INFF roadmap to support the government of Azerbaijan with recommendations on how to establish INFF on the national level.

The mobilization of the new partnership has followed each stage of the project. In this regard, the PUNOs supported the key partner in organizing public discussions with the members of parliament, private sector, and civil society organizations on the progress of SDGs within the framework of preparation for the Third voluntary National Reviews.

Throughout the reporting period the PUNOs continued its strategic interventions for strengthening country’s capacity to improve availability and reliability of population data disaggregated by sex, age and region as well as generating knowledge for evidence-based advocacy and policymaking. Hence, a survey on situation of older people with particular focus on older women in Azerbaijan was conducted to draw a comprehensive and insightful portrait of elderly, their social well-being, lifestyles, and quality of life, as well as contribute to improved data and evidence for informed policy and decision making to track emerging population dynamics in the pursuit of sustainable development.

Changes made to JP:

Main Challenges: Two significant issues have a persistent effect on the project implementation, but with less severity: COVID-19 and the post-conflict situation in and around Nagorno-Karabakh. As the COVID effects continue to unfold, challenges affecting mobility and face-to-face meetings persist.

Also, it is essential to mention additional external risks, such as the escalation of the conflict between Armenia and Azerbaijan, contributed to budgeting constraints and unavoidable burden on the Azerbaijan economy and shaped the new government priorities. These have also significantly affected the operation of the project and the engagement of the government partners. The PUNOs engage with high-level government representatives to move forward with the project activities to mitigate the adverse consequences.

Updates on SDG financing framework

Inception phase	Assessment Diagnostics	Financing Strategy	Monitoring Review	Governance Coordination
Previously Completed	Advancing (50-99%)	Emerging (1-49%)	Emerging (1-49%)	Emerging (1-49%)

Descriptions on progress by INFF building blocks

Inception Phase: The INFF Roadmap is in the progress. During the reporting period, the PUNOs mapped the existing policy frameworks, data, and monitoring systems, and governance and coordination mechanisms. At the same time, PUNOs identified relevant stakeholders, existing financing policies, strategies and trends. In this regard, the multilateral and bilateral meetings have been organized by the government partner. The first draft of the INFF Roadmap is expected in March 2022.

Assessment & Diagnostics: In consultation with the government partners and UNDP SDG financing Team, the Development Financing Assessment has been selected as a methodology for the diagnostic of the financing landscape in Azerbaijan. The collection of data has been led by the government partner as the following government counterparts were engaged in the process: the Parliament committee for the Natural Resources, Energy and Ecology; the Parliament Committee for Economic Policy, Industries, and Enterprising; the Ministry of Ecology and Natural Resources; the Ministry of Energy; the Ministry of Economic; the Small and Medium Business Development Agency; Entrepreneurship Development Fund; State Tax Services; the Ministry of Finance; the Ministry of Digital Development and Transport; the State statistical Committee; the State Committee for Affairs of Refugees and Internally Displaced Persons; State Oil Company; the State Insurance Commerce Company; State Oil fund; Central Bank .

Financing Strategy: NA

Monitoring & Review: NA

Governance & Coordination: NA

Priority Cross-cutting Issues

How did the JP adapt to the COVID-19 context

The PUNO referred to the “COVID-19 Socio-Economic Assessment” while identifying the trends and shifting priorities of the government of Azerbaijan. The Development Financing Assessment will also include a sub-sections such as “The Impact of COVID-19 and other Contemporary Developments” and “The Impact of COVID-19 on Development Finance Flows” describing the national recovery response and its effect on development financing.

How did the JP apply the Gender Marker

One of the key priorities for Azerbaijan’s resilient recovery is improving the social protection system to protect vulnerable groups, including addressing gender inequality. A survey on situation of older people with particular focus on older women in Azerbaijan was conducted in the year under review to draw a comprehensive and insightful portrait of older women and men, their social well-being, lifestyles, and quality of life. This activity is to identify how to best support the efforts of national partners to promote women’s empowerment and socio-economic participation, as well as advocate for the implementation of gender responsive policies and practices.

Estimated % of overall disbursed funds spend on gender: 20%

Alignment with cross-cutting UN issues (e.g. human rights, decent work, inclusion, LNOB)

In the Development Financing Assessment, the PUNO analyzed the social progress and potential trends in socio-economic development of the country. To address the disparities on the regional level, after the initial research the PUNO decided to add a chapter on regional reintegration that will explore the landscape of urban and rural divide.

The Joint Programme strategies reaffirm UNFPA commitment to the principles of human rights and gender equality and prioritise the needs and expectations of the furthest behind population groups through building inter alia resilience to nationwide pandemic outbreaks. UNFPA interventions in the frames of the JP focus on women and young people, and elderly women.

How did the JP work to build ownership and buy-in of key stakeholders

The PUNOs hold continuous dialogue with the key government counterparts through bilateral meetings and consulting on each of the project activities with the government counterparts. As a result, the PUNO has succeeded to move forward with establishing the high-level dialogue with the government counterparts. The PUNO building up on the progress made as shifting to the next stages of the implementation of INFF.

Annual Reporting on Results

Results achieved in promoting the priority thematic SDG agendas

During the reporting period, the PUNOs contributed to the to the implementation of the SDG 9 on Industries, Innovation, and Infrastructure, SDG 10 on Reduced Inequalities, SDG 13 on Climate Action. The PUNOs have mainstreamed the achievements towards these SDGs

With the 2030 Agenda’s commitment to “leave no one behind”, there is now an unprecedented opportunity to include ageing as a core theme for development. The SDGs directly address the concerns of older women and men, by: calling for an end to poverty for all (SDG 1); including targets that lift historic age-caps on data collection for gender-based violence (SDG 5); specifying the right to health “for all at all ages” (SDG3); promoting “lifelong” learning (SDG 6); encouraging the development of sustainable, inclusive, and accessible urban environments, including for older persons (SDG 11); and reducing all forms of violence, including physical, psychological, or sexual violence, among all persons, regardless of age (SDG 16).

JP contributions to the Joint SDG Fund’s global results (especially around Outcome 2 & Output 4)

The PUNOs do not have any specific results to contribute toward Joint SDG Fund Global Outcome 2, i.e., JP is expected to deliver additional financial leverage to the tune of US\$520 million. However, PUNOs have been on track to contribute towards Joint SDG Fund Global Output 4, i.e., Integrated financing strategies for accelerating SDG progress implemented. All the activities led by the UNDP were to engage with the government counterparts to contribute towards establishing INFF.

Progress against JP-specific outcomes

PUNOs have been working to achieve results towards the outcome 1,2, and 4. UNDP were working on mechanisms to establish a partnership platform between private and public sectors. As an example, PUNOs organized an event on the green investment for government partners and other stakeholders. PUNOs have also been mapping public and private financial flows. PUNOs have also been progressing towards designing the INFF Roadmap.

Progress against JP-specific outputs

On the output level, PUNOs organized thematic multilateral and bilateral meetings with the government counterparts and other stakeholders.

JP contributions to strengthening UN coherence, partnerships and reducing duplications of efforts

NA

Strategic Partnerships, Documents and Communications

How did the JP facilitate collaboration with diverse stakeholders in the SDG financing space

The Ministry of Economy of Azerbaijan Republic has been a crucial government counterpart in charge of economic development, state investments, economic relations, foreign investments, sustainable development, and business promotion activities in Azerbaijan. Furthermore, the PUNOs worked with Azerbaijan’s National Coordination Council for Sustainable Development under the Ministry of Economy to lead the institutional engagements with the different public entities and government agencies. The NCCSD is the operational arm to implement the INFF in Azerbaijan. In addition, the CO partnered with the representatives of line ministries, chamber of commerce, civil society organizations, and academia on various activities. To highlight, the PUNO supported the bilateral meetings on INFF with the Parliament Committee for the Natural Resources, Energy and Ecology; the Parliament Committee for Economic Policy, Industries, and Enterprising; the Ministry of Ecology and Natural Resources; the Ministry of Energy; the Ministry of Economic; the Small and Medium Business Development Agency; Entrepreneurship Development Fund; State Tax Services; the Ministry of Finance; the Ministry of Digital Development and Transport; the State statistical Committee; the State Committee for Affairs of Refugees and Internally Displaced Persons; State Oil Company; the State Insurance Commerce Company; State Oil fund; Central Bank.

Did the JP secured additional financing (co-funding/co-financing) from the following stakeholders:

Government	Donors & IFIs	Private Sector	PUNOs	Other Partners
No	No	No	No	No

Comments on additional financing secured: The Ministry of Economy of Azerbaijan Republic has been a crucial government counterpart in charge of economic development, state investments, economic relations, foreign investments, sustainable development, and business promotion activities in Azerbaijan. Furthermore, the PUNOs worked with Azerbaijan’s National Coordination Council for Sustainable Development under the Ministry of Economy to lead the institutional engagements with the different public entities and government agencies. The NCCSD is the operational arm to implement the INFF in Azerbaijan. In addition, the CO partnered with the representatives of line ministries, chamber of commerce, civil society organizations, and academia on various activities. To

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JP organized events in 2021

JP Launch Event	Annual Donor Event	Partners Event
Yes in 2021	No	Yes in 2021

Number of strategic documents produced by the JP: 0

Number of strategic documents contributed by the JP: 1

Number of communication materials produced: 7

2022 Plans & Way Forward

JP priority activities & expected results for 2022

PUNOs are planning to realize the following outcomes on INFF coordination and programme sustainability. This will include realizing the following outputs: (3.1) developing control systems to collect, track, measure relevant SDG data and assess the INFF performance, focusing on the green economy; (3.2) designing a risk and compliance mechanisms to manage, mitigate and avoid potential risks related to INFF Implementation; (3.3) Developing capacity building programmes related to SDG and INFF risk management; (3.4): Designing and maintain a system to track and evaluate green investments and businesses aligned with the INFF strategy; (3.5): Showcase and promotion of Azerbaijan’s INFF and green strategy to institutional investors; (4.1) : Data and evidence are improved for informed policy and decision making to track emerging population dynamics in the pursuit of sustainable development; (4.2): Policy dialogue with government and non-government partners strengthened for improved understanding of inter-linkages between population trends and sustainable development.

Furthermore, the PUNOs will continue the work on the outcome: The knowledge base with particular focus on those furthest behind is built for informed programming, planning and monitoring of sustainable development progress.

3 major transformative results that will be achieved by the end of the JP

Azerbaijan is looking to take further strategic policies and programmes to operationalize the SDGs at local and national levels, improve public finance resilience, and integrate them into its national development plan. The PUNOs are striving towards the following transformative results: 1) Establishing INFF and enhancing SDG governance and monitoring mechanisms on SDGs; 2) Promoting sustainability reporting among the private sector as good practices and enabling SDG-aligned investment ecosystem in Azerbaijan; 3) Finalization and launch of the qualitative survey on situation of older people with focus on older women; 4) In-depth analysis on young people’s educational attainment and labour market performance 5) Advocacy and awareness raising by relevant government and non-government agencies on the implications of population growth and changing population age structure for the economic growth, gender and generational equity, consumption, public finances, taxes, savings and other important macro-economic features.

Estimated rate of completion for each result as of 31 Dec 2021

Result.1	Result.2	Result.3
Advancing (50-99%)	Emerging (1-49%)	Emerging (1-49%)