



Joint Programme 2022 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Azerbaijan

Reporting Period: 1 January - 31 December 2022

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

Stakeholder partner: National Government;IFIs/DFIs;Private sector;

Thematic SDG Areas: Decent jobs & universal social protection;Digital transformation;Climate action & energy transformation;

PUNOs: UNDP, UNFPA

Top- up received as part of DEM: No

Total estimated expenditures: US\$ \$ 468,330.0

Total estimated commitments (including expenditures): US\$ \$ 499,995.0

Gender Marker: Gender-responsive (for example, the JP aimed to respond to specific gender needs, such as linking social assistance with GBV response services or maternal health support)

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Executive Summary

In 2022, UNDP completed the Development Financing Assessment (DFA), following extensive consultations in April 2022 on the DFA and the Integrated National Financial Framework (INFF). The DFA document offers a comprehensive analysis of the public and private financing outlook and opportunities to leverage financial resources toward the SDGs.

Complementing the DFA, in 2022, UNDP commenced the SDG Investor Mapping and Impact Investing Ecosystem studies. The two reports aim to provide investors with market intelligence about investment opportunities and business models that could advance SDGs and to outline policy recommendations for public bodies to actively design a robust impact investing framework. In preparing the two reports, a wide range of stakeholders, from private sector representatives to IFIs, have been consulted on the preliminary results, thereby contributing towards progress in achieving SDG 17. The two reports will be finalized in 2023.

In 2022, UNFPA continued its research on older people with particular focus on older women in Azerbaijan. Based

on the results of the face-to-face survey conducted in 2021, which covered 2,500 older persons 60+, male and female, living in urban and rural areas, a draft report was prepared by an international expert. The report contains country-specific analyses on: features and perspectives of demographic ageing; life expectancy and health of the elderly; labour force participation of the elderly, including motivation and barriers to continuing to work; pensions and elderly well-being and income security; the elderly and the family; and, features of lifestyle and social well-being of the elderly. The report is now at its last stage of finalization and will be launched in 2023. In addition, several meetings were held with senior Government officials to sensitize them on the implications of population growth and changing population age structure for economic growth and other important features of macro economy including its gender dimensions. In particular, on 5 May 2022, a meeting with the Minister of Labor and Social Protection of Population was held with participation of 2 international experts from the Hungarian Demographic Research Institute and Prague University of Economics and Business to discuss the benefits of demographic dividend and economic implications of population changes.

Annual Progress

Overall JP self-assessment of 2022 progress:

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

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

In 2022, UNDP expanded the network of engaged stakeholders, thereby mobilizing new partnerships for SDG financing. Most of the results achieved in 2022 contribute to the JP milestones on research and assessment, mobilization of new partnerships, and capacity building for key stakeholders.

In this regard, the consultations on the challenges of the Azerbaijan Integrated National Financing Framework were held in April. Fourteen partners have been engaged in the process and provided their inputs. As a result, UNDP and the National Coordination Council on Sustainable Development have finalized the draft DFA and the draft INFF Roadmap. The report offers a comprehensive analysis of the public and private financing outlook, financing policies and institutional structures, and opportunities to build a more integrated approach to financing.

Engagement with the private sector and leveraging oil and gas revenues for investments in the non-oil sector have been identified as essential for mobilizing additional SDG financing. To advance this area, UNDP has launched a series of activities aligned with its targets to build partnerships with stakeholders in the private sector.

In 2022, UNDP started preparing the SDG Investor Mapping study, which aims to provide investors with market intelligence about investment opportunities and business models that could advance SDGs. In addition, the Impact Investing Ecosystem study, which aims to provide policy recommendations for public bodies to actively engage in designing a robust impact investing framework, was commenced. During the reporting period, 12 consultations were held between UNDP Istanbul International Center for Private Sector in Development and development partners, private sector actors, and investors. The initial findings were presented, and a final round of consultation will take place in 2023, prior to finalization of the study.

In 2022, UNDP also started to develop the “Mainstreaming Environmental, Social, and Governance (ESG) Framework”, aiming to support Entrepreneurship Development Fund under the Ministry of Economy to mainstream ESG standards in its portfolio. In addition, the work commenced on “Supporting design and capacity building around sustainability reporting”, which will help representatives of the small, medium, and large enterprises, including selected state-owned companies to get a proper guide on preparing sustainability reports. The work will continue in 2023.

Throughout 2022, UNFPA continued its strategic interventions for strengthening the 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 the 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. Along with that a series of meetings were held with the Government partners to understand and analyze 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 features of macro-economy. In particular, on 5 May 2022, a meeting with the Minister of Labor and Social Protection of Population was held with participation of 2 international experts from the Hungarian Demographic Research Institute and Prague University of Economics and Business to discuss the benefits of demographic dividend and economic implications of population changes.

Main Challenges, adjustments and lessons:

Over the second half of 2022, UNDP has gone through a transitioning phase related to its areas of strength and partnership focus as a means to become even more efficient and support to the government and the people of Azerbaijan. This affected the implementation of the JP, in particular those activities conducted in partnership with the Government.

The ongoing war in Ukraine has had significant impact on implementation of the UNFPA-led research on situation of older people with particular focus on older women in Azerbaijan. The international expert hired was from the Ukrainian Institute for Demography and Social Studies of the National Academy of Sciences and was unable to deliver on time due to the war, which in turn significantly affected the initially agreed timeline.

SDG Acceleration

Together with the National Coordination Council for Sustainable Development, UNDP has primarily contributed to acceleration of SDG 13 (13.b: Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities) and SDG 17 (17.3: Mobilize additional financial resources for developing countries from multiple sources). SDG 13 - Climate Action has been streamlined through the assessments conducted as part of the JP and indirectly contributed to the selected targets.

Updates on SDG financing framework

	Assessment Diagnostics		Monitoring	Governance
Inception phase		Financing Strategy	Review	Coordination
Completed (100%)	Completed (100%)	Advancing (50-99%)	Emerging (1-49%)	Emerging (1-49%)

Descriptions on progress by INFF building blocks

Inception Phase: The initiation phase has been completed through the implementation of a number of activities that set the stage for the UNDP Country Office to introduce the INFF concept to the national partner. In January 2021, UNDP organized a webinar as a soft launch for senior public officials and public authorities interested in exploring and discussing sustainable investments, including green investing, impact investments, and ESG finance. At the inception stage, UNDP and the Ministry of Economy organized an event on "Financing Sustainable Development: Sustainable and Green Recovery from COVID-19" in October 2021. The event brought together representatives of the government, development partners, donor community, and private sector and aimed to enhance the high-level dialogue around green sustainable development financing in Azerbaijan. The event

discussed issues of financing sustainable development, new challenges for implementing development priorities in Azerbaijan in the post-pandemic period, opportunities for promoting the environment that ensures the sustainability and quality of the economy through green sources, and the ways to achieve Sustainable Development Goals (SDGs). Finally, at the inception stage, UNDP has supported the National Coordination Council for Sustainable Development in preparing the Third Voluntary National Review (VNR) presented by the Republic of Azerbaijan towards implementing the "Transforming our World: The 2030 Agenda for Sustainable Development".

Assessment & Diagnostics: UNDP completed the preparation of the Development Financing Assessment and INFF Roadmap. During the preparation period, UNDP and the Ministry of Economy organized two technical consultations and conducted over 25 bilateral meetings with the government counterparts, development partners, and IFIs. The report offers a comprehensive analysis of the public and private financing outlook, financing policies and institutional structures, and opportunities to build a more integrated approach to financing. The report will be used to build partnerships among stakeholders on development financing and advance with other implementation stages.

Financing Strategy: UNDP, with the support of the UNDP's Istanbul International Center for Private Sector in Development, launched the preparation of the SDG Investor Map for Azerbaijan. The SDG Investor Map is a market intelligence tool developed by UNDP to support countries in mobilizing domestic and foreign investments towards the Investment Opportunity Areas with high potential to contribute to the SDGs. The Map for Azerbaijan will provide comprehensive guidance for investors seeking opportunities to generate positive impact and financial returns. The findings of the Investor Map will be uploaded on the Global SDG Investor Platform, which offers an opportunity for investors to explore investment opportunities and partnerships with the governments and domestic private sector.

Monitoring & Review: In progress

Governance & Coordination: In progress

Annual Reporting on Results

JP contributions to the Joint SDG Fund's global cost of living crisis

Next steps, scaling and sustainability [400 words]

In 2023, UNDP will design the SDG dashboard, which will provide regional, subregional, and country-level data on the progress made on each of the Goals, targets, and indicators, along with estimates of how likely those are to be achieved by 2030, based on the current rate of progress. The dashboard will be a connecting element between different parts of the activities under this JP. Additionally, in the upcoming year, UNDP will focus on public advocacy and awareness raising through publicly rolling out active phases of mainstreaming ESGs, sustainability reporting, and Youth Financing Academy, which are ongoing. UNDP also plans to organize capacity building for the government counterparts on development financing.

Priority Cross-cutting Issues

Cross-cutting results/issues

UNDP started the "Youth SDG Financing Academy" to bring students together to facilitate discussion on operationalizing a more integrated approach to financing global and national development goals. The Academy will

facilitate discussions on the challenges and opportunities across public and private financing in Azerbaijan and aims to build consensus on ways forward. UNDP has designed the agenda and curriculum incorporating findings of development financing, green investments and SDGs to reach out to the students and build partnership with academia. The work of the Academy is expected to be scaled up in 2023.

How did the JP apply the Gender Marker

The JP is Gender-responsive (for example, the JP aimed to respond to specific gender needs, such as linking social assistance with GBV response services or maternal health support). Evidence, data collection and analysis (e.g. gender assessments of programmes; policy briefs, costing for scale-up of social services); Policy dialogues, advocacy (e.g. direct inputs to national policies, strategies, laws, including women's and girls' rights groups in coordination mechanisms);

Focus on LNOB cross cutting principles

Human Rights	Persons with disabilities	Youth	Environmental and social standards
No	No	Yes	Yes

Strategic Partnerships, Documents and Communications

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

n/a

Donor and Strategic events attended by JP in 2022

JP steering committee/ programme board meeting	Strategic partners/ donors event	Closing meeting/event
No	No	No

JP contribution to SDG Financing

Drafted a bill, strategy, and/or approved a law increasing the fiscal space for the policy focus	Produced financing, costing, diagnostic and feasibility analyses as a basis to invest or increase spending on the SDGs	Improved efficiency (cost savings) in management of programmes/scheme s	Improved effectiveness of (value for money; i.e. social impact of \$1 spent) sector investment on the SDGs	Drafted policies/regulatory frameworks or developed tools to incentivize private sector investment on the SDGs	Structured new financial instruments (public, private or blended) to leverage additional funding
No	Yes	No	No	Yes	No

Main capacity building activities supported by the JP that allowed people to expand their knowledge on SDG Financing and INFFs

On 19 April 2022, UNDP together with the National Coordination Council for Sustainable Development held a consultative meeting on Development Financing Assessment and establishment of Integrated National Financial Framework (INFF) on SDGs to follow up on the high-level dialogue around financing development and green growth

in Azerbaijan. The purpose of the event was to present findings and mobilize action around the implementation of INFF.