

Unofficial translation

AZERBAIJAN – 2026

*Republic of Azerbaijan
2022-2026 Social and Economic Development
Strategy*

A STRONG STATE AND A HIGH WELL-BEING SOCIETY



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ACRONYMS AND ABBREVIATIONS

MENR	Ministry of Ecology and Natural Resources (of the Republic of Azerbaijan)
MoEn	Ministry of Energy
MoJ	Ministry of Justice
MLSP	Ministry of Labor and Social Protection
MoEM	Ministry of Emergency Management
MoYS	Ministry of Youth and Sports
MoIA	Ministry of Internal Affairs
MoE	Ministry of Economy
MoA	Ministry of Agriculture
MoF	Ministry of Finance
MoC	Ministry of Culture
ModI	Ministry of Defense Industry
MDDT	Ministry of Digital Development and Transport
MoH	Ministry of Healthcare
MoEd	Ministry of Education
SCFWCA	State Committee for Family, Women and Children's Affairs
SCDI	State Committee for Diaspora Interactions
SCC	State Customs Committee
SSC	State Statistics Committee
SCUPA	State Committee for Urban Planning and Architecture
SMS	State Migration Service
SBS	State Border Service
AFSA	Azerbaijan Food Safety Agency
STA	State Tourism Agency
SAPSSI	State Agency for Public Services and Social Innovations under the President of Azerbaijan
SAMHI	State Agency for Mandatory Health Insurance
ASRA	Azerbaijan State Road Agency
MCGF	Mortgage and Credit Guarantee Fund
IPA	Intellectual Property Agency
CBA	Central Bank of Azerbaijan
SOCAR	State Oil Company of Azerbaijan
SOFAZ	State Oil Fund of Azerbaijan
YF	Youth Fund
SDF	Science Development Fund under the President of Azerbaijan
AFEZ	Alat Free Economic Zone's governing body
ADIF	Azerbaijan Deposit Insurance Fund
AIH	Azerbaijan Investment Holding
LEAs	Local Executive Authority bodies
ABDF	Azerbaijan Business Development Fund
PoB	Baku International Sea Trade Port Closed Joint-Stock Company
AzMeSuTəs OJSC	Azerbaijan Amerloration and Water Management Open Joint-Stock Company
ADY CJSC	Azerbaijan Railways Closed Joint-Stock Company
ASCO CJSC	Azerbaijan Shipping Company Closed Joint-Stock Company
Azergold CJSC	Azergold Closed Joint-Stock Company
Temiz Sheher CJSC	Temiz Sheher (Clean City) Open Joint-Stock Company
Azerenergy OJSC	Azerenergy Open Joint-Stock Company
Azerishig OJSC	Azerishig Open Joint-Stock Company

Azersu OJSC	Azersu Open Joint-Stock Company
Azeristiliktechizat OJSC	Azeristiliktechizat (Heat Supply) Open Joint-Stock Company
AZAL	Azerbaijan Airlines Closed Joint-Stock Company
ATUC	Azerbaijan Trade Union Confederation
ANCE	Azerbaijan National Confederation of Employers
AIF	Agricultural Insurance Fund
ABA	Azerbaijan Bank Association
ABADA	Azerbaijan International Road Freight Forwarding Association
SEC	State Examination Center
ANAS	Azerbaijan National Academy of Sciences
TC	Tariff (Price) Council

Preface

Advancing confidently on the path of progress, as conceived by the founder of an independent Azerbaijan, the National Leader Heydar Aliyev, our country is going through a watershed period of its economic, social, political and cultural development, restoring its historic territorial integrity as it faces yet another round of even greater shifts in a new global context.

The ongoing social and economic reform agenda has consistently and continually facilitated the development of the national economy, while reinforcing and rapidly upscaling its financial sustainability, and contributed to a speedier development of a state-of-the-art social and economic infrastructure, enabling faster resolution of a number of social issues and betterment of the nation's well-being, deployment of innovations and continuous development of human capital.

Globally, Azerbaijan has become a strategic contributor to the world's energy security, equipped with a stable and sustainable economy backed by considerable financial resources, and a strong geopolitical and geoeconomic standing. The nation has been consistently driving international and regional cooperation, enabling a number of successful global projects. Its increasingly stronger economic prowess and international acclaim have enabled Azerbaijan to launch a number of large-scale projects capable of transforming the South Caucasus and adjacent regional economies. Through successful implementation of these projects Azerbaijan has effectively become a 'global player' underpinning the region's development vision, with a say in the global economy.

The government's special role in the social and economic development context, with oil resources utilized in the dynamic development process in an efficient and smart way, as well as high public investment spending, have been instrumental in addressing the key aspirations of the first phase of the country's economic agenda of strengthening the nation's sovereignty and national security through reinstatement of the historic geographic boundaries, and driving domestic social and political stability, and societal consolidation.

Despite the recent significant export revenue impact of COVID-19, the government's timely response enabled the national economy to quickly adapt to the new global context, securing macroeconomic stability and empowering Azerbaijan to manage the crisis as one of the least scarred economies.

The post-COVID and post-conflict period of 2022-2030 ushers in a new and completely different strategic development phase for Azerbaijan. In this strategic period, Azerbaijan aspires to reach new heights in building a well-being society through further development by engaging state-of-the-art and sustainable growth drivers, placing a stronger focus on innovation and financial stability, and global value chain integration, deploying a new generation structural and institutional adjustment measures.

All of the above prompted the approval of the *Azerbaijan 2030: National Priorities for Social and Economic Development*, entailing, in turn, the present 2022-2026 Social and Economic Development Strategy. Implementation of the Strategy will drive significant shifts in the economy, with growth based on a completely new set of enablers, and a boost to the growth pace, in particular in priority industries, while the economy as a whole and employment become increasingly stronger by 2026.

New and more efficient enablers and development context will boost private sector development, including micro, small and medium enterprise, enhancing foreign investor activity and non-input exports.

The non-hydrocarbon sector, in particular a competitive agricultural production and processing industry contributing to the reinforcement of food security, increased export potential and improved rural well-being, is expected to see increased government support and investment, innovations, and stronger supply of resources and maintenance through public-private partnership vehicles.

The efficiency of state-owned enterprises, along with the economy's transparency, will further improve, as economic governance rises to a new level. The reform agenda will also include privatization of state assets and expansion of public-private partnership, as well as SOE restructuring and downscaling of the government's share.

The macroeconomic and financial stability, as well as fiscal sustainability and performance improvement mechanisms will be strengthened. The capital market development landscape will shift significantly, while access to finance for the real sector and business will be further improved.

Environment will be further enabled to support continuous development and transformation of human capital, a necessary ecosystem will be put in place to help rapidly deploy innovations, and the country's green energy transition and environmental betterment will be further accelerated.

Innovations will be promoted as cutting-edge solutions are increasingly deployed, and performance-based development and competitiveness of the economy will be provided.

Social protection, in particular for vulnerable groups, will be strengthened, and the pension system will be significantly improved.

And finally, with the country going through a turning point and new strategic phase of its social and economic development, the de-occupied lands will see the Great Return as part of the overall rebuild and reintegration endeavor.

1. National Priorities for Social and Economic Development: Achievements and Challenges

1.1. Key achievements of the last decade

Five fundamental outcomes, namely a victorious nation, a worldwide acclaim, an educated society, a strong economic potential and a growing well-being characterize the last decade of the country's social and economic development. These achievements will provide a considerable contribution to the formulation of the country's new social and economic development landscape in the long run, and are a direct consequence of the last decade's wide-ranging reform aspirations. Only a handful of countries have ever been able to become such a success story in as little as 30 years.

Restoration of the country's territorial integrity unlocks opportunities for economic development. The liberation of our lands and restoration of the country's territorial integrity by the valiant Azerbaijani Army is an unrivaled achievement in the nation's age-long history. Restoration of the territorial integrity stems directly from 30 years of the government's consistent reforms and forward-looking foreign policy aimed at further strengthening Azerbaijan. The entire nation rallied behind the President of Azerbaijan from the very first day of the war, with the invincibility and heroism of Azerbaijan's victorious armed forces on display. Both military and political & diplomatic advancements showed the world just how strong the country is.

In the past 10 years, the country has achieved macroeconomic stability and sustainability, as well as welfare-centric growth. Strong political & social stability and security, a forward-looking domestic and foreign policy have been instrumental to achieving the complex social and economic goals set in the past 10 years, as well as to restoring the country's territorial integrity. Widespread technology deployments and promotion of high-quality human capital in key industries have significantly boosted productivity, speeding up economic diversification and efficient global value chain integration of domestic production. As an active 4th Industrial Revolution center, Azerbaijan has become a treasure trove of opportunities for foreign investors. To wit, during this period the national economy has grown 15%, while non-hydrocarbon Gross Domestic Product (GDP) has increased 1.4 times. Furthermore, non-hydrocarbon exports have increased 78.3% from the 2011 levels.

In the past 10 years, the country has successfully tackled two global financial crises as the national economy remained resilient to external shocks. With global oil prices dropping by up to 3 times in 2014–2015, and the ongoing COVID crisis since early 2020, the country's macroeconomic stability has been exposed to major threats. However, the government's flexible and efficient economic management measures have secured the country's macroeconomic stability, as well as public well-being and health. As of the end of 2021, the country's total foreign exchange reserves were almost as high as GDP, exhibiting the national economy's resilience to external and domestic shocks.

The ongoing in-depth structural and institutional adjustments have modified the national economy's structure with the non-oil sector's share significantly increased. In 2012–2021, non-hydrocarbon GDP grew 3.5% p.a. on average, increasing from AZN25.4 bln in 2011 to AZN57.8 bln in 2021; respectively, the share of the non-hydrocarbon sector increased from 48.8% in 2011 to 62.2% in 2021. During this period of time, as sector-based growth drivers, non-hydrocarbon industry has grown 2.3 times, agriculture by 1.5 times, and ICT by 2.4 times. The

number of inbound tourists increased from 1,6 mln arrivals in 2011 to 2,9 mln arrivals in 2019.

Private participation in the non-oil sector has increased significantly as a result of the government's consistent policy. Backed by successful structural and institutional adjustments, the private sector's share of GDP totaled 85% by 2019, and while it dropped to 80,8% in 2020 due to COVID, it quickly rebounded to more than 83% as early as in 2021. The private sector's advancement was primarily driven by private non-hydrocarbon investment, reaching 44,6% of total non-hydrocarbon investments by 2021.

Small and medium businesses increasingly dominate the economy. State-of-the-art economic arrangements and facilities, in particular financed from public investments, have facilitated SME development. Over this period of time, the number of registered SMEs has increased 3,1 times, with their share of non-hydrocarbon GDP totaling 23,7%. SMEs account for 25,5% of total non-hydrocarbon exports. The SME soft loan portfolio increased 1,5 times from 2018 reaching AZN4,4 bln by 2021.

The domestic production capacity and infrastructure are being developed to further improve the country's food security situation. Overall, the country has an adequate agricultural production capacity to be self-sufficient based on the existing land, water and climate resources. On top of the domestic production potential, the arrangements put in place to promote development of agricultural storage facilities and processing industry are extremely important. Thus, developing a domestic processing industry and infrastructure for products with a relatively high import dependency due to resource scarcity is expected to accommodate the country's stable food security needs in full.

Foreign investments have been instrumental to rapid non-hydrocarbon development, in particular private undertakings. Foreign direct investments to non-hydrocarbons in Azerbaijan totaled USD11,1 bln in 2011–2021. Foreign investments aimed at enabling a competitive value chain and state-of-the-art infrastructure in high-productivity industries, with investments actively promoted owing to a favorable business climate and macroeconomic stability.

State budget has been active in both supporting well-being and investing to boost economic activity. Although global and domestic economic developments have affected the revenues, expenditures increased 1,8 times in nominal terms during 2011–2021.

Domestic and external debt has supported the macroeconomic stability and fiscal sustainability goals. Debt stock totaled 18,2% of GDP as of December 31, 2021, which is acceptable from a fiscal sustainability standpoint. On the heels of recent increases, domestic borrowing has reached AZN2,507,1 mln by December 31, 2021, which is important for the development and efficient performance of financial markets.

In the past 10 years, inflation rate has been maintained at an acceptable level for economic activity. During this period, annual inflation was 5,3% on average. The monetary stance followed closely the macroeconomic stability targets. To support economic recovery, the policy rate was decreased from 15% in early 2018 to 6,25% by December 2020 in 16 increments. However, the policy rate adjustments were put on hold due to external developments in the first half of 2021, followed by a gradual increase in response to accelerating inflationary pressures starting from the second half of the year. Liquidity has been effectively managed in line with the macroeconomic stability goals.

As the financial sector remained stable and liquid across the board, it provided significant financing support to growth. As a significant part of the financial sector, the banking sector's capitalization and liquidity are twice as high as the regulatory requirements. In this view, total bank assets to GDP ratio increased from 26,8% to 44,3%, with total loans going up from AZN9,9 bln to AZN17,1 bln over the past 10 years. The financial sector rehabilitation activities have boosted public confidence. Total deposits (excl. the financial sector) increased 3,9 times from AZN6,9 bln in 2011 to AZN27,1 bln by 2021.

Growth has improved the overall well-being. During this time, minimum wage increased 2,7 times, monthly average wage 2,0 times, and minimum pension 2,3 times. The eligibility threshold for targeted social assistance assignments to low-income households has been raised 2,3 times over the past 10 years going up from AZN75 in 2011 to AZN170 by 2021.

In the past 10 years, a number of large-scale state programs have been consistently implemented to improve well-being. During this time, employment has gone up by 14,0%, with the number of wage earners (salaried staff) increasing by 22,9%; despite COVID-induced fluctuations, overall unemployment totaled only 6,0% in 2021.

Targeted social assistance has been expanded to better accommodate the vulnerable population, with low-income household support further increased. The monthly average allowance to low-income households has been increased 2,6 times over the past 10 years reaching AZN280 by 2021. As a result of the government's efforts, the share of individuals below the national poverty line shrank from 9,1% in 2010 to 4,8% by 2019, and, while spiking to 6,2% due to COVID-19 in 2020, it dropped to 5,9% by 2021.

Performance of pre-school education, an important step of developing a high-quality human capital, has improved. Coverage of urban and rural pre-school education has significantly improved, with the share of pre-schoolers and pre-secondary school trainees in the total number of children aged 1 to 5 increasing 16 percentage points to reach 32% over the past 5 years.

A strong focus was maintained on faculty development and compensation in order to improve the quality of education. Faculty competitions and upskilling efforts, as well as a 2,4 times raise of teacher wages over the past 10 years have had a stimulating effect on the quality of secondary school education.

A state-of-the-art technology-based training infrastructure has been developed in order to improve access to education across the country. 3400+ schools were built or overhauled in 2003–2021, which represents 76% of all schools.

Research capabilities have been upgraded, R&D studies have been expanded, and a technology-friendly environment has been enabled, with the role of intellectual property enhanced. The number of published research papers has rapidly increased across disciplines. Over the past 5 years, the number of published academic papers increased 80%, with Azerbaijan consistently remaining number one on this metric among South Caucasus countries since 2018. In the past 4 years, due to intellectual property reforms, Azerbaijan has improved its Global Competitiveness Index ranking for Intellectual Property Protection moving up from 71st to 30th among the 140 countries surveyed, as the share of creative economy in GDP has gone up from 3,5% to 5,3%.

Accessibility of high-quality healthcare has been continuously improving. As a result, maternal and infant mortality rates dropped, while newborn life expectancy and healthy life expectancy increased. Pre-COVID maternal mortality

rate was 14,9 per 100000 live births, infant mortality rate was 11 per 1000 live births, child mortality rate for children under 5 years of age was 13; life expectancy was 73,2 years.

Measures were taken to support clean environment and to actively promote renewables, on top of sustainable and efficient utilization of the existing natural endowments. A state-of-the-art water management infrastructure has been developed, effective waste management facilities have been expanded, and new RES capacities have been added.

COVID-related threats have been successfully mitigated as the global economy is going through changes. High-quality human capital, technology adoption and sustainable growth remain the key enablers of global competitiveness. However, countries worldwide have started to apply new strategic solutions in order to adapt to the technological shift driven by the new wave of industrialization. Azerbaijan has developed a high social & economic well-being and capacity to minimize the impact of such changes.

1.2. Global trends, challenges and opportunities in the next ten years

The country's economy is bound to face new globally and domestically-induced challenges in the long run. As our national economy is small and highly integrated into the global economy, it is vulnerable to lasting external challenges, which requires the structure of the economy to be changed. These challenges are multi-faceted.

The economy needs to grow rapidly and continually in the long-term in order for Azerbaijan to become a high income country. 13 countries have demonstrated 7%+ growth rate p.a. on average in the past 25 years. These countries have been able to shorten the gap to high income countries through rapid, sustainable and equitable growth. Our country aspires to become a high income economy. This would require a new growth model that incorporates sustainability and equity characteristics. Only this growth model could enable continuous income growth for everyone in Azerbaijan.

Rapid digitalization trends and the associated significant productivity boosts across world economies give rise to substantial development opportunities. As technology increasingly advances, the global value chain is rapidly becoming stronger as its geography expands. This allows for timely, quality and low-cost delivery of global commodities and services to end user. Digital society consumers are able to track their orders throughout the entire value chain. Using this trend would support the country's quick global value chain integration.

The global 'greening and de-carbonization' trends create development opportunities for non-resource economies. As these trends pick up pace, they could affect the country's oil revenues in the long run. The decline of global oil demand requires deep non-hydrocarbon diversification and non-hydrocarbon FX revenues to off-set the decreasing oil revenues. Climate action, efficient utilization of natural resources and biodiversity protection are key for a sustainable economy. The Sustainable Development Goals, as well as addressing the climate change challenges identified under the Paris Accord and achieving the country's development priorities require increased RES capacity additions and application of environment-friendly energy efficient technologies.

Urban vs. rural disparity is tackled in order to enable equitable and sustainable growth. Just like in urban areas, creation of education facilities, healthcare facilities, community culture centers, essential utilities and development services in rural areas relies on digital technologies. All of this has significantly reduced the urban vs. rural quality of life gap. The village planning and settlement process considers any given region's existing and potential role in the economic value chain.

With globalization processes accelerating and financial crisis frequency increasing, a greater focus is placed on macroeconomic and financial stability. Macroeconomic stability and sustainability are key pre-requisites for long-term continuous growth. Low and stable inflation, sustainable exchange rate, as well as stability across the financial sector drive domestic and external investment.

Competition is increasing for global direct investments. Such investments require a sound and transparent business climate, macroeconomic sustainability and financial stability. Unless the aforementioned conditions are in place, barriers may exist for an inflow of foreign direct investments that bring technology and knowledge transfer. Practice shows that foreign direct investments as a key driver of rapid growth may form a high quality human capital on top of creating new sustainable jobs in the country.

The COVID-19 pandemic increases the relevance of health, food security and sustainable employment challenges for world economies. With digital applications in healthcare, agile and contactless healthcare services are expanding and more people gain inexpensive access to healthcare services. Adequate contagion safeguards cannot be provided by a strong healthcare system and preventive measures alone. It is also necessary to ensure healthy and adequate nutrition in order to foster the required immunity. In order to both tackle the food supply issues and fend against the high food price volatility, countries stockpile strategic food supplies for the long run. The economic developments affect the labor market as well; in particular, emerging skills and declining demand for a range of existing skills require a measured employment response.

Application of digital technologies and development opportunities of low-contact sectors increase the demand for high capabilities. A combination of two strategic plays is used to address these needs. The first play is to develop a new education content to match the current economic requirements. The second play is to develop lifelong learning opportunities to re-train the existing workforce. Implemented in parallel, both plays would benefit economic diversification and rapid digitalization.

Promotion of intellectual activity, and support to innovation and creativity is enhanced in key sectors. Promotion of intellectual activity outputs, innovation and creativity play an important role in continually enhancing the value chain footprint of the intellectual property-based intangible capital in the form of technologies, design and brands. In this view, development support should be provided to the IP-intensive creative economy, cooperation should be fostered among creative and digital technology experts, and the quality of professional training should be improved.

The key success of world economies in supporting well-being is striking a balance between high-income and indigent populations. A focus should be placed not on "earning income based on access to high productivity", but rather on "improving productivity for all ensuring equal access to work or business

opportunities". This balance should be always realized through the state's social & economic development and regulatory function.

Sustainable employment facilitates continuous well-being of people and optimizes the state's social burden. Creation of competitive value chains and improvement of education supports creation of sustainable jobs worldwide. With promotion of foreign investments and application of digital technologies, domestic production and services will be integrated in the global value chain, which will help create competitive and sustainable employment opportunities and ultimately improve people's well-being.

As the great chronicle of Azerbaijan's success unfolds, an effective social and economic re-integration of the de-occupied lands is underway. Achieving this strategic objective requires gradual rebuild and development, creation of a state-of-the-art social and business infrastructure widely using digital technologies, and sustainable settlement of the de-occupied lands following prioritization, considering efficiency requirements and best practices. All of this is being done through international cooperation based on best practices and approaches. Full capture of the economic potential of the de-occupied lands for the nation's well-being, in particular implementation of the regional transport projects via the Zangezur corridor unlock strong opportunities for continuous and sustainable development. Based on the rebuild progress so far, it is evident that these goals and objectives are well on track to be achieved. This is assured by a long-term vision, and availability of the required resources and solutions.

2. Azerbaijan – 2030: A strong state and a high well-being society

2.1. The country's social & economic development model for the next decade

The key outcomes of the existing social & economic development model are the restoration of Azerbaijan's territorial integrity, improvement of the country's international acclaim, reinforcement of the economic potential and a significant improvement of the people's social well-being. By further strengthening the country's social and political stability, this model has enabled sustainable growth, increasing the well-being and continuous stability. Diversification and export potential have been enabled for further development by efficiently utilizing oil revenues for social and economic purposes. Effective public governance has been instrumental to achieving these outcomes.

The content and structure of the current social & economic model will be significantly updated in order to achieve the next strategic objective of becoming 'A strong state and a high well-being society'. The *Azerbaijan 2030: National Priorities for Social and Economic Development* that were approved in this context will be implemented based on the updated social & economic growth model focused on the best practice-based development ideas. This model would mobilize and use all of the country's resources and accomplishments to achieve the long-term strategic goals.

The new social & economic development model rationalizes the fundamental reforms to be implemented in the country across the board by 2030. At the core of the rationale are creative entrepreneurs, productive investments, development of innovation-supporting intellectual property and competitive markets.

Implementation of this social & economic development model is expected to take place in **two phases**. In the first phase (2022-2026), enablers will be provided to successfully implement the social & economic development model by 2030. The second phase covering 2027–2030 will create a brand new national economy landscape as the enablers complement each other.

2.2. 2022–2026 social & economic development vision

In 2022-2026 the new social & economic development model will define the new level of quality for Azerbaijan's diversified development. The key objective of this phase is to reinstate high, sustainable, inclusive growth rates in order to achieve a stable living standard for each Azerbaijani citizen, primarily focusing on the quality rather than the scale of growth.

The new growth model will rely on private initiatives, good quality and sound human capital during the strategic period. A competitive, open economy model focused on sustainable, inclusive development will be the key driver of the modernization strategy.

Competitiveness will enable a stable growth of the national income per capita in the long run and an increase of people's living standard. Competitiveness of the economy will be increased by deepening productivity as a key enabler. Private high-performance investments, robust institutions, human capital with best practice capabilities, a healthy society, innovations and new technologies, as well as macroeconomic stability will contribute to increased productivity over the strategic period.

As enterprise is the key driver of development, all of the government's efforts and resources will be focused on enabling a competitive and sustainable economic activity landscape. This model will create equal opportunities and possibilities for all. Only skills will be fundamental to success in all areas.

The new development model will create a uniform economy – a best practice-based value chain covering the de-occupied lands as well. The national economy will become an integral part of the global value chain through in-depth diversification.

Environment will be enabled for effective operations of businesses, households and individuals across markets, with necessary protections afforded to investments, private property and economic interests of proprietors, as well as the country's historic national values preserved and social & economic sectors rapidly modernized.

Skills, capabilities and competencies of the Azerbaijani citizens, the model's key enabler, will be improved in order to enhance their livelihoods and instill healthy lifestyles. A knowledge-based society will be both the developer and the user of cutting-edge solutions and innovations.

The economy will become more efficient through sustainable utilization of the country's natural endowments and environmental protection. The high level of development will also enable high financial and moral well-being with people benefiting more extensively from the sustainably growing national income.

The country has the necessary economic capacity and a state-of-the-art infrastructure to implement the new social & economic development model. During the planned period, the social & economic development model will build on the past accomplishments. An internationally acclaimed, strong leader, high public and civic unity in times of hardship, an open to innovations society that cherishes knowledge, as well as years of developing a strong economic potential will drive the new national social & economic model's success.

The favorable demographic context, the high share of economically active youth in the total workforce and extensive deployment of new innovative methods by young people allow for gaining more effective outcomes.

3. Description of the 2022-2026 Social and Economic Development Strategy

3.1. Strategic framework for the sustainably growing competitive economy

Economic diversification and increased non-oil exports will drive a continuous and high growth. High quality exports will facilitate the global value chain integration of the national economy. To this end, a more robust and competitive business climate will be facilitated, with the government extensively supporting enterprise development. SOE efficiency and accountability will be improved. Consequently, the national economy will grow on average 3-4% p.a., with non-hydrocarbon GDP growing on average 5% p.a. The private sector's share in the economy will be increased to reach 88%.

Rule of law and an effective judiciary reform will be provided to enable a robust and competitive business climate. These reforms will afford effective protections to business ownership and interests. Excessive regulation of businesses will be optimized. Adverse competition impacts of natural monopolies will be curtailed and competition will be strengthened across markets. Transparency and efficiency of public procurements will be improved. Tax and other fiscal incentives will be rolled out for investments. These reforms will help further improve the robustness of the business climate spurring confidence gains for the national economy and ultimately more domestic and foreign investments.

Effectiveness, targeting and transparency of the government's enterprise support mechanisms will be improved. Best practice experiences will inform the improvement of support mechanisms for business startups and incubators, export-oriented manufacturing and service business initiatives. Consequently, new financing mechanisms will be made available to individuals aspiring to start a business or expand an existing business, in particular small and medium businesses. In this context, 20-30% of the enterprise support funding is expected to go to micro, 35-45% to small and 25-35% to medium enterprises.

SOE efficiency, governance and transparency will be improved. Performance, financial sustainability and competitiveness of Azerbaijan Investment Holding's portfolio SOEs will be improved. The state's direct participation in the economy will be optimized, with steps taken to gradually privatize state-owned assets, except strategic industries, which would reduce the public funding needs and risks. Furthermore, performance of enterprises not considered appropriate for privatization for a certain period of time will be improved through commercialization or operatorship arrangements.

Foreign direct investments (FDI) to the non-hydrocarbon sector will be promoted with state-owned assets handed over to private ownership. Financing will be facilitated through privatization of state-owned enterprises (except strategic industries) and public-private partnership arrangements. Public investments will become more effective and will develop a greater capacity to promote private investment. New mechanisms will be developed and direct investor dialogue mechanisms will be deployed to stimulate FDIs to priority sectors. The use of the financing capacity of international development institutions, in particular those specialized in private sector finance, will be improved increasing non-hydrocarbon FDIs by 10-15% p.a.

A legal framework will be developed to facilitate digital with government regulatory oversight provided. Schemes will be deployed to incentivize digital; in this context, internet, high-speed mobile internet (incl. 5G), and in particular broadband internet coverage will be increased to 95%.

Technology deployments in agriculture, manufacturing and service industries will increase productivity and employment. Government-provided incentives will support a sustainable global value chain integration of these industries. The government will be actively involved in the development of an infrastructure supporting agriculture, manufacturing and service industries; a diverse set of industrial estates and sites, tourism and recreation zones will be developed, with exports promoted. Consequently, agriculture will grow on average 4% p.a. during 2022-2026. The transport sector will have an annual average growth rate over 5%. The country's cargo transit revenues will increase by up to 2x from AZN227 mln in 2019 to AZN450 mln. Non-hydrocarbons will grow on average 8,3% p.a., while industrial estates will account for 15% of manufacturing output and 25% of total non-hydrocarbon exports. ICT will grow on average 10%+ p.a., construction around 3% p.a. By 2026, value addition of the hospitality industry will increase 1,5x compared to 2019.

Macroeconomic stability and sustainability will be provided with stability strengthened across the financial sector in order to facilitate sustainable growth. Strengthening macroeconomic and financial stability is important for growth continuity. The country's macroeconomic sustainability reliant on large strategic reserves will improve the national economy's resilience to external shocks. The regulatory framework will be refined for fiscal stability with annual inflation anchored in the 4±2% range and non-oil primary balance downscaled to 17,5% by 2026; in this context, a sustainable level of SOFAZ assets will be maintained. Domestic borrowing will be used to cover the financing needs during the coming years translating to debt stock to GDP ratio maintained at 20%, with external public debt to GDP ratio locked at 10% by end-2026.

The role of all financial sector segments in the economy will be increased. The banking sector's financing input to the economy will be increased, with financial inclusion, accessibility of financial services and access to finance for households and businesses alike improved. Investor and creditor risk insurance schemes will be improved for PPP arrangements with the coverage of the business loan guarantee mechanism expanded. Investment and ICT literacy of households and businesses will be improved as financial services are digitized. Development of a long-term investor pool network will be incentivized, and the insurance and corporate securities market deepened in order to enhance the financial sector's role in securing a

sustainable growth. The coverage of competitive, innovative and accessible payment landscape as well as utilization of cashless payment tools will be expanded across the country. Furthermore, competition for social payments among banks will be strengthened, and consumer eligibility will be introduced for pension and allowance banking. In this context, financial depth indicators will be continually improved, as national payment system transactions of economic operators increase by 25% with cashless transactions increased to 55% of total card-based transactions.

Exports will be diversified and non-oil exports will be expanded. The regulatory framework for governance and institutional mechanisms will be improved in order to facilitate exports. High-quality domestic production of export-oriented goods and e-exports will be developed; government support to non-hydrocarbon export promotion will be enhanced with non-hydrocarbon increasing to 85% by 2026 from 2021 levels.

3.2. Strategic framework for a dynamic, inclusive and equitable society

Wages will be increased and a decent quality of life for all will be provided. Minimum wages will be increased in order to provide a decent quality of life for wage earners. An acceptable net minimum wage to net monthly average wage ratio will be maintained.

New private sector jobs will be created and employment will be increased. Job generating enterprise will be incentivized. Effective employment and decent labor will be achieved for different groups, informality countering and oversight will be strengthened by enabling development of SMEs and self-employment, in particular in rural areas, leading to an increase of public sector employment from 77,6% in 2021 to 80%. As a result of measures to gradually reduce informality, the public sector will account for 50% (against 46,9% in 2021) of wage earners (salaried personnel).

An equitable and comprehensive social safety net will be formed for all people. Access to effective savings for pensioners, basic needs coverage for low-income households and social assistance for disabled persons will be improved. The pension system will become more sustainable and the social insurance rollout will be expanded. An equality-of-access-for-all social safety net will be developed. Minimum pension will be maintained at 75-80% of the minimum wage.

Women's access to economic opportunities will be improved. Women's economic activity will be enhanced with active promotion of women's participation in high-paying industries. Career guidance and counselling, and other active employment measures will be expanded to facilitate women's success. The ratio of women's monthly average wage to that of their male counterparts will be increased from 65,8% in 2021 to 80%.

Urban vs. rural living standard disparities will be reduced. Economic and natural capacities of rural areas will be efficiently utilized, with investments promoted and government support provided to regional development mechanisms in line with new challenges. Consequently, the share of rural areas in total output will be increased from 35% to 42%.

3.3. Strategic framework for competitive human capital and modern innovations space

Pre-school education coverage will be increased. Pre-school education performance will be improved across the country, with pre-school contents updated, faculty and administration personnel upskilled, and a pre-school education quality assurance scheme developed. Consequently, the share of pre-schoolers aged 1 to 5 will rise to 50%.

A competency-based secondary school content will be implemented across the country and the international education rankings will be further improved. Faculty and administration personnel will be upskilled. A performance-based governance and funding system will be formed for secondary education; the coverage of specialized and inclusive training will be expanded, with the infrastructure upgraded.

Coverage and quality of vocational education will be improved. Demand-matching will be implemented in vocational education with close industry linkages. VET funding and governance will be improved, with faculty and administration personnel upskilled. Consequently, VET enrollments will increase by an additional 11 thousand students.

Higher education will be accessible to all children regardless of household income levels. Higher education content will match the skill demand of the labor market; the quality and international competitiveness of higher education will be improved, competitive funding and governance arrangements will be developed. Consequently, higher education enrollments will increase by an additional 20 thousand students.

Research activities will be expanded across different branches of science. Creative youths with a modern mindset will be incentivized to go into research from an early age. A competitive and targeted funding mechanism will be developed for research activities. The number of papers published in internationally impactful magazines will be increased by 40%.

A lifelong learning mechanism will be developed for continuous education. This mechanism will allow for demand-matched upskilling and development of required capabilities. Consequently, the number of innovative upskilling programs and graduates will increase significantly each year.

Digital skills will be trained across all education levels. Awareness campaigns will be launched to develop global data usage skills. An ICT-based infrastructure will be developed in education facilities. Consequently, ICT applications in the training process and governance will be expanded.

Commercialization of research and technical design activities (TDA) will be supported. To this end, research will be funded and TDA infrastructure will be developed. As commercialization of technologies is an innovative development priority today, research findings translate to output, and the existing research constraints will be identified and addressed. Consequently, market entry for innovations will be facilitated while TDA spend will reach 0.1% of GDP.

The domestic production potential will be strengthened for import substitution and production localization. Innovations will be stimulated in private

and public sectors, with private investments to ICT infrastructure projects promoted. Consequently, in-country research spending by cross-border corporations will be increased.

Quality and accessibility of innovative and digital skills training will be improved. A digital academy will be created for training and re-training management professionals. ICT cooperation linkages will be formed with internationally acclaimed technical universities. People will be trained in digital skills that are considered important. Consequently, the number of higher, specialized secondary and vocational school graduates majoring in technical, technological and innovative areas will increase by the year.

Funding mechanisms will be formed for all development stages of startups. A system of targeted fiscal incentives will be designed for startups and investors. An adequately sized talent pool will be developed. Consequently, the number of startups will increase by the year.

The Absheron Valley innovations cluster will be created. An innovation agenda will be formed and promoted by the government. Innovations will be implemented in priority sectors. Consequently, the number of individuals and legal entities operating under the Absheron Valley program will increase by the year.

An accessible, high-quality and state-of-the-art healthcare system will be made available to all regardless of age, social status and location. State-of-the-art healthcare will be developed in urban and rural areas. Athletics at scale will be promoted. New recreation and athletic activity areas and parks will be launched. Consequently, life expectancy at birth will go up from 73,2 to 75,2 years. GDP share of healthcare services will be increased from 2% to 4,3%.

3.4. Strategic framework for the Great Return to de-occupied lands

To achieve the Great Return goals, sustainable settlement will be provided. Sustainable settlement will be supported by developing the pre-requisite conditions in the de-occupied lands as planned. A complete security system and infrastructure coverage will be provided for the liberated lands. Residential and non-residential complexes will be built considering best practice urban planning, and state-of-the-art “smart city and smart village” concepts will be implemented. In this context, the entire region will have a best practice social & economic and cultural infrastructure. Utilities, especially an effective waste management system will be put in place. The social safety net will be restored. Consequently, the first phase will see a safe, decent and sustainable settlement as planned.

De-occupied lands will be re-integrated with the country’s economy. Rapid economic activity boost and enabling business climate will help build the region’s economy. With technology-intensive investments promoted, the region will see an export-oriented value chain and sustainable jobs created. Circular economy-based “smart” business models will be developed in the region. Value chain specializations will be promoted for economic activity based on fossil and mineral feedstock availability. Mining resources will be explored and operated through public-private partnership arrangements. Competitive, advanced agricultural production and processing will be developed. Garabagh will be a travel destination that is attractive for the travel industry and offers affordable, unique, high-quality and competitive travel services for tourists. Initially, in parallel to the rebuild and development

process, private initiatives will be supported to develop economic zones as trade-logistics-service centers, industrial estates and sites equipped with state-of-the-art production facilities. Rapid recovery and sustainable development of the economy, in particular competitive manufacturing and processing operations will be supported with a state-of-the-art infrastructure; wide-ranging incentives will be afforded to businesses in priority sectors, with tax and customs exemptions and soft lending facilities extensively deployed, and a credit and investment insurance scheme developed. The “green energy zone” concept will be implemented through broader use of environment-friendly and cost-effective renewables. Consequently, the share of de-occupied lands in total output, exports and employments will continually grow.

This Priority will be implemented under the State Program for the ‘Great Return to Azerbaijan’s De-Occupied Lands’.

3.5. Strategic framework for clean environment and “green growth country”

Natural resources will be used in a sustainable and viable fashion. Environment-friendly industrialization will be promoted with an effective waste management system developed to this end. The weather surveillance and environmental monitoring system will be upgraded. Biodiversity preservation, water bio-resource enhancement and aquaculture development will be provided, with forested areas and vegetation preservation enhanced. Consequently, country-wide vegetation area will be increased from 12% to 12,3%. Unusable lands will be decreased from 25% to 15%. Drinking water supply will increase from 70% to 85%, while irrigation water supply increases from 80% to 90%. Waste re-cycling coverage will be 20% (10% for rural areas). Protected natural areas (preserves) will have a share of 10,5% of the country’s total lands. 65% of the forested areas will be inventoried. 30% of lands will be agrochemically analyzed.

Energy regulations will be improved and liberal market principles will be implemented. RES deployment will be expanded, with energy efficiency measures rolled out. Environment-friendly vehicles and other green technologies will be widely deployed to support climate action. Consequently, the government’s financial burden in the energy sector will be reduced as subsidies are phased out. Share of RES in total installed capacity will be increased to 24% by 2026 (in line with the 30% target for 2030).

4. Key performance indicators for 2022–2026

The 2022–2026 Social and Economic Development Strategy will be monitored based on key performance indicators set for each strategic goal.

Key performance indicators for strategic goals

National Priorities	Goals	Targets (KPIs)	2021	2026
Sustainably growing competitive economy	Continuous and high growth	GDP growth	5,6%	1,2x (2021=100)
		Non-hydrocarbon GDP growth	7,2%	1,3x (2021=100)
		Non-hydrocarbon exports growth	USD2,7 bln	1.8x (2021=100)

		Total non-hydrocarbon FDIs	USD790,4 mln	+10–15% p.a.
		Drinking water supply coverage	70%	85%
		Irrigation water supply coverage of farmland	80% 12%	90% 4±2%
		Annual inflation rate, %		
	Resilience to internal and external shocks	Targeted medium-term non-oil primary balance ceiling	23,5%	17,5%
		Targeted medium-term debt stock to GDP ratio ceiling (<i>with January 1, 2022 baseline of external debt of 14,9% and internal debt of 3,3%</i>)		
			18,2%	20,0%
Dynamic, inclusive and equitable society	Every citizen benefiting from development	Ratio of women's monthly average wages to men's monthly average wages	65,8%	80%
	Balanced development of capital city and rural areas	Share of rural areas in total output	35% (2020)	42%
	21st century education	PISA score Number of Azerbaijani universities in top 800	402 points (2018) 0	422 points (2028) 3
Competitive human capital and modern innovations space	Creative and innovative society	Share of added value of high and medium high technology industry in total added value	10,1% (2020)	15,0%
	Healthy lifestyle	Life expectancy at birth	73,2 years (2020)	75,2 years
	Sustainable settlement	Settlement of de-occupied lands	-	Planned initial settlement Ongoing increase of the region's share in the country's key economic performance metrics
The Great Return to de-occupied lands	Economic re-integration	Increased share of de-occupied lands in the national economy	-	
	High-quality environment	Share of vegetation in total lands	12%	12,3% (additional 30 thousand ha)
		Share of unusable lands	25%	15%
Clean environment and “green growth” country	“Green energy” space	RES share in total installed capacity	17,3%	24%

5. SDG linkages of the social and economic development targets

The 2022-2026 Social and Economic Development Strategy is closely mapped to UN's 17 Sustainable Development Goals. Achieving the "Powerful state and a high well-being society" goal will also achieve the Sustainable Development Goals.

Social & Economic Development Strategy / SDG Mapping*

A strong state and a high well-being society	Sustainably growing competitive economy	Dynamic, inclusive and equitable society	Competitive human capital and modern innovations space	The Great Return to de-occupied lands	Clean environment and "green growth" country
Goal 1: No poverty	•	•	•	•	•
Goal 2: Zero hunger	•	•	•	•	•
Goal 3: Good health and well-being	•	•	•	•	•
Goal 4: Quality education	•	•	•	•	•
Goal 5: Gender equality	•	•	•	•	•
Goal 6: Clean water and sanitation	•	•	•	•	•
Goal 7: Affordable and clean energy	•	•	•	•	•
Goal 8: Decent work and economic growth	•	•	•	•	•
Goal 9: Industry, innovation and infrastructure	•	•	•	•	•
Goal 10: Reduced inequalities	•	•	•	•	•
Goal 11: Sustainable cities and communities	•	•	•	•	•
Goal 12: Responsible consumption and production	•	•	•	•	•
Goal 13: Climate action	•	•	•	•	•
Goal 14: Life below water	•	•	•	•	•
Goal 15: Life on land	•	•	•	•	•
Goal 16: Peace, justice and strong institutions	•	•	•	•	•

Goal 17: Partnership for the goals

* Note: Maps the Strategy activities with Azerbaijan's endorsed SDG priorities.

6. Monitoring and evaluation framework

6.1. Implementation arrangements

A number of interrelated action programs will be implemented in order to achieve the new social & economic development objectives for 2022-2026. The progress of the 2022-2026 Social & Economic Development Strategy and the associated action programs will be monitored and measured against the targets sets. Findings will be reported and any interventions required for any program or activities will be communicated. The program monitoring process will involve local and foreign outsourced expertise as well.

Implementation of the National Priorities for Social and Economic Development



6.2. Monitoring and evaluation of targets

Sets of results, outputs and outcomes are defined as metrics to track activities under the 2022-2026 Social & Economic Development Strategy. Delivery (implementation status) of different activities will be measured against these targets. The baseline year is 2021. Results cover each year throughout the implementation period, outputs are annual metrics covering 2023, 2024 and 2025, while outcomes cover 2026. Results will be measured in a structured way, achievement, effectiveness, and consistency and durability of outcomes will be determined. This would allow for evaluating the implementation status of the 2022-2026 Social & Economic Development Strategy on an annual basis. The M&E activities will be guided by the *Design, Implementation, Monitoring and Evaluation Protocol for State Programs* as approved by the March 6, 2021 Presidential Decree (No.1294).

7. Implementation plan

An implementation plan has been developed that aims to unlock the enablers through delivery of a broad set of activities during the initial strategic period.

2022–2026 Social and Economic Development Strategy

Implementation Plan

No.	Actions and projects	Lead implementing agency (body)	Other implementing agencies	Time-line	baseline results yearly, throughout implementation	Results Framework							
						2021	2023	2024	2025	2026			
NATIONAL PRIORITY 1. SUSTAINABLY GROWING COMPETITIVE ECONOMY													
GOAL 1.1: CONTINUOUS AND HIGH GROWTH													
1.1.1.	Activity: Improving the efficiency, targeting and transparency of enterprise support mechanisms												
1.	Develop and make available an integrated database to raise awareness of the government's enterprise support mechanisms	MoE	SAPSSI, MDDT, relevant agencies	2022–2023	Integrated database launched	Number of businesses using the integrated database increased							
2.	Develop a uniform performance framework for the government's enterprise support mechanisms	MoE	MoF, MoA, relevant agencies	2022–2023	Integrated M&E framework developed	100% monitoring coverage of supported businesses achieved							
3.	Increase financial support to businesses	MoE	CBA, MoF, MCGF	2022–2026	AZN130,6 mln worth of soft loans extended to 1902 projects in 2021 Agent banks on-lent AZN251,7 mln worth of MCGF business loans	Improved government support mechanism implemented	Amount and number of government-supported (with no to little security) loans increased	Economic and financial performance of financially assisted businesses improved					

1.1.2. Activity: Improving SME access to resources, including finance							
				to businesses			
1.	Launch Development Fund and improve SME access to finance	SME Development Fund and MoE	2022–2026	SME Development Fund established	AZN10 mln worth of projects financed	AZN20 mln worth of projects financed	Share of SMEs in the economy increased
2.	Expand ABDF's funding sources	MoE	MoF, CBA	AZN130,6 mln worth of soft loans extended to 1902 projects in 2021	Proposed new sectors to be financed by ABDF realized	Upturn achieved in the number of new priority sectors financed by ABDF; ABDF's resource portfolio diversification improved by the year	Economic and financial performance of ABDF-financed SMEs improved
3.	Expand MCGF's funding sources	MCGF	MoF, CBA	2022–2024	Interest accrued on SME loans partially subsidized	MCGF-backed interest-subsidized AZN loans to businesses increased by 7%	Profitability of SMEs represented at points of sale improved
4.	Implement support mechanisms to enhance SME access to large trade networks	MoE	MoF, MoA, STA	2022–2026	Number of SMEs represented at points of sale increased by an additional 10 entities	Number of SMEs represented at points of sale increased by an additional 20 entities	Share of SMEs in economic performance increased
5.	Promote SME clustering	MoE	MoF, MoA, STA	2022–2026	SME cluster regulatory framework developed	SME clustering network expanded	

	Enhance the market support mechanism for expansion of existing SME businesses and diversification into new sectors	MoE	2022–2026	14 domestic market studies supported	Economic and financial performance of domestic market study-supported SMEs	10 domestic market studies supported every year	Export performance and financial standing of expo-supported SMEs improved
6.	Support participation in local and international expos as a way of expanding sales opportunities	MoE	2022–2026	Expo participation support provided to 30 SMEs	Relevant support mechanism implemented	Expo participation support provided to 60 SMEs every year	Expo participation support provided to 60 SMEs every year
7.	Activity: Expanding and facilitating awareness options available to SMEs	MoE	2022–2026	2 SME houses exist	Proposed e-KOB Evi establishments implemented	2 SME houses established p.a. in 2022–2024, and 1 p.a. in 2025–2026; Number of electronic platform users increased by 10% every year	Number and satisfaction of entities using SME services increased
1.1.3.	Increase the number of SME houses with G2B and B2B capabilities and enable e-delivery (e-KOB Evi)	MoE	2022–2026	SME Friend offices operate in 27 rural and urban areas	Around 1600 trainings on different topics delivered by SMEDCs	Proposed support-centric infrastructure establishments implemented	6 new SME Friend offices established every year; 900 trainings delivered every year
1.	Expand the enterprise support-centric facilities, including the SME Friend and SME Development Center activities, as well as develop and implement sector-specific training programs	MoE	2022–2026	MoE	MoE	Improved methodology framework implemented	Non-hydrocarbon export statistics database
1.1.4.	Activity: Diversifying and supporting growth of non-hydrocarbon exports	MoE	SCC, SSC, CBA	2022–2023			
1.	Review the existing non-hydrocarbon statistics methodology and implement a uniform methodology	MoE					

						Improved		
2.	Develop transparency improvement mechanisms	MoE	CBA, SCC	2022–2024	Legislative proposals received	Export legal framework harmonized with best practices; Export accounting practices improved	Export and business owner satisfaction improved	Exports and business owner satisfaction improved
3.	Develop a system to identify trade barriers in foreign markets (trade tariff and non-tariff barriers)	MoE	MoA, SCC	2022–2026	A pilot platform developed and implemented to provide tariff and non-tariff barrier information to exporters	Number of platform users increased to 70 by period-end		
4.	Facilitate e-commerce exports in Azerbaijan	MoE	MoF, CBA, MDDT, SCC	2022–2023	Proposed e-commerce applications implemented	100 SMEs involved in e-commerce	Exporter access to finance improved	High performance by trade representatives in non-hydrocarbon exports and investment promotion
5.	Provide exporter access to finance and products (Exim products)	MoE	CBA	2022–2026	Number of pilot Exim products identified	Number of exporters using Exim products increased to 70 by period-end	Exporter access to finance improved	High performance by trade representatives in non-hydrocarbon exports and investment promotion
6.	Reinforce Azerbaijan's overseas representation to expand exports	MoE	MoFA, CBA	2022–2026	Proposed improvements to overseas trade representation activities implemented	Results defined for trade representatives delivered by period-end (non-hydrocarbon exports of USD50 mln, including representative projects in full or in part)	Results defined for trade representatives delivered by period-end (non-hydrocarbon exports of USD50 mln, including representative projects in full or in part)	Results defined for trade representatives delivered by period-end (non-hydrocarbon exports of USD50 mln, including representative projects in full or in part)
7.	Actively promote Azerbaijani goods and	MoE	MoFA, IPA	2022–2026	Project implemented to increased to USD4 bln by period-end	Azerbaijan-produced non-hydrocarbon exports increased to USD4 bln by period-end	Exports of Made in	Exports of Made in

	<i>Made in Azerbaijan</i> brand in target markets				advance in relevant industry target markets	Azerbaijan goods increased
8.	Advertise success stories exporter	MoE	2022–2026	Exporter success story awareness raising project implemented	Number of success story exporters increased to 50 by period-end	Non-hydrocarbon exports of regular goods increased
9.	Improve enterprise export training	MoE	2022–2026	Export Academy and training programs implemented	Certificate-based training delivered to 250 individuals by period-end	Share of trained businesses in non-hydrocarbon exports increased
1.1.5. Activity: Improving public investment performance and expanding PPP						
1.	Pass new Guidelines to improve the performance of public investment project management	MoE	2022–2023	Uniform performance evaluation Guidelines implemented	Public investment performance improved	
2.	Develop a public investment monitoring system	MoE	2022–2023	Integrated project implementation and monitoring system established	Performance of public investment-financed projects improved	
3.	Pass the <i>Public-Private Partnership Law</i> of Azerbaijan	MoE	MoF, MoJ, relevant entities 2022–2023	Advanced PPP legal framework in place	Public investment PPPs expanded	
1.1.6. Activity: Promoting non-hydrocarbon FDIs						
1.	Foster business relations with domestic and foreign investors interested in	MoE	Relevant entities 2022–2026	An effective dialogue framework built	Investments made in Azerbaijan by 6 Fortune 500 and Forbes 2000 companies by period-end	Share of private sector's

	non-hydrocarbon industries					for foreign and domestic investors and local government agencies	investments in non-hydrocarbon investment increased; FDI per capita increased
2.	Build a regular government-business dialogue framework in order to address investor issues and problems	MoE	Relevant entities	2022–2026		An Investor Grievance Management System implemented as part of the CRM (Customer Relations Management) system to be established; Government-business dialogue regularly supported by said system; 10 legislative amendments drafted to improve the investor legal framework by period-end	
3.	Conduct an Investment Promotion Forum and other promotional events	MoE	Relevant entities	2022–2026	Promotional events designed and implemented	At least 5 local and foreign investment-related events conducted by period-end	
1.1.7.	Activity: Implementing an incentivizing tax policy to foster transparency & diversification of economy and promote investments						
1.	Broaden tax digitization in order to effectively counter shadow economy, and improve transparency	MoF, relevant agencies	2022–2026	Share of total invoiced and online cash register transactions in declared transactions: 73,0%	Proposed tax collection digitization efforts implemented	Share of digital tax collection coverage (as percentage of total invoiced and online cash register transactions in total declared transactions) increased to 75%+ by period-end	Broaden tax policy digitization in order to effectively counter shadow economy, and improve transparency Effectively use tax incentivization tools to stimulate strategic sectors and to increase investments and capital allocations
2.	Effectively use tax incentives to stimulate strategic sectors and to increase investments and capital allocations	MoE	2022–2026	Average sum-total of export growth ratio + wagebill growth ratio + income growth ratio + investment growth ratio: 7,5%	Proposed tax incentives implemented	Annual average sum-total of export growth ratio + wagebill growth ratio + income growth ratio + investment growth ratio at 10%+	

1.1.8.	Activity: Driving digital economy development						
1.	Design and implement a digital development strategy	CBA, Relevant agencies	MoE	2022-2026	Strategy designed and implemented	Digital economy continually growing as a share of non-hydrocarbon economic activity	
2.	Develop a regulatory mechanism for digital economy development	CBA, Relevant agencies	MoE, MDDT	2022-2026	Proposed regularity mechanism applications implemented	5 pilot projects completed by period-end	
3.	Develop an enabling infrastructure for digital economy development	MoE	MDDT	2022-2026	Enabling infrastructure implemented	By period-end, country's international rankings improved by the year for ICT accessibility and ICT utilization, online government services and data sharing, ICT service exports and stable speed internet line users per 100 people	Digital economy's share of non-hydrocarbon activity increased
4.	Explore 4th Industrial Revolution technology adoptions	MoE	MoE	2022-2026	Proposed 4IS adoptions implemented	4IS adoptions increased 5% p.a.	
1.1.9.	Activity: Developing sustainable and competitive agriculture and agribusiness						
1.	Implement a sectoral state program for agricultural development	MoA	MoE	2022-2026	Relevant proposals implemented	Agriculture-generated added value increased 4% p.a.	Share of agricultural production and processing in economic performance increased
2.	Expand the agricultural production and business-related in-person and digital education and training opportunities	MoA	MoEd	2022-2026	Action Plan implemented for agricultural training, advisory and innovation services	Number of training participants increased 20% p.a. by period-end	Economic and financial performance of trained farmers improved

3.	Develop a national food supply map	MoE	MoA, SCC, AFSA	2022-2026	Imports and domestic production-based food supply chain map implemented	Food supply business activities increased by the year	Food supply and accessibility of information improved
4.	Develop and effectively institutionalize agribusiness across the value chain	MoA	MoE, AFSA	2022-2026	Effective institutionalization on proposals implemented	Number of processing and sales chain associations increased by 20% by period-end; Number of businesses in industry associations increased 2x by period-end; Number of locally and internationally certified businesses increased by 40% by period-end	Value chain share of agribusiness increased
1.1.10.	Activity: Strengthening the strategic, institutional and financing mechanisms to enable continuous development of the tourism sector						
1.	Design and implement state programs for development of tourism	STA	MoE, relevant agencies	2022-2026	Relevant state programs developed and adopted	Tourism revenues increased by 20% by period-end	Non-hydrocarbon GDP share of tourism increased
2.	Conduct country and international-level events focusing on domestic tourists and arrivals	STA	Relevant agencies	2022-2026	Current tourism season is 4 months	Off-season tourism promotion proposals implemented	Share of off-season tourism in total tourism revenues increased
3.	Increase the number of healthcare facilities serving foreign tourist arrivals through PPP across the country	MoH	SAMHI, STA	2022-2026	Medical tourism development proposals implemented	Off-season reduced by 15% by period-end	Qeyri Share of medical tourism in total tourism revenues increased

					Upturn achieved in total net tourism revenues
4.	Implement a marketing and communication plan to enhance the country's tourism potential	MoE, MDDT, AZAL	Number of travel agencies offering tour-packages to Azerbaijan in target markets: 200	New communication and implementation plan executed	Access gained to a 50 mln audience in target tourism countries every year, and the number of travel agencies offering travel packages to Azerbaijan in target markets increased by 20% p.a.
5.	Develop a mechanism for dialogue-based regular communication of tourism actors	STA	Relevant agencies	Regional tourism coordination mechanism proposals implemented	At least 2 regional tourism boards established
6.	Streamline procedures to improve visa experience	MoFA	STA, SAPSSI, relevant agencies	Streamlining proposals for visa procedures implemented	Number of arrivals from new border visa or visa-free countries increased 7,5% p.a. compared to 2019
7.	Diversify and improve transport communication with target markets	MDDT	STA, MoE, SCC, SAPSSI, AZAL, ADY, relevant agencies	Share of airbourne arrivals: 40,1% (2019); Share of railway arrivals: 12,9% (2019)	Number of airbourne tourists increased to 50% by period-end; Share of railway arrivals increased to 15% by period-end ; Number of road arrivals increased by 35% p.a.; At least three land border checkpoints upgraded to best tourism practices, focusing on northern, southern and western regions
1.1.11. Activity: Capturing the transit potential and developing trade & logistics				Relevant proposals implemented	Upturn achieved in total net tourism revenues

1.	Implement a transit-targeted Transport and Logistics Strategy based on Azerbaijan's potential role in international transport corridors	MoE, SCC, AIH, ASCO, AZAL, Port of Baku (POB), ABADA	MDDT	Integrated Transport and Logistics Strategy implemented	Transit transportation revenue increased; Azerbaijan turned into a regional hub and e-commerce center	Develop value adding services at the Baku International Sea Trade Port
2.	Develop value adding services at the Baku International Sea Trade Port	Port of Baku (POB)	2022–2026	1 value adding service established	Relevant value adding services developed	1 value adding service added p.a., a total of 5 value adding services developed by period-end
3.	Create PPP-based trucking parks (TIR parks)	MDDT	MoE, ABADA	2022–2024	Measures implemented to create TIR parks	Share of PPP-based trucking parks increased in services provided to transit and import-export cargo vehicles; Development of internationally competitive drivers promoted
4.	Develop a best practice legal framework to improve transit transportation and logistics	MDDT	MoE	2022–2024	Forwarding legal framework improved	Transit transportation and logistics operations increased
5.	Broaden the use of digital technologies to improve transit transportation and logistics operations	MDDT	MoE, SCC, Port of Baku (POB), ADY, ASCO	2022–2025	e-CMR connection and Protocol paragraphs implemented	Transit durations reduced, transparency ease and simplification of shipping guidelines, terms and procedures

1.1.12. Activity: Capturing the potential of economic zones and creating new industrial zones							Improved
1.	Start Alat Free Economic Zone operations	AFEZ	MoE	2022–2025	AFEZ infrastructure completed	Alat Free Economic Zone operational	Share of industrial site increased in total non-hydrocarbon industrial turnover
2.	Develop a mechanism for creation of private sites and maintain a registry of such sites				Private industrial site development mechanism implemented	1 private industrial estate launched	Share of industrial zones in total non-hydrocarbon output increased to 15% by period-end
3.	Promote production of import-substitution goods with export potential in industrial zones (industrial estates and sites)	MoE	MoF, MoJ	2023–2026			Share of industrial zones in total non-hydrocarbon exports increased to 25% by period-end At least 1 enterprise manufacturing import-substitution goods with export potential registered as an industrial zone resident or launched each year Proposals for promotion of production of goods with export potential implemented
1.1.13. Activity: Streamlining the tariff policy							Import-substituting output of industrial zones with export potential increased

	Socially important goods and services are price-regulated, other goods and services reviewed by the Tariff (Price) Council	TC	Relevant agencies	2022–2026	List of relevant goods and services developed and implemented	Number of price-regulated goods and services reduced to 15 by period-end	Price regulation gradually reduced
1.	Replace tariffs for legal actions and services subject to price (tariff) regulation with state dues or service fees, depending on legal consequences				Number of price-regulated goods and services: 25 goods and services	Relevant proposals implemented	Non-cost-based tariffs for legal actions and services replaced with state dues or services fees by period-end
2.		MoE, relevant agencies	MoE	2022–2026			
1.1.14.	Activity: Enabling dynamic development of Culture and Creative Industries (CCI) and enhancing the export potential						
1.	Develop a best practice legal and regulatory infrastructure, including a legal framework, statistics database, intellectual property, and governance mechanisms for CCI development	MoE, SSC, MLSPP, IPA, MoEd, MDDT, SCUPA, STA, SAPSSI	MoC	2022–2026	Proposals for an advanced legal and regulatory infrastructure implemented	Share of CCI in GDP increased by 10% p.a.	Share of CCI in non-hydrocarbon performance indicators increased
2.	Form CCI as an industry and support market actors, as well as improve the production capabilities and promote sector-based clustering	MoE, MoF, SAPSSI, STA, relevant LEAs	MoC	2022–2026	Relevant proposals implemented	Number of CCI businesses increased by 5% p.a.	Economic and financial performance of entities involved in CCI education,
3.	Develop certification programs and a special education overseas scholarship program matching the best practice and competitive CCI needs	MoE, MoEd, MDDT, MLSPP	MoC	2022–2026	Certified education and training programs implemented in CCI industries	Xaricdə təhsil üçün xüsusi təqəüd proqramının həyata keçirilməsi	60 students trained under CCI overseas scholarship program; 1000 industry specialists certified; Training center established and at least 100 youths educated per year; Number of educational areas

				trained increased by 10% and contents further improved	training and scholarship programs improved
				Number of accessible domestic and international export and sales platforms (incl. digital) increased by 10% p.a.	CCI's share in non-hydrocarbon economic output increased
				Proposals for establishment of support (incentive) mechanisms implemented	Number of participants of regional and global cooperation platforms increased by 10% p.a. Exports of CCI-related goods and services increased by 10% p.a.
4.	Develop support mechanisms to expand CCI export opportunities	MoC	MoE, MoFA	2022–2026	Number of people furnished with quality and state-of-the-art housing increased
1.1.15.	Activity: Developing housing and construction operations to improve the people's standard of living				Access to finance for housing developers improved by the year
1.	Reduce the cost of housing construction, housing access to developer to finance, reduce cost of finance	MCGF	MoE, MoF, CBA, relevant agencies	2022–2026	Relevant proposals implemented
2.	Improve the housing commissioning mechanisms at different stages of construction	MCGF	CBA, relevant agencies	2022–2026	Necessary infrastructure developed for housing commissioning
3.	Increase the liquidity and diversify sources of the long-term housing market	MCGF	MoE, MoF, CBA	2022–2026	Housing finance development proposals implemented
				Construction sector's liquidity improved	Scope and investor range of the long-term mortgage
					Number of long-term housing finance market actors increased

							securities market increased
							Housing finance-related business processes upgraded
4.	Improve the housing infrastructure	MCGF	MoE, CBA	2022-2026	Electronic mortgage securities implemented and data exchange digitized	Economic performance of the domestic construction industry improved	
5.	Streamline the utilization protocols for construction inputs	MoE	Relevant agencies	2022-2026	Proposal to promote construction material production implemented	Input costs in construction materials production declining by the year	
6.	Develop mechanisms to promote production of construction materials	MoE	MCGF	2022-2026	Certified programs delivered at the Training Center	Construction materials output, including competitive output increased	Volume and number of local construction materials production increased
7.	Develop local construction materials production capabilities	MoE		2022-2026		Relevant certification programs developed and trainings conducted based on the Azerbaijan Institute of Standards' AZS Catalogue of State Standards	
1.1.16.	Activity: Supporting economic activity by improving water management				Proposals for effective water management and reduction of water losses	Country's water resources assessed and data integrated into the	Effective water management achieved
1.	Assess, digitize, improve record-keeping and raise awareness of water management across the country	MENR	MoEM, MoA, AzMeSu-Tes OJSC, Azersu	2022-2024			

	OJSC, Azerenergy OJSC, ANAS, SAPSSI			implemented	Electronic Water Management IT system		
2.	Expand the alternative water sources	Azersu OJSC	AzMelsutes OJSC, MENR, ANAS, LEAs	2023–2026	Lean utilization of the country's existing freshwater sources	Drinking water supply improved	
3.	Reduce water losses and increase water resources	AzMelsutes OJSC, MENR	Azersu OJSC, MoA, MoEM	2022–2026	Irrigation canals rebuilt and new water reservoirs created	Water losses tackled, additional pool of water resources created	
4.	Expand the drinking water sources, build wastewater treatment facilities and municipal sewers	Azersu OJSC		Sanitation system construction completed in 32 cities and townships	Municipal sanitation system provided, wastewater treated and removed	Pollution of the Caspian Sea and other waterways tackled	
1.1.17.	Activity: Re-vamping the road infrastructure				Alat-Astrata-Islamic Republic of Iran border road and Astara river bridge built; Mughanli-Ismayilli-Gabala road and Agsuchay river bridge built, New Baku-Guba-Russian border road built	Cargo and passenger transportation via relevant routes increased	
1.	Build in-country and cross-border infrastructure and put in place the required system	ASRA		2022–2026	Relevant road infrastructure construction activities implemented	Baku-Boyuk Kesik railway infrastructure enabled	
2.	Improve railway infrastructure capacity	ADY		2022–2026			
1.1.18.	Activity: Implementing a new privatization strategy						
1.	Draft a new Law for privatization and operatorship of state-owned assets	MoE	MoJ, MoF	2022–2023	Law drafted	Law enacted	
2.	Develop privatization	MoE	Relevant	2022–	List of sectors	New sectors (not less than 150 enterprises and	

	proposals for new sectors	agencies	2025		to open for privatization defined and implemented	entities) opened for privatization
	Develop a mechanism for commercialization, operatorship or joint operation of entities preferred to remain unprivatized for a certain period of time				Relevant SOEs commercialized with performance improved.	
3.		MoE	Relevant agencies	2022–2026	PPP mechanism implemented based on the new approach	Operatorship or commercialization of relevant state-owned assets (enterprises, shares, stocks) rolled out
1.1.19.	Activity: Improving competition and expanding alternative dispute resolution for businesses					
	Legal and regulatory frameworks for enterprise development improved	MoE	Relevant agencies	2022–2026	Regulatory and legislative amendments proposed and endorsed	Environment enabled for enterprise
1.	IT applications expanded in court cases, in particular disputes, and broadening the use of video-based remote hearings				Proposed IT applications rolled out in business dispute resolution	Flexibility of business dispute resolution improved
2.	The best practice-based Arbitration Law of Azerbaijan developed and enacted to broaden the range and scope of dispute resolution methods	MoJ	MoE, MoF	2022–2026	Out-of-court dispute resolution mechanism of mediation developed and deployed	Timeliness, transparency and efficiency of business dispute cases improved
3.						Arbitration Law of Azerbaijan implemented
1.1.20.	Activity: Improving the investment climate for business and developing the infrastructure, technology and legal frameworks for monitoring					
1.	Improve the investment legal framework	MoE	Relevant agencies	2022	Investment Law of Azerbaijan	

2.	Develop new digital tools for investment promotion	MoE	2022–2026	Investinazerbaijan.gov.az website designed and implemented	enacted	At least 10 investment projects started from the totality of projects offered to investors in Azerbaijan via the investinazerbaijan.gov.az website by period-end	Non-hydrocarbon investments and FDIs increased	Mediation system enabling flexible business dispute resolution expanded
3.	Promote mediation and deploy mediation for SMEs	Moj	Mediation Council, MoE	Mediation expansion proposals implemented	Number of mediated business disputes increased 10% p.a.			
4.	Develop and present the 2022-2025 National Program for Competition Development and Anti-Trust Action	MoE	MoJ, relevant agencies	Relevant National Action Program developed	Relevant National Action Program adopted			
5.	Pass a best practice-based Competition Code	MoE	MoJ, relevant agencies	Competition Code developed	Competition Code adopted	Share of the website-enabled public procurements in total public procurements increased to 50% by period-end		
6.	Expand the coverage of the integrated public procurement (website)	MoE SAPSSI	2022–2023	Coverage expansion proposals for the relevant portal (website) implemented				

							Private non-hydrocarbon investments increased; Legal registration of existing property stock completed
7.	Develop capital and property mechanisms and improve the associated legal framework	MoE	MoF	2022–2026	Relevant mechanisms developed and adopted	Relevant legal regulations adopted	Number of businesses licensed via the website increased
8.	Operationalize the electronic platform for business licensing	MoE	SAPSSI, relevant agencies	2022–2026	Electronic Platform implemented	5 more business licenses issued via the electronic website p.a.	Business awareness of enterprises raised and relevant international rankings improved
9.	Strengthen public, industry and community cooperation mechanisms to improve the business climate	MoE	Relevant agencies	2022–2026	Enterprise association proposals implemented	3 new enterprise associations established p.a.	
10.	Conduct regular surveys to monitor continually businesses	MoE		2022–2026	Business monitoring system developed and implemented	10 surveys conducted p.a.	
1.1.21.	Activity: Improving the country's output quality to meet best practice requirements				Proposals developed for creation of relevant laboratories	Number of new laboratories increased to 20 by period-end	Measurements aligned with best practice
1.	Build a new laboratory network for Azerbaijan Institute of Metrology	MoE	Relevant agencies	2022–2026	Best practice alignment proposals implemented	ILAC membership attained	
2.	Attain full legal membership of ILAC for the Azerbaijan Accreditation Center	MoE	Relevant agencies	2022–2023	Digital quality		
3.	Digitize quality control	SAPSSI,	2022				

	services and create an electronic portal	relevant agencies	control infrastructure operational		
1.1.22. Activity: Improving enterprise competitiveness					
1.	Set up local production of goods in industries with competitive advantage, develop a production chain for import-substitution goods	MoE MoA, MDDT, MoF 2022- 2026	Proposals for the development of a competitively advantaged production chain implemented	Relevant imports significantly increased	
2.	Implement a "green growth" and social enterprise development mechanism	MoE MoEn, MENR 2022- 2026	Relevant proposals implemented	5+ competitively advantaged products defined p.a.	2 promotional events and 1 project implemented p.a.
3.	Optimize taxes and customs duties for raw materials and inputs used in local production with no or inefficient local production	MoE MoF, SCC, MoA 2022- 2023	List of raw materials and inputs used in local production with no or inefficient local production adopted	Relevant tax and customs incentives optimized	
4.	Develop a permanent system of warehouses	MoE SCC, MDDT 2022- 2023	Relevant customs warehousing system established	Utilization of relevant warehouses increased	
5.	Streamline customs concession procedures that could expand export-oriented local production, in particular the special customs treatment for domestic processing	MoE SCC, MoF 2022- 2023	Proposals to optimize the number of relevant customs procedures implemented	Customs compliance costs decreased	

GOAL 1.2: RESILIENCE TO INTERNAL AND EXTERNAL SHOCKS

GOAL 1.2: RESILIENCE TO INTERNAL AND EXTERNAL SHOCKS						
1.2.1.	Activity: Ensuring macroeconomic stability					Basic conditions developed for gradual transition to inflation targeting
1.	Develop the pre-gradual inflation transition targeting	MoE, MoF, SOFAZ, MLSPP	2022-2026	Proposals developed in alignment with the government	Government-endorsed proposals implemented	Share of Basel principles where the banking sector is rated as "compliant" increased to 80%+
2.	Align the financial stability framework across the financial sector (banking, insurance and capital markets) with best practices	CBA	ABA	Solvency II-based regulatory framework developed and implementation of the core elements finalized	Risk-based supervision and regulation framework for insurance industry strengthened	Transition to risk-based prudential supervision for investment companies completed

	Ensure that the national payment system is safe, continuous and sustainable, and practice-based		Transactions via NPS by economic agents (commercial banks and other actors): AZN185 bln	A best practice NPS developed	NPS aligned with best practices
1.2.2.	Activity: Enhancing access to finance				
1.	Implement measures to expand the banking sector's proposition	CBA	MCGF, ABA	2022–2026 Total assets: AZN38,2 bln Loan portfolio: AZN16,7 bln Banking supply and demand promotion proposals implemented	Total assets increased by 8% p.a. Loan portfolio increased by 10% p.a. Private sector's access to finance enhanced
2.	Promote banking demand	CBA	MCGF, ABA	2022–2026 Total business loans: AZN9,7 bln	Total business loans increased by 6% p.a.
3.	Implement the state program for expansion of financial inclusion	CBA	MCGF, ABA	2022–2026 Total MSME loans: AZN4,4 bln Relevant state program adopted	Total MSME loans increased by 15% p.a.
4.	Expand tools supporting enterprise access to finance		MoE, MoF, CBA, relevant agencies	2002–2026 Relevant guidelines developed, measures taken as needed to implement the proposals	Range of tools supporting enterprise access to finance expanded
5.	Scale up the insurance market through structured institutional reform, market infrastructure upgrade, transformation and intensive awareness raising	CBA			Enterprise access to finance channels diversified by period-end
6.	Improve the legal framework, increase	CBA	MoJ, MoE, AEF, MCGF	2022–2026 Insurance market size: AZN844 mln Enabling tax environment	Insurance market scaled up 10% p.a. Investor insurance legal AZN-denominated 2 equity funds

	institutional development infrastructure capabilities to deepen the corporate market	MCGF, SOFAZ	developed for the capital market	framework developed	legal framework developed	bonds issued by 2 IFIs with Azerbaijan's membership	operational
		Dual listing model implemented between the Istanbul Exchange and the Baku Stock Exchange	Financial derivatives legal framework aligned to best practices	Corporate bonds guarantee mechanism implemented	Local market linkages built with 1 foreign depository; CBA's preferential IOSCO membership	Another 5 equities and 15 corporate bonds listed on the stock exchange	
	Implement measures to expand the coverage of cashless payments	CBA	Cashless transactions as percentage of card-based transactions: 31,8%	Cashless transactions as percentage of card-based transactions: 35%	Share of cashless transactions in card-based transactions increased by 5% points p.a.	Cashless payments increased	
1.2.3.	Activity: Improving fiscal regulation						
1.	Expand the Medium-Term Expenditure Framework (MTEF) implementation	MoF	Relevant agencies	2022–2026	Proposed MTEF improvements implemented	Targets and KPIs for pilot MTEF functions improved	MTEF sectoral coverage expanded
2.	Refine the revenue forecasting guidelines and develop a revenue analysis model	MoF	MoE	2022–2026	Forecasting model developed	Non-hydrocarbon revenue gap reduced by 5% (considering output gap)	Low-variance forecasting model implemented
3.	Implement a macrofiscal framework based on the updated fiscal rule	MoF		Non-oil primary balance: 23,5% (2021)	Updated fiscal rule introduced	NOPB reduced by the year	Period-end NOPB target: 17.5%
4.	Develop and integrate a single IT system for non-tax / non-customs tariff	MoF		2022–2026	Single IT system developed and	100% of non-tax and non-customs tariff payments made exclusively via the single IT system by the end of the period	Non-tax and non-tariff payments

	payments by government agencies to the state budget or recorded as receipts to their respective budgets with the competent government agency's databases / IT systems			integrated with competent agencies' databases	transitioned to e-platform
5.	Approve and implement a fiscal borrowing strategy	MoF	2022–2026	Debt stock to GDP: 18,2% (Dec-31-2021)	Relevant borrowing strategy implemented
NATIONAL PRIORITY 2: DYNAMIC, INCLUSIVE AND EQUITABLE SOCIETY					
GOAL 2.1: EVERY CITIZEN BENEFITING FROM DEVELOPMENT					
2.1.1.	Activity: Improving the remuneration system				
1.	Design and implement mechanisms to develop systems focused on productive labor	MLSPP	MoF, MoE	2022–2026	Remuneration system development mechanism
2.	Develop and implement supplementary mechanisms to improve women's access to high-income jobs	MLSPP	MoE, SCWFCA	2022–2026	Remuneration raise / labor productivity correlation maintained
2.1.2.	Activity: Stimulating private sector employment				
1.	Increase the number of professional qualification standards to ensure workforce supply	MLSPP	2022–2026	860 professional and qualification	The approved number of new professional and qualification and
				Professional and qualification standards widely used by economic agents	Quality indicators of the labor market

	and demand match, and develop competitive capabilities			standards exist	qualification standards developed and adopted		improved
	MLSPP					Electronic access to active employment measures expanded; Unemployed, unschooled youths actively engaged to employment programs	
2.	Develop various and electronic tools to help expand urban and rural labor market opportunities	MoE, MoEd, SAPSSI, YF	2022–2026	Proposals developed for a relevant electronic infrastructure	Active employment measures implemented		
3.	Develop a mechanism to ensure highly skilled foreign talent preferences in labor migration	MLSPP		Simplified mechanism implemented for attraction of high-skilled foreign specialists to the labor market			
2.1.3.	Activity: Improving employment efficiency				Relevant project proposals implemented	Legal framework developed for electronic control system-enabled monitoring	Labor relations legalized in non-government sector
1.	Reinforce measures to legalize labor relations	MoE, AEC, ATUC	2022–2026	Data on relevant persons integrated to	Labor market	Labor market integration provided via new active and targeted programs	Employment rate of vulnerable groups
2.	Improve labor market access for vulnerable groups, including ex-convicts, convicts,	MSLPP	MoJ, MoEd, SCWFCA, MoE	2022–2026			

	boarding graduates	school				the database to be established	groups		increased to the relevant country-wide lever by period-end
		MSLPP				New platforms and electronic quotas deployed for disabled persons			Disabled employment increased 3% by period-end
3.	Improve labor market for disabled persons			2022-2026	MoJ, MoF			Online training opportunities used	
GOAL 2.2: HIGH AND EQUITABLE SOCIAL PROTECTION, INCLUSIVE SOCIETY									
2.2.1. Activity: Developing additional social protection opportunities for low-income and vulnerable groups									
1.	Upgrade and streamline the Targeted Social Assistance (TSA) electronic platform, and optimize TSA eligibility criteria	MoSPP	MoE, MoF, SAPSSI	2022-2026	IT system for TSA eligibility verification improved	VEMTAS application updated	Household books digitized, proactive assignment finalized and tested in 3 economic regions	A more advanced household income reporting mechanism developed	TSA assignment mechanism aligned with income reporting mechanism after the more advanced household income reporting mechanism is developed
2.	Develop a mechanism for better social protection for low-income and vulnerable groups during possible emergencies (economic recession, pandemic, etc.)	MLSPP	MoJ, MoE, MoF	2022-2026		Mechanism and legal framework proposals adopted	Scenario-based plans available for social protection of low-income and vulnerable groups in emergencies	Social protection of low-income and vulnerable groups	
2.2.2.	Activity: Ensuring financial sustainability of the pension system and enhancing the pensioner coverage of the state social security								

	Improve the pension system to strengthen the pensioner social security	MLSPP	MoE, CBA, MoF, MoJ	2022–2026	Pension system improvements implemented	Legal environment developed for private pension operations; Clear framework of the government's pension-related responsibilities defined; All pensions increased by uniform indexation method	Sustainable pension system formed
2.2.3. Activity: Improving social safety net coverage of vulnerable groups							
1.	Provide access to quality social services for people in hardship, develop a social services system and related capabilities, implement best practices and innovative solutions	MLSPP	MoJ, SCWFCA	2022–2026	Social services system developed and implemented to cover persons in or at risk of hardship	Social services coverage improved for relevant persons	Social services coverage improved for relevant persons
2.	Provide gatekeeping, family reintegration, foster families as alternative care solutions	MLSPP	MoEd, MoH, SCWFCA	2022–2026	Number of returnees: 89 children	220 children returned to families, 120 children placed in foster care families, 250 children gate-kept	Required infrastructure put in place to improve accessibility of quality social services
3.	Expand the network of rehabilitation facilities and ensure accessibility of rehabilitation infrastructure for disabled persons	MLSPP	MoF, MoE	2022–2026	Number of rehabilitation facilities: 15	Proposals to establish new rehabilitation facilities implemented	5 new rehabilitation facilities operational by period-end
4.	Design mechanisms for dispute resolution and children's protection	SCWFCA	MoF	2022–2026	Family centers set up in 3 regions	Family centers operationalized in 3 regions	Number of domestic disputes reduced 20% p.a.
GOAL 2.3: BALANCED DEVELOPMENT OF CAPITAL CITY AND RURAL AREAS*							
2.3.1.	Activity: Providing resources required to increase urban and rural employment						

1.	Support development of creative industries in rural areas	MoC	MoE, STA, SAPSSI	2022–2026	Proposals prepared and implemented for the development of creative industries	Annual revenue of creative industry businesses increased	
2.	Develop tourism infrastructure based on the “touristic village” concept in villages with tourism potential	STA	MoE, MoC, MDDT, M/SPP, LEAs, relevant agencies	2022–2026	Action Plan for realization of the tourism potential of rural areas implemented	Tourism-related infrastructure activities conducted in 8 villages; Overall number of houses for rent in rural areas increased by 20%	Continuous increase of investments in creative industries promoted

* Note: Delivery of other activities will also impact regional development

NATIONAL PRIORITY 3. COMPETITIVE HUMAN CAPITAL AND MODERN INNOVATIONS SPACE			
GOAL 3.1: 21 ST CENTURY EDUCATION			
3.1.1.	Activity: Expanding the coverage of pre-school education based on an effective early childhood education model	Best practice-based pre-school curriculum implemented	Number of upskilled pre-school faculty and administration personnel increased
	Improve the pre-school state standards and curriculum, and provide upskilling for pre-school faculty and administration personnel	Up-skilled personnel: 2000 people	Pre-school capabilities improved
1.	Develop a pre-school education quality assurance system and improve the external quality assurance system	MoEd	17000 staff members upskilled by period-end
2.		MoEd	Pre-school coverage and quality improved

performance)				implemented		education	
Improve and implement quality mechanisms in general education schools		MoEd		Share of schools covered by quality control measures: 3%	Improved quality control mechanism implemented	Quality of education and governance improved in general education	
3.		MoF	2022–2026	Share of schools covered by quality control measures increased to 70% by period-end			
Pilot per capita funding in general schools		MoEd, MoF	2022–2026	Pilot projects designed	Pilot projected implemented at 100 schools by period-end		
4.		CoM MoEd		Measures implemented to upgrade school capacities	Share of upgraded schools increased to 86% by period-end	Better higher education enrollment and academic performance by graduates achieved	
Expand the coverage of specializations, vocational specializations, inclusive education and upgrade the infrastructure		MoE, MoF	2022–2026	Share of upgraded schools: 76%	Share of vocational training schools: 2,5%		
5.		MoEd		Number of best practice-based advisory service professionals: 450 people	Share of schools with vocational training classes increased to 15% by period-end		
Develop a state-of-the-art advisory service to improve the quality of general education		MoF	2022–2026	Number of best practice-based advisory service professionals: 450 people	Number of best practice-based advisory service professionals increased to 2250 by period-end		
3.1.3. Activity: Providing vocational training and building education process in line with labor market requirements				VET enrollments: 17140 students Highest TVET-covered students: 800 students	Proposals to expand VET coverage and improve content implemented	Quality of training improved in general education	
1.		MoEd	2022–2026	Measures to establish VET centers implemented	Number of VET enrollments increased by 11000 students		
2.		MoEd	2022–2026	8 more VET centers launched	Number of students covered by higher TVET education increased by 9200 people	Share of labor market participation of VET-trained professionals increased	

	Develop demand-matched performance-based VET curriculums, with close industry linkages and involvement	MoEd		Demand-matched performance-based curriculums developed and implemented	
3.	Develop demand-matched upskilling programs	MoEd	MLSPP	Curriculums developed: 2022-2026 11 curriculums	15 performance-based curriculums implemented each year
4.	Gradually transition successful VET schools to per capita funding	MoEd	MoE, MLSPP	2022-2026	1000 people covered by short-term upskilling programs
5.		MoEd		Number of students covered by the new funding model: 2000 students	15000 people covered by short-term upskilling programs by period-end
3.1.4. Activity: Improving accessibility and quality, and ensuring international competitiveness of higher education				Number of students covered by the new funding model increased to 12000 people	
1.	Improve accessibility and coverage of higher education, and increase the number of government-financed slots	MoEd	MoE, MoF, government agencies with higher education schools	Higher education enrollments: 2022-2026 54000 students	Higher education enrollments: 2022-2026 57000 students
2.	Expand the coverage of the international dual diploma programs	MoEd	SOFAZ	Existing dual diploma programs: 4 programs	4 additional dual diploma programs implemented
3.	Enhance the coverage and quality of new content curriculums in higher education (SABAH, etc.)	MoEd	MoF	Number of students trained in new content programs: 2700 students	Relevant new content programs developed and implemented
				Number of students in new content programs increased to 15000 people by period-end	Content and quality indicators of the higher education system improved using advanced training technologies

	Improve state orders in line with labor market demand and the country's social & economic development priorities	MoE	MoEd, MLSPP	2022-2026	Proposals developed for improvement of state order	Proposals for improvement of state order implemented	State order better aligned with labor market
4.	Develop and implement competitive funding and management mechanisms, and expand the application of the student loan system	MoEd	MoF	2022-2026	Potential beneficiaries of social and standard student loan systems: 25000 people	Share of higher educated labor force increased	
5.	3.1.5. Activity: Developing research and innovation, integrating research (science) and education	MoEd	MoF	2022-2026	Social and standard student loans used by another 25000 people		
3.1.5. Activity: Developing research and innovation, integrating research (science) and education							
1.	Establish 2 research universities based on 2 high research capacity universities	MoEd		2022-2026	Proposals developed for establishment of research universities	New research tradition enhanced at higher education schools; 2 research universities actively involved in advanced scientific publications operational by the period-end	Azerbaijani science further advanced and better ranked globally
2.	Develop mechanisms to promote enhancement of scientific capacity	ANAS	MoEd, MoF, MoE, ASAN, IPA, higher education schools	2022-2026	Incentive mechanism implemented to support development of scientific capacity	Research expanded and integrated with global science community	Upturn achieved in the number of papers published in international impactful magazines
3.	Support initiatives to increase the number of papers published in internationally impactful magazines	MoEd	ANAS, RIF	2022-2026	Number of papers published in impactful magazines: 1800 papers	Relevant initiatives developed and implemented	Number of papers published in international impactful magazines increased by 40% against the baseline year level
4.	Increase education spending on research and development projects and finance projects on a competitive basis	MoEd	ANAS, RIF, MoE, MoF	2022-2026	Research spending as percentage of GDP: 0,2%	New R&D funding mechanisms implemented	R&D spending as percentage of GDP in line with
						Upturn achieved for the share of research spending in GDP	

3.1.6. Activity: Strengthening lifelong learning based on continuous development of skills							global average
Drive unskilled workforce to VET (by requiring documentary proof of vocation at recruitment)		MoEd	MLSPP	Number of short-term VET trainees: 650	Short-term VET trainings set up	Short-term VET training completed by 4000 people by period-end	Unskilled workforce reduced
1.	Increase the number of non-formally and informally acquired qualifications to be recognized	MoEd	MLSPP	2022–2026	Recognized qualifications: 5qualifications	Number of qualifications determined and deployed	Number of non-formally and informally acquired qualifications to be recognized increased by 35; Positive trends achieved in non-formally trained workforce as percentage of able-bodied population
2.	Set up professional development programs designed to train highly-skilled specialists in conjunction with higher education schools	MoEd	MLSPP, YF	2022–2026	Number of professional development program trainees: 1000 people	Professional development programs completed by 4000 more people	Support to human capital increased
3.	3.1.7. Activity: Increasing digital skills for an early age, utilizing ICT in education and expanding remote learning capabilities	MoEd	MoF	2022–2026	Faculty and administrators trained: 2000 people	Training delivered to 10000 faculty and administration members by period-end	Digital skills performance of trained teachers and administrator s improved
1.	Set up digital skills development training for faculty and administration	MoEd	MoF	2022–2026	Computers per student: 1 computer per 36 students	Ratio reduced to 1 computer per 6 students by period-end through consistent yearly reductions	A total of 200000 computers supplied to schools by period-end
2.	Enhance ICT capacities, upgrade computer and other capabilities of education facilities	MoEd	MoF	2022–2026	Computers supplied: 40000 units	Upturn achieved in implementation of electronic learning tools implemented	Electronic tools increased to
3.	Develop awareness tools for teachers, students and parents, expand the	MoEd	MoF	2022–2026	Number of electronic tools:		

	scope of digital content (electronic training tools)			13000 e-tools			40000 by period-end
		MoEd					26 IT systems and electronic services launched and operational across levels of education and general management by period-end
4.	Improve IT systems and electronic services across all levels of education			18 IT systems and electronic services established for different levels of education and general management	Advanced IT systems and electronic services implemented	8 IT systems and electronic services added for different levels of education and general management	
3.1.8.	Activity: Strengthening medical training and implementing lifelong learning				Training completed by 50% of primary healthcare workers. 1 new e-training course developed for family doctors		
1.	Deliver upskilling / re-training for primary healthcare workers	MoH	SAMHI	2022–2026	Relevant trainings developed and implemented	Target audience increased 5% p.a.; 1 new e-training course set up for family doctors p.a.	
2.	Strengthen cooperation between higher and secondary medical schools, drive knowledge transfer, joint training and research using cutting-edge electronic tools as well	MoH		2022–2026	Measures implemented to strengthen cooperation between higher and secondary medical schools	15 joint science workshops conducted	Number of joint science workshops increased by 2 p.a.

	Provide access to extensive brick-and-electronic libraries for medical students and healthcare providers, expand library capacities through addition of modern books, magazines and protocols	MoH	Total library stock: 1134000 publications	Medical brick-and-mortar and electronic library capacities created	Total library stock increased to 1200000 publications by period-end	Upturn achieved in the creation of medical brick-and-mortar and electronic library capacities	Research, advisory and organization support provided to 10 international events by period-end
3.	Support delivery of international medical and health science workshops and events in Azerbaijan	MoH	2022–2026	Relevant science workshops conducted in Azerbaijan	Relevant science workshops conducted in Azerbaijan	Research, advisory and organizational support provided to at least 2 international events p.a.	Relevant science workshops conducted in Azerbaijan
4.			2022–2026				
3.1.9.	Activity: Improving public service and economic governance performance						
1.	Share the draft Public Service Code of Azerbaijan for approval to develop a professional, effective and innovation-driven public service system	SEC	Relevant agencies	2022–2023	The draft Public Service Code of Azerbaijan submitted for approval	Public Service Code of Azerbaijan adopted	
2.	Drive human capital development in the public sector (incl. the 'Ascent' program)	SEC	Relevant agencies	2022–2026	Relevant initiatives implemented	Number of new public servants increased 5% p.a.	New, best practice capabilities-based certification
3.	Improve public service system	SEC	Relevant agencies	2022–2026	Advanced certification system implemented	Public service admission and retention tests continuously improved	

							system developed
4.	Further implement best governance practices in economic governance	AIH	Relevant agencies	2022–2026	Transition to best governance practices completed	100% deployment of corporate governance achieved in all of AIH's portfolio SOEs by period-end	Performance of relevant entities improved
GOAL 3.2: CREATIVE AND INNOVATIVE SOCIETY							
3.2.1. Activity: Developing the innovations ecosystem							
1.	Create the Absheron Valley innovation cluster	MDDT	MoE	2022–2026	Absheron Valley site identified	Absheron Valley legal framework and infrastructure developed	Number of Absheron Valley startups: +300
2.	Develop a legal framework for venture and crowdfunding finance	MDDT	MoE, SAPSSI	2022–2023	Relevant legal regulations developed	Relevant legal regulations adopted	Finance raised by startups: 5 mln USD
3.	Expand the scope of the Technology Diaspora	MDDT	SCDI, SAPSSI	2022–2026	Measures taken to promote homecountry attraction of innovation industry Azerbaijanis	Azerbaijani nationals working in the world's top technology centers attracted to Absheron Valley for knowledge transfer and research, while their companies are attracted to Absheron Valley as residents	Number of Absheron Valley startups: +150
4.	Promote international registration of intellectual property rights	IPA	ANAS, MoEd	2022–2026	Share of creative industry in	At least 1 IP internationally registered p.a.	Finance raised by startups: 7 mln USD
Duration of patent registration procedures							

5.	Build effective patent registration procedures and increase awareness of intellectual property rights	IPA	ANAS, MoEd, MDDT, MoE	GDP: 5,3%	Relevant proposals developed and implemented	International system integration and accessibility improved	reduced; including copyright-based industries continually increased
6.	Identify the country's technology profile (patent landscape) and focus areas of research, and assess technological maturity, based on international patent data	IPA	ANAS, MoEd	2022–2026		Number of joint science projects with international research centers and foreign researchers increased p.a.; Number of foreign-financed research studies increased p.a.	Technological maturity gap with the world's leading countries reduced
7.	Establish a Digital Academy to develop executive capabilities	MDDT	MoEd, MLSPP, MoE, SAPSSI	2022–2026	Digital capabilities development training and education programs implemented	Digital Academy operational	Talent pool increased and infrastructure developed for startup development by period-end
8.	Develop mechanisms to attract foreign talent (simplified visa regime, etc.)	MoE	MoFA, SMS, MDDT, SAPSSI	2022–2023	Improved mechanisms implemented	1 foreign startup entering the country each year	
9.	Strengthen the required ICT capabilities and talent pools, as well as develop venture finance mechanisms for startup development,	MDDT	MoE, SAPSSI, IPA	2022–2026	Improved ICT infrastructure implemented	Expand the PPP-based implementation of incubation and acceleration program at Absheron Valley, private sector and universities	
3.2.2. Activity: Supporting and promoting innovations							

Develop government support mechanisms for innovative projects such as startups, business incubators, clusters, etc.		MoE		MDDT, SAPSSI, relevant agencies		2022–2026		27 startup certificates issued in 2021. Financing of education, science, research and support projects started in 2021, with 15 projects financed		Improved government support mechanism implemented		20 startup certificates issued p.a.; 30 projects financed p.a.		Number and scope of private innovative projects increased	
1.	Develop an innovations subsidy mechanism for the private and public sector and provide subsidies, as well as establish a venture finance mechanism	MDDT	MoE	MoE, SAPSSI, IPA, relevant agencies						Subsidy policy developed and implemented			Effective subsidy mechanism developed		ICT infrastructure developed and the share of related private investment increased
2.	Promote private investment to ICT infrastructure projects, as well as consider migration, customs insurance, customs and tax incentives for ICT	MDDT											Relevant promotional activities and incentives implemented		Upturn achieved in the share of private sector entities investing in PPP-based infrastructure projects
3.	Develop the Science-Industry Cluster 4.0	MoE	MDDT										Number of Science and Industry Cluster 4.0 development and awareness events increased		Share of state-of-the-art science-intensive, high technology production in economic
4.														Participation rate in said activities increased by 15% p.a.	

				10 p.a.		output increased
				Private investment to TDA promoted, migration, social insurance, customs and tax incentives explored and relevant mechanisms developed		Corporate investment to TDA as percentage of GDP increased by 0,1%
5.	Support development of research centers and engineering (grants, joint finance) to develop new or improve existing processing solutions	MDDT	MoE, ANAS, IPA	2022–2026	Upturn achieved in the share of private sector entities investing in TDA	
6.	Develop an agricultural innovations center under the Absheron Valley project	MoA	MDDT, MoE	2022–2026	Draft proposals developed	Innovation Center operational
7.	Approve the Smart City and Smart Village concept	MDDT	Relevant agencies	2022–2023	Draft Smart City and Smart Village concept submitted for approval	Smart City and Smart Village concept approved; Mobility as a Service (MaaS) implemented in public transportation
3.2.3. Activity: Expanding innovative applications across sectors						
1.	Integrate with the digital platform to be established by the government (digital payments, customs, storage) to enable quick 24/7 transport operations	MDDT	MoE, SAPSSI, SCC	2022–2026	Various Modules of AYNA IT system and Electronic Transit Portal launched	Various modules of AYNA IT system and Electronic Transit Portal integrated with IT systems
					AYNA IT system's commissioned modules expanded and increased	

			operated by other government agencies
2.	Improve efficiency and forecast quality in transport and logistics, and provide subsidies and soft lending facilities to digitize the industry in full to enable smart flow management (infrastructure and software, including IoT, M2M, AI)	Relevant subsidy and soft loan policy developed and implemented MoE, MoF, SCC 2022–2026 MDDT	Smart transport and logistics traffic management system implemented in full Transport and logistics digitized
3.	Improve the e-commerce legal framework (address barriers) and promote reduction of illegal trade	MDDT, MoJ, SCC, CBA 2022–2026 MoE	Improved e-commerce legal framework implemented Security guidelines adopted; Data protection mechanisms developed
4.	Develop the required infrastructure to expand e-commerce and take security measures	CBA, SAPSSI, MoE 2022–2026 MDDT	E-commerce volume and users increased Share of e-commerce in total trade increased
5.	Promote online transition of B2B transactions (including tenders, real estate, etc.)	MDDT, CBA, SAPSSI 2022–2026 MoE	Online B2B transactions increased by 15% p.a. Relevant electronic platforms implemented
6.	Promote application of state-of-the-art identification tools (digital signatures, ID, smart contracts, electronic documents, etc.)	MoE, SAPSSI, CBA 2022–2026 MDDT	Proposals developed for cross-border e-signature recognition and electronic document exchange with Number of key trade entities involved in cross-border electronic document exchange increased by 10% p.a.

				key trade partners	Share of private sector in telecommunication services increased
7.	Develop PPP-based joint communication networks with telecom operators	MDDT	2022–2026	Measures implemented to develop communication networks jointly with telecom operators	Upturn achieved in PPP-based development of joint communication networks with telecom operators
8.	Support SMEs in developing large platform and cooperation integration (Amazon, AliExpress, etc.)	MoE	2022–2026	Measures taken to foster cooperation with relevant platforms	Upturn achieved in SME integration with large international platforms
9.	Prepare ICT development standards, including policies and standards for cloud technologies, API, internet of things, big data, etc.	MDDT	SAPSSI, MoE	Relevant guidelines drafted	Relevant guidelines adopted
10.	Implement projects to enable manufacturing of state-ordered mid to high technology products or components local economic and development of high skilled local workforce	MoDI	MoDI, SBS, MDDT, MoE	Relevant project proposals implemented	Mid to high technology defense production increased
3.2.4.	Activity: Promoting development of a cultured and creative society			Measures implemented to develop CCI	1 Grant Program for awareness Raising 1 Society's creativity skills 1 Implemented each year; 2 new projects implemented each year to raise
1.	Implement initiatives development of culture	MoC	Relevant agencies	2022–2026	

and creativity skills				skills	culture awareness		developed
Develop and creativity platforms	Relevant agencies	MoC	2022-2026	Media platforms operational in the culture industry	Media platform outreach increased by 10% p.a.; Upturn achieved in print and media information availability under the E-Culture project for digitization of Azerbaijan's culture each year; 2 new projects implemented with private organizations via the platform	Azerbaijan's culture and creative industries developed	
Support development of creative industries as part of efforts to promote Azerbaijan's culture	IPA, relevant agencies	MoC	2022-2026	Proposals implemented for CCI development	5 new events related to Azerbaijan's creative culture conducted in strategic countries each year; 10 new corners (sections) set up at the world's leading museums and libraries by period-end; Project implemented; 1 new high quality film produced each year; Annual growth trend achieved in the number of partners at forums to be conducted with a view to promoting Azerbaijan's culture; Culture centers opened in 5 strategic countries by period-end	Azerbaijan's culture and creative industries developed	
3.2.5. Activity: Applying innovations to improve access to public services							
Establish a digital platform (a national data storage, exchange and management system) to streamline public services and enable delivery integrated with private sector as much as possible	MDDT, SAPSSI	CBA, MoE	2022-2026	600+ services by 40+ local and central government bodies ranked annually by ASAN Index	Proposals developed and implemented for fully digital delivery of public services to private sector	Streamlined and user-friendly delivery of public services enabled by period-end	
1.	Finalize and submit the digital transformation concept for approval	MDDT	MoE, SAPSSI	2022-2023	Draft digital transformation concept prepared	Digital transformation concept approved	
2.	Prioritize digitization of all public services (G2C, G2B, G2G) by years and	MDDT, SAPSSI	Relevant agencies	2022-2026	Measures implemented to develop the electronic government and drive digital	Mechanisms developed for effective and flexible management of public IT systems; Digitization, user-friendliness and	
3.							

	coordinate online delivery			various government agencies via the electronic government portal. Portal has 1,3+ mln users. 40 government agencies integrated with the system	government transition	proactiveness of public service delivery enabled based on prioritization
	Enable electronic platform-based delivery of utility services	Azərsu OJSC, relevant agencies	MoEn, SAPSSI	2022-2023	Integrated utilities IT system completed by period-end	
GOAL 3.3: HEALTHY LIFESTYLE						
3.3.1.	Activity: Ensuring reproductive health				Share of antenatal care doctors increased by 10% points p.a.	Family doctorship developed
1.	Enhance the family capacity, engage family doctors in antenatal care olunması	MoH	SAMHI	2022-2026	10% of doctors engaged in antenatal care	Maternal mortality rate decreased to 12,9 by period-end
2.	Develop personnel, infrastructure upgrade and improve the medical supplies system for pregnancy, newborn, and in particular low-weight infant care	MoH	SAMHI	2022-2026	Infant mortality rate (per 1000 live births): 9,8 (2020)	Infant mortality rate decreased to 9,3 by period-end
3.	Develop various interactive websites and mobile apps for expectant	MoH	SAMHI	2022-2026	Number of E-Forum participants: Interactive websites and mobile apps	Number of E-forum participants increased to 50 people by period-end

	mother awareness				50 people implemented		
	Raise family planning and contraception awareness of fertile age population	MoH	SAMHI	Mobile app downloads: 300 downloads	Number of additional app downloads increased by 200 downloads p.a.		
4.				Awareness activities implemented	Awareness increased by +5% points p.a.		
3.3.2.	Activity: Ensuring children's healthy growth						
1.	Enhance the capabilities, capacities and medical supplies of specialized medical providers or departments to improve accessibility and quality of pediatric care	MoH	SAMHI	Child mortality rate (children under 5), (per 1000 live births): 11,1 (2020)	Child mortality rate: 11	Child mortality rate reduced by 0,1 p.a. reaching 10,5 by period-end	Children's health level increased and infectious diseases decreased
2.	Enhance the capabilities, capacities and medical supplies for children's infectious disease vaccination	MoH	SAMHI	87% vaccination coverage	Measures implemented to improve vaccination coverage	95% vaccination coverage of children achieved by period-end	
3.	Regularly raise vaccination awareness of parents using digital tools (apps, video-calls, etc.)	MoH	SAMHI	2022–2026	Mobile apps developed and implemented	App downloads increased by 10% p.a. and parental satisfaction rate increased to 90% by period-end	
3.3.3.	Activity: Promoting health lifestyle and nutrition for children						
1.	Develop apps or interactive websites with inputs and advice from doctors and nutritionists for children's healthy growth	MoH	SAMHI	2022–2026	200 downloads	400 downloads	600 downloads
2.	Improve capabilities capacities to promote	School and MoH	MoEd, SAMHI	2022–2026	1000 views	2000 views	3000 views
					50 school teachers trained	Number of school teachers trained increased by 50 people p.a.	1000 downloads
						4000 views	5000 views

	healthy nutrition	lifestyle and					
3.3.4. Activity: Improving children's mental health							
1.	Provide digitally-enabled therapy sessions, design special therapy programs for children in need of mental health assistance	MoH	SAMHI	2022-2026	Telemedicine tool developed and promoted among mental health professionals	10% of a mental health professional's work with children digitally enabled	20% of a mental health professional's work with children digitally enabled by period-end
2.	Improve capabilities and medical supplies of medical providers to provide chronic mental disorder treatment for children and adolescents	MoH	SAMHI	2022-2026	Beds/days in children's mental wards: 25390 beds/day	3% reduction	6% reduction 12% reduction 15% reduction
3.	3.3.5. Activity: Improving the quality and accessibility of healthcare						
1.	Develop digitally-enabled awareness apps and interactive websites to promote attention to one's health and early signs of disease	MoH		2022-2026	8 mobile apps	9 mobile apps	11 mobile apps 12 mobile apps 13 mobile apps 14 mobile apps
2.	Conduct screenings to prevent non-infectious diseases	SAMHI	MoH	2022-2026	Early cancer detection: 39,4%	Early cancer detection: 40%	Early cancer detection: 42,5%
3.	Develop a system of healthcare standards, update clinical protocols, and provide capacity building for medical providers	MoH	SAMHI	2022-2026	Healthcare quality standards implemented	20 clinical protocols developed or updated	15% of medical providers accredited 20 clinical protocols developed or updated p.a. 20 clinical protocols developed or updated

							Medical industry output increased	
4.	Support local drug production set up and drug certification	MoH	2022-2026	33 drugs produced locally	Required support provided for local drug and molecule production	4 new drugs produced locally p.a.		
5.	Improve primary healthcare and diagnostic capacities	SAMHI	2022-2026	Primary healthcare visits: 3.8 per capita (2020)	Relevant activities implemented	Primary healthcare visits per capita increased to 4.2 by period-end		
3.3.6.	Activity: Providing healthcare regulation and sustainable funding				List of healthcare services developed and implemented	Number of compensated healthcare services increased to 2800 by period-end		
	Expand the scope (range) of healthcare services covered by the Health Compulsory Insurance Fund	SAMHI	2022-2026	2550 xidmet	Criteria developed and implemented for regulatory and governance roles	Healthcare regulation and governance improved		
1.	Clearly define healthcare and regulatory governance roles	MoH	Relevant agencies	2022-2023				
3.3.7.	Activity: Driving healthy lifestyles				3 awareness (knowledge) materials and 1 e-training conducted	10 awareness materials and 5 e-trainings conducted by period-end	Number of people following healthy lifestyle increased	
	Develop healthy lifestyle and informative tools for higher and secondary school students and faculty across the country	SAMHI, MoYS, MoEd, W, LEA	2022-2026	2 awareness (knowledge) materials				
1.	Develop and disseminate healthy lifestyle and behavior risk awareness materials (videos, booklets, posters, etc.),	MoH	MoYS, MoEd, SCFWCA, AFSA, LEA	2022-2026	40 videos and posters	Relevant awareness materials used	Number of videos and posters increased to 50 by period-end	
2.								

	and launch relevant mobile apps							
3.	Develop and disseminate fitness materials (booklets, brochures, posters, infographics) for different groups of population, including working population, including via primary healthcare facilities, mass media and social media)	SAMHI, MoYS, SCFWCA, LEA	2022–2026	Number of adults not regularly engaged in intensive physical activity decreased by 2%	Number of adults not regularly engaged in intensive physical activity decreased by 3%	Number of adults not regularly engaged in intensive physical activity decreased by 5%	Number of adults not regularly engaged in intensive physical activity decreased by 6%	Number of adults not regularly engaged in intensive physical activity decreased by 8%
4.	Regularly monitor and assess healthy lifestyle and behavior risk status based on age, social & economic and gender characteristics	SAMHI, MoYS, SCFWCA, LEA	2022–2026	STEPS survey prepared and conducted	Surveys conducted and findings widely communicated each year			Healthcare satisfaction increased
5.	Upgrade and improve usability of the existing sporting infrastructure and expand	MoEd, LEA	2022–2026	People engaged in fitness and sporting activities: 18–19% (2019)	Measures taken to expand the utilization of the sporting infrastructure	Number of people using the existing sporting infrastructure increased by 10% p.a.		Health and healthy lifestyle awareness increased
NATIONAL 4. THE GREAT RETURN TO DE-OCCUPIED LANDS								
This Priority will be implemented under the State Program for the 'Great Return to Azerbaijan's De-Occupied Lands'.								
NATIONAL PRIORITY 5. CLEAN ENVIRONMENT AND "GREEN GROWTH" COUNTRY								
GOAL 5.1: HIGH QUALITY ENVIRONMENT								
5.1.1.	Activity: Effective waste management							

1.	Improve waste generation, recycling and disposal record-keeping, develop a database and IT system	MoE, MoH, SAMHI, SAPSSI, LEA, SSC, Temiz Shehr OJSC	2022–2024	Measures implemented to improve waste record keeping (tracking)	Waste management IT system launched	Solid waste management research capacity and capabilities improved		
2.	Improve management capabilities	MoEd	MENR, MoE, Temiz Shehr OJSC	2022–2026	Waste management capacity building measures implemented	Waste management training aids developed and taught	Regional solid waste management improved and expanded	
3.	Develop centralized solid waste management system and capacities in rural areas	LEA	MENR, Temiz Shehr OJSC, MoH	2022–2026	Solid waste management proposals for rural areas implemented	Upgraded centralized solid waste management system operational in rural areas	Upturn achieved in landfill site environmental reviews conducted to identify environmental impact of hazardous waste	Environmental contact of hazardous waste contact reduced
4.	Upgrade hazardous landfill and centralized implementation waste disposal facilities	MENR	MoE, MoA, MoH, Temiz Shehr OJSC, LEA	2024–2026		State-of-the-art infrastructure and centralized disposal facilities implemented		
5.1.2.	Activity: Improving the weather surveillance and environmental monitoring system		AZAL, SOCAR, MoEM, AzMeSiTe s OJSC, Azersu OJSC, MDDT		Weather surveillance automation: Hydrology: 35% Meteorology: 42%	Relevant system upgraded	Weather surveillance automation by period-end: Hydrology: 58% Meteorology: 76%	
1.	Improve the weather surveillance and early warning system	MenR						

				Oceanology: 44%	Oceanology; 87%
				Aerology: 0%	Aerology: 50%
				Radiometeorology: 40%	Radiometeorology: 80%
				Air monitoring network automation: 21,7%	Air monitoring network automation by period-end: 87%
2.	Expand the automated air pollution tracking network and the integrated database	MENR	2022–2026	Relevant monitoring network implemented	Air monitoring network automation
5.1.3.	Activity: Preserving biodiversity, enhancing water bioresources, developing aquacultures, restoring wildlife species				
1.	Create a novel special nature preserve – first geological park in Azerbaijan	MENR	MoE, DTA, LEA	Geological parks promoted, awareness raised	Geopark created and listed on UNESCO's Geopark Network
2.	Create the Zagatala-Balakan biosphere preserve	MENR	MoE, DTA, LEA	Activities conducted for the biosphere preserve's future management plan	Biodiversity protection improved in Zagatala-Balakan region as social & economic contribution increased
3.	Conduct re-introduction activities	MENR	2022–2026	Reintroduction action plan implemented	Endangered species reinstated in historic habitats
4.	Prepare the 3rd edition of Azerbaijan's Endangered Species Book	MENR	ANAS	Studies conducted for the 3rd edition of Azerbaijan's Endangered Species Book (Red Book)	3 rd edition of Azerbaijan's Red Book published
5.	Increase environmental awareness, (capacity building) for biodiversity	MENR	MoEd	Environmental awareness raising activities	Awareness raising activities conducted and 130 specialists trained each year
					Environmental information and awareness

	protecton				conducted			increased
6.	Hatch fish, including rare and endangered sturgeon and salmon species	MENR	MoE, MoA	2022–2026	Fish hatchery action plan implemented	565000 sturgeon and 45000 species bred p.a.	Caspian water bioresources protected and fishery developed	
7.	Support creation of intensive aquaculture farms				Site selection and electronic registration system proposals developed for intensive industrial-type aquaculture farms	New intensive industrial-type aquaculture farms increased 10% p.a. on average 10% artmas!	Aquaculture output increased	
5.1.4.	Activity: Preserving and increasing forested and vegetation areas				Share of vegetation in total lands: 12%	Share of vegetation areas increased to 12.3% by period-end		
1.	Conduct forest recovery and planting activities	MENR	MoE	2022–2026	LEA, Azersu OJSC, AzMeiTəs OJSC, Municipaliitie s	Area of vegetation in non-forested lands: 4446 ha	Area of vegetation in non-forested lands increased to 5700 ha by period-end	
2.	Increase vegetation in non-forested lands	MENR	MENR	2022–2026				
5.1.5.	Activity: Land preservation and recovery				Sewer and drainage rebuilt: 3443 km; flood protection bank	Sewer and drainage rebuilt: 180 km; flood protection bank	Sewer and drainage rebuilt: 220 km; flood bank	Sewer and drainage rebuilt: 240 km; Flood
1.	Rebuild sewer & drainage networks, improve flood protections	AzMeiTəs OJSC	MoA, MENR, MoEM	2022–2026				Flood

					reinforcement dams: 218,6 km	reinforcement dams: 3 km	protection bank reinforcement dams: 2,5 km	protection bank reinforcement dams : 3 km	protection bank reinforcement dams: 4 km	protection bank reinforcement dams: 5 km
	Improve farmland & protection, and implement a planned graze land utilization mechanism using AI								Continuous sectoral monitoring system and grazing site utilization efficiency improved by period-end	
2.										
5.1.6. Activity: Enabling efficient utilization of mineral feedstock										
	Improve feedstock mineral utilization mechanisms, promote technology deployment in fossil production, remediate depleted fossil fields						Proposals developed for incentivization of technology deployment			
1.										
	MoA	MoE, MENR	2022–2026	Agricultural AI pilots designed						
GOAL 5.2: "GREEN ENERGY" SPACE										
5.2.1. Activity: Improving regulation and liberalizing the energy sector as needed										
	Conduct legal and management unbundling in gas supply (transmission, distribution, sales) and power (generation, transmission, distribution and supply) sectors				MoE, AIIH, Azenergy OJSC, Azerishig OJSC, SOCAR	2022–2026		Relevant draft proposals developed	Legal and institutional proposals implemented for legal and governance unbundling of power generation, transmission, distribution and supply	Environment enabled for legal and governance unbundling
1.					MoEn	Azerishig OJSC	2022–2026	Proposals prepared to	New power supply infrastructure created with various capacity additions defined across years	
2.	Improve distribution and power build									

	transmission lines					develop a new power supply infrastructure of different capacities	
3.	Enable the transmission operator to choose generation capacities based on cost-effectiveness criteria as preparation for wholesale market	MoEn	MoE, Azerenergy OJSC	2022– 2023	Performance-enhancing software in use	Performance upturn achieved each year	
4.	Develop market codes in line with the target model in order to develop generator and supplier competition	MoEn	MoE, Azerenergy OJSC, Azerishig OJSC	2022– 2025	Various market codes developed and implemented	Competition among power generators, and power suppliers increased	
5.	Conduct legal and management unbundling in gas supply (transmission, distribution, sales) and power (generation, distribution, transmission, and supply) sectors	MoEn	MoE, Azerishig OJSC	2022– 2026	Proposals implemented for development of independent power suppliers	Independent suppliers operational and supply improved	
6.	Develop energy regulatory landscape, and improve the pricing methodology based on economics, costs and revenues	MoEn	MoE	2022– 2025	Proposals implemented for an improved pricing methodology	Quality of energy regulation improved	

	Improve supply and distribution build		MoE, Azerenergy OJSC	2022–2026	Relevant projects developed and potential investor selected	Capacity construction underway as designed	Relevant capacity (power plant) commissioned
7.	transmission lines	MoEn					
5.2.2. Activity: Improving the performance of the country's gas and heat supply systems, and ensuring reliable supply							
1.	Introduce SCADA system in gas supply	SOCAR	MoEn, MoE, AlH	2022–2026	Proposals implemented for SCADA introduction	SCADA gradually implemented	SCADA commissioned in full
2.	Improve gas quality	SOCAR	MoEn, MoE, AlH	2022–2026	Gas quality control improvement measures implemented	Gas quality improved to national standards by period-end	Sustainability and reliability of heat supply improved
3.	Develop PPP in heat supply	MoEn	MoE	2022–2026	Proposals developed and implemented for performance, sustainability and reliability improvement in heat supply	Upturn achieved in the share of private heat supply actors by period-end	
5.2.3. Activity: Enhancing the use of renewables							
1.	Expand infrastructure through PPPs	RES through MoEn	MoE, Azerenergy OJSC, Azerishig OJSC, AlH	2022–2026	Private investment promoted to relevant energy infrastructure	Approved number of RES capacities installed and commissioned	Share of RES in installed capacity increased
2.	Explore and prepare to unlock offshore wind potential	MoEn	Relevant agencies	2022–2026	Proposals developed to unlock offshore wind potential	Preparations to unlock offshore wind potential through PPPs completed by period-end	

3.	Enhance bioenergy and geothermal opportunities	MoEn	MoE, MENR, SOCAR	2022–2026	Pilot projects defined	Upturn achieved in annual bioenergy and geothermal energy utilization	
4.	Develop a RES IT system and measurements and surveillance in potential RES sites	MoEn	Relevant agencies	2022–2026	IT system developed and measurement proposals implemented	Site energy potential examined and shared with private developers	Share of private sector in energy production increased
5.	Develop a new infrastructure for reliable grid integration of new installed capacities	Azerenerg y OJSC			New power plant and substation installation proposals developed		
5.2.4. Activity: Establishing the Azerbaijan – Türkiye – Europe Energy Hub							
1.	Build the Azerbaijan (Nakhchivan AR) – Türkiye–Europe Energy Hub	Azerenerg y OJSC		2025–2026	1 HVDC substation built; 230 km 400 kV uzunluğunda two-phase power line built	Direct export opportunities to Türkiye developed	Azerbaijan – Türkiye – Europe Energy Hub created
5.2.5. Activity: Expanding the use of environment-friendly transport and other green technologies for climate action							
1.	Identify an inventory of GHGs and develop a Monitoring, Reporting and Verification (MRV) system	MENR	MoE, MoEn, MoA, MDDT, SOCAR, Azerenergy OJSC, ANAS	2022–2026	Institutional proposals developed for MRV	Proposals implemented for creation of the National	Best practice institutional framework established for MRV
2.	Develop a National Climate Change Database	MENR	MoE, SSC, MoEn, MoA, MDDT, SOCAR,	2022–2026		Best practice National Climate Change Database established	National Climate Change Database

		ANAS, Azerenergy OJSC, Azeristilikte chizat OJSC		Climate Change Database	commissioned
3.	Prepare a State Program for Low-Carbon Development	MoE, MoEn, MoA, MDDT, SOCAR, Azerenergy OJSC, ANAS	2022– 2024	State Program for Low-Carbon Development drafted	State Program for Low-Carbon Development implemented in approved stages
4.	Develop a National Plan for climate change-sensitive sectors	MENR	MoE, MoA, MoEM, AzMeisTe s OJSC, Azersu OJSC, ANAS	2022– 2026	National Adaptation Plan drafted
5.	Develop a National E-Mobility Plan	MENR	MENR, MDDT, MoE, SCC, Azerishig OJSC	2022– 2024	National E-Mobility Plan drafted
6.	Incentivize environment-friendly and safe mobility (cars, buses, etc.) and develop the required infrastructure	MoE, MDDT	Istismar müddəti 5 ilə qədər olan minik avtomobilərin cəmi minik avtomobilərdə xüsusi çəkisi: 4,7%	Relevant proposals developed and adopted	Tax and customs incentives rolled out to motivate EV and HEV Import and utilization constraints put in place for physically and morally outdated, environment-unfriendly vehicles Number and coverage of charging stations increased across the country Affordability of environment-friendly and safe (new) vehicles improved

	Explore hydrogen production and utilization potential, and develop pilot project proposals	MoEn	MoE, SOCAR	2022– 2023	Hydrogen production and utilization potential explored	Hydrogen production pilots proposed	
7.	Explore energy storage applications and develop relevant proposals	MoEn	Azerenergy OJSC, Azerishig OJSC	2023– 2024		Energy storage proposals presented	
8.	Explore applications for energy and develop relevant proposals	MoEn	MENR, SOCAR, Azerenergy OJSC	2022– 2025	CCUS applications explored	CCUS applications proposed	
9.							
5.2.6. Activity: Ensuring energy efficiency			MoE, MoA, MDDT, SCUPA, MENR, relevant agencies	2022– 2026	Energy efficiency improvement diagnosed and proposals developed	Upturn achieved in energy efficiency across sectors and households	
1.	Ensure energy efficiency across sectors and households	MoEn	MoE, Azerishig OJSC, Azerenergy OJSC, Azeristilikte chizat OJSC, relevant agencies	2022– 2026	Energy production and supply diagnosed and proposals developed	Upturn achieved in energy production and supply performance	
2.	Ensure energy efficiency in energy production and supply (transmission, distribution, etc.)	MoEn		2022– 2026	Best practice-based national renovation	National renovation program for private (residential, commercial and office) and public buildings gradually implemented	
3.	Develop and implement a national program for private renovation	MoEn	MoE, SCUPA, MoEM, MoF	2022– 2026			

	(residential, commercial, and public buildings)				program developed and adopted
4.	Develop regulations and implement a monitoring and reporting system for energy efficiency	technical and monitoring and reporting system for energy efficiency	MoE, SCUPA, relevant agencies	2022– 2026	Proposals developed for improvement of the energy efficiency legal, technical and institutional frameworks Relevant measures implemented to improve the legal, technical and institutional frameworks for energy efficiency