



INTEGRATED SDG INSIGHTS AZERBAIJAN

This initiative supports the articulation of national commitments to SDG transformation, towards accelerated SDG action in the second half of the 2030 Agenda.



HOW TO READ THIS REPORT



Integrated SDG Insights provides an overview of a country's economic growth trajectory, highlighting potential conflicts between growth, environmental concerns, and societal well-being (referred to as the **SDG Moment**).



It builds from the foundation of national SDG progress through the lens of the 5Ps and uses machine learning to analyse national development ambition with an SDG lens (**SDG Trends & Priorities**).



Combined, these insights are mapped against SDG interlinkages to define policy choices that accelerate SDG progress, tailored to national context (**SDG Interlinkages**).



These policy choices are made against fiscal constraints and opportunities for stimulus to ensure choices translate to development impact and leave no one behind (**Finance & Stimulus**).

SDG MOMENT: AZERBAIJAN

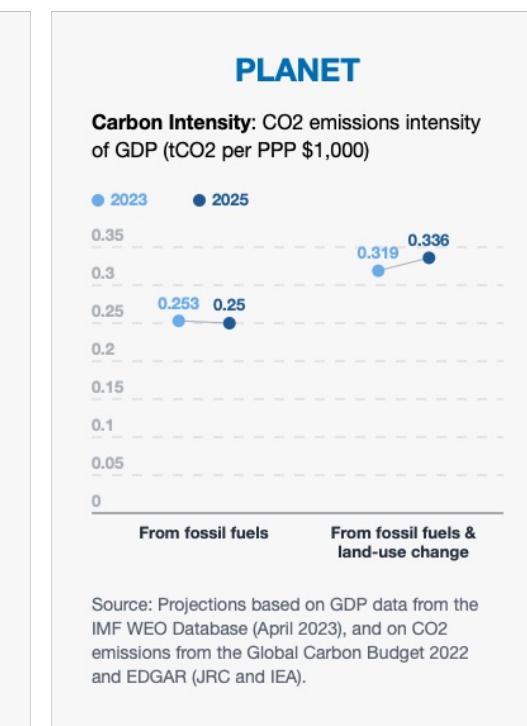
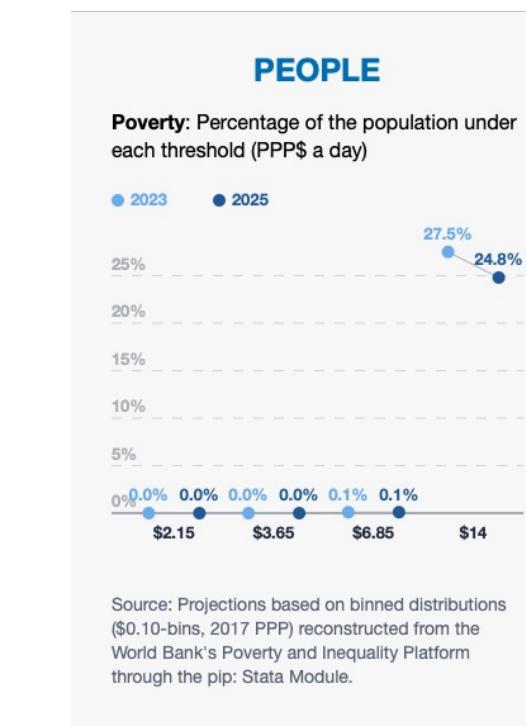
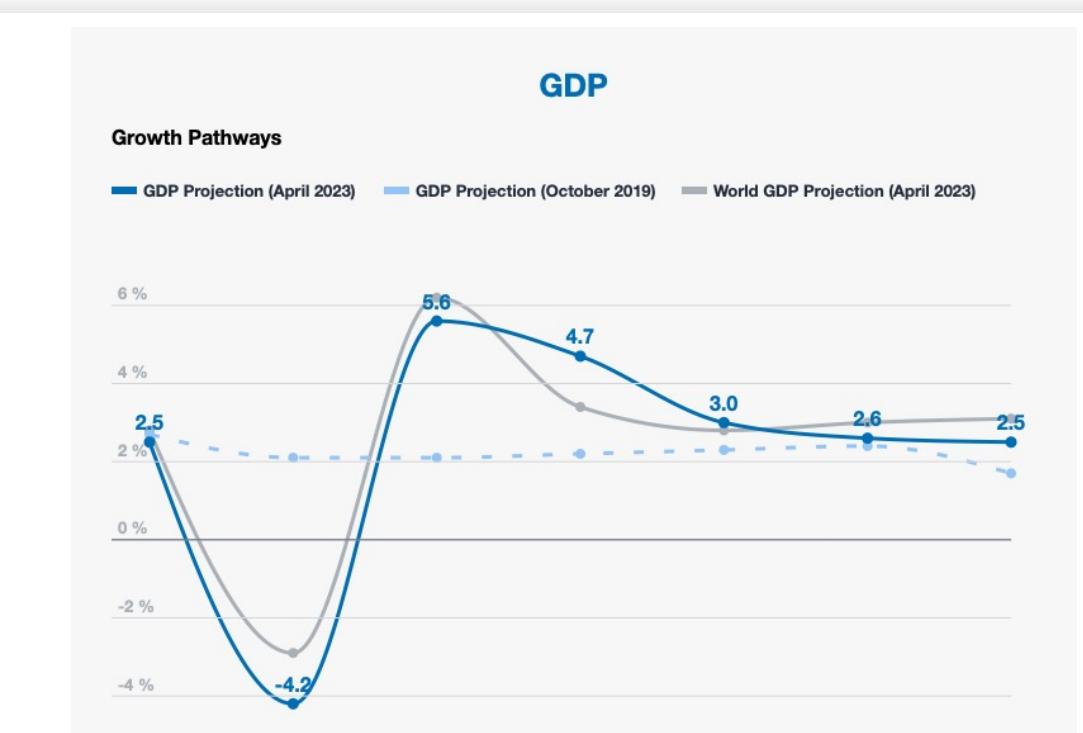
While economic growth is a key element in achieving the SDGs, many countries are intent on moving beyond growth as a yardstick for progress. In the short run, growth enables the SDGs; but in the long run, the SDGs aim to transform the pattern of growth itself.

During the 2023-2025 cycle, Azerbaijan's economy is projected to have moderate growth, characterized by having GDP growth rates 8% lower, on average, than those projected for the world, and just above the country's growth trajectory projected before the pandemic.¹ Accordingly, Azerbaijan's SDG policy focus is on mitigating the effects of the recent contraction.

This pace of GDP growth is projected to exert a positive influence in reducing the incidence of poverty and vulnerability-to-poverty rate at \$14 a day. Moreover, the economic expansion would be somewhat less dependent on carbon emissions from fossil fuel usage as the country's carbon emissions intensity of GDP is expected to decline at an annual rate of 0.7%. Yet, if carbon emissions from land-use change are also considered, the carbon intensity of GDP will follow an upward trend at an annual rate of 2.6%.²

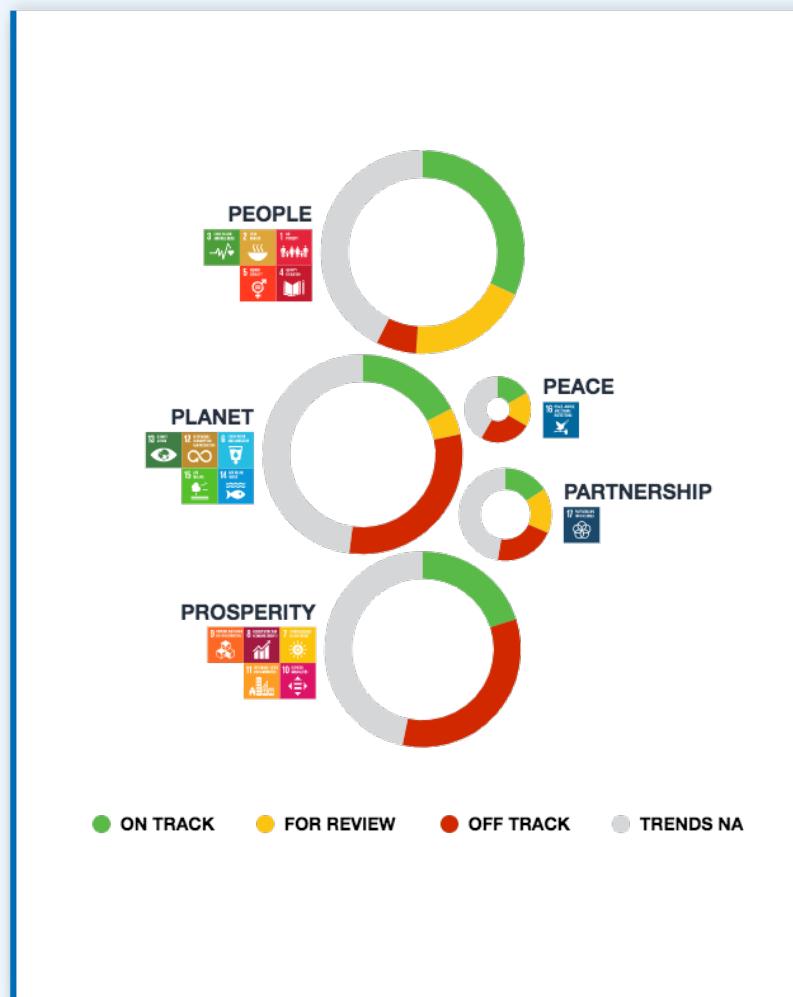
¹ The economic cycle is determined by adjusting the country's current GDP growth forecasts (April 2023) by their gap relative to the forecasts made before the pandemic and subsequent crises (October 2019). If the adjusted rates (not shown) are below 2%, the economy is considered in mitigation; it is coping if the adjusted rates range between 2%-4%, and it is in acceleration if they are above 4%.

² CO2 emissions intensity of GDP is computed as tonnes of CO2 per \$1,000 (2017 PPP).



SDG TRENDS

Understanding how Azerbaijan performs against the SDG targets provides a baseline landscape against which to build integrated SDG pathways. SDG progress tracking follows [UN Stats](#) standards and [methodology](#), and is aligned with country profiles.



Trends in detail:

<https://data.undp.org/sdg-push-diagnostic/AZE/sdg-trends>

National Platform:

<https://sdg.azstat.org/az/home>

SDG PRIORITIES

Azerbaijan's national priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents. This analysis uses a custom-built model for SDG classification. It considers 100k+ terms, including phrases and expressions.



Key documents for analysis:

1. Voluntary National Review 2021
2. Sustainable Development Cooperation Framework 2021 - 2025
3. Order of the President. "Azerbaijan 2030: National Priorities for Socio-Economic Development"
4. State Programme on the Great Return
5. Strategy of Social and Economic Development for the Republic of Azerbaijan 2022-2026

Priorities in detail:

<https://data.undp.org/sdg-push-diagnostic/AZE/current-priorities>

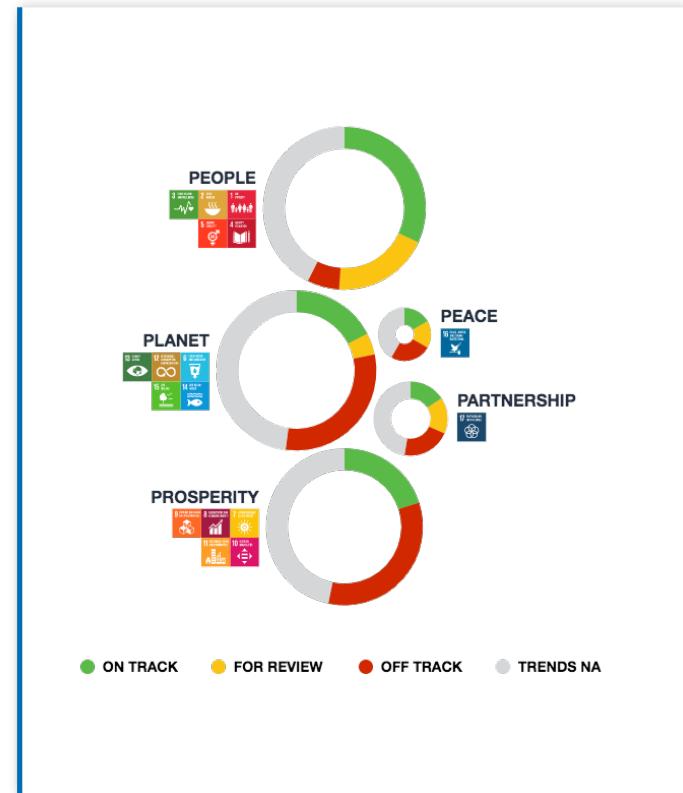
SDG INTERLINKAGES

SDG interlinkages reveal how actions directed towards one SDG can impact others. Uncovering and understanding these interactions can help Azerbaijan to achieve the 2030 Agenda for Sustainable Development and to navigate trade-offs.

Based on a global framework for interlinkages, Azerbaijan's SDG progress is colour-coded at the target level.

Building from national trends and priorities, the following integrated SDG pathways reflect policy choices with the most potential to accelerate the SDGs for Azerbaijan:

- Target 2.2: End all forms of malnutrition
- Target 4.3: Equal access to affordable technical, vocational and higher education
- Target 6.1: Safe and affordable drinking water
- Target 7.2: Universal access to modern energy
- Target 9.2: Promote inclusive and sustainable industrialization
- Target 10.4: Adopt fiscal and social policies that promotes equality



ACCELERATION PATHWAYS



SDG INTERLINKAGES

2.2: By 2030, end all forms of malnutrition, including achieving the internationally agreed targets on stunting and wasting in children under 5 years by 2025, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons

Progress on food security and malnutrition holds significant importance for Azerbaijan, and tackles one of the worst forms of poverty by ensuring access to nutritious food. The main indicators showed limited progress in the past decade, with prevalence of child stunting slightly reduced from 18% in 2010 to 16% in 2020, while prevalence of anemia among women remained high (around 35%), reflecting the persistent and increasing prevalence of moderate or severe food insecurity which increased from 6% in 2015 to 10% in 2020 (Target 2.1).

Access to safe and nutritious food improves both health outcomes and benefits educational achievements. Moreover, it is closely linked to SDG 8, creating employment and contributing to rural economic growth. Guaranteeing women's rights to access and control of resources (Targets 1.4, 2.4, 5.a) is a key element of achieving this goal.

Progress on food security is also closely aligned with SDG 12's emphasis on sustainable consumption and production, promoting sustainable food systems and waste reduction. By building resilient agricultural practices (Target 2.4), Azerbaijan can mitigate climate change impacts and support climate action (Goal 13), while maintaining the viability of ecosystems, especially mountainous ones (Goal 15). Ultimately, food security fosters social stability and promotes effective governance.

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SDG INTERLINKAGES

4.3: By 2030 ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

In Azerbaijan, SDG target 4.3 aims to ensure equal access to quality technical, vocational and tertiary education. Azerbaijan had a high of 13.5 expected years of schooling in 2021 and a high upper secondary education completion rate (which was around 92% in 2011, latest data available). However, the quality of education and equal access remain concerns.

SDG 4.3 has important interlinkages to reduce the skills mismatch (Target 2.2) and ensuring future-readiness of the people in the workforce. This will promote equal access to the labour market for women/girls and men and to the further empowerment of women to participate in the local labour market (Target 5.5), including through science, technology, engineering, mathematics (STEM) and ICT education (Target 5.b). Quality technical education will equip individuals with skills aligned with labour market demands, fostering decent work and economic growth.

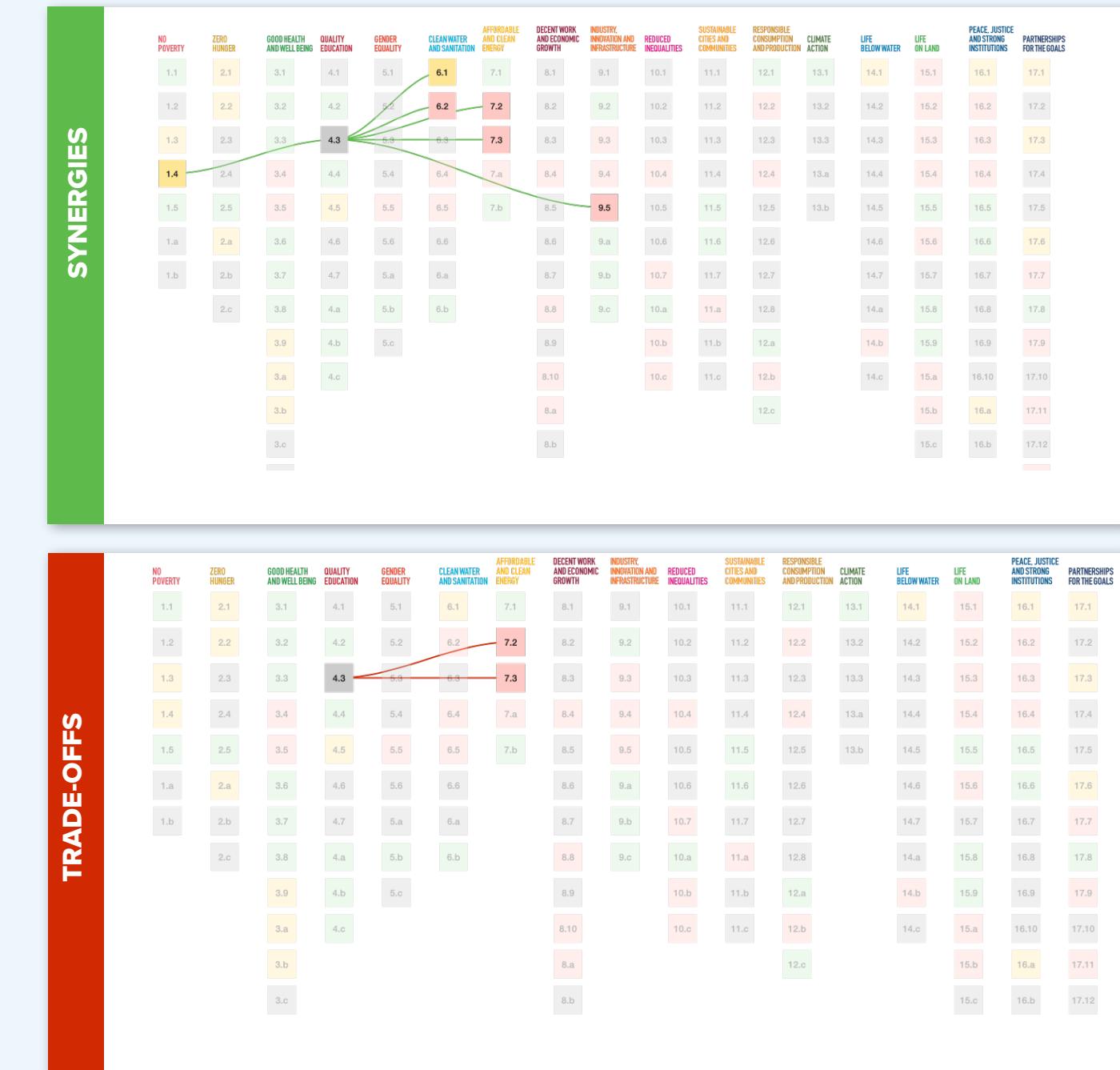
Equal access to technical education, in combination with the above policy choices offers a credible pathway to reduce inequalities, empowering groups and localities left behind and promoting social inclusion.

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SDG INTERLINKAGES

6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all

In Azerbaijan, the majority of the population (96%) is using safely managed drinking water services – but only one in five (21%) uses safely managed sanitation services (Target 6.2), which puts the SDG achievement at risk.

Access to safe and affordable drinking water is closely linked with the achievement of health targets (Goal 3), both related to communicable diseases and non-communicable diseases. Sustainable water management is closely linked with sustainable urbanization (Targets 1.4, 11.3), sustainable agriculture (Target 2.4) and benefits across industrialization and gender equality and women's empowerment goals.

However, there are evident trade-offs between SDG targets. Water is actively used in agriculture (81% of total freshwater withdrawal, followed by 4% for industry).

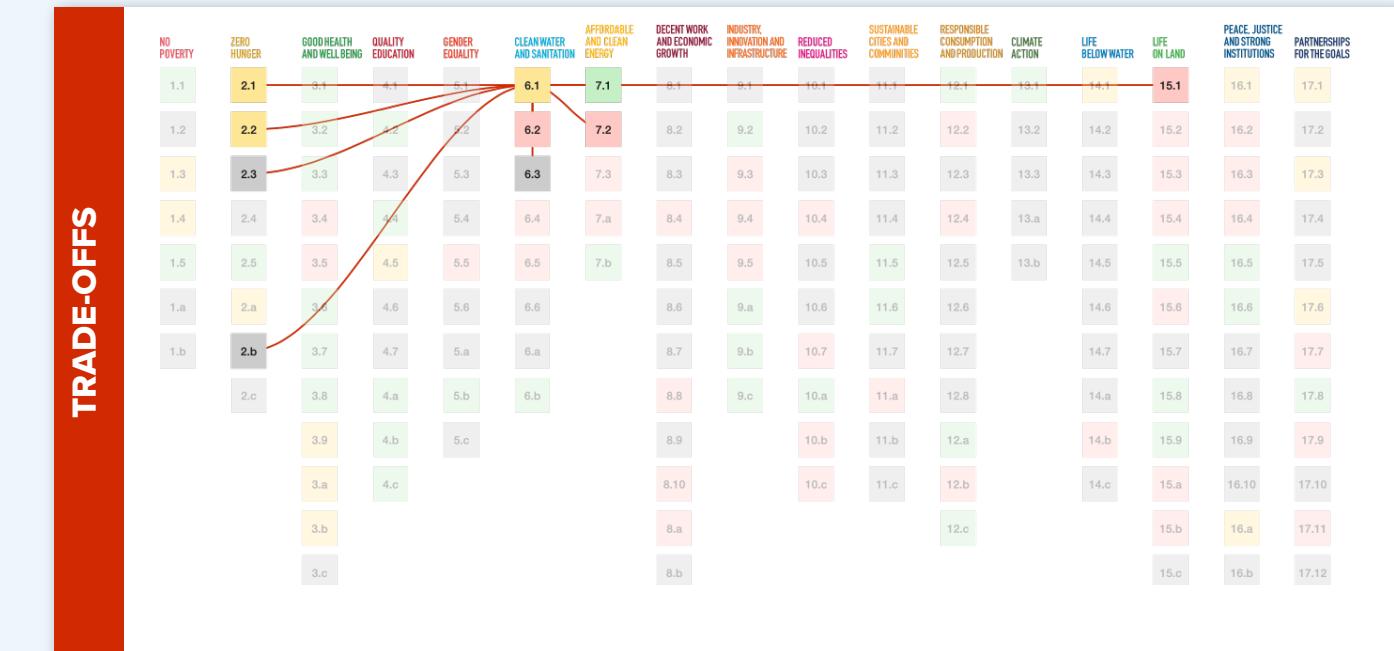
Climate change (Goal 13) makes access to safe and affordable drinking water for all a challenging task. Industrialization, especially mining (Goals 8, 9), increases the risks from toxic and radioactive waste.

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SDG INTERLINKAGES

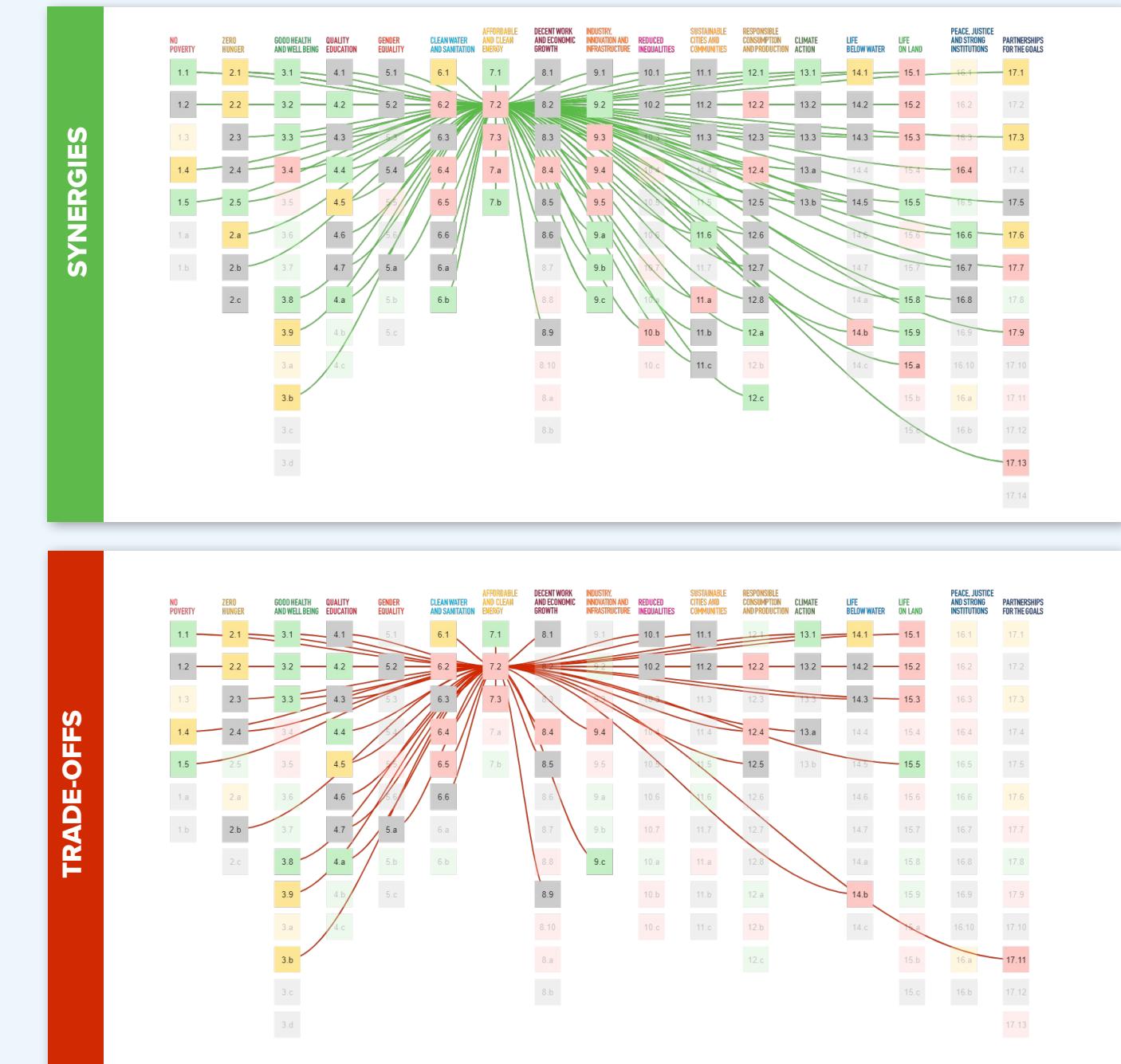
7.2: By 2030, increase substantially the share of renewable energy in the global energy mix

Access to affordable and sustainable energy is crucial for Azerbaijan development. The population enjoys universal access to electricity and uses clean fuel, mostly gas (Target 7.1). However, the share of renewables is very small and declining (from 4.2% in 2010 to 1.3% in 2020), and energy efficiency of the economy stagnated during the past decade.

Affordable and reliable energy (Target 7.1) plays a key role in reducing income poverty (Target 1), including energy poverty (Target 1.4), by enabling income-generating activities (Goal 8) and improving living conditions. Affordable and reliable energy plays a crucial role in achieving health and gender equality outcomes.

It is a vital investment for health care facilities (Target 3.8) and access to education (Target 4.1). Moreover, affordable energy drives economic growth, job creation and entrepreneurship opportunities, in rural and urban areas (Goals 10, 11). Sustainable energy sources contribute to mitigating climate change by reducing greenhouse gas emissions, promoting renewable energy and supporting the transition to a low-carbon economy. Sustainable industrialization will put further demand on ensuring universal access to affordable, reliable and modern energy services, and possible trade-offs between availability of energy and use of renewables.

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Explore the interlinkages at:

<https://data.undp.org/sdg-push-diagnostic/AZE/synergies-and-tradeoffs>

SDG INTERLINKAGES

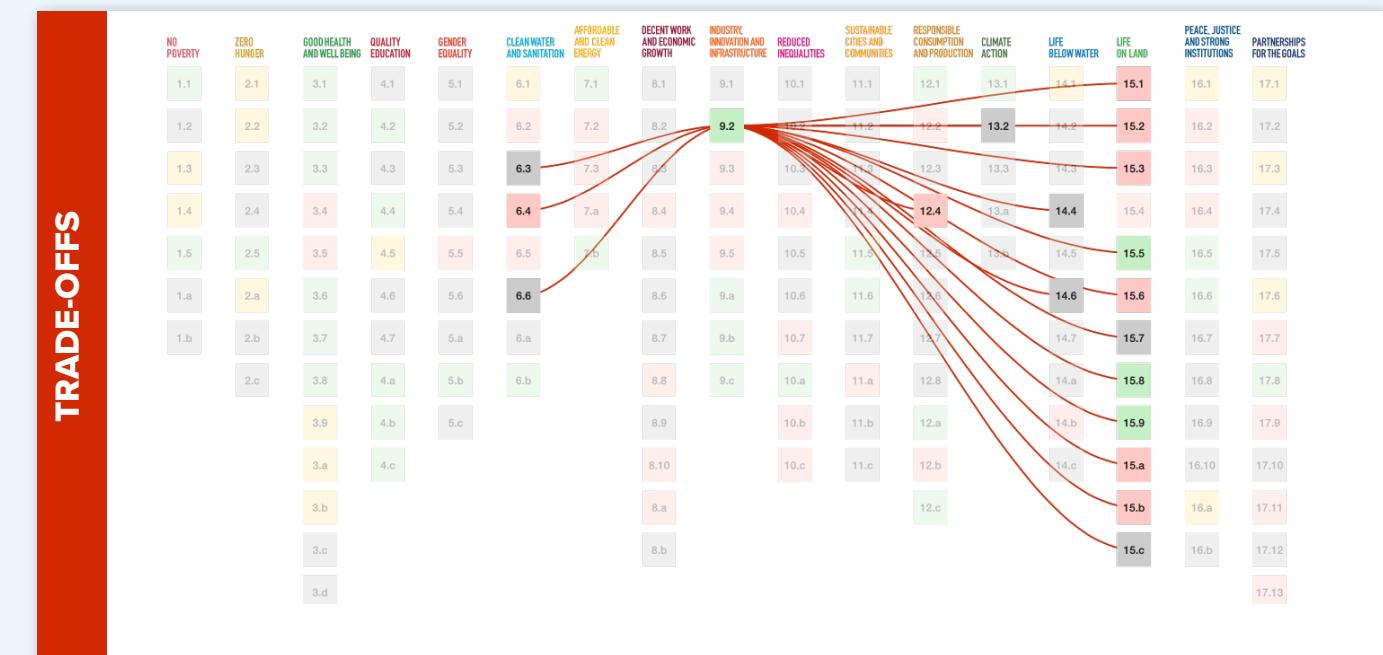
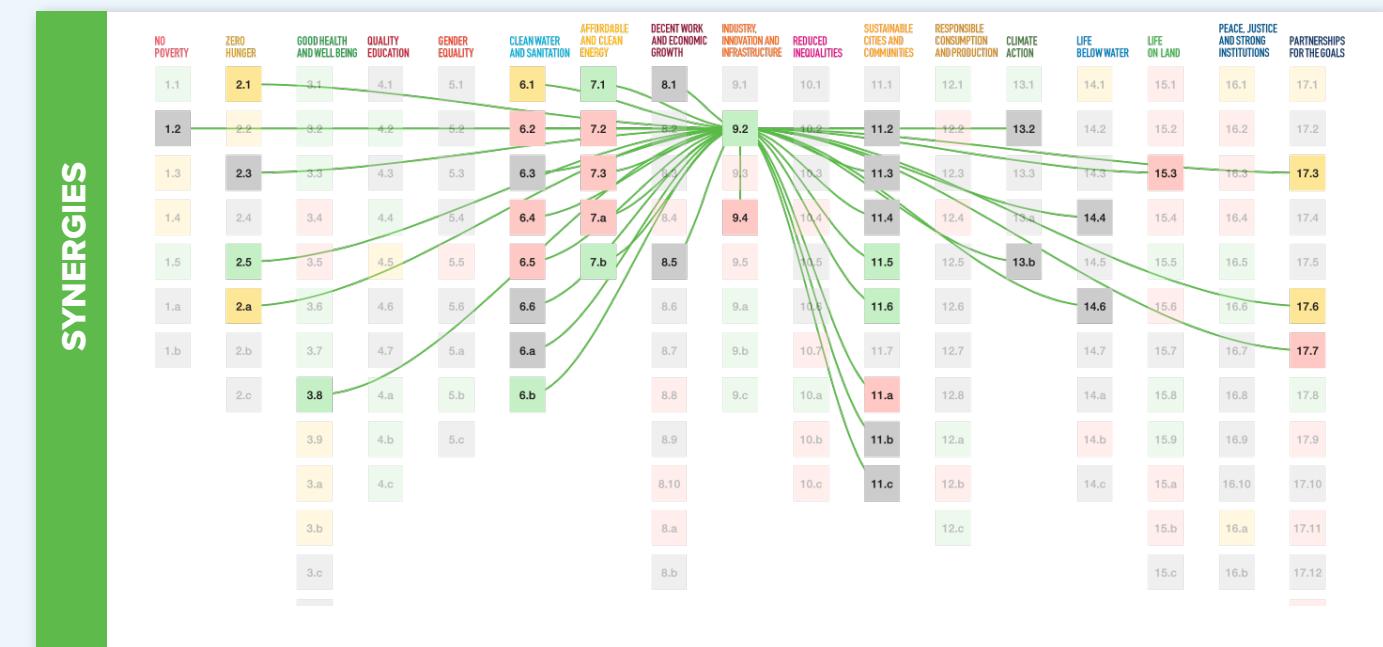
9.2: Promote inclusive and sustainable industrialization, and by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries

SDG 9.2 aims to foster inclusive and sustainable industrialization in Azerbaijan while simultaneously enhancing its economic growth (Goal 8). Despite recent improvements, manufacturing value added as a proportion of GDP is relatively low in Azerbaijan (around 5.0% in 2022). Inclusive and sustainable industrialization could promote economic diversification (Target 8.3) and greening of the economy.

In addition to capturing downstream value added from oil and gas refining, manufacturing also embraces tech-intensive industrial activities, enhancing women's empowerment in ICT (5 Target.b), as well as food processing and other labour-intensive branches, which could promote employment outside of the main cities (Goals 10, 11) and where women are more likely to find employment (Targets 5.5, 5.4).

However, the pursuit of industrialization also entails trade-offs. It requires careful consideration of environmental sustainability as industrial activities can have adverse ecological impacts—affecting ecosystems (Goals 15, 2), potable water (Goal 6) and people's health (Goal 3). Rapid industrialization could put pressure on energy access (Target 7.2) at the expense of energy sustainability (Target 7.2, 7.3). Ensuring inclusivity in this process is crucial to prevent potential social, gender and territorial inequalities.

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SDG INTERLINKAGES

10.4: Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

By implementing fiscal, wage and social protection policies, Azerbaijan can strive towards reducing income inequality (Target 10.1) and promoting inclusive growth (Targets 8.1, 8.3). This aligns with other SDGs, such as SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth), as addressing inequality contributes to poverty eradication (Targets 1.1, 1.2), to more equal access to economic resources and opportunities (Target 1.4) and to sustainable economic development (Goal 8).

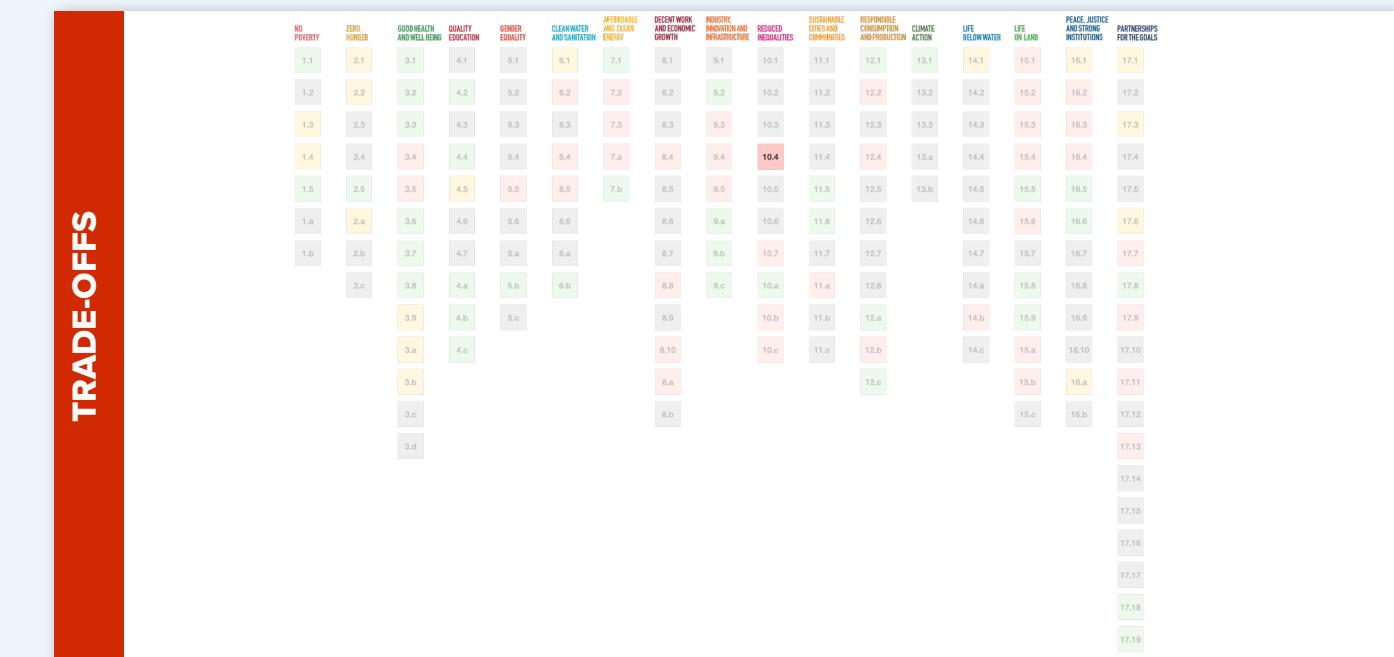
Fiscal, wage and social protection policies could be crucial elements for achieving gender equality (Goal 5 Gender equality and women's empowerment, especially Targets 5.1, 5.4, 5.5, 5.b), and they are closely related to Rule of Law and Responsive Governance. However, pursuing greater equality may require trade-offs, such as making adjustments in fiscal priorities and resource allocation (Goal 17), in ensuring effective governance (Goal 16) and in balancing protection and employment incentives (Target 8.3). Balancing these trade-offs is crucial to ensure that policies aimed at achieving SDG 10.4 are effectively implemented, leading to a more equitable and prosperous future for Azerbaijan.

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Explore the interlinkages at:

<https://data.undp.org/sdg-push-diagnostic/AZE/synergies-and-tradeoffs>

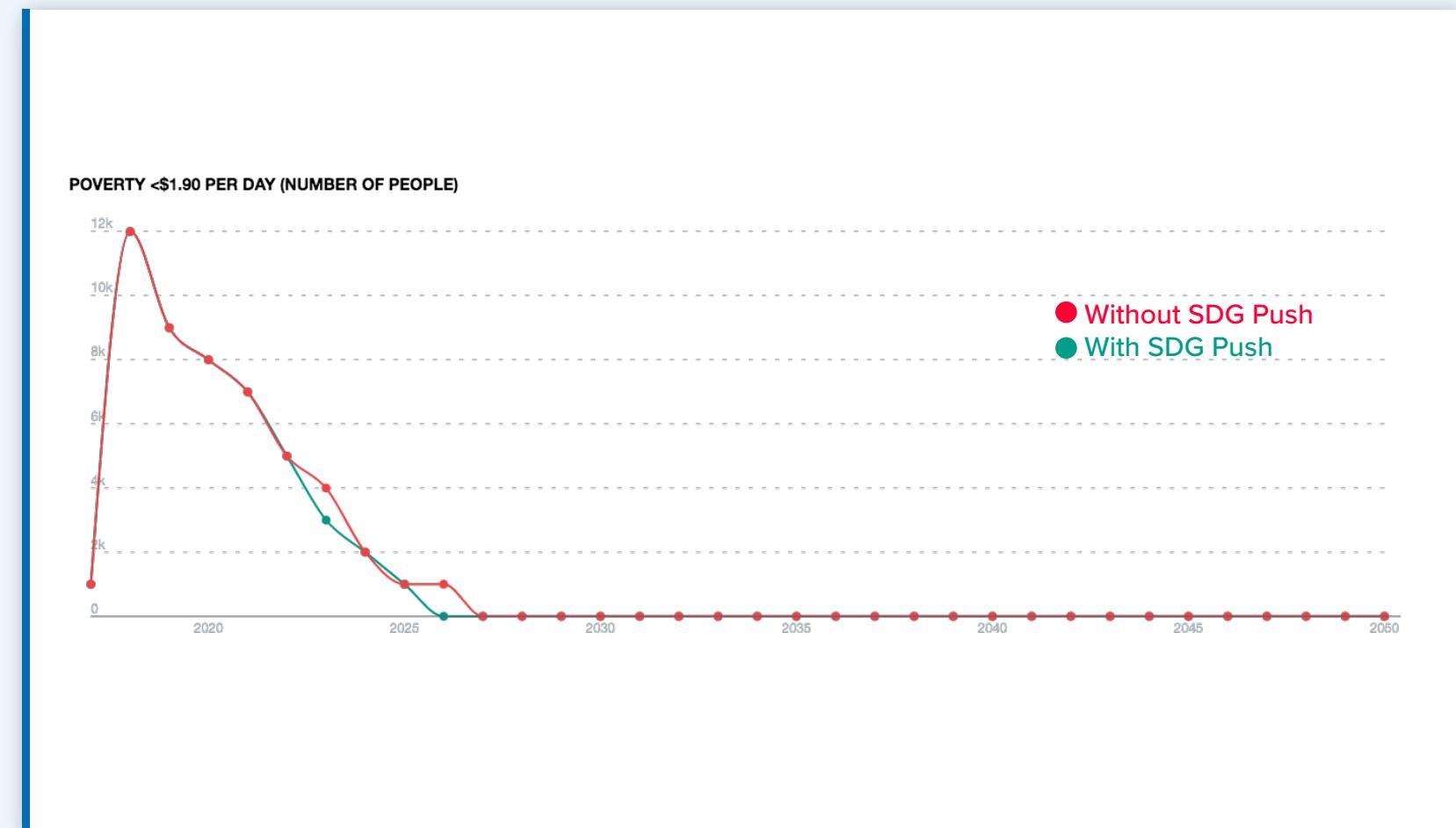
FUTURES SCENARIOS

Achieving the SDGs is possible.

The ‘SDG Push’ is a futures scenario based on 48 integrated accelerators in the areas of Governance, Social Protection, the Green Economy and Digital Disruption. It uses national data to explore the impact on human development by 2030 and by 2050 across key SDG indicators.

Incorporating ‘SDG Push’ accelerators into development interventions in Azerbaijan can reduce the number of people living in poverty over time.

People living in poverty	By 2030	By 2050
Without the SDG Push	0	0
With the SDG Push	0	0



Explore SDG Futures Scenarios at:

<https://data.undp.org/sdg-push-diagnostic/AZE/future-scenarios>

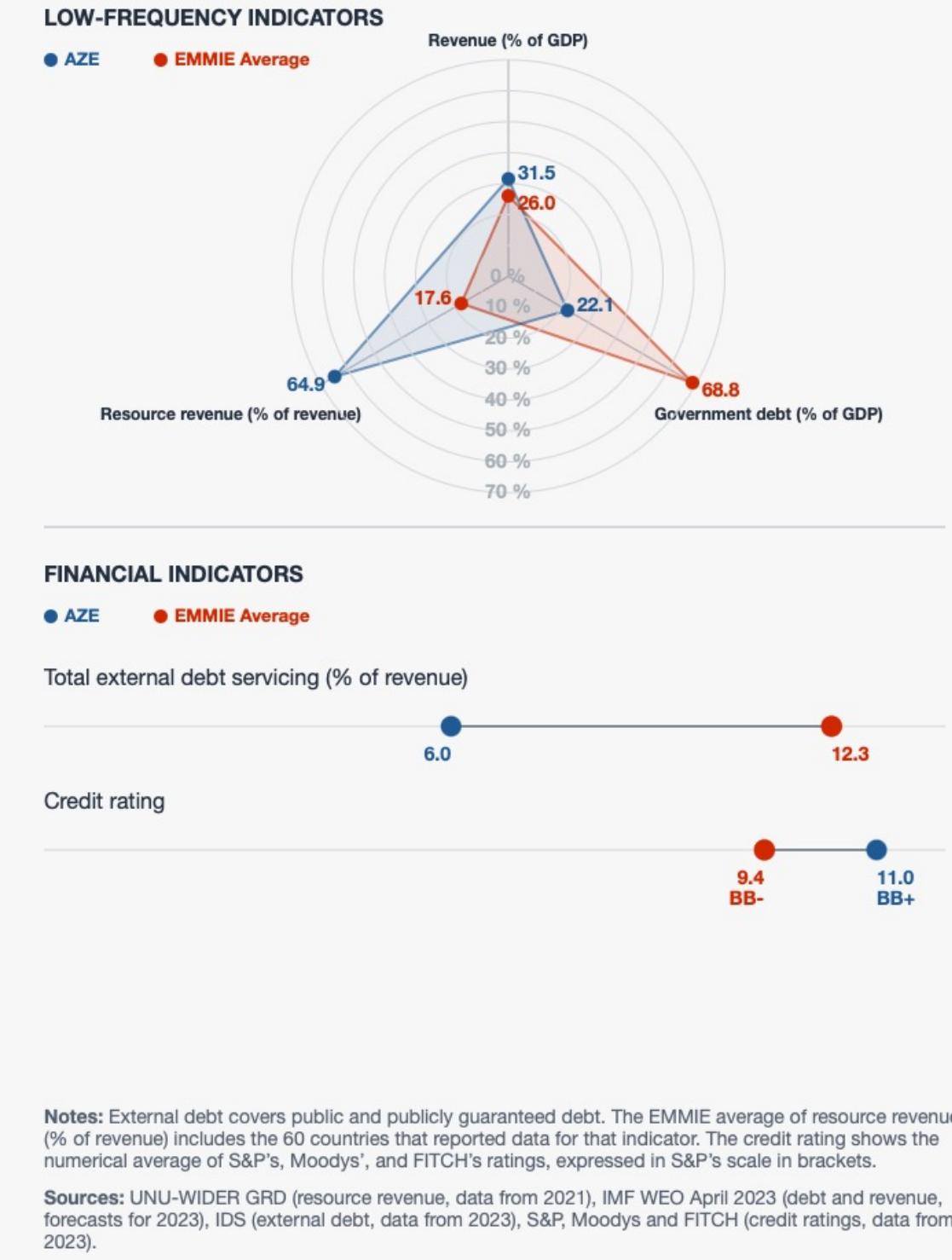
FINANCE & STIMULUS

Many countries are facing reduced fiscal space, high debt levels, rising interest rates and downgrades on credit ratings. Fiscal and financial constraints tend to slow or even reverse SDG progress.

The radar diagram shows low-frequency data points linked to government revenue and debt as a proportion of GDP and the natural resource share of total revenue. The financial indicator graphs shows higher frequency data on external debt servicing relative to revenue and the country's sovereign credit rating.

Azerbaijan's total public budget to GDP ratio is at 15.7% for 2023, while gross government debt is projected at 22.1% of GDP in 2023 and thus less than a third of the emerging market and middle-income economies' (EMMIE) average of 68.8%. When the \$50 billion in the State Oil Fund are taken into account, Azerbaijan's net government debt is strongly negative. The country is expected to collect 38.6% of GDP in revenue 2023 year – about a fifth more than the average EMMIE country at 26% – with natural resources accounting for close to two-thirds of revenue.

Azerbaijan's public external debt servicing relative to revenue, is projected at 2.7% this year, much less than half the EMMIE group's 12.3%. The country's credit rating is assessed as 'non-investment grade speculative' but significantly above the EMMIE average.



SDG STIMULUS

The UN Secretary General's SDG Stimulus Plan lays out a blueprint for action within the existing financial architecture. It includes:

- Providing liquidity to support recovery in the near term
- Enhancing debt relief for vulnerable countries
- Expanding development financing by MDBs
- Aligning financial flows with the SDGs and the Paris Agreement, according to country-level priorities and needs, for example through the roll-out of the UN Integrated National Financing Framework (INFFs).

Given the projected fiscal and financial constraints faced by Azerbaijan, possible funding options for the investments derived from the identified interlinkages are as follows:

- Tax and revenue reform
- Leveraging the Azerbaijan SDG Investor Map and the Impact Investing Ecosystem
- Debt for SDGs: green bonds to finance the green transition have a strong potential for the country within the current relatively comfortable fiscal space
- Climate finance: building on the developed climate budget tagging methodology and on the integration of the climate budget formulation, monitoring and accountability frameworks into the budgeting processes will improve the climate/green focus of public expenditures on both mitigation and adaptation dimensions.
- Blended and public-private finance
- SDG-aligned business environment and investment
- Accessing financial markets and insurance
- Remittances, philanthropy and faith-based financing

**United Nations
Secretary-General's
SDG Stimulus
to Deliver
Agenda 2030**

FEBRUARY 2023



METHODOLOGY

Click [here](#) to view the Methodological Note for the Integrated SDG Insights



SDG MOMENT

Methodology

Assesses challenges and opportunities in national growth trajectories with insights on environmental sustainability and inclusiveness.

Data Sources

Future trajectories to 2025 are based on IMF-WEO GDP projections, distributions of per capita income or consumption from the World Bank, and CO₂ emissions from the Global Carbon Budget 2022 and EDGAR (JRC and IEA).



TRENDS & PRIORITIES

Methodology

SDG trends tracks progress from 2015 to date for the 231 indicators. National priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents.

Data Source

Trends utilizes official [UN statistics](#) to assess [SDG progress](#), supplemented with national data when available. Priorities uses a custom-built model for SDG classification. The policy documents analyses are provided by Governments.



INTERLINKAGES

Methodology

Global target-level interlinkages are drawn from the [KnowSDGs Platform by European Commission](#). SDG interlinkages were retrieved through a structured literature review in Scopus and Google Scholar to tap both grey literature and peer-reviewed publications as a source of information.

Data Source

The exercise globally considered a total of 454 documents published from 2015 to August 2022. ([Miola et al., 2019](#) updated in [2021-2022](#))



FINANCE & STIMULUS

Methodology

Provides insight into indicators of fiscal and financial stress with options (INFF) for stimulus and other means to accelerate progress.

Data Source

Most recent resource data from UNU-WIDER GRD (between 2018 and 2021), debt and revenue from IMF WEO (between 2020 and forecasts for 2023), external debt from IDS (2023), yields from Haver Analytics (8 June 2023), credit ratings from S&P, Moodys and FITCH (2023), and DSA ratings from World Bank/IMF (31 May 2023).