

Approved by the Decree dated  
December 29, 2012 of the President of  
the Republic of Azerbaijan

**“AZERBAIJAN 2020: LOOK INTO THE FUTURE”  
DEVELOPMENT CONCEPT**

**BAKU-2015**

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## **1. The current situation**

Modern Azerbaijan has travelled a complicated and at the same time, honourable path in the 20 years of its independence.

The deep crisis of the socialist public-political system and the breakup of a huge country like the Soviet Union in the early 1990s resulted in political chaos, economic paralysis and social collapse in Azerbaijan like in other post-Soviet countries. At that time, military aggression against our country, the occupation of 20 per cent of the country's territory and the displacement of more than one million Azerbaijanis from their homes as a result of the policy of genocide and occupation pursued by Armenian nationalists extremely exacerbated the situation.

Beginning from the middle of the 1990s, our country gradually started to revive and take confident steps towards resolving fateful issues under the leadership of the great leader Heydar Aliyev. First of all, the sustainability of our state independence was ensured and political stability was established inside the country.

At the same time, effective steps were taken to regulate the macroeconomic balance and prevent the hyperinflation that existed at the time, and difficult social issues were resolved with great determination.

The foundation of the use of Azerbaijan's hydrocarbon reserves for the benefit of the people was laid by the signing of the "Contract of the Century" in that period. At the same time, well-thought out large-scale economic reforms were launched. The foundation of the comprehensive institutional changes aimed at replacing the administrative-command system inherited from the Soviet period with new free competitive relations, purposeful policy measures to form a market economy system, important changes such as the privatization of state-owned property and the formation of new property relations was laid precisely in that period.

The further deepening of the large-scale reforms conducted in our country after 2000 created favourable opportunities for rapid development and allowed our society to rise to a higher level of socioeconomic development. Important steps were taken to improve the investment environment in the country and state administration was re-established in compliance with modern criteria.

As a result of the economic policy energy security of the country has been provided, Azerbaijan has become a reliable supplier of energy resources in the world and the most important transit centre in the region. Extraction of hydrocarbon resources and large-scale projects carried out with the aim of delivering hydrocarbon resources to the European markets paved the way to Azerbaijan to take an important place in Europe's gas and oil supply.

The dynamics of economic growth, which gained a new impulse through the comprehensive extraction and export of natural resources and economic growth in Azerbaijan even during the 2009 global economic crisis, show that the strategic line that was chosen was being conducted successfully. In 2011, the real GDP increased threefold compared to 2003. According to the results of 2011, Azerbaijan owned more than 70 per cent of added value in the South Caucasus and strengthened its positions as a leading state of the region.

Over the past eight years, the country's strategic currency reserves increased by more than 22 times and reached 41 billion US dollars at the end of 2011, which is about 10 times higher than the state's foreign debt.

Along with that, with the channelling of oil revenues into the non-oil sector, serious achievements were secured in the development of this sphere, and the average annual growth rate in the non-oil sector over the past 10 years reached 11 per cent.

Furthermore, the opening of new production spheres and the creation of new jobs in the non-oil sector, the unprecedented development of the transport and communal infrastructure, the creation of modern social infrastructure enterprises, including the construction of new education, health and sports facilities formed the basis of the general dynamic and sustainable progress of our country in this period.

It must be especially noted that during these years, Azerbaijan secured significant progress in the effective resolution of social problems, and the system of social security was established anew in compliance with advanced international standards. A new pension system was launched, and a system of targeted social assistance and social allowances was established and developed. As a result of the successful social policy, the level of poverty declined from 49 per cent in 2000 to 7.6 per cent in 2011, while salaries and

pensions increased several times over.

As the economic potential of the republic increased, favourable conditions were created for the development of the health system and problems in protecting the population's health started to be resolved consistently. The budget allocated to the health system increased by more than 10 times over the past 10 years and now exceeds 650 million manats. During mentioned period, more than 400 health institutions, most of which are located in regions of the country, were built or refurbished, and all the health institutions were provided with modern hardware and equipment.

Important measures have been taken to protect the health of the republic's population and improve the quality of medical services. Significant achievements were gained in the fight against infectious diseases, and this sphere is always in the focus of attention as a priority sphere of practical medicine.

The significant achievements in the sphere of education are directly linked to the socio-economic policy directed at modernizing our country in recent years. Suffice it to say that in 2011, the total amount of budget funds allocated to the education sphere increased by more than five times compared to 2003 and reached 1.5 billion manats. Over the past period, significant steps have been taken to modernize the education infrastructure in our country and as a result, the conditions of education improved for more than one million pupils. Reforms were carried out to renew the content of education, and important steps were taken to integrate Azerbaijani education into the European education system. Along with that, as part of the "State programme on the education of Azerbaijani youths in foreign countries in 2007-2015", 1,204 people have been sent abroad so far at the expense of the State Oil Fund. In general, 10,700 young Azerbaijanis are being educated in the leading universities of the world at the expense of other sources and on personal initiative.

Significant achievements were gained in the sphere of computerizing education. Although in 2004, there was one computer per 1,063 pupils, the correlation now is one computer per 20 pupils. As part of the "People's Computer" project, more than 10,000 teachers were provided with computers, 1,200 educational institutions were connected to the Internet and

75,000 people underwent relevant training covering pedagogical and technical personnel and learnt ICT skills. Educational resources on various subjects were prepared and handed over to schools, while an “electronic school” project was launched in 20 schools.

The country’s achievements in the socio-economic sphere are also reflected in the improving assessments of the Azerbaijani economy by international rating agencies (Fitch Ratings, Moody’s, Standard & Poor’s). In the report “Doing Business” prepared by the World Bank and International Finance Corporation, Azerbaijan’s position improved, and the country took the leading position among the CIS and regional countries in the Global Competitiveness Report of the World Economic Forum.

In the World Bank classification of per capita GDP, Azerbaijan entered the group of countries<sup>1</sup> with “high average incomes” earlier than other CIS states. Along with that, according to the report of the UN Development Programme on human development in 2010, Azerbaijan left the group of countries with “average human development” and entered the group with “high human development”.

The formation of a democratic society and transparent public relations in Azerbaijan in the years of independence formed the main basis of state policy. Political pluralism in the country became the necessary basis of public progress in the country. Currently, there are appropriate legal and democratic political conditions for the free activities of political parties in the country. Today, 55 political parties are registered in Azerbaijan, and 11 of them are represented in the parliament. Political parties are closely involved in the public-political life of the country and are represented in elected and other government bodies. Additional opportunities have been created to strengthen the material-technical base of political parties and increase their role in the country’s political system and in the development of civil society.

The formation of a new system of public relations based on democratic values resulted in important changes in the structure of society and created conditions for citizens to play a more active role in public-political processes.

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<sup>1</sup> Countries are grouped on the basis of the GDP calculated in 2010 using the Atlas method of the World Bank. Countries where per capital GDP is 1,005 US dollars or less belong to the group of low-income countries, 1,006-3,975 US dollars – countries with low average income, 3,976-12,275 US dollars – countries with high average income, and 12,276 and more - high-income countries.

The civil society in the country is currently experiencing an active phase of development. More than 2,700 NGOs are operating in the sphere of human rights, education, health, culture, economy, social issues, ecology, gender and other spheres, and their number is steadily increasing. Over the past 10 years, important steps have been taken to create NGOs and improve the legislative base in order to make effective use of their potential. The necessary environment has been secured to provide NGOs with access to financial sources. Along with that, a free and pluralist press is taking shape in the Azerbaijan Republic in line with world standards.

All this was possible as a result of the consistent conduct of a well-thought out and purposeful policy. The state programmes adopted by the country's leadership, concept and strategic documents and their practical implementation are of special importance as a mechanism of implementing this policy. Suffice it say that there are currently 60 state programmes, strategies and concepts in place, and these are of special importance in developing all spheres of our country's public life.

We can say with full confidence that the transitional period has already ended in Azerbaijan. A new socio-economic system, which is based on free market relations and political pluralism and has its own rules, has been established. The formation of the appropriate infrastructure for the functioning of an effective economy is nearing the end. A reliable system of social security has been established for the population, and this system is currently improving.

The President of the Azerbaijan Republic issued an instruction on the preparation of the Development Concept "Azerbaijan – 2020: Look into the Future". The need to prepare such a concept is due to the fact that our country has stepped into a new stage of development. The achievements that have been gained allow Azerbaijan to set even higher goals and determine the tasks that stem from these goals.

## **2. Modern challenges**

The information and communication technologies that rapidly developed and spread in the first decade of the 21<sup>st</sup> century and the processes

of globalization that received a new impetus in this regard are seriously affecting the socio-economic life of various countries. In this sense, Azerbaijan is no exception. Factors of a global and planetary nature are penetrating the flow of processes almost in all the spheres of the country's life – economic, social, political, and humanitarian-cultural, etc. Along with that, as is the case in any country, in Azerbaijan there are also regional (typical of regional countries) and domestic factors by origin and sphere of influence, and taking them into account in managing various spheres of the country's public life is of special importance in terms of forming an effective policy.

The main factors (challenges) are divided as follows for convenience:

1. With the gradual intensification of innovative activity at a qualitatively new level in conditions of globalization, the pace of change in economic processes in the whole world, copying of innovations and their application in the sphere of production is increasing in an unprecedented manner. This, in fact, is the “positively charged” effect of globalization and gradually allows an increasing number of countries to benefit from achievements in the sphere of innovations, advanced technical standards and new methods in management. According to forecasts, world economic growth in the short-and medium-term will take place precisely as a result of this factor.

In the coming years, trade is expected to grow more rapidly over the world and globalization and regional integration is expected to expand even further. It is believed that new standards will be determined regarding international trade, competition, intellectual property and the environment and the role of international organization in this sphere will strengthen. The global and regional competitiveness of countries that prefer specialization on the international market, develop production technologies and innovative potential and thus promote the fields that create higher added value is expected to increase. The development of industry on the basis of innovations will be possible as a result of the strengthening of scientific and technological potential and expansion of education opportunities. It is important to ensure that developing countries achieve economic growth based on productivity and form comparatively more advantageous production spheres.

2. In this situation, the main issue facing Azerbaijan is that countries of



the world do not retreat in the process of development. This, first and foremost, requires constant attention to such an important issue as preventing the danger of the country turning into a raw material appendage for the world economy in the medium-and long-term and becoming a technological “outsider” by eliminating the economy’s current dependence on the export of hydrocarbon reserves. Although the export of hydrocarbons has been the main driving force of economic growth in the past decade, the main issue facing us at the current stage is to ensure the rapid development of the non-oil sector, increase the effectiveness and competitiveness of the economy and secure its progress based on innovations. In other words, it is necessary to lay the foundations of transition from a traditional economy to a “knowledge-based economy” now and prioritize the appropriate development of human capital, which is a decisive factor for this.

Along with putting forward relevant requirements for the formation of the economic model, this also leads to drastic changes in the education system and increases the importance of such components of education as additional and lifelong education and signifies the growing role of ICT and virtual education and knowledge of computer networks. At the same time, the importance of intellectual property, the main mission of which is to stimulate creativity and innovation and support the regulation of the market, will also increase.

3. Globalization, which brought great risks along with broad opportunities, has increased the tendencies of free production on the global scale, trade, capital flight and labour migration. The uncertain nature of development in countries of the world strengthened even further and the countries regarded as centres of power that have a decisive role in determining the dynamics of the world economy were joined by new countries – China, India, Brazil and so on. In turn, this affects economic and trade relations and the redistribution of resources and also leads to the strengthening of international competition.

The next period will be characterized by the change of the balance between the main centres of the world economy, its reconstruction in this regard and the strengthening of the role of regional economic unions. This opens new opportunities for Azerbaijan in terms of foreign economic

integration and allows it to prefer the global context in the direction of socio-economic development, go beyond the local regional framework and benefit from involvement in the economic relations and markets of various economic areas. Currently, the special weight of economies developing both as the destination and source of foreign investments is increasing. It is predicted that during the post-crisis period, the pace of economic growth in high-income countries will be about twice as less as in developing countries. As a result, developing countries will be the main locomotive of global economic growth.

4. One of the characteristic features of globalization is the spread of “negatively charged” processes along with such a positive factor as the spread of technologies and innovations and the ability of these processes to “take over” the countries involved in worldwide economic integration. From this point of view, the global economic crisis, which began in 2008 and is now continuing on a new wave, stands out for its scope in history. The Azerbaijani economy was quite well-prepared for the global crisis and maintained the surplus in the net international investment position and the stable exchange rate of the manat despite high investment risks at the time of the crisis and the influence of the wave of devaluation in neighbouring countries. This was possible due to the rational macroeconomic and monetary policy in the country before the crisis, currency reserves that had been created and the forward management of financial risks.

Along with that, the global crisis and its consequences necessitate the creation and strengthening of protective mechanisms against depressive scenarios in modern economic architecture. Along with traditional rescue financial funds, it is of special importance to take special anti-crisis measures that will be used in the state regulation of the economy, secure the diverse structure of the national economy and its ability to quickly adapt to new conditions.

5. In the current stage, one of the issues facing humanity and having a great influence on the public and political life of every country is the disruption of the ecological balance as a result of industrialization which has been speeding up worldwide for years.

In the local and regional context, Azerbaijan’s ecological problems are

mainly related to oil extraction carried out for decades with imperfect methods in the Absheron Peninsula and Caspian Sea without taking into account the ecological consequences. Apart from that, the mass extermination of flora and fauna in the country's Armenian-occupied territories and large-scale arson fires on this territory have become one of the biggest ecological problems. The formation of a large amount of Azerbaijan's freshwater reserves in neighbouring countries and their intensive contamination with chemical, radioactive and other harmful substances on the territory of these countries causes problems in supplying drinking water to the population. Apart from that, the Metsamor Nuclear Power Plant, which is located in the seismic zone in Armenia and is outdated from a technological point of view, is a source of danger for the entire region.

As a manifestation of the disruption of environmental balance on the planetary scale, climate change and global warming are related to processes that can cause natural disasters (rivers bursting their banks, flooding of entire villages and cities, precipitation much higher than the norm, avalanches, etc.). All these are factors that directly affect the economic and social life of the country and need to be taken into account in the process of preparing necessary policy measures. The experience of recent years shows that in order to effectively fight natural disasters and their consequences, the state should prioritize relevant activities in emergencies and the establishment of rapid reaction mechanisms for the social security of the population in such situations. At the same time, while drafting and implementing infrastructure projects in regions of the country, the high likelihood of natural disasters should be taken into account, and relevant requirements should be considered while designing and building infrastructure facilities of vital importance to ensure that they keep their functionality as required.

### **3. Azerbaijan 2020: Strategic View and Main Priorities**

The main strategic view of the Concept is to take account of the current opportunities and resources and attain a stage characterized by sustainable

economic growth and high social welfare, effective state management and supremacy of the law, the full ensuring of all human rights and freedoms and the active status of the civil society in the country's public life.

In 2020, Azerbaijan will be an economically and politically developed and competitive country. Even in the most remote villages of Azerbaijan, all communications required in the daily lives of citizens (communications, Internet, banking services, public utilities, roads and so on), health and education services will be provided.

Azerbaijan will be a place where the population's incomes are high, unemployment is minimum, human capital is highly developed, the environment is protected and health and every citizen has broad opportunities. As a result of the measures stipulated by the Concept, by the end of the period, the volume of per capita GDP in the country will increase more than twice and reach 13,000 US dollars.

According to the World Bank classification of GDP, in 2020 Azerbaijan is expected to become a full member of the group of "countries with high average income" and eliminate its dependence on the export of hydrocarbons, which is the main reason for its belonging to this group at the moment, and to reach the highest positions in the group of "countries with high human development" according to the human development classification of the UN Development Programme.

From an economic point of view, the Azerbaijan Republic will turn from the region's leading state into a highly competitive participant in the international system of economic relations. To this end, taking into account the favourable geographical position and broad potential, it is planned to turn the country into the region's commercial centre and to bring the volume of per capita non-oil export to 1,000 US dollars.

In order to achieve the aforesaid goal, state regulation which ensures healthy competition in market economy conditions, transformation into an export-oriented economy that makes efficient use of energy and creates high added value and principles of a complex approach to the development of socio-economic spheres will be taken as a basis. Within the framework of the Concept, it is planned to turn the country's economy into an economy based on efficiency as a result of a growth in general productivity and ensure

transition to a stage characterized by the dominance of innovations.

Increasing the competitiveness of the economy encompasses such fields as the protection of macroeconomic stability, the strengthening of the coordination of the monetary and fiscal policy, the improvement of the business environment, support for private initiative, the development of the market of financial services and the improvement of the foreign trade and investment policy. During this period, it is planned to keep inflation at the acceptable level and ensure gradual transition to a more flexible currency rate.

At the same time, purposeful measures will be taken to improve the structure of the economy. The modernization of the oil and gas sector and the petrochemical industry, the diversification and development of the non-oil industry, the expansion of opportunities to use alternative and renewable energy sources, the development of the agrarian sector and the strengthening of food security, expansion and development of trade and types of services and the improvement of the foreign trade and investment structure will be priority spheres. It is planned that during the period covered by the Concept, the average pace of annual real growth in GDP in the non-oil sector will be more than 7 per cent.

The main task in the current stage is to speed up the diversification of the economy, to maintain the high pace of the development of the non-oil sector in the future regardless of the level of oil revenues, to increase competitiveness and to develop export possibilities. In the Development Concept "Azerbaijan 2020: Look into the Future", an export-oriented economic model is taken as a basis, and it is planned that increasing the competitiveness of the economy and improvement of the structure will boost non-oil exports. Along with the speedy development of the non-oil industry, the promotion and expansion of innovative activity will create favourable grounds for the formation of an economy based on knowledge in the country.

In order to achieve these goals, it is important to make full use of all the country's possibilities, to make effective use of the existing economic, social and political resources and create conditions for strengthening the country's potential. From this point of view, it is planned to develop the energy, transport, transit and logistical infrastructure, to concentrate on the

development of regions, to form regional development centres taking into account the competitive advantages of each region and to develop the infrastructure and social services in cities and villages.

The expansion of opportunities for using ICT and communication services, the creation of a reliable security system aimed at developing information and communication technologies, the formation of national standards, as well as the launch of totally digital broadcasting across the country and the halting of analogue broadcasting, and the total use of e-government services will be in the centre of attention as one of the main priorities of the formation of modern management in Azerbaijan.

The purpose of any economic growth is to increase social welfare. From this point of view, one of the main priorities of the Concept is the development of social spheres and human capital. Within these priorities, the main spheres are to increase the quality of education and services, to strengthen social security, ensure gender equality and to develop the family, youth potential and sports.

The issue of poverty within the framework of the Concept is assessed at the level of the concept of “multi-factor poverty” in line with modern approaches to the human development concept. Over the past 10 years, Azerbaijan has gained undeniable achievements in drastically reducing poverty. The settlement of the problem of “absolute poverty” in our country, i.e. the sharp decline in the number of families included in the category of the poor within the framework of accepted criteria is a result of the successful socio-economic policy. Within the framework of the current Concept, the problem of “absolute poverty” will constantly be in the centre of attention again, and along with that, the expansion of the middle class and the strengthening of the role of this class is one of the main purposes. The experience of various countries shows that countries with a stronger middle class are more sustainable from political, economic, social and other aspects and have higher development potential.

Quantitative and qualitative indicators linked with the population and its structure are the main elements of national power, and the protection of the gene pool of the Azerbaijani people, issues like migration and demography are of special importance in terms of national security. During

the period covered by the Concept, the country's population will increase by 1.1 per cent a year on average and is expected to total about 10.2 million in 2020.

In order to realize the targets stipulated by the Concept, measures will continue to constantly improve the legislative base and strengthen the appropriate institutional potential.

The preservation of cultural heritage, its effective management, the protection and enrichment of new creative results, environmental and ecological problems are accepted as the main priority within the framework of the Concept, and it is planned to take the appropriate policy measures in these fields.

#### **4. Towards a highly competitive economy**

##### *4.1. The formation of an economic model based on effective state regulation and mature market relations*

Achieving the socio-economic targets set within the framework of the Concept makes it necessary to form an economic system that is working highly effectively and has enough competitive power on a global scale. Historical and modern experience shows that such a system can emerge only in market relations based on private initiative and free competition. Along with that, ensuring a sustainable high pace of growth in economic and social spheres requires the appropriate establishment of state regulation in market relations and the improvement of this regulation considering the latest tendencies and spheres in the world economy.

Under the conditions of the end of the transition period and formation of mature market relations in Azerbaijan, state regulatory and administrative functions will be carried out in order to maintain macroeconomic stability, improve the business environment in the country, ensure free competition, create favourable conditions for local and foreign investments, implement regulatory measures to improve the structure of the economy, implement investment and large-scale infrastructure projects and effectively organize the social protection of the population.

The coordination of the macroeconomic policy will be strengthened, an optimal macroeconomic framework will take shape in terms of financial sustainability and an appropriate monetary policy will be conducted. The first stage of this policy will include the target of inflation, other macroeconomic targets and appropriate regulatory tools and the second stage – targets of stability in the financial sector, activity in the sector and tools that will manage risks. In line with the target of inflation, special attention will be paid to meeting the economy's demand for money and the institutional basis of monetary management will be improved.

Special attention will be paid to the establishment of fiscal discipline in the sphere of forming and using budget resources, correct distribution of funds and increasing the efficiency of expenses. Quick assessments of various budget risks (foreign, financial, operational risks, etc.) will be carried out.

In order to increase the competitiveness of the economic system even further, the passive taxation policy will gradually transform into an active taxation policy, while the measures to be carried out to improve tax rates will help create a favourable environment for business activity.

The mechanism of using oil and gas reserves will be improved. A strategy will be implemented to gradually replace the revenues from the sale of hydrocarbon reserves with revenues gained from investing those funds, and work in this sphere will be intensified.

A more flexible currency policy will be conducted as a separate important requirement of improving the country's solvency and orienting the economy towards export, and the surplus in the net international investment rate will be maintained.

Measures to improve the business environment, the legislation and policy on competitiveness will be continued and mechanisms of protecting investors' rights will be improved. The sustainable and fair enforcement of laws and the formation of an effective mechanism for the supremacy of the law will be kept in the centre of attention.

Measures will be taken to simplify and enhance foreign trade procedures and increase state support for entrepreneurs in increasing their competitiveness in foreign markets. Promotional activities will be carried out in order to increase the export capability of small and medium-sized



businesses, the provision of preferential loans to businesses by the state will be increased, anti-dumping and other protective measures accepted in international practice will be taken to protect the domestic market from unfair competition.

At the same time, efforts will be mobilized to enhance customs, migration and other procedures and eliminate the factors that put investors off the local market. Conducting reforms in line with the international trade system in order to join the World Trade Organization (WTO) and bringing laws in line with practices applied in the world trade system will ultimately open new opportunities for the development of local companies and the country's economy in general.

Along with that, the measures that will be taken to optimize the structure of tax rates and mandatory state social insurance fees (the parts paid by employers and insured parties) will help create favourable conditions for business activity.

Measures to form a fair competitive environment and restrict monopolies in the economy and especially on the consumer market will continue. Anti-monopoly laws and practices will be improved and practical measures will be taken to eliminate non-tariff obstacles being applied in trade.

The protection of consumers' rights will be improved, effective mechanisms to control the quality of products will be created, national standards of quality control will be prepared and the system of certification will be improved. The creation and development of public unions of entrepreneurs, including professional associations, will be supported and monitoring will be carried out regularly in order to detect and eliminate the factors that prevent the development of business.

The measures that will be carried out in the period covered by the Concept will ensure the balanced development of the main segments of the market of financial services in Azerbaijan (banking sector, non-banking credit organizations, insurance market, leasing market, securities market and factoring market). Banking control instruments will be improved, and appropriate measures will be taken to ensure the stable and safe development of the banking system. Consolidation measures and structural reforms in the

banking sector will continue, and stimulation of competition, increasing the quality of banking-financial services, including the improvement of the infrastructure of electronic payment systems and the expansion of its coverage zone will be kept in the centre of attention. The capitalization of the banking system will continue, the expansion of the banking network in regions will be promoted and the mechanism of mortgage loans will improve. The electronic payment, post and savings systems will develop and the protection of the rights of users of banking services will be strengthened.

The increasing level of capitalization in insurance companies and the growing range of insurance products, the expansion of the use of reinsurance, as well as life insurance and medical insurance will open the way for the development of the insurance market in the country. In order to stimulate the insurance of agricultural produce, it is planned to improve the appropriate legislation. Also, the improvement of the legislative and institutional environment for the provision of leasing services will allow leasing organizations to develop and easily enter the market, which will increase the share of leasing as an important source of finances in implementing the infrastructure and investment projects of leasing organizations and in improving the supply of equipment to agriculture.

Important steps will be taken to form a securities market that will provide the economy with broad capitalization opportunities that meets modern, international standards, ensures reliable risk management and operates with high efficiency. Furthermore, systemic measures will be taken in order to limit the disorganized market of securities and increase the attractiveness of the market for investors, and the legislation that regulates the activities of the market's professional participants and mechanisms of overseeing them will be improved.

It is planned to take measures to increase the institutional development level of the securities market, ensure that it meets international standards, increase the rate of capitalization in the country's economy and expand the use of non-inflationary investment funds directed at the financing of economic projects through the stock market. At the same time, the formation of appropriate conditions for economic entities and the population to efficiently place their savings on the stock market and gradually integrate the

country's securities market into the international capital market will always be in the centre of attention.

#### *4.2 The improvement of the economic structure and the development of the non-oil sector*

During the period covered by the Concept, it is planned to build, reconstruct and modernize systems for the extraction, transportation and refining of oil and gas. Implementation of the Shahdaniz-2 project and construction of the Trans-Anatolian gas pipeline (TANAP) will further improve the status of Azerbaijan in Europe's gas supply in the near future.

Also, within the framework of the development of the economy on the basis of clusters, it is planned to build a complex consisting of oil and gas refineries and petrochemical factories. The establishment of the complex will make it possible to attract the necessary investments, observe environmental rules, establish a production chain up to the manufacture of the end product, increase the competitiveness of finished products and expand export and the range in this field. At the same time, the investment activity of State Oil Company of the Republic of Azerbaijan will be increased, necessary steps will be taken for its diversification, as well as investments in foreign countries will be important. This will serve to increase the role of the reliability factor of the country in energy policy and enhancing integrated relations with energy markets in the world.

At the same time, in order to develop non-oil industry the involvement of the country's natural and economic resources in the economic turnover will expand and the efficiency of their use will increase.

During the period covered by the Concept, it is planned to carry out stimulating measures to speed up the use of alternative (renewable) energy sources, develop the institutional environment, strengthen the scientific-technical potential, continue training specialists and enlighten energy consumers. Along with projects carried out by the state in this field, the close involvement of the private sector in this process will be promoted and the quick regulation of alternative energy tariffs will be ensured.

A production, social and market infrastructure network that serves to

develop the non-oil sector and meets modern requirements will be created and the use of modern forms of economy and management will be expanded.

Measures will be carried out to establish the activities of industrial enterprises based on local raw materials at a qualitatively new level and to create new enterprises in regions. During the period covered by the Concept, steelworks, oil and gas refineries, petrochemical complexes, fertilizer factories, shipyards and cement plants will be built in the country. The aluminium industry will be developed, the production of primary aluminium will be increased, a technological chain up to the production of the end product will be established with the involvement of the private sector and the potential of export in this sphere will be expanded.

The use of innovative technologies in industrial enterprises will be stimulated and specialized and general industrial estates will be set up. The formation of the industrial estate infrastructure in economic districts related to the development of non-oil processing industry will be the main focus of state investment policy. From this point of view, it is planned to create a special economic zone and industrial estates in every economic district taking into account economic potential (including industrial estates for the processing of petrochemical products in Sumgayit, the processing of domestic waste in Balakhani and the production of metal (aluminium) products in Ganja).

Along with the development and boosting of the export potential of the traditional production spheres of the non-oil industry (chemical industry, metallurgy, machinery construction, electrotechnology, electronics, light industry, food industry, etc.), the creation of new competitive spheres will be supported. Stimulating mechanisms will be applied to intensify local and foreign investment in the country's non-oil sector, and the investment cooperation of the state-run and private sector in order to develop the export-oriented non-oil sector will be developed.

Measures will be taken to encourage intellectual activity, create favourable conditions for investment in innovation and creativity, ensure the sustainable development of a creative economy based on intellectual property and increase its share in the country's GDP.

Within the framework of the Concept, it is planned to develop the

tourism infrastructure, expand the scope of tourist services that meet international standards, increase the competitiveness of this sphere and increase its special role in GDP. In order to develop tourism, legislation and standards regarding this sphere will be improved, the necessary measures will be taken to make full use of the tourism potential of the Caspian Sea, tourism activities will be stimulated in the regions, information and propaganda work will be strengthened, and various types of tourism and relevant tourism routes will be created and promoted on the basis of national, historical-cultural, socio-economic and natural features.

Special attention will be paid to the production and processing of agricultural products as one of the areas that is of special importance in terms of developing the non-oil industry and food security, and complex measures will be taken to increase the productive capability of existing agrarian-processing enterprises as a result of the application of modern technologies and to create new enterprises. State support will continue in line with international experience in order to stimulate the intensive and effective development of the agrarian sector. Additional measures will be taken to create an environment where the allocation of funds (loans) to this sector by private banks and credit organizations will be encouraged, while the mechanism of insuring agriculture will be improved. As a result, productivity in agriculture will increase and the rural population will become more closely acquainted with advanced international experience.

In the next few years, the land market in the country will be developed and farmers will be encouraged to join farming traditions on a voluntary basis. Melioration and irrigation measures will be strengthened, and measures will be intensified to prevent soil erosion and the salination of irrigated sowing areas and to increase fertility.

The production of eco-friendly agricultural and food products in the country will be stimulated. Also, purposeful measures will be taken to protect genetic reserves and biodiversity and to improve the production of saplings and seedlings, and breeding work.

The provision of agricultural producers with modern equipment, fertilizers, seeds and seedlings will be improved. In the agrarian sphere, it is planned to improve scientific support and staff training in the agrarian sector.

In order to ensure the intensive development of various agricultural spheres, stimulating measures will be implemented and initiatives to support large grain-growing farms will be supported.

Considering the importance of creating warehouse complexes on the basis of the most modern technologies in the region in terms of the intensive development of agriculture, the regulation of seasonal prices, prevention of loss of the harvest, protection of the domestic market and export potential, and consistent measures in this sphere will be continued. In order to increase entrepreneurs' skills and knowledge the scope of information and advisory services will be expanded, and cooperation with international organizations in the fields of veterinary and phytosanitary will be developed.

#### *4.3 Support for scientific potential and innovative activity*

In order to ensure long-term sustainable economic development, form a knowledge-based economy and speed up the creation of science intensive technology and products (work and service), the expansion of innovative activity will one of the main fields. In this connection, the development of science will be prioritized taking into account local features and global tendencies, and the process of effective integration into progressive world science will be continued. The scientific infrastructure will be improved, the material-technical basis of science will be modernized and the digitalization of information support systems in this sphere will be ensured.

At the same time, along with state funding, the financing of science from other sources will be stimulated, and this will ultimately strengthen the social protection of those engaged in scientific activity and prevent "brain drain".

In order to create an innovative economy in the country, the link between science and production will be strengthened, and the necessary mechanisms will be created in order to carry out applied scientific studies in line with the requirements of the market.

State support measures will be implemented and the relevant legislative basis will be created in order to stimulate the manufacture of competitive products through increasing innovative activity, establish the necessary

mechanisms to implement innovative activity, make effective use of innovative potential and ensure development.

Along with the development of innovative entrepreneurship and the creation of a favourable environment for the development of new types of activities and products, it is planned to strengthen measures to transfer and use advanced technologies and to create industrial parks and innovative zones to develop and apply science intensive products and technologies. From this point of view, a relevant legislative basis will be prepared and adopted, and it is planned to set up a State Fund for the Development of Information Technologies in order to develop an economy based on innovative entrepreneurship and knowledge.

The determination of links between economic goals and reserves, knowledge and the duties of the cultural sphere, and the development of information technologies will help to develop innovative potential reflected in the National Strategy on Intellectual Property and the related state programme in the long-term.

In the next few years, advanced world experience will be used to complete the process of forming a national innovation system that ensures the use, study and spread of new knowledge and technologies in line with the requirements of the information society in Azerbaijan.

## **5. The improvement of the transport, transit and logistic infrastructure. The balanced development of regions**

In order to turn Azerbaijan into a regional trade hub, it is planned to make effective use of the country's strategic geographical position, develop transit and transport services and form logistical centres in the regions of the country. All these will also increase the country's attractiveness as a production and investment centre and help to create new business and employment opportunities.

The mechanism of managing local and international cargo transportation will be improved and the integration of the country's transport system into the international transport system will be expanded, the quality of public transport services will be enhanced, modern technologies will be implemented in passenger fare payment. In this regard, it is planned to take

general measures that reflect a united strategic approach to automobile, railway, water, air and underground (metro) transport.

In order to boost the competitiveness of Azerbaijan, the measures will be carried out to reduce the cost of cargo transportation in the Europe-Caucasus-Asia and North-South transport corridors in Azerbaijani territory, reduce the time of import and export operations and transit, and simplify procedures.

In the coming years, the construction of New Baku International Sea Trade Port Complex will be completed, the maritime fleet will be updated, a transport-logistical centre will be built, the Baku-Boyuk Kasik, Baku - Astara and Baku-Yalama railways will be restored and modernized and the Baku-Tbilisi-Kars railway will be put into operation in line with the policy of diversifying the railway network. At the same time, the necessary reconstruction work will be carried out in the main railways, the rolling stock will be updated and transition to an alternative current system in all railways will be ensured, signalling and alarm system will be modernized.

The country's road and transport infrastructure will be brought in line with international standards with the widening of roads in the East-West and North-South transport corridors, and completion of projects to reconstruct and build roads of international importance.

The gravel-covered roads will gradually be replaced with solid-covered roads, the reconstruction and expansion of the roads of republican and local importance, including cities, towns and rural roads will be continued, transition to high environmental standards will be provided, road junctions, bridges will be built and repaired, as well as other modernization work will be carried out in the field of road transport.

According to the principle of ensuring the safety of the population and the construction of first-class roads, the construction of new roads will be continued, the construction of intra and inter-urban freight terminals will be speeded up, the relevant infrastructure will be improved and an intellectual management system of transport will be implemented in big cities and throughout the country. The public transport system in the capital and other cities, districts and villages will be significantly developed. The country's railway system and air transport will be improved even more, and it will



pave the way for the balanced development of the regions and diversified progress of tourism.

During the period covered by the Concept, the Baku metro will rapidly develop and expand, new stations will be built and the rolling stock will be updated.

In the sphere of air transport, a new air terminal, runway and hangars will be put into operation at Heydar Aliyev International Airport and a free economic zone will be created in this area. Work to update other international airports and the air fleet will continue.

Taking into account regional development priorities, the state's infrastructure and investment policies and business investment strategies will be coordinated and will be prioritized mainly in terms of economic effectiveness (through analysis of expenses and revenues). The differences between the country's economic regions in terms of quality of life, per capital production and the volume of investment will be reduced.

The flexibility of local government bodies in the adoption of economic decisions will be increased within the framework of a modern approach. Special projects will be carried out to develop rural areas and measures will continue to improve the infrastructure and social services. The problem of roads in regions and villages will be kept in the centre of attention and relevant steps will be taken to meet the demand in the transport sector.

The improvement of the infrastructure in the country's regions, the expansion of the use of information technologies, the formation of tourist and recreational zones, territorial production clusters in priority economic spheres and new regional development centres considering the competitive advantages of every region will speed up the socio-economic development of regions. The regional development centres will stimulate balanced socio-economic development in regions and reduce regional inequality and sharp differences in the structure of the commodity turnover in economic districts, and slow down the concentration of economic resources mostly in central cities.

## **6. The development of information and communication technologies and ensuring transition to an information society**

The ensuring of transition to an information society, the establishment of an innovative economy based on knowledge, the expansion of the use of ICT in state and local government bodies, the development of electronic services and the activities in the field of information security, fully meeting society's demand for information products and services, and the strengthening of competitive and export-oriented ICT potential, as well as the preparation of highly qualified specialists and scientific staff are priority tasks within the framework of the Concept.

ICT infrastructure will be developed, rendering modern electronic services to the population will be expanded, and cheap and high-quality broadband Internet access will be provided in the country, including rural areas in the coming years. Distance learning, e-commerce, tele-medicine and other modern types of services will be widely used. Furthermore, in order to ensure the protection and safety of participants in e-commerce transactions the legislation will be improved. Application of ICT in the regions will be expanded, digital readiness of the population and the level of integration of the country into the global information space will be increased.

By taking into account the interaction between ICT and intellectual property and access of many facilities protected by intellectual property rights to the global digital network, the Digital Rights Management System based on on-line licensing and rendering one stop shops services will be created.

Moreover, appropriate measures will be taken to develop the space industry. As a result of launching telecommunications satellites into geostationary orbit, reliable satellite communications will be provided, and the country's information security will be strengthened. The use of new technologies in the telecommunications network will be expanded and the package satellite transmission of national radio and TV programmes will be arranged. At the same time, it is planned to launch low-orbit satellites and it will make activity in the field of environmental protection, agriculture, topography and cartography, as well as in the field of national security more

efficient.

In order to provide access of the country to ICT services market of the region the projects such as the establishment of transit information highways, regional information resources and network management systems will be implemented.

The consistent and staged appropriate measures with the aim of the formation of an electronic government will be taken. The use of modern information-communication technologies in state agencies will be expanded, secure information exchange within a single infrastructure between state agencies and rendering electronic services to the population on functional tasks will be provided. Moreover, improvement of information security, as well as the training of skilled users and specialists will be the focus of attention.

At the same time, the quality of e-services will be improved, access to these services via mobile communications, information kiosks and other modern means will be ensured. The integration of government information resources and systems integration based on single technology standards will be maintained and a single information space will be formed.

Ensuring information security, prevention of global cyber attacks in the internet traffic entering the country, protection of information processes, protection of information resources and systems of government bodies from possible threats, raising national preparedness and public awareness in the field of cyber security will be at the focus of attention.

Furthermore, the staff training on ICT will be improved. In order to meet the growing demand for highly skilled professionals and scientific staff a favourable climate will be created for close integration of education to scientific research and innovations in the institutions of higher education in the country, relations with the world's leading educational institutions will be enhanced, and effective counter-measures will be taken to prevent "brain drain" from the country.

## **7. The development of human capital and social spheres**

The Concept prioritizes the provision of high quality health and education services to the population and the availability of these services to

various social groups, including low-income families and poor citizens as a strategic line. At the same time, the work done to ensure reliable social protection of the population will be continued and expanded.

### *7.1 The main tasks in the sphere of the population's health and the health care system*

To this end, it is planned to dynamically increase the share of the funding for the health system in the gross domestic product and form mechanisms that ensure the effective and purposeful use of the funds. In order to strengthen the logistical base of the health system, health institutions will be constructed, refurbished, reconstructed, provided with modern medical equipment and at the same time, the health reform will continue in a planned manner. Measures will be taken to abandon extreme centralization in the management of the health system and to replace purely executive functions in management with administrative-economic forms and thus the powers of various management entities will be effectively separated and their activities will be coordinated.

Mandatory medical insurance and on its basis, conditions will be created to improve the quality of medical aid, protect patients' rights and improve control mechanisms. As a result of reforms in the health system, medicine oriented towards in-patient aid will be replaced with medicine where first medical sanitary aid is dominant and relevant conditions will be created for expanding the practice of family doctors. At the same time, active and purposeful work will be carried out to improve out-patient and clinical services.

The state will carry out work to fight diseases (diabetes, haemophilia, thalassaemia, oncologic diseases, immunoprophylaxis, hemodialysis, tuberculosis, AIDS, etc.) and implement preventive measures, sanitary-educational work, and various state programmes against drug addiction, alcoholism and smoking.

Preventive measures against infectious diseases will be strengthened, for this purpose "Development Program on sanitary-epidemiological service for the period of 2015-2020" will be prepared. Along with that, the Specific Strategy will be adopted for years 2013-2020 to combat non-infectious diseases (smoking, obesity, lack of physical activity, alcohol abuse, etc.), and

practical measures will be taken to create conditions and opportunities for a healthy lifestyle and expand educational work to boost the population's responsibility and interest in its health.

The State Program will be adopted for years 2013-2020 on improvement maternal and infant health, preventive examinations and dispenserization among children and adolescents will be strengthened. In order to strengthen the fight against infectious diseases, appropriate measures will be taken among children to carry out immunoprophylaxis.

The National Action Plan (2014-2020 years) on the early prevention and treatment of childhood disability will be prepared, and children's health care institutions will be profiled for the improvement of in-patient services to children.

Along with that, measures will be taken to ensure that medicines of vital importance are physically and economically accessible to all groups of the population. A single registration system will also be created to ensure that medicines are of high quality, effective and safe. Practical steps will be taken to prevent unlicensed and low-quality medicines from entering the market.

The issue of improving staffing in the health system will be in the centre of attention as the most important issue, appropriate mechanisms will be created to constantly enhance knowledge and skills and training will be organized in foreign countries. Appropriate work will be carried out to create proper conditions for doctors and medium-ranking medical staff working in rural areas and encouraging material support mechanisms will be determined. Measures will be carried out to apply the principle of assessing doctors' work on the basis of the end result.

Various medical electronic registers, a system of citizens' "electronic health card" and a single health information system will be created to monitor the population's health.

## *7.2 The formation of a modern education system*

In 2013-2020, the share of the funding for education in GDP will increase from year to year and reach the appropriate indicator in developed countries. Stimulating mechanisms will be created to increase the quality of

education, and in particular, the financing of grants that promote per capita funding, applied research in education, as well as innovative activity will be expanded.

Improvement of management in education will be continued and a management model that ensures the involvement of all interested sides will be prioritized. This will be carried out through reforms to increase the independence of all kinds of education institutions, to manage education centres in a state-public form through the broad involvement of the public (parents, pupils, students, local community, etc.), to apply other modern management technologies, etc.

Functions and powers of state agencies responsible for implementing regulation and governance in the field of education will be determined in accordance with the best international practice, and appropriate mechanisms to coordinate their activities will be set up.

Enrolment rate of children in pre-school education in the country will reach average European indicators. To this end, support measures will be carried out and mechanisms of encouragement will be created to expand the chain of state kindergartens, create preschool education institutions that belong to different forms of property (municipal, community, private and family kindergartens) by improving conditions and supplies.

Work to construct and refurbish schools will continue and a special programme will be drafted and implemented to rationalize the network of general education institutions.

Transition to a 12-year general education system will be secure. In this regard, training programs and manuals will be updated in terms of modern requirements. In order to ensure transition from the “memory school” that slows down pupils’ intellectual activity and general development to the “school of ideas and thought”, systemic measures will be implemented. Education at the level of full secondary education will be organized on the basis of specialization and individual developing programmes will be created for talented children. At the same time, various developing, correcting and inclusive education programmes will be created for children who need special care and have limited physical abilities.

In order to form the system that allows an objective assessment of the

activities and achievements of students, reform measures in the field of school-based assessment will be continued.

Modern education programs will be developed to improve the efficiency and quality of out-of-school learning.

Vocational education infrastructure will be thoroughly modernized; the number of people involved in vocational education will be increased, and will be aligned with demand of the country's economy.

Taking into account the development of the region and needs in experts, measures will be taken towards the establishment of a regional multi-profile colleges, in order to improve the quality of education, the creation of education complexes training the specialists on vocational, specialized secondary and higher educational levels of the education systems will be ensured.

University estates (campuses) and appropriate industrial parks will be created for institutions of higher education. Standards will be prepared and applied that will support institutions of higher education in nurturing specialists with knowledge and skills that meet the country's socio-economic development requirements and in turning into centres of education, research and innovation. Scientific research carried out in higher education institutions will be brought up to the level of modern standards, and the results of scientific research will be applied in educational process and production. Furthermore, the measures will be taken to increase provision of information science and broaden the international scientific relations.

The informatization of education system will always be in the centre of attention as one of the main directions of establishing general education at a modern level. The "State Program on informatization of the education system in the Republic of Azerbaijan for the years 2013-2020" will be adopted. Within the framework of the state programme, all the education institutions of Azerbaijan (including schools located in remote regions) will be provided with access to the Internet, and every education institution will be provided with the necessary technical equipment and connected to the single education network. Every classroom in schools will be provided with a laptop, projector and electronic table, while all pupils will be provided with a netbook or

tablets within the framework of the project one pupil – one computer.

The use of electronic education technologies will be significantly expanded and a virtual learning environment will be created for teachers and pupils. To this end, the creation of electronic education and methodical resources on all subjects will continue, and “Cloud” technologies will be used to safely keep electronic resources and ensure easy access to them. Open education resources operating free of charge will be created, and these resources will be integrated into the education process and relevant free use with copyright licences. The number of “electronic schools” will reach 1,000, and opportunities for using digital education resources will be expanded. To ensure self-education and the growing demand for lifetime education, libraries will be modernized, and the number of electronic libraries will increase, the development of distant education will be supported and a distant education will be widely used at higher education institutions.

The effective integration of ICT into the management of education will continue and information-based management mechanisms will be used through the creation of a single information system for education. The use of electronic document management system will be augmented, and as a result, transparency in the management of the education system will grow. At the same time, an online TV channel Tahsil TV will be established and presented to the public.

Taking into account that the factor of teachers is of special importance in the efficiency of the education and its achievements, special importance will be attached to the strengthening of teachers’ training. All general education teachers will specialize in active/interactive teaching technologies and inclusive education, and a flexible system will be created to ensure that every teacher learns ICT skills.

The training of Azerbaijani teachers will be brought in line with international standards, a stimulating refresher training system for teachers based on a new module-credit system will be developed and mechanisms that meet modern requirements will be created to ensure teachers’ career development, stimulate their activities and spread the working experience of leading teachers. Along with that, differential salaries and an awarding system based on results will be created. The new mechanism employed in the



recruitment of pedagogical staff will be improved even further, and material stimulation measures aimed to providing remote village schools with pedagogical staff will be strengthened.

The integration of Azerbaijani education into world and European education will increase. Along with the unification of education standards and deepening of the Bologna Process, attention will be paid to the expansion of the international relations of Azerbaijani institutions of education, especially institutions of higher education, and the creation of appropriate conditions for their active involvement in international programmes being implemented in the sphere of education.

At the same time, the number of Azerbaijani students studying in leading foreign universities at the expense of the state will increase by 2015, and the efficient use of the potential of specialists educated abroad in the country's development will be ensured. A new State Programme on education of young people in foreign countries for the years 2015-2020 will be adopted.

### *7.3 The improvement of the social security system*

In order to ensure social security for the population, purposeful measures will be continued within the framework of the current "State Programme on development of insurance-pension system in the Republic of Azerbaijan in 2009-2015". New state program for the years 2016-2020 will be prepared for further deepening of reforms in the pension. As a result of the measures that will be implemented, insurance-pension system will be further improved and the introduction of voluntary social insurance and non-state pension funds issues will be resolved.

The registration of insurers will be totally automated, the insurees will be automatically registered in the state social insurance system, information about compulsory state social insurance accounts and about insurees will be passed and received electronically, and insurers will be audited automatically. Along with the aforesaid, citizens of the country will not need to provide any document to get their pensions, the appropriate request will be submitted electronically and pensions will be appointed from a single

centre in an automatic way on the basis of electronic requests from citizens.

In line with long-term development of the country, the State Program on demography and population occupancy which covers the period till 2025 will be adopted, and within the framework of this program an increase of the quantity and quality of the population will be reflected.

In order to secure a worthy lifestyle for working citizens, measures will be taken, depending on economic development, to gradually increase the amount of minimum wages to minimum living standards and the norm determined in European countries – 60 per cent of the average monthly salary. The difference in the population's incomes will be reduced as a result of continuing work to increase the share of wages in the population's general incomes and appropriate measures in the sphere of social security. Work will be strengthened to ensure safe and healthy working conditions for working citizens and the State Program for labour protection and improvement of labour conditions will be prepared.

A national information system in the field of labour and employment will be created, a system for monitoring and analyzing the situation on the labour market will be established and serious measures will be taken to prevent informal employment.

The population's social security system will be further improved, and along with the strengthening of the material-technical base of government agencies providing social services and expansion of their types and networks, the sector of private and non-commercial organizations working in this sphere will be developed.

The number of social apartments (houses) will increase and the main groups of the population will be provided with a legal right to live in these apartments.

Social allowances will be unified and measures to increase their amount will continue. The system of allowances given to families with children will be improved. Rules of identifying families' need for social aid in order to establish a modern social security system and to reduce poverty will be improved and the level of the needs criteria will constantly increase in order to bring it in line with minimum living standards. The effectiveness of social aid will be increased through the use of modern social technologies, and

along with the existing targeted state social aid system, active social aid programmes (self-support, preferential social crediting) will be applied.

Mechanisms will be created to support incomplete, low-income families and families who adopt orphan children and appropriate measures will be taken to expand the system of care. Rehabilitation centres will be created to prevent homelessness among those who have not yet come of age and a community-based rehabilitation network in regions for children with limited physical abilities will be expanded.

Appropriate projects will be prepared and implemented to prevent the isolation of the disabled from society and to enable them to use the infrastructure without hindrance. Also, in order to develop the skills and abilities of those persons and increase their employment opportunities, the number of social and professional rehabilitation enterprises will be increased. Disabled people will have wider opportunities to benefit from information and communication technologies and obtain information through communication systems.

Care for elderly people and their social protection will be in the centre of attention. For this purpose, "State Program on strengthening of social protection of elderly citizens (2014-2020-years)" will be adopted.

In order to improve the housing conditions of displaced persons, enhance the social infrastructure in areas densely populated by them, increase employment, allocate microcredits, support young displaced persons, provide professional training and other measures, communities will be developed, education and health programmes will be expanded, new buildings will be constructed for education and health institutions working in decrepit buildings and provided with appropriate equipment. Great Repatriation (Great Return) Programme will be prepared together with international financial organizations, UN agencies, especially the UNHCR and other international humanitarian organizations and the public will be constantly informed about it.

International cooperation in the sphere of improving the system of regulating labour migration will continue and the business of dispatching citizens of the country to foreign countries as labour migrants will be regulated in compliance with international experience. At the same time,

appropriate work will be carried out to create an efficient mechanism regulating the use of social allowances by refugees from other countries, prevent the illegal influx of foreign labour force into the country and strengthen the social security of our citizens working abroad.

Necessary measures will be carried out to improve the system of preventing and managing emergencies in order to ensure the population's security in crisis situations, automate management in this sphere and apply information technologies, carry out civil defence, fire and rescue work at a high level, protect the population and territories from natural and manmade emergencies and carry out educational work in emergencies.

#### *7.4 The provision of gender equality and the development of family*

The gender problem in the country will remain in the centre of attention and appropriate measures will be taken to resolve it. The main direction of the state policy in this sphere will be to take measures to prevent gender violence, create equal opportunities for women and men on the labour market, promote women at work and expand their opportunities to occupy leading positions.

The strengthening of the social security and protection of mothers and children, the facilitation of childcare for working parents in compliance with the ratified ILO Convention "On Workers with Family Responsibilities", increasing the number of kindergartens and the development of the family planning service will be supported.

A number of special documents will be adopted to implement the above tasks. In this connection, it is planned to draft "Strategy for Azerbaijani family", National Action Plan on gender equality, the Children's Code and the National Children's Strategy.

At the same time, "Family psychologist" institutes, centres and shelters for victims of domestic violence, and monitoring system of violence in the country, school avoidance and cases of early marriage will be established.

#### *7.5 The development of youth potential and sports*

In order to ensure a healthy and active lifestyle for the Azerbaijani

youth and their integration into society, “The Azerbaijani Youth Development Strategy” which covers the period 2013-2023 and State Program for the years 2016-2020, the National Strategy on the development of physical culture and sport, which covers the period 2012-2020 and the State Programme for the years 2013-2016 will be developed and implemented.

The legislative base in this sphere will be constantly updated, advisory councils of young people will be set up under heads of the executive authorities in districts (cities) to support the systemic development of physical training and sports, and local municipal bodies will be actively involved in organizing, conducting and developing the physical training and sports business.

In order to meet the demand of young people and young families for housing, the terms of social mortgages will improve and reaction and training centres will be opened for young people, including young people with limited physical abilities.

The network of information and counselling services for young people, especially those living in remote and rural areas will be expanded. In order to develop the working skills of the younger generation and to ensure that young people quickly learn labour and economic issues, effective forms and methods will be implemented. Young specialists who graduate from Azerbaijani and foreign institutions of education will be encouraged to work in regions of Azerbaijan, and in this connection, additional social mechanisms (rise in allowances and wages, allocation of service apartments, etc.) will be created and applied.

By 2020, training and appropriate sports bases will be created for republican sports federations, sports clubs (professional clubs) and children’s and youth sports schools. Work to strengthen the logistical base of physical training and sports institutions will continue, while staff training will be improved and the social protection of specialists working in this sphere will be strengthened.

## **8. The improvement of legislation and strengthening of institutional potential**

In order to achieve the goals stipulated by the Concept, consistent

measures will be carried out to improve the legislation and strengthen the appropriate institutional potential.

In improving the legislation, the principle of effective state regulation, which ensures healthy competition in market economy conditions, will be taken as a basis. The improvement of the business environment and priorities of bringing the national legislative basis in line with the requirements of the international trade system will be the focus of attention, while executive discipline and the supervisory system will be strengthened in order to ensure the supremacy of the law.

Legislation will be improved and effective measures will be taken against copyright violations, including piracy and counterfeit products.

The activities of the law-enforcement agencies will be brought in line with modern requirements, while the principles of transparency and openness will be taken as a basis in their activities. The court infrastructure will be improved, these activities will include electronic services, and citizens' right to justice will increase. Increasing citizens' (especially those living in regions) legal awareness will always be the focus of attention.

In terms of implementing the goals stipulated by the Concept, the strengthening of institutional potential will include three main directions: the development of human resources in the state-owned sector, the expansion of the activities of the electronic government and the continuation of institutional reforms.

The strengthening of public servants' social protection and social security system, the expansion of the fight against corruption, the strengthening of the potential of municipalities, the training of specialized staff in the sphere of municipal administration, measures to support the activities of non-government organizations, especially in regions, will continue.

Special attention will be paid to the division of state resources between priority state services and to their efficient and economical use. As an important and integral part of democratic and transparent governance and in line with the principles of equality, neutrality and openness, citizens' rights to access information disseminated by the state will increase and a number of services in the state sector will be handed over to private enterprises

specializing in appropriate spheres.

In line with the Concept, complex measures will continue to improve methods and mechanisms of governance in government agencies and to ensure that citizens and organizations can use services in a simple, easy and free manner, while the number of state services provided to the public through electronic channels will increase.

Necessary measures will continue to protect the domestic market from hazardous products, eliminate technical obstacles in trade, bring the system of standardization, which is of importance in the development of trade, in line with international requirements and to improve and develop it.

Based on international experience, it is planned that every government agency and enterprise will prepare and implement a strategic plan in order to determine the priority development goals of government agencies and enterprises in spheres of activity, to bring those goals in line with relevant state programmes and effectively implement them.

## **9. The development of civil society**

The rapid socio-economic development of Azerbaijan and the ensuring of national interests make it necessary to deepen democracy even further, constantly modernize relations between the state and civil society institutions and stimulate the activities of NGOs. During the period when the Concept is implemented, the development of civil society and the state policy to enhance cooperation between government agencies and civil society institutions will continue.

To this end, "National Action Plan on the development of civil society" will be prepared and implemented. The programme will provide for the preparation and adoption of new legislative acts that stimulate the development of civil society and the support of the state and private sector for civil society, an increase in financial aid to NGO projects and programmes, the creation of "NGO houses" and education centres and other issues.

NGOs' substantiated proposals on the improvement of mechanisms of cooperation between the state and public organizations and on alternative

solutions to problems in various spheres of public life will be the focus of attention. NGOs will be involved in the preparation of state programmes of special importance and will closely participate in the work of public commissions. NGOs' potential in informing the world public and international organizations about the fair position of our country on the Armenian-Azerbaijani Nagorno-Karabakh conflict will be used more effectively.

In order to develop civil society, it is important to stimulate the private sector's donor activity and achieve an institutional level in this sphere. The creation of a national donor institute will give an impetus to the formation of corporate culture of social responsibility and increase social investment programmes by transnational companies and large business organizations. In order to achieve this, a strategy and state programme on corporate responsibility will be prepared and appropriate changes will be made to the legislation.

The consideration and application of civil society initiatives during the period when the Concept will be implemented will deepen mutual relations between government agencies and NGOs, while the number of NGOs in regions will increase and their material-technical base will strengthen.

In the long-term implementation of the Concept, measures aimed at developing freedom of speech and information will continue, the national legislative basis regulating the activities of the information and mass media will be improved in line with international standards. Comprehensive support will be given to the application of modern technologies in IT sector, strengthening the economic independence of the mass media, increasing their potential and ensuring their leading position in global information space.

Necessary measures will be taken to determine and implement priorities in the information sector in the current period when a trans-border information-telecommunications network and information society are taking shape, and the study and application of modern methodological and technical innovations will speed up. Increasing the quantity and quality of national information resources in the global network, expanding their coverage area and strengthening their ability to influence international public opinion will be one of the main tasks.



As an effective means of forming and expressing public opinion in the modern period, the role and importance of the mass media in society are high. For this reason, the implementation of legal, economic, organizational and technological measures aimed at balancing the interests of persons, society and the state in their activities and ensuring information security are major directions of the state's information policy.

Along with stimulating new manifestations in the information sector, the Azerbaijani state will also continue to effectively organize the activities of traditional information resources and support the strengthening of their logistical basis. In compliance with the "Concept of state support for the development of the mass media in the Republic of Azerbaijan", along with funding for media projects, they will also receive subventions, subsidies and preferential loans through the Fund of State Support for the Development of the Mass Media under the President of the Republic of Azerbaijan. In order to develop the media operating in regions of Azerbaijan, editorial offices will be given targeted aid, and the creation of "Press Houses" and regional publishing houses will be supported. In order to ensure the economic independence of the mass media, the expansion of the advertisement market will be stimulated and problems existing in this sphere will be eliminated.

The state policy of strengthening the social security of mass media employees and solving their housing problems will have a sustainable nature.

Increasing the professionalism of journalists is one of the main conditions for forming a democratic and responsible press. In order to achieve the tasks that have been set, attention to the training of journalistic staff will be increased, and joint events will be continued with international organizations and foreign media organizations in order to increase the professionalism of Azerbaijani journalists.

In line with the law of the Republic of Azerbaijan "On access to information" adopted in 2005, the activities of structural sections of government agencies responsible for providing information will be improved and Internet information resources will be developed. Measures will be stepped up to ensure the rights of the mass media to access and disseminate information, to increase mutual trust between government agencies and the media and to strengthen cooperation.

## 10. The protection and effective management of cultural heritage

Necessary work will be carried out to promote the rich traditions and customs of the Azerbaijani people, maintain national holidays and ceremonies, reconstruct historical symbols and monuments, promote national music and dances, maintain oral folklore, restore national games and performances, develop the rich traditions of painting, decorative and miniature arts, study samples of Azerbaijani arts kept in the world's influential museums, prove their belonging to Azerbaijan, and promote our arts in the UNESCO, ISESCO, TURKSOY and other international organizations.

The "State Program for the period 2013-2020 on restoration and protection of immovable historical and cultural monuments, improvement of activities of historical and cultural reserves and its development" will be adopted. A single electronic database will be created and register will be updated in this sphere. In addition, the work on the optimization of management, strengthening human resources and the application of advanced management models will continue.

The material and technical base in the field of culture will be established in accordance with modern standards, systematic measures will be taken for the wide application of information and communication technologies and increasing efficiency in the use of funds allocated from the state budget. At the same time, the system of paid cultural services system will be established, as well as an educational course on culture will be created in secondary and higher education institutions.

Measures for establishment of historical and cultural reserves in the historic areas of particular importance will be continued, activities towards inclusion of the historical and cultural monuments of universal value of the country in the World Heritage List by UNESCO and the *World Islamic Heritage List* by ISESCO will be strengthened.

The work done in the field of the study, preservation and promotion of rich and tolerant historical heritage of Azerbaijan located at the crossroads of cultures, numerous historical and cultural monuments of different ethnicities

and religions will be continued in a systematic way. Furthermore, “State Program on the research, preservation and promotion of the “Heritage of Caucasian Albania”, which covers the period 2013-2016, will be accepted.

In order to preserve the non-tangible cultural heritage of Azerbaijan, prevent the illegal misappropriation and groundless losses in this sphere, as well as include samples of folklore and traditional knowledge on the UNESCO special list additional measures will be carried out. Also, national legislation in this sphere will be maintained in a complex manner, copyright and related rights will be protected and participation in the application and development of the international legal base will be ensured. Inventory of the cultural heritage of Azerbaijan, including samples of cultural heritage and other intellectual property preserved in museums, libraries and archives and considered as public domain in centralized form, its legal protection and the exchange with relevant international organizations, as well as with relevant agencies of foreign states will be provided. Along with the development of mechanisms of cultural-political support for the non-tangible cultural heritage of Azerbaijan, consistent measures will be taken to organize spheres such as the study of regional history, folklore and popular applied arts, and international promotion in this field will be a priority task. A special programme and action plan will be drafted and implemented to familiarize the countries of the world with the Azerbaijani language, Azerbaijani culture and history.

In order to protect and effectively manage archaeological heritage, necessary work will be carried out to support the activities of organizations studying archaeological heritage in our country, complete the study of archaeological zones and sites of ancient cities and use those territories for cultural and tourist purposes. Measures will be taken to revive professional restoration school and to train the next generation of young restorers, as well as scientific-technical base will be strengthened in this field.

A new approach will be taken to the museum business, and in order to ensure the complete protection of items kept in museums, an electronic database on museum items and a centralized information system of museums will be created in line with international standards. Work will continue to refurbish and build museums, strengthen their logistical base and create new

museums. Work to collect material in order to return museum items stolen in the occupied territories, to study exhibits of Azerbaijani origin kept at world museums and prove their belonging to Azerbaijan will continue.

An action plan will be developed to expand the ability of special social groups in the country to use cultural facilities and services. Also, necessary work will be carried out to prepare appropriate state programmes on the printing and book business, develop the country's library information network, provide libraries with literature and modern information carriers and increase state support for private entities operating in the cultural sphere.

## **11. Environmental protection and ecological issues**

One of the main targets of the Concept is to achieve sustainable socio-economic development from an ecological point of view. The necessary measures will be continued in the future to protect biodiversity, neutralize the negative impact of the fuel-energy complex on the environment, eliminate the pollution of the sea and its basin and protect them, restore green areas and effectively protect the existing resources.

In the sphere of creating and restoring forests, the correlation of forests to common areas will increase, road-protecting green areas will be created to protect roadside areas and the atmosphere and to reduce traffic noises. National standards will be prepared and applied in line with European standards adopted on poisonous substances released into the atmosphere.

During the period covered by the Concept, it is planned to bring the amount of energy used for the production of one unit of GDP and the amount of carbon dioxide in line with the appropriate indicator of member countries of the Organization for Economic Cooperation and Development.

Necessary work will be carried in order to save, neutralize and utilize raw materials, make effective use of natural reserves, protect the environment and apply technologies that produce little or no waste. Progressive methods will be used to manage waste and enterprises will be established to recycle industrial and domestic waste.

Zones where emergencies are expected due to floods will be identified and forecasts will be regularly made to be used by relevant organizations.

In order to make effective use of land resources, measures will be implemented to prevent desertification, rehabilitate lands that have become unusable as a result of the activities of major industrial and mining enterprises, improve the system of using lands suitable for agriculture and strengthen the protection of lands from anthropogenic contamination.

Over the past 10 years, Azerbaijan's urban population has relatively increased. The tendency towards urbanization is expected to continue in the coming years, and this puts forward new requirements for the formation of the urban infrastructure. Requirements for environmental protection will be prioritized to prevent damage to the environment during construction work in the capital and other parts of the country (both by the state and private sectors) and while taking measures to develop all industries.

During the period covered by the Concept, comprehensive reforms will be carried out in the housing sphere, the access of the country's population to enhanced water supply services and sewer system will be improved, cities and villages will be provided with purifying installations. More modern heating system will be installed, the zone of heating supplies will be expanded, new heating sources will be built and economically ineffective boiler houses will be closed.

Along with all this, practical steps will be taken to improve the legislation on environmental protection in compliance with advanced international experience and create effective monitoring and supervision mechanisms. At the same time, measures will be implemented to support scientific research in the sphere of protecting the environment and nature and the creation of the necessary infrastructure for such activities will be planned. Special attention will be paid to public awareness measures in order to develop international cooperation on the protection of the environment in the country and foster a culture of environmental protection.