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Azerbaijan's Implementation of 20 Eastern Partnership Deliverables for 2020

ASSESSMENT BY AZERBAIJANI CIVIL SOCIETY



LAW SOCIETY
OF AZERBAIJAN

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Table of Contents

Introduction

Cross-Cutting Deliverables

More Engagement with Civil Society Organizations	1-2
Gender Equality and Non-Discrimination	3-4
Strengthening Strategic Communications and Supporting Plurality and Independence of Media	5-6

Stronger Economy

Economic Development and Market Opportunities

Improve the Investment and Business Environment and Unlock Small and Medium-Sized Enterprises (SMEs) growth potential	7-8
Address Gaps in Access to Finance and Financial Infrastructure	9
Create New Job Opportunities at the Local and Regional Level	10
Harmonize Digital Markets	11
Support Intra-Regional Trade among Partner Countries and the EU	12

Stronger Governance

Strengthening Institutions and Good Governance

Strengthening the Rule of Law and Anti-Corruption Mechanisms	13-15
Support the Implementation of Key Judicial Reforms	16-17
Support the Implementation of Public Administration Reform	18-19
Stronger Security Cooperation	20-21

Stronger Connectivity

Connectivity, Energy Efficiency, Environment and Climate Change

Extension of TEN-T core networks, Transport	22
Increase Energy Supply Security	23
Enhance Energy Efficiency and the Use of Renewable Energy; Reduce Greenhouse Gas Emissions	24-25
Support the Environment and Adaptation to Climate Change	26-27

Stronger Society

Mobility and People-to-people Contacts

Progress on Visa Liberalization Dialogues and Mobility Partnership	28
Investment in Young People's Skills, Entrepreneurship, and Employability	29-30
Eastern Partnership European School	31
Integration of Eastern Partnership and European Union research and Innovation Systems and Programmes	32

Introduction

The Eastern Partnership was established by a Joint Declaration¹ adopted by the European Union on 7 May 2009 at the Eastern Partnership Summit in Prague. The purpose of this partnership is to enhance comprehensive and deep cooperation with Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine, and to strengthen bilateral and multilateral cooperation based on mutual obligations.

The Joint Declaration adopted in Warsaw in 2011 underscored the importance of a deeper and stronger strategic partnership between the European Union and the Eastern Partnership countries and reaffirmed their support for political unity, economic integration, and modernization efforts.

The updated European Neighbourhood Policy in 2015 has given impetus to closer and more comprehensive relations between the EU and partner countries. According to the latest indicators of the European Integration Index, Azerbaijan ranks 5th. This indicator was mainly the result of changes in the legislation governing the activities of civil society organizations in 2013- 14, the creation of unfavorable legislation and opportunities for CSOs, and the ongoing process of arresting human rights defenders. According to the latest EU integration Index, Azerbaijan ranks 6th, with limited track on reforms and possible implementation of strategic goals towards better integration.

The Partnership and Cooperation Agreement (PCA)⁶ between the Republic of Azerbaijan and the European Union, signed in Luxembourg in 1996 and entered into force on 22 April 1999, laid the foundation for bilateral relations. Bilateral relations entered a new phase in 2015, culminating in Azerbaijan's proposal for a Strategic Partnership Agreement, and the EU expressed support for this initiative in early 2016. On November 14, 2016, the Council of the European Union approved a mandate for the European Commission and the High Representative of the European Union for Foreign Affairs and Security Policy to start negotiations on a comprehensive agreement with Azerbaijan on behalf of all member states.

The negotiations on a comprehensive agreement with the European Union have been continued since January 2017, and it has not reached a final conclusion yet. The Partnership Agreement will be the main document, guiding the EU-Azerbaijan relations for the years to come and its content will shape and define the future of our democracy, stability, and prosperity not only at the national level but also in the South Caucasus.

The Law Society of Azerbaijan led and contributed to writing the first assessment report of progress on the 20 Deliverables for 2020 for Azerbaijan, combining civil society and think-tank expertise. This assessment covers all five EaP priority areas: cross-cutting deliverables, a stronger economy, stronger governance, stronger connectivity, and stronger society.

Cross Cutting Deliverables

1 More Engagement with Civil Society Organizations

The space for civil society organizations in Azerbaijan can be considered as ‘restricted’ since 2013-14, during the legislative amendments made on legislation governing the NGOs, Funds and grants.

On 15 February 2013, the Parliament of the Republic of Azerbaijan adopted new amendments to the Law on NGOs, introducing a new provision on Donations and Grants (Article 24-1), as well as to the Law on Grants and the Code of Administrative Offences. The amendments entered into force on 12 March 2013 upon their publication in the official journal. Another set of amendments to the Law on NGOs, as well as to the Law on Grants, the Law on Registration and the Code of Administrative Offences was adopted by Parliament on 17 December 2013. The amendments entered into force on 3 February 2014. In addition to this, a new set of amendments to the Law on NGOs, as well as to the Law on Grants was adopted by Parliament on 17 October 2014. On 14 November 2014, the President signed these amendments and issued two Presidential Decrees on their application. Following amendments adopted in 2014 national legislation now provides for a cumbersome registration procedure for NGOs that allows for wide government discretion; far-reaching restrictions for NGOs on concluding grant agreements and accessing foreign funding; extensive state control NGO activities and excessive reporting obligations; harsh penalties for violations of legal requirements applicable to NGOs; and broad grounds for suspending and closing down NGOs.

On its Compilation of Venice Commission Opinions concerning freedom of association in Azerbaijan¹, the Venice Commission concluded that “the cumulative effect of those stringent requirements, in addition to the wide discretion given to the executive authorities regarding the registration, operation and funding of NGOs, is likely to have a chilling effect on the civil society, especially on those associations that are devoted to key issues such as human rights, democracy and the rule of law.” Therefore, the law and practice in the Republic of Azerbaijan relating to NGOs have been viewed as failing to comply with European standards are quite wide-ranging. They comprise, in particular, judgments of the European Court², resolutions of the Parliamentary Assembly of the Council of Europe³, observations made by the Council of Europe's Commissioner for Human Rights⁴, opinions of the Venice Commission⁵, a statement by the European Union.

¹ Opinion on the Law on non-governmental Organisations (Public Associations and Funds) as amended of the Republic of Azerbaijan (CDL-AD(2014)043), adopted at its plenary session on 12-13 December 2014.

²As regards unjustified delays in registration (Ramazanova and Others v. Azerbaijan, no. 44363/02, 1 January 2007, Nasibovo v. Azerbaijan, no. 4307/04, 18 October 2007, Ismayilov v. Azerbaijan, no. 4439/04, 17 January 2008 and Aliyev and Others v. Azerbaijan, no. 28736/05, 18 December 2008.

³Resolution 1917 (2013), The honouring of obligations and commitments by Azerbaijan, 23 January 2013 and Resolution 2062 (2015), The functioning of democratic institutions in Azerbaijan, 23 June 2015.

⁴Observations on the human rights situation in Azerbaijan Freedom of expression, freedom of association, freedom of peaceful assembly (CommDH(2011)33, 29 September 2011);

According to the law, state registration is not compulsory for NGOs in Azerbaijan: however, it is impossible to obtain a legal entity status without state registration under the 2003 Law on State Registration and the State Registry of Legal Entities. Therefore, it is necessary a state registration for an opening a bank account, receiving funding from donors, signing contracts renting office space and engaging in court proceedings as a legal entity.

Since 2015, access to foreign funding for domestic NGOs in Azerbaijan has been seriously impeded, as the Government has introduced restrictive requirements for donor registration, registration of foreign grants, service contracts and donations. As a result, hundreds of NGOs have been left without substantial funding and thousands of skilled professionals have fled the sector.

The main issues related to the engagement with civil society in Azerbaijan are followings:

- *Bring legislation and regulations affecting NGOs into compliance with international human rights standards, including by simplifying the legal framework for NGO and grant registration, as well as the current, onerous NGO reporting requirements; abolishing the harsh penalties for violations of various requirements relating to NGO operation and activities; and allowing both domestic and foreign NGOs to operate without compulsory government registration, if they so wish;*
- *Ensure that the legal and administrative framework is conducive to allowing HRDs to carry out their work unhindered;*
- *Implement the recommendations made by the Venice Commission in its opinion from 2014, as well as the recommendations pertaining to freedom of association made by the UN Human Rights Committee⁶ and the UN Special Rapporteur on human rights defenders in their recent findings on the situation in Azerbaijan;*
- *In spite of the absence of direct legislative amendments targeting the right to freedom of assembly and association which are among the most fundamental human rights, the persecution against independent non-governmental organizations (NGOs) and civil society actors is still at stake.*
- *According to the annual report⁷ by the European Union on the democracy and human rights around the world, especially following the ban on foreign funding, it is hardly possible for the civil society to act properly. Many websites of civil society institutes and media have been blocked without a judgment but an administrative instruction.⁸ In the negotiation process of the new partnership agreement between Azerbaijan and the European Union, the freedom of civil society is inter alia a very serious question to be dealt with.*
- *Need for a support from the European Union for civil society and grassroot organisations on public participation in decision-making, as well as more engagement in current Azerbaijan-EU political dialogue and negotiations;*

⁵ Supra note 7.

⁶ UN Human Rights Committee, Concluding observations on the fourth periodic report of Azerbaijan, 16.11.2016, Available at: https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CCPR/C/AZE/CO/4%20&Lang=En

⁷ European Parliament' Report on human rights and democracy in the world and the European Union's policy on the matter – annual report 2019 (2020/2208(INI)). Available at: https://www.europarl.europa.eu/doceo/document/A-9-2020-0259_EN.html

⁸ See the full text of news on the report by the European Union, available in English at <http://www.contact.az/ext/news/2019/5/free/politics%20news/en/80984.htm>

Increase Gender Equality and Non-Discrimination

This deliverable plays an important role in overall human rights situation in Azerbaijan in terms of having more in-depth engagement of civil society for better protection and promotion of gender equality. The country's Constitution explicitly mentions the right to equality between all men and women and the provision is further reinforced through the series of normative acts adopted or revised thereafter.

Discrimination: Azerbaijan is the first Muslim-majority country to enfranchise women by introducing universal suffrage in 1918. Despite of existence of legislative basis for gender equality and political commitment to gender equality at the highest levels of government in Azerbaijan, women continue facing extensive gender-based restrictions and discriminations, deeply rooted in patriarchal attitudes, traditional social norms as well as strict gender roles and stereotypes. Consequently, it is rather hard for women in Azerbaijan to exercise their legal rights in political, economic, social and cultural dimensions. The inequalities continue to exist between women and men in education, employment, political participation, access to information and communication technologies; women remain to be largely underrepresented at most levels of government as the traditional working patterns in government structures continue to be structural and attitudinal barriers to women's representation in decision-making positions on local, national, regional and international level. The weak institutionalization of gender equality in systems and structures is seen as a chief barrier to effective gender mainstreaming in all policies and programs within the state machinery, that plays a pivotal role in the general process of women's advancement.

Hence, Azerbaijan is ranked the 178th in the 2019 Women in Politics map; and is the lowest-ranked country, after Armenia and the People's Republic of China, in terms of failing the gender parity on sex ratio at birth.⁹ In 2019, the sex ratio at birth was 114 boys per 100 girls.

Consequently, in the latest review of Azerbaijan at CEDAW on 18 February 2005, there were released 74 recommendations in 17 areas of concern for the government of Azerbaijan for implementation, which expired in December 2018.

Legislation: The Constitution of the Republic of Azerbaijan, adopted on 12 November 1995, prohibits gender-based discrimination, but there is no separate anti-discrimination law. The two laws in Azerbaijan predominately stipulate women's rights: a) The Law on State Guarantees of Equal Rights for Women and Men, passed in 2006, sets the legal foundation for gender equality in Azerbaijan; b) The Law on Prevention of Domestic Violence was enacted in 2010 to address domestic physical, psychological, and sexual violence.

Yet, the Labour Code of Azerbaijan prohibits women's employment in certain jobs and in hazardous workplaces. Namely, a decree issued in 1999 (No. 170) specifies 678 banned occupations for women. In addition, employers may not require women who are pregnant or have children under 3 years of age to work on night shifts, overtime shifts, weekends, holidays, or to undertake job-related travel. However, the degree originally intended to protect women's

⁹ UNFPA and UNDP. 2015. Population Situation Analysis: Beyond the Demographic Transition in Azerbaijan. Baku.

reproductive health and ensure that they are not subject to unsafe conditions, the ban obscure women`s will and choice to work in specific spheres.¹⁰

As to the international legal obligations, Azerbaijan joined a number of international conventions to promote gender equality. Specifically, in 1995 Azerbaijan acceded to the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), adopted in 1979 by the UN General Assembly, and signed the Optional Protocol in order to ensure the functioning of the Convention in 2000. Azerbaijan also signed the International Labour Organization (ILO) Convention concerning Equal Opportunities and Equal Treatment for Men and Women Workers and the revised Maternity Protection Convention. Azerbaijan is also a party to the European Convention on Human Rights which does not specifically deal with gender-based violence but prohibits any kind of discrimination. Regardless of being ranked the 87th out of 189 countries in the Gender Inequality Index, Azerbaijan did not sign the Istanbul Convention, which is vital against domestic violence and violence against women. Moreover, the 2020-2023 NAP to combat domestic violence, adopted in November 2020 does not contain any specific clause bringing the country closer to the signature and ratification of the Istanbul Convention.

Recommendations:

- *Supporting the change of the legislation to create favourable environment for registration, operation and funding of CSOs, including women`s rights organizations, in Azerbaijan;*
- *Signing and ratifying the Istanbul Convention to adequately prevent and respond to violence against women;*
- *Adopting the Law on Reproductive Health and Family Planning to address SRHR issues;*
- *Adopting the National Action Plan 1325 to support Women, Peace and Security agenda;*
- *Promoting awareness campaigns in the field of women`s rights and gender equality, removing legal impediments to the activities of civil society in monitoring, legal support and public advocacy;*
- *Working out relevant legislative mechanisms with a view to increasing competitiveness of women in employment and labour market;*
- *Arranging enterprise, financial training, family budget and business management courses for women along with soft credits offered to boost up female entrepreneurship;*
- *Broadcasting awareness programs on TV, radio and other mass media along with other promotion steps taken in due course;*
- *Making sufficient number of safe state shelters for survivors of violence and their children, with due resources allocated for respective social services;*
- *Offering national awareness campaigns on the ways for seeking relief to the survivors of violence;*
- *Organizing special gender-sensitive courses to those working with the survivors of violence;*
- *Engaging women`s rights organizations and gender experts to planning, implementation and evaluation of gender-related issues in Azerbaijan.*

¹⁰ Azerbaijan Country Gender Assessment, ADB, page 56

3 Strengthen strategic communications and supporting plurality and independence of media

Azerbaijan remains a ‘not free’ country, according to the ‘Freedom in the World’ report prepared by the Freedom House in 2020¹¹. In addition, this, country is considered as ‘slightly vibrant’ according to the Vibrant Information Barometer¹² of the IREX’s report released in 2021.

The media freedoms have been highlighted in the recent Joint Staff Working Document on Cooperation Implementation Report on Azerbaijan¹³, and the Commission points out that freedom of opinion and expression continues to be restricted. In addition to this, according to the 2020 World Press Freedom Index¹⁴, Azerbaijan lost three positions compared to 2018, ranking 168 out of 180 countries (166 in 2019). The criminal case against the NGOs, media and activists has not been closed yet, and Websites and social media pages of opposition representatives and bloggers remain blocked.

One of the major problems in media freedom is defamation which remains a criminal offence that can lead to imprisonment. The legislation provides for both civil and criminal prosecution of defamation. The Venice Commission’ Opinion on defamation legislation in Azerbaijan reaffirms the jurisprudence of the European Court of Human Rights, and recalls “the importance it attaches to citizens in general and journalists in particular not being dissuaded from voicing their opinion on matters of public interest for fear of criminal and other sanctions”¹⁵. As of July 2021, there are four articles in the Criminal Code that provide criminal liability for defamation¹⁶.

The Council of Europe Commissioner for Human Rights recommended to Azerbaijan to decriminalise defamation, and later on, the Parliamentary Assembly of the Council of Europe adopted a resolution on the ‘Threats to media freedom and journalist’s security in Europe’¹⁷, and outlined the concerns on media freedoms in Azerbaijan on its Winter session held in January 2020.

During the 44-day war with Armenia, the use of the internet and social media platforms in Azerbaijan has also been restricted on security grounds since 27 September 2020. Despite the international calls for the decriminalization of defamation, the government of Azerbaijan has not taken a positive step to improve the legislation on defamation.

The Council of Europe adopted a new Action Plan for Azerbaijan for 2018-2021 in October 2018, which was considered to be a strategic programming instrument that aims to bring Azerbaijan’s legislation, institutions and practice further into line with European standards in the areas of human rights, the rule of law and democracy. The Action Plan states that ‘the need to

¹¹ <https://freedomhouse.org/country/azerbaijan/freedom-world/2020>

¹² <https://vibe.irex.org/>

¹³ https://eeas.europa.eu/sites/default/files/azerbaijan_cooperation_implementation_report_2020.pdf

¹⁴ <https://rsf.org/en/azerbaijan>

¹⁵ [http://www.venice.coe.int/webforms/documents/?pdf=CDL-AD\(2013\)024-e](http://www.venice.coe.int/webforms/documents/?pdf=CDL-AD(2013)024-e)

¹⁶ There are two further provisions on insult in the Criminal Code, disrespect of the court and insulting a military serviceman. Disrespect of the court (Article 289) which is expressed in an insult to trial participants is punishable a fine of up to 300 AZN or by public works for a period of 320 to 400 hours, or by imprisonment for up to 6 months. Insulting a judge is punished by fine of 300 to 500 AZN, or correctional labour of up to 2 years, or imprisonment for up to 6 months. Insulting of military serviceman (Article 333) is another, and consists in one military serviceman insulting another, or military commander insulting a subordinate (punishable with service in a disciplinary military unit for up to 6 months or up to 1 year respectively).

¹⁷ <https://assembly.coe.int/nw/xml/XRef/Xref-XML2HTML-en.asp?fileid=28281&lang=en>

continue bringing the national legislation and practice in line with European standards in the area of the freedom of media remains pertinent'¹⁸. According to the Progress Review Report of the Action Plan on Azerbaijan¹⁹, the CoE outlines the importance on legislative improvements on media freedoms.

Strategic communications:

The joint Partnership Priorities²⁰ between the EU and Azerbaijan has been signed in 2018, along the four Eastern Partnership priorities that guide bilateral political dialogue and cooperation. This document prioritizes the main dimension in economy, governance, environment and connectivity, and society for the duration of 2 years (2018-2020).

On September 6, 2021 Secretary-General of the European Commission sent a proposal to the Council of the European Union on extension of the extension of the EU-Azerbaijan Partnership Priorities, alongside with draft recommendation No XX/2020 of the EU-Azerbaijan Cooperation Council on 'approving the extension of the EU-Azerbaijan Partnership Priorities 2021- 2027'. Therefore, the Cooperation Council recommended the extension of current EU-Azerbaijan Partnership Priorities²¹

In addition to this, since 2020, The EU has been implementing 'The Regional Communication Programme ('EUNEIGHBOURS east' 2020-2024) which is part of the renewed strategic approach to communication developed jointly by the DG NEAR (European Commission) and the Strategic Communications Task Forces of the European External Action Service (EEAS).

Recommendations:

Media:

- *Take the necessary measures to guarantee that all persons can exercise peacefully their right to freedom of expression in conformity with international standards, in particular regarding human rights defenders.*
- *Continue its work to develop freedom of speech, support the independence of the media and boost the professionalism of journalists and strengthen their social protection;*
- *Take steps to implement its international obligations on freedom of expression, including, decriminalize defamation, and include it in the Civil Code in accordance with international standards;*

Communications:

- *Establish a national mechanism for coordination, implementation, reporting and follow-up of partnership and cooperation issues in line with elements identified in the 2018 Partnership Priorities, and the policy document on 'Eastern Partnership policy beyond 2020: Reinforcing Resilience-an Eastern Partnership that delivers for all'.*
- *There is a need for further visa liberalization negotiations and communications in respect to students, highly skilled workers and academicians;*

¹⁸ <https://rm.coe.int/prems-164118-eng-1501-action-plan-azerbaijan-couv-texte-bat-a4-web/16808ec57e>

¹⁹ https://search.coe.int/cm/Pages/result_details.aspx?ObjectID=0900001680a1d527

²⁰ <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ%3AL%3A2018%3A265%3A0018%3A0022%3AEN%3APDF>

²¹ <https://data.consilium.europa.eu/doc/document/ST-11565-2021-ADD-1/en/pdf>

STRONGER ECONOMY

Economic development and Market Opportunities:

4 Improve the investment and business environment and unlock Small and Medium-sized Enterprises' (SMEs) growth potential

As a part of the response to the economic downturn of 2015, Azerbaijan has launched an aspiring plan to implement reforms covering 12 sectors, including the Small and Medium Enterprise (SME) sector. A significant number of programs and initiatives- starting from the establishment of an SME development agency and a credit guarantee fund to measures aimed at supporting entrepreneurial learning and women's entrepreneurship, were successfully applied in the country.

Current state and main shortcomings: A number of policy initiatives applied resulted in the country's 34th rank in the 2020 World Bank Doing Business²² assessment. However, it is hard not to notice that the economic potential of SMEs in Azerbaijan remains underestimated. With regard to the non-oil economy of Azerbaijan, SMEs generated 23.5% of value-added and 45% of employment²³. The major part of SMEs is concentrated in comparatively low value-added activities, such as trade and repair of vehicles, transport and storage, and accommodation and food service activities. Small businesses are more active in trade (29.4%), while medium-sized enterprises are more active in industry (24.5%).

It is worth mentioning that due to considerable investments in its IT infrastructure, Azerbaijan has established an advanced e-government system. Over 450 e-government services are available in a new web portal (www.digital.gov.az), including those closely related to enterprise activity (tax filing, property registration, company registration, etc.). Recently, Azerbaijan has launched a new online sales platform (www.kobmarket.az) to support the development of micro and small businesses, online sales of products and services of SMEs²⁴.

Despite the positive indicators for starting a business, obtaining credit, and resolving insolvencies, difficulties in protecting small investments and commercial border crossings make it necessary to further develop the business environment in Azerbaijan. In the meantime, one of the main difficulties for small and medium enterprises relates to obtaining their financial resources. It is assumed that venture funds have not yet been formed at the required level. Promotion of a more competitive business environment along with strengthening the rule of law and improving business integrity may ensure the potential for the development of SMEs.

²² World Bank Group. Doing Business 2020: <https://documents1.worldbank.org/curated/en/688761571934946384/pdf/Doing-Business-2020-Comparing-Business-Regulation-in-190-Economies.pdf>

²³ OECD Library. ME Policy Index: Eastern Partner Countries 2020
<https://www.oecd-ilibrary.org/sites/42efd1f2-en/index.html?itemId=/content/component/42efd1f2-en>

²⁴ <https://smb.gov.az/en/all-news/an-online-sales-portal-for-micro-and-small-businesses-wwwkobmarketaz-has-been-launched>

Recommendations:

- *Taking into consideration that a limited level of financial intermediation remains a key challenge, further extension of financial services to SMEs is essential.*
- *Although Azerbaijan has made significant improvements in its institutional and regulatory framework for SME policy, strengthening the policy implementation may ensure further development of the sphere.*
- *Ensure the availability of practical entrepreneurship experience as well as the development of entrepreneurial learning skills and practices at all education levels.*
- *Raising awareness on women entrepreneurship. With respect to gender equality and the development of the potential of the economically active population, facilitation of information sharing and promotion of campaigns is crucial in terms of support and development of women's entrepreneurship.*

5 Address gaps in access to finance and financial infrastructure

Over the recent years, considerable legal and regulatory reforms were implemented in Azerbaijan which undoubtedly, assisted access to finance and improved the general level of public confidence in the banking sector. However, it is hard not to notice that financial inclusion for SMEs remains limited since public sector financial programs remain fragmented.

The spread of COVID-19 and the slump in oil prices that has followed by, led the government to the paving of a recovery path to maintain the economy and lessen the damage. Thus, the blanket deposit guarantee insurance was extended in 2020. The scheme that was first adopted in 2016 in order to ensure financial stability and boost confidence in the banks was re-applied during the pandemic for an additional nine months²⁵.

A limited amount of international and foreign banks operating in the country leads to a lack of international connectivity and low diversification of the funding sources. In a meantime, a significant dependence of the financial institutions on national sources e.g state funds might be considered as a serious threat to their sustainability.

Access to finance remains challenging in Azerbaijan due to the fact that the interest rate for business credits remains high²⁶. Current expensive credits have two main groundings that are costly funds of the Azerbaijani banks which consist of individual and corporate deposits and an existing risk assessment model applied by the local banks towards micro and small businesses.

In order to maintain the development of entrepreneurship in Azerbaijan, the government ensured the provision of cheaper credits to entrepreneurs via rebooting the State Entrepreneurship Development Fund within the Ministry of Economy²⁷. Local start-ups and SMEs reflect the main target group of the Fund. Nevertheless, although the Fund performs as an effective institution, the fact, that it is not capable to fully replace the banks in terms of the volume of credits essential for the market economy cannot be denied.

Recommendations:

- *Ensuring further sustainability of the banking sector and enhancing access to finance via the Azerbaijani banks remains out of critical importance.*
- *Provide cheaper credits for business and ease access to finance.*
- *A need for the improvement of international connections of the local banks remains crucial in terms of expansion and broadening of opportunities along with the provision of sustainability.*
- *Ensure the availability of competitive banking services to meet all expectations and demands.*

²⁵ European Bank for Reconstruction and Development: Transition Report 2020-2021: <https://2020.tr-ebrd.com/countries/#>

²⁶ EU Business Climate Report, Azerbaijan 2020, <https://eu4business.eu/uploads/21/03/10/cde3601e803810054106ce95632a1c9a.pdf>

²⁷ Entrepreneurship Development Fund of the Republic of Azerbaijan: <http://edf.gov.az/en/content/97>

6 Create new job opportunities at the local and regional level

Since the diversification of the economy became one of the priorities for the government of Azerbaijan, reforms were aimed at the development of particular sectors such as agriculture, tourism, logistics, ICT, and other light industries.

In the framework of the EU-funded project, “Support to Rural and Regional Development Project”, 16 districts within 4 economic regions Absheron, Sheki-Zagatala, Guba-Khachmaz, and Mountainous Shirvan, have developed their strategic directions for investments²⁸.

Regional Connectivity and Development Project with a loan of \$65 million provided by the World Bank Group to the Republic of Azerbaijan will provide efficient and climate-resilient transport connectivity, improving market accessibility along the Salyan-Bilasuvar road in the south of the country. Preliminary estimations indicate that about 250.000 people living along this route will benefit from road infrastructure and improved economic opportunities²⁹.

The project ‘Addressing the Rights and Well-being of Women with Disabilities and Veterans of the Nagorno-Karabakh Conflict’ funded by the Ministry of Labour and Social Protection of the Population and implemented by UNDP and UNFPA is expected to result in improved wellbeing for the group of people living with disabilities by creating better access to education, career guidance services, and job opportunities³⁰.

The Second Karabakh War ended with the liberation of Azerbaijani territories, and the ceasefire agreement brought new opportunities for the development of the region and expanded economic perspectives. Rebuilding of infrastructure, the feasibility study for railway construction, and a multi-billion investment for the agriculture, construction, and tourism sectors in the region will undoubtedly create new job opportunities.

Recommendations:

- *Strengthening and developing both the agricultural and tourism sectors in regions of Azerbaijan may create plenty of job opportunities.*
- *Investing in complementary infrastructure, stimulating private sector investment, and improving the rural business climate and trade through providing incentives and reducing barriers such as burdensome procedures.*
- *The basic needs of the most vulnerable population, including small farmers or rural people in small agriculture, have to be addressed.*
- *Active stimulation and improvement of SME sector as the largest field of future employment;*

²⁸ The European Union for Azerbaijan: Projects:

<https://eu4azerbaijan.eu/implementation-of-the-support-to-rural-and-regional-development-srrd-programme-in-the-republic-of-azerbaijan/>

²⁹ The World Bank. Press Release: May, 2021:

<https://www.worldbank.org/en/news/press-release/2021/05/20/azerbaijan-to-benefit-from-improved-regional-connectivity-and-rural-development-with-world-bank-support>

³⁰ UNDP Azerbaijan: Projects:

<https://www.az.undp.org/content/azerbaijan/en/home/projects/addressing-rights-and-well-being-of-women-with-disabilities-and.html>

7 Harmonise digital markets

Amid the spread of the pandemic and imposed quarantine restrictions in Azerbaijan, the businesses were shifted online, which has significantly increased the number of available online procedures.

The digitalisation progress during the quarantine regime has brought optimism to the business community and raised expectations about the further implementation of reforms related to remote work. Therefore, qualified access to the ICT infrastructure along with the development of the relevant skills amongst the population remain crucial requirements for further development. Improved connectivity of the country to the international e-commerce platforms and online payment systems might provide new opportunities for the companies as well.

Currently, Azerbaijan is actively involved in each of the six directions of the Harmonisation of Digital Markets (HDM) programme implementing within the EU4Digital regional initiative³¹.

Challenges and Opportunities: Although the process of digitalisation continues to develop steadily, there are some factors such as age and location that remain important in terms of development dynamics. For instance, a younger generation (under 35-40 years) usually has stronger computer literacy skills in comparison with an older generation, which appears as the main factor why the older generation often resists digital work. Additionally, a location might also have an impact on the mindset and skills. In comparison with the urban population, inhabitants of rural areas have a lower level of readiness and opportunities for online work. Poorly developed infrastructure might be taken as one of the major challenges in this case.

Further digitalisation of Azerbaijani companies, especially SMEs, is mostly supported by local policies and initiatives introduced by international companies/organizations. The development of the Guidance to enhance the ICT Entrepreneurial ecosystem along with the creation of the regional Capital Venture Fund for hi-tech start-ups will be provided via the EU4Digital initiative³². Harmonisation of digitalisation is important for Azerbaijan from two main perspectives: first, as an effective strategy to implement local reforms, ensuring the transparency of the economy, and second, as an alternative path to stabilise the SME sector in the country.

Recommendations:

- *Ensure a sufficient IT infrastructure to improve the quality and accessibility with a specific emphasis on the regional level and rural areas.*
- *The general level of computer literacy amongst the population has to be improved. A focus has to be devoted to the rural inhabitants and older age groups.*
- *Raising awareness and implementing special training programs for public officers and related legislative bodies on digital transformation and linked tools.*

³¹ EU4Digital: Azerbaijan: <https://eufordigital.eu/countries/azerbaijan/>

³² Guide for building the ICT entrepreneurial ecosystems in the Eastern partner countries: Maturity analysis and recommendations <https://eufordigital.eu/wp-content/uploads/2021/04/Guide-for-building-the-ICT-entrepreneurial-ecosystems-in-the-Eastern-partner-countries-maturity-analysis-and-recommendations.pdf>

The bilateral trade volumes between the European Union and EaP countries have increased substantially between 2016-2019. A considerable increase of around 55% referred to Azerbaijan, which maintains the fact that Azerbaijan is an important partner for the EU.

It is worth mentioning that the EU is Azerbaijan's biggest export and second-biggest import market, with a 51% share in Azerbaijan's exports and a 16 % share in Azerbaijan's imports, respectively³³. EU imports from Azerbaijan mainly consist of mineral fuels, lubricants, and related materials, while EU exports to Azerbaijan are mostly dominated by machinery and transport equipment.

Currently, the Ministry of Economy, with support of the EU-funded Project “Support the Government of Azerbaijan in development of export strategy and support in its implementation” works on the state Export Strategy that is anticipated to become a grounding long-term policy to improve and diversify the Azerbaijani export potential³⁴.

Additionally, the Eastern Partnership Ready to Trade project financed by the European Union under the EU4Business initiative assists SMEs from Azerbaijan and other European Partnership countries to access new markets with a focus on the EU. Therefore, the project provides support to exporting and export-ready SMEs along the value chain in producing value-added goods with respect to international and EU market requirements, linking SMEs to international markets³⁵.

Following activities related to the WTO accession, the EU-funded Framework Contract “Strengthening capacity of the Government of Azerbaijan in the WTO Accession negotiations and other trade-related activities” aims to strengthen trade policy and maintain the efforts of the Government of Azerbaijan in the ongoing WTO accession negotiations³⁶.

Recommendations:

- Accessing the Deep and Comprehensive Free Trade Area (DCFTA) could modernize the economy of Azerbaijan with the improvement of technologies and infrastructure along with new regulations with international standards that would allow products to be exported not only to EU countries but also to the rest of the world.
- Accelerating the negotiations with the WTO in order to promote liberalization of the economy in the country by incorporating WTO rules which will be essential to starting an application of association to the EU and establishing free trade with the EU.
- Promoting diversification of the economy and establishing a comprehensive and strong manufacturing sector to ensure the achievement of a sustainable developmental path for the involvement of free trade.

³³ European Commission. Countries and regions: Azerbaijan: <https://ec.europa.eu/trade/policy/countries-and-regions/countries/azerbaijan/>

³⁴ EU4Business. Projects active in 2020: <https://eu4business.eu/projects/country-azerbaijan/>

³⁵ International Trade Centre. Azerbaijan-Eastern Partnership: Ready to Trade : <https://www.intracen.org/ready2trade/Azerbaijan/>

³⁶ <http://wto.az/en/article/a-new-eu-funded-technical-assistance-project-on-wto-and-trade-policy-starts-its-implementation/78>

STRONGER GOVERNANCE

Strengthening institutions and good governance:

9

Strengthen the rule of law and anti-corruption mechanisms

Many states try to establish or claim that they have in place a good governance system where rule of law, human rights and democracy have by now quite strong foundations. Azerbaijan is one of those countries which goes through that transition phase. Moving forward to a rule of law-based state since independence in 1991 has been slow, with significant events such as adoption of the Constitution of the Azerbaijan Republic in 1995, the PCA with the EU in 1999, and accession to the Council of Europe in 2001, promoting sporadic growth spurts. In the earliest days of independence Azerbaijan's laws were mostly obsolete, unable to adapt to the changing social and economic dynamics of the new Republic. Moreover, the early laws were fragmented, and scattered throughout a number of legislative acts and codes with no systematic cross-referencing. This chaotic state of the law required lawyers and judges, as well as average citizens, to guess at the accurate state of the law. Fortunately, Azerbaijan's legal history does not end there. In recent years, there has been some positive legislative reform, although much work remains in order for Azerbaijan to consider itself a rule of law-based state. Azerbaijan has been criticized in many reports by international organizations. According to Freedom House, besides civil society, independence of media, there are problems in the National Democratic Governance (1 point out of 7) which considers the democratic character of the governmental system and the independence, effectiveness, and accountability of the legislative and executive branches, and Judicial Framework and Independence (1 point out of 7) which assesses constitutional and human rights protections, judicial independence, the status of ethnic minority rights, guarantees of equality before the law, treatment of suspects and prisoners, and compliance with judicial decisions.

Human rights are at least formally recognized in the national Constitution adopted in 1995, which sets forth relatively strong guarantees of fundamental rights and freedoms with respect to, among others, elections, assembly and association. Between 1995 and accession to the CoE in 2001 some progress was made with respect to human rights, though it needs to be stressed that much of this was externally driven; progress on specific issues was a condition of accession to that regional organization.

As one of the important aspects of rule of law, powers of three branches of the government and check and balance system between them needs to be analysed in order to determine whether Azerbaijan is successful in this regard. General overview of the Constitution shows that stronger authority is given to the executive power than to the other two branches. Not only does the President have a broad range of powers and prerogatives, but the executive office also enjoys significant influence over the legislature and the judiciary.³⁷ The executive power through the presidential mechanism can initiate draft laws and, in some instances, Parliament is reduced to the approval of laws. Parliament has little power to exercise democratic control over the

³⁷ Constitution of the Republic of Azerbaijan, Article 109 on Powers of the President of the Republic of Azerbaijan (available at https://www.constituteproject.org/constitution/Azerbaijan_2016?lang=en)

executive. The referendum held in 2016 was not satisfactory either as it served for the expansion of the powers of the executive branch, giving the President power to dissolve the parliament. Venice Commission also provided its criticism towards the changes.³⁸

The situation with the judiciary illustrates an even more clear picture of the imbalance weighted in favour of the presidential office. Although the Constitution lays down an independent judiciary³⁹ and refers to the President as a guarantor of judicial independence,⁴⁰ in practice, judges are dependent on the executive branch, and the judiciary is widely seen as corrupt and inefficient. The politicization of the judiciary and widespread corruption reduce the credibility of the judiciary in the eyes of public. While in its paper on South Caucasus countries, GIZ (Gesellschaft für Zusammenarbeit) mentioned that judges are nominated and appointed by supreme judicial councils, the transparency of the legal process is guaranteed,⁴¹ this cannot be said about Azerbaijan, as per the norms of the Constitution they are appointed either by President or by the parliament based on the proposal of the President.⁴² Criminal prosecutors are also appointed by the executive.⁴³ Thus, there is no separation in the charging power and the final adjudicatory power, creating an imbalance in the criminal justice system again in favour of executive authority. Although the Constitution claims to provide for equality of arms, in practice the prosecution has a stronger say before the courts than the defence.

The European Union and Council of Europe are concerned over the lack of respect for democratic values, the rule of law and fundamental rights in the country⁴⁴ and there have been projects to help to make the situation better. The recent one is called Partnership for Good Governance (PGG) and it provides tailor-made support to Eastern Partnership countries to bring legislation and practice closer to European standards in the fields of human rights, rule of law and democracy. Projects implemented under PGG umbrella between 2019-2021 are “Strengthening anti-money laundering and asset recovery”, “Strengthening the efficiency and quality of the judicial system”, “Raising awareness of the Istanbul Convention and other Gender Equality Standards” which all are important for the further development of rule of law in the country.⁴⁵ Nevertheless, it needs to be stressed that the EU never was much involved truly during the elections and improvement of the situation in the country. It is probably because Azerbaijan’s strategic place on the map and vast oil reserves were too important for the powers in the region to risk relations with the executive or to allow instability; accordingly they first expressed only silent criticism, or even approval, aimed at preserving the status quo and providing for the continuity of their interests. If the EU refuses to play a catalyst role in motivating the country to adopt genuine reforms, not only will Azerbaijan be held back by its anti-democratic practices, but the EU interests in the region might be threatened: it would be jeopardizing to use unstable Azerbaijan as a strategic corridor between Europe and Asia. The analysis demonstrates that

³⁸ European Commission for Democracy Through Law (Venice Commission), “Azerbaijan: Preliminary Opinion on the Draft Modifications to the Constitution Submitted to the Referendum of 26 September 2016” (20 September 2016) Opinion No. 864 / 2016, CDL-PI(2016)010, para 36 (available at

[https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-PI\(2016\)010-e](https://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-PI(2016)010-e)

³⁹ Constitution (n 12) Chapter VII on Judicial power

⁴⁰ Constitution (n 12) Article 8.4

⁴¹ Deutsche Gesellschaft für Zusammenarbeit, “Building Confidence in the Justice Systems in the South Caucasus: Towards the rule of law” (2021) 3

⁴² Constitution (n 12) Article 109.9

⁴³ Constitution (n 12) Article 133

⁴⁴ Gulara Guliyeva, “Democratization and the Rule of Law in Azerbaijan: Europe’s Relevance” in C.P.M. Waters (ed.), *The State of Law in the South Caucasus*, Palgrave Macmillan, a division of Macmillan Publishers Limited (2005) 42

⁴⁵ European Union/Council of Europe Partnership for Good Governance Phase II (2019-2021), “Results Factsheet: Partnership for Good Governance in Azerbaijan” (2020)

Azerbaijan needs assistance to instil the rule of law, but has little ability to accomplish this goal by itself. Mere ratification of human rights treaties is not enough to bring about change. Active involvement with the EU's experience of the rule of law is one possible way to make additional progress. Azerbaijani legal reform efforts have concentrated on economic concerns and not human rights. Similarly, the apparent concern for promoting rule of law and democratization revolves around the prospects for economic gain and international political status, and less around concern for the rights of citizens. While the EU can support the reform process in Azerbaijan through political, financial and technical means, the willingness of the government, and ultimately the citizenry, to engage in meaningful reform is the sine qua non for effectively establishing rule of law in Azerbaijan.

The National Action Plan for 2016- 2018⁴⁶ on 'Promotion of Open Government' was adopted with 27th April 2016 dated Presidential Decree. This anti-corruption policy-document was prepared on the basis of carried out researches by independent civil-society organizations, interim-reports of the implementation of anti-corruption policy documents, reports of state bodies and international partners.

Recommendations:

- *Build moral leadership by implanting values of rule of law should be a strategy for transforming the current electoral democracy into liberal one. For this education and training of civil servants on values of democracy and rule of law should be widespread and intensified;*
- *Enhancement of local governance at multi-level is a need of the country;*
- *The autonomy at different level will create condition for participation of heterogeneous groups in governance, and this will give the legitimacy to the democracy;*
- *Public education should be made an integral part of any effort to deepen the rule of law;*
- *There is a need to realize that the political dialogue with European institutions is meaningless without genuine political pluralism in the country;*
- *As freedom of expression is important element of good governance and rule of law providing transparency and accountability, the government has to scale up support for independent media, support centres for the mutual exchange of information for media outlets.*

⁴⁶ <https://www.opengovpartnership.org/documents/azerbaijan-action-plan-2016-2018/>

The Right to Fair Trial: Over the past 3 years there were not remarkable achievements in terms of the systemic reforms to restore judicial independence in Azerbaijan, some changes to the laws have been made to ensure the effective investigation of cases. According to the amendment to Article 15 of the Law on Lawyers and Legal Profession on November 19, 2019 the lawyers are entitled to obtain an opinion from not only a specialist but an expert. This change means the institution of alternative experts which can be deployed by the lawyers and contribute to the trial.

Additionally, the Law on Administrative Proceedings was amended on November 29, 2019 to regulate the procedure for private forensic experts following Article 41. According to the amendment to the Law on Public Forensic Expertise which went into force since March 1, 2020, its name has been changed as “The Law on Forensic Expertise” to allow the inclusion of private forensic experts in judicial proceedings.

On 10 February, 2017, the Decree of the President of the Republic of Azerbaijan on the "Improvement of activities in penitentiary sphere, humanization of criminal policy and expanding the use of alternative penalties and procedural coercive measures not related to isolation from society" was signed⁴⁷. In accordance to the United Nations Standard Minimum Rules for Non-custodial Measures (The Tokyo Rules) Adopted by General Assembly resolution 45/110 of 14 December 1990 member States shall develop non-custodial measures within their legal systems to provide other options, thus reducing the use of imprisonment, and to rationalize criminal justice policies, taking into account the observance of human rights, the requirements of social justice and the rehabilitation needs of the offender.

Access to Fair Trial: On 3 April 2019, the Decree of the President of the Republic of Azerbaijan on ‘Advancing Reforms in Judicial-Legal System was issued’.⁴⁸ While expectations were quite high from the introduction of this decree, the content of the intended reforms was absolutely technical, thus failed to contribute to the independence and impartiality of justice in Azerbaijan to a great extent. Some developments presented by the reforms were about the alternative forensic examinations and the promotion of mediation as an alternative dispute resolution method, however, the decree was satisfied by increasing the salary of judges and launching hotline under the Judicial-Legal Council in order to ease the receipt of information about negative practice at courts. While one of the purposes pursued through the reforming decree is to promote the public trust in justice, the decree does not put forward anything new in terms of establishing public scrutiny, but refers the monitoring of the performance of judges to the Judicial-Legal Council. As long as the independence of the Judicial-Legal Council in Azerbaijan and its immunity from the interference of law-enforcement agencies, as well as the Prosecutor’s General Office are still under question, these reforms stand for nothing other than a formality.

⁴⁷ See the full text of the Decree on the ‘Improvement of activities in penitentiary sphere, humanization of criminal policy and expanding the use of alternative penalties and procedural coercive measures not related to isolation from society’; <http://www.e-qanun.az/framework/34809>

⁴⁸ See the full text of the Decree on the Reforms in Judicial-Legal System, available at <https://president.az/articles/32587> (last visited: 30 April 2019).

Although it is not clearly specified among the rights set forth in the ICESCR but rather forms the ingredient of the International Covenant on Civil and Political Rights (the ICCPR), the importance of the right to fair trial, and access to lawyers should not be ignored because any hindrance in the enjoyment of this rights will automatically influence the proper economic and social rights system. As bar associations may play a necessary role in the effective advocacy and lobbying aimed at the promotion of justice, and the influence on the laws and regulations, their independence and impartiality are highly crucial.⁴⁹ In addition, according to the United Nations Basic Principles on the Role of Lawyers, proper qualification and training of lawyers are among the factors to be considered for the independence of legal profession.⁵⁰

The first quarter of 2019 is also remembered with the introduction of a series of reforms in justice in Azerbaijan. One of these reforms concerned the access of lawyers to the bar association which is the only one of its kind in Azerbaijan. On 15 April 2019, Article 11 and 13 of the Law on Lawyers and Legal Profession were amended. Despite the periodical qualification examinations to the bar association are going to be held at least once a year, in accordance with Article 11 of the Law, the rules of qualification examinations have also been changed to the lawyer's detriment.

According to Article 13(8) of the Law, those candidates who fail at the interview session of qualification examinations will be unable to attend further examinations in a year since their failure. The Bar Association is a union of lawyers and represents the legal profession in Azerbaijan, that's why it is unreasonable to block the failed candidates' access to the Bar Association and deprive them of their right to be a bar member after the next exam. It is hardly possible to think of any reasonable rationale for such an amendment because the Bar Association does not receive a huge number of applications.

Recommendations:

- *To avoid formal reforms in justice and make necessary amendments to the laws in order to ensure the full independence of the Judicial-Legal Council and reinforce its immunity from the interventions by law-enforcement agencies;*
- *To revise the amendment to the Law on Lawyers and Legal Profession, which blocked the failed candidates' access to the bar association within a year, and ensure the participation of all candidates to the bar exams without any discrimination.*
- *To avoid formal reforms in justice and make necessary amendments to the laws in order to ensure the freedom of assembly and association and reinforce its immunity from the interventions by law-enforcement agencies;*

⁴⁹ International Bar Association's Presidential Task Force on the Independence of the Legal Profession, *The Independence of the Legal Profession: Threats to the Bastion of a Free and Democratic Society*, September 2016, p.8.

⁵⁰ The United Nations Basic Principles on the Role of Lawyers, Adopted by the Eighth United Nations Congress on the Prevention of Crime and the Treatment of the Offenders, Havana, Cuba, 27 August to 7 September 1990, paras. 24-25.

11 Support the implementation of public administration reform

The one of main important deliverable in the Eastern Partnership's 20 Deliverables for 2020 include supporting the implementation of Public Administration Reform, to help establish professional, depoliticised, accountable and ethical public administration and provide a high level of services for citizens and business. It requires an open and accountable government, more engaged citizen participation in public affairs.

The need for reforming the public administration remains the main theme for the both civil society and government in Azerbaijan in order to strengthening institutional governance across public sector. Azerbaijan has made progress in a number of aspects of governance and needs to build further on this foundation by mainstreaming governance improvements in fiscal management, service delivery, and in supporting the enabling environment for the private sector. Besides, governance challenges such as voice, accountability, and transparency impact quality and efficiency of service delivery.

As citizen-centric models of public service delivery have been at the core of public administration reforms in Azerbaijan, one of the most successful steps taken in the implementation of the reforms was the creation of the State Agency for Public Service and Social Innovations under the President of the Republic of Azerbaijan. The State Agency was established by the Decree of the President of the Republic of Azerbaijan in July 2012, to provide high-quality public services to the citizens of Azerbaijan and promote innovations in this sphere. Its activity areas include public service delivery, digitalisation, innovations, and social projects

E-GOV Development Centre: Public service needs to spearhead innovations to deal with complex challenges. The priorities of the Agency include harnessing disruptive technologies to serve the citizens more effectively and efficiently, moving from the one-stop shop to a non-stop shop model, where the citizen does not have to perform any action or fill in any forms to receive government services.

It is expected that by the end of 2021, more than 100 organisations, including government institutions and their subordinates, as well as private organisations, will join the E-Gov services. In addition to this, a new personal cabinet-based e-government portal – ‘My-Gov’ was launched in July 2019⁵¹. In 2021, government launched a mobile application which offers the digital solution in obtaining references from different sources, and accessing documents and information provided by government institutions through mobile devices, while allowing single-on access⁵².

In addition to this, the government also established Asan Pay system in order to directly inform citizens about state payments, electronic payment of duties and other state fees. Furthermore, the Asan Bridge⁵³ system also created in order to maintain an integrated module of E-government

⁵¹ <https://www.digital.gov.az/en/projects/our-projects/mygov-en>

⁵² Presidential Decree No 1885 “On about e-government development and measures related to transition to digital government” (14 March 2018).

⁵³ <https://www.digital.gov.az/en/projects/our-projects/asan-bridge>

information system – which provides coordination of state information resources and systems, as well as fast, stable and secure exchange of information between those resources and systems.

As mentioned above, Azerbaijan has made some efforts towards implementation of Deliverable 11 by adopting, for example, a different public service systems by ASAN, implementing programme budgeting, equipping regions with ASAN Service Halls. However, challenges remain in all directions: lack of effective oversight mechanism for policy-making; lack of ambitious reforms for more accountable and effective public service delivery, lack of the involvement of CSOs from the initial phase of policy preparation;

In order to meet the existing challenges of the PAR implementation it is recommended that the Government of Azerbaijan:

- *The first is strengthening governance pertinent to four themes: (i) macroeconomic and fiscal management; (ii) public service delivery; (iii) rule of law; and (iv) data collection, analysis and reporting.*
- *To guarantee an access to simple and consumer-oriented public services delivery, as appropriate, including through the availability of online and mobility services, as well as e-applications for people residing in remote a rural area;*
- *To establish a new ASAN public service delivery center in de-occupied regions of Azerbaijan;*
- *To pay attention to the importance of quality control of the delivery of public services onvan ongoing basis with a view to ensuring accountability,*
- *To enhance efforts for the implementation of the Sustainable Development Goals and the Addis Ababa Action Agenda;*
- *Raise awareness about the reform and hold public consultations in order to stimulate public demand for more ambitious reform commitments for better and in-depth PAR.*
- *To adopt an Open Government Action Plan and ensure that there is proper monitoring of the implementation of the Action Plan, and that the findings are published in reports that are made public.*

12 Stronger security cooperation

On the basis of the 2020 Deliverables framework, partner countries have to establish stronger cooperation and efficient dialogue with the EU in the areas of security cooperation. Through established cooperation, countries may improve their capacity and resilience towards external threats in order to prevent and manage possible crises.

By being an active associate, Azerbaijan plays a crucial role in the process of maintaining security cooperation in the region. The country's foreign and security policy reflects a multi-vector approach emphasizing close relations with its neighbors Turkey, Georgia, Russia, and Iran, including countries in Asia (Pakistan, China, India, etc.), Europe, and the U.S. At the same time, Azerbaijan participates in alliances with neighbors and regional blocks (the Caspian Sea, the Commonwealth of the Independent States, and the Cooperation Council of Turkic Speaking States). In 2019, Azerbaijan hosted the 18th Summit of the Non-Aligned Movement and took over the chairmanship for 2019-2022, stressing international peace and security features at the top of its agenda⁵⁴. The country started an annual high-level security Dialogue with the EU in 2018 to contribute to enhancing the exchange of practices, data, and cooperation⁵⁵.

In a meantime, Azerbaijan participates in the third phase of the regional program for the prevention, preparedness, and response to natural and man-made disasters in the Eastern neighborhood. The action launched in 2020 enhances the cooperation among partner countries on disaster risk management along with their cooperation with the EU Civil Protection Mechanism (UCPM).

Country Development Cooperation Strategy developed by the USAID (2020-2025) envisages the crucial role of Azerbaijan as a major energy provider to its neighbors, which makes the country a key element of stability in the region and beyond⁵⁶. Meanwhile, following the perspective, Azerbaijan contributes to the containment of Iran's destabilizing influence affecting the Middle East.

Since the escalation of the hostilities in the Nagorno-Karabakh region on 27 September 2020, the EU has actively engaged in efforts to de-escalate the situation, supporting the humanitarian ceasefire agreements⁵⁷. The EU and its Member States outlined their engagement to provide an effective contribution to the support of stabilization, post-conflict rehabilitation, and confidence-building measures.

In October 2021, Azerbaijan, Georgia, and Turkey held the Trilateral Meeting inking the Final Statement, which outlined further development of the cooperation in terms of defense and

⁵⁴ <https://en.president.az/articles/52430>

⁵⁵ https://euneighbours.eu/sites/default/files/publications/2020-03/EAP%20SUMMIT%20FACTSHEET_Azerbaijan_EN.pdf

⁵⁶ <https://www.usaid.gov/sites/default/files/documents/CDCS-Azerbaijan-May-2025.pdf>

⁵⁷ <https://reliefweb.int/report/azerbaijan/eu-azerbaijan-cooperation-council-18-december-2020>

maintenance of the regional security in the region⁵⁸. Referring to the geostrategic significance of the region, the aim is to preserve and ensure regional stability through joint efforts.

Assessing the measures adopted in the area of Cyber Security, it is worth mentioning that in accordance with the International Telecommunication Union's Global Cyber Security Index 2020 (GCI), Azerbaijan has improved its ranking moving forward to 40th place. The country is 3rd in the CIS after Russia and Kazakhstan⁵⁹. Additionally, Azerbaijan is expected to approve a National Strategy for Information and Cyber Security covering 2021-2025.

Recommendations:

- *Accelerate the process of revision/approval of important documents that impede the implementation of many crucial policies related to cyber-security strategy, information security, and personal data protection at national or agency levels.*
- *Strengthen the legislative framework of the strategically significant documents, including the elements of the Common Foreign and Security Policy (CFSP) principles.*
- *Enhance the international cooperation practices and exchange of the main principles related to the security and universal challenges that need to be addressed. In this regard, inclusiveness to the different initiatives proposed by international agencies has to be ensured, along with the fulfillment of the basic essential criteria needed.*

⁵⁸ <https://www.dailysabah.com/politics/diplomacy/georgia-turkey-azerbaijan-co-op-vital-for-regional-stability>

⁵⁹ https://www.itu.int/dms_pub/itu-d/opb/str/D-STR-GCI.01-2021-PDF-E.pdf

STRONGER CONNECTIVITY

Connectivity, energy efficiency, environment and climate change:

13 Extend the TEN-T core networks, transport

Azerbaijan became a strategic partner for the European Union due to the fact that it plays a pivotal role in delivering Caspian energy resources to the EU market. Currently, the country supplies around 4.3% of the EU's oil imports.

The European Commission has expressed its will to support three separate transport projects in Azerbaijan as part of the Indicative trans-European Transport Network (TEN-T) Investment Action plan to boost the logistic capabilities and further economic growth. The framework covered building five separate logistic centers in the country, including the free economic zone in Alat located along the Caspian Sea.

Currently, the EU continues to support the Port of Baku (part of TEN-T) to enhance its potential in the implementation of a Green Port Concept and to extend the digital platform to connect the supply chain through the Middle Corridor. It has to be noted that among the different transportation routes in the East-West trade exchanges, the Middle Corridor is the most flexible one as the cargo traffic may be easily routed to alternative rail systems or ports on the way to Europe or vice versa. Azerbaijan made considerable progress in implementing priority projects within the framework of the Indicative TEN-T Investment Action Plan⁶⁰ and is close to completing the indicative core TEN-T network.

In addition, Azerbaijan and Kazakhstan are expanding the possibilities of multimodal cargo transportation along the Trans-Caspian International Transport Route (TITR).

Since the Baku-Tbilisi-Kars railway (BTK) plays a crucial role in the transportation of goods from the countries of the Asia-Pacific region from the ports of the Russian Far East to Turkey and Europe through Azerbaijan, the country is working jointly with Georgia and Turkey in order to bring the BTK to full capacity.

As it becomes clear, Azerbaijan has numerous new transit opportunities. Therefore, work on increasing the cargo flow between Europe and Asia has to resume.

Recommendations:

- *Strengthen efforts and measures to make the transit corridors competitive turning Azerbaijan into a regional logistics and trade hub.*
- *Accelerate the implementation of priority projects identified in the Indicative trans-European Transport Network Investment Action Plan to ensure the construction and rehabilitation of new and existing roads, rails, ports, and logistical centers along with border crossing points.*
- *Support the initiatives related to the regional connectivity development, enhancing the renovation, linking, and construction of main cross-border components.*

⁶⁰ https://ec.europa.eu/neighbourhood-enlargement/news/eastern-partnership-new-indicative-ten-t-investment-action-plan-stronger-connectivity-2019-01_en

Taking into account that energy security and energy efficiency play a considerable role in the economic development of Azerbaijan, the EU supports reliable energy supply, promotes energy efficiency along with the use of renewable energy through the EU4Energy Initiative.

The energy mix of Azerbaijan is heavily concentrated on fossil fuels, with oil and gas accounting for more than 98% of the total supply⁶¹. By being a key tool for enhancing the security of energy supplies in Europe, the Southern Gas Corridor represents a strategic initiative to bring gas from the Caspian Sea to the European markets. Following the completion of the Trans Adriatic Pipeline (TAP), the final part of the Southern Gas Corridor, the first commercial gas supplies were made to Europe (Italy, Greece, and Bulgaria) in December 2020.

TAP reflects a strategically and economically important energy carrier as it provides reliable access to an all-new source of natural gas to Europe, which depends on foreign supplies. The pipeline, in its turn, plays a significant role in boosting Europe's energy security, supply diversification, and decarbonization objectives by facilitating an uninterrupted flow of Azerbaijani gas from the BP-operated Shah Deniz-2 subsea field.

Trans-Anatolian Natural Gas Pipeline (TANAP), which is one of the branches of the SGS, runs through Turkey. The pipeline not only contributes to gas supply security by diversifying resources but also boosts European supply security by enriching the energy resource channel for continental countries. Additionally, it is expected that in 2021, Azerbaijan will increase gas exports to Turkey and Europe via the Trans-Anatolian Natural Gas Pipeline (TANAP) to 12.2 billion cubic meters (bcm)⁶². Moreover, it is worth mentioning that over the past decade, Azerbaijan has considerably improved its electricity supply security. Major investments were allocated to the modernization of generation and strengthening of the east-west transmission system. Azerbaijan further strengthened its energy infrastructure and increased its productivity by commissioning a "North-2" power plant with a power of 400 MW⁶³.

While overviewing the principles of energy security, several risks have to be taken into account⁶⁴. In this regard, the security of the oil and gas pipelines has to be ensured. Stability and efficiency of energy resources are other constituencies of energy security strategy. The country has to use its energy resources effectively.

Recommendations:

- *Modernization of the energy infrastructure and efficient usage of energy resources in order to ensure adherence to principles of the energy supply security have to be implemented.*
- *Security of the pipelines seems actual not only for Azerbaijan but for the involved parties as well. This issue seems to be the most important point from the perspective of the delivery of energy resources.*
- Enhance the dialogue between the EU and the Eastern Partnership Member states in order to adopt and agree on a joint program of actions for the development and protection of infrastructure, ensuring financial, technical, and expert assistance from the EU.

⁶¹ <https://iea.blob.core.windows.net/assets/49662c46-575f-4561-a541-5541f5342b07/Azerbaijan2021EnergyPolicyReview.pdf>

⁶² https://ec.europa.eu/neighbourhood-enlargement/system/files/2021-03/eap_factsheet_azerbaijan.pdf

⁶³ <https://minenergy.gov.az/en/elektroenergetika/musteqillik-elde-edildikden-sonra-elektroenergetikanin-inkisafi1991-ciilden-sonraki-ucuncu-dovr>

⁶⁴ https://cesd.az/new/wp-content/uploads/2015/11/Energy_security_and_Energy_union_perspectives_for_Azerbaijan_CESD_Policy_Paper.pdf

15 Enhance energy efficiency and the use of renewable energy; reduce Greenhouse Gas emissions

Azerbaijan joined the Eastern Europe Energy Efficiency and Environment Partnership (E5P) in 2019⁶⁵.

The Ministry of Energy, in its turn, takes several measures to develop the legislative framework related to energy efficiency. The draft law ‘On the Efficient Use of Energy Resources and Energy Efficiency’ was developed with the support of the Energy Charter within the framework of the EU4Energy program.

Since 2019, within the framework of the EU4Energy program, the development of the National Action Plan on Energy Efficiency with the International Energy Charter has started. Furthermore, a draft review of Azerbaijan's energy efficiency policy was prepared by the Energy Charter and submitted to the Ministry of Energy⁶⁶.

Azerbaijan has significant potential to use its renewable energy sources (RES) due to its geographical location and diverse landscape. The Presidential Decree on “The Acceleration of Reforms in the Energy Sector of Azerbaijan” envisages the responsibilities of the Ministry of Energy for the development of RES law and creating favorable conditions for private investment in renewables⁶⁷.

In May 2020, the Cabinet of Ministers approved the Action Plan on Attracting Additional Investments in the Renewable Energy Sector⁶⁸. Additionally, in September 2020, the Azerbaijan Renewable Agency under the Ministry of Energy of the Republic of Azerbaijan was established following the Decree of the President of the Republic of Azerbaijan.

Currently, the government is drafting legislation to promote renewable energy and is aiming for it to provide 30% of electricity generating capacity by 2030. Significant agreements to build wind and solar power capacity were signed in early 2020.

Since the energy mix of a country is concentrated on fossil fuels, heavy reliance results in high greenhouse gas (GHG) emissions. Energy and agriculture are two sectors with the largest GHG emission shares. In October 2016, the Parliament of Azerbaijan ratified the Paris Agreement with the country's commitment to reduce GHG emissions by 35% in 2030.

The State Oil Company of the Azerbaijan Republic (SOCAR) is part of the “Zero Routine Flaring” by 2030 initiative launched by the World Bank and UN in 2015. It was targeting to eliminate flaring completely by 2021⁶⁹.

In February 2021, the Ministry of Energy of the Republic of Azerbaijan signed a Memorandum of Understanding with BP to cooperate in estimating the potential and conditions for large-scale decarbonized and integrated energy and mobility systems⁷⁰.

⁶⁵ <https://e5p.eu/azerbaijan/news-detail/34>

⁶⁶ <https://minenergy.gov.az/en/alternativ-ve-berpa-olunan-enerji/enerji-semereliliyine-dair>

⁶⁷ <https://minenergy.gov.az/en/alternativ-ve-berpa-olunan-enerji/azerbaycanda-berpa-olunan-enerji-menbelerinden-istifade>

⁶⁸ <https://minenergy.gov.az/en/xeberler-arxivi/berpa-olunan-enerji-sahesine-elave-investisiyalarin-celbi-uzre-tedbirlerin-icrasi-muzakire-edilib>

⁶⁹ <https://socar.az/socar/assets/documents/en/socar-annual-reports/Sustainable%20development%20report-2019.pdf>

Recommendations:

- *Adopt strong policies on energy efficiency, applying a long-term approach in order to keep the country on an environmentally sustainable energy pathway. Greater energy efficiency may benefit the economy, reduce pollution and create additional workplaces.*
- *Accept short, medium, and long-term renewable energy targets, ensuring their implementation in the adopted regulations and policies. Defining the targets in accordance with the economic potential of renewable energy seems crucial. Cost-effectiveness has to reflect a key policy choice criterion.*
- *Ensure an increase in the share of renewable energy sources in the overall balance of energy consumption in order to reach a decrease in the volume of greenhouse gases.*

⁷⁰ https://www.bp.com/en_az/azerbaijan/home/news/press-releases/azerbaijan-to-cooperate-with-bp-on-decarbonization-of-its-energy.html

16 Support the environment and adaptation to climate change

Cooperation between the EU and Azerbaijan on the environment and climate goals is supported via series of regional programs such as Water Initiative +, Shared Environmental Information System II (SEIS II), EU4Climate, and EU4Environment. Currently, the Strategy of the Republic of Azerbaijan for 2017-2035 regarding integrated water resources management is under development. The National Water Strategy (NWS) will cover the development of water resource management and water protection.

Azerbaijan has outlined climate change mitigation actions in its energy, oil and gas, residential and commercial, transport, agricultural, and waste sectors in Nationally Determined Contributions (2017). NDC remains under review and is expected to be released by the end of 2021⁷¹.

The Covenant of Mayors is the largest movement in the world for local climate and energy actions, bringing together thousands of local governments voluntarily committed to implementing EU climate and energy-related objectives. The Ministry of Energy of Azerbaijan was registered by the European Commission (EC) as the National Coordinator of the Covenant of Mayors for Climate and Energy Initiative. At present, Mingachevir municipality and Icheri Sheher State Historical and Architectural Reserve have joined the Covenant of Mayors⁷².

As a part of measures aimed to combat climate change and the pollution that threatens the environmental sustainability of the Caspian Sea and Absheron Peninsula, the State Oil Company of the Azerbaijan Republic (SOCAR) initiated the Caspian Environmental Protection Initiative (CEPI). Global oil companies operating in Azerbaijan (BT AGT, Equinor Absheron AS, and Total E&P Absheron B.V.) have also joined the initiative⁷³. In February 2021, Azerbaijan launched the start of the National Adaptation Plan process for climate change resilience, which will be funded by the Green Climate Fund (GCF) and implemented by UNDP. The project will assist the development of climate change adaptation actions in Azerbaijan in three major sectors: water, agriculture, and coastal areas⁷⁴.

Taking into account Azerbaijan's renewable energy potential, it goes without a doubt that renewable energy, together with energy efficiency, offers the most promising and low-carbon solution to meet the country's climate targets. The government is striving to meet the UN's 2030 Sustainable Development Goals (SDGs), among which 7 (access to affordable, reliable, sustainable and modern energy resources) are a priority for Azerbaijan. These measures may jointly alleviate the process of achieving the Paris Agreement goal.

Recommendations:

- *Develop an integrated long-term strategic plan for energy and climate that aims to deliver the country's nationally determined contribution (NDC) under the Paris Agreement.*

⁷¹ <https://www.adb.org/sites/default/files/publication/707466/climate-risk-country-profile-azerbaijan.pdf>

⁷² https://minenergy.gov.az/en/beynelxalq-emekdasliq/merler-razilasmasi_475

⁷³ <https://socar.az/socar/en/news-and-media/news-archives/news-archives/id/11487>

⁷⁴ <https://www.az.undp.org/content/azerbaijan/en/home/presscenter/pressreleases/2021/UNDP-AZE-NAP-project-launch.html>

- *In order to reduce sectoral emissions and meet Azerbaijan's 2030 climate targets, the government has to work closely with leading companies operating in the oil and gas sector.*
- *Climate concern has to be an integral part of long-term transport and urban development policy. Since the population set continues to grow, urbanize and become wealthier, the country has to build more urban infrastructure.*

STRONGER SOCIETY

Mobility and people-to-people contacts:

17 Progress on Visa Liberalisation Dialogues and Mobility Partnerships

Implementation of visa liberalization action plan plays a crucial role in expanding trade, cultural and other links between the European Union, its members, and Eastern Partnership countries. The process may pave the way for developed and more secure mobility between the parties.

Among the six partner countries, Georgia, Moldova, and Ukraine have already achieved the most progress with visa liberalization. For the visa liberalization action plans to be implemented and completed, partner countries have to ensure certain benchmarks are met. Although Azerbaijan signed a visa facilitation agreement with the EU in 2013, the process remains under the stage of ongoing negotiations. However, it has to be mentioned that in January 2020, the government of Azerbaijan announced plans related to the liberalization of landing rights to foreign airlines⁷⁵. These policies have been areas of discord between Azerbaijan and the EU. Undoubtedly, the changes will reflect a breakthrough for the tourism industry in Azerbaijan, boosting the region's connectivity with Europe being essential for establishing a more robust economy in the country. Moreover, during the press conference following the EaP Summit in June 2020, EU Commissioner for Neighborhood Policy and Enlargement Negotiations announced the EU would soon begin to consider liberalizing visas with Azerbaijan⁷⁶. During the Summit, Azerbaijani President emphasized advances that occurred over the past few years to stress out the country's cooperation with the partnership. However, the most significant achievement is to underline that as a part of the EaP, the EU has become Azerbaijan's main trading partner, with approximately 50% of trade coming from the EU.

As it becomes clear, a request for visa-free travel to the EU and more Eastern Partners, including Azerbaijan, may be considered in near future. Since Eastern Partnership represents one of the main priorities for the EU, implementation of the upcoming working deliverables of a future partnership is vital. With the recent remarks, it goes without a doubt that Azerbaijan has an opportunity to make progress towards achieving special visa-free status with the European Union, as long as it acts on its commitments.

Recommendations:

- *Enhancing the transparency level of the economy in order to be able to achieve the implementation of essential benchmarks.*
- *Ensure the successful implementation of certain essential benchmarks in order to accelerate negotiations related to the visa facilitation process.*
- *Strengthen the public control over the sustainability of visa liberalization reforms.*
- *Expand the directions of communication and strengthen the capacity-building potential between the EU and Azerbaijan, reflecting in the priority fields of cooperation.*

⁷⁵ <https://www.azal.az/en/article/534>

⁷⁶ <https://www.schengenvisainfo.com/news/eu-official-says-the-block-is-ready-to-consider-visa-liberalization-with-azerbaijan/>

18 Strengthen investment in young people's skills, entrepreneurship and employability

The Eastern Partnership continues to pay special attention to youth and youth-related issues since its launch in 2009. Over the years, better integration of the Azerbaijani youth into the international community was achieved, along with sustainable and strengthening cooperation with the youth of Eastern Partnership⁷⁷.

In the case of Azerbaijan, the high proportion of young people in the population's overall composition is reflected in an increase in the proportion of young people in the working-age population⁷⁸. The Strategic Roadmap for Vocational Education and Training (VET) 2016–2025, adopted by the government of Azerbaijan, outlines the short, medium, and long-term vision for VET development⁷⁹. In its turn, to support vocational education in Azerbaijan, the EU, along with UNDP, will maintain the State Agency on Vocational Education in modernizing VET institutions to deliver training tailored to the current needs of the labor market. The project will focus on innovation and digitalization, green and future skills integration. On the other hand, modernization of equipment and infrastructure for seven selected VET centers across the country, along with networking and capacity building of VET providers, also relates to the priority areas⁸⁰.

A project titled “Professional Development and Career Planning” launched by the Ministry of Labor and Social Protection of the Population of the Republic of Azerbaijan, the American Chamber of Commerce in Azerbaijan (AmCham Azerbaijan), Junior Achievement Azerbaijan (JA Azerbaijan) and “Azercell Telecom” LLC focuses on the development of personal skills of war-wounded, children of veterans and martyrs of the 44-day Patriotic War⁸¹. Therefore, their involvement in the business world, along with guidance in the selection of suitable career paths on the basis of their interest areas, will be ensured via the implementation of the project.

Although Azerbaijan has made significant progress in the development of the operational environment for SMEs, there could be more steps to ensure a sustainable field for SMEs by promoting a more competitive business environment, strengthening the rule of law, and improving business integrity. In accordance with the last indicated data provided by EU4Business, the proportion of SMEs supported in Azerbaijan is composed of 24.3%⁸². Furthermore, it is worth mentioning that in 2020, the growth in exports amongst EU-supported SMEs was highest in Azerbaijan and Ukraine.

The State Policy on Social and Economic Development of the Regions of the Republic of Azerbaijan for 2019-2023 provides more opportunities for the development of innovative SMEs in the regions⁸³.

⁷⁷ https://www.euneighbours.eu/sites/default/files/publications/2021-01/EU4Youth_2019_report_DEF.pdf

⁷⁸ https://www.etf.europa.eu/sites/default/files/2020-06/04_trp5_etf_assessment_azerbaijan.pdf

⁷⁹ <https://monitoring.az/assets/upload/files/6381dda5389fb17755bbb732a9c7d708.pdf>

⁸⁰ <https://www.az.undp.org/content/azerbaijan/en/home/presscenter/pressreleases/2021/UNDP-AZE-VET-for-the-Future.html>

⁸¹ <http://ja-azerbaijan.org/2021/09/08/a-new-project-is-launched-to-support-self-development-of-war-wounded-and-children-of-martyrs/>

⁸² <https://eu4business.eu/uploads/21/09/06/f164a47b3d1ea66a462af67a0f6d4ba6.pdf>

⁸³ <http://e-qanun.az/framework/41320>

Recommendations:

- *More emphasis has to be put on the transition from a traditional economy to a “knowledge-based economy”. The appropriate development of human capital has to be prioritized.*
- *The role and capacity of non-governmental actors (NGOs, institutes, etc) in participation in international cooperation programs have to be strengthened.*
- *The government has to support innovation and digital transformation programs in order to ensure the involvement of youth and other interested parties in the sustainable development of the sector.*
- *Expand the number of young people participating in exchange programs provided by the EU. At the same time, the process of involvement in the programs has to be alleviated.*

Since its establishment, the Eastern Partnership (EaP) European School has provided a range of opportunities for studying and supported the participation of its students in international activities implemented within the framework of the European Commission.

The European School for the Eastern Partnership in Georgia was established to promote high-quality international education in the Eastern Neighbourhood region. In June 2021, the EaP European School marked the graduation of the second cohort of students from 6 EaP countries in a virtual ceremony hosted by the European School for the EaP in Georgia. The Class of 2021 comprised 34 students from the EaP countries, including undergraduates from Azerbaijan⁸⁴. In addition, a Call for Applications for the Eastern Partnership European School Scholarship program for the academic year 2021/2022 was announced⁸⁵. All eligible students from Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova, and Ukraine aged 16-17 years old were invited to apply.

It has to be noted that the Eastern Partnership European School Project continues to offer high-quality education to successful students from the EaP countries through an International Baccalaureate (IB) Diploma program with a special emphasis on European Studies.

Recommendations:

- *Expand the cooperation between the EaP European School with higher education institutions in Azerbaijan, and spread its experience on a regional level.*
- *Ensure the dissemination of the experience and practices gained during the scholarship program.*
- *Providing financial assistance for teachers and undergraduates to participate in exchange programs in existing European Schools in EU member states to ensure further sustainability and strengthen the capacity of teachers and enrich the knowledge and skills of the students.*

⁸⁴ <https://www.euneighbours.eu/en/east/stay-informed/news/class-2021-online-graduation-eu-funded-scholars-eastern-partnership>

⁸⁵ <http://www.eapeuropeanschool.eu/>

20 Integrate Eastern Partnership and EU research and innovation systems and programmes

Horizon 2020 is the European Union's framework program aimed at the development of research and innovation. It provides more opportunities for research and innovation funding for multi-national collaboration projects along with programs for individual researchers. Focusing on the EaP region, there is a necessity to mention that researchers from Azerbaijan and Belarus are eligible for funding opportunities, while Armenia, Georgia, the Republic of Moldova, and Ukraine are associated with the program and may participate under the same rules as the EU Member States⁸⁶.

In May 2021, the European Commission, in cooperation with the Azerbaijan National Academy of Sciences as coordinator of National Contact Points for Horizon Europe invited researchers and other interested stakeholders from both public and private sectors in Azerbaijan to participate in the Horizon Europe Info Day.

The EU and the UNDP are planning to implement a new three-year project in order to maintain a modern, innovation-driven, and sustainable civil society in Azerbaijan. The project is funded by the EU and will last until 2023⁸⁷.

The project titled “Strengthening Research Development and Innovation (RDI) in higher education in Azerbaijan” was aimed at the increase of the institutional capacities of the Ministry of Education in order to implement a range of different competitive research funds to support RDI in higher education⁸⁸.

By 2020, Azerbaijani scientists joined four new projects on the COST Program (European Cooperation in Science and Technology)⁸⁹. In a meantime, scientists of the Institute of Archaeology and Ethnography of ANAS, Shamakhi Astrophysical Observatory named after Nasiraddin Tusi of ANAS, and the Institute of Catalysis and Inorganic Chemistry named after Academician Murtuza Naghiyev successfully implement three projects in the framework of Horizon 2020 Maria Sklodovska-Curie Program.

Additionally, it is hard not to notice that Azerbaijan has improved its position in the 2021 Global Innovation Index (GII) ranking of the World Intellectual Property Organization (WIPO). Thus, Azerbaijan took 80th place, while in 2020, the country ranked 82nd⁹⁰.

Recommendations:

- *Expand the cooperation links between the EU and local innovation institutions/agencies through capacity-building initiatives and open up dialogue.*
- *The share of expenditures on R&D has to be increased in order to ensure the sustainable development of the sector in Azerbaijan and accelerate a transition to an innovation-driven economy.*
- *Access to European research infrastructures has to be facilitated. In this regard, the governmental support of universities and research institutions has to be provided.*

⁸⁶ <https://www.euneighbours.eu/en/east/stay-informed/projects/horizon-2020>

⁸⁷ <https://azerbaijan.un.org/en/125279-eu-funded-project-creates-new-opportunities-civil-society-organisations-azerbaijan>

⁸⁸ <https://www.rdi.edu.az/en/>

⁸⁹ <https://imbb.az/en/news/592>

⁹⁰ <https://www.globalinnovationindex.org/gii-2021-report#>

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