

1. Best practices and lessons learned on policies, initiatives, mechanisms, safeguards or emergency packages that have been put in place by your government to tackle rising poverty and inequalities in the context of recovery from Covid-19 pandemic that helped advance human rights including the right to development

The COVID-19 Coronavirus infection detected on 31 December 2019 was declared a pandemic by the World Health Organization on 11 March 2020. The pandemic dealt a devastating blow to the global economic value chain, including the economies and health systems of countries. Due to the impact of the pandemic on Azerbaijan's economy, in 2020 GDP declined by 4.3% in real terms and amounted to AZN 72.432 billion in current prices, and GDP per capita declined by 5.0% and amounted to AZN 7,262.8. During this period, value added production in the non-oil and gas sector declined by 2.6%, and in connection with the fulfilment of Azerbaijan's obligations under the "OPEC Plus" agreement it declined by 7.0% in the oil and gas sector.

In 2020, oil production was 34.6 million tons (7.8% decrease) and commercial gas production was 26.1 billion m³ (6.3% increase). The added value generated in 2020 was produced as follows: industry 33.7%; trade, repair of vehicles 11.5%; construction 7.7%; transport and warehousing 7.1%; agriculture, forestry and fishing 6.9%; information and communication 2.0%; tourist accommodation and catering 1.2%; and other spheres 20.2%. Net taxes on products and imports amounted to 9.7% of GDP.

The pandemic and derived sharp fluctuations in the global energy and stock markets, as well as obligatory lockdowns in the country to protect the health of the population, began affecting economic activity, including trade, tourism and construction.

In order to ensure sustainable development, as well as reduce the negative impact of the pandemic on the country's economy and employment, the Government adopted and immediately implemented an Action Plan of preventative and urgent actions.

A secretariat of heads of relevant government agencies and institutions was established under the Cabinet of Ministers of the Republic of Azerbaijan and necessary regulatory measures were taken accordingly. A support programme estimated at about USD 1.47 billion (3.1% of GDP) was drawn up, not only related to anti-crisis measures, but also as a programme of economic expansion, credit expansion and stimulation of aggregate demand. Since it seeks to preserve the social balance and economic development in the post-pandemic period, the wide-ranging support package adopted by the Government also serves to ensure the continuation of activities under the Sustainable Development Goals. The support programme focuses on the following areas:

Protection of economic activity

- Direct financial support to 300,000 individual entrepreneurs in the affected sectors of the economy:

- Partial payment of salaries to 300,000 employees in the affected sectors of the economy;
- Temporary exemptions from taxes, insurance, and customs payments in the affected sectors of the economy;
- Provision of financial support to vital sections of the passenger transportation sector;
- Issuance of State guarantees and subsidised interest rates on bank loans to businesses operating in pandemic-affected areas;
- Subsidisation of part of the interest rate on existing bank loans without State guarantees.

Employment, social welfare support and public health protection

- Provision of a lump-sum payment equalling the minimum subsistence rate to people who have lost their jobs, the non-formally employed and those from low-income families (600,000 people);

- Creation of 90,000 paid public jobs;
- Payment of tuition fees from the State budget for students from socially vulnerable families;
- Allocation of funds from the State budget to protect the health of the population and to meet the needs of citizens for medical masks;
- Temporary increase of existing discount limits on electricity use, etc.

Other measures

- Non-periodic calculation of rents on State property and the State Land Fund;
- Temporary exemptions from customs duties for relevant food and medical products necessary for the population;
- Continuation of State support measures and promotion of private investments in the areas identified as the main priorities of the State's economic policy in the medium-term, etc.

Actions taken on Fiscal Policy

In the framework of these measures, the provision of tax relief and tax holidays for entrepreneurs is considered a key priority. Two laws - "On Amendments to the Tax Code of the Republic of Azerbaijan" and "On Amendments to the Law of the Republic of Azerbaijan on Social Insurance" were entered into force to reduce the negative impact of the pandemic on the business environment in the short and medium term, as well as to support economic growth during the pandemic.

1. All taxpayers engaged in the below-listed business activities, which are directly affected by the pandemic, are fully exempt from property and land taxes and from profit tax with respect to 75% of the profits (income):

- Inland motorway (including taxi) passenger transportation (inter-urban and inter-regional; intra-urban and intra-district); hotels and other hotel-type accommodation facilities;
- Travel agency and tourism operations;
- Transportation and (or) delivery of goods on order, including meals, food and non-food items from sellers to buyers;
- Catering;
- Organization of exhibitions, stage, recreation and entertainment (game), cinema, theatre, museum and concert halls;
- Sports and health-care facilities;
- Preparatory (education) and professional development courses, child learning and development centres, children's clubs, and psychology centres.

2. Areas, in which the activities were fully or partially restricted as a result of the relevant executive authority given to protect the health and safety of the population in connection with the spread of the Coronavirus pandemic.

3. 50% simplified tax exemption for taxpayers engaged in public catering and passenger transportation are in addition to the above-mentioned property and land tax exemptions.

4. In addition to the above tax exemptions, the following relief is provided for the affected areas of economic activities described in (1) above:

- 50% exemption (i.e. tax rate reduction from 14% to 7%) from withholding tax applied on rental fees paid to individuals leasing out immovable property, for those taxpayers engaged in above-listed activities affected by the pandemic;
- Exemption from making and reporting current tax payments for one year, extension of the deadline of the tax payments for 2019 until 1 September 2020;
- Extension of the deadline for payment of profit (income) and property taxes assessed for the prior year for those taxpayers not considered micro-entrepreneurs under the temporary tax regime until 1 September of the current year;
- Deferment of assessment of interest on unpaid taxes, compulsory state social insurance and unemployment insurance fees from 1 April 2020 to 1 January 2021.

5. For micro-entrepreneurs:

- 50% exemption on simplified tax;
- Tax holiday awarded until 1 September 2020 for filing simplified tax returns and profit (income) tax returns, and property tax returns for the first and second quarters of 2020 and for paying the assessed tax to the budget.

6. The following tax relief was provided for all entrepreneurs:

- Deduction of expenditures from income, without any limitation, which are incurred by a taxpayer on necessary preventive measures, including disinfection, in order to prevent the epidemic and protect the life and health of the population;
- Exemption from VAT on imports of certain products (goods) necessary for the food and medical needs of the population.

Actions taken on Social Insurance

In accordance with the law “On Amendments to the Law of the Republic of Azerbaijan on Social Insurance”, dated 8 May 2020 the following stipulations were put in place:

1. Within the framework of social reforms in the country, the amount of the minimum monthly salary was set at AZN 250 from 1 September, 2019. This significant change resulted in an increase in the amount of compulsory state social insurance fees, calculated from a percentage of the minimum monthly salary on income from non-employment activities. Therefore, the calculations on mandatory State social insurance fees for insured people receiving an income from activities not related to employment were provided for as follows:

- Calculation of mandatory State social insurance fee from 1 April 2020 to 1 January 2021, by the amount of the minimum monthly salary for entrepreneurial activity (25% in construction and trade, 15% in other areas - taking into account the differing regional interest rates);

- Calculation of mandatory State social insurance fees from 1 January 2021 to 1 January 2026 by the amount of minimum monthly salary activity (25% in construction and trade, 15% in other areas - taking into account the differing regional interest rates).

2. Payments of State social insurance fees made with a fixed receipt to reduce the social insurance burden of taxpayers operating with a fixed receipt and badge, calculations of the social insurance fees made by taking into account the differing regional interest rates, and administration of compulsory state social insurance and procedures on social insurance payments simplified.

3. Mandatory State social insurance fee for each family member of individuals using agricultural lands owned by them, depending on the area of the land, calculated by the amount of the minimum monthly salary: - Up to 5 hectares - 2%; - From 5 to 10 hectares - 6%; - More than

10 hectares - 10%. Furthermore, the law provides for the payment of a compulsory State social insurance fee by landowners upon receipt of the “Receipt on payment of a fixed amount of simplified tax and compulsory state social insurance fee”.

4. For members of the Bar Association, independent auditors and independent accountants the Law specifies the payment of mandatory State social insurance fees in the amount of 10% of their income after the deduction of expenses.

As a consequence of the above-mentioned provisions, the potential detrimental effects on the stability of the economy were prevented, economic development was sustained, the social protection of employees working in the areas of economic activity at risk of being negatively affected by the COVID-19 pandemic were reinforced, and the risk of job losses and low employment levels was minimized.

Actions taken on Education

Quick action was taken and measures put in place to ensure the continuation of education during the COVID-19 pandemic. With the suspension of the teaching and learning process in educational institutions, the Ministry of Education launched TV lessons on Azerbaijan State TV Channels for students at general education institutions. From March 2020 to April 2021, a total of 4,274 TV lessons covering general education subjects were broadcast, which benefited more than 1.6 million students across the country. It should be noted that the educational platform used in Azerbaijan during the pandemic was included in the list presented on the UNESCO website. Furthermore, to minimize the impact of the pandemic on education, the tuition fees of approximately 21,000 students were paid off, in accordance with the Decision of the Cabinet of Ministers “On payment of tuition fees for students belonging to socially vulnerable groups”, No. 138, dated 13 April 2020.

Actions taken on Social-Welfare

Pursuant to the Action Plan adopted by the Cabinet of Ministers to reduce the negative impact of the pandemic on businesses, a portion of the salaries of employees working in the areas affected by the pandemic were paid, and financial support was provided to individual and micro-entrepreneurs. By 1 January 2021, AZN 82.7 million had been transferred to the bank accounts of 107,303 taxpayers from the funds allocated under the financial support programme for individual (micro) entrepreneurs operating in the areas affected by the pandemic. In connection

with the payment of a certain portion of the salaries of employees, AZN 206.5 million was transferred to the bank accounts of 25,088 taxpayers.

Furthermore, the employment and social welfare of 48% of the country's population (4.8 million people) was protected by the implementation of 12 measures in 4 areas. During this period, the Centralized Electronic Information System of the Ministry of Labour and Social Protection of Population investigated the numerous terminations of employment contracts through the "Employment Contract Notification" subsystem, providing recommendations to employers, posting notifications in the subsystem and providing daily supervision.

In accordance with the Action Plan, relevant activities were carried out to prevent unjustified dismissals and layoffs of public sector employees and to ensure employees on leave retained their salaries. Thus salaries were protected for 9,164,000 jobs in the public sector and 7,302,000 jobs in the private sector.

As a result of targeted interventions, the number of labour contracts continued to grow, and the total number had increased by 31% (400,000 contracts) by 29 December 2020 compared to the beginning of 2018 (61% , approximately 301,000, private, the remainder public).

On the initiative of the President of the Republic of Azerbaijan, 38,000 paid public jobs were created to ensure the active employment of those unemployed people with special needs for social protection and who found securing employment difficult, to support their entry into the labour market. Despite the quarantine imposed during the pandemic, the number of jobs created reached 90,000.

In order to strengthen the social protection of unemployed people, the lump-sum payment programme, in the amount of AZN 190 of the approved subsistence minimum in the country, was extended to cover 600,000 people, with payments fully secured in April-May 2020.

Payments were made in those cities where strict quarantine measure had been imposed and a total of AZN 450 million was spent to cover these expenditures.

In 2020, 12,000 unemployed and job-seekers benefitted from the self-employment programme, with 7,250 involved in agriculture, and 3,350 in services and production programmes.

Pursuant to the Decision of the Cabinet of Ministers, "On simplification of the procedure for providing targeted state social assistance to low-income families in the fight against the new strain of Coronavirus (COVID-19) pandemic" during the special quarantine period in the Republic of Azerbaijan, the targeted state social assistance expiring on 1 March 2020, for certain families, was extended to 1 July 2020.

According to the Order of the Cabinet of Ministers of the Republic of Azerbaijan “On extension of the period of disability of the persons with disabilities in the fight against the new strain of Coronavirus (COVID-19) pandemic”, dated 7 April 2020, the period of disability of those persons whose disability period expired on 1 March 2020, including children under 18 years of age with disabilities, was extended until 1 July 2020 in territories under the special quarantine regime, and until 11 September 2020 in regions and cities under the hardened special quarantine regime.

Under the special quarantine regime, all citizens over the age of 65 at high risk of infection during the special quarantine regime were instructed to remain in their homes. In this regard, the Ministry of Labour and Social Protection of Population mobilized social workers, to provide these citizens with daily social services at home (household chores, basic necessities, purchase of pharmaceuticals, payment of utilities, etc.). These social services were provided to 15,000 older and disabled people and those living alone, in Baku and other regions of the country.

A total of 100,000 families of older and disabled people, those living alone, other vulnerable groups, the bereaved, and large families or children with disabilities, were provided with food three times during the year with the support of social partners.

The interventions and social projects of the Heydar Aliyev Foundation, which are based on the principles of humanism and compassion and goodwill in caring for vulnerable population groups became prominent and widespread during the pandemic. The Foundation’s Regional Development Public Union provided food assistance to citizens living alone and vulnerable groups in all regions and cities of the country. The Union also provided food assistance to the families of 30,000 children with disabilities.

Actions taken on Health Issues

In addition to the challenges faced by the economy, social welfare and the environment, the COVID-19 pandemic put the health-care system under enormous pressure. Urgent measures were immediately put in place by the Government to address the new and mounting challenges being faced.

To minimize the impact of the pandemic on health, technical and material improvements were made in Coronavirus detection and laboratory numbers were increased: daily testing capacity of 4,050 in March increasing to 15,800 by January 2021.

Furthermore, health-care personnel from abroad arrived in Azerbaijan to provide assistance in overcoming the difficulties created by the COVID-19 pandemic. In March 2021, 115 overseas doctors were involved in the country's COVID-19 response.

A decision was taken by the Government to boost the salaries of healthcare workers with special, 'time-limited' payments, in light of the extreme conditions caused by the COVID-19 infection in the public and private health-care facilities. In this regard, the following rules were specified in accordance with the Law on "Provision of time-limit supplements to the salaries of health workers involved in actions to fight against the new strain of Coronavirus (COVID-19) infection":

- Employees carrying out preventive medical measures – to receive an amount three-times that of the monthly (tariff) salary;
- Medical workers providing emergency medical services, as well as laboratory workers dealing with the inspection of biological material – to receive an amount fourtimes that of the monthly official salary;
- Employees providing in-patient medical services to patients - to receive an amount five-times that of the monthly (tariff) salary.

Moreover, 13 modular hospitals were built to address the challenges posed by the pandemic in the health sector. The main goal of these modular hospitals was to efficiently treat those people infected with the virus. By June 2020, five modular hospitals had been built in the regions - Shaki, Ismayilli, Gabala, Gobustan and Ganja, and eight in Baku, Sumgait and Absheron, with bed stock totalling 3,756 beds. The largest number of beds (1,729) were in the Modular Hospital of the Medical Centre of the Ministry of Emergency Situations.

In the post-pandemic period, Azerbaijan is entering a qualitatively new stage and a strategic period covering 2021 to 2030. The long-term vision for the national economy for 2020 and beyond is to strengthen the competitiveness of the Azerbaijani economy, which has entered a path of sustainable development, by creating more value through multilaterally-beneficial cooperation. The goal of finding sources of high economic growth through a new generation of structural and institutional reforms, of further strengthening the power of the State of Azerbaijan and of building a high welfare and inclusive society must be secured in the new strategic period; one characterized by actively utilising the latest technologies.

3. Could you share promising methodologies that your government used for National Development Plans to tackle rising poverty and inequalities and leave no one behind, in the context of the implementation of the Agenda?

By the Decree of the President of the Republic of Azerbaijan dated 02.02.2021, "Azerbaijan 2030: National Priorities for Socio-Economic Development" was approved. It will ensure the transition to a new and sustainable stage of development in Azerbaijan and the implementation of five national priorities for the socio-economic development of the country until 2030 is the main goal defined as the target:

1. Sustainable growing competitive economy;
2. A society based on dynamic, inclusive and social justice;
3. Competitive human capital and space for modern innovations;
4. Clean environment and "green growth" country;
5. Great return to the liberated territories.

Sustainably growing competitive economy

- Ensuring sustainable and high economic growth due to diversification of the country's economy and increase of non-oil exports;
- Strengthening the effectiveness, targeting and transparency of the state support mechanisms for entrepreneurship;
- Increasing the economic efficiency of state companies, improving management and increasing transparency;
- Encouraging the attraction of foreign direct investment (FDI) in the non-oil/gas sector, reducing the demand for state resources and possible risks as a result of the transformation of state-owned assets into the private sector;
- Creating a normative legal framework for expanding the possibilities of applying digital technologies and regulating this field by the state;
- Increasing productivity by applying modern technologies in the agrarian sector, industry and service areas, as well as creating new jobs;
- Diversification of exports and expansion of non-oil exports.

A society based on dynamic, inclusive and social justice

- Increasing salaries and ensuring a decent standard of living for everyone;
- Creating new jobs in the private sector, increasing the level of employment;

- Improving women's access to economic opportunities;
- Establishing a fair and comprehensive social protection system for all citizens;
- Reducing the differences in living standards between the city and the countryside.

Competitive human capital and space for modern innovations

- Increasing the scope of preschool education;
- Application of competency-based content in general education, improvement of position in international evaluations of education;
- Increasing the scope and quality of vocational education;
- Ensuring access to higher education for children of all families, regardless of their income;
- Expansion of research in various fields of science;
- Creation of "lifelong learning" mechanism for continuous education of the population;
- Instilling digital knowledge to students at all levels of education;
- Increasing the quality and accessibility of education on innovative and digital skills;
- Formation of financing mechanisms for all development stages of startups;
- Creation of "Absheron Valley" innovation cluster;
- Forming a creative environment and strengthening the promotion of creative skills.

Clean environment and "green growth" country

- Ensuring sustainable use of natural resources;
- Improving the regulatory environment and applying liberal market principles in the energy sector.

Great return to the liberated territories

- Planned population settlement at the initial stage
- Continuous increase of the share of the region in the main socio-economic indicators for the country.