

Diagnostics of the new Economic Reforms Governance Model in Azerbaijan

Evaluation report | October, 2019



Executive summary


Context: standing point and aspirations

Overview of the new Economic Reforms Governance Model

Performance check: assessment of the impact of the new Reform Model

Health check: sustainability and relevance of the new Reform Model

Azerbaijan accelerated economic reforms in 2016 with preparation of strategic roadmap and establishment of a commission on improving business environment

 Focus of this document



1 One of the initiatives defined in strategic roadmaps

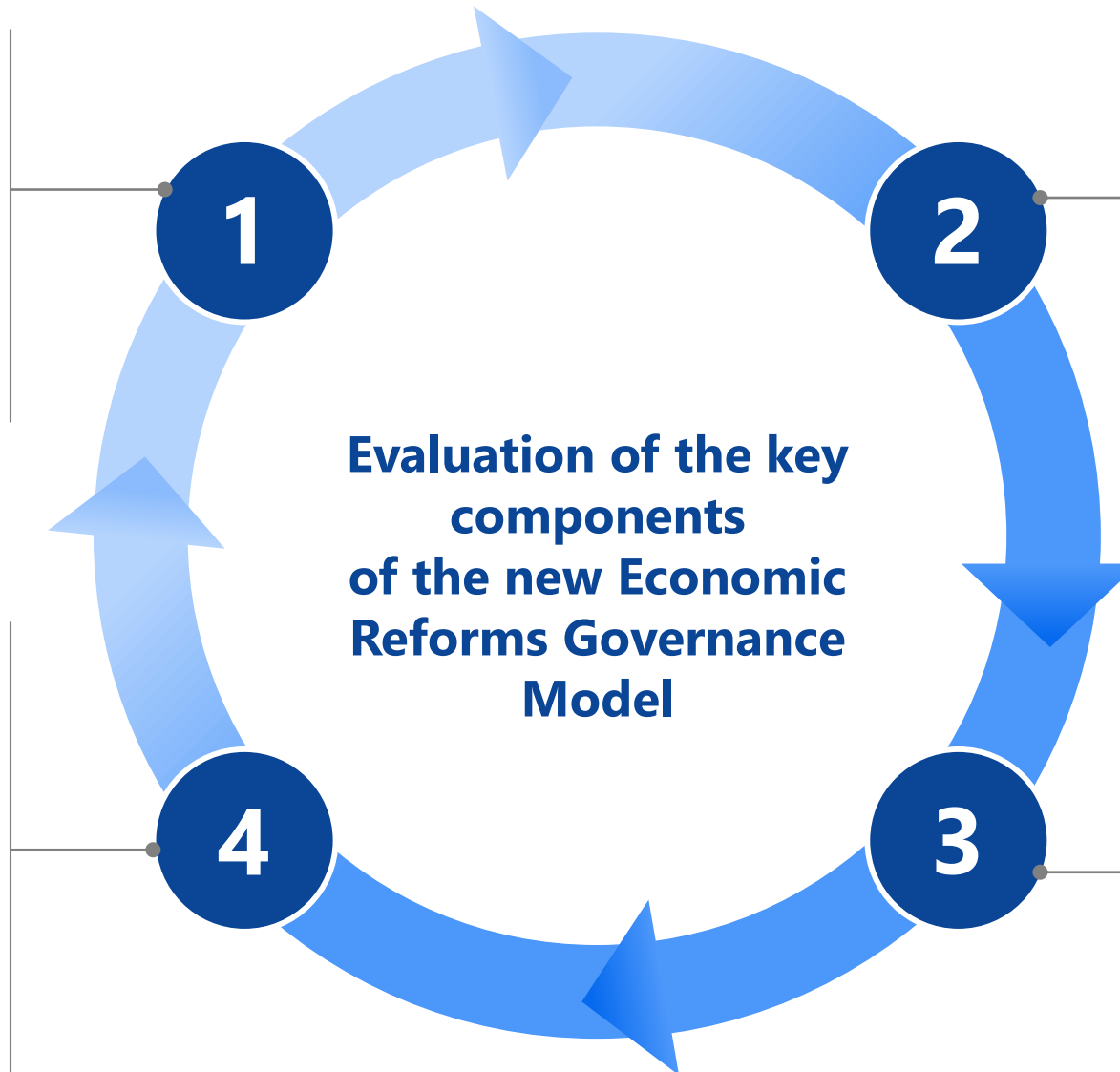
Systematic diagnostics approach

Context: What was the standing point and aspirations

- What did government achieve prior to the new Economic Reforms Governance Model?
- What were the key themes for further improvement?
- How did the key themes translate into reform governance elements?

Health check: Sustainability and relevance of the new Reform Model

- How does the new Reform Model ensure sustainable improvement?
- How will the new Reform Model evolve with further improvements?
- How does it boost further efforts on reforms in Azerbaijan?
- What are the next steps to improve the new Reform Model and to leverage it better?



Overview of the new Reform Model

- What are the key components of the new Reform Model (organization, processes and tools)?
- What was the contribution of each component along the key themes?
- What resources did government use to develop the new Reform Model and associated tools?

Performance check: Assessment of the impact of the new Reform Model

- What is the impact (fact-based analysis)?
- How is the reflection from global reports?
- What are the quotes from relevant stakeholders?
 - International businesses
 - Other international audiences

Executive Summary

Context

- **Azerbaijan has been carrying out reforms** to improve its business environment long **before** the declining oil prices hit the economy in **2014**
- **In 2016**, instead of waiting for the oil prices to increase again, the Government of Azerbaijan **decided to develop a Strategic Roadmap** for the National Economy, which laid out reform priorities in overall economy and in 11 key sectors
- **In the same year**, the President of Azerbaijan initiated **a new model for the governance of economic reforms** with the objective to accelerate reforms and further improve the business environment. **Center for Analysis of Economic Reforms and Communication** of Azerbaijan Republic **coordinated the works and execution of the new Reform Model**

New Reform Model overview

- In 2016, within the scope of the new Reform Model a new **Commission on Business Environment and International rankings** was established and mandated with the responsibility to identify and take all necessary actions for the improvement of the business environment in the country. **The commission enables to implement the new Reform Model** that not only **ensures effective coordination and collaboration** among the government entities but also **engages all stakeholders and more importantly the society** into process
- Chaired by Deputy Prime Minister, the **commission assembles six minister-level executives to drive its mission**. The commission established **19 inter-agency working groups** to bring together the critical mass of stakeholders, to expedite the reform process and to make sure that voice of all stakeholders to be affected by the reforms is heard. Moreover, the commission also established a permanent secretariat to facilitate coordination and collaboration and to drive several reform processes in parallel without losing momentum
- The **close collaboration of working group members** from all institutions **ensured agility of the reform process**
- As the commission moved forward, it initiated the **introduction of new innovative tools to be even more efficient**, effective and inclusive. For example, the commission initiated establishment of an online communication platform which was developed by the Center for Analysis of Economic Reforms and Communication and which allows working group members to coordinate their efforts. Shortly after, the commission initiated an online civic engagement platform to provide the larger society with a strong means to make suggestions or give feedback. A benchmarking tool, on the other hand, enables a quick analysis of business environment and benchmarking to other countries

Performance check: Assessment of the impact of the new Reform Model

- **Since establishment of the new Reform Model in 2016, 136 reform initiatives** in 19 areas were carried out and improvement in several aspects were achieved:
 - **Economy-wise** the reforms paralleled **sustainable GDP growth** (from 38 billion USD in 2016 to 47 billion USD in 2018), **33% increase in non-oil exports** between 2016 and 2018 and a growing number of **new businesses by year** that doubled between 2016 and 2019
 - **On social aspect**, the new Reform Model helped to provide **equal services to all groups of population**. For instance, easier process for establishing a new business resulted in twice more businesses established by females in 2019 compared to 2016
 - **Environmentally, the new Reform Model helped to reduce paper use despite increasing communication**. Considering the commission involved 300+ people in working groups the coordination of reforms required heavy communication and higher paper usage was a concern area. Introduction of communication platform by commission and establishment of digital journeys in most reforms (e.g. digital public procurement system, electronic court system, online access to electricity, etc.) helped to significantly reduce paper usage
- These improvements were **reflected in various global reports** evaluating business environment: World Bank's doing business report recognized Azerbaijan as a **top 10 economy that improved in most areas in 2017 and 2018**. Same report ranked Azerbaijan as a **top 25 economy for doing business in 2018**. In 2019, World Intellectual Property Organization (**WIPO**) rewarded the Center for Analysis of Economic Reforms of Azerbaijan with **IP Enterprise Trophy** for its contribution on the implementation of "Economic Reforms Governance Model".

Health check: Sustainability and relevance of the new Reform Model

- **3 aspects ensure sustainability of the new Reform Model:** institutional, financial and regulatory&political aspects
- **Institutional aspect is ensured by permanence of the** commission and working groups, which allows continuous focus on reforms. The new Reform Model uses existing institutional basis and helps to make it more efficient
- **Financial aspect refers to** the functioning of the with no incremental costs as members of the working groups are designated from existing government bodies
- **Regulatory and political aspect** refers to how commission's operation is regulated by laws and decrees and does not depend on any particular institution

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Performance check: assessment of the impact of the new Reform Model

Health check: sustainability and relevance of the new Reform Model

Azerbaijani government has been constantly driving reforms to improve business environment and kept reforms in its agenda

“ **2016 will be a year of deep economic reforms.** We started working in this direction from the beginning of 2016. Many decrees were signed and legislations passed. A lot of **decisions were taken in order to improve business environment, increase export potential, attract foreign investment and increase local production.** We will continue to work on this direction ”

- Mr. President İlham Aliyev, 2016

“ We should carry **deeper reforms in all areas,** ensure transparency and financial control. In this case we will completely **remove dependence on oil sector** ”

- Mr. President İlham Aliyev, 2016

“ **Market economy is developing** quickly in Azerbaijan. But while implementing economic reforms **we should always keep in mind social issues.** Let's keep in mind that we always work for people and Azerbaijani citizen is always in the center of our policy ”

- Mr. President İlham Aliyev, 2016

“ The Davos World Economic Forum has awarded Azerbaijan 40th place in terms of economic competitiveness. We are first place in the CIS. Further **improving the business and investment environment** is a very important issue. But still much remains to be done. There are flaws, they are being eliminated and addressed. **Year 2016 will play a decisive role in this** ”

- Mr. President İlham Aliyev, 2016

“ By moving to new Economic model **we will develop** our economy only **through reforms, technology and innovations and non-oil sector** ”

- Mr. President İlham Aliyev, 2017

During 2008-2016 Azerbaijan carried out reforms in almost all major spheres of economy to improve business environment

NOT EXHAUSTIVE

	2008 - 2012	2013 - 2016
Starting a business	<ul style="list-style-type: none"> Abolished the requirements to approve company seal design with the Ministry of Justice Established a one-stop shop for completing registration requirements to start business 	<ul style="list-style-type: none"> Introduced online company registration service Reduced the time to obtain an electronic signature for online tax registration Abolished requirement to use a corporate seal to simplify starting business
Property	<ul style="list-style-type: none"> Introduced a unified property registry to simplify the process of registration 	<ul style="list-style-type: none"> Introduced an online procedure for obtaining the non-encumbrance certificate
Foreign trade	<ul style="list-style-type: none"> Streamlined and regrouped agencies behind a single customs service window - hence reduced clearance and border crossing time for goods 	<ul style="list-style-type: none"> Streamlined internal customs procedures
Construction		<ul style="list-style-type: none"> Streamlined procedures on issuance of building permits and set official time limits for procedures Established one stop shop for issuing preapprovals for project documentation on construction projects
Taxes	<ul style="list-style-type: none"> Introduced an online filing and payment system to simplify tax payments process Lowered several tax rates, including the profit tax rate Simplified the process of paying CIT and VAT 	<ul style="list-style-type: none"> Introduced an electronic system for filing and paying social insurance contributions
Access to credit	<ul style="list-style-type: none"> Eliminated the minimum threshold for loans reported to the public credit registry Provided banks with online access to central database Increased the data available on borrowers Established an online platform for data exchange between financial institutions and credit registry 	

The reforms have improved business environment of the country and independent international institutions recognized these results in several publications

Key improvements identified in World Bank's doing business report

		2012 ¹	2015 ²
Construction	▪ # of procedures	28	19
Taxes	▪ Payments (number per year)	18	7
Starting a business	▪ # of procedures	6	3
	▪ Time (days)	8	3.5
	▪ Cost (% of income per capita)	2.3	1.7
Access to electricity	▪ # of procedures	9	7
	▪ Time (days)	241	77
	▪ Cost (% of income per capita)	591	103.6

¹ Based on Doing Business 2013 report published in October, 2012

² Based on adjusted score for doing business 2016 report (that reflects data for 2015)

³ Based on Global Innovation Index 2012 published in July, 2012

Key improvements identified in World Intellectual Property Organization's Global Innovation index

		2012 ³	2015 ⁴
Institutions	▪ Ease of starting a business ⁶ (0-lowest, 100-best)	89	95.5
	▪ Ease of paying taxes (0-lowest, 100-best)	46	83.3
Human capital & research	▪ School life expectancy, years ⁵	11.7	11.9
Market sophistication	▪ Microfinance gross loans ⁷ , % GDP	2.3	3
	▪ Domestic credit to private sector, % GDP	18	25.5
Knowledge & technology outputs	▪ Scientific & technical articles (per billion PPP\$ GDP)	1.8	2.7
Business sophistication	▪ Ease of resolving insolvency (0-lowest, 100-best)	40.2	43

⁴ Based on Global Innovation Index 2015 published in August, 2015

⁵ Total number of years of schooling (primary to tertiary education) that a child of a certain age can expect to receive in the future

⁶ Takes into account complexity and number of procedures an entrepreneur is required to complete in order to start a business

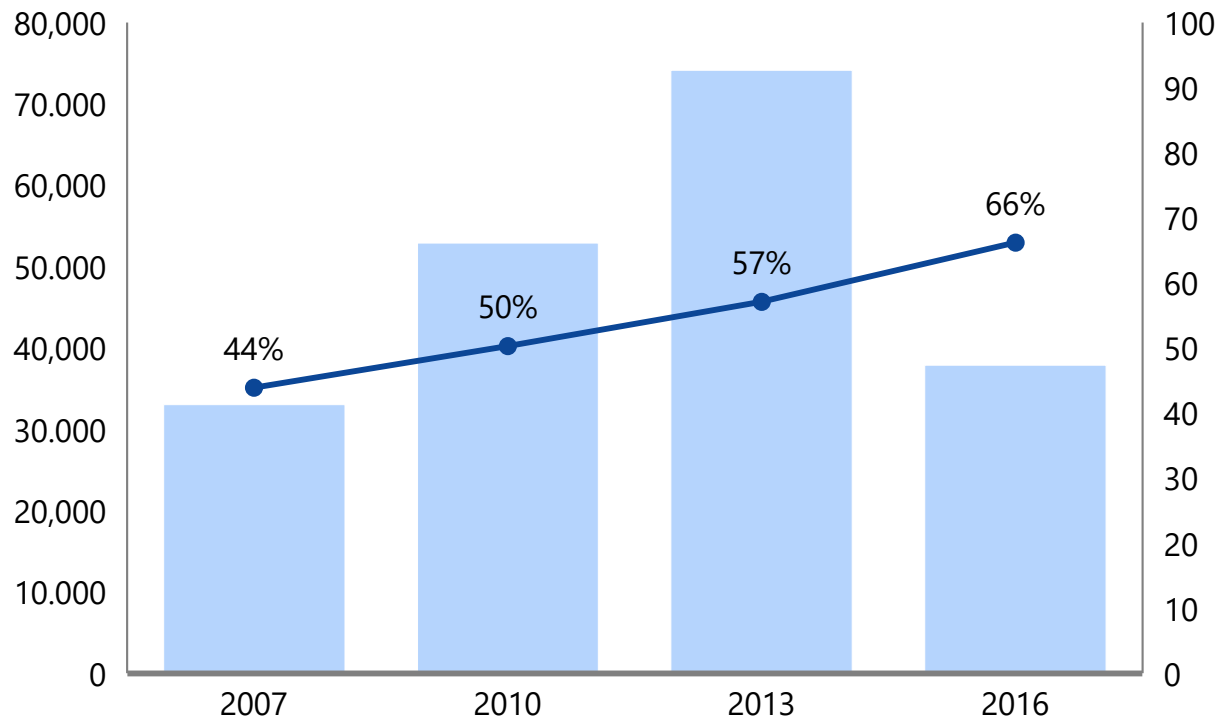
⁷ Measures legislative features that facilitate lending (e.g. coverage, scope and accessibility of credit information in credit registry)

These reforms have paralleled macroeconomic growth of Azerbaijan, however, government wanted to accelerate reforms to further strengthen non-oil economy

Azerbaijan kept **general growth trend** with a **focus on non-oil economy** growth, though In **2015 - 2016** there was a sharp **fall** in **GDP** due to **decrease in oil prices**

GDP, M USD (current)

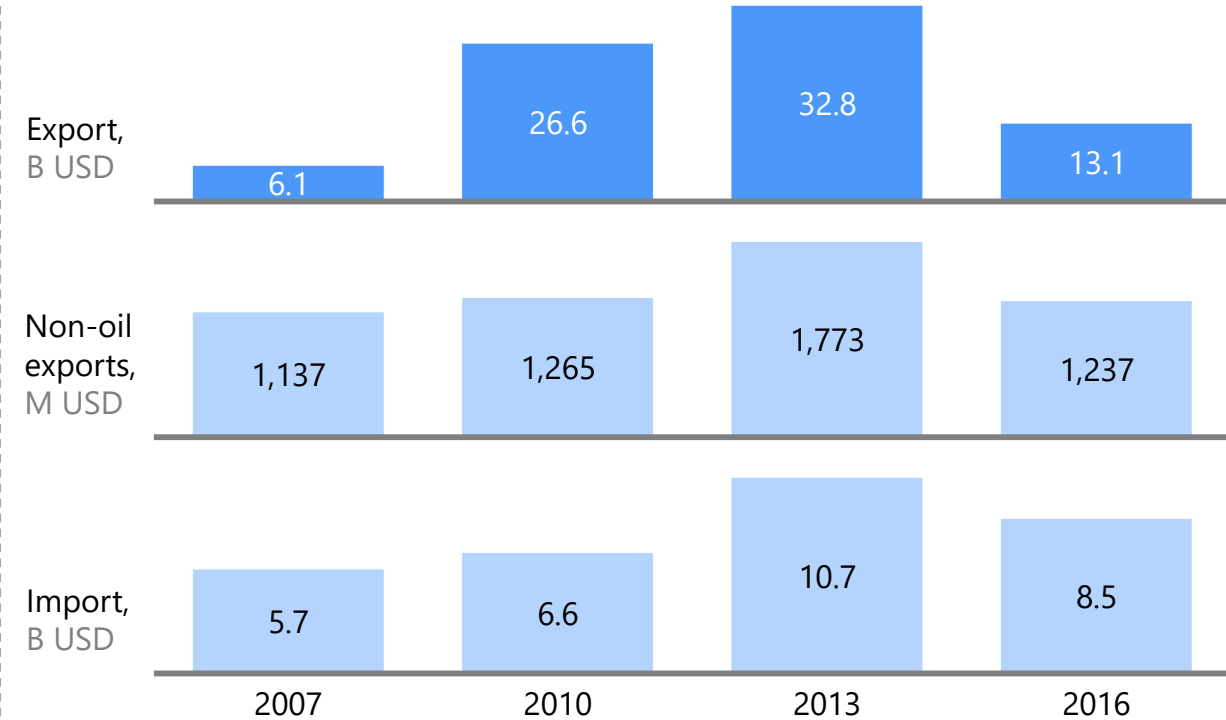
■ Total GDP ● Share of non-oil sector



- Oil sector share in economy has been constantly shrinking while non-oil economy was growing
- However, global oil price decrease in 2015 has affected overall Azerbaijani economy as it affected other oil producer countries' economies
- This necessitated further acceleration of economic reforms to boost non-oil economy

Similar trends in foreign trade were observed in 2016

Foreign trade turnover



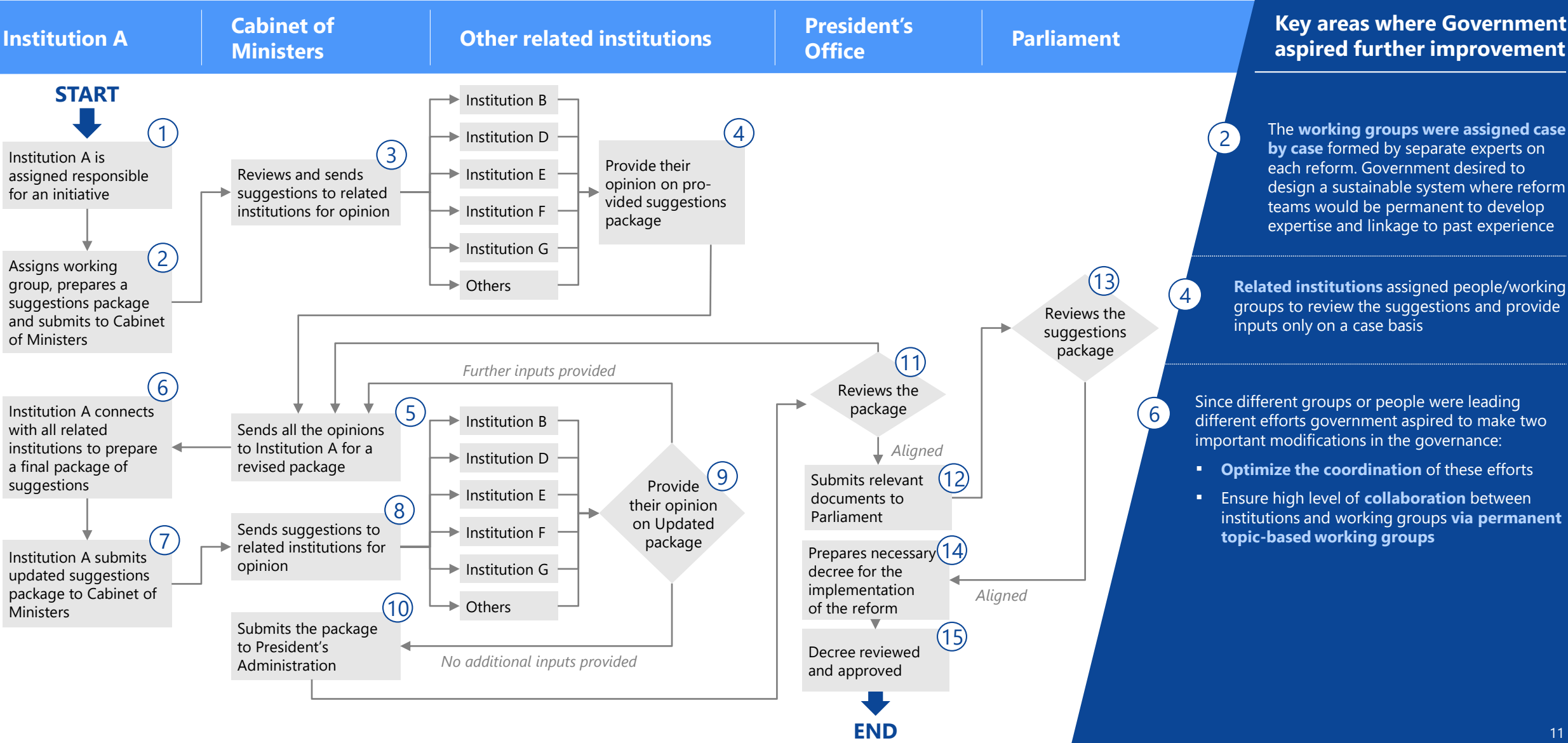
- Exports of Azerbaijan have fallen in 2016 due to the global oil price decrease and resulting slow-down of economic growth: this has also negatively impacted non-oil exports in 2016

The aspirations for accelerating economic reforms required a new approach

SIMPLIFIED

X Sequence of steps

GENERAL LEGISLATIVE SCHEME



The new Reform Model required to address 5 key themes to realise Government's aspirations to further improve business environment

General Aspirations

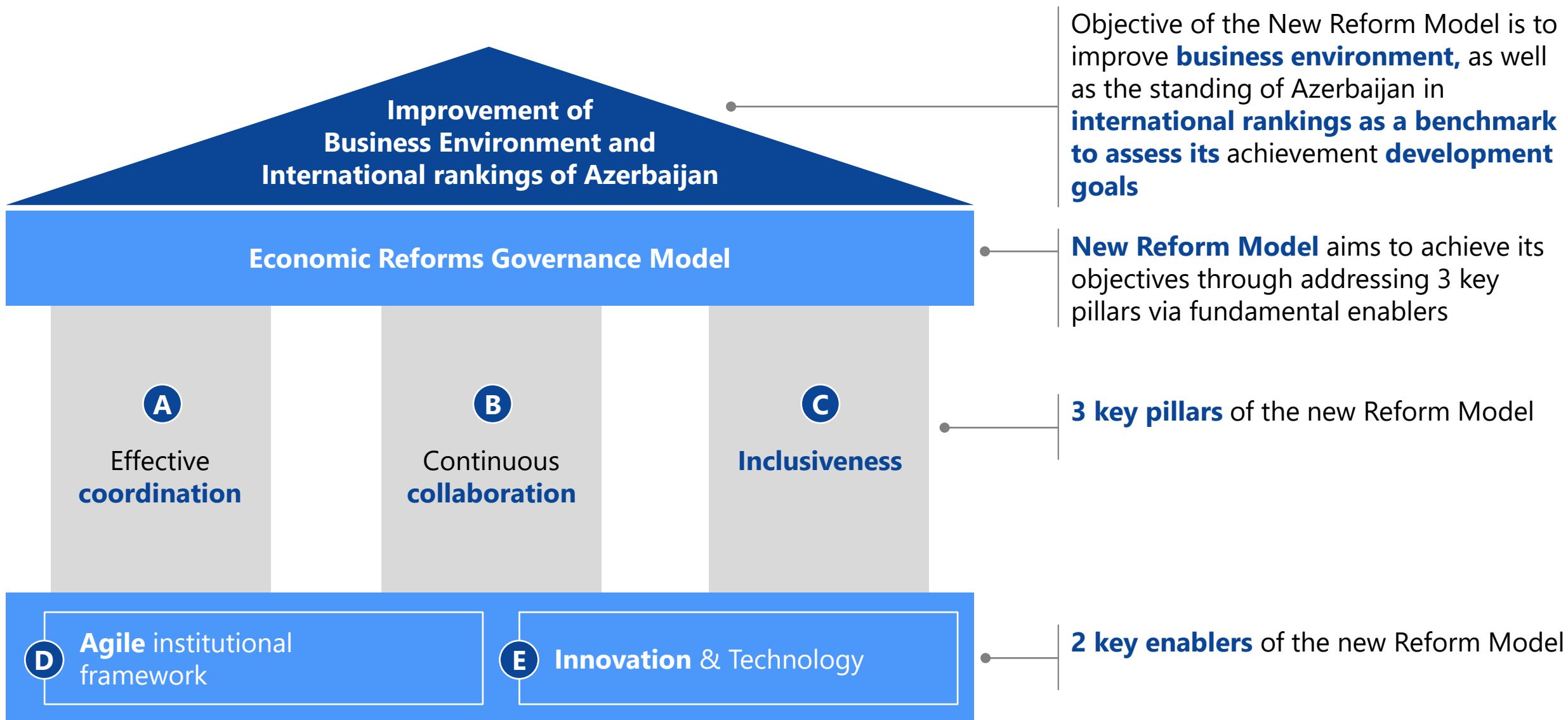
- **Ensure the efforts are coordinated** in a more sustainable way and each reform can build upon the learnings of previous reforms
- **Have a responsible institution in charge** of coordination of reform efforts
- **Efficiently bring reform teams from relevant institutions together** and set a process enabling their continuous mutual and collaborative work
- **Increase engagement** of citizens, civil society organizations and businesses in the reforms process
- **Take the agility** in the design and implementation of government reforms to improve business environment **to the next stage via sustainable institutional framework**
- **Ensure innovation** is an indispensable part of the process across all above pillars



Key themes

- A Effective coordination**
- B Continuous collaboration**
- C Inclusiveness**
- D Agile institutional framework**
- E Innovation and technology**

Coordination, collaboration and inclusiveness formed the 3 key building blocks of the new Reform Model while the agile institutional framework and innovation & technology were the key enablers



Based on the 5 themes the government defined its aspired state

	Themes	Description	From (situation before 2016)	To (aspired state after 2016)
Key pillars	A Effective coordination	Ensuring coordinated efforts to achieve changes on governmental development agenda and align different institutions	<ul style="list-style-type: none"> Government entities coordinated with each other for each reform. However, government aspired to increase the direct and multilateral coordination among different institutions in the reform process 	<ul style="list-style-type: none"> A sustainable model that would ensure: <ul style="list-style-type: none"> Better coordinated efforts and closer mutual work on single agenda regarding business environment reforms across institutions Better alignment and understanding among the institutions
	B Continuous Collaboration	Ensuring collaborative culture among government agencies via changing mindsets to achieve faster alignment	<ul style="list-style-type: none"> Government institutions assigned people to reform projects on case basis. To further improve the process and further increase collaboration among the institutions there was a need for a permanent group 	<ul style="list-style-type: none"> Collaborative culture through mindset shift in government institutions to push reforms, ensures development of expertise and drives innovation Institutional efforts fostering collaboration and ensuring the sustainability of the new Reform Model
	C Inclusiveness	Engaging citizens, civil societies and business organizations in reforms	<ul style="list-style-type: none"> The civil society and business could participate in reforms prior 2016, however, government ambition was to ensure systematic participation of external audiences in the reform process 	<ul style="list-style-type: none"> Increased engagement of civil societies and businesses in the design and implementation of reforms - facilitated by a convenient technological engagement platform
Key enablers	D Agile institutional framework	Taking quick actions for designing and implementing reform programs under a defined framework	<ul style="list-style-type: none"> Though government reforms were being implemented, the government had ambitions to further increase the speed of these reforms 	<ul style="list-style-type: none"> Agile reforms across the following stages of design and implementation: <ul style="list-style-type: none"> Regular and systematic analysis of business environment and uncovering development areas Design of reforms to address the development areas through a defined framework and structure Setting up reform working groups Monitoring and iterative review of the initiatives
	E Innovation & Technology	Enabling innovation in government reforms	<ul style="list-style-type: none"> Government aspired to establish a way to systematically and sustainably drive innovation (e.g. technological innovation among entities) 	<ul style="list-style-type: none"> Innovation (technological, institutional, legislative) as part of all reforms

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New Reform Model utilizes several key pillars/elements to deliver targets related to the improvement of business environment in Azerbaijan and to address government's aspirations

Key themes to address / aspirations



New Reform Model pillars

A Effective coordination

B Continuous Collaboration

C Inclusiveness

D Agile institutional framework

E Innovation & Technology

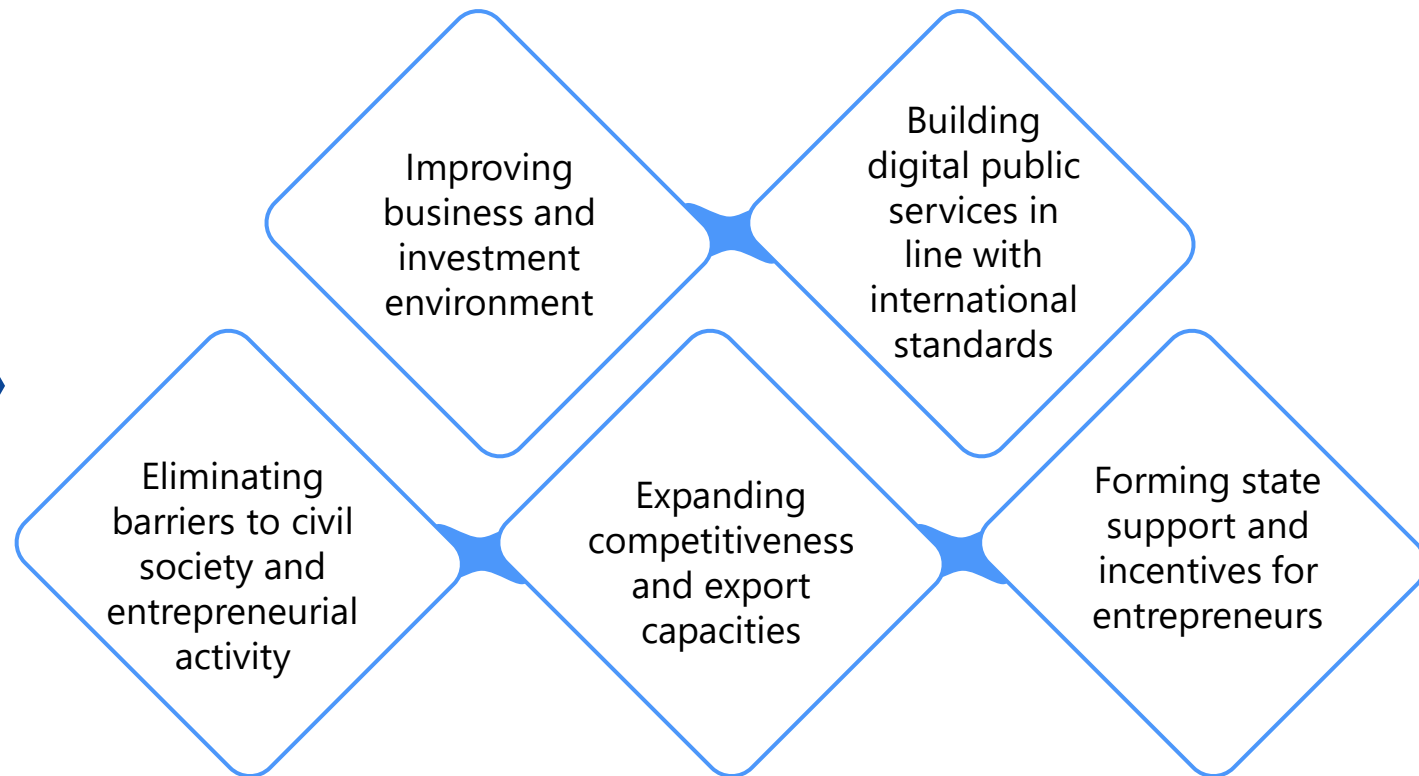
Organization

Processes

Tools



Key targets of the new Reform Model



New Reform Model is comprised of 7 key elements under organization, processes and tools pillars ...

Organization	1 Central commission	A new commission on business environment to coordinate the reform efforts and increase agility of reforms
	2 Working groups	19 working groups from all related institutions to increase coordination and collaboration between these institutions, delivering action plans and reform initiatives
Processes	3 Improvement in reform process	New reform process enabling efficient communication and collaboration among different institutions involved in the process
	4 Coordination among institutions	Platform enabling effective coordination during the development and implementation of reform initiatives
Tools	5 Analytical benchmarking tool	User-friendly analytics tool which increases agility in regular analysis of the international reports on business environment and in definition of priority areas
	6 Innovative communication platform	Innovative communication platform that enables better coordination of the reform efforts within and among working groups
	7 Innovative engagement platform	Innovative engagement platform that aims to further increase the inclusion of citizens, civil society organizations and business organizations

... all serving towards the realization of government's key aspirations

		A	B	C	D	E
		Effective coordination	Continuous Collaboration	Inclusiveness	Agile Institutional Framework	Innovation and Technology
Organization	1 Central commission	✓	✓	✓	✓	✓
	2 Working groups		✓	✓	✓	✓
Processes	3 Improvement in reform process	✓		✓	✓	✓
	4 Coordination among institutions	✓	✓		✓	
Tools	5 Analytical benchmarking tool				✓	✓
	6 Innovative communication platform	✓	✓		✓	✓
	7 Innovative engagement platform		✓	✓	✓	✓

1 2 Government established a dedicated central commission and working groups as key organizational governance elements of the new Reform Model

New Economic Reforms Governance Model is comprised of 3 key elements: Commission, Secretariat and Working Groups

a Commission

Key responsibilities

- Provides **suggestions on overall improvement of business environment**, and **legislative actions required** to achieve it
- Arranges the **coordination** of the efforts of **various institutions**

b Commission secretariat

- Suggests the structure of working groups, **ensures working groups operate effectively** by providing necessary tools and monitoring the activity of groups and their members
- Prepares **annual action plans** of commission and working groups
- Organizes and coordinates the work of** working groups
- Ensures the **implementation of decisions** taken by the commission

c Working Groups

- 19 thematic working groups** are organized by different areas of business environment (e.g. starting business, improving electricity, etc.)
- Each working group carries out **all necessary actions** for the **improvement of business environment in their respective area** starting from the **analysis of their field**, **suggesting necessary initiatives** for improvement, providing inputs, etc.

Components

a1 Commission chairman – First Deputy Prime Minister

- Sets the current and perspective directions** of the commission, **approves its action plans** and ensures their **implementation**, **reviews suggestions** from working groups and other parties

b1 Executive – representative of Presidential Administration

- Leads the efforts of secretariat** and coordinates the efforts with members of secretariat
- Makes **proposals on improvement of efficiency of activities** of both working groups and secretariat

c1 Head of working group (deputy head of one of related institutions)

- Sets** further improvement **priorities**
- Leads the efforts of the working group** and coordinates the efforts with members of secretariat
- Checks progress** toward targets

a2 Members of the commission

- Provide **suggestions** and inputs on **commission's agenda items**,
- Review and give inputs** on suggestions and draft documents


b2 Members of the secretariat

- Are representatives** with key qualifications **from 20 institutions**
 - Actively participate in the work of Commission and Secretariat, especially in **coordinating the efforts on behalf of the institution that they represent**
 - Regularly conduct **research** and prepare **reports**, etc.

c2 Members of working group

- Participate** in working group **meetings**, provide **inputs on discussed items** and take **final decisions as a group**
- Conduct analysis of business environment
- Submit initiative suggestions** to improve business environment to the commission

1 2 Existing institutions play key role in the formation of commission, commission secretariat and working groups

 Example in next page

Commission on Business Environment and international Rankings

a Commission

a1 Commission chairman – First Deputy Prime Minister

a2 Members of the commission

- Minister of Economy
- Minister of Finance
- Chairman of State Statistical Committee
- Chairman of the State Agency for Public Service and Social innovations
- Executive Director of the Centre for Analysis of Economic Reforms and Communication
- President of the National Confederation of Entrepreneurs (Employers)

b Commission secretariat

b1 Executive – representative of Presidential Administration

b2 Members of the secretariat
(members from each of below institutions)

Financial Market Supervisory Authority	Ministry of Health
Ministry of Economy	Ministry of Education
Ministry of Internal Affairs	Ministry of Taxes
Ministry of Energy	ASAN Service ¹
Ministry of Justice	State Customs Committee
Ministry of Labor and Social Protection	The State Statistical Committee
Ministry of Emergency Situations	State Committee for City Building and Architecture
Ministry of Finance	Committee on Property Issues
Ministry of Transport, Communication and High Technologies	Prosecutor General's Office
	Central Bank
	Center for Economic Reforms ²

c Working Groups

Each of below 19 working groups are comprised of members from 20+ institutions

Financial markets development and accessibility of loans	Effective management and macroeconomic indicators
Starting Business, Tax and Accountability	Costs related with fighting crime
Property registration	Corruption and Transparency
Connection to electricity supply	Efficiency and competition of the commodity market
Labor Market	Execution of contracts, dispute resolution, bankruptcy, judicial system and the rule of law
Physical Infrastructure	Corporate Governance, Investments, Investor Relations, Business Ethics and Corporate Social Responsibility
Foreign trade and trade tariffs	Special Working Group on International Agreements
Human Capital	
Technologies and Innovations	
Health system	
Trade across borders	
Issuance of construction permits	

1. State Agency for Public Service and Social Innovations under the President of the Republic of Azerbaijan
2. Center for Analysis of Economic Reforms and Communication

2 The working groups typically involve 20+ organizations both from government institutions, business organizations and civil society organizations

EXAMPLE

Working group name: Financial markets development and accessibility of loans

Working group head: High ranking official in Financial Market Supervisory Authority

Working group secretary: Representative of Financial Market Supervisory Authority

Working group members organization

Consulting businesses

"BM Morrison Partners"

"Dentons Azerbaijan"

"Ekvita"

"Ensis" Law Company LLC

"Ernst & Young Azerbaijan"

"KPMG Azerbaijan Ltd"

"MGB Law Offices"

"Azfinance Investment Company"

Public Unions

"American Chamber of Commerce in Azerbaijan" Public Union

Azerbaijan Insurers Association Public Union

Swiss State Secretariat for Economic Affairs

Business Associations

Azerbaijan Banks Association

Azerbaijan Microfinance Association

Azerbaijan Stock Market Participants Association

Government Institutions

Ministry of Economy

Ministry of Finance

Ministry of Justice

Ministry of Transport, Communications and High Technologies

Central Bank of Azerbaijan

Deposit Insurance Fund

Small and Medium Business Development agency

State Oil Fund

Key facts about the working groups

23 Organizations

8 Consulting businesses

3 Public Unions

3 Business Associations

9 Government Institutions

25 Members

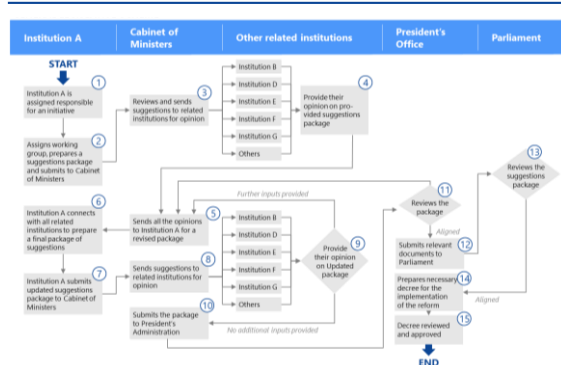
External organizations are permanent members of working groups and regularly participate in and contribute to the reform projects

Having **external parties in working groups** ensures that the **feedbacks** from businesses and Civil Society Organizations are **incorporated** to the reforms on a regular and **systematic basis**

3 In parallel to the establishment of commission and working groups, the Commission established a new process to take the agility of reforms to the next stage

General¹

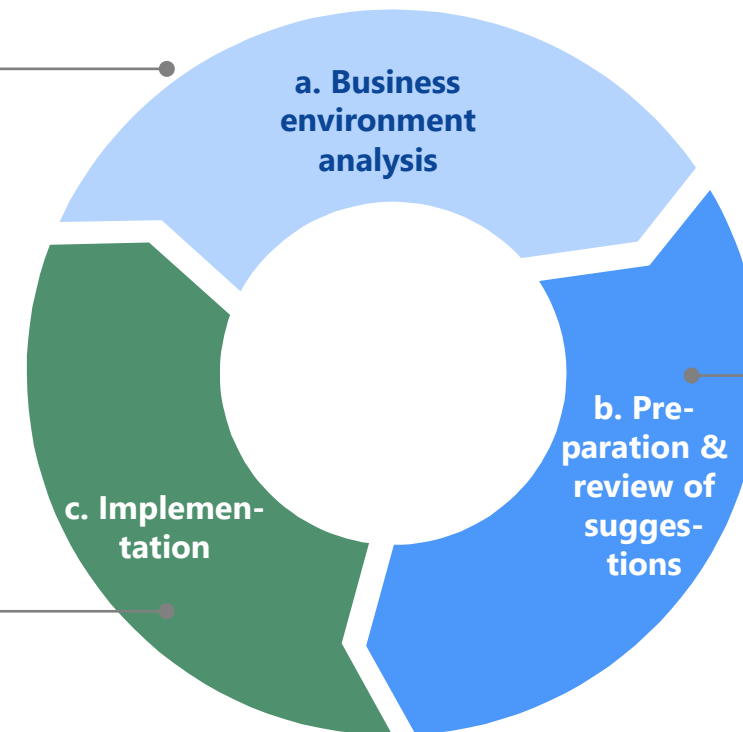
Institutions iterate several times on proposal before it is finally aligned



Approach through new Reform Model

With the new Reform Model communication among institutions flows within one process to reach an alignment, though general process remains

- a Working groups **regularly analyze business environment** also using international reports as a benchmark
 - Once the problem is analyzed **solutions are brainstormed** within working groups while involving businesses, civil society organizations and citizens
- c **One institution** is assigned to **implement the reform**
 - **Relevant working group** is involved in the **planning and monitoring** of the reform to ensure the reform achieves its objectives



- b Working groups **prepare suggestions** also aligning with relevant institutions that members represent
 - In case of **legislative changes**, the approach uses elements of Regulatory Impact Analysis to get feedback on legislation using special legislative feedback forms from all working group members including Civil Society Organization representatives
 - **Presidential administration and Parliament review and align** on the plan; in case of inputs it goes back to the same working groups for updated suggestions

- **Same working groups** work on all reforms related to the same reform area – this ensures **continuous improvement in 3 aspects**:
 - Overall **processes are continuously improved**
 - **Collaboration** of the working group **continuously gets better**
 - **Working groups develop expertise** with each reform and train/educate people in their respective institutions

4 By introducing a simplified approach with permanent working groups, the new Reform Model ensured closer collaboration among the parties involved in reforms

General

Institutions assign different people to changing working groups with each reform on related topics

	Reform area A	Reform area B	Reform area C	Reform area D	Reform area E
Ad-hoc working groups					
1st reform	Working Group A1	Working Group B1	Working Group C1	Working Group D1	Working Group E1
2nd reform	Working Group A2	Working Group B2	Working Group C2	Working Group D2	Working Group E2
3rd reform	Working Group A3	Working Group B3	Working Group C3	Working Group D3	Working Group E3

- Working groups collaborate and build knowledge, mutual working habits, and relationships together
- However, as new working groups are formed for each reform they establish new working relations

Approach through new Reform Model

Institutions assign one working group responsible for reforms on a single area

	Reform area A	Reform area B	Reform area C	Reform area D	Reform area E
Single working groups with members from related institutions collaborating on related reforms					
1st reform	Working Group A	Working Group B	Working Group C	Working Group D	Working Group E
2nd reform					
3rd reform					

- Working groups collaborate within the institutions and across institutions and build knowledge, mutual working habits, and relationships together which they leverage on further reforms
- People in working groups develop expertise on the reform area and on leading reform initiatives

5 Analytics tool¹ helps to increase agility in analysis of business environment, to increase accountability of working groups and to drive inclusiveness

There are two main sections for the analysis of business environment in the commission's website

Rankings	<p>The ranking section contains several key pieces of information about global reports:</p> <ul style="list-style-type: none"> ▪ General information about 3 rankings² that are included in the database: <ul style="list-style-type: none"> – Azerbaijan specific: Azerbaijan's score and ranking dynamics in the respective report in past years – General: Information about the report and reporting organization, its publishing periodicity, methodology, indicators and other details 								
Bench- marking	<p>The Benchmarking section gives users opportunity to analyze all countries in all dimensions and sub-dimensions of Ease of Doing Business project:</p> <table border="1"> <tr> <td data-bbox="239 725 473 862">Criteria</td><td data-bbox="473 725 1337 862"> <ul style="list-style-type: none"> ▪ Overall doing business score/ranking ▪ By dimensions of doing business score/ranking ▪ By sub-dimension of doing business score/ranking </td></tr> <tr> <td data-bbox="239 886 473 1023">Countries</td><td data-bbox="473 886 1337 1023"> <ul style="list-style-type: none"> ▪ Not only Azerbaijan – but all countries (up to 190 countries) that are part of doing business project ▪ Can choose one country or multiple countries </td></tr> <tr> <td data-bbox="239 1048 473 1185">Years</td><td data-bbox="473 1048 1337 1185"> <ul style="list-style-type: none"> ▪ 2015-2019 for score results³ ▪ 2019 for latest ranking results </td></tr> <tr> <td data-bbox="239 1209 473 1295">Data visualization</td><td data-bbox="473 1209 1337 1295"> <ul style="list-style-type: none"> ▪ 3 different types of graphs ▪ Excel report </td></tr> </table>	Criteria	<ul style="list-style-type: none"> ▪ Overall doing business score/ranking ▪ By dimensions of doing business score/ranking ▪ By sub-dimension of doing business score/ranking 	Countries	<ul style="list-style-type: none"> ▪ Not only Azerbaijan – but all countries (up to 190 countries) that are part of doing business project ▪ Can choose one country or multiple countries 	Years	<ul style="list-style-type: none"> ▪ 2015-2019 for score results³ ▪ 2019 for latest ranking results 	Data visualization	<ul style="list-style-type: none"> ▪ 3 different types of graphs ▪ Excel report
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Key benefits of the analytics tool

Agility	<ul style="list-style-type: none"> ▪ The tool enables working groups to quickly analyze the current state of business environment in their respective field without a need to refer to different indices/reports ▪ Tool also enables working groups to save time on such analysis via fast and convenient data collection and visualization options
Accountability	<ul style="list-style-type: none"> ▪ The tool is open to public, similarly the targets of working groups are also publicly available in the platform. Hence anyone can review the reports and judge the success of specific working group against their objectives
Inclusiveness	<ul style="list-style-type: none"> ▪ Everyone can use the tool to analyze the current state, strengths and development areas of the country ▪ Using this user-friendly tool in combination with engagement platform, citizens can analyze particular areas and submit their ideas accordingly

Key function of the tool is to **enable convenient and quick comparison** of different countries **in order to understand** the countries with **best practices** in each **dimension and sub-dimension** to further **investigate their practices/reforms** for potential **reapplication**

¹ <https://azranking.az/en/benchmarking>

² Doing Business report, Global competitiveness report and Economic Freedom Index

³ Database is updated according to the new series published

5 The tool offers quick analysis of business environment for 1 or more countries in 1 or more area/sub-areas over the last 5 years; it also presents various formats for visualization of results

There are two main sections for the analysis of business environment in the commissions website Azranking.az

Criteria	Countries	Years	Graphs
<input type="checkbox"/> Select all criteria ➤ Ease of doing business rankings <input type="checkbox"/> Ease of doing business score global <input type="checkbox"/> Ease of doing business rank global + Starting business ➤ Registering property <input type="checkbox"/> Rank-Registering property <input type="checkbox"/> Score-Registering property <input type="checkbox"/> Registering Property – Procedures (number) <input type="checkbox"/> Registering Property – Time (clays) <input type="checkbox"/> Registering Property – Cost (% of property value) ➤ Registering Property - Quality of land administration index (0-30) <input type="checkbox"/> Registering Property - Reliability of infrastructure index (0-8) <input type="checkbox"/> Transparency of information index (0-6) <input type="checkbox"/> Geographic coverage index (0-8)	<input type="checkbox"/> Select all countries ➤ CIS Countries <input type="checkbox"/> Azerbaijan <input type="checkbox"/> Belarus <input type="checkbox"/> Kazakhstan <input type="checkbox"/> Kyrgyz Republic <input type="checkbox"/> Moldova <input type="checkbox"/> Uzbekistan <input type="checkbox"/> Russian Federation <input type="checkbox"/> Tajikistan <input type="checkbox"/> Armenia <input type="checkbox"/> Russian Federation - Moscow <input type="checkbox"/> Russian Federation - Saint Petersburg + Europe	<input type="checkbox"/> Select all years <input type="checkbox"/> 2019 <input type="checkbox"/> 2018 <input type="checkbox"/> 2017 <input type="checkbox"/> 2016 <input type="checkbox"/> 2015	

Can review the 'Ease of doing business' rankings and scores by various dimensions and sub-dimensions

Users can choose multiple countries to compare rankings and scores among them

System also allows to view rankings and scores over multiple years



Visualization of results

Functionality enables to view scores in various formats, including bar charts, line charts, and column charts as well as export data as excel file



6 Commission also established an electronic communication platform/tool in order to enable easy coordination of the reform group members' work

Objectives

How the platform helps to achieve these objectives

Faster coordination between commission and working groups

- Commission secretariat now easily:
 - Shares information with other members and working groups
 - Makes requests for data/analysis/other work to be done and assign responsible people for action and track status of requests
 - Organizes meetings with working group participants or commission members
 - Prepares required documentation and obtains approvals very quickly through the channel

Faster coordination of the working groups' efforts

- Working groups use the channel for similar purposes. For example the heads of working groups:
 - Share important information easily with 20+ organizations who are the members of their working groups
 - Assign tasks to working group members and track status
 - Organize meetings
 - Prepare automatic documentation and get approvals

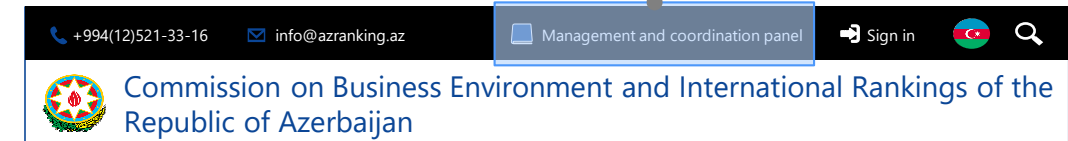
Driving inclusiveness with participation of external parties

- Each of the working groups include members from external business organizations as well as non-profit organizations. The system enables the external members to:
 - Receive information / requests / meeting invitations
 - Share information / requests / meeting invitations with other members

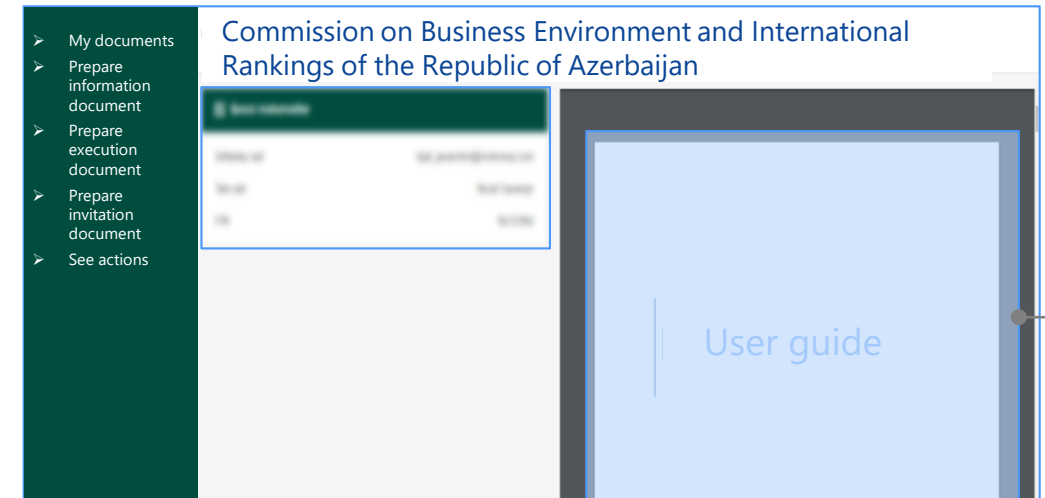
- The platform helps to replace many communication channels with only one channel and significantly reduces the efforts in coordination process. More importantly, it helps to reduce paper usage significantly since all communication among working groups and within commission is conducted digitally
- The system enables access to all members of the working groups including private sector

Usage of platform

Users can access detailed guide for using the panel in both Azerbaijani and English languages from the main menu bar in the website



Once they log in, in home page of communication platform users automatically see the user guide in big screen – to ensure they can get answer to all functional questions on how to use the platform



⑥ Communication platform has different functionalities enabling better coordination of working groups' and commission's efforts

Communication platform has 4 key functionalities that help facilitate the coordination among all relevant stakeholders

Overview of documents

In the **overview section** users can easily see:

- **What is in the inbox**
- Which items are for **information** and which are for **action**
- What are **critical deadlines** (actions with close or missed deadlines are highlighted)

Search						02.10.2019 00:00-02.10.2019 23:59
Document type	Document number	Document name	Incoming date	Sent by	Status	Operation
Execution document	191028 9441	About sending suggestions	02.10.2019 14:32	Abbas Abbasov	Sent to execution	Select operation
Execution document	191028 9438	Actions necessary for Project A	02.10.2019 14:30	Abbas Abbasov	Sent to execution	Select operation
Execution document	191028 9438	Actions necessary for Project B	02.10.2019 14:30	Abbas Abbasov		Select operation
Information document	190927 9391	2.2 section of execution plan	01.10.2019 11:42	Abbas Abbasov	Sent for information	Select operation
Information document	190927 9389	2.2 section of execution plan	01.10.2019 11:36	Abbas Abbasov	Sent for information	Select operation

Tasks with **close deadlines** are **highlighted in orange** to get priority

Once **deadline is missed** it shows in **red highlight**

Is it for **information** or for **action**?

Creating Execution documents

Platform has **several important features** for creating work requests

- Indicating **deadline** for the task to highlight close/missed deadlines in the future
- Indicating approvers before the document / request is sent to the recipients
- Attaching necessary files to fill/read/etc.

Document name: _____ Deadline: 03.10.2019 00:00

Recipients: _____

Text: _____

Event name and date: _____

Notes: Upload the document and continue

Choose file Upload

Select signators Select approvers Select executors Select recipients

Approvers are selected – this helps the coordination of tasks within commission and working groups and **helps avoid more time-consuming paper approvals**

Members are **automatically informed** of the meeting as it gets approved. It significantly facilitates the coordination for working groups since each group involves **20+ members** from **15+ different organizations**

Necessary **files can be attached** to guide recipients on the task or give extra details

Deadline is selected – this stimulates **faster execution of requests** and affects the agility of reforms

Creating Invitation documents

Platform also has **important features for organizing meetings** of the commission and its working groups

- **Setting the meeting, its date, time** and providing all necessary details that participants should know about
- **Choosing members that should be informed** of the meeting
- Indicating **approvers** for the meeting

Document name: _____

Recipients: _____

Text: _____

Event name and date: 02.10.2019 00:00

Notes: Upload the document and continue

Choose file Upload

Select signators Select approvers Select executors Select recipients

Approvers of the meeting are selected

The date and time of the meeting is selected

History of work done

Platform also **facilitates the heads of working groups** and also other users **in tracking and coordinating** their work with other members:

- **Overviewing all the documents** / requests / events they shared
- **Reviewing the status** of the requests

Search

02.10.2019 00:00-02.10.2019 23:59

Document type	Document number	Document name	Incoming Date	Recipients	Status	Active?
Information document	1909279267	Test document	23.09.2019 16:37	Abbas Abbasov	Sent for approval	Active
Execution document	1909289270	Test document	23.09.2019 16:49	Abbas Abbasov	Sent to executor	Executed

The list of all documents / requests / invitations shared

Date when it was shared

Recipients

The status of requests – whether completed or still active

7 Digital Calendar¹ tool brings transparency to the operations of the working groups and enables and facilitates public participation and inclusiveness

The calendar aims to foster social inclusiveness in reforms by stimulating public-private dialogue via 3 functionalities

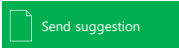
Online agenda of working groups

- The agenda shows the general description of meetings, the date and time
- The tool is **accessible to public** and aids interested people in:
 - Getting **information** on **timing** of all working groups meetings
 - Reviewing the **agenda** of every meeting
 - Sending **suggestions** and getting a right to **participate** in the **meetings**


24 October 2019	Thursday
3:00pm - 4:30pm	Meeting of the Working Group on "Financial Markets Development and Accessibility of Loans"
28 October 2019	Monday
3:00pm - 5:00pm	Meeting of the Working Group on "Power Supply"
29 October 2019	Tuesday
11:00am - 1:00pm	Meeting of the Working Group on "Trading across Borders"
30 October 2019	Wednesday
10:00am - 12:30pm	Meeting of the Working Group on "Health System"


Details of the meetings

- The process of submitting ideas or application for participation in the meetings is very quick and convenient
- Anyone can make a **submission within 2-3 minutes** by only providing the following information:
 - **General:** Name/Surname
 - **Contacts:** Email/Phone
 - Attachment for ideas
 - **Message²**
- Working group **reviews the suggestions applications within one day** and gives answer

15.10.2019 11:03 

Meeting of the Working Group on "Financial Markets Development and Accessibility of Loans"

 Start date: 24.10.2019 15:00

 End date: 24.10.2019 16:30

The next meeting of the Working Group on Financial Markets Development and Accessibility of Loans of the Commission on Business Environment and International Rankings will be held on October 24, 2019 in the administrative unit of the Financial Markets Supervisory Authority. Topics on the government support to Initial Public Offering (IPO) of securities and support mechanisms of the Mortgage and Credit Guarantee Fund to the publicly offered bonds, as well as facilitating requirements for institutional investors and "Implementation and Communication Plan for 2020" of the Working Group will be discussed in the meeting.

VENUE: Administrative unit of Financial Market Supervisory Authority, 27 Bulbul avenue, Baku, the Republic of Azerbaijan.



AGENDA - 24.10.2019: Meeting of the Working Group on "Financial Markets Development and Accessibility of Loans"

Provide feedback / suggestions and/or request participation

- The process of submitting ideas or application for participation in the meetings is very quick and convenient
- Anyone can make a **submission within 2-3 minutes** by only providing the following information:
 - **General:** Name/Surname
 - **Contacts:** Email/Phone
 - Attachment for ideas
 - **Message²**
- Working group **reviews the suggestions applications within one day** and gives answer


Name * Surname *

Email * Phone


Select the appropriate field*   No file chosen


Submit your offer electronically. Supported file types .doc, .docx, .pdf

Message here



Meeting of the Working Group on "Financial Markets Development and Accessibility of Loans"

 Start date: 24.10.2019 15:00

 End date: 24.10.2019 16:30

¹ <https://azranking.az/en/protocols-announcements>

² Either summarizing the suggestion or the reason why the person wants to participate

Executive summary

Context: standing point and aspirations

Overview of the new Economic Reforms Governance Model

Performance check: assessment of the impact of the new Reform Model

Health check: sustainability and relevance of the new Reform Model

The new Reform Model enabled the government to design and implement reforms more quickly: Azerbaijan passed 55 legislations and implemented 136 reform initiatives during 2017 – 2019

19 Working groups in action

136 Initiatives designed during 2017-2019

55 Legislative documents passed during 2017-2019

1 Comprehensive Action Plan comprised of 18 priorities and 155 actions

22 Implementation plans, communication plans and action plans prepared and aligned in 2019

627 # of meetings held by working groups

789K Man-hours spent in initiatives

During this period Azerbaijan significantly increased the number of reforms carried out per year

Reform areas	2017 – 2019 key reforms
Property	<ul style="list-style-type: none"> Increased transparency of land administration system to simplify property registration process
Foreign trade	<ul style="list-style-type: none"> Streamlined electronic customs procedures and implemented the “green corridor” gating system Introduced an electronic system for submitting export and import declarations
Construction	<ul style="list-style-type: none"> Streamlined construction permitting process by applying single-window approach
Taxes	<ul style="list-style-type: none"> Introduced e-invoicing and a unified tax return for social security contributions Enhanced online platform for filing CIT¹ Made paying taxes easier by abolishing vehicle tax for residents
Access to Credit	<ul style="list-style-type: none"> Established credit bureau, thereby improving access to credit information Introduced a new secured transactions law and insolvency law to strengthen access to credit Set up a unified, modern and notice-based collateral registry
Electricity	<ul style="list-style-type: none"> Improved power supply reliability Established a single window for getting electricity fast and cheap Allowed customers to choose private contractors to carry out external connection works Streamlined the process of obtaining a new electricity connection
Judicial system	<ul style="list-style-type: none"> Introduced a system that allows users to pay court fees electronically
Minority investors	<ul style="list-style-type: none"> Strengthened minority investor protections via increasing shareholders’ rights and role in major corporate decisions, clarifying ownership and control structures and requiring greater corporate transparency
Insolvency	<ul style="list-style-type: none"> Made resolving insolvency easier by providing for the avoidance of preferential transactions Made insolvency proceedings more accessible for creditors and granted them greater participation in the proceedings, improved provisions on the treatment of contracts during insolvency and introduced the possibility to obtain post-commencement financing.
Employing workers	<ul style="list-style-type: none"> Changed regulations pertaining to the notice period for redundancy dismissals and severance payments

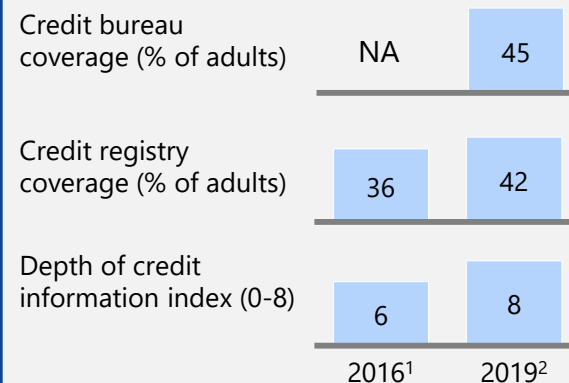
- In 2018 Azerbaijan carried **reforms in 8 out of 10 core dimensions – the highest among all countries** according to World Bank’s doing business report
- In 2019 World Bank’s doing business recognized Azerbaijan as **a global top 10 reformist country with 42 reforms** carried out during 2007-2018 period

¹ Corporate Income Tax

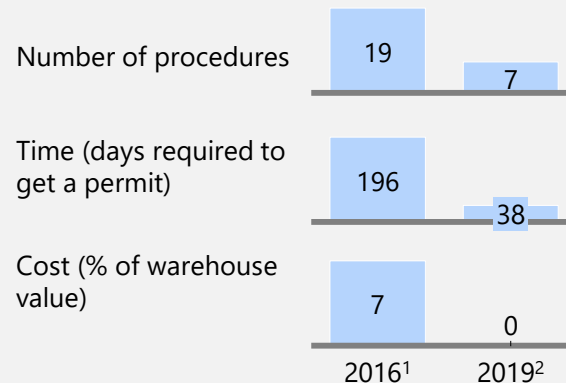
These reforms significantly improved business environment in the country

 Detailed next

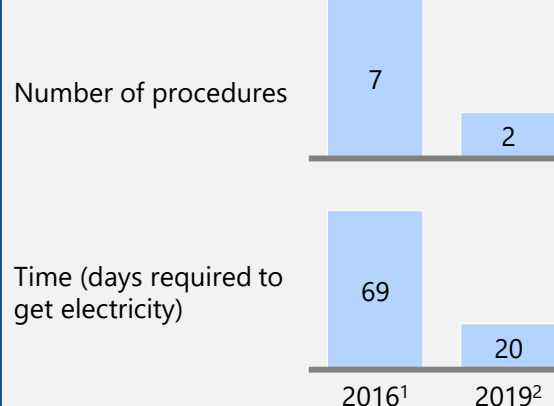
Financial markets development and accessibility of loans



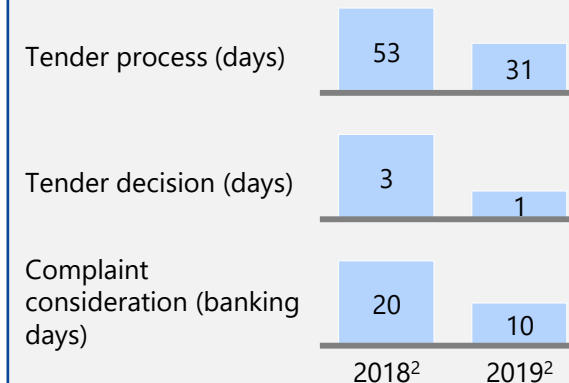
Issuance of construction permits



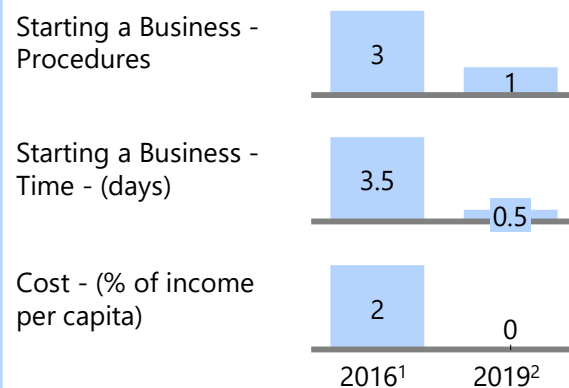
Connection to electricity supply networks



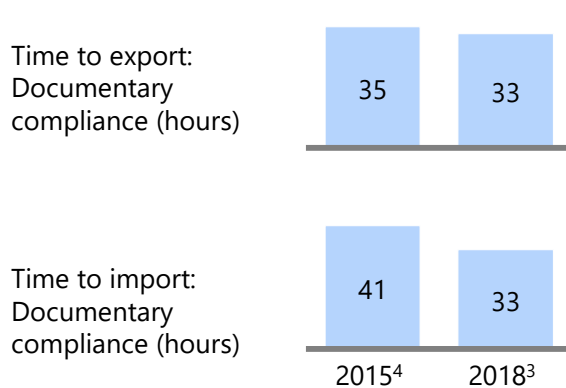
Public Procurement



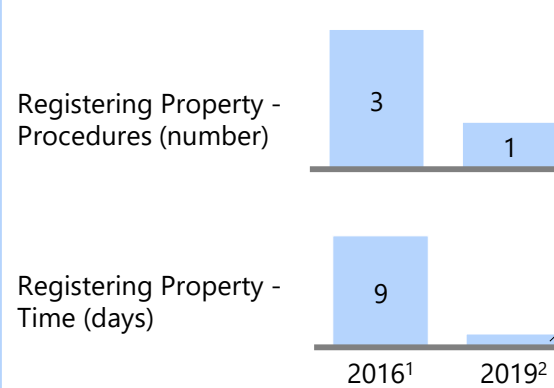
Starting business, tax and accountability



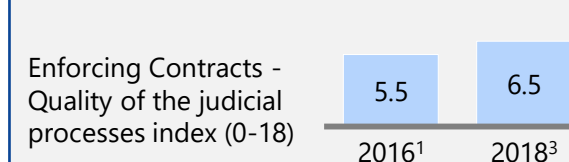
Trading across borders



Property registration



Execution of contracts, dispute resolution, bankruptcy, judicial system and rule of law



¹ Based on Doing Business 2017 report published in late 2016;

² Based on the estimation of Center for analysis of Economic Reforms and Communication of Azerbaijan in 2019;

³ Based on Doing Business 2019 report published in late 2018;

⁴ Based on Doing Business 2016 report published in late 2015

Reform example 1: Establishment of credit bureau has positively affected financial inclusiveness and risk management of lending banks in Azerbaijan

Description of the case

Back-ground

- Establishment of a credit bureau was **included as a priority in the action plan⁵** of the Commission in 2017 and was planned to be established in 2018
- The Bureau was **established in March of 2018** in line with the commission's action plan

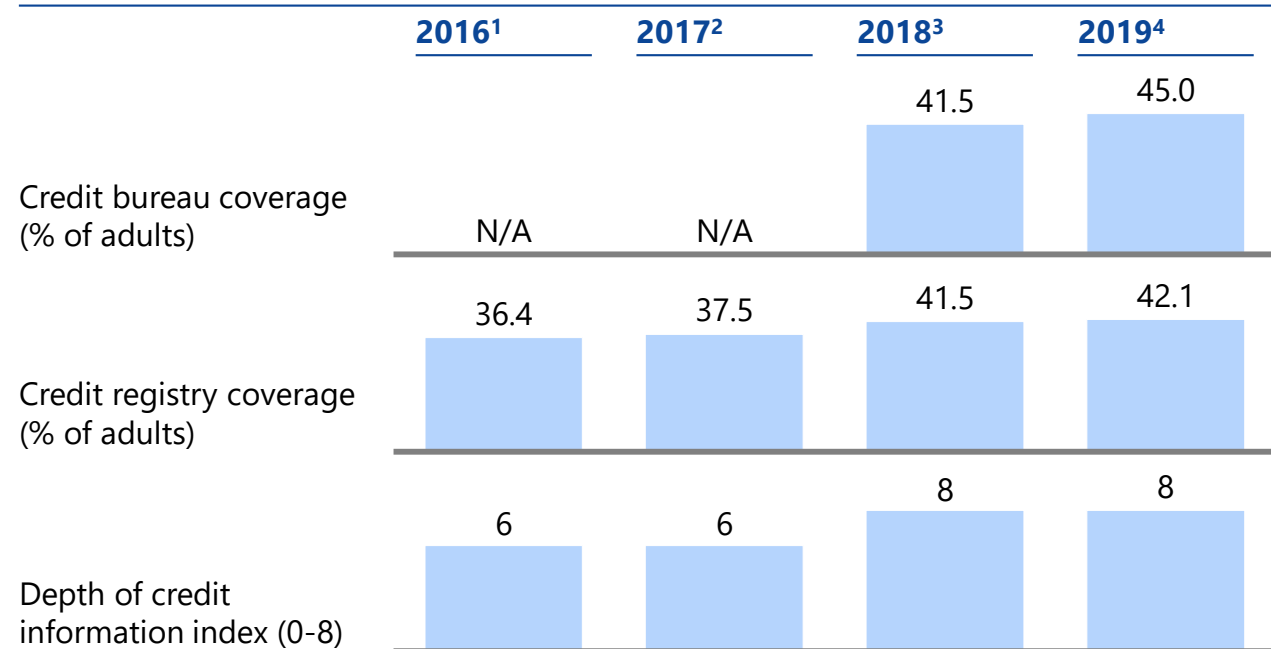
Objective

- The objectives** in establishing the bureau were:
 - To minimize **banks' credit risks** by carrying credit information exchange with lending institutions
 - To encourage **financial discipline** among borrowers
 - Enhance **financial inclusiveness**
 - Support the **financial stability**

What was done

- The credit bureau **consolidates registry about credit history** of all borrowers in the country. The credit history includes such information as loan payments, utility payments, insurance payments, mobile usage, etc. and the database is continuously expanding
- It **provides online access to its data for all banks and financial institutions** in the lending process and to other information providers
- The credit bureau provides **Value Added Services** such as **customer risk scoring**

Results



Benefits for users

- Access to data on customers
- Better risk assessment
- Ability to extend loan to more people
- Convenience in accessing data (online)
- Access to value added services

Benefits for institutions

- Better financial discipline among borrowers
- Increased financial stability
- Inclusiveness in getting credit
- Convenience in managing the process

¹ Based on World Bank's Doing Business 2017 report published in 2016;

² Based on World Bank's Doing Business 2018 report published in 2017;

³ Based on World Bank's Doing Business 2019 report published in 2018;

⁴ Based on the estimation of Center for analysis of Economic Reforms and Communication of Azerbaijan in 2019;

⁵ Action plan approved via president's decree: <http://www.e-qanun.az/framework/35658>

Reform example 2: Introduction of 'digital single window' system and simplifying permissions helped to reduce number of procedures, time and cost required to get construction permission

Description of the case

Back-ground

- It took 196 days and 19 procedures to get a construction permission
- 14 reforms** were included into the **action plan** of the **Commission** in 2017
- The key reform was the **Introduction of "digital single window" system (E-platform)** in getting permissions in order to both simplify number of procedures and decrease time required to get permissions

Objective

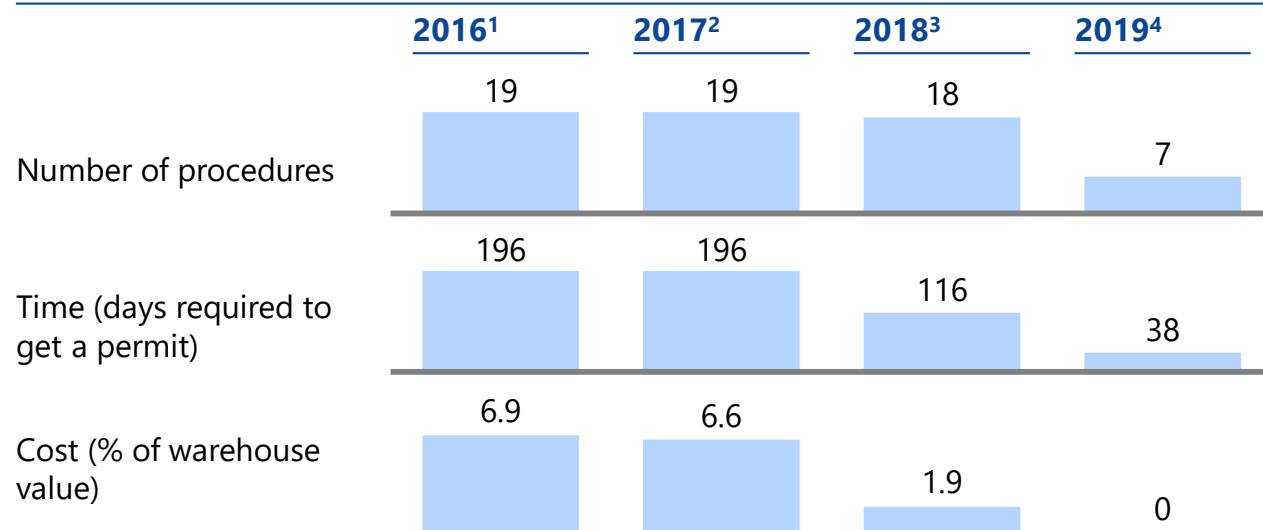
- 2 key objectives** were:
- Decrease **number of procedures** required to get permission from 18 to 10
- Decrease the **time required** to get **permission** from **196** to **80** days

What was done

- E-platform for construction permissions** for low-risk buildings was **introduced as of January, 2019**
- Technical integration** among 6 institutions involved in granting permissions was carried for easier and faster information exchange
- Functionality enabling applicants to **track** their **requests** in **real time** was introduced



Results



- 45 requests for construction** were received in 2019
- Obtaining permission is carried out **free of charge as of 2019**

Benefits for users

- Less time required to get permission
- Convenient digital process of obtaining construction permission
- Only 1 institution (vs earlier 7 institutions) as a single point of contact
- No cost in getting permission

Benefits for institutions

- Less resource spent in new process
- Agility in coordination among institutions behind digital nature of process management
- Easy tracking of the process

¹ Based on World Bank's Doing Business 2017 report published in 2016;

² Based on World Bank's Doing Business 2018 report published in 2017;

³ Based on World Bank's Doing Business 2019 report published in 2018;

⁴ Based on the estimation of Center for analysis of Economic Reforms and Communication of Azerbaijan in 2019;

Reform example 3: Introduction of online connection to electricity simplified the process by reducing number of procedures, required time and providing convenience in getting electricity

Description of the case

Back-ground

- Legal entities were required to **contact 6 different institutions** for getting electricity before the introduction of online connection system
- Documentation** was carried **in paper** through the process
- The **aspiration was to simplify the process by digitalizing** the process and reducing the number of institutions that entities contacted to 1 only

Objective

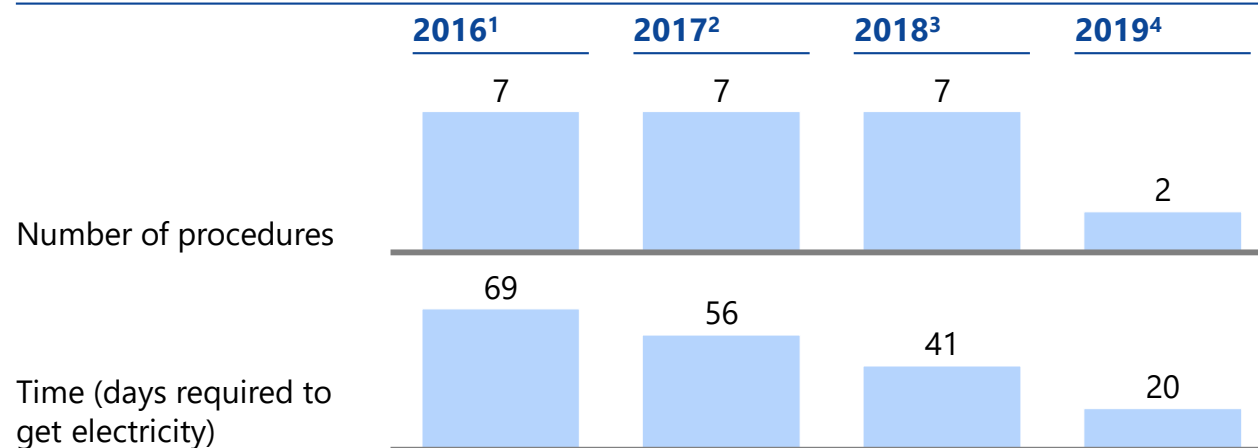
- Objective of reform was to bring overall simplification in getting electricity for legal entities:
 - **Reduce # of institutions to only 1 institution** as a point of contact
 - **Digitalize the journey** of applicants and take out the need for a physical visit to any institution for getting electricity
 - **Reduce the number of procedures** required to access electricity from 7 to 4
 - **Reduce the # of days** required from 77 to 30

What was done

- Established **online management of electronic applications** for getting electricity
- Carried out **technical data integration** among 4 related government institutions for online data exchange (Ministry of Justice, Ministry of Taxes, State Committee on property issues, Ministry of Internal Affairs)
- Established data exchange among **7 related institutions** to **provide opinion online**
- Set-up **electron map management system** that enabled automatic online selection of the closest electricity hub



Results



Getting electricity was also made **faster** and **less costly** by establishing a **single window**

Benefits for users

- Convenience in getting electricity & no need to visit physically
- Less time spent in the process
- Customer satisfaction

Benefits for institutions

- Easier coordination among multiple entities
- Less resources (human and time) spent in the new process
- Convenience (electron map management)

¹ Based on World Bank's Doing Business 2017 report published in 2016;

² Based on World Bank's Doing Business 2018 report published in 2017;

³ Based on World Bank's Doing Business 2019 report published in 2018;

⁴ Based on the estimation of Center for analysis of Economic Reforms and Communication of Azerbaijan in 2019;

Reform example 4: Establishment of e-system for public procurement enabled the transparency of the system and accountability of government bodies

Description of the case

Back-ground

- **E-tender processes** were established by the decree of the President, Mr. Ilham Aliyev in **December 2018**
- The new system established **etender.gov.az** as the **single online point** for all government **procurement activity**

Objective

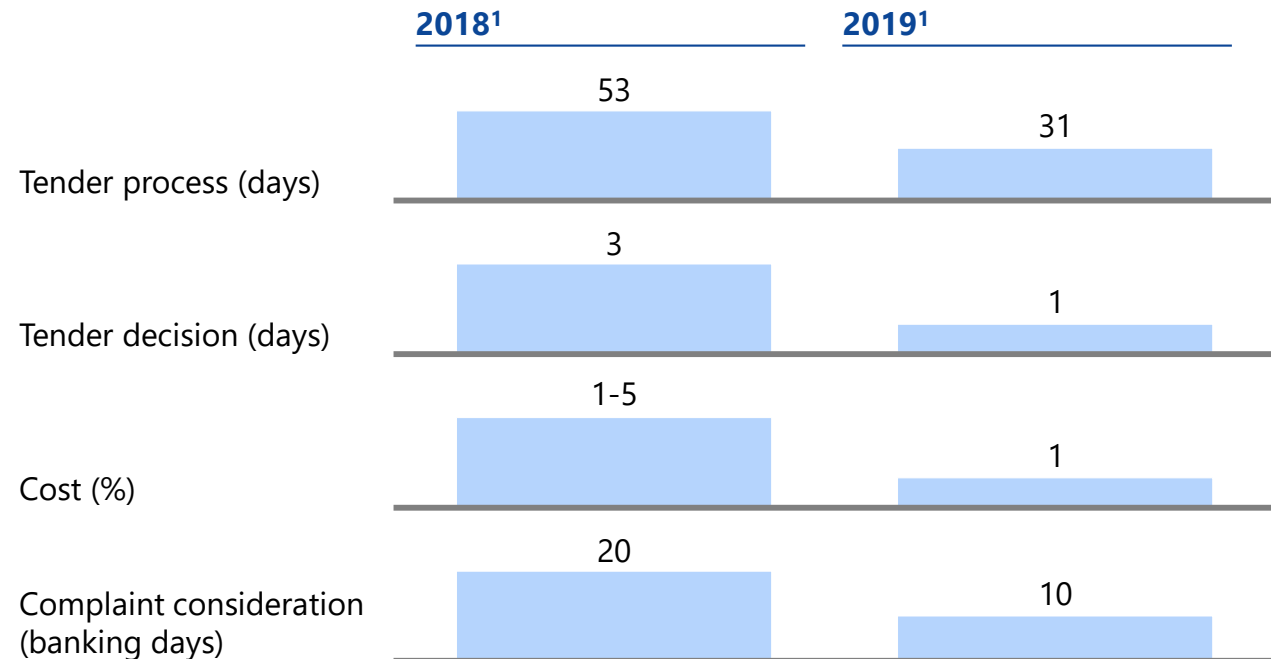
- To provide inclusiveness by providing all **members of the society** with an **access** to the **information** on the **government's procurement plans**
- **Support SMEs** by enabling their participation in public tenders
- **Simplification of tender process** via introduction of a single web portal

What was done

- **Regulatory basis** for the provision of tenders fully online was passed in December of 2018
- A **single web portal** was established and went into use in early 2019 for all public procurement tenders below 3 million AZN (~1.7\$M) value
- A **legislation** requiring **100% of public procurement to be managed online** was passed in December 2018
- Massive **media campaign** was carried to **stimulate SMEs** participation in public tenders



Results



Benefits for users

- Easier access to market
- Opportunity for SME growth
- Convenience in tender participation
- Transparency
- Less time spent in the process
- Less cost to participate in tenders

Benefits for institutions

- Easier document exchange
- Less time and human resources spent in tender processes
- Easier to track past tenders data

¹ Based on the report published by Centre For Analysis of Economic Reforms and Communication of Azerbaijan Republic in 2019

Reform example 5: Establishment of “AZEMIS” e-court platform enabled the transparency of the judicial system and accountability of courts

Description of the case

Back-ground

- **E-court information system** was established by the decree of the President, Ilham Aliyev in **February 2014**
- The system was **adopted widely** after further regulatory support in **2018**

Objective

- To ensure **accessibility** of the **judicial system to every citizen**, the following were pursued:
 - Ensure **electronic court proceedings**
 - Ensure **simplified procedures** for the **handling** of **small claims**

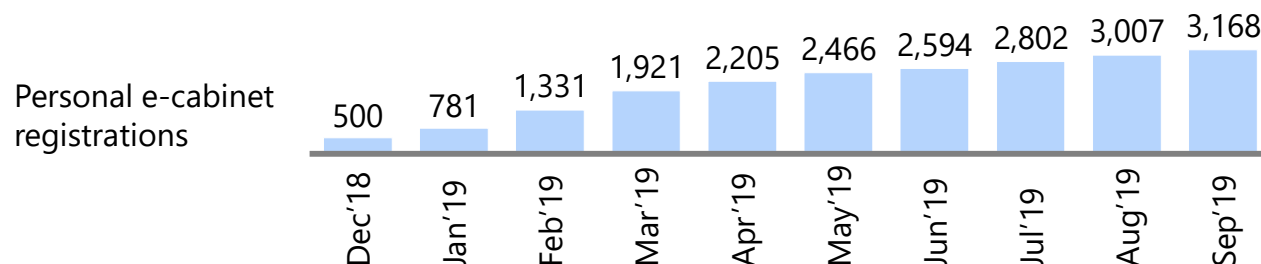
What was done

- **Connected 60%** of all **courts** to the **e-court information system**
- **Integrated** the information systems of **Ministry of Taxes, Ministry of Transport, Communications and High Technologies** and **State Committee on Property Issues** with the e-court information system
- Enabled **application to courts** using **personal cabinets**
- Launched functionality to pay **state duty** through **government payment portal**
- **Started distributing cases** in the court **automatically and randomly** among the **judges**
- Enabled functionality to **send meeting information, notices** and **letters** through the **system**
- **Reduced time** spent by judges **on routine** operations



Results

E-cabinet had only 500 users prior to 2019 – but it reached 3K users in first 9 months of 2019¹



Introduction of e-templates and digitization of submission process helped reduce time required for court documents preparation¹



Benefits for users

- Less time spent in the process
- Much more convenient process with no need to physically visit courts
- Accessible for all groups of population, especially the ones that have difficulty in visiting courts (e.g. people with disabilities, etc.)

Benefits for institutions

- Easier coordination among government entities
- Less resources spent on documentation related work (judges earlier spent majority of their time on documentation)

¹ Based on the information provided by working group "Execution of contracts, dispute resolution, bankruptcy, judicial system and rule of law"

The results of all these reforms have been noted by international institutions inside and outside Azerbaijan

"The country's recent success is one of the most successful and greatest achievements in the history of the World Bank's Doing Business rating ... The importance of the structural and economic reforms carried out by President Ilham Aliyev is increasing against a background of the global economic slowdown in recent years"

- Kristalina Georgieva, Chief Executive Officer for the World Bank, 22.01.2019

"In the current stage of ongoing reforms, we are witnessing that the development of the private sector is a key priority for Azerbaijan and takes advantage of the full support by the country's leadership. Switzerland is ready to support further efforts of the Azerbaijani government to create a new economic model"

- Simon Haberle, Deputy Regional Director of the Swiss Cooperation Office in the South Caucasus, 08.05.2019

"The economy of Azerbaijan is gradually recovering from the experienced shocks; in recent months, a large number of social measures have also been implemented. Therefore, we believe that the non-oil economy of Azerbaijan in 2019-2020 will grow by an average of 2.7% per year"

- Natalia Tamirisa, International Monetary Fund, Head of the Mission in Azerbaijan, 27.06.2019

"When we were conducting annual CEO survey in 2016, the mood and outlook of both the global and local CEOs were rather grim. It is very encouraging to notice that within the short period of two years, Azerbaijan has been able to overcome many challenges it faced in the economy. The 2018 report shows that 66% of CEOs are confident about their companies' growth prospects"

- Movlan Pashayev, PWC Azerbaijan, Country Managing Partner, 15.03.2018

"The reforms helped Azerbaijan get into the list of 10 economies showing the biggest improvement in performance in the last World Bank Group Doing Business Report, released in October 2018, which looks at the business climate in 190 economies around the world. The country had carried out eight reforms, the highest number by an individual country. We believe Azerbaijan has tremendous economic potential. Strategic reforms can create conditions that go a long way towards helping the country realize its promise and, hopefully, usher in a new era of prosperity"

- Wiebke Schloemer, Regional Director, Europe and Central Asia, IFC, 25.09.2019

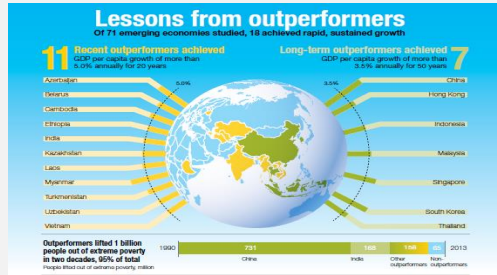
"To build a sustainable and steady economy, the country must benefit from new sources of growth. We are delighted with the Government's steps in this direction. Our consultancy program focuses on supporting local businesses in growth and attracting foreign investment, making regulatory norms more convenient for local and private companies. These measures help entrepreneurs to expand their activities and create more jobs,"

- Jan van Bilsen, IFC Senior Regional Manager for the Caucasus and the Russian Federation, 08.05.2019

During 2019 World Economic Forum in Davos, Loic Tassel, Procter&Gamble's President for Europe Operations, hailed the positive results of economic reforms carried out in Azerbaijan in recent years. He noted that the business environment and conditions created for investors in Azerbaijan encourage Procter & Gamble to expand its activities in the country. He also noted that the current business environment in Azerbaijan has led the company to choose Baku as a regional center

- Loic Tassel, President of Europe Selling & Market Operations, Procter & Gamble, 23.01.2019

Several international publications recognized the recent reforms and overall growth of Azerbaijani economy



McKinsey Global Institute listed Azerbaijan as one of 11 recent outperformer economies globally who achieved more than **5% average annual GDP growth for last 20 years** (based on World Bank data AZE GDP growth for last 20 years was on average 12% per annum) in its 2018 report "Outperformers: High Growth Emerging Economies and the companies that propel them"

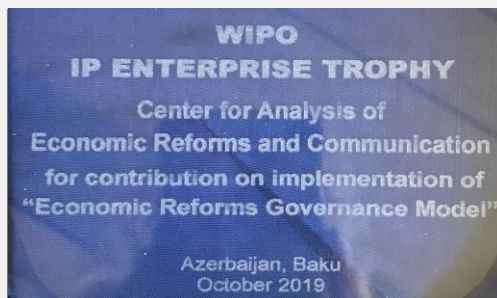


World Bank highlighted Azerbaijan as one of top 10 reformist countries among 190 countries in its report Doing Business 2019 published in late 2018

The economies with the most notable improvement in Doing Business 2019 are Afghanistan, Djibouti, China, Azerbaijan, India, Togo, Kenya, Côte d'Ivoire, Turkey and Rwanda

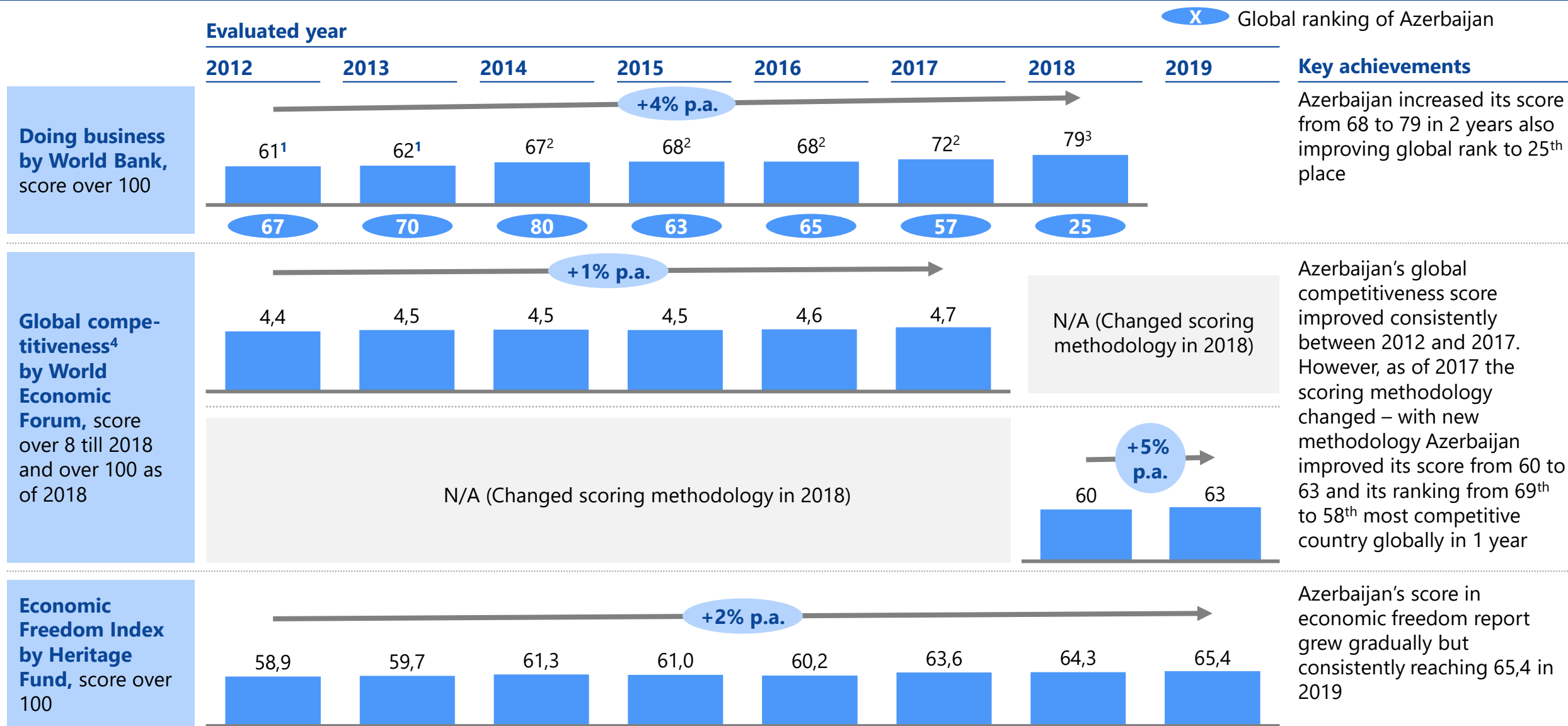


World Bank published the **list of top 20 improvers** in its doing business **2020 report** prior to publishing the full report. Azerbaijan was included in the list of top 20 with key **improvements observed in 4 areas**: registering property, getting credit, protecting minority investors, enforcing contracts.



In 2019, World Intellectual Property Organization (WIPO) recognized the Center for Analysis of Economic Reforms and Communication of Azerbaijan Republic **with IP Enterprise Trophy** for its contribution on the implementation of "Economic Reforms Governance Model"

Improvements have also been reflected in the evaluation of business environment of Azerbaijan by different global benchmarking reports like Doing Business and Global Competitiveness reports



1 Overall scores were not published before Doing Business 2014 report (published in 2013). But Doing Business 2014 report which was published in 2013 provided also score for an earlier year

2 Scores adjusted by doing business after the original report is published

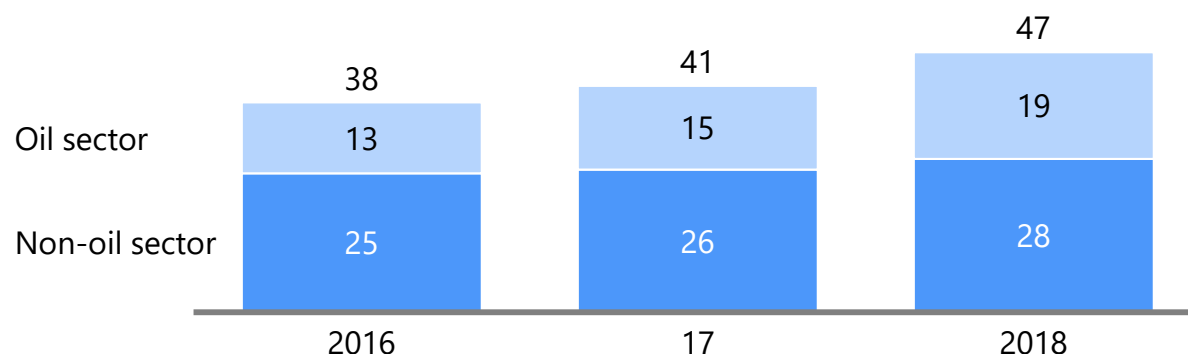
3 Based on "Doing Business 2019" report published in 2018

4 Changed rating methodology in 2018

Azerbaijan economy entered a new stage of sustainable growth during this period

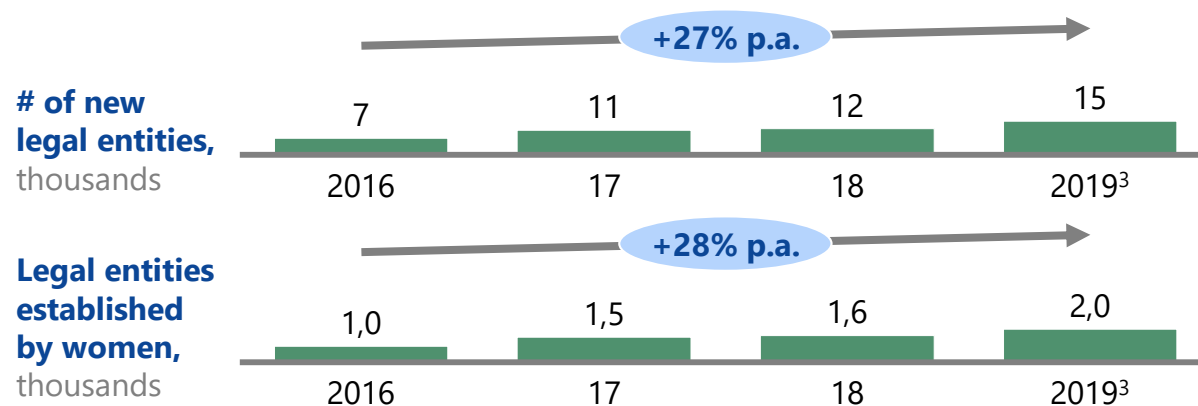
In **2016 - 2018 period** Azerbaijan experienced **balanced and steady growth** in overall economy and in non-oil sector

GDP, in billions USD¹



Number of new legal entities, and especially the ones established by women doubled over the last 4 years – crucial for progression on 2030 Sustainable Development Goal (SDG) on gender equality

Legal entities²



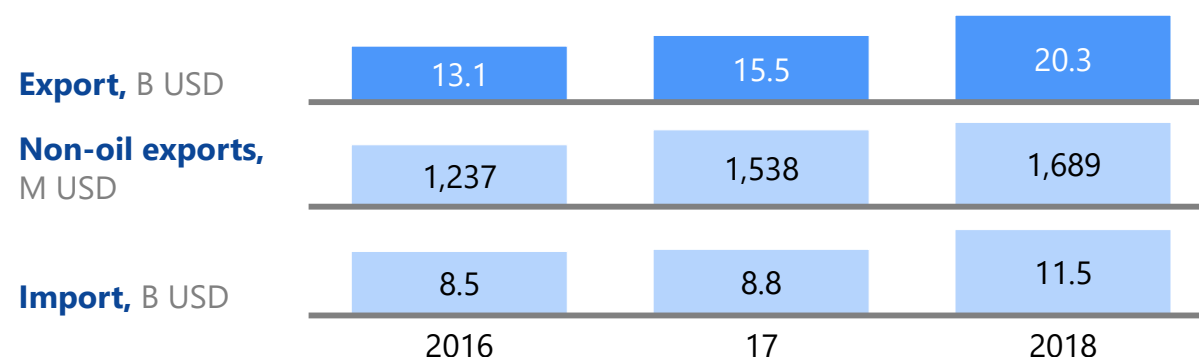
¹ Based on the data provided by Azerbaijan State Statistical Committee

² Based on the data provided by Ministry of Taxes of Azerbaijan Republic

³ Based on the data provided by Ministry of Taxes of Azerbaijan Republic for the first 9 months of 2019 extrapolated to 12 months

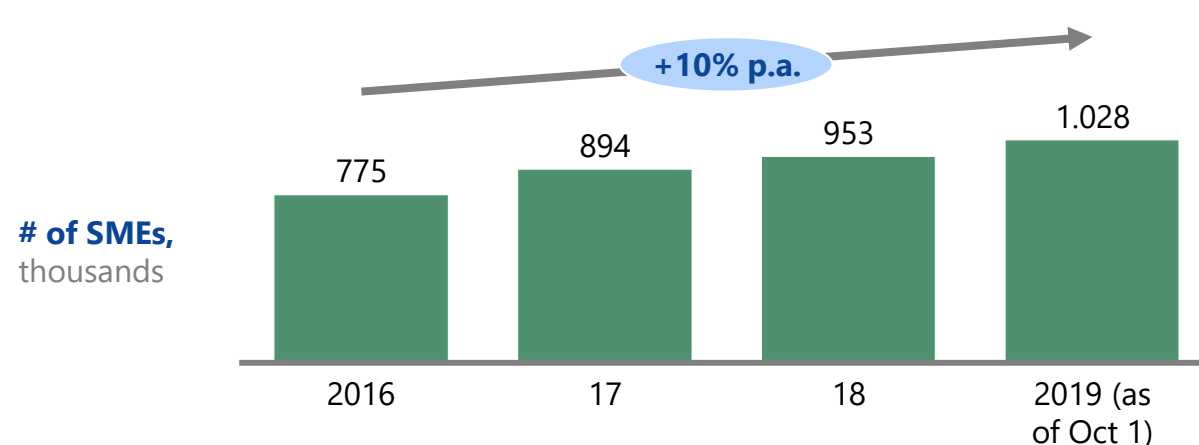
The value of **total exports** and **non-oil exports** also **increased** steadily over **2016-2018 period**

Foreign trade turnover¹



Number of Small and Medium Enterprises (SMEs) in the country reached 1 million in 2019 helping to foster employment and economic growth in the country – another important SDG

of SMEs in Azerbaijan²



Executive summary

Context: standing point and aspirations

Overview of the new Economic Reforms Governance Model

Performance check: assessment of the impact of the new Reform Model

Health check: sustainability and relevance of the new Reform Model

During the last three years the new Reform Model passed through three phases: Establishment, Progression and Innovation phases

2016-2017

Establishment phase

- The **new Reform Model** was **established** in mid 2016
- The **core of the new Reform Model** was **designed** and implementation started
- **Secretariat** and **working groups** formed

2017-2018

Progression phase

- **Regulatory decisions** regarding how secretariat, working groups will work together was decided and working groups were launched
- **Action plan** for all working groups were designed, focus areas were defined and **implementation** of action plans started
- **All the parties worked closely** and intensely on **implementation of reforms**

2018-2019

Innovation phase

- Launched key innovative tools that enabled further progression towards efficiency, collaboration and agility:
 - Commission's **website**
 - **Communication platform** for the coordination of commission's and working groups' efforts
 - **Analytics tool** for quick and convenient analysis of business environment
 - **Digital calendar / engagement platform** to drive inclusiveness

The new Reform Model improves itself every year thanks to well-defined active involvement of all relevant institutions in the governance and ongoing process

Economic Reforms Governance Model ensures sustainability via institutional, financial and regulatory components

 Detailed next

The sustainability of the new Reform Model is ensured in 3 ways

Institutional aspect

- **Permanent nature** of working groups in the new Reform Model **ensures** that reform **efforts** are not on project / initiative basis but **ongoing – i.e. Same working group continuously works on reforms** on their expertise area
- The new Reform Model **leverages existing institutional base** (ministries, other government institutions, businesses, etc.) **but makes it more efficient** (through efficient coordination)
- Commission leverages measurements used by international rankings as performance indicator **ensuring result-orientation**
- The new Reform Model helps to **drive organizational inclusiveness** covering all relevant government institutions as well as external parties
- One of primary focus areas of the new Reform Model is **building people capabilities** via ongoing reform efforts and formal trainings
- Overall format of the new Reform Model helps **drive ownership, collaboration as well as innovation** in all working groups

Financial aspect

- The new Reform Model functions with **no incremental costs** as **members** of the **working groups** are designated from **existing government** bodies on voluntary basis. Therefore, there is no extra cost for the operation of working groups
- At all levels use of **existing resources** are maximized

Regulatory & political aspect

- The continuance of the commission does not depend on any ministry or official – only the President can **restructure** or **release** the commission
- The operation of the commission is **regulated by laws and decrees**
 - A decree regulating the work of commission leadership
 - A decree regulating the work of secretariat
 - Commission's decisions regulating the operation of working groups

The new Reform Model ensured institutional sustainability by establishing a clear ownership, driving collaborative culture among institutions and building capabilities of working groups

KEY LEVERS ENABLING INSTITUTIONAL SUSTAINABILITY

	Description	Actions taken to ensure sustainability
Leadership / Ownership	<ul style="list-style-type: none"> Ensure ownership for overall process and for each reform area 	<ul style="list-style-type: none"> Institutional ownership was ensured on 2 levels: <ul style="list-style-type: none"> On commission level, a secretariat office was established and Center for Analysis of Economic Reforms and Communication led the overall coordination of the new Reform Model under overall guidance of Presidential Administration which helped ensure ownership of the overall process On working group levels, each working group was assigned a leader representing a key institution for the working group – which helped to drive ownership/leadership of a specific area by relevant institution
Mindset / Collaboration	<ul style="list-style-type: none"> Establishing collaborative culture among all working group members and institutions in the new Reform Model 	<ul style="list-style-type: none"> Collaborative mindset within the new Reform Model was established primarily via 3 ways: <ul style="list-style-type: none"> Involving all relevant government institutions into relevant working groups Ensuring working groups are not a one-time effort but are rather continuous – allowing working group members to develop mutual working relationships Driving innovation mindset in institutions through working groups that work as change agents
Capabilities	<ul style="list-style-type: none"> Driving people's expertise in various institutions on specific reform areas 	<ul style="list-style-type: none"> To sustain improvement efforts in long term it was important that people in working groups built their expertise on the reform areas over time. This was achieved via: <ul style="list-style-type: none"> Establishing continuous working groups so that people could leverage gained knowledge and expertise in further reforms Delivering trainings to working groups on their related areas (methodologies, best reform practices, etc.) Transparently sharing all knowledge materials for future referencing
Innovation	<ul style="list-style-type: none"> Bringing innovation to continuously improve the new Reform Model Making technological innovation part of all reforms 	<ul style="list-style-type: none"> The new Reform Model is constantly improved via introduction of various tools: e.g. communication platform to facilitate coordination of working groups' efforts, engagement platform to involve civil society and analytics tool to facilitate the analysis of business environment Reforms: Innovation in the ongoing efforts of working groups was mainly focused at two things: <ul style="list-style-type: none"> Simplification of current processes to improve business environment Digitalization of the journeys for convenience of key users as well as institutions

Continuity of working groups, training sessions and sharing of training materials on the commission's platform helped to build capabilities of working group members

- Ensuring **continuity of the working groups** helps its members **gain knowledge and experience** in reforms and then **turn it into expertise** by applying in future reforms.
- It also helps to **drive innovation mindset within institutions** where the working group members serve as **change agents**
- Commission's portal gives access** to working group members (also to public) **to its educational materials** (trainings on methodologies on business environment analysis and best reform practices from other countries) as well as **to the reforms conducted in the past**

Video review Home > Activity



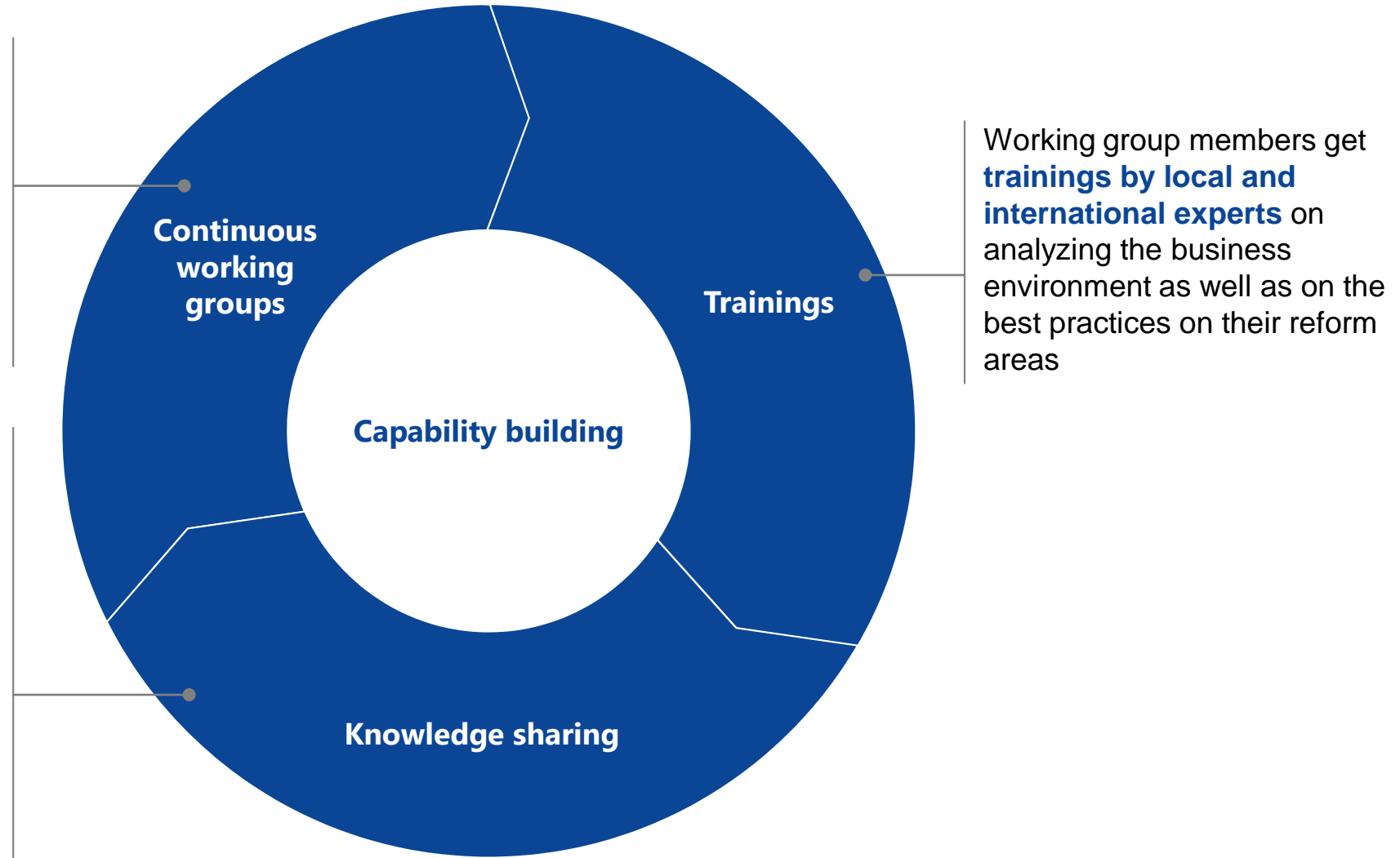
Business reforms in Azerbaijan: 2020 videos and presentations for 9 indicators
09.07.2019 13:00



Presentations on Business Reforms by heads of Working Groups
09.07.2019 12:47



Trainings for Doing Business Methodology (Training videos and presentations for 10 indicators)
09.07.2019 12:16



Commission can further improve and better leverage the new Reform Model in the next phase

Scale up

- **Expand the number of reform areas** covered in the new Reform Model
- **Increase the number of reports** within analytics tool
- **Leverage advanced analytics / artificial intelligence** in order to **automatically identify the improvement areas** in business environment via analytics tool
- **Integrate communication tool** with the communication platforms used in institutions
- **Engage citizens and civil society** more to expand the scale of reforms
- Conduct **benchmarking** with reform models in other countries for further improvement and scaling of the new Reform Model

Scope up

- **Local reapplication:** present the new Reform Model within all government institutions for its reapplication at institution level for a faster reform design and implementation in institutions (e.g. each institution can create reform teams constantly working on a specific area that is not covered in the new Reform Model but where fast reforms are required)
- **Global reapplication:**
 - Sharing the experience and benefits of the new Reform Model with other countries
 - Take the new Reform Model to other countries for potential reapplication
- **Add more languages (e.g. Russian, Turkish, Spanish, etc.)** within analytics tool to encourage usage of the tool globally