

Economic Reforms and Development Strategies as Providing Sustainable Development



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Abstract The article examines the economic reforms carried out in Azerbaijan, the goals outlined by industries according to Strategic Plan of the “Strategic Road Map for the National Economy and Main Sectors of the Economy”, aimed at implementing these reforms, development strategies, and reforms carried out in accordance with State Programs. It has been noted the importance of these reforms in the national economy sustainable and constant development. The article describes the development of the non-oil sector in the framework of general, sectoral and regional programs adopted in Azerbaijan to achieve sustainable development, diversification of the economy, development of infrastructure aimed at ensuring socio-economic development. Thus, the level of gas supply infrastructure in the regions, the level of gasification, the level of industrialization, the creation and development of infrastructure in existing industrial zones, as well as the implementation of clustering measures were reviewed and determined that in 2019, 46 enterprises were registered as residents and more than 8,000 permanent jobs have been created. At the same time, during the 4th stage of the industrial revolution, the implementation of innovations in the field of ICT in Azerbaijan, the creation of new opportunities for sustainable development of the country as a result of digitalization and the formation of a digital economy were introduced.

Keywords Reforms · Strategic Roadmap · Politics · Sustainable development · Regional development · Development strategies

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1 Introduction

Effective integration into the world economic system depends on the implementation of effective economic reforms that ensure the sustainable development of each country and the Development Strategies, State Programs, Action Plans that are part of it. The study of the experience of developed countries in this area shows that countries that develop Development Strategies in line with modern requirements, ensure its implementation and carry out appropriate reforms in stages, achieve sustainable development. Azerbaijan is also developing and implementing new reforms in priority areas of the economy and the strategies that condition these reforms.

2 Main Part

2.1 *Purpose of the Article*

Thus, as a result of the economic policy pursued in Azerbaijan over the past 15 years, necessary measures to diversify the economy, ensure dynamic and sustainable development of the non-oil sector, accelerate the development of competitive industries in all areas during the implementation of Azerbaijan's Strategic Road Map 2016–2020. The goal is to ensure the sustainable development of the national economy until 2025 and to strengthen its competitiveness during this period. At the same time, the main goal for the period up to 2025 is to improve social welfare and build a strong competitive and inclusive economy based on development of high technology and the economy most optimal and suitable structure, which will ensure the highest human index. To this end, the country continues to implement measures covering all sectors of the economy in accordance with the above-mentioned development concepts in order to achieve sustainable development of the economy and, consequently, to ensure the production of competitive products. As a result, the implementation of targeted measures to diversify the economy in our country has accelerated the development of the non-oil sector in recent years. The measures taken to liberalize the business environment in the country have been of particular importance in ensuring the sustainable development of these sectors. With the aim to achieve the objectives and goals set out in the Strategic Roadmap for the national economy and its 11 economic sectors, the priority of measures to ensure economic reforms in the country should be identified in stages, evaluated and their implementation in a logical sequence [1, 5, 12].

2.2 *Research Methodology*

Systematic conceptual approach and analytical generalization methods were used in the research process. The research database consists of the materials of the

State Statistics Committee of the Republic of Azerbaijan, the Ministry of Economy of the Republic of Azerbaijan, the scientific-practical journal of Construction Economics and Management and the International Scientific Conference—Infrastructure Support of Diversified Economy.

2.3 Results, Discussions

Reforms and development strategies in Azerbaijan are the basis for sustainable development. The economic policy developed and implemented under the leadership of President Ilham Aliyev is a guarantee for achieving the above-mentioned goals and sustainable development of the country. It should be pointed out that these goals achievement is possible due to implementation of measures aimed at accelerating the development of the non-oil sector, diversification of the economy, sustainable and balanced socio-economic development of the regions within the general, sectoral and regional development programs adopted in the country, which has special significance.

For this purpose, one of the priority directions envisaged in the four state programs designed to promote socio-economic development of the Republic of Azerbaijan regions for 2004–2023 is the implementation of measures for the reconstruction and development of energy infrastructure in the country's regions is made. As a result of these measures, 56.2 thousand km of gas pipelines have been laid and repaired in the regions over the past 15 years, more than 1,800 settlements have been supplied with natural gas and the level of gasification in the regions has increased from 41 to 93.2% [3].

Analysis of the final report for 2019 of the fourth program on socio-economic development of the regions covering 2019–2023, including the state programs that play an important role in the implementation of economic reforms, development strategies and their implementation, shows that during this period the country 61 settlements and 37 new housing estates were gasified, as a result, 15,338 subscribers were provided with natural gas and the total level of gasification in the country reached 96%. The analysis of the mentioned state program shows that the newly laid or overhauled gas pipelines were 1376.7 and 487.7 km, respectively, and these measures were effectively implemented in the economic regions. Thus, 128.7 and 84.4 km of newly built and overhauled gas pipelines in Baku, respectively; Absheron 90, 28.58 km; Ganja-Qatar—342.57, 104.32 km; Sheki-Zagatala—84.24, 15.15, 9.99 km; Lankaran—60.32, 59.97 km; Guba-Khachmaz—281.37, 33.19 km; Aran—395.8, 109.3 km; Upper Karabakh—0.2.29 km; Mountainous Shirvan—143.61, 55.81 km and in the last 15 years more than 1800 settlements have been supplied with natural gas. Coincidentally, special attention is given to the industrialization and non-oil industry development, which is an integral part of the policy of economic diversification in Azerbaijan. For this purpose, the “State Program for the Development of Industry in the Republic of Azerbaijan for 2015–2020” was developed and currently the implementation of this program has ensured the creation of new

value-added industries, raised the level of self-sufficiency in many industrial products. In turn, has a significant impact on the emergence of sustainable development in the country [2, 8, 9]. To this end, to ensure the diversified development of the country's industrial sector in 2019, support the creation of new processing industries, production of export-oriented and import-substituting competitive science-intensive products, application of innovative technologies, creation of modern infrastructure in existing industrial zones, appropriate measures are also being taken to support clustering and the efficient operation of industrial enterprises. Implementation of these measures is considered as one of the main objectives of the Public Investment Program, but at the same time sustainable and balanced development of the country's economy, especially the non-oil sector, regional development, ensuring economic security, systematic and effective implementation of investment projects aimed at environmental protection, is one of the main goals of the program. Investment programs are prepared in accordance with the goals and directions of socio-economic development of the country. Thus, in preparing the investment program for 2019, in accordance with the country's socio-economic development of, the development of infrastructure and ensuring their sustainable use, stimulating investment in the non-oil sector and regional development, optimal distribution of investment between regions, implementation of investment priorities in social spheres directed.

At the same time, the study of the above report shows that in 2019, the implementation of measures in various sectors of industry continued. One of the mechanisms aimed at industrial development is the creation of industrial parks and industrial districts, as this year 46 enterprises were registered as residents. started production and as a result, more than 8,000 permanent jobs were created.

One of the main goals of economic reforms in the country is to create a modern infrastructure in the economy. The study of implementation of the above-mentioned development strategy, state programs in the field shows that the infrastructure of the country's economy is constantly modernized, advanced modern infrastructure is created. During the fourth stage of the industrial revolution, our country's favorable geographical location, rich use of rich natural and human resources creates new opportunities for sustainable development of the country as a result of international ICT innovations, digitalization and the formation of the digital economy [4, 6, 7, 10]. In addition, the "Strategic Roadmap for the National Economy and Key Sectors of the Economy" prepared on the basis of an in-depth analysis of the current economic situation and approved by the Presidential Decree on December 6, 2016 are the main objectives of the Strategic Plan to ensure the sustainability of economic reforms in the country. As a result of reforms in these areas, Azerbaijan has undergone rapid and dynamic development in recent years in terms of economic reforms, and its achievements are highly valued by international organizations and international financial institutions.

Meanwhile, it should be considered that the study of reports on the work carried out and currently carried out under various state programs aimed at socio-economic development shows that the measures envisaged in the development and management of the country's economy. The activities of the sectors are also of particular interest. Therefore, regular reports should be reviewed to assess the level of activity

of the private sector within the programs and its coordination with other institutions, and relevant proposals and recommendations should be prepared to improve public-private partnership. Coordinated activities of the public and private sectors in the implementation of measures envisaged in the state programs to ensure the achievement of the goals set for the development of sectors in the Strategic Roadmap to ensure the diversified development of the country's economy, which ultimately forms the basis for a strong economy. These areas of activity play an important role in attracting local and foreign investment, modern technologies and the effective use of modern management practices to create enterprises that produce competitive products and ensure their production of competitive products in accordance with international standards. It should be noted that the sectoral programs and four state programs for 2004–2023, aimed at developing the infrastructure of the economy of the country's regions, provide for a wide range of measures, which determine the areas of activity of the sectors. In order to achieve the above-mentioned goals, the state programs prioritize the implementation of measures to improve the infrastructure of the country's non-oil sector by ensuring the interaction of public and private sectors, ensuring rapid development of entrepreneurship, stimulating export-oriented production, increasing employment. They are aimed, among other factors, at the development of the country's economy and the acceleration of its effective integration into the world economic system. In all four programs aimed at socio-economic development of the regions, measures are being implemented in stages in the field of infrastructure, roads and transport, electricity, gas and heat supply, which are important in improving the infrastructure of the economy of economic regions. In our opinion, the role of coordinating the activities of both public and private sectors within the limits of the programs in achieving the goals set out in the 11 roadmaps developed in the Strategic Roadmap for 12 sectors should be regularly assessed, and improvements should be made at each subsequent stage.

It should be noted that the ongoing reforms and state programs, development concepts, strategies and plans implemented in Azerbaijan and the sustainable economic development achieved and strengthened as a result of comprehensive measures to ensure macroeconomic stability in the country is highly valued by international economic and financial organizations. Necessary decisions have been made to diversify the economy in Azerbaijan, ensure the development of the non-oil sector, stimulate the production of competitive production, improve the investment and business environment, constantly improve the regulatory environment of the business environment to modern standards, support the private sector. The annual improvement in the results of sustainable reforms aimed at the formation, implementation and improvement of the business environment is constantly reflected in the reports of international financial institutions [10–12].

In the “Global Competitiveness 2017–2018” report published by the World Economic Forum, the Azerbaijani economy has moved up two places in terms of competitiveness, ranking 35th among 137 countries, and first in the CIS since 2009. In recent years, Azerbaijan results in reports prepared by the World Economic Forum are constantly improving. Thus, according to the “Global Competitiveness” reports, our country has moved up 34 places—from 69th place among 117 economies in 2005

to 35th place among 137 economies in 2017. As a result of these indicators, Azerbaijan has left behind a number of G-20 member states. Thus, in the Global Competitiveness Report 2017–2018, Indonesia, which is a member of the G-20, ranks 36th, the Russian Federation 38th, India 40th, Italy 43rd, Mexico 51st and Turkey 53rd, South Africa is 61st, Brazil is 80th and Argentina is 92nd. According to the Global Competitiveness Index, Azerbaijan ranks higher than the neighboring countries as the most competitive economy in the region, but in the report, the countries of the region, Georgia, rank 67th, and Armenia 73rd (Fig. 1).

The “Global Competitiveness Report 2018/2019” lists Azerbaijan as the country with the highest level of social equality in the world. According to the level of electricity supply to the population, Azerbaijan has risen to the first place in the world with a maximum score of 100%. According to the report, Azerbaijan ranks 31st among 140 countries in the ranking of business dynamics (Fig. 2).

Reforms implemented in the country under the leadership of President Ilham Aliyev within the framework of state programs, development concepts, strategic development plans have ensured that Azerbaijan has achieved new records in the overall ranking in the “Doing Business 2019” report, and its position on most indicators has risen. In the “Doing Business 2019” report which was published by the World Bank and the International Finance Corporation, our country was included

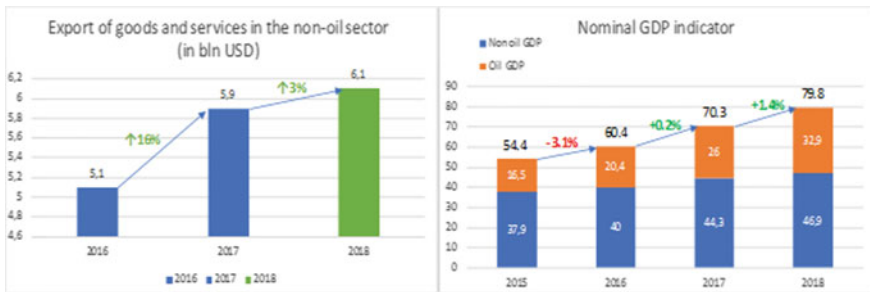


Fig. 1 Azerbaijan international rankings

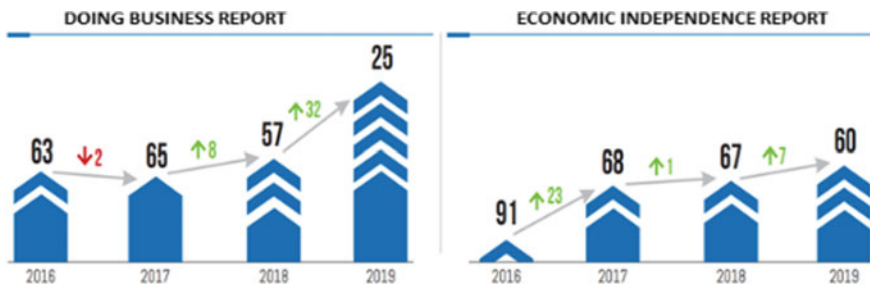


Fig. 2 The results of reforms in Azerbaijan

in the list of the 10 most reformist countries in the world and declared the most reforming country in the world.

In the “Doing Business 2020” report, the continuous implementation of reforms in the above-mentioned areas in our country was assessed with 78.5 points, and Azerbaijan rose from 34 to 28th place among 191 countries. As a result of the progress made in this position, our country has again been assessed by the World Bank as “one of the 10 most reformist countries in the world.”

Thus, it should be noted that these assessments of the International Financial Institutions are a real result of sustainable reforms implemented in Azerbaijan in recent years in the framework of the above Development Strategies, State Programs, Strategic Plans.

2.4 Results

We believe that the measures taken as a result of the carried-out reforms in the country and implemented development strategies will allow to achieve the following organizational, managerial and socio-economic advantages:

- Ensures the diversified development of the country’s industrial sector;
- Ensures sustainable development and competitiveness in the industrial sector
- Ensures the implementation of targeted projects in the non-oil sector
- Allows wide application of innovative technologies
- Creates conditions for the creation of modern infrastructure in industrial zones, as well as to support the effective operation of clustering
- Ensures sustainable and consistent implementation of investment projects in the field of environmental protection;
- Development of business environment, creation of business incubators will stimulate the development of economic regions of the country;
- Sustainable economic reforms implemented within the framework of state programs, development strategies and concepts have resulted in ensuring macroeconomic stability;
- The state regulation of entrepreneurial activity, the application of advanced methods in reforms is highly valued by the World Financial Institutions, which allows us to assess it as a real result of the regular and sustainable implementation of reforms in Azerbaijan.

2.5 Practical Importance

The results obtained from this research can be used while preparing of Strategic Development Plans of relevant organizations and institutions.

3 Conclusions

The study shows that the reforms implemented in various sectors of the economy of Azerbaijan form the solid basis for sustainable development.

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