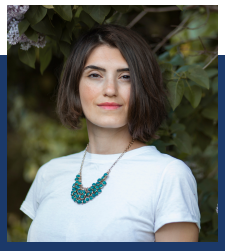
TRANSITION TO SUSTAINABILITY IN AZERBAIJAN: POLICY REVIEW AND ANALYSIS

by Ilaha Abasli



ILAHA ABASLI

Ilaha was a Spring 2021 CAAFP Fellow. She is a PhD researcher at Institute of Social Studies, Erasmus Rotterdam University. Ilaha holds a Master's degree in International Development and Emerging Economies from King's College London. She is also engaged in international development and sustainability consultancy work with FAO (UN), GIZ and local NGOs. Besides field and research work, Ilaha has taught subjects of 'Economic Development Models' at Azerbaijan State University of Economics for graduate students. Her larger research interests include circular economy and inclusive development, specially in the context of developing economies; ways of scaling up frugal and local innovation/solutions to the policy level and fostering sustainability within the emerging economies through participatory policies. Ilaha has also co-founded Femiskop, a Feminist Research Collective in Azerbaijan that curates critical content on gender, environmental and socio-economic justice issues.

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At the core of sustainable development is the relationship between economic growth and the natural environment that supports it. Economic growth may improve human well-being and offer the tools necessary to meet various environmental goals. However, when incentives to use natural resources are inadequate and external consequences are not internalized, economic development can lead to unnecessary environmental destruction and waste of natural resources. Historically, it has come at a high cost for humanity and the world, "ranging from socioeconomic injustice to degradation of natural resources and environmental pollution," as the limits of natural resources and the implications of such expectations as achieving prosperity have been ignored. [1]

CENTRAL ASIA PROGRAM

Lately, enthusiasm for economic sustainability has seen the extension of sustainability policies to transitional economies such as Azerbaijan. Some papers suggest that developing nations can "leapfrog" to more sustainable frameworks, as they are inherently "more sustainable" than developed countries.[2] Moreover, in transitional economies, sustainable activities serve as excellent political "entry points" through which for governments, the private sector, civil society, and other actors to foster creative economic models.[3]

The fundamental aspects of Azerbaijan's economic development model were formulated in the mid-1990s. From 1995 until 2003, the government steadily implemented a pro-growth economic model, focusing on poverty reduction and building up industrial capacity through the extractive sector. By 2010, however, policymaking had shifted its focus to promoting the non-oil sector as a critical force for economic growth and further industrial development. In addition, the nexus of economic growth and environmental challenges has begun to emerge on the policymaking agenda through policies such as "Azerbaijan: Vision for 2020" that reflect long-term national development goals by incorporating sustainability concepts such as protecting the country's lands, water resources, and biodiversity.

Nevertheless, the existing sustainability policies are not cohesive and focus on economic growth as the route to sustainable development. "Strategic Road Maps," adopted in 2016, outlined the policy measures necessary to achieve higher growth in the trade sector, processing, and technology-intensive industries. Alongside this, Azerbaijan has taken on the ambitious Sustainable Development Goals, translating the global goals, targets, and indicators into national terms.

Currently, the government and the private sector dominate the sustainability debate in Azerbaijan and the discourse remains overly driven by top-down thought, with limited grassroots involvement. There is no silver-bullet solution that will make economies and societies sustainable. The process takes decades and require fundamental transformations. However, despite growing awareness of the importance of sustainability, a clear methodological and theoretical basis for sustainability-related policies in developing economies—including the all-important political economy considerations—is still lacking. Though there is general acceptance that technical, socio-political, and economic issues are intertwined, current policies are treated only as a technical matter where social dimensions have to adapt to the technical solutions offered by sustainability models.[4]

This paper critically examines theoretical and empirical approaches derived from fundamental policies on sustainability adopted over the last ten years (2010-2020) based on the case study of Azerbaijan. As "sustainability" is a broad concept, it concentrates on sustainability policies related

[1] Tim Jackson, *Prosperity without Growth: Economics for a Finite Planet* (London: Routledge, 2009).
[2] Patrik Söderholm, "The Green Economy Transition: The Challenges of Technological Change for Sustainability," *Sustainable Earth* 3, no. 6 (2020), https://doi.org/10.1186/s42055-020-00029-y.
[3] Felix Preston and Johanna Lehne, "A Wider Circle? The Circular Economy in Developing Countries," Chatham House Briefing, December 5, 2017, accessed September 30, 2021, https://www.chathamhouse.org/2017/12/wider-circle-circular-economy-developing-countries.
[4] Justice Mensah and Sandra Ricart Casadevall, "Sustainable Development: Meaning, History, Principles, Pillars, and Implications for Human Action: Literature Review," *Cogent Social Sciences* 5, no. 1 (2019). DOI: 10.1080/23311886.2019.1653531.

to economic development. It presents policy recommendations for developing society-oriented sustainability measures based on local knowledge and a holistic approach to transition.

The Sustainability Debate in Azerbaijan

Economic growth and high productivity have long been a part of Azerbaijan's economic development model. State-led centralized economic development plans viewed industrialization as a source of abundance and well-being. Most of the time, the environment was compromised in the name of large-scale energy-intensive investments.[5] Resource shortages and environmental degradation were lesser concerns. Economic changes in Azerbaijan throughout the 1990s and early 2000s—such as mass privatization of industry, housing, commons, resources, and services, as well as efforts to attract multinational investment—generally focused on fixing economic problems by boosting efficiency and industrialization, while resource scarcity and environmental/social concerns were disregarded.

The policy debates on sustainability in Azerbaijan are currently fragmented, as is public opinion on economic growth and environmental degradation. Economic growth remains largely supported by the population: 59% of respondents to the 2017-2020 wave of the World Values Survey (WVS) in Azerbaijan mentioned a high level of economic growth as their top priority among the country's aims. As shown in Table 1, support for protecting the environment declined in comparison to economic growth in the 2010-2014 period but seems to have revived in the 2017-2020 period.

Table 1. Protecting the environment vs. economic growth in Azerbaijan, 1994-2020

	1994-1998	2010-2014	2017-2020
Protecting environment	44	31	46
Economic growth and creating jobs	39	66	39
Other answer	5	2	0
Don't know	12	0	12
No answer	0	0	2

Source: World Values Survey (WVS), https://www.worldvaluessurvey.org/wvs.jsp

Sustainability has recently come to dominate policy language and concepts. However, little attention has been paid to the precise local meaning of these terms and their translation into

[5] Ilaha Abasli and N. Azimli, "Restructuring Growth through Degrowth. Setting Up the Research Agenda of Commons in the Eastern Partnership Countries," CEDOS, 2020, https://cedos.org.ua/en/.

concrete policies. There is no clear understanding of these terms' theoretical and empirical application to economic development policies.
Moreover, Azerbaijan's policymaking on sustainability focuses on national and global-level efforts, neglecting local-level sustainability. Though research shows a growing trend of sustainability being integrated into policymaking in both urban and rural spaces, genuine sustainability has yet to emerge from these policies due to the flawed nature of the employed methodologies and their theoretical basis[6] and disjoined policy action plans.

Conceptual Framing of the Transition to Sustainability

Alongside the climate change and biodiversity crisis, policymakers are increasingly aware of the need to transform economies and societies along sustainable lines. There are also an increasing number of local initiatives, especially among urbanites, that may offer more sustainable solutions and systems. Sustainability transitions are described as "long-term, multi-dimensional, and fundamental transformation processes through which existing socio-technical structures move to more sustainable modes of production and consumption," according to transition literature.[7] Actors (citizens, businesses, and other organizations, collective actors) and structures (societal and technological norms, laws, standards of good practice), as well as material resources and knowledge, make up those frameworks.[8]

The transition to sustainability has been studied mainly from the socio-technical perspective,[9] with a focus on a policy shift along different dimensions: technological, material, organizational, institutional, political, economic, and socio-cultural. Sustainability transitions include a change in technical and institutional (regulatory and cultural) structures and the perception of society's role as the main actor in this transition.[10]

The system's various components interact to provide services to society. The very word "system" emphasizes how many different parts are inextricably linked and reliant on one another.[11] This paper's conceptual framework takes as its point of departure the systems thinking concept of

[6] Lamont C. Hempel, "Evolving Concepts of Sustainability in Environmental Policy," in *The Oxford Handbook of U.S. Environmental* Policy, ed. Michael E. Kraft and Sheldon Kamieniecki (Oxford: Oxford University Press, 2012).
[7] Frank W. Geels, "From Sectoral Systems of Innovation to Socio-Technical Systems: Insights about Dynamics and Change from Sociology and Institutional Theory," *Research Policy* 33 (2004): 897–920.
[8] Jochen Markard, "Transformation of Infrastructures: Sector Characteristics and Implications for Fundamental Change," *Journal of Infrastructure Systems (ASCE)* 17 (2011): 107–117.
[9] Frank W. Geels and Johan Schot, "Typology of Sociotechnical Transition Pathways," *Research Policy* 36 (2007): 399–417; René Kemp, "Technology and the Transition to Environmental Sustainability. The Problem of Technological Regime Shifts," *Futures* 26 (1994): 1023–46.
[10] Adrian Smith, Andy Stirling, and Frans Berkhout, "The Governance of Sustainable Socio-Technical Transitions," *Research Policy* 34 (2005): 1491–1510.
[11] Matthias Finger, John Groenewegen, and Rolf Künneke, "The Quest for Coherence between Institutions and Technologies in Infrastructures," *Journal of Network Industries* 6 (2005): 227–259.

Meadows[12] and later Maani and Cavana.[13] They suggest thinking of systems as an interconnected set of elements (society, economy, and nature) that are coherently interconnected and organized to produce patterns of behaviors over time.

Systems theory is a framework that can provide tools for thinking about problems within the context of a system. One critical insight of systems theory is that a system's structure determines what outcomes it produces. Maani and Cavana's "four levels of thinking" model shows the hierarchical relationship between four related but different levels within a system: events (impacts, policies, regulations), patterns (behavior), systemic structures, and mental models (approaches, paradigms).[14]

Events represent only the "tip of the iceberg," yet most policy attention is directed here because they are the most visible and immediate. Systems theory can help us move beyond this to address deeper structures and mental models by providing tools for understanding complex systems.

Methodological Approach

For this study, I conducted a systematic review of selected economic development policies by applying systems thinking, a set of processes that lead to a significant shift in socio-technical systems. Keywords, core meaning, methodology, scope, and evaluation criteria around the concept of sustainability and sustainable development were carefully examined. A limitation of the study was that the words "sustainable" and "sustainability" are extremely broad and can be interpreted in a variety of ways depending on the field of study.

Following a systematic search, a total of ten policies were chosen to examine recent trends in economic development policymaking. After reviewing the texts of policy documents and action plans manually, I ran tests with the MAX QDA software package using the terms "sustainability," "sustainable development," "green growth," and "climate change." These tests generated citation outcomes that allowed me to identify the policy approach to the sustainability transition. Thus, both software and manual review produced meaningful results for qualitative analysis of the policies.

In-Depth Analysis of the Policies

The policies on sustainable development and sustainability in Azerbaijan over the last ten years have evolved, alongside the global changes in the agenda-setting and implementation of sustainability, climate change and Sustainable Development Goals (SDGs).

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[12] D. Meadows, *Leverage Points: Places to Intervene in a System* (Hartland, WI: The Sustainability Institute, 1999).
[13] Kambiz E. Maani and Robert Y. Cavana, *Systems Thinking, System Dynamics: Managing Change and Complexity* (Hoboken, NJ: Prentice Hall, 2007).
[14] Ibid.

Sustainability is not well defined and has a wide range of applications, from reducing pollution associated with a single industrial method to diversifying the economy away from oil. In the studied official documents (see the full list in the Appendix), the main sustainability-related concepts (green growth, sustainable development, sustainable growth) are strongly linked to market liberalization, increased industrial capacity, and GDP, combined with generic directions on better environmental management and encouraging the integration of renewable energy resources into the economy (see Table 2). As of the end of the 2010s, the terminology around sustainability has shifted towards 'green growth' with a growing emphasis on environmental decoupling. Still, the proposed mechanism for achieving this remains through market liberalization; comparatively few actions are being taken in the social, environmental, and cultural spheres. That being said, the most recent policies—such as "Azerbaijan 2030: National Priorities for Socio-Economic Development"—appear to take a significantly more grounded approach to sustainability that focuses on how the reduction of GHG emissions can help grow the economy and improve living standards (see Table 2).

Azerbaijani policies tend to neglect the role of societal actors, especially rural communities, in the move to a more sustainable trajectory. The four policies that focus specifically on rural development and sustainability mention society as an agent of change only in passing; state institutions and private entities are considered to hold the majority of the agency (see Table 2). Local communities, for their part, are positioned as consumers and implementers of top-down policies rather than as agents in designing those policies.

Table 2. Key Concepts and Methodological Approach

Most Frequently Mentioned Concepts	Methodological Approach	Agency	Period of Policy Implementation
Inclusive growth	• Further market liberalization • Effective and efficient management of the state's role in the economy via market-oriented reforms • Bolster private institutions • Promote green and renewable energy • Territorial and geographical diversification of economic growth • Build industrial zones (industrial townships and business incubators) • Improve privatization and management of state enterprises	Private initiatives (30%); state institutions (55%); society/community (15%)	2010-2016

Sustainable development	• Ensure sustainable development through poverty reduction and food security • Sustainable management of forest resources • Sustainable management of water resources • Management of land resources and prevention of desertification • Sustainable management of biodiversity • Sustainable management of the atmosphere • Expanded use of alternative energy sources • Comprehensive waste management • Overall management of mountainous and coastal ecosystems		2010-2024
Green growth	• Raise awareness on importance of using natural resources efficiently; • Use water resources and sustainable energy sources efficiently • Increase the number of green spaces throughout the country • Reduce the environmental risks occasioned by economic and demographic growth through the use of sustainable energy • Build an innovative economy • Apply social-justice-based welfare • Maintain macroeconomic stability and balanced development of the non-oil sector • Improve the environmental situation and ensure sustainable management of the environment	Private initiatives (30%); state institutions (50%); society/community (20%)	2016-2024

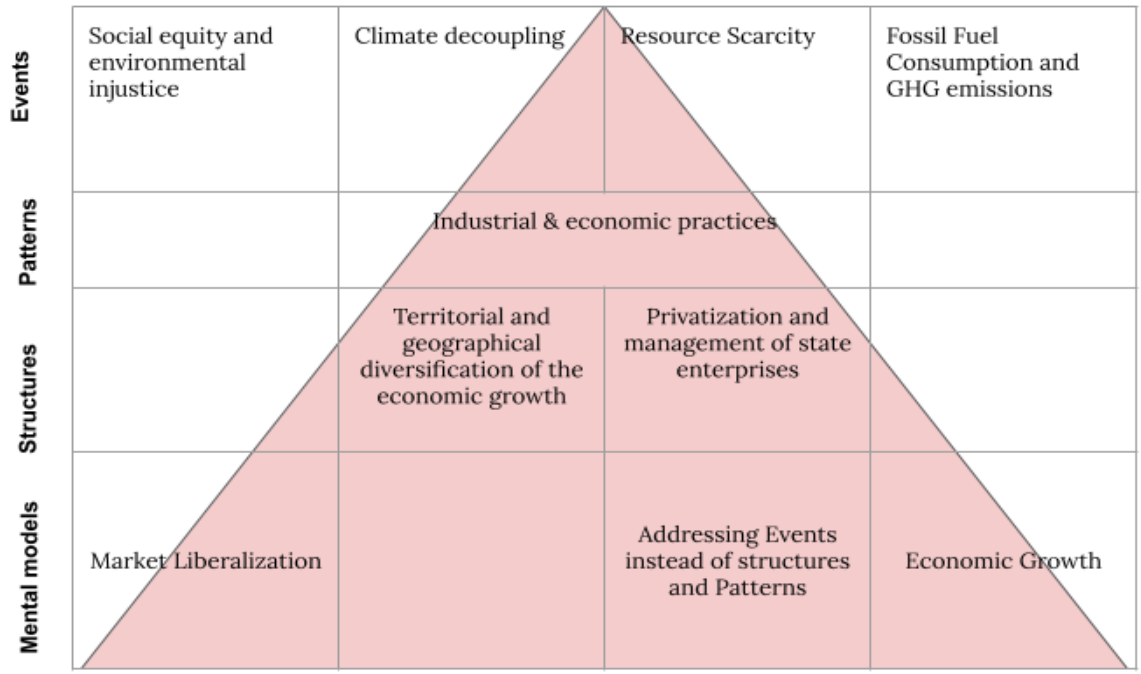
Source: Author's compilation based on the main official Azerbaijani documents on sustainability

Decoupling environmental challenges from economic growth and resolving new and increasingly complex environmental, social, economic, and equity issues are addressed in an insignificant share of the policies. The policies are equally silent on the impact of climate change and environmental challenges on local communities and how the latter should be integrated into the transition and adaptation process.

One of the most critical limitations of the policies is the lack of a consistent set of concrete sustainability indicators. It is challenging to address the complexity of environmental, social,

economic, and other consequences resulting from a sustainable development policy. Therefore, the policies must be designed holistically instead of from the economic-technical perspective.

Figure 1. Systems Thinking Applied to Azerbaijani Policies



Source: Model adapted from Kambiz E. Maani and Robert Y. Cavana, Systems Thinking, System Dynamics: Managing Change and Complexity (Hoboken, NJ: Prentice Hall, 2007)

Applying systems thinking (see Figure 1) to the current economic development policies, we can see a direct and transparent link between the selected development models (market liberalization and the promotion of economic growth) and the events (resource scarcity, environmental decoupling, and social equity challenges). Thus, systems thinking can be used as a point of departure for understanding Azerbaijan's current policies for undertaking a transition to sustainability. Despite accounting for just a tiny portion of the total thought stage, most interventions focus on this level since the "cases" are the most visible and often necessitate immediate attention and action. When a series of events are connected, a theme or pattern emerges that is more significant than the events themselves.

Current Gaps in Practice

Through this research, I have identified several gaps in practice that limit the success of Azerbaijan's sustainability policies.

Lack of Citizen / Local / Grassroots-Level Sustainability Activism

Three decades on from the fall of the Soviet regime, the state in Azerbaijan continues to see itself as a key actor in economic development and sustainability policymaking and practice, which has the effect of limiting local activism. Nevertheless, public awareness of environmental issues has been rising. According to the 2017-2020 wave of the World Values Survey (WVS) (see Table 3), 39% of the population considers environmental protection an important issue. Urban water pollution, deforestation, air pollution, and water scarcity are particular concerns. This growth in awareness has coincided with the growing exploitation and mismanagement of natural resources by multinational and domestic companies.

Environmental activism has also been on the rise in some regions of the country. Such movements tend to be decentralized, fluid, and somewhat ad hoc, with a focus on protecting specific forests, biodiversity, and water resources. Their informal operation allows environmental initiatives to attract public attention and support. That being said, there is no evidence that such initiatives have had any impact on policymaking; indeed, policymakers' perception of this activism is unclear. Moreover, this activism tends to be led not by locals but by urban-based activists who raise awareness on social media platforms, with the result that locals and their knowledge remain excluded from environmental and sustainability activism.

Table 3. Confidence in Environmental Protection in Azerbaijan

	1994-1998	2005-2009	2010-2014	2017-2020
A great deal	1	28	8	8
Quite a lot	8	45	40	39
Not very much	28	16	30	25
None at all	29	8	22	10
Don't know	33	3	0	17
No answer	0	0	0	1

Source: World Values Survey (WVS). https://www.worldvaluessurvey.org/wvs.jsp

Community-Level Sustainability Frames

Policymakers in some developing countries (e.g., Colombia, Ecuador, Mexico) have gradually come to recognize the value of local knowledge and traditional practices, prompting them to create local definitions of sustainability practices that take into account climate change and local adaptation needs. Azerbaijan's current policies on economic and sustainable development, meanwhile, completely neglect local practices and knowledge on such resource management topics as sharing, repairing, commons management, and reuse of local community resources.

In most rural communities of Azerbaijan, repairing and sharing are a fundamental part of economic and cultural relations. They purchase fewer tools and share them based on mutual trust and agreement. In addition, the general attitude toward repair is constructive, and hundreds of local repair shops exist in both urban and rural areas. Community experiences and local resource management strategies could be integrated into national-level policies.[15] Therefore, recognizing and valuing local knowledge could help the economy of Azerbaijan become more sustainable and resilient in the face of climate change.

Conclusion and Recommendations

Most of Azerbaijan's sustainability policies produced in 2010-2020 appear to have a relatively narrow geographical, theoretical, analytical, and disciplinary focus and only rarely attempt to engage with those in other policy fields and integrate local/community-level experience. A more holistic approach to sustainability transitions would contribute to a better understanding of the challenges but also of the solutions, especially those emanating from the grassroots level. Considering the complex environmental and natural resource-related issues that Azerbaijan faces today, moving from a growth-oriented agenda to a sustainability transition plan is an urgent policy matter. Here are two key recommendations for the government of Azerbaijan:

- *Design holistic approaches to solving environmental challenges and promoting economic development*

Market-based approaches to sustainability may be incompatible with environmental justice concerns. At the same time, Dempsey et al. warn that a compromise between sustainability dimensions will be needed to ensure that social sustainability does not come at the cost of other aspects of sustainability.[16] The frameworks for sustainable societies should be re-thought and integrate diverse economic actors besides state and business. Given the intricate interdependencies between the social, economic, political, environmental, and natural resource challenges that must be effectively addressed if a sustainable society is to be developed and maintained, future policies will need to explore and evaluate those variables that have the most significant impact on a sustainable society.

- *Integrate local knowledge and practices into national-level policies to achieve community-level sustainability frames*

Although many sustainability issues are global in scope, they are fundamentally local in their implementation. Small communities may be an excellent place to develop and test robust policy structures. Future policies should aim to preserve the equilibrium of urban versus rural local involvement and create systems that address several aspects of sustainable livelihoods and

[15] Susan A. Crate, "Elder Knowledge and Sustainable Livelihoods in Post-Soviet Russia: Finding Dialogue across the Generations," *Arctic Anthropology* 43, no. 1 (2006): 40-51.
[16] Nicola Dempsey, Glen Bramley, Sinéad Power, and Caroline Brown, "The Social Dimension of Sustainable Development: Defining Urban Social Sustainability," *Sustainable Development* 19 (2011): 289-300, https://doi.org/10.1002/sd.417.

communities by engaging such communities in discussions and integrating their knowledge and practices.

Appendix

Reviewed Policies

- Order of the President of the Republic of Azerbaijan on approval of "Azerbaijan 2030: National Priorities for Socio-Economic Development" (https://en.president.az/articles/50474)
- Azerbaijan 2020: Look into the Future "Concept of Development" (https://president.az/files/future_en.pdf)
- State Program on Poverty Reduction and Sustainable Development in the Republic of Azerbaijan, 2008-2015
- Strategic Roadmaps on National Economy of the Republic of Azerbaijan, 2015 (https://static.president.az/pdf/38542.pdf)
- State Program on Socio-Economic Development of Regions of the Republic of Azerbaijan, 2014-2018
- State Program on Socio-Economic Development of Baku City and Its Settlements, 2011-2013
- State Program on Socio-Economic Development of Regions of the Republic of Azerbaijan, 2009-2013 years
- Program on Socio-Economic Development of Regions of the Republic of Azerbaijan, 2019-2023 (https://www.economy.gov.az/en/article/state-programs/21429)
- Strategic Plan of the Ministry of Economy of the Republic of Azerbaijan, 2017-2020
- Strategic Plan of the Ministry of Economy of the Republic of Azerbaijan, 2014-2016 (https://www.economy.gov.az/en/article/strategic-plan/22756)