



General Assembly

Distr.: General
7 August 2019

Original: English

Seventy-fourth session

Items 19 (c) and (j), 22 and 31 of the provisional agenda*

**Sustainable development: disaster risk reduction;
ensuring access to affordable, reliable, sustainable and
modern energy for all**

Eradication of poverty and other development issues

Prevention of armed conflict

Letter dated 29 July 2019 from the Permanent Representative of Armenia to the United Nations addressed to the Secretary-General

Upon the instructions of my Government, I have the honour to enclose herewith the national review of the Republic of Artsakh (Nagorno-Karabakh Republic) on implementation of the Sustainable Development Goals (see annex).**

The document represents a comprehensive review of the policy of the elected authorities of Artsakh towards building a democratic and resilient country and ensuring economic, social and cultural development by virtue of its people's right to self-determination. It highlights the progress achieved so far in the implementation of specific Goals. The Government of Artsakh has employed an inclusive approach in elaborating the national review, touching upon challenges existing in several spheres, including good governance, poverty eradication, gender equality, education, environmental protection, access to facilities and services for disabled persons.

The national review of Nagorno-Karabakh on implementation of the Goals reveals the political will and commitment of the Government of Artsakh to integrate the Sustainable Development Goals into its domestic policy and reform agenda, despite serious security challenges and threats to the physical existence of its people emanating from Azerbaijan.

We believe that this voluntary step will also contribute towards greater understanding of the issues related to Nagorno-Karabakh in line with the global commitment of leaving no one behind, as enshrined in the 2030 Agenda for Sustainable Development.

* A/74/150.

** The annex is being circulated in the language of submission only.



I should be grateful if you would have the present letter and its annex circulated as a document of the General Assembly, under items 19 (c) and (j), 22 and 31 of the provisional agenda.

(*Signed*) Mher **Margaryan**
Ambassador
Permanent Representative

Annex to the letter dated 29 July 2019 from the Permanent Representative of Armenia to the United Nations addressed to the Secretary-General

National review on implementation of the Sustainable Development Goals, Republic of Artsakh (Nagorno-Karabakh Republic): transformation towards sustainable and resilient societies

**NATIONAL REVIEW
ON IMPLEMENTATION OF THE SUSTAINABLE DEVELOPMENT GOALS
REPUBLIC OF ARTSAKH (NAGORNO KARABAKH REPUBLIC)**

TRANSFORMATION TOWARDS SUSTAINABLE AND RESILIENT SOCIETIES

July, 2019



Stepanakert-2019

CONTENT

| | |
|---|-----------|
| ABBREVIATIONS | 5 |
| 1. EXECUTIVE SUMMARY | 6 |
| BRIEF HIGHLIGHT ON SDG IMPLEMENTATION | 6 |
| KEY CHALLENGES | 7 |
| NEXT STEPS | 7 |
| 2. COUNTRY CONTEXT | 8 |
| BRIEF ECONOMIC AND SOCIAL HIGHLIGHTS | 8 |
| BUILDING A DEMOCRATIC AND RESILIENT COUNTRY | 9 |
| THE CONTEXT OF NR IN THE REPUBLIC OF ARTSAKH | 9 |
| 3. HIGHLIGHTS ON SDG IMPLEMENTATION | 14 |
| SDG-1: POVERTY ERADICATION | 14 |
| SDG-2: HUNGER, FOOD SECURITY, IMPROVED NUTRITION AND SUSTAINABLE AGRICULTURE | 15 |
| SDG-3: HEALTHY LIVES AND WELL-BEING FOR ALL AT ALL AGE | 16 |
| SDG 4: INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND LIFELONG LEARNING | 18 |
| SDG 5: GENDER EQUALITY AND EMPOWERING WOMEN AND GIRLS | 19 |
| SDG-6: CLEAN WATER AND SANITATION | 20 |
| SDG-7: AFFORDABLE AND CLEAN ENERGY | 21 |
| SDG 8: INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, EMPLOYMENT AND DECENT WORK | 22 |
| SDG 9: RESILIENT INFRASTRUCTURE, INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION | 23 |
| SDG 10: REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES | 24 |
| SDG-11: SUSTAINABLE CITIES AND COMMUNITIES | 24 |
| SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION | 25 |
| SDG 13: URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS | 26 |
| SDG 14: CONSERVE AND SUSTAINABLY USE THE OCEANS, SEAS AND MARINE RESOURCES | 26 |
| SDG 15: LIFE ON LAND | 26 |
| SDG 16: PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT | 28 |
| SDG 17: MEANS OF IMPLEMENTATION | 28 |

ABBREVIATIONS

| | |
|--------------------|--|
| AIDS | Acquired immunodeficiency syndrome |
| CSO | Civil Society Organization |
| ECA | Europe and Central Asia |
| EIA | Environmental Impact Assessment |
| EU | European Union |
| GDP | Gross Domestic Product |
| HIV/AIDS | Human immunodeficiency virus/ Acquired immunodeficiency syndrome |
| HRDO | Human Rights Defender (Ombudsman) |
| ICT | Information and communications technologies |
| ILCS | Integrated Living Conditions Survey |
| MMR | Measles, Mumps and Rubella diseases |
| NSS Artsakh | National Statistical Service of Artsakh |
| ODP | Ozone Depletion Potential |
| OECD | Organization for European Cooperation and Development |
| PPP | Purchasing power parity |
| SCP | Sustainable Consumption and Production |
| SDG | Sustainable Development Goal |
| STEM | Science, technology, engineering and mathematics |
| USD | United States Dollar |
| NR | National Report |

1. EXECUTIVE SUMMARY

The Republic of Artsakh¹ carries out its development agenda under complex geopolitical conditions and in circumstances of a frozen conflict with the Azerbaijani Republic. Under such circumstances, building resilient economy and inclusive and equitable society is indeed vital for Artsakh. The Government of Artsakh sees the framework of Sustainable Development Goals (SDG) as an effective set of principles and approaches, targets and indicators that can guide the country through its efforts of building a strong economy and democratic society. Therefore, Artsakh undertook the National Review (NR) effort to assess where it stands in terms of SDG 2030 agenda, to identify key challenges on the way forward as well as to mark the opportunities to accelerate country's economic and social development. NR suggests mixed results of SDG implementation in Artsakh.

BRIEF HIGHLIGHT ON SDG IMPLEMENTATION

Good progress was achieved in:

- *SDG1: Eradication of extreme poverty. 6.1% of the population lives under USD 1.6 a day*
- *SDG3: Health. Significantly improved child and maternal health protection.*
- *SDG4: Education. All citizens have got some level of education. Around 30 % of the population has high education.*
- *SDG5: Gender equality. Constitution guarantees gender equality. Women and men have equal access to education.*
- *SDG6: Access to safe and reliable water supply. More than 90.0% of households had access to safely managed drinking water services.*
- *SDG6: Improved sanitation in urban areas (84.5% of households).*
- *SDG7: Universal access to reliable energy. 97.1% of population have access to reliable energy*
- *SDG7: Promotion of renewable energy. Virtually all electricity produced from renewable sources.*
- *SDG8: Decent work and economic growth. Average economic growth rate in the last decade was 10.2% annually.*
- *SDG9: Industrialization. Low level of air pollution.*
- *SDG11: Sustainable cities and communities. 81.7% of population lives in their own houses.*
- *SDG15: Environmental protection: Artsakh established legal and institutional framework for environmental protection.*
- *SDG16: Peace and justice. Human Rights Defender (Ombudsman) (HRDO of Artsakh) functions effectively since 2005 to protect human rights and freedoms.*
- *SDG 17: Resource mobilization: Government ensured sound revenue collection (in 2018, tax revenue/GDP ratio was above 17.0%).*

Areas of concern still exist in:

- *SDG 1: Poverty reduction. 21.6% of population lives under national poverty line of USD 2.4 per day.*
- *SDG2: Nutrition and food. (i) child malnutrition with 4.2% underweight and 13.6% over-weight; (ii) low use of sustainable agricultural practices.*
- *SDG3: Health. High rate of non-communicable diseases - cardiovascular diseases was the cause of 67.4%, and cancer – 17.0% of deaths in 2018.*
- *SDG4: Education: (i) low pre-school enrollment, and (ii) high dropout rate from high school*
- *SDG5: Gender equality. Women are more engaged in low-paid jobs and have 1.9 times lower wage than men. Women have little involvement in political and business decision making.*
- *SDG6: Water and sanitation. Low access to sanitation and waste disposal in rural areas. Inefficient water use.*
- *SDG7: Use of clean energy. There is high rate of timber use for heating - 66.5% of population used wood for heating (96% in rural areas). Environmental issues exist due to shortcomings in HPP design and operation.*
- *SDG8: Decent work and economic growth. Insufficient role of the private sector as an employer.*
- *SDG9: Industrialization. Low productivity of the manufacturing sector.*
- *SDG10: Inequalities are significant in terms of age, geography, urban-rural, level of education, and disability.*
- *SDG11: Sustainable cities. Low access to facilities and services for disabled.*
- *SDG12: Low use of sustainable consumption and production practices.*
- *SDG15: Environment. Due to deforestation and land degradation.*

¹, The names 'Republic of Artsakh' and 'Republic of Nagorno-Karabakh' are identical; Constitution of the Republic of Artsakh, Chapter 1, Article 1.

KEY CHALLENGES

Key challenges highlighted in the NR process include the following:

Funding challenge: Despite the significant size of the budget allocations for social programs, additional funding is needed for accelerating the SDG implementation process.

Governance challenge: Despite significant legal and institutional reforms, there is a need for further improvement of efficiencies in governance. Good governance is a cross-cutting factor that affects such key areas as: designing and implementing economic and social development policies; collecting tax revenues and managing them; setting out realistic targets and effective prioritization; and allocating funds to social and economic programs.

Knowledge and behavioral (cultural) challenge: The implementation of many SDGs require not only knowledge, but also behavioral change among all parts of society. Such learning and behavioral change will be required, for instance, for the implementation of sustainable consumption and production (SDG12), gender equality (SDG5), healthcare (SDG3), energy efficiency (SDG7), and sustainable agricultural practices (SDG2).

Engagement Challenge: This relates to the challenge of ensuring active and direct engagement of private businesses, NGOs and citizens in the sustainable development process. Without this engagement the implementation of SDGs would be hardly possible.

Data challenge: The data gap needs early consideration and action, because relevant effective and timely collection of data will be critical for analysis, monitoring, evaluation, reporting and for evidence-based policy adjustments. It should be noted also that addressing data issues, in some instances, will require enhancing institutional capacities and allocation of proper technical, financial and human resources. This relates particularly to addressing the issue of administrative registers for collecting sufficient data, with sufficient level of disaggregation or aggregation.

NEXT STEPS

Policy action. A priority action for Artsakh will be to start the process of nationalization of SDG targets, and incorporation of SDG principles, targets and indicators into national strategies and sector specific policy and regulatory documents. This will require a voluminous policy effort from the Government, and effective participatory process involving the private sector and civil society organizations.

Data action. Urgent steps shall be taken to address the data gaps identified during the NR process. There will be a need to establish a national statistical platform for registering the indicators reflecting SDG implementation in the country. It is necessary to introduce a set of socio-economic indicators for research, establishing an internationally acceptable periodicity. Addressing the data availability and data quality issues would require effective dialogue and cooperation between government agencies and NSS of Artsakh. Consideration will be given to enhancing institutional capacities of the NSS of Artsakh and other responsible agencies. Capacity building and awareness raising initiatives to strengthen statistical and reporting capacities of responsible institutions would highly contribute to the SDG implementation process in the country. There may be a need for expanding and widening administrative registers in state institutions and at community level.

Awareness raising and knowledge. Obviously, the implementation of SDGs will require concerted action by all – the Government, civil society organizations, households and citizens. For this reason, there is an urgent need to start a broad program of awareness raising and knowledge building in the society in relation to SDGs, their importance, practical implications and impact for all. In this regard “visualization” and “localization” of SDGs will be important for creating commitment in the society and generating of economically viable innovative and impactful approaches to engage the private sector into SDG implementation process.

2. COUNTRY CONTEXT

Below is a brief discussion of the economic, social and political context in the Republic of Artsakh, its performance in relation to SDG implementation, and the process and results of the NR in Artsakh.

BRIEF ECONOMIC AND SOCIAL HIGHLIGHTS

Republic of Artsakh is a lower-middle-income and landlocked country with population of 148,000 and GDP per capita USD 4,355 in 2018. It borders with Armenia, Azerbaijan, and Iran, with whom it has no transborder communication. The border with Azerbaijan, which is a frontline, remains closed due to hostile policy of Azerbaijan, severely impeding Artsakh’s endeavor to build a resilient economy and democratic society.

Key priorities of economic policies of the Government of Artsakh during last 25 years have been the recovery from devastating consequences of the war unleashed by Azerbaijan, enhancement of free market economy and promotion of private business generation and investments, and engagement in international trade. Since 2008, economic growth of Artsakh has been remarkable at over 10.5 percent average annual growth rate that helped increase the GDP 3.6 times. According to National Statistical Service, the industrial output constituted 28.5% of total GDP, agriculture 10.9 percent, services and trade 48.9 percent, and the construction sector 9.6 percent in 2018. Drivers of economic growth in Artsakh have been: metal and non-metal mining, electricity production, construction, food manufacturing and production of fresh fruits and vegetables.

Since 2012, exports from Artsakh have been steadily increasing and more than doubled (increased 3.5 times). The geography of exports is diverse. Yet, Artsakh exports are resource intensive and dominated by few products. In 2018 more than half of exports (70.7 percent) comprise metals and minerals, precious and semiprecious stones comprise 15.1 percent of exports.

A key priority for the Artsakh Government now is to translate the high rate of economic growth into equitable welfare improvement and guidance for the Artsakh population. Currently, 21.6 percent of the population still lives under

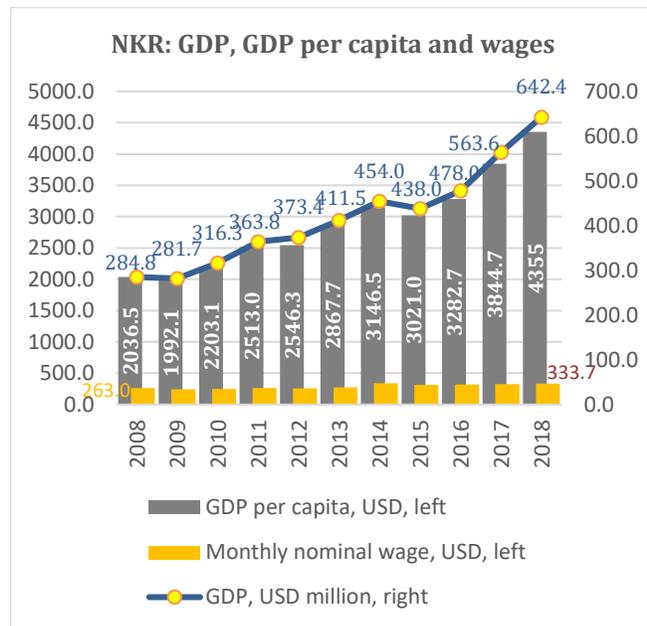


Figure 1: Economic performance 2008-2018, NSS Artsakh

the industrial output constituted 28.5% of total GDP, agriculture 10.9 percent, services and trade 48.9

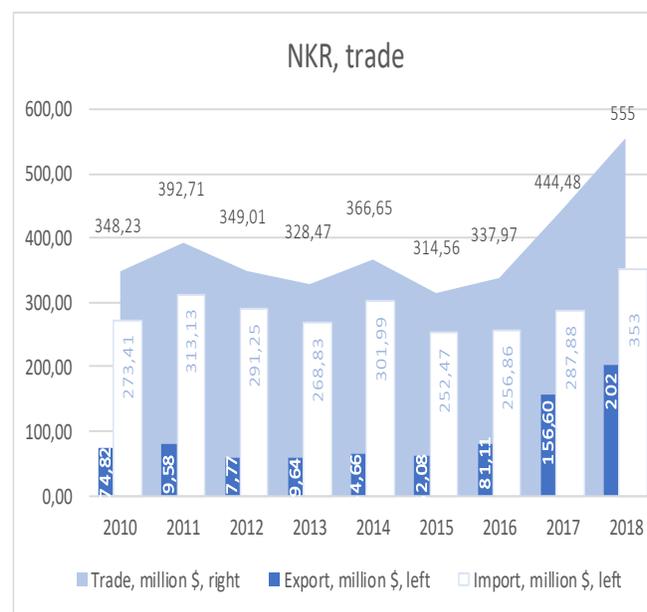
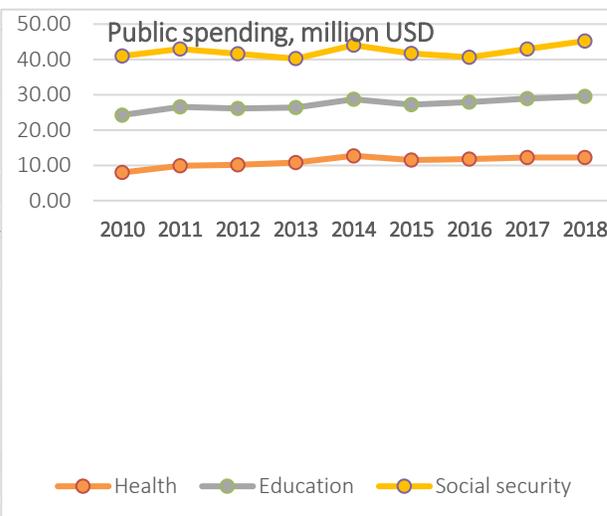


Figure 2: Artsakh foreign trade, Source: NSS Artsakh

the national poverty line (USD 2.4 per capita per day). To address this, Artsakh Government has undertaken wide range of social security programs to help the socially vulnerable groups, such as poor families, elderly, disabled, unemployed, young families, refugees, etc. Thus, the highest share of public spending has been allocated to various social security programs, though the amount of social spending remains low in absolute terms and in terms of GDP (figure 3). Social spending was 7.0 percent of GDP in 2018.

Sections below summarize the achievements and challenges in Artsakh's efforts towards sustainable development along its three dimensions - economic, social and environmental dimensions. Artsakh is committed to SDGs and uses SDG framework for the development of its national strategic goals and targets.



BUILDING A DEMOCRATIC AND RESILIENT COUNTRY

THE CONTEXT OF NR IN THE REPUBLIC OF ARTSAKH

The Republic of Artsakh is presenting its first National Review (NR) on the implementation of the 2030 Agenda and the Sustainable Development Goals (SDGs) in 2019. It is committed to the implementation of the SDGs agreed at the UN milestone summit in 2015 when the international community collectively pledged that ***No one will be left behind.***

The Government of the Republic of Artsakh has established a National Council on Sustainable Development under the State Minister of Artsakh, comprising of senior officials of different line ministries and National Statistics Office to facilitate the landing of Sustainable Development Goals at the national level and using it as a platform to discuss and identify the order, direct goals and targets and map the linkages with Artsakh's policies and plans. Substantial efforts are being made to fit and integrate the SDGs into the national policies.

Azerbaijan has occupied the Shahumyan district of the Republic of Artsakh and parts of Martakert and Martuni districts, which has resulted in displacement of dozens of thousands of its citizens. Currently, Artsakh hosts 30 thousand refugees and IDPs, in other words every fifth citizen of the country is a displaced person.

Despite the imposed blockade and constant military provocations on its borders by the neighboring Azerbaijan, the Republic of Artsakh does its utmost to ensure sustainable economic growth and addresses a range of social needs including education, health, social protection, and job opportunities, climate change and environmental protection, inequality, energy and consumption.

It implements a number of economic development programs aimed at enhancing the competitiveness of the economy, ensuring equal conditions for entrepreneurs, expansion of innovative investment opportunities and the growth of labor productivity through introduction of new industries and high technologies. Efforts have been made towards administrative barriers elimination, costs and time reduction for the provided services, simplification of economic activity licensing system, the optimization of the control system, increasing the transparency of inspection process.

The tax privileges and soft administration prescribed by the tax legislation provides favorable conditions for the business development and investment attraction. Particularly, there are privileges related to tourism, housing construction, handmade carpet production, agriculture and agricultural raw materials processing, as well as for export transactions. There are simplified tax regimes for small businesses. For the purpose of encouraging investments, there are time related privileges in case of 100 million drams (USD 200 thousand) or more.

Historical Reference

According to numerous historical documents, Artsakh has been one of the provinces of historical Armenia since the ancient times, as evidenced by, inter alia, the works of Strabo, Pliny the Elder, Claudius Ptolemy, Plutarch, Dio Cassius and other ancient authors. After the division of the Kingdom of Greater Armenia in 387, Artsakh along with the whole of Eastern Armenia fell under the domination of Persia. During the period of Arab expansion, Artsakh was part of the governorship of Armenia. In the 9th -11th centuries, Artsakh was part of the Armenian Kingdom of the Bagratids, and in the 12th and 13th centuries, the Armenian Principality of Zacharids. In the following centuries, Artsakh fell under the domination of Persia again, retaining, however, a semi-independent status. The region was governed by Armenian meliks, hereditary feudal lords, who managed to preserve de facto sovereignty with total independence in internal matters such as the court system, tax collection and the right to have its own army. Turkic tribes began to infiltrate Artsakh only since the mid-18th century, which led to clashes with the indigenous Armenian population. Since that period, the name "Karabakh" started to be widely used. As a result of the Russian-Persian wars of 1804-1813 and 1826-1828, Eastern Armenia, including Artsakh-Karabakh became part of the Russian Empire.

On July 22, 1918, after the collapse of the Russian Empire, the First Assembly of Armenians of Karabakh was convened. It declared Karabakh a separate administrative and political entity and formed an independent government. All attempts of Azerbaijan to forcefully annex territory of Karabakh in 1919-1920 failed. The military aggression of Azerbaijan against the Armenian population of Karabakh was combined by mass atrocities, in particular in March, 1920, the Azerbaijani forces and armed gangs carried out massacre of Armenian population of Shushi. After the establishment of Soviet rule in the Republics of the South Caucasus, the Government of Soviet Azerbaijan announced the recognition of Nagorno Karabakh, Zangezur and Nakhijevan as an integral part of Soviet Armenia on November 30, 1920. Later, however, with the support of Joseph Stalin, People's Commissar on Nationality Issues of Soviet Russia, Azerbaijan once again renewed its claims on Karabakh. The Caucasus Bureau of the Communist Party of Russia, under the pressure of Stalin, contrary to its previous decision and contrary to the will of the people of Karabakh, decided to include Karabakh within Soviet Azerbaijan as an autonomous region on July 5, 1921.

In 1988 in response to the peaceful struggle of the people of Artsakh for civil rights, national dignity, economic development, cultural identity, education in the native language, the Azerbaijani leadership organized Armenian pogroms in Sumgait, Baku, Kirovabad and other cities of Azerbaijan, along with the military operation "Ring" on deportation of the Armenian population of Artsakh and its economic blockade. Thousands of Armenians were killed and maimed, hundreds of thousands were deported.

The Republic of Artsakh gained independence in the context of the disintegration of the Soviet Union and in full compliance with both, the international law and the then applicable legislation of the USSR. The law "On the procedure for resolving issues related to a Union Republic's Secession from the USSR" of April 3, 1990, authorized autonomous entities and compact ethnic groups within a Soviet Republic to freely and independently decide their own legal status in case the Republic secedes from the USSR. Following Soviet Azerbaijan's declaration of August 30, 1991 of the restoration of 1918-1920 state independence, Nagorno Karabakh initiated the same legal procedure by adopting its own declaration of independence. On December 10, 1991 the people of Nagorno-Karabakh realized their right to self-determination in a referendum. The latter was held at a time when Nagorno Karabakh was part of the USSR and was fully in line with the Soviet legislation. Hence, the day after the collapse of the Soviet Union two states were created on the territory of the former Azerbaijani Soviet Socialist Republic: the Nagorno Karabakh Republic and the Republic of Azerbaijan.

Azerbaijan used force to impede inalienable rights of the people of Nagorno-Karabakh. However, military aggression of Azerbaijan failed and Nagorno-Karabakh successfully realized its right to self-defense and ensured physical survival of its people. May 12, 1994, trilateral termless Agreement on a full ceasefire and cessation of hostilities between Nagorno Karabakh, Armenia and Azerbaijan marked the end of armed conflict and beginning

of the peace process that is taking place today under the agreed mediation format of the Minsk Group Co-Chairmanship.

Development through cooperation and regional context

Republic of Artsakh is exerting every possible effort for its development through seeking co-operation with other stakeholders worldwide, by creating favorable investment opportunities for attracting foreign investments. On the regional level, it co-operates actively with Armenia.

The elected authorities of the Republic of Artsakh are ready for co-operation with the UN member states and are taking consistent steps to ensure a stable and transparent framework for economic activity in the Republic. In order to attract foreign investments, policies have been pursued to create a favorable investment climate. Certain tax benefits and guarantees have been established by law. Ongoing reforms did produce positive results: the volume of foreign investments into the economy has increased, annual economic growth has averaged 10.4 percent over the past few years, while reaching 11.9 percent in 2018. It should be noted that all planned social programs are being implemented.

However, the people of Artsakh should not remain hostage to Azerbaijan's aggressive policy, which is the main obstacle to the settlement of the Azerbaijani-Karabakh conflict. The unresolved conflict cannot serve as an excuse for the infringement of political, economic and social rights of the population of Artsakh. The authorities, for their part, are making every effort to ensure that everyone living in the Republic of Artsakh can equally enjoy all rights and freedoms, enshrined in fundamental international documents, to freely explore and realize his/her potential. By that the authorities of Artsakh contribute to the consolidation of a peaceful, stable and prosperous region of the South Caucasus.

Despite Artsakh's efforts to utilize its full sustainable development potential, the continued blockade by Azerbaijan, frequent military encroachments on its borders, the explicit threats of Azerbaijani authorities to shoot-down civilian airplanes in case of re-launching of the Stepanakert airport, and the unrecognized status of the Republic of Artsakh create serious challenges for reaching those goals.

Azerbaijan exerts considerable efforts to undermine international cooperation of Artsakh and isolate it from the outer world. Suffice to recall that Azerbaijan hampers access to Artsakh of the international community, including the UN and other regional organizations, human rights defenders, representatives of states and civil society, with the aim to conceal its policy of use of force against the people of Artsakh and ensure favorable environment for its propagandistic campaigns.

The international law does not recognize any limitation over human rights of individuals or groups based on the status of the country of their residence and contains no discriminatory provisions in relation to non-recognized states.

According to the international instruments, in particular the Universal Declaration of Human Rights, the realization of individual and collective human rights and fundamental freedoms including economic and social rights must not be dependent on the status of the territory where peoples live.

Moreover, the UN Covenant on Political and Civil Rights and the UN Covenant on Economic, Social and Cultural Rights empower people to pursue their economic, social and cultural development by the virtue of the right to self-determination. The UN Covenant on Economic, Social and Cultural Rights by its Article 1.2 establishes that "All peoples may, for their own ends, freely dispose of their natural wealth and resources without prejudice to any obligations arising out of international economic co-operation, based upon the principle of mutual benefit, and international law. In no case may a people be deprived of its own means of subsistence".

The lack of recognition by other states cannot affect the ability of a state to engage in international relations, including carrying out foreign economic activity.

The full-scale military aggression unleashed against Artsakh by Azerbaijan in April 2016 demonstrated that the aggressive policy has been an integral part of the overall strategy of Azerbaijan aimed at expelling the indigenous population of Artsakh from its ancestral homeland. Trying to isolate the Republic of Artsakh in political, economic, cultural and information spheres and prevent people to people contacts, Azerbaijan seeks to create favorable conditions for resumption of hostilities. This is confirmed by the fact that Baku consistently rejects any proposals to reduce tensions and enhance stability and predictability on the Line of Contact, including the agreements reached at the summits in Vienna and St. Petersburg on 16 May and 20 June 2016, respectively.

The logic of confrontation, aggressively imposed by Azerbaijan, is not only a direct threat to peace and security in the South Caucasus, but also undermines the very purposes and principles of the United Nations, including the goal “to achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character”.

On numerous occasions the authorities of Artsakh expressed their readiness to interact with Azerbaijan in the framework of confidence building measures particularly in areas of economic and environmental cooperation. However, Azerbaijan has always refused all confidence building measures even those that were designed in a status neutral manner, including humanitarian ones.

The actions of Azerbaijan, which refuses to engage in dialogue and promotes isolation, are not aimed at resolving the existing problems in the region, but at their escalation. Therefore, dividing lines can be overcome only through the promotion and development of international co-operation based on the principle of inclusion, rather than exclusion.

The idea of the interrelationship between economic prosperity and peaceful and friendly relations among nations permeates international legal instruments on economic, social and cultural rights. As pointed out in Article 55 of the UN Charter “With a view to the creation of conditions of stability and well-being which are necessary for peaceful and friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, the United Nations shall promote: a. [...] conditions of economic and social progress and development; b. solutions of international economic, social, health, and related problems”. Moreover, according to Article 9 of the Charter of Economic Rights and Duties of States “All States have the responsibility to co-operate in the economic, social, cultural, scientific and technological fields for the promotion of economic and social progress throughout the world...” .

The policy of Azerbaijan aimed at isolation of Artsakh is a blatant violation of the right to development, which is rooted in the provisions of the Charter of the United Nations, the Universal Declaration on Human Rights and the two International Human Rights Covenants.

The Declaration on the Right to Development defines such right as “an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized” (Article 1).

The right to development can be invoked both by individuals and peoples and includes: full sovereignty over natural resources; self-determination; popular participation in development; equality of opportunity; the creation of favorable conditions for the enjoyment of other civil, political, economic, social and cultural rights.

That very right imposes obligations on States to co-operate with each other in ensuring development and eliminating obstacles to development (Article 3, The Declaration on the Right to Development). Moreover, UN GA resolution 48/141 which established the post of High Commissioner for Human Rights includes the mandate “to promote and protect the realization of the right to development and to enhance support from relevant bodies of the UN system for this purpose.”

Since 1992 the Republic of Artsakh has signed and ratified the following international and European documents and treaties.

- Declaration on the Granting of Independence to Colonial Countries and Peoples (Ratified on 26 November, 1992)
- Universal Declaration of Human Rights (Ratified on 26 November, 1992)
- International Covenant on Civil and Political Rights (Ratified on 26 November, 1992)
- The Geneva Conventions of 1949 and its Additional Protocol of 1977 (Ratified on 26 January, 1993)
- “European Cultural Convention” (Ratified on 29 October, 2014)
- “The Convention for the Protection of Human Rights and Fundamental Freedoms” (Ratified on 20 April, 2015)
- “International Covenant on Economic, Social and Cultural Rights” (Ratified on 20 April, 2015)
- “European Convention on the Protection of the Archaeological Heritage” (Ratified on 20 April, 2015)
- “Convention for the Protection of the Architectural Heritage of Europe” (Ratified on 20 April, 2015)

3. HIGHLIGHTS ON SDG IMPLEMENTATION

This section presents highlights on the process of SDG implementation in Artsakh, based on the results of NR, including areas of progress, areas of concern, challenges, good practices and innovations and opportunities for solutions.

SDG-1: POVERTY ERADICATION

Poverty reduction has been a high priority for the Government of Artsakh. The Government undertook broad set of social security measures to support economically and socially vulnerable groups of population, and to reduce poverty in the country. Despite the fact that poverty has been reducing, but still remains one of the challenges facing the country, since over 21.6 percent of the population still lives under the national poverty line (USD 2.4 per day), see figure 4. More than 6.1 percent of the population lives under the national extreme poverty line (USD 1.6 per day). A significant share of working (employed) population – 22.0 percent – is still poor.

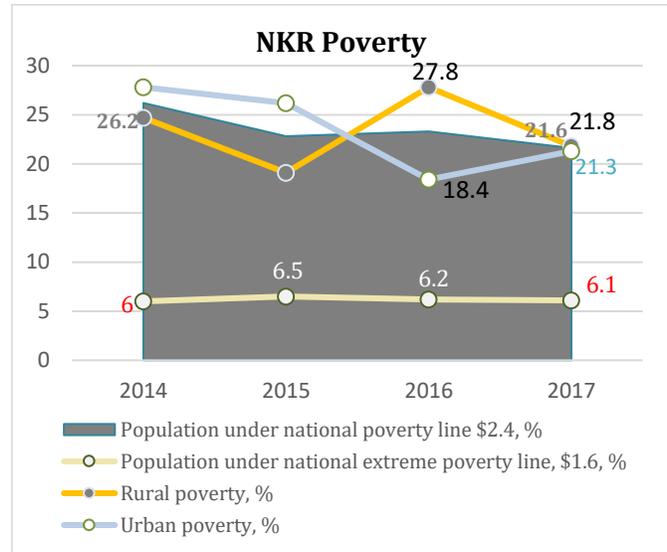


Figure 3. Artsakh poverty trends, Source: NSS Artsakh

Opportunities and solutions: Public social security transfers play a key role in reducing overall poverty level in the country. It is estimated that social transfers helped to reduce the overall poverty level 2.4 times and the extreme poverty level – about six times. In 2017, the poverty level without social transfers would be 52.8 percent instead of 21.6 percent, while the extreme poverty level would be 32.1 percent instead of 6.1 percent.² It is understood that for achieving sustainable solution to the poverty reduction, public monetary transfers alone cannot be sufficient. In addition to increasing public transfers, it is critical to:

- enhance the capacity and quality of social support and care services, and the availability and quality of community-based services,
- intensify professional cooperation among social service providers,
- establish effective coordination and linkages between cash and non-cash benefits/services with education, health, and other services that benefit children and address their multiple vulnerabilities.

Social protection interventions need to be viewed within the overall context of economic development of the country and “leaving no one behind”. The issue of the working poor can be tackled only through business generation and high-quality job creation. With this in mind, the Government of Artsakh is strongly committed to enhancing the enabling environment to promote business generation and development.

²Source: NSS Artsakh, Social Snapshot and Poverty-2017, <http://stat-nkr.am/files/publications/2017/Axqat2016.pdf>

SDG-2: HUNGER, FOOD SECURITY, IMPROVED NUTRITION AND SUSTAINABLE AGRICULTURE

HUNGER, FOOD SECURITY AND NUTRITION

Progress: Artsakh progressed well in eradicating extreme poverty, in terms of international poverty line (USD 1.25 per day). As a result, it dropped from 6.5 % to 6.1 % (2017).

Areas of concern and challenges: Child malnutrition is a key challenge requiring quick action. In 2015, the share of malnutrition among children under 5 years of age was high at 17.8 percent (figure 5). Among these children, 4.2 percent was underweight (malnourished), while 13.6 percent was overweight.³The burden of overweight is distributed unequally, with higher risk among children from the poorest households, rural children, and those whose mothers have only basic education.

Malnutrition may be related not only to the lack of food, but also timing of the introduction of complementary foods, lack of knowledge among parents about proper nutrition, poor quality of counseling, irregular and inaccurate checks of weight and height in healthcare facilities. For instance, the share of bakery products and potato remains high in the average food consumption basket. Poorer population consumes proportionately more bakery products, potato, and sugar, and less vegetables and fruits, meat and dairy products.

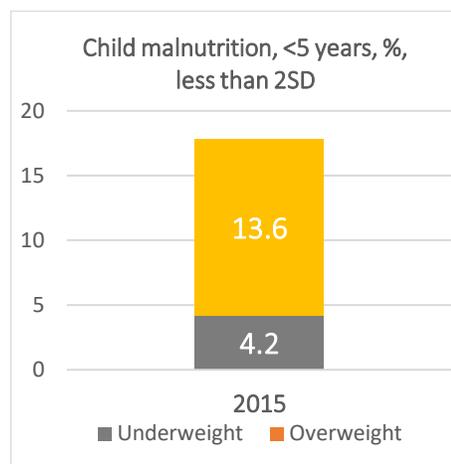


Figure 4. Child nutrition: NSS Artsakh

SUSTAINABLE AGRICULTURE AND FOOD MARKET

To achieve high levels of food security the Government programs focused on increasing the area of cultivated agricultural land and yield capacity, the number of livestock and productivity of livestock and poultry. During 2008-2017, the area of cultivated agricultural land increased significantly – 1.8 times (figure 6).

Increased land area, however, was not complemented by productivity increase. Actually, the productivity dropped or remained unchanged in relation to most of the agricultural crops, with few exceptions of wheat and other grains (figure 7).⁴ Agricultural practices used by farmers were often not sustainable leading to soil degradation and erosion and water loss.

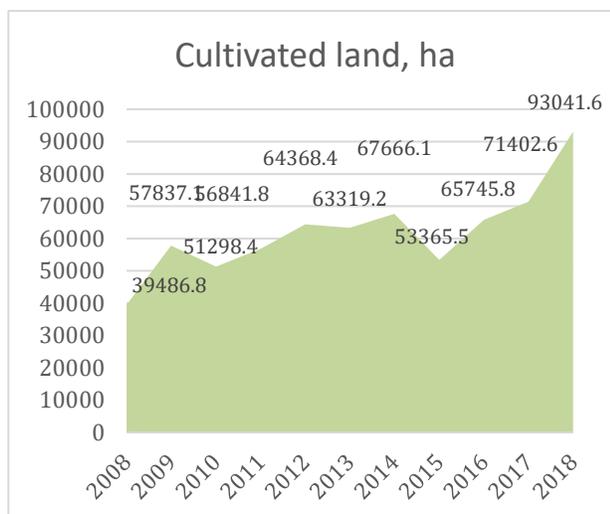


Figure 5: Cultivated area. Source: NSS Artsakh

³ Source: NSS Artsakh, DHS 2015-16

⁴ Source: NSS Artsakh, Food Security, 2016

Therefore, the Government of Artsakh undertook a set of initiatives in search of more effective and efficient ways to increase the productivity of agriculture and promote sustainable farming practices, and utilize the untapped high potential for organic agricultural production in Artsakh.

In this context, the Concept of Agricultural Development prioritizes, among others: (i) the promotion of sustainable practices such as crop rotation and efficient irrigation practices, (ii) measures to enhance the productivity in both crop production and animal husbandry, (iii) promotion of higher value crop, including organic agricultural production, (iv) promotion of cooperation among farmers, and (v) enhancing market mechanisms.

Policy measures applied by the Government include (i) financial support to farmers to enlarge the area under cultivation, (ii) subsidized leasing, where farmers could lease agricultural machinery and equipment with down payment and interest rates significantly lower than in the market, (iii) specially designated programs to support the use of environmentally friendly technologies such as drip irrigation and effective crop rotation. Critically, the Government support has been often linked to knowledge and skill development among farmers. Under some of the programs, to be eligible for Government support farmers had to pass special training courses about efficient crop production and animal husbandry techniques. To tackle the challenge of limited public financing, it is critical to:

- continue increasing the efficiency of the public spending,
- improve the agricultural accounting system
- encourage private investments into farms and sustainable technologies and practices,
- enhance knowledge among farmers and food processors about modern advanced technologies and practices, as well as about sustainable practices.

SDG-3: HEALTHY LIVES AND WELL-BEING FOR ALL AT ALL AGE

Progress: Artsakh made good progress in ensuring healthy lives and promoting well-being. The number of physicians per capita is high, compared internationally. In 2018, there were 2.4 physicians per 1,000 population. (in Stepanakert there are 4.6 physicians per 1,000 population, and in districts from 0.8 to 1.4. In 2018 the medical staff is full by 94.1). This indicator was close to the world average for middle income countries (2.9).⁵ The national programs in immunization, maternal and child healthcare have helped to reduce mother and child and infant mortality rates. Artsakh achieved wide coverage of vaccination of population against such

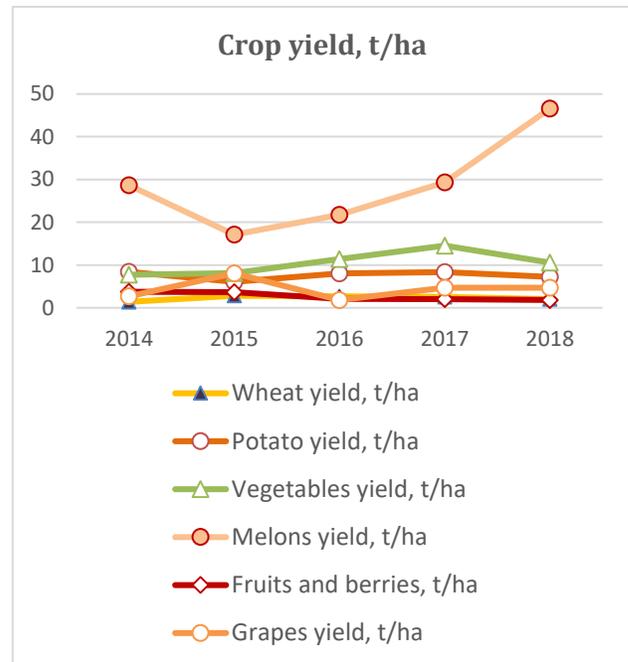


Figure 6: Cultivated area. Source: NSS Artsakh

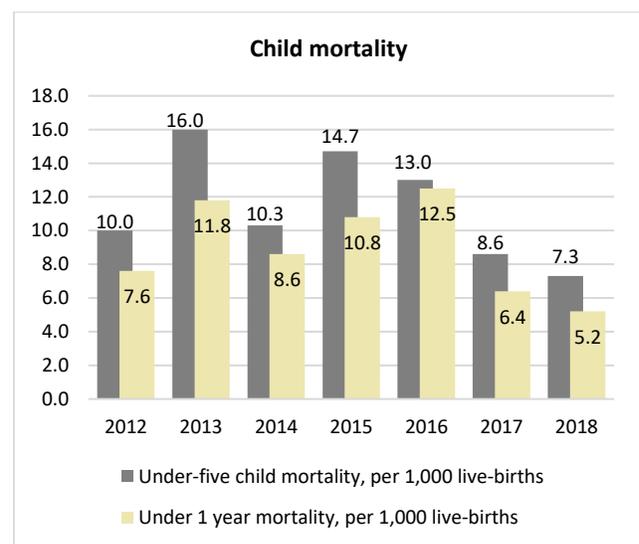


Figure 7: Child mortality rate. Source: NSS Artsakh

⁵ Source: World Bank: <https://data.worldbank.org/indicator/SH.MED.PHYS.ZS?end=2016&locations=EU&start=1960>

diseases as Poliomyelitis (96.3), Diphtheria and Tetanus (96.3), Measles (96.2), and Tuberculosis (99). The coverage was higher among children of up to 7 years of age.

In 2018, Artsakh achieved and maintained 96% percent of MMR (Measles, Mumps, and Rubella) vaccination among children.⁶ In 2018, infant mortality rate was 5.2 promil per 1,000 live births, and under-five mortality rate – 7.3 promil per 1,000 live births (figure 8). Artsakh infant mortality indicators were close to the level of indicators of upper middle-income countries (12)⁷, and better compared to countries of Europe and Central Asia (excluding high income countries) (13), but were behind indicators in the EU (3). The international comparison was similar in relation to child mortality indicator. Virtually all births in Artsakh are attended by skilled health personnel and antenatal healthcare coverage. Overall, maternal mortality rate has reduced in the last decade and reached zero.

The number of hepatitis cases has been decreasing and was 0.7 people per 100,000 population, in 2017, and zero in 2018 (figure 9). The number of tuberculosis cases has been low, compared internationally, with 23 cases of tuberculosis registered in 2018. There have not been registered new local malaria cases in the last decade, and no polio cases.

Areas of concern and challenges: Non-communicable diseases (NCDs) were estimated to account for over 99.7 percent of deaths, with cardiovascular diseases as the main killer with 67.4 percent, followed by malignancies with 17.0 percent.

Premature mortality from all causes accounted for 3.9 per 1000 individuals. This challenge is related to accessibility of healthcare in the country and to education and awareness among the population. Access to healthcare needs significant improvement. Only 39.4 percent of people who have health problems visit doctors. This attendance differs depending on the poverty level, including 49.9% urban population, and 33.3% rural population. There is also urban-rural difference (49.9% vs. 33.3%). Interestingly, higher share of the poor and extreme poor visit doctors (18.6 and 46.1% respectively), compared to non-poor population (40.4%).

Timely and effective access to TB diagnosis and effective treatment of people with multidrug-resistant TB (MDR TB) is yet a challenge in Artsakh. Similarly, the development and implementation of effective viral Hepatitis control measures still need to be solved, an issue for the healthcare system. Regarding HIV, in 2018, the number of HIV tested people was 15.153, with 10 identified HIV carriers. The knowledge about HIV/AIDS in the age group 15-24 still remains low.

Opportunities and solutions: Many health indicators can be improved through increasing public or private spending on health and enhancing the quality, availability and accessibility of healthcare services. The promotion of wider use of health insurance also is critical as it can support significantly the development of healthcare system. In addition, there is a large set of health problems that can be addressed through learning about healthy lifestyles, effective treatment methods, causes and/or reasons of health problems. For instance, effective anti-tobacco campaigns (including a ban on smoking in public places) and awareness raising about healthy nutrition and lifestyle can notable reduce the level of cardio-vascular diseases, cancer, obesity and other health problems.

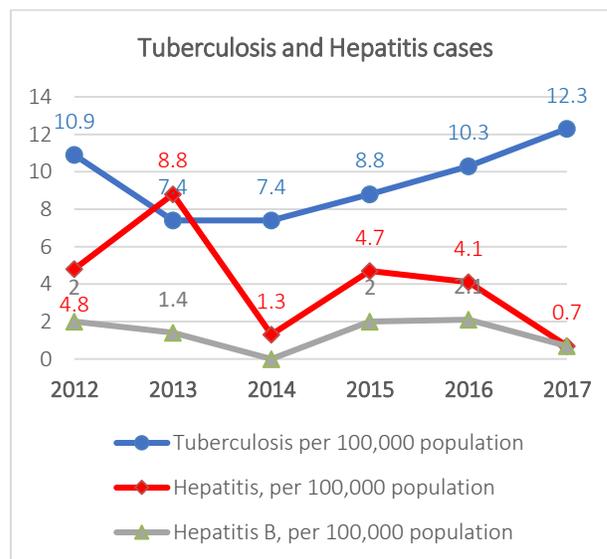


Figure 8: Tuberculosis and Hepatitis. Source: NSS Artsakh

⁶ Source: NSS Artsakh, Ministry of Health of Artsakh.

⁷ Source: World Bank, <https://data.worldbank.org/indicator/SP.DYN.IMRT.IN>, WB indicators related to the year 2015.

SDG 4: INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND LIFELONG LEARNING

Progress: In general, the enrolment ratio in education is high in Artsakh. The vast majority of population has at least secondary education. Access to education is universal for both boys and girls, and the enrollment of boys and girls in schools is almost equal, with girls/boys ratio of 49.7/50.3 percent in 2017-2018. There was significant difference in preliminary vocational and secondary specialized education. In the year 2017/2018, in preliminary vocational education the number of boys was 2.5 times more than the number of girls, while in secondary specialized education there were more female students (53.7 vs 46.3 percent). Engagement of girls was notably higher also in higher education, especially in public universities (57.0 vs 43.0 percent).⁸

There are improving indicators also in terms of access to electricity and connection to internet, access to drinking water and handwashing facilities, and sanitation, with 95 percent and 90 percent coverage, respectively.

Areas of concern and challenges: There is still low enrollment rate of children in pre-primary education or kindergarten, with gross enrollment in pre-school facilities (children of age group 3-5 years) of 49.7 percent. Significant urban-rural and poor-non-poor disparities exist in pre-school enrollment (figure 10).⁹ In urban areas the preschool enrolment rate was 62.4 percent, compared to 33.7 in rural areas. Children with disabilities have even less chances to attend pre-schools and effectively realize their right to education. Overall, school buildings and facilities need significant improvement.

The high drop-out rate from high schools and the lower involvement of boys and persons with disability in university education is alarming. In 2018, the enrollment rate in high school was 88%. Boys (especially rural and poor) have low motivation to continue education because they try to find a job and earn money for their families at an early age and often the education they will get will be of little or no help in finding a job in the market. This challenge, in effect, may lead to brain drain. Among university students, 81.3 percent were from non-poor families, 14.5 percent were from poor and 4.2 percent were from extremely poor families.¹⁰

The public expenditure in education has been decreasing, though still remains higher than the corresponding average indicator globally. In 2018, education expenditure GDP ratio was 4.6 percent, which was higher than the average indicator in middle income countries (4.1) and in Europe and central Asia (5.1).¹¹

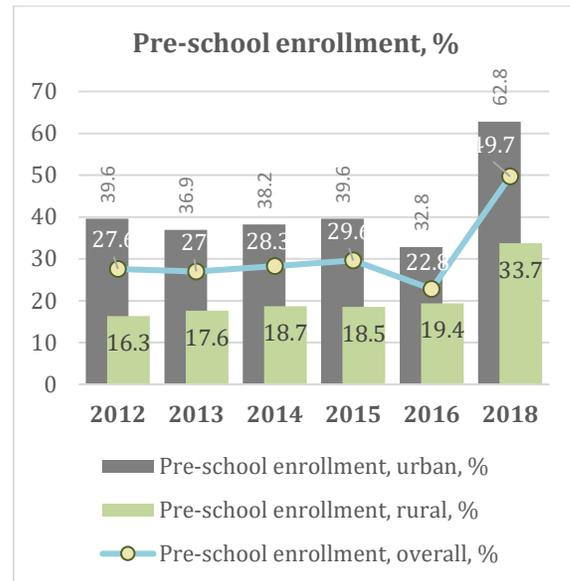


Figure 9: Pre-school enrollment, Source: NSS Artsakh

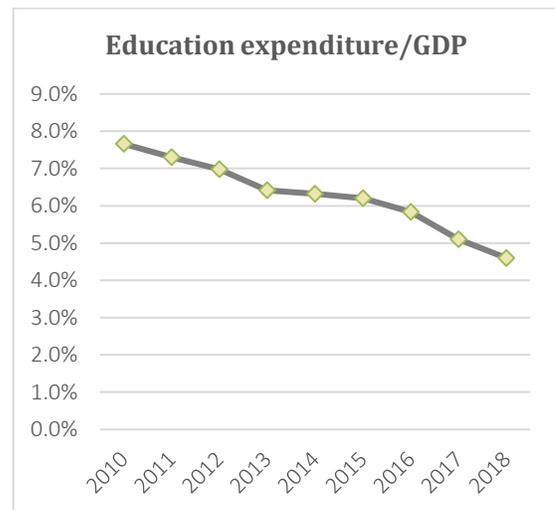


Figure 10: Education expenditure, Source: NSS

⁸ NSS Artsakh, Women and men in Artsakh, 2017. http://stat-nkr.am/files/publications/2017/kin%26txamard_2017.pdf

⁹ NSS Artsakh, Statistical Yearbook 2010-2018 <http://stat-nkr.am/hy/component/content/article/784-----2010-2018>

¹⁰ NSS Artsakh, Social Snapshot and Poverty in Artsakh, 2017, <http://stat-nkr.am/files/publications/2017/Axqat2017.pdf>

¹¹ World Bank Data, <https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS?locations=XP>

Opportunities and solutions: Critically, Artsakh shall increase the size and quality of public spending in education significantly. In terms of the quality of investment, particular attention shall be given, in addition to improving the school buildings and facilities, to investments in innovative impactful solutions and modern technologies in education and in teaching techniques and practices. Most of the school and university programs are based on old approaches and needs; they must be enhanced to meet the demands of the modern society and economy. There must be special focus on developing practical knowledge and skills necessary for being competitive and employable in the market as well as becoming a responsible citizen.

SDG 5: GENDER EQUALITY AND EMPOWERING WOMEN AND GIRLS

Progress: The Constitution and the legal framework of Artsakh guarantee and promote equality and non-discrimination on the basis of sex. However, women are not able yet to fully benefit from equal opportunities provided by the law and enjoy gender equality. The progress in terms of implementation, enforcement and monitoring of gender equality is mixed.

Men and women have equal access to education, with women being slightly more enrolled at most levels of education with exception for primary vocational education and STEM education tracks. Early and forced marriages are uncommon in Artsakh. Average age of first marriage among women was 24 years and among men – 27.8 years (in 2018). The proportion of women who got married aged 15-19 years was 15.6 percent.¹²

Differences exist in gender involvement in various sectors of economy. Women are more engaged in: (i) public administration, education, human health and social work activities (53 percent), (ii) financial and insurance activities (56 percent), (iii) telecommunications services (55 percent), (iv) trade and repair, transport and storage, accommodation and food service activities (51 percent). It is also worthwhile noting that 29 percent of people employed in agriculture were women. Sectors dominated by men include construction (96%), industrial production (81%), real estate activities, and professional, scientific and technical activities.¹³

Areas of concern and challenges: Main gender inequality areas include: (i) political empowerment, (ii) wage gap, and (iii) labor force participation level, (iv) involvement in decision making positions.

Women are significantly less engaged in decision-making positions in economic/business as well as in public and political governance. In 2015, the proportion of women elected to the Artsakh parliament was 15 percent of all parliament members, which was lower than EU-wide average 29.3 percent.¹⁴ Similarly, there was low participation in community governance, with the proportion of women in local self-governing bodies was 13.3 percent, and no female mayors. There was also a low share of women in high managerial positions, though increasing.

Overall, the unemployment rate among women was 13.8 percent, compared to 12.3 percent among men: where in 2018 80,6 percent of officially registered unemployed people are women. Women have more difficulties in finding well-paid jobs. In general, women are more engaged in low-paid jobs. For instance, in 2017, the share of employed people with higher education was 64.3 percent for women and 35.7 percent for men. The same indicator among people with medium level of education were 52.4 vs 47.6 percent. The average monthly wage of women equaled only 53.4 percent of the wage received by men, i.e. men's wage was 1.9 times higher than women's wage.

Opportunities and solutions: An important leverage for addressing gender related challenges is the effective integration of gender aspect in government policies and sector specific strategies. For instance, agricultural and rural development policies shall take into account the gender aspect having in mind that 28 percent of people employed in agriculture were women (2017). In longer term, a pivotal role should be given to education. The causes of many gender related challenges are deeply rooted in the tradition of culture, social norms and behaviors.

¹² NSS Artsakh, Women and men in Artsakh, 2018. <http://stat-nkr.am/en/publications/888--2018>

¹³ NSS Artsakh, Women and men in Artsakh, 2017. http://stat-nkr.am/files/publications/2017/kin%26txamard_2017.pdf

¹⁴ European Institute of Gender Equality (EIGE): http://eige.europa.eu/gender-statistics/dgs/indicator/ta_pwr_pol_parl__wmid_natparl

Therefore, changing some of those accepted norms and/or stereotypes would require education from early childhood.

SDG-6: CLEAN WATER AND SANITATION

Progress: Per capita water availability of safely managed water has improved significantly during the last decade. In 2017, 90.7 percent of households had access to safely managed drinking water services (with centralized supply). Since 2011, the network of waterpipes has enlarged by more than two times (from 30 water pipe networks in 2011 to 69 in 2017). There has been good progress also in ensuring access to improved sanitation services for population.

In urban areas, 98.2 percent of the population had access to safely managed drinking water services, and more than 84.5 percent had access to safely managed sanitation services. Regular

solid waste collection and adequate discharge was available for 92.6 percent of urban households (table 1).

Table 1. Water and sanitation services, % of households¹⁵

| | 2016 | 2017 |
|---|-------------|-------------|
| Centralized water supply, total | 90.7 | 90.7 |
| Urban | 98.2 | 98.2 |
| Rural | 83.1 | 81.5 |
| Sanitary services, total | 49.5 | 47.6 |
| Urban | 87.6 | 84.5 |
| Rural | 10.3 | 9.5 |
| Solid waste collection and discharge | 51.9 | 51.0 |
| Urban | 91.5 | 92.6 |
| Rural | 11.3 | 8.1 |

Artsakh has made significant investments to improve the physical irrigation infrastructure and access to irrigation water. In addition to enlarging the area of irrigated land, this contributes to reducing water losses in the irrigation system. In order to improve overall water management in the country, the Government of Artsakh initiated and implemented a comprehensive water surface water monitoring program in 2018.¹⁶

Areas of concern and challenges: There was big urban-rural disparity with regard to access to water and sanitation services - 84.5 percent of urban population had access to improved sanitation services, compared to only 9.5 percent of rural households. Similar urban-rural disparities exist in relation to water supply and solid waste management services. Overall, the coverage of improved sanitary services was limited, with only half of the population having access to such services (table 1).

At the same time, there were problems regarding the quality and reliability of water, sanitation and waste collection and discharge services. Thus, 24-hour water supply was available for 83.6 percent of households with access to centralized water supply. In rural areas, 1.6 percent of households had water supply for less than a week, and 3.3 percent of households had water supply 2-weeks per month. Majority of households in rural areas (and many in urban areas) still burn solid waste or cover with soil themselves.

Due to various inefficiencies in the irrigation infrastructure as well as in the management of the irrigation water, water losses in the irrigation system were significant in Artsakh.

¹⁵ Source: NSS Artsakh, Social Snapshot and Poverty, 2017. <http://www.stat-nkr.am/hy/2010-11-24-11-24-22/756--2017>

¹⁶ Artsakh Government Decree 158-A, 14 March, 2018, On 2018 Program of Surface Water Monitoring.

Opportunities and solutions: In addition to the improvement of physical infrastructures, it is vital to raise awareness about and promote wider use of efficient water technologies and practices such as drip irrigation, effective irrigation techniques, and crop management and rotation. The promotion of such technologies requires and also provides opportunities for multi-stakeholder cooperation and public-private partnership. Possible effective way to promote such technologies and practices, for instance a subsidized leasing program in agriculture to promote the investment by farmers in advanced and sustainable technologies and machinery (such a program was successfully implemented in neighboring Armenia).

Education, training and awareness raising about water efficiency, freshwater ecosystems and ambient water quality among all participants and stakeholders play an important role in achieving SDG 6. This is closely linked also to sustainable consumption and production (SDG 12) objectives, which requires responsible behavior among consumers and producers towards water use. Innovative approaches should be encouraged through Government policy incentives. Water efficiency can be improved also through sound water monitoring with the use of advanced water monitoring technologies such as K-Water's Smart Water Management Initiative which is an integrated management model covering the entire water cycle.

SDG-7: AFFORDABLE AND CLEAN ENERGY

Artsakh does not have any gas or fuel reserves or exploited coal reserves and, thus is dependent on imported fuel. In this context, the promotion of energy efficiency, and enhancing the renewable energy technology and capacity are high priorities for the Government of Artsakh. In parallel, energy efficiency is getting more and more attention and popularity in the government and among population.

Progress: Effective Government programs and economic measures allowed ensuring universal access to reliable electricity for almost all the population of the country (98.5 percent), including urban and rural areas. Artsakh adopted a number of policies promoting investments in and the use of renewable energy, particularly, hydro-power and solar-power. Virtually all the amount of electricity in the country is produced from renewable energy sources, mainly in hydro power plants. Solar energy promotion also is a priority in the agenda of the Government. In the last two-years there has been a notable change in the structure of energy used by the population for heating. The use of wood for heating reduced significantly, while the use of electricity went up 1.8 times in 2016-2017 (figure 12).

Areas of concern and challenges: More than half of households of Artsakh lack access to clean fuels and technologies. In 2017, around 11.5% of the population used natural gas for heating, and 66.5% of the population used wood for heating purposes (figure12). There are high disparities between urban and rural areas. Thus, the main source of heating in rural areas was wood (96 percent in 2017), while the indicators in urban areas were 37.8 in 2017 and 15.4 percent in 2016.¹⁷

The design, construction and operation of hydropower also involves challenges. Being a positive move to promote sustainable energy, along with construction of hydroelectric power plants on the rivers, it is necessary to pay more attention to the protection of the environment and the protection of environmental norms.

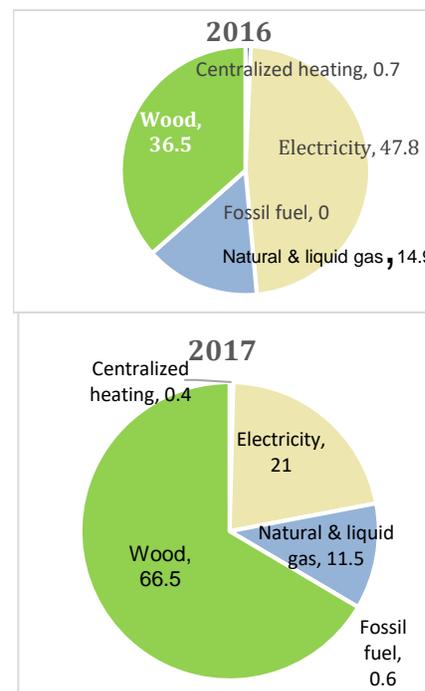


Figure 11: Energy use for heating, %, Source: NSS Artsakh

¹⁷Source: NSS Artsakh, Social Snapshot and Poverty, <http://www.stat-nkr.am/hy/2010-11-24-11-24-22/756--2017>

Opportunities and solutions: The need for improving energy efficiency is urgent in the transport, industry, urban and rural community street lighting and building sectors. Most of the buildings in Artsakh were built in Soviet era and were inefficient in many respects. Therefore, it is of high importance to create economic incentives and provide technical assistance to households to retrofit their houses and improve energy efficiency.

Evidently, education and awareness raising about the modern energy efficiency and renewable energy technologies and practices is absolutely necessary for the establishment of sustainable energy culture in the society. In addition to educational efforts in schools and universities, it very important to prepare and disseminate practical demonstrations and user-friendly short trainings and awareness materials for businesses and households.

SDG 8: INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, EMPLOYMENT AND DECENT WORK

Progress: The economic growth of Artsakh in 2008-2018 has been remarkable at over 10.5 percent average

Table 2. Unemployment, by sex and age, %, Source: NSS Artsakh

| | 2016 | 2017 |
|------------------|-------------|-------------|
| TOTAL | 15.8 | 12.9 |
| Male | 14.2 | 12.3 |
| Female | 17.7 | 13.8 |
| 15-19 age | 60.0 | 43.5 |
| Male | 42.9 | 40.0 |
| Female | 75.0 | 50.0 |
| 20-24 age | 28.8 | 29.7 |
| Male | 23.3 | 25.5 |
| Female | 39.1 | 41.2 |

annual growth rate. It helped to increase the GDP 3.6 times during the 2008-2018 period (table2). This allowed the Government of Artsakh to implement a number of social programs to reduce the unemployment, especially among youth, and support the unemployed and other vulnerable groups.

Areas of Concern and challenges: Despite the resilience of the economy, key persistent challenges in Artsakh to be tackled yet are: (i) high level of national poverty with 21.6 percent level, (ii) high unemployment with 12.9 percent level, and (iii) slow increase of the wage level. The high economic growth in the last decade has not yet translated into a corresponding income growth and well-paid job creation. The challenge facing the Government and society at large is how to make the economic growth and development more inclusive in terms of both income generation and distribution.

Gender, age, and regional inequalities in employment were also areas of concern. Unemployment is higher among women and among the young people (of 15-24 years of age), (table2). The number of employed in urban areas was about 31 percent more than in rural areas.

Opportunities and solutions: It is vital for Artsakh to promote the private business generation and development in the country to achieve effective transformation of economic growth into high quality job creation and inclusive and higher income generation and distribution. At the current stage, the main employer in Artsakh is the state with 72.7 percent share in 2017. 27.2 per cent have found jobs in private sector. percent. While Government’s role as an employer can be important in job creation, government projects to intervene as an employer shall be carefully designed to avoid overburdening the state budget and possible negative side effects on overall economic development. In long-run the private business generation absolutely necessary for ensuring

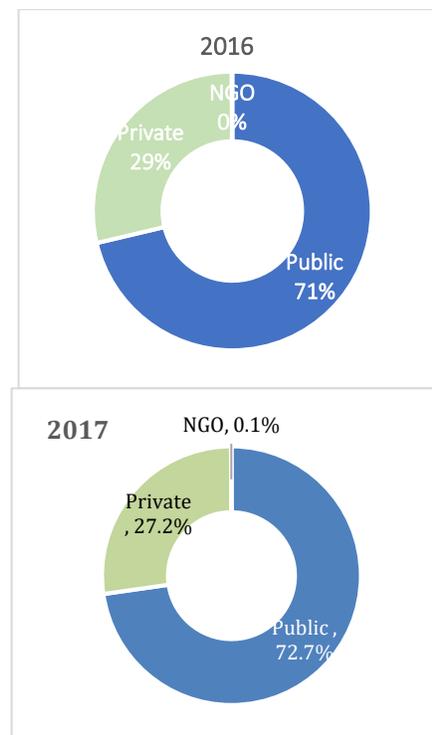


Figure 12: Employment by sectors of economy, NSS Artsakh

sustained development. In terms of gender distribution, women and men are equality employed in the public sector, while the number of men employed in the private sector was 2 times more that the number of women.¹⁸

SDG 9: RESILIENT INFRASTRUCTURE, INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION

Progress: The promotion of environmentally friendly technologies and practices is a priority in the agenda of the Government of Artsakh. In this context, the Government has developed a set of legal and institutional instruments including the law on the Protection of Atmosphere, the law on Wastes, and the law on Environmental Impact Assessment. These laws are in compliance with relevant internationally accepted principles and requirements. Thus, the law on the Protection of Atmosphere aims at reducing and eliminating air pollutants and ozone depleting gases and establishing necessary institutions for effective monitoring and control. Overall, Artsakh has very low per capita CO₂ emissions, and, in effect, negligible or no use of ozone depleting gases (CFC's and GCFC's), though increasing in the recent years.

Table 3. Emission of air pollutants produced by stationary sources of air pollution¹⁹

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------|---------|-------|-------|---------|---------|---------|---------|---------|
| <i>Total, of which:</i> | 2073.24 | 53.24 | 53.24 | 1036.35 | 1058.24 | 1588.05 | 1874.52 | 1340.31 |
| <i>Dust</i> | 2020.00 | - | - | 953.09 | 974.98 | 1504.79 | 1390.98 | 1059.88 |
| <i>Sulfur anhydride</i> | 0.04 | 0.04 | 0.04 | 0.06 | 0.06 | 0.06 | 1.98 | 2.57 |
| <i>Nitric Oxides</i> | 9.20 | 9.20 | 9.20 | 9.20 | 9.20 | 9.20 | 40.30 | 35.31 |
| <i>Carbon monoxide</i> | 44.0 | 44.0 | 44.0 | 74.00 | 74.00 | 74.00 | 441.26 | 198.09 |

¹⁸ Source: NSS Artsakh, Statistical Yearbook 2010-2016, <http://stat-nkr.am/hy/component/content/article/784-----2010-2016>, and author's calculation.

¹⁹ Source: NSS Artsakh, Statistical Yearbook 2011-2017, <http://stat-nkr.am/hy/component/content/article/784-----2011-2017>

To establish the physical infrastructure necessary for effective business operation and economic development, the Government in collaboration with private sector entities have undertaken comprehensive programs towards the transportation infrastructure development, particularly roads transportation. Artsakh also developed a sophisticated telecommunications sector with country-wide internet and mobile networks and ensured full access to mobile telephone service in Artsakh, as well as full coverage of digital TV broadcasting.

Areas of concern and challenges: At the current phase, Artsakh's economic development is at risk due to low productivity of its industry. Low productivity means inefficient and ineffective use of natural, human and financial resources.

Opportunities and solutions: Artsakh urgently needs to take measures towards promoting the industrial development and increasing the productivity of its manufacturing sector, the private sector being main driver of industrial development. Government policies and administration must encourage entrepreneurship, and thus business generation and job creation. For this purpose, it is necessary to develop a new generation of entrepreneurs who are innovative, socially-minded, committed towards creating good jobs for skilled labor force while at the same time investing in the development of human capital.

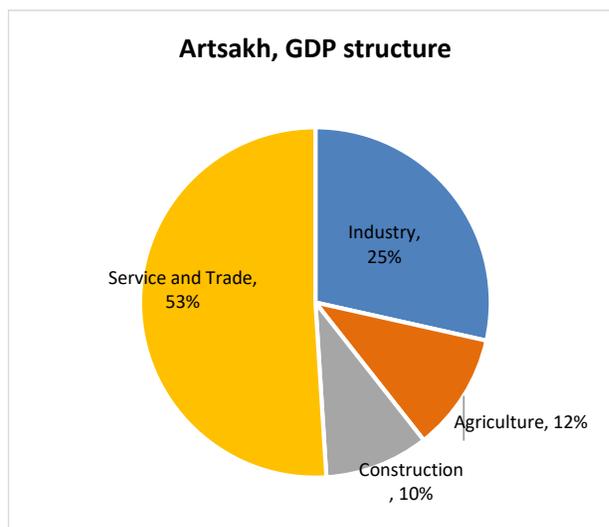


Figure 13: GDP structure: NSS Artsakh

SDG 10: REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES

It is essential to continue efforts to reduce inequalities among different social groups. Poverty inequalities can be seen in terms of age, geography, urban-rural, the level of education, and disability. Details about inequalities are discussed throughout the report (under SDG1, SDG 8, etc.). Inequality has slightly increased over the past three years- in 2017 the Gini coefficient of consumption expenditure was 0.314. Poverty was higher among children, who were also more vulnerable to poverty (especially among children of 0-5, 6-9, and 15-17 years of age). In 2017, poverty rate among children 0-5 years of age was 26.3 percent, and among children 15-17 years of age – 30.5 percent (compared to the country average of 21.6 percent). Urban-rural poverty disparities also were high. In rural areas, the poverty rate in 2017 was 21.8% (urban population - 21.3%), extreme poverty - 8.0% and 4.2%, respectively.²⁰ The poverty was higher also in regions inhabited with refugees migrated due to the Azerbaijan--Karabakh conflict. The share of “working poor” is higher in rural areas (17.5 percent), compared to urban areas (16.9 percent). Poverty level was also correlated with the level of education.

SDG-11: SUSTAINABLE CITIES AND COMMUNITIES

Around 57 percent of Artsakh's total population lives in urban settlements, and 38.2 percent of total population lives in the capital Stepanakert (about 68.5 percent of urban population).

Progress: The share of urban population living in slums has been decreasing in Artsakh. The Government of Artsakh, through its social programs significantly improved housing conditions.

Urban population in Artsakh was provided with improved water and sanitation services – 98.2 percent of the urban population had access to safely managed drinking water services, and more than 84.5 percent had access to safely

²⁰ Source: NSS Artsakh, Social Snapshot and Poverty-2017, <http://stat-nkr.am/files/publications/2017/Axqat2016.pdf>

managed sanitation services. 92.6 percent of urban solid waste was regularly collected and with adequate final discharge out of total urban solid waste generated, by cities.

Municipalities of Artsakh are legally obliged to design and adopt development plans, which shall integrate economic, social and environmental aspects of development.

Areas of concern and challenges:

Urban and rural communities in Artsakh do not have inclusive and accessible, green and public spaces, in particular for persons with disabilities. Most of urban planning and construction requirements to buildings and other facilities/infrastructure were based on soviet standards without consideration of the needs of people with disabilities. In Artsakh, 5.9 percent of the population had some type of disability. Though the Government policies include provisions for promoting the inclusion of disabled in social life, the implementation of those provisions is still weak. In effect, the disabled people do not always have the opportunity to actively participate in economic and social life of the country.

The largest number of disasters in Artsakh are related to traffic accidents, epizootics (transfer of diseases from animals to humans), fires, and food poisoning (table 4).

Opportunities and solutions: Urban and rural settlements urgently need to improve access to green and public places for people with disabilities and for application of the principles of universal design, and inclusive community service. This would require a systemic approach and joint effort by the state, municipalities, civil society organizations, and private businesses.

Active engagement of local communities is critical for building sustainable cities. It is necessary to take steps to extend the capacities and human skills of local communities, both with investment and external donor resources. “Localization” and “visualization” of SDG are important enablers for active municipality engagement. They need to know and understand clearly how their local policies, activities, projects or behaviors can contribute to those goals, and, similarly, how their communities will concretely benefit from the attainment of SDGs. Active municipal engagement is crucially important in terms of reliable and disaggregated data collection and monitoring activities.

To reduce deaths and injuries due to disasters, the focus should be on improving the safety of road traffic, awareness raising about good safety and hygiene practices at farms and about fire safety.

SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainable consumption and production (SCP) is a broad area where all stakeholders can have direct contribution to the achievement of the targets under this goal, including the Government with its policies and procurement, businesses with production and supply chain management practices, civil society organizations, households and every and each individual with their consumption behaviors. Responsible consumption and production involve

Table 4. Deaths & injuries in due to disasters, per 100,000 population²¹

| | 2015 | 2016 | 2017 |
|---|--------------|-------------|-------------|
| Total of which: | 151.1 | 76.6 | 47.6 |
| Technical, of which: | 68.3 | 63.1 | 62.3 |
| <i>fires</i> | - | - | 2.8 |
| <i>car accidents</i> | - | - | 59.5 |
| Natural disasters | 73.8 | 2.1 | 2 |
| <i>forest and crop field fire</i> | - | - | 2 |
| <i>wind</i> | - | - | - |
| Social and biological, of which: | 9 | 11.6 | 10.3 |
| <i>food poisoning</i> | - | - | 2.7 |
| <i>epizootics</i> | - | - | 6.8 |

²¹ Source: State Service for Emergency Situations and NSS Artsakh, http://stat-nkr.am/files/publications/2017/doklad_2017_hunvar_dektember/5_1_socialakan.pdf, and author’s calculation.

behavioral (cultural) transformation in the society from traditional linear supply chain approach to more sophisticated closed loop or circular approach.

Progress: SCP components appear in environmental protection action plans and some sector specific policies. SCP principles are becoming, though slowly, more integrated into strategies and policies of the Government of Artsakh. Environmental assessment is a required component of the Government procurement of goods, construction and other services. The Concept of Agricultural Development prioritizes, among others: (i) the promotion of sustainable practices such as crop rotation and efficient irrigation practices, (ii) measures to enhance the productivity in both crop production and animal husbandry, (iii) promotion of higher value crop, including organic agricultural production, (iv) promotion of cooperation among farmers, and (v) enhancing market mechanisms.

Areas of concern and challenges: There is a lack of economic incentives to encourage sustainable consumption and production by businesses and households. This limits progress towards SCP goals in many sectors. There is little economic interest from businesses or consumers for sustainable consumption and production, and little opportunity for public participation in decision making.

There is high level of food loss and waste (FLW) in Artsakh, especially upstream the supply chain (at primary agricultural production stage) than at the end (in distribution or consumption steps), due to inefficient harvesting and post-harvest practices and technologies (including machinery and storage facilities).

The lack of recognized eco-labels and standards is a key barrier to enabling consumers and public administration to make informed decisions when choosing goods or services.

Taking into account the use of chemical elements in the mining industry, in particular, the enrichment of the ore, it is necessary to strengthen environmental control by the government and civil society. The right for the public to participate in environmental decision making and to access data is guaranteed by legislation.

SDG 13: URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

Artsakh is a country of climatic contrasts: because of intricate terrain, one can find high climate diversity over even a small territory. The country has almost all types of climate, from arid subtropical to cold high mountainous climates. The geographical location of Artsakh (landlocked mountainous country with **sensitive** ecosystems), and the country's need to ensure its national security, necessitates the prioritization of climate change. Climate change is expected to amplify the frequency and intensity of meteorological hazards in Artsakh through increased temperature and decreased precipitation. Artsakh needs to undertake measures to establish legal and institutional frameworks necessary for adaptation to climate change and reduction of natural disaster risks.

SDG 14: CONSERVE AND SUSTAINABLY USE THE OCEANS, SEAS AND MARINE RESOURCES

Artsakh is a landlocked country with no access to sea.

SDG 15: LIFE ON LAND

In order to avoid the potential threats to Artsakh's ecosystem it is necessary to be consistent in the implementation of nature protection projects.

Progress: To protect its natural environment and ecosystems, the Government of Artsakh has undertaken comprehensive set of programs and measures, including the development of legal and institutional framework, environmental inspection and monitoring programs. Key pieces of legislation on environmental protection include:

- Law on Protected Areas
- Forest Code
- Laws on Flora and Fauna
- Law on Environmental Impact Assessment.

The Government of Artsakh is in process of defining and establishing its specially protected areas, where biodiversity conservation in Artsakh will be carried out. The protected areas will encompass rare, critically endangered, threatened and endemic species flora and fauna. In addition to protected areas the Government is in process of defining the list of natural monuments subject to protection.

Artsakh has 98 vertebrate and invertebrate species and 376 high and low plant species registered in the Red Book of Artsakh.

Areas of concern and challenges: Deforestation and land degradation are major areas of concern in Artsakh. Forests of the Republic of Artsakh cover 19.7 percent of the total area of the country, i.e. 225 thousand hectares. In the last decade, there has been an increase of forest cutting (table 5), leading to downward trend of the forest coverage, and it requires rapid and determined action to reverse.

Table 5. Forest cutting²²

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|--------|--------|--------|--------|--------|--------|--------|---------|
| <i>Forest cutting area, ha</i> | 2,909 | 3,365 | 3,562 | 3,866 | 5,824 | 5,277 | 3,816 | 4,817 |
| <i>Timber, m³, of which:</i> | 45,359 | 51,030 | 79,833 | 96,237 | 76,891 | 71,230 | 74,710 | 102,488 |
| <i>Construction wood</i> | 3,213 | 4,841 | 7,284 | 5,895 | 7,005 | 4,213 | 10,772 | 11,147 |

Opportunities and solutions: It is of utmost importance to promote a wider use of environmentally friendly practices in various sectors of economy to avoid potential soil degradation and pollution, desertification, and deforestation including agriculture (crop production, animal husbandry), construction industry, mining and any other industry that may have a negative effect on the environment. The Government should apply measures to enhance knowledge and apply economic incentives to promote such green/sustainable practices.

Community-based programs could be used (i) to create economic incentives to reduce illegal logging by people living near forests, (ii) to encourage and facilitate community engagement in decision making process in relation to forest management, and afforestation and reforestation activities; (iii) helping communities understand the benefits of protecting the forest and conserving biodiversity.

²² Source: NSS Artsakh, Statistical Yearbook 2010-2016, <http://stat-nkr.am/hy/component/content/article/784-----2010-2016>

SDG 16: PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT

Progress: Republic of Artsakh recognizes the fundamental human rights and freedoms as inalienable and supreme value, for freedom, justice and peace, as stated in its Constitution. The state guarantees the protection of individual and citizen's rights and freedoms in accordance with the international human rights principles and norms. The state is sanctioned by those rights and freedoms directly in effect.

The Human Rights Defender (Ombudsman) of Artsakh (HRDO of Artsakh), established in 2005, is an independent national human rights protection institution in Artsakh. The HRDO is an independent and unaltered official, who protects the human rights and fundamental freedoms violated by the state and local self-governing bodies or their officials. The HRDO complies with the requirements and standards of the National Ombudsman Institute. It has an "A" status, which indicates compliance with the Paris Principles.

Areas of concern and challenges: Further efforts are needed on the part of the rule of law institutions to ensure justice, public security and access to justice, which continue to be one of the major issues and priorities of the Government. Citizen participation, voice and accountability through electoral processes, parliamentary and political development, civic engagement, and women's political participation still remain issues to be tackled under SDG 16.

Opportunities and Solutions: The Government will put more efforts to deliver equitable public services and inclusive development at the central and local levels, with a particular focus on restoring core Government functions in the transition with particular focus on local governance and local development.

SDG 17: MEANS OF IMPLEMENTATION

The implementation of development objectives depends on adequate funding from the state budget as well as the private sector, international financial and donor organizations. Critically, it depends not only on the size of funding, but also on the efficiency of spending and the quality of investments.

Progress: Artsakh's performance in revenue collection compares well internationally. In 2018, tax revenue/GDP ratio was 17 percent (figure 15), i.e. above the world average of 14.5 percent and the average in Europe and Central Asia -14.1 percent (excluding high income countries).²³

Private sector development and investment promotion have been priorities in the Government agenda. Foreign investors are welcome in Artsakh with no restrictions on the participation in any economic activity. Investors, are free repatriate their property, profits or other assets that result from their investment after payment of all due taxes. Moreover, there are tax- laws that encourage investment.

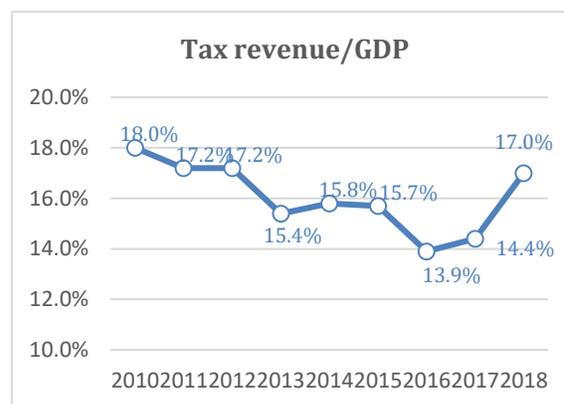


Figure 14: Tax revenue/GDP ratio

²³ Source: World Bank data, <https://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS>

Areas of concern and challenges: A major challenge in terms of resource mobilization is how to attract more private sector investments into impactful initiatives. Artsakh needs to take innovative and disruptive approaches and measures to attract foreign direct investments as well as domestic investments. Foreign direct investments remain low in absolute terms and in terms of GDP. In 2017, FDI comprised USD 1911.3 million and dropped by 60.7 percent in comparison to the previous year. FDI/GDP ratio was 0.6 percent.²⁴

Opportunities and solutions: It is fundamentally important to recognize that the business generation and business development are vitally important for enhancing investments with impact, for job creation as well as for building the resource base necessary for sustainable development.

In this regard “visualization” and “localization” of SDGs will be important for creating commitment among businesses and generating economically viable innovative and impactful approaches to engage the private sector into SDG implementation process.

More attention and resources will be given to enhancing the business environment and market infrastructures in the country. Consideration will be given also to the promotion of efficient business practices in Artsakh.



Figure 15: Investment performance

²⁴Source: NSS Artsakh, Statistical Yearbook 2010-2016, <http://stat-nkr.am/hy/component/content/article/784-----2010-2016>