

THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN

AZERBAIJAN STATE UNIVERSITY OF ECONOMICS

INTERNATIONAL CENTER OF GRADUATE EDUCATION

MASTER DISSERTATION

on the topic

**“THE IMPACT OF THE CORONAVIRUS PANDEMIC (COVID-19)
CRISIS TO DEVELOPMENT ECONOMY OF AZERBAIJAN”**

Karimli Khadija Chingiz

BAKU – 2022

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Elm andı

Mən, Kərimli Xədicə Çingiz qızı and içirəm ki, “The impact of the coronavirus pandemic (COVID-19) crisis to development economy of Azerbaijan” mövzusunda magistr dissertasiyasını elmi əxlaq normalarına və istinad qaydalarına tam riayət etməklə və istifadə etdiyim bütün mənbələri ədəbiyyat siyahısında əks etdirməklə yazmışam.

KORONAVİRUS PANDEMİYASI (COVID-19) BÖHRANIN AZƏRBAYCANIN İQTİSADI İNKİŞAFINA TƏSİRİ

XÜLASƏ

Tədqiqatın aktuallığı: Dünya və Azərbaycan iqtisadiyyatı COVID-19 virusunun başladığı zamandan bəri geniş miqyaslı iqtisadi bərpa uğrunda çalışır. Virusun sürətlə yayılması və onun milli və beynəlxalq iqtisadi artım sürətinə mürəkkəb təsirləri səbəbindən virusun təsirini öncədən təxmin etmək həqiqətən də olduqca çətindir. Buna görə Covid-19-un iqtisadi təsirlərini təhlil etmək vacib və bu günün aktual problemlərindən biridir.

Tədqiqatın məqsədi: Bu tədqiqatın əsas məqsədi Korona virusunun Azərbaycan iqtisadiyyatının inkişafına təsirinin təhlili və qiymətləndirilməsi, onun təkmilləşdirilməsi strategiyasının və taktikasının formalaşdırılması və həyata keçirilməsi üçün metod hazırlamaqdır.

İstifadə olunmuş tədqiqat metodları: Bu tədqiqat üçün istifadə olunan əsas metodlar müasir və yeni iqtisadi təhlil metodlarına əsaslanır. Bu metodlara kəmiyyət metodları, reqsessiya təhlili, statistik təhlil və çoxdəyişənli analiz aid edilir.

Tədqiqatın informasiya bazası: Tədqiqat bazası yerli hüquqi sənədlərdən, Azərbaycan dövlət Statistika Komitəsinin təqdim etdiyi müxtəlif statistik məlumatlardan və həmçinin müxtəlif alimlərin məqalə və kitablarında ibarətdir.

Tədqiqatın məhdudiyyətləri: Tədqiqat prosesində əsas məhdudiyyətlərdən biri elmi ədəbiyyatın kifayət qədər olmaması idi. Pandemiya müasir iqtisadiyyat üçün yeni problemdir, buna görə tədqiqat zamanı istifadə etmək üçün kifayət qədər məlumat və resurslar yoxdur.

Tədqiqatın elmi yeniliyi və praktiki nəticələri: Azərbaycanın Koronavirus pandemiyasından öncə və sonrakı iqtisadi artım göstəriciləri təhlil edilmişdir. Araşdırmanın nəticəsi əsasında iqtisadi artımın dəstəklənməsi və əhalinin sosial rifahının yaxşılaşdırılması üçün tövsiyələr verilmişdir.

Nəticələrin istifadə olunma biləcəyi sahələr: Bu tədqiqatın əhəmiyyəti ondan irəli gəlir ki, onun dünya təcrübəsinin təhlili nəticəsində praktiki tövsiyələri Azərbaycanın nüfuzlu subyektlərinin fəaliyyətində, o cümlədən idarəetmə təcrübəsində strateji və taktiki qərarlar qəbul edərkən və pandemiya dövründə Azərbaycanın iqtisadi inkişafına təkan verərkən istifadə olunma bilər.

Açar sözlər: iqtisadi artım, Covid-19, iqtisadi böyümə, pandemiya, siyasətlər

THE IMPACT OF THE CORONAVIRUS PANDEMIC (COVID-19) CRISIS TO DEVELOPMENT ECONOMY OF AZERBAIJAN

SUMMARY

The actuality of the subject: It is really difficult to predict the impact of the COVID-19 virus on economic growth. Therefore, it is important to study the effects of Covid-19 and it is one of the most pressing issues today.

Purpose and tasks of the research: The main purpose of this study is to analyze the impact of the Corona virus on the growth of the Azerbaijani economy, to develop a method for formulating and implementing a strategy to prevent it.

Used research methods: The main methods used for this research are based on modern and new methods of economic analysis. These methods include quantitative methods, regression analysis, statistical analysis, and multivariate analysis.

The information base of the research: The research base consists of various statistical data provided by the State Statistics Committee of Azerbaijan, as well as articles and books by various scientists.

Restrictions of research: One of the main limitations of the research process was the lack of scientific literature. The pandemic is a new problem for the modern economy, so there is not enough information and resources to use it in research.

The novelty and practical results of investigation: Azerbaijan's economic growth indicators before and after the Coronavirus pandemic were analyzed. Based on the results of the study, recommendations were made to support economic growth and improve the social welfare of the population.

Scientific-practical significance of results: The importance of this research stems from the fact that its practical recommendations can be used in the activities of influential actors in Azerbaijan, as well as in management practice when making strategic and tactical decisions.

Keywords: economic growth, Covid-19, economic development, pandemic, policies

ABBREVIATIONS

CBA	The Central Bank of Azerbaijan
CCRT	Catastrophe Containment and Relief Trust
Fed	The Federal Reserve
GDP	Gross Domestic Product
IMF	The International Monetary Fund
OECD	Organization for Economic Co-operation and Development
PPE	Personal Protective Equipment
SME	Small and Mid-size Enterprise
UNCTAD	United Nations Conference on Trade and Development
UNFPA	United Nations Population Fund
VAT	Value Added Tax
WHO	The World Health Organization
WTO	The World Trade Organization's

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INTRODUCTION

Relevance of the research topic: The world and Azerbaijan economy are trying to establish a wide - ranging recovery when the COVID-19 virus started. However, the difficulties together damaged the world's economic growth and limited the policy flexibility of many country leaders, particularly those in the leading advanced markets. Whereas the economic effect has lessened, the mixture of regulatory changes may remain to have a substantial and long-term effect on how companies arrange their workforces, international supply networks, and governmental reactions to a worldwide health emergency. Anticipating the virus's impact has indeed been extremely difficult due to the virus's fast spread and its compound impacts on nationally and internationally economic growth rate. That is why to analyze economic effects of Covid-19 is essential and one of the today's factual problem.

Statement of the problem and learning level: In order to understand effects of Covid-19 to economic development and managing its results various, including complex economical models should be used. The fundamental principles of economic growth are highlighted in the works of many scientists.

Nonetheless, in the specific conditions of modern world, the problem of economic growth during Covid-19 pandemic requires in-depth research and development of appropriate recommendations.

Purposes and objectives of the research: The main purpose of this research is to develop a method for analyzing and assessing the effects of Corona virus to the development of Azerbaijan economy, the formation and implementation of a strategy and tactics to improve it.

In order to achieve that purpose, the following issues was formulated and solved:

- analysis of existing strategies, types and factors of economic growth;
- research and development of the theoretical and methodological foundations of a comprehensive economic and mathematical analysis and assessment of the developed countries' Covid-19 policies;

-development of a methodology to support economic growth during the global pandemic;

- analyses of Azerbaijan's economic growth in the condition of the coronavirus (covid-19) crisis;

- the main directions of supporting of economic development of Azerbaijan during pandemic.

Object and subject of the research: The object of the research is effects of Covid-19 to economic development and socioeconomic position of Azerbaijani society. The subject of the research is analysing current situation and finding new ways and solutions to the problems.

Research methods: The primary research methods for this study are quantitative methods, the study which is concerned about discovering facts about social phenomena. One of the foremost types of quantitative methods is data selection and evaluation. Data selection is understood as the method of choosing the proper data kind and source, and also appropriate data collection tools. The process of data collecting is preceded by data selection. Another quantitative method which is used to analyses several variables and their relationships is regression analysis. This method will be used for different component of economics to expression of economic development. Author will consider the effects of Covid-19 pandemic on the economic growth of Azerbaijan. Statistical analysis is used for comparing differentiating trends of economic growth. Using multivariate analysis, which is the analysis of outcomes affected by different variables, the author will analyze economic factors.

Research database: The database for this research is studies by economic scientific classics and scientific research works by national and international scientists. The Constitution of the Republic of Azerbaijan, the Law on Protection of Foreign Investments, the Investment Activity, and Global Economic Prospects, various issues, International Monetary Fund, decrees and orders of the President of the Republic of Azerbaijan, normative legal acts of the Cabinet of Ministers and other documents were used during the scientific research.

Research limitations: The main limitation in the research process was insufficiency of the scientific literature. Lack of previous research studies on the topic is one of the obstacle for the research. When there is very little or no prior research on a specific topic, author may need to develop an entirely new research typology. Lack of previous research studies on the topic in Azerbaijan on derivatives as a result of newly discovered industry.

Scientific novelty of the research: In the modern world, unexpected situations like pandemy is one of the threats to the economic development. After experiencing it first hand, authorities should tsart to develop new stratigies which are supposed to maintain long-term growth. Preparing for unforeseeble incidents in advance would help the county to maintain their current growth rate and prevent further decrease of it.

Scientific and practical significance of the results: The practical and theoretical importance of this research comes from the fact that its results, which have been lowered to the level of practical recommendations as a result of analyzing world experience, can be used in the activities of Azerbaijan's authority subjects, including in the management practice of economic growth during a pandemic when making strategic and tactical decisions and promoting Azerbaijan's economic development.

CHAPTER I. COVID-19 AND ECONOMIC GROWTH IN THE GLOBAL MARKET

1.1. Economic development as a concept: its types, strategies and factors

Economic development is the process through which nations advance economically, socially, and technologically. The essential factors of societal progress are: health improvement, increased wealth, the production of new knowledge and technology and so on.

Economic development's precise definition has been argued: whereas economists in the twentieth century focused development primarily in terms of economic growth, sociologists concentrated on broad change processes and modernization (Jaffee D. 1998: p. 3).

Karl Seidman, a development and urban sciences expert, defines economic development as "a process of creating and utilizing physical, human, financial, and social assets to generate improved and broadly shared economic well-being and quality of life for a community or region" (Karl F. S. 2005: p. 5).

The phrase "laissez faire, laissez passer" (let me work, let me go ahead), said during a Physiocratic gathering, gave rise to economic liberalism, as represented by Adam Smith, David Ricardo, Thomas Malthus, and Karl Marx. According to Smith, a growth in manufacturing will have an effect on the size of the economy, notably its expansion. (Adam S. 1954: p. 304). Ricardo, on the other hand, saw money as only a medium of exchange involved in the process of selling and buying commodities and services. (David R. 1957: pp. 335-336). Marx expressed same ideas on the importance of supply in the process of economic growth, recognizing its critical position in an economy. However, unlike Smith and Ricardo, he disagreed with Say's "Law of markets." Thus according Marx, if the capitalist system is regularly experiencing overproduction crises, the belief that stock would presumably generate demand had no rational basis (K. M. 1951: pp. 176-177).

Doctorate Abbasov N.R describes economic growth as one of the main goals of macroeconomic policy. To achieve this goal, the growth of real output should be

faster than the growth rate of the population, which is reflected in the improvement of living standards. This means a long-term increase in real per capita income under the guise of economic growth (Abbasov N. 2015: p. 1).

M.M. Yunusov considered the social factor separately in his work. He noted the effectiveness of the development of the training system; mobilization of professional and intellectual resources; improving the education system; improving the quality of life; included factors to improve the level of public health protection (Д ЮНУСОВА П.Л. 1995: p.3).

According to an Azerbaijan professor in Azerbaijan National Academy of Science Aliyev Tarbiz economic growth is affected by a number of direct and indirect factors. Their classification is shown in Table 1:

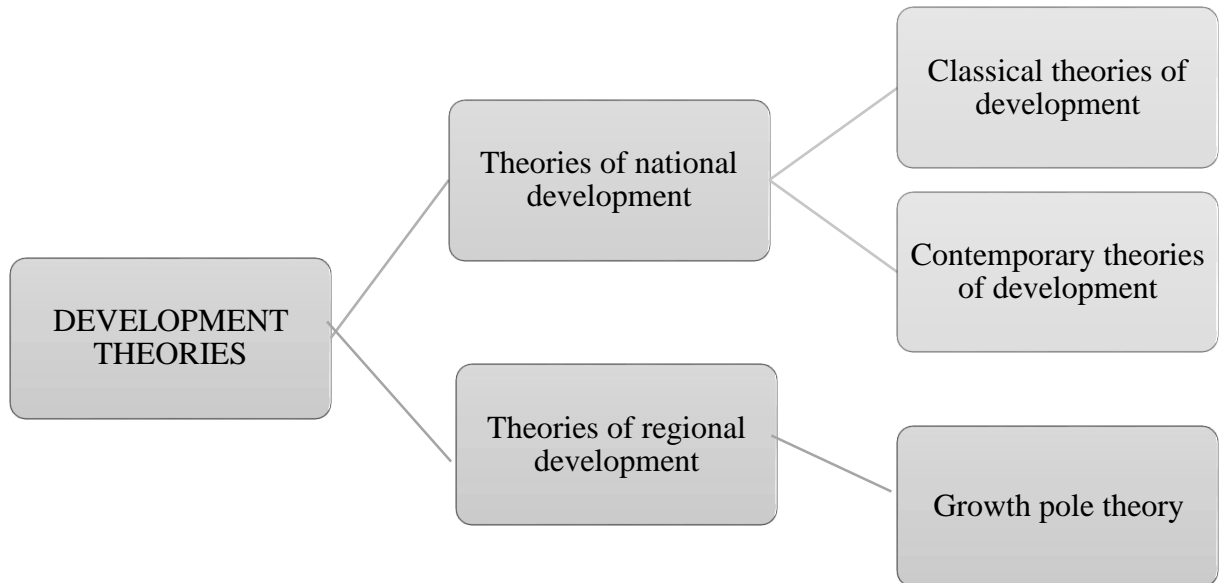
Table 1: Direct and indirect factors which affected to economic growth

Direct factors	Indirect factors
<ul style="list-style-type: none"> • Quantity and quality of labor resources; • Quantity and quality of natural resources; • The amount of fixed capital; • Organization and technology of production; • Diversification of production; • Innovation activity (product volume); • Development of entrepreneurial activity 	<ul style="list-style-type: none"> • Decrease in the level of monopoly in the market; • Tax environment in the economy; • Efficiency of the banking and credit system; • Increased consumption, investment and government spending; • Opportunities for redistribution of production resources in the economy; • Current income distribution

Source: Əliyev T. 2018: p.29

These factors argued throughout history and every class had own theories how they affect to economic development. In historical perspective, development theories can be divided into two macro groups:

Figure 1: Economic development theories



Source: Karl F. S. 2005: p.25

Table 2: Classical theories of economic development

Linear stages theory	Structural-change models	The international-dependence models	The neoclassical counter-revolution
1. Rostow's stage of growth 2. Harrod-Domar growth model	1. The Lewis theory of development 2. Empirical patterns of development	1. The neocolonial dependence model 2. The dualistic-development model 3. The false-paradigm model	1. Solow neoclassical model of growth 2. Public-choice theory

Source: Karl F. S. 2005: p.27

Contemporary Theories of Development:

- Endogenous growth theory (Romer model)
- Approaches based on complementarities and coordination failure
- Approach of multiple equilibria
- The Big Push model
- Kremer's O-Ring theory

Linear stages theories are the Harrod-Domar growth model and Rostow's stages of growth (Todaro M. and Smith S. 2003: p.77). The Harrod-Domar model is a

Keynesian economic growth model. It indicates that there is no natural cause for an economy to grow in a balanced way. The concept was separately created by Roy F. Harrod in 1939 and Evsey Domar in 1946. Neoclassical economists highlighted flaws in the Harrod–Domar model, particularly the fragility of its solution, and then by the late 1950s had initiated an academic discussion that resulted in the creation of the Solow–Swan model. According to the theory of stage of growth, more saving and investment can improve economic growth rates. Nevertheless, the theory of stages does not elucidate impoverished nations' economic development since indicated drivers (e.g., physical capital) are essential but not sufficient components for enabling economic progress.

Structural change models focus on factors that shift a country's economic structure away from traditional agriculture and toward a service and industrial sector. Econometric analysis of the patterns of development by Chenery and colleagues and the model of two-sector surplus labor by Lewis are two main approaches. The model of Lewis involves a method of modernized sectors employment growth and self- sustaining growth are supposed to extend till all excess of rural labor is consumed in modern industrial sectors of urban regions. Yet, one shortcoming of Lewis model is the expectation of declining returns in the industrial sector, despite real data showing growing profits in that area. Empirical patterns of development take into account the stable accumulation of human and physical capital, the shift in consumer consumption from basic necessities and food to manufactured services and goods, the expansion of cities and companies linked with flow of migrants from farmlands to big cities, and the total population growth rate. Nevertheless, in many situations, economic strategies based on this model have not led in channels of progress within and across countries.

The international-dependence theories assume emerging economies to be in a dependent relationship with developed economies. The models are neocolonial-dependence, false-paradigm, and dualistic. These approaches reject neoclassical theory of development and the empirical results by Chenery about some characteristics of development that poor countries should pursue. Marxist ideology

has resulted in an indirect consequence of neocolonial dependence. Rich nations, according to the theory of Neocolonial Dependence, harm underdeveloped nations by their purposefully opportunistic or accidentally negligent policies. The dualistic-development concept describes the evolution of a growing economy as a labor transition between two areas: capitalist and subsistence. The false-paradigm model claims that poor nations have unable to improve since their development strategies were based on a wrong development model, such as one that overemphasized accumulation of capital without taking into account necessary institutional and social reform.

Neoclassical counterrevolutionaries view underdevelopment in developing nations as an internally produced phenomenon created by government involvement and poor economic strategies. Main neoclassical models are Solow-Swan model and public choice theory.

"Solow-Swan" or simply the "Neoclassical" growth model hypothesizes a continuous manufacturing mechanism that connects output to capital and labor inputs, resulting in the economy's steady state equilibrium. The core assumption of the Solow-Swan growth model is that capital in a closed economy has declining profits. (Solow R.M. 1956: pp. 114-118). With that assumption, and assuming constant technological advancement, the production function is

$$Y = F(K, L) \quad (1.1)$$

Y-income or output
 K-capital
 L-labour

The requirement of stable outputs to scale means that the production function can be represented as if we divide by L

$$Y/L = F(K/L, 1) = Lf(k) \quad (1.2)$$

Y = Y/L-output or income per worker
 k = K/L is the capital-labor ratio
 the function J(k) = J(k, 1).

As a result, the production function can be written as

$$y = f(k) \quad (1.3)$$

Savings is a constant fraction, s , in the Solow-Swan model of income. As a result, savings per worker is maximized. When income equal output

$$sy = sf(k) \quad (1.4)$$

That's the main formula for the Solow-Swan model, with $k = 0$ corresponding to the steady state. The economy achieves a condition of equilibrium when

$$sf(k) = (n + d)k \quad (1.5)$$

According to the Solow-Swan model, the growth process is steady. Regardless of where the economy started, factors exist which will move it to a stable state over time. (Leibeinstein H. 1957: p. 93)

A variety of economic studies have arisen throughout the years in an attempt to uncover the elements responsible for controlling economic growth. As a consequence, empirical and theoretical models are aplenty in today's economic literature. Nicholas Kaldor was one of a few of researchers who were really interested in the underlying connections. Kaldor's formulation of theoretical considerations on growth and development has been formalized in a sequence of formulas called as Kaldor's 'laws.' Kaldor's approach to economic growth, in specifically, consists on three distinct propositions:

1. Production is the economic growth engine.
2. Production growth promotes productivity increase in production via dynamic and static benefits to scale, and even advanced economies exhibit dualist tendencies (Verdoorn's law).
3. Production growth stimulates productivity growth in other areas of the economy.

The core element of Kaldor's growth strategy is that the manufacturing industry is the engine of development in a modern economy. This argument is based on the assumption that the industrial sector is controlled by dynamic economies of scale. According to his theoretical explanation, technological advancement, especially a growth in production, is the outcome of a rise in demand for manufacturing goods, that leads to more investment and higher degrees of interaction between sectors.

The First Law: Production is the economic growth engine. The first law holds that GDP growth is positively related to GDP growth in the manufacturing sector of the economy, which is why the first law is sometimes referred to as the 'engine of growth' theory. The manufacturing industry is the engine of development not just because of excess labor and low performance in non-manufacturing areas, and also because it produces increased demand for non-manufacturing industries' services and goods. In the context of the Kaldorian specification of the first law's formula is like below:

$$q_{GDP} = a_1 + a_2 q_m, a_2 > 0 \quad (1.6)$$

q_{GDP} and q_m - the growth of GDP and manufacturing output

a_2 - the positive association between the two variables.

To eliminate the 'share effect of manufacturing,' Bairam proposes regressing agricultural and service growth on manufacturing growth. Thus,

$$q_{nm} = a_3 + a_4 q_m \quad (1.7)$$

q_{nm} is the agricultural and service growth (non-manufacturing sector of the economy). Furthermore, a slightly altered formulation of Equation 1 will be used to solve the spurious results argument that stems from the fact that the manufacturing industry accounts for a sizable portion of GDP. The new equation is as follows:

$$q_{GDP} = a_1 + a_2 (q_m - q_{nm}) \quad (1.8)$$

The Second Law: Verdoorn's Law. Verdoorn's law, titled after the German economist Petrus Johannes Verdoorn, claims that in the long run, productivity rises according to the square root of production. This rule in economics refers to the link between production growth and productivity growth. Verdoorn claimed that "in the long run a change in the volume of production, say about 10 per cent, tends to be associated with an average increase in labor productivity of 4.5 per cent." (Kaldor N. 1966: p. 289).

The formula is like below:

$$p = a + bQ, b > 0 \quad (1.9)$$

p - the labor productivity growth

Q - the output growth (value-added),

- b - the Verdoorn coefficient
- a - the exogenous productivity growth rate.

Verdoorn's rule contrasts with "the usual hypothesis that the growth of productivity is mainly to be explained by the progress of knowledge in science and technology" since it is commonly assumed in neoclassical growth models (notably the Solow model). Verdoorn's law is commonly connected with growth theories based on cumulative causality, in which consumption rather than supplies determines the rate of accumulation (Kaldor N. 1966: p. 289).

Based on Verdoorn's law, Nicholas Kaldor and Anthony Thirlwall created models of export-led development. Expansion of the export industry in a particular nation may result in specialization in the manufacturing of export items, that enhances efficiency and the skill level in the export industry. As a result, resources may be reallocated from the less productive non-trade industry to the more productive export industry, resulting in reduced prices for traded goods and increased competitiveness. This increase in productivity may subsequently lead to increased exports and production growth.

Thirlwall demonstrates that the pace of growth in numerous nations never surpasses the ratio of the growth rate in exports to the price elasticity for imports. It suggests that development is constrained by the balance of payments. Thirlwall's Law is the name given to this outcome.

Verdoorn's law is sometimes known as Kaldor-Verdoorn's law or model.

The Third Law. The third law is based on the idea that, outside of the manufacturing industry, decreasing returns will lead the marginal product to be lower than the average one. According to the third law, an economy's productivity growth is positively connected with its industrial output growth. Specifically,

$$p_{GDP} = c_1 + c_2 q_m, c_2 > 0 \quad (1.10)$$

This law suggests owing to the dualist nature of an economy wherein the movement of excess labor from low productivity areas (agricultural and services) to high productivity sectors (production) does not result in a loss of production. It's due to the fact that when industrial production grows, so does productivity as a result of

dynamic effects as well as the connection of economic activity. Furthermore, productivity outside of manufacturing improves.

1.2. Effects of covid-19 pandemic on global economic growth

Beyond the progression of the virus and attempts to isolate it, the COVID-19 pandemic has had much further economic impacts. Worries have changed from procurement production challenges to reduced business in the services industry as the SARS-CoV-2 infection has spread throughout the world. The outbreak resulted in the second-largest worldwide recession in history, with much more than one third of the world's population being put under lockdown at the moment. Supply difficulties were anticipated to influence a variety of industries during the initial stages of the outbreak thanks to fear purchasing, enhanced use of supplies to counter the virus, and impairment to manufacturers and logistic in mainland China. Price fixing has occurred in the past. There've been numerous reports of pharmaceutical shortages, with several locations experiencing rush purchasing and resulting food shortages and other vital consumer goods. The IT industry, in particularly, has issued warnings regarding electronic products transportation delays.

Financial predictions were exacerbated in the initial phases of the world economic depression by an unprecedented decline in the price of oil production. Price of oil has now climbed from a low of approximately \$20 for a barrel in April 2020 to a level of \$40 to \$45 for a barrel by the end of 2020, indicating, in part, the drop in economic growth. Around early June 2021, the worldwide cost of Brent oil had surpassed \$70 for a barrel, a level it maintained until October, when it surpassed \$80 for a barrel.

Economic estimates became more optimistic in the first part of 2021, thanks to an anticipated recovery to pre-pandemic growth rates. Nonetheless, the global economic condition, as well as that of the majority of nations and regions, has been very unstable. Uncertainty over the extent and range of the health-care-related economic repercussions continues to affect threat and variability estimations in capital markets and business choice. Furthermore, changes in the business

environment have exacerbated concerns about the worldwide pandemic and the success of state initiatives aimed at containing its spread and preventing a later wave of illnesses. Businesses delayed financial decisions, cut off staff who had formerly been suspended, and in certain circumstances gone bankrupt at various periods.

Developments in the production and administration of vaccinations through the first half of 2021 created the possibility that social distancing requirements may be modified or eliminated, perhaps improving economic growth. Some predictions show that most nations' GDP growth rates in 2021 may outperform pre-epidemic estimates, whereas economic development in 2022 may recover. Such estimates, nevertheless, may be weakened by: a reemergence in viral situations, which could encourage authorities to reintroduce business and social shutdowns, ongoing supply shortages due to resource chains which have not recovered fully, as well as rising demand for building supplies, which is motivated by government projects and new apartment buildings construction.

Between late 2019 and middle 2020, the IMF, OECD and World Bank modified their predictions lower, indicating the weak economic status of the world economy and a significant decrease in predicted growth rates. For example, between October 2019 and January 2021, the IMF reduced its world economic development prediction for 2020 from 3.4 percent to 3.5 percent. The OECD anticipated the impacts of one as well as double wave of viruses in its June 2020 prognosis, with the forecasts for a single wave shown in Table 2.1. In May 2021, the OECD assessed that global GDP had decreased by 3.5 percent in 2020, compared to a December prediction of -4.2 percent, and would obtain a greater resurgence of 5.8 percent in 2021, compared to a March forecast of 5.6 percent. (OECD Economic Outlook (2021) p. 10) From January 2020 to January 2021, the World Bank reduced its economic growth prediction from 2.5 percent to a minus 4.3 percent. Many estimates predicted that developed economies will face the sharpest decreases in economic growth from 2019 to middle June 2020.

Table 3: Major Economic Forecasts, Percentage changes at annual rates

	World		Advanced economies		Developing economies		United States		
	2020	2021	2020	2021	2020	2021	2020	2021	
International Monetary Fund									
October 2019	3,4%	3,6%	1,7%	1,6%	4,6%	4,8%	2,1%	1,7%	
April 2020	-3,0	5,8	-6,1	4,5	-1,0	6,6	-5,9	4,7	
June 2020	-4,9	5,4	-8,0	4,8	-3,0	5,9	-8,0	4,5	
October 2020	-4,4	5,2	-5,8	3,9	-3,3	6,0	-4,3	3,1	
January 2021	-3,5	5,5	-4,9	4,3	-2,4	6,3	-3,4	5,1	
July 2021	-3,2	6,0	-4,6	5,6	-2,1	6,3	-3,5	7,0	
October 2021	-3,1	5,9	-4,5	5,2	-2,1	6,4	-3,4	6,0	
Organization for Economic Cooperation and Development									
Nov 2019	2,9	3,0	1,6	1,7	4,0	4,0	2,0	2,0	
March 2020	2,4	3,3	0,8	1,2	NA	NA	1,9	2,1	
June 2020 single	-6,0	5,2	-7,5	4,8	-4,6	5,6	-7,3	4,1	
June 2020 double	-7,6	2,8	-9,3	2,2	-6,1	3,2	-8,5	1,9	
Sept. 2020	-7,6	2,8	-9,3	2,2	-6,1	3,2	-8,5	1,9	
Dec. 2020	-4,2	4,2	-5,5	3,2	-3,0	5,1	-3,7	3,2	
March 2021	-3,4	5,6	NA	NA	NA	NA	-3,5	6,5	
May 2021	-3,5	5,8	-4,8	5,3	-2,3	6,2	-3,5	6,9	
September 2021	-3,4	5,7	NA	NA	NA	NA	-3,4	6,0	
World Bank									
January 2020	2,5	2,6	1,4	1,5	4,1	4,3	1,8	1,7	
June 2020	-5,2	4,2	-7,0	3,9	-2,5	4,6	-6,1	4,0	
January 2021	-4,3	4,0	-5,4	3,3	-2,6	5,0	-3,6	3,5	

Source: World Economic Outlook, various issues, IMF

Policy acts committed to prevent the spread of COVID-19 had a harmful effect on world trading, just as they had a damaging impact on world foreign investment inflows. Furthermore, governments developed different or extended foreign investment regulations connected to national safety, all while trying to balance actual national security threats with laws which some experts believe are essentially protectionist. Throughout 2020, numerous countries implemented national and international efforts to tackle the health and economic effects of the COVID-19 pandemic.

These measures, according to the United Nations Conference on Trade and Development (UNCTAD), involve subsidies and incentives to enhance domestic manufacturing of vaccines and personal protective equipment (PPE), as well as immediate government involvement via nationalization or instructions to expand production at infrastructure that currently produce PPE substances or to start manufacturing at other infrastructure. EU nations acted separately to change existing law or enact new regulations to broaden their consideration of foreign investments for safety grounds, especially those governing acquisitions of enterprises involved in the production of medical care and healthcare. In addition, Australia, Canada, and Japan have broadened the scope of foreign investments they consider. In several situations, legislative reforms involved increased foreign investment monitoring for "interest of the public" considerations, which may stay after the pandemic outbreak (IMF 2020: p.96).

Regulators and economic and industrial financial institutions had all predicted that the global economy would begin to revive in the 3rd quarter of 2020. Yet, an increase in viral infections in wealthy and poorer countries beginning in September 2020 postponed most of the predicted restoration to 2021. Several indications in the 3rd quarter showed that the worst of the economic recession had gone, even though the degree and depth of any macroeconomic stability remained uncertain. Like stated previously, the pace of economic growth in Europe and the larger OECD decreased in the final quarter of 2020 and will continue to do so through the 2nd quarter of 2021.

The development of more contagious forms of the COVID-19 virus caused governments to reestablish shut downs and restrict socio - economic growth in the 4th quarter. According to updated estimates, the pandemic had a smaller negative impact on global economic development in 2020 than had been predicted in the springtime, however the impacts might linger longer, with a weaker growth rate in 2021 and 2022.

The OECD anticipated that the downturn in economic growth in the 4th quarter of 2020, as well as the expected low growth and modest revival in 2021, would have long-term impacts on the global economy, including

- In many nations, production was anticipated to stay roughly 5% under pre-crisis levels in 2022, creating the prospect of significant long-term expenditures unfairly targeting impoverished people.

- Smaller businesses and entrepreneurs are much more prone to failure.

- Many low-wage individuals have lost their works and are therefore are compensated by unemployment compensation, with little hope of swiftly obtaining new positions.

- Impoverished people who are frequently lesser adequately served by safety net programs, saw a drop in their level of life. (OECD Economic Outlook 2021: p.8)

- Kids and teenagers among less affluent families, as well as less skilled grownup employees, struggled to work and study from homes, possibly causing long-term harm.

The potential of a vaccination originally indicated the end of company closures and social constraints, as well as a reduction in the pressure on authorities to pursue more monetary policies. In areas where vaccinations have still not been widely provided, authorities might just have to keep balancing competing needs of families, corporations, and local and state governments. Several states in the United States changed direction in late June 2021 to establish or reestablish social distancing regulations and shut companies that had begun to open as a response of an increase in new reported cases of COVID-19, increasing the potential of a postponed recover. A long revival might also put further financial stress on small and midsize enterprises, which are already facing cash limitations and the possibility of bankruptcy. However, inconsistencies in policy interventions throughout nations hampered a coherent approach. Its failure to respond may have damaged the world economy in the long run by undermining international diplomatic, industrial, and

economic connections, especially among nations that encouraged nationalism and those that advocated for a united worldwide reaction to the crisis (International Monetary Fund (2020) p.1).

Policy disagreements further increased tensions among developed and developing regions, as well as between south and north Eurozone members, calling into question alliances and traditional notions of national security, and generating concerns about the future of world leadership.

In several nations, the virus raised public health as a state security and economic concern on par with conventional issues of national security like terrorist attacks, virtual assaults, and the development of weaponry. The human and economic consequences of a pandemic might have protracted implications for economies due to catastrophic losses of life and employment losses that ruin jobs and irreversibly close firms. Fiscal and monetary policies enacted to avoid a financial catastrophe and preserve economic growth may have unintentionally exacerbated income and income disparity already exacerbated by the detrimental impact of quarantines and shut downs on service sector employees. The economic consequences may have deepened socioeconomic and racial cleavages and escalated social instability in several nations.

Although the scale and extent of the programs varied by nation, central governments in developed and developing economies employed a variety of fiscal measures to give financial help to the medical sector, families, and businesses. Tax reductions and tax deferred payments for citizens and companies, income increases for people, especially increased unemployment compensation, and other benefits to enterprises are all part of these initiatives. The United States Congress passed unprecedented fiscal expenditure initiatives, while other countries ignored customary borrowing limitations in order to raise fiscal spending in order to support economic growth. Governments in various emerging economies have supposedly implemented specific programs to give financial aid to "informal" employees, or people who do not work in standard job markets, such as family enterprises.

Nevertheless, in industrialized regions, as policymakers implemented fiscal packages to aid families, purchasers significantly increased their cost saving as users confronted restricted expenditure chances, a type of forced saving, and worries about jobs lost, earnings, and the direction of their economic systems, a type of cautionary saving. International institutions have also taken attempts to give credit and other forms of financial help to needy nations.

These and many other acts have been called "unexpected," a phrase widely used to define the pandemic and governmental reactions.

1.3. How did the world countries manage to support economic growth during the global pandemic?

Between middle february 2020 and early spring 2021, capital markets from United States to Europe and Asia jumped back and forth as investors fluctuated between optimism and pessimism raising fears that COVID-19 would cause a worldwide financial disaster with very few measurements to suggest how long and wide the economic consequences might be. The 24th of February, in particular, remains out like a red letter day, with major drops in financial sector index values from Europe, Asia, and the United States. Investors sought safe assets, like the standard U.S. Treasury 10-year stability, that saw its yield decline at under 1% for the first time on March 3, 2020.(Schneider F. 2018, p.1) In responding to accusations that the economic growth was in steep decline, the Federal Reserve reduced key interest rates on 3rd of March, 2020, to enhance economic growth, while the Bank of Japan launched in asset purchases to provide fairly short cashflow to banks of Japan. The Bank of Canada similarly reduced its benchmark interest rate. The International Monetary Fund (IMF) announced a 50 billion dollars crisis finance source for poor and developing nations, along with liquidity position in the Catastrophe Containment and Relief Trust (CCRT) (The Washington Post, Harris S. and Ryan M. (2020)).

To enhance vaccinations, the World Trade Organization's (WTO) the Director-General meet on WTO members along with vaccine producers on 15th of April,

2021, in order to expand manufacture, decrease trade sanctions, as well as postpone copyrights on COVID-19 vaccines. The WHO also announced that new COVID-19 patients have roughly doubled globally in the previous two months, surpassing the greatest infection rates ever since pandemic's beginning. According to reports, new cases have increased in every part of the world, with the greatest breakouts happening in Poland, India, Brazil, Turkey and a few other nations. On 15th of April, 2021, a group of former global presidents and Nobel prize winners asked the US to stop copyrights for COVID-19 vaccines in order to simplify worldwide vaccine manufacturing and distribution by enabling underdeveloped nations to make their local vaccines. According to the group, "... inequitable vaccine access would impact the global economy and prevent it from recovering." (Barron's, Levisohn B. 2020)

The WHO stated on sixth of April that it will build 1 or even more COVID-19 technological centres to transmit a "complete technological kit and deliver applicable technologies to relevant producers" in emerging economies. According to reports, the proposal's purpose is to either make the system free of intellectual property restraints in emerging nations, or to make these rights accessible under noncommercial agreements.

Because of worries about a weakening economy, China, who sustained favorable quarterly economic growth rate during the pandemic-related depression, allegedly explored a number of initiatives to bolster its rate of economic growth. On seventh of July in 2021, the Chinese Council announced that pandemic-related expenditure will be reduced in order to address worries about increased state debt and, possibly, to preserve low financing prices for small enterprises. The announcement also stated that the council backed the People's Bank of China (PBOC) lowering their reserve requirement ratio (RRR), which is widely regarded as one of the most powerful steps central banks may take to strengthen the economy.

According to the World Health Organization, 16 African nations suffered their hardest time of the crisis in early July 2021, due to increased numbers of cases and fatalities, with much higher amounts anticipated. South Africa, Zambia, Uganda and Namibia were among the most seriously impacted nations. According to the WHO,

the region was facing a 3rd wave of outbreaks as a consequence of the fast spreading Delta type. According to reports, fewer than 1% of the population of continent has been vaccinated. (The Washington Post, 2021: p.3)

International investors withdrew an anticipated 26 billion dollars from emerging Asian countries in the early stages of the virus, including more than 16 billion dollars from India, raising worries about a severe Asian economic collapse. According to some calculations, 29 million Latin Americans may slip into impoverishment, undoing a decade of attempts to reduce wealth disparity. Some experts were also concerned that, after evading the first spread of illnesses, Africa may experience a dramatic rise in infection rates outside of South Africa, Algeria, Nigeria, Egypt and Ghana, where the majority of the original cases had happened.

The Bank of Canada said in October 2020 that Canada's quarterly growth rate fell by 13.0 percent in the 2nd quarter of 2020, but increased by 4.4 percent in the 3rd quarter as business as well as other constraints were loosened and property sales recovered. The Bank also forecasted that development in 2020 would slow to 5.3 percent a year, but would rise to 6.0 percent in 2021 and 4.6 percent in 2022. On first of December, the Canadian parliament implemented a 1 trillion dollars financial stimulus plan to stimulate economic development, allegedly the greatest such financial stimulus plan package enacted since World War II. The program gave assistance to states and territories in order to strengthen infection control in long-term care institutions, to industries adversely damaged by the crisis, including as tourism, transportation, and the arts, as well as provide credit to qualifying organizations and poor and middle-income households.

In answer to a surge in infectious outbreaks, India stated on 25th of March in 2021, that it would momentarily cease export of COVID-19 vaccines and prioritize domestic immunizations. Because to an increase in infections, Brazil and India were declared worldwide viral disease hot regions in April 2021. On 6 May, India recorded 412,000 new infections in a single day. By 2 July, India's pandemic number of deaths had exceeded 400,000. Almost 350,000 viral-related deaths have been

documented in Brazil; in some areas, COVID-related everyday losses have surpassed daily births.

In April 2021, India revealed that its GDP rate decreased by 25.8 percent in the 2nd quarter contrasted to the 1st, increasing fears that the nation would face its most serious economic recession on history. According to later predictions, India's GDP increased by 23.7 percent in the third quarter of 2020, showing greater level of customer expenditure, and by 7.9 percent in the fourth quarter. November 12, India's minister of finance presented a significant \$35 billion fiscal program aimed at increasing private consumption and assisting manufacturing, farmers, and exports. The action came after India's government announced a \$27 billion expenditure plan to offer benefits to production businesses, particularly vehicles, auto components, medicines, fabrics, and food goods, over a five-year period (ABC NEWS, Sharma A. 2020).

As a result of the return of cases and repeated economic lockdowns, the IMF said that advanced nations required to preserve fiscal assistance for individuals and business as one of the most effective way to bolster their economies. The IMF claimed that this assistance was required because the world economy was in something economists call a Keynesian liquidity trap, titled for economist John Maynard Keynes. In theory, a liquidity trap occurs whenever central banks' key interest rates are low that they have little influence on consumer and business behavior via normal channels. According to the IMF, central banks had lowered interest rate under 1% across 60% of the world economy, and in one-fifth of the world economy, rates of interest were under zero. Under these conditions, analysts often suggest that manipulating fiscal policy, or state taxation and spending, is the more efficient policy factor for enhancing the economic growth rate.

Considering the increasing effects of the crisis on financial markets and economic development, the Federal Reserve (Fed) implemented a variety of initiatives to enhance financial and economic stability, including "lender of last resort" and monetary policy functions. These kind of steps were designed to boost economic growth by lowering rate of interest; others were designed to give liquidity

to financial markets, allowing businesses to obtain required finance. The Fed stated in its announcement that “The COVID-19 outbreak has harmed communities and disrupted economic activity in many countries, including the United States. Global financial conditions have also been significantly affected.” (Federal Reserve Issues FOMC Statement, 2020). On 31st of March, 2020, the Trump Administration stated that charges on Chinese imports of textiles and light vehicles would be suspended for 90 days, but not on other consumption goods and metal. The content of a new spending plan to assist the US economy was discussed in October by Congress and the Trump Administration. On 11 March, 2021 the United States Congress enacted the American Rescue Plan Act (P.L. 117-2) and President Biden signed into law.

The Biden administration declared on 5th of May in 2021, that it will encourage international efforts to ease copyright limitations on COVID-19 vaccine manufacturing for poor economies. Prior to this official statement, advanced economies, including the United Kingdom, the US, the European Union and Switzerland had restricted a World Trade Organization proposal by more than 80 underdeveloped nations to lift patent and copyright constraints on the manufacturing of COVID-19 vaccines. On June 4, 2021, the EU confirmed that it would refuse the US offer to eliminate IP protections and would instead implement a three-point scheme which included (1) sustaining export ban; (2) stimulates vaccine producers to start negotiations arrangements with manufacturers in emerging economies as well as escalating vaccine materials to vulnerable regions; and (3) utilizing current WTO rules to give permits to manufacturers without the permission of the patentholder (Reuters, Blenkinsop P. 2021).

According to the June median prediction, U.S. GDP between 2021 and 2023 is expected to increase at a little fast pace in 2021, but at roughly the same rate in 2022 and 2023 as in March; the rate of unemployment remains unchanged at 4.5 percent; and the inflation rate could increase by 1.0 percent above the rate predicted in March. The likely range for GDP in 2021 is 6.3 percent to 7.8 percent, or 0.5 percent to 1.0 percent higher than the previous prediction, with a probable rate of unemployment of 4.2 percent to 5.0 percent, which is close to the former prediction. The Fed stated

that their projection was based on the best accurate evidence, but that there was "significant doubt" about it.

In addition, the Fed indicated that it will maintain its dollar liquidity exchange lines with some countries before 2022 in order to promote cash flow in the worldwide US dollar financial markets. The exchange lines involve roughly to 60 billion dollars for Korea, Sweden, Brazil, México, Singapore and Australia; as well as nearly to 30 billion dollars for New Zealand, Norway and Denmark.

In the initial phases of the virus, European governments did not implement a coordinated fiscal policy action, as they did during the 2008-2009 global economic crisis. To counteract the economic effect of the pandemic, EU nations utilized a mixture of domestic fiscal policies and ECB bond purchases. Individual governments implemented quarantines and necessary company closures, as well as traveling and border restriction, tax breaks for firms, delays of some payments and loan guarantees, and employee and company incentives. The European Commission argued for more EU member collaboration in creating and implementing fiscal and monetary measures to mitigate the economic impact from the viral pandemic.

The United Kingdom has adopted a variety of initiatives to promote economic growth, which are likely to mitigate the UK economy's damages. In May 2020, the Bank of England (BOE) predicted that the UK economy will drop by 30% in the first half of 2020, but afterwards recover significantly in the second half, demonstrating a "V" shaped rebound. In addition to the monetary policy, United Kingdom Chancellor of the Exchequer Rishi Sunak suggested a country's budget on 11 March, 2020, that would include nearly 3.5 billion dollars in fiscal expenditure to offset the negative economic impacts of the pandemic, as well as a rise in legislated sick days of approximately 2.5 billion in funds to small and midsize enterprises to provide up to 14 days of sick pay for employees. When lay down, the program would pay up to 80% of their wages, or up to £2,500 per month (about \$2,800). According to some predictions, the United Kingdom's economic assistance spending will increase to over \$60 billion in 2020. The programme, known as the Coronavirus Job Retention Scheme (CJRS), was set to begin on March 1 and was

supposed to last through May, but it was prolonged until the end of June 2020 (Financial Times, Payne, Sebastian and Chris Giles, 2020).

On March 3, 2021, Chancellor of the Exchequer Sunak suggested a £65 billion financial aid plan spanning over two years to help UK companies and individuals rebound from the pandemic's economic impacts. The Chancellor defended the investment by claiming that the UK economy would not completely recover for at least five years. The total amount to the UK economy of solving the pandemic-related economic downturn was anticipated to be £407 billion above two years if state-supported policies are extended into the summer. The expenditure plan was projected to be accompanied by substantial growth in business and individual taxes beginning in 2023. Given the projected tax changes in the coming years, some experts may argue that the expenditure program will fall short of the anticipated stimulative benefits. In response to an increase in virus infection, UK Prime Minister Boris Johnson declared a four-week extend of social constraints and corporate shutdowns on June 14, 2021, substantially postponing the UK economy's return to pre-pandemic performance. Despite being warned from UK health authorities that the spreading rapidly Delta highly contagious version might consequence in 100,000 deaths a day by the end of summer, Prime Minister Johnson reported in early July that England (exclusive of Scotland, Wales, and Northern Ireland) will indeed eliminate all social restrictions by July 19, reached a record log of 60,000 deaths a day (Financial Times, Payne, Sebastian, Pickard J. and Thomas D. 2021).

According to a current CRS In Focus, China will be the first large country to report a recovery to economic growth after the COVID-19 outbreak in June 2020. The report indicated 3.2 percent GDP growth in the 2nd quarter in 2020 and 4.9 percent GDP growth in the 3rd quarter in 2020. However, China is still dealing with the economic consequences of the COVID-19 pandemic, such as slow internal consumption, a long recovery in its key export markets, as well as a dependence on government expenditure and exporting to increase initial growth. China is also facing increasing constraints on its abroad commercial business and openness to external technology, as well as efforts on businesses to expand their China-based

supply chains. In this context, China's leaders are contemplating the country's economic strategy and country's industrial goals for another 5 to 15 years.

China has contributed an estimated 506 billion dollars for boost since February 2020, and the government's fiscal deficit goal has been raised to a record level of 3.6 percent of GDP, up over 2.8 percent in 2019. China decreased the VAT rate and implemented VAT exclusions for some products and services. China's central bank provided financial assistance by lowering interest rates, relaxing credit terms, and injecting money into banks. According to the IMF, the fiscal actions and funding strategies outlined equal to 4.1 percent of China's GDP as of July 2020.

The presidents of the G-7 countries (United Kingdom, France, Germany, Italy, Japan, the Canada, and the United States) gathered by teleconference on March 16, 2020, to debate and organize their policy responses to the economic impact from the worldwide spread of COVID19. The G-7 leaders emphasized their intention towards doing " whatever is necessary to ensure a strong global response through closer cooperation and enhanced cooperation of efforts" in a joint statement issued following the emergency teleconference meeting. The countries agreed to organize research programs, ensure the capacity of medical devices, mobilize "the full range" of policy tools, such as fiscal and monetary measures and also aimed actions, to support workers, businesses, and industries most influenced by the spread of COVID-19, assignment finance ministers with weekly coordination, and direct the IMF and World Bank Group, as well as other international organizations, to assist countries.

Saudi Arabia, the G-20's 2020 chair, organized an emergency G-20 conference on 25 March to debate how to respond to the crisis. The G-20 is a bigger group of economies that includes the G-7 nations as well as a number of key developing markets. During the global economic crisis, global leaders agreed that the G-20 would be the main platform for international economic cooperation from then on. Some experts were shocked that the G-7 was ahead of the G-20 in reacting to COVID-19, while others questioned if the G-20's bigger size and diversity of economies made coordination more challenging. Experts estimate that the latest G-

7 and G-20 summits will mark a change toward stronger international collaboration at the top (leader) levels in combating the economic impact from COVID-19 spread.

CHAPTER II. ANALYSES OF AZERBAIJAN'S ECONOMIC DEVELOPMENT IN THE CONDITION OF THE CORONAVIRUS (COVID-19) CRISIS

2.1. Features the development of the republic economy structure during a pandemic

The remarkable rapid development which Azerbaijan's economy has had since the beginning of the new millennium ended abruptly in 2014, when worldwide oil prices fell. Ever since, the government has worked hard to find new opportunities for growth other than oil, the economy's foundation.

The old Soviet Union did not fully explore Azerbaijan's oil resources due to the poor level of technology used in the oil sector. However, since Azerbaijan's independence in 1991, there seems to be substantial oil research and growth in the Caspian Basin. The nation has a substantial agricultural land base, accounting for 57.7 percent of the overall land area, about half of which is fertile.

After independence, Azerbaijan's economy has gone through four major stages: recession (1991–1994), reformation (1995–2003), oil boom (2004–2014), and slowdown beginning in 2015. During the oil boom, the oil and gas industry was the primary contributor to the country's robust economic development until the oil price crash.

During the oil boom period, the sector contributed the most to GDP development in both the non-oil and oil industries, accounting for 70.9 percent of the overall growth. As oil prices began to collapse, GDP growth slowed to –0.8 percent in 2015, yet industry (non-oil and oil) remained to provide the majority of GDP, at 248.5 percent, whereas agriculture and services contributed significantly less. Despite the economic downturn, the agricultural sector's growth rate has gradually increased, rising from an annual average of 3.5 % during the oil boom to 4.5 % during the economic downturn (<https://www.stat.gov.az/source/agriculture/>, 2018).

It is critical to examine the consequences of a dramatic drop in world oil market prices on the macroeconomy. From 2015 to 2017, the government responded quickly

to the oil price drop by decreasing output. Because of deteriorating bank balance sheets and rising dollarization, the central bank terminated troubled banks, reorganized the state-run International Bank of Azerbaijan, that was in financial distress,⁶ and reduced dollar lending restrictions. Aftershocks included rising inflation, a significant decline in the current account surplus, a budget deficit, and public concerns about the banking sector's dependability. The 2016 budget boosted capital and current spending, which led to greater public sector pay, pensions, and social security spending.

According to the State Statistics Committee of Azerbaijan, GDP fell 3.8 percent in 2016 after CESD estimations revealed a 4.4 percent drop in the economy. According to State Statistics Committee statistics, the primary cause of the economic downturn was a fall in the construction industry. In 2016, the construction industry had a 27.6 percent drop. The committee reported that 59,98 billion manat (\$ 37.49 billion US, based on the official average rate for 2016) of GDP was created over the specified time.

Table 4: Main Economic Figures in 2016 in Azerbaijan

Main Economic Figures	Government Report	CESD Report
Gross domestic product Growth	-3.4 %	- 4.4 %
Non-oil Gross domestic product Growth	-5.6 %	-6.1 %
Rate of Inflation	12.4 %	18.6 %
Increase in Industrial Manufacturing	- 0.4 %	- 0.7 %
Agricultural Output	2.6 %	2.6 %
SOFAZ Assents (October 01 st ,2016)	\$ 35, 822 billion	N/A
Salary (monthly)	\$ 313.7	\$ 420.0
Poverty Level	5,6 %	12,5 %
Exports	\$ 8,3 billion	N/A
Imports	\$ 7.7 billion	N/A
Excess/ Deficit	\$ 0.6 billion	N/A
Revenues	17,501 billion AZN	N/A
Expenditures	17, 742 billion AZN	N/A
Excess/ Deficit	- 241,2 million AZN	N/A
Citizens' revenue increase	% 8.7	% 8,1

Gross domestic product Per Capita	6223 AZN	\$ 3700
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Source: State Statistic Committee of Azerbaijan Republic and CESD, January 2017

In 2018, the rate of Azerbaijan's real poverty is lower than other Soviet countries, with 5.1%. Inflation remained moderate, with yearly consumer spending climbing to 2.8% in 2020. While inflation in Azerbaijan's Central Bank remained in the goal range with 4.2 percent, the CBA kept its rate of policy interest at 7.25% during 2019 and beginning of 2020.

In 2019, Azerbaijan's foreign trade balances declined. Due to constant exports and a growth in importing, the products trade balance fell to 12 percent of GDP in 2019. (from 17 percent in 2018). Although GDP per capita increased throughout time, it began to shrink again after 2019.

Unfortunately, COVID-19 affected its economy in ways other than lowering oil prices. Many individuals lost their jobs and companies had to close during the specific quarantine periods. According to official figures, 25,016 persons were recorded as jobless in 2019. Unemployment rose dramatically in 2021, with 300,000 persons officially reporting as jobless. This equates to a 40% increase in such a short amount of time. Moreover, these data only include residents who were formally proven to be jobless, therefore the true rate might be substantially higher.

Since the beginning of 2020, the government of Azerbaijan has exhibited a swift response to the widespread distribution of the COVID-19 virus in numerous places across the world. President Ilham Aliyev issued an order establishing a headquarters under the Cabinet of Ministers to analyze the effects of the pandemic, adopt social isolation actions, and mitigate the economic damage. On March 24, the government established a "Special Quarantine Regime." Border closure, the ban of mass meetings, limits on local movements, the closing of restaurants and other enterprises, airports, and bus terminals, and also isolation and cleaning of public places, were among the measures implemented. A short- and medium-term plan for implementing the President's Order has been developed in order to mitigate the negative impact of the pandemic and, as a result, dramatic oscillations in world

energy and stock markets on the economy, economic stability, work opportunities, and entrepreneurship in the country (https://ereforms.gov.az/az#_ftn1,2020). The country's first economic aid package was equal to 3.1 percent of GDP (IMF, Policy Responses to COVID-19, 2020), and it is expected to be followed by a second package that includes the three primary kinds of assistance listed below:

1. Stimulation of economic growth and entrepreneurship
2. Employment and social welfare aid
3. Financial and macroeconomic stability

Stimulation of economic growth and entrepreneurship

a) Implementation of time-critical measures to mitigate the effects of pandemics on the domestic economy in the short-term:

- For urgent cooperation of economic institutions' operations
- For workplace safety and social stability
- To raise economic transparency
- To provide tax benefits for economic activity maintenance
- To provide government credit guarantee help to the economy and entrepreneurship
- For the application of enhanced assistance measures in pandemic-affected areas of activity

b) Immediate steps must be taken to adopt the new economic development model in the post-pandemic period

- Maintaining the current economic growth rate and employment;
- To lessen reliance on the oil and gas industry;
- Prepare suggestions for implementing the following improvements to enhance the state property management system;
- Establishing the Azerbaijan Construction Corporation and planning recommendations for the application of relevant operations in order to speed up city and regional development;
- Change the relevant legislation to make it more conducive to the growth of public partnerships.

Employment and social welfare aid

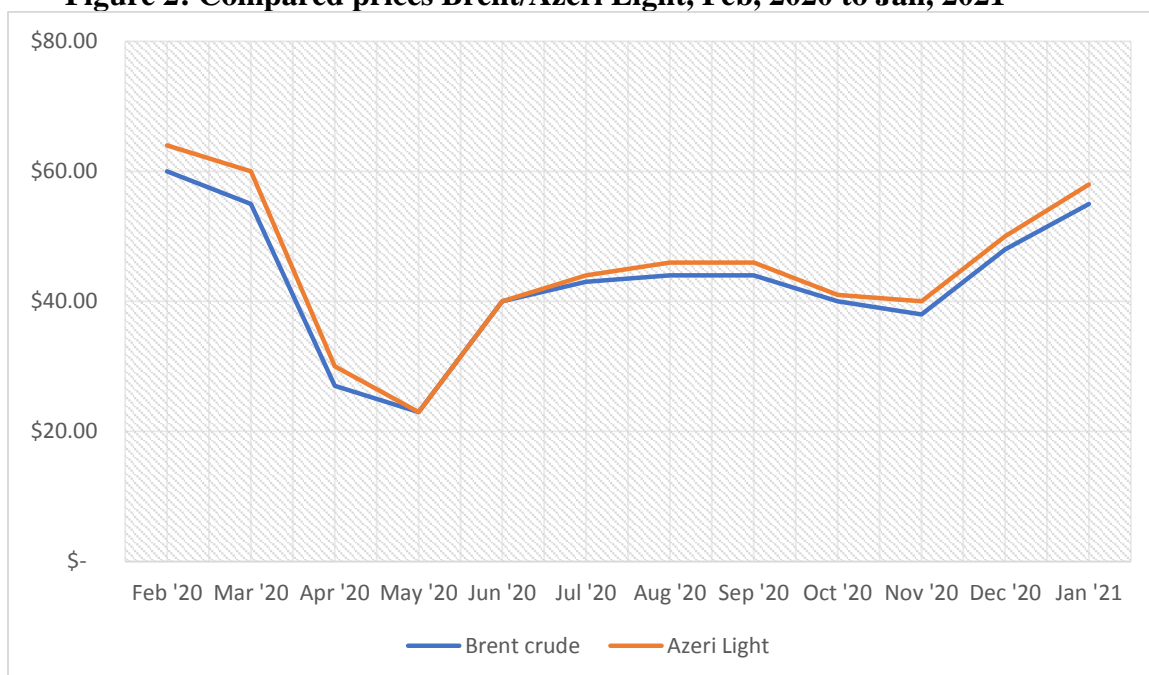
- For the protection of public-sector workers from joblessness and also for their social security;
- Secure paid staff in the non-government sectors from the possibility of loss of their jobs and maintain their social insurance;
- For the employment and social protection of people who have been laid off or fired;
- In order to improve the social protection of the most needy persons.

Financial and macroeconomic stability

- Create a macroeconomic legislative framework that takes into account the current economic circumstances.
- Depending on the financial position, expand the sterilizing portfolio.
- Allow credit institutions a regulatory holiday in order to control the responsibilities of entrepreneurs operating in pandemic-affected regions under the quarantine regimen.
- Take broad efforts to reinforce capital-flow control and improve the currency regime's efficiency.

In actual terms, national production fell by 2.7 percent in the first half of 2020 compared to the first quarter of 2019. The drop was caused by a drop in the petroleum (2.9%) and non-oil and gas industries (2.5%). Likewise, GDP per capita fell by 3.4 percent throughout this same period. While it is a significant decline, this should be recalled that the majority of the demand shock occurred in mid-March. Given that the specific quarantine regimen was prolonged till August 31st, the output reduction in the 2nd quarter might be substantially more severe. The lowest price for "Brent" oil in April 2020 was reported to be about \$19.33 per barrel. In April 2020, the price of Azerbaijani oil "Azeri Light" was calculated to be \$15.81 per barrel (the lowest in Azeri Light brand history).

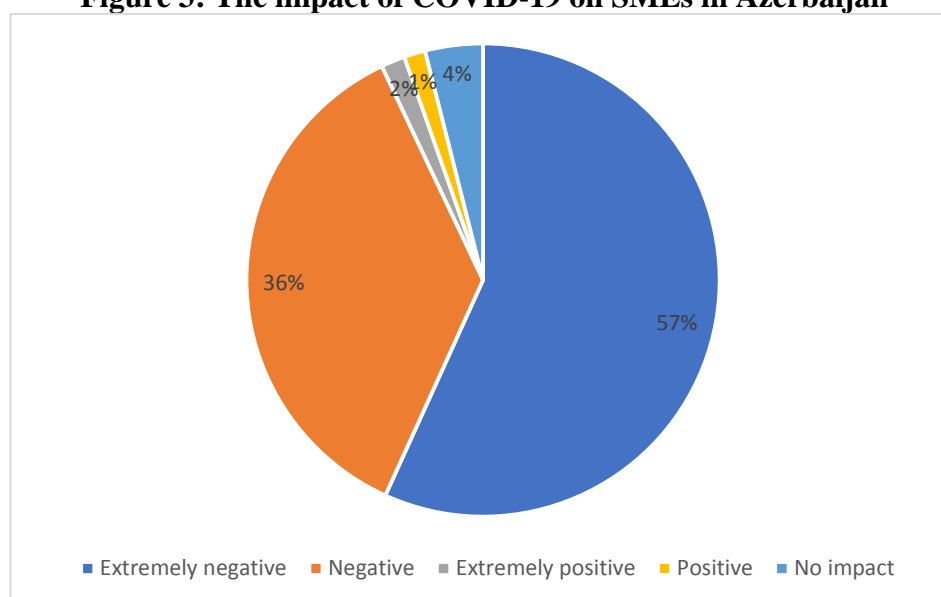
Figure 2: Compared prices Brent/Azeri Light, Feb, 2020 to Jan, 2021



Source: oilprice.com

The COVID-19 outbreak had a huge effect on Azerbaijan's small and medium-sized businesses. Due to the lockdown, about 92.96 percent of the firms participated in the scientific study indicated that COVID-19 has either significantly badly or impacted negatively company operations, with 56.78 percent as well as 36.18 percent respectively. In contrast, just 3.09 percent of organizations reported an extremely favorable or positive effect of the outbreak on the businesses, while 1.64 percent and 1.45 percent, correspondingly, had a negative impact. Only 3.95 percent stated they were unaffected. Businesses in Azerbaijan's main cities experienced substantial financial challenges (65.86 percent), a decline in demand (46.03 percent), supply chain disruption (48.67 percent), and a decrease in sales and profit (37.23 percent).

Figure 3: The impact of COVID-19 on SMEs in Azerbaijan



Source: <https://www.scirp.org/>

In the transport industry, monthly average commuter transit was close to 150 million from January to March, but this figure dropped significantly to 70 million in April, owing to the prohibition on overseas travel and limited internal movements during the lockdown. A partial easing of the requirements led to a 90 million increase from May to June. Between January and June of this year, the total number of passenger transports decreased by 30% compared to the same time in 2019. Furthermore, shipping dropped by 14%. The retail trade volume decreased by 1.9%. Azerbaijan's GDP from transportation climbed to 1173.10 million manat in the 3rd quarter of 2021, up from 1075.60 million manat in the 2nd quarter. According to estimates, Azerbaijan GDP From Transportation is expected to rise approximately 1211.00 million manat in 2023 and 1230.00 million manat until 2024.

Table 5: Income from transportation from 2015 to 2020

Income from passenger conveyance in transport sector, 1000 manats						
	2015	2016	2017	2018	2019	2020
Total	916 207,0	1 005 292,0	1 175 120,0	1 360 696,0	1 956 159,0	912 765
Railway	12 130,0	13 158,0	14 240,0	14 674,0	16 600,0	4 248
Sea	812,0	698,0	932,0	1 615,0	2 284,0	1 128
Air	296 907,0	336 421,0	461 998,0	528 459,0	1 018 198,0	343 383
Road	563 353,0	612 753,0	653 628,0	761 762	850 160,0	542 383

bus	423 802,0	458 130,0	487 691,0	578 402	643 571,0	408 815
taxi	139 551,0	154 623,0	165 937,0	183 360	206 589,0	133 568
Tram	-	-	-	-	-	-
Trolleybus	-	-	-	-	-	-
Metro	43 005,0	42 262,0	44 322,0	54 186,0	68 917,0	21 623

Source: <https://www.stat.gov.az/source/transport/>, 2020

However, there are no actual output statistics on tourism and allied businesses (e.g., food and beverage, entertainment, and transportation), it is anticipated that these industries are among the worst impacted. According to the World Tourism Organization, global foreign tourist arrivals might fall by 20-30% by 2020. It could result in a loss of between US\$ 0.5 and 0.8 billion for Azerbaijan. Tourism is one of the most severely impacted economic industries by the Covid-19 pandemic. Nations with a significant percentage of GDP from tourism have been especially badly impacted, and the harm is still being done. Countries that prioritize tourism, such as Azerbaijan, should pay special attention to economic diversification, considering the economic effects of potential pandemics and other crises.

Economic effects of Covid-19 outbreak on the output of the main sectors of the economy in the regions of the country were not severe. Even though there are no irreversible impacts, still some economic regions of Azerbaijan were quite affected.

Table 6: Output of the main sectors of the economy in the regions of the country, in thousands of manats:

	2018	2019	2020	2021
Baku	62499899,3	60910418,7	51599409,0	70089631,4
Naxçıvan Muxtar Respublikası	3527384,5	3613702,4	3687845,0	3814584,6
Absheron-Xizi economic region	3062549,6	5313943,8	5596475,0	6061856,9
Mountainous Shirvan economic region	883300,6	1026125,8	868018,1	964541,6
Ganja-Dashkasan economic region	1856631,7	1864588,4	2089852,7	2250217,6
Karabakh economic region	1526510,2	1568892,5	1548949,3	2832955,1
Qazakh-Tovuz economic region	1867578,6	2286132,1	2425619,1	2388031,8
Guba-Khachmaz economic region	1723679,5	2132731,7	1969931,7	2129363,9
Lankaran-Astara economic region	1887207,7	1822878,9	1752331,9	1981476,0
Aran economic region	2173168,4	2461707,3	2392112,2	2438823,9
Mil-Mughan economic region	1551052,1	1793635,8	1698249,3	1964945,5
Shaki-Zagatala economic region	1639436,7	1879769,6	1981891,4	1784467,3
Eastern Zangezur economic region	105017,7	124122,1	133198,5	966169,1
Shirvan-Salyan economic region	2190359,3	2307708,2	2039873,6	2145335,0

Source: <https://www.stat.gov.az/source/regions/?lang=en>, 2021

Economic recession will cause a burden on fiscal balance and will almost certainly breach fiscal rules. Loss of customers, along with geopolitical concerns, led to a sharp decline in oil prices, as well as the possibilities for oil price revival remain negative. As a result, Azerbaijan faces a threefold macroeconomic burden:

1. Drop in non-oil economic activity: The lockdown prevented many non-essential economic activities, resulting in lesser income.
2. Reduced oil earnings: In early June, oil revenue was about US\$ 40 per barrel, which was lower than what was incorporated in the budget 2020 (US\$ 55).
3. Spending increases: The GPA proposed an assistance package worth 3.1 percent of GDP (https://www.stat.gov.az/source/system_nat_accounts/?lang=en, 2020), which will be accompanied by a second offer. By early May, 533 million manats had been earmarked to tackle the outbreak as well as its economic ramifications.

One-time payments (229 million manats), wage help (69 million), increased financing to the Mortgage Fund (40 million), help to small entrepreneurs (55 million manats), plus financial support to SOEs were major spending categories underneath this funding package (90 million manats) (Ministry of Finance Republic of Azerbaijan, 2020).

The global economic crisis impacted demand for Azerbaijani commodities, mostly petroleum. Italy, Azerbaijan's major export client, was one of the most impacted nations by Covid-19. Furthermore, the drop in oil prices has had a significant impact on the value of Azerbaijani goods. Such changes are expected to be exacerbated by decreased worldwide consumption of oil. The International Energy Agency (IEA) predicted reduced worldwide oil consumption in 2020/21 as a result of the coronavirus and delayed movement (The World Bank, Annual Remittances Data, 2021).

Azerbaijan's economy is experiencing unprecedented problems as a result of two economic shocks: falling oil prices and a coronavirus outbreak. Such shocks have the potential to have serious socioeconomic implications if they are not handled properly as it is mentioned at the early paragraphs. Mentioned macroeconomic repercussions were followed by a large human cost, involving lost income and a detrimental impact on millions of people's health and education. Considering that, the crisis provides a once-in-a-lifetime chance to implement and speed critical changes in order to rebuild better. As a result, at this key moment, macroeconomic policy should not only try to limit the immediate impact on the economy, but also address long-term structural concerns.

2.2. The economic growth of anti-Covid-19 policy the republic government

In an attempt to minimize the economic impacts of the Covid-19 pandemic, Azerbaijan contributed the greatest proportion of GDP among post-Soviet Union countries. Azerbaijan's post-Soviet economy has been heavily reliant on oil and gas, accounting for 45 percent of GDP. Growing energy exports via the Baku-Novorossiysk Pipeline, the Baku-Tbilisi-Ceyhan Pipeline and the Baku-Supsa

Pipeline have contributed to the country's rapid economic boom over the years. Following the 2014 crisis, when world oil prices nearly dropped, Azerbaijan's economy expanded at a sluggish pace (2.2 percent). Throughout this time, the authorities concentrated on developing non-oil sectors such as hospitality, tourism and agriculture. However, in 2021, Azerbaijan's economic growth and GDP showed increasing tendency in comparison with 2020. It can be seen from the table which is created by the State Statistical Committee of the Republic of Azerbaijan.

Table 7: Macro-economic indicators and social development of the country (January-December, 2021)

Indicators	2021, actual	2021 compared to 2020, percent	2020 compared to 2019 , percent
Gross domestic product, (million manat)	92 857,70	105,6	95,7
including: non-oil Gross domestic product	57 786,20	107,2	97,4
Gross domestic product per person, (manat)	9 269,30	105,1	95
Industrial production, million manat	54 480,50	105,2	96
including: non-oil sector	15 457,20	118,9	111,9
Investment for fixed capital, (million manat)	16 127,00	91,8	92,7
including: non-oil sector	10 361,50	90,4	88,4
of which non-oil industry	1 563,00	49,8	90,1
Agriculture production, million manat	9 163,40	103,4	102
including: cropping	4 511,00	104	100,8
animal breeding	4 652,40	102,8	103,1
Cargo shipping in transportation industry, million tons	193,9	102,8	80,2
Passenger transport in transportation industry, million passenger	1 214,20	103,1	57,3
Information and communication offers, million manat	2 384,20	106,1	100,8
Retail trading movement, million manat	44 217,50	103,2	98,7
Paid services provided to the citizens, million manat	7 758,20	104,8	72,1
State budget income, million manat	26 419,10	107	101,9
State budget expenditure, million manat	27 412,80	103,8	108,1

State budget deficit, million manat	993,7	x	x
Population nominal earnings, million manat	57 181,50	102,6	98,2
Per person, manat	5 708,00	102,2	97,5
Population assets in banks as of December 1, 2021, million manat	9 051,70	114,5	91,1
Credit exposure, for 01 December, 2021, million manat	16 700,60	113,8	97,1
includes past-due credit	786,3	85,2	65,4
Average nominal monthly income, manat	724,1	102,9	112,9
Consumer Price Index (CPI)	x	106,7	102,8
Population in thousand people as of December 1, 2021	10 152,80	100,3	100,6
International trade activity in millions of dollars			
real prices	30 746,30	140,7	72,9
compared prices	x	100,8	78,4
including: export			
real prices	20 336,40	167	69,3
compared prices	x	110,4	88,8
of which export of non-oil			
real prices	2 359,8	144,1	92
compared prices	x	133,8	82,1
import			
real prices	10 409,9	107,7	78,1
compared prices	x	88,8	63,7

Source: <https://www.stat.gov.az/news/macroeconomy.php?page=1&lang=en>, 2021.

To compare, the pandemic's aftermath had been visible in the first period, with GDP fell by 2.0 percent in Germany. The effect was seen most acutely in the second quarter, when GDP plummeted by 9.7 percent, the largest quarterly decrease on record. In contrast, GDP increased by 8.5 percent in the third quarter, as an easing of restraint policies and a restoration of international trade led to a partial return of output in both manufacturing and services. In comparison to other European nations, Germany's handling of the COVID-19 situation has so far been effective. The healthcare had carried out efficiently the problem, economic effect on workers has also been lessened by provisions for vacation absence, company assistance was vital as well as immediately accessible, and the authorities has already been quick. The economic mitigation strategy is distinguished by the mobilization of monetary backing totaling 1,200 billion euros, as well as by its practicality. Germany is, in reality, discarding the "black zero" strategy, i.e. a balanced budget with no debt,

which has been in place since the previous financial recession. Some parts of the first response to the coronavirus outbreak, including a prohibition on medical devices export to European union member states or border closures to adjacent nations, obfuscate the global picture.

Japan's governmental reaction to the outbreak has indeed been outstanding, contributing to the country's economic recovery. Because of containment efforts, Japan experienced considerably lower incidence of COVID-related illnesses and fatalities than other advanced nations. The government passed 3 major extra budgets, causing the shortfall to rise from 2.4 % of GDP in 2019 to 8.3 % of GDP in 2020 and 7.2 % of GDP in 2021. The measures were designed to offer assistance to families, keep jobs, and provide lines of credit to businesses. By providing abundant liquidity and extending asset purchases, the Bank of Japan (BoJ) eased funding for enterprises while also maintaining financial market stability.

The initial stages of the outbreak caused the United States to enter a crisis in February in 2020. The COVID-19 crises sent United States share market into bear market status in March in 2020, with the S& P 500 unable to regain which was before high points till June 2020. In April 2020, the rate of unemployment in the United States reached 14.7%, the highest level ever since Great Depression. GDP dropped 3.5% in 2020 which was the first time it fell since 2009. Fiscal policy, rate of interest, quantitative easing, including credit initiatives are just a few of the ways the Fed has attempted to support the economy. The administration additionally adopted various legislation, like the CARES Act as well as the American Rescue Plan Act, to give assistance to companies and individuals. These laws include foreclosure and bankruptcy prohibitions, payroll safety, college debt postponement, even stimulation payments, to name a few essential components.

As for developing countries, Malaysia has decreased electricity prices, offered free wifi, also supplied direct help to the underprivileged, government workers, including pupils. Furthermore, throughout the pandemic, the most impacted tourism operators got compensated 144 USD each month, with medical workers receiving an extra 150 USD each month. Saudi Arabia, Morocco, Egypt, Iran, as well as

Georgia have given cash and direct payments to needy families. Some families of healthcare professionals who died in Uzbekistan as a result of coronavirus have given a one-time payment of \$10,000 USD. Qatar has granted customs incentives for small and medium-sized enterprises importing food, health products, and technology, freed the populace from utilities, also launched a 20.6 billion USD compensation package for the nation of 2.83 million citizens.

Nonetheless, the simultaneous shocks (Heinrich, A., Herrmann F. and Pleines H. 2019: p.136) of falling oil prices and the COVID-19 pandemic have elevated the likelihood of poverty and social instability for oil-dependent countries like Azerbaijan, that lacks the monetary resources to handle both crises. Furthermore, the substantial decline (30 percent) in demand for petroleum as a result of worldwide lockdowns has had a detrimental influence on the government's earnings, creating a dramatic fall in financial and trade flows as well as significantly impacting income from the country's tourist and hospitality industries.

To fight the crisis's negative socio - economic impact on the country, the government has implemented a significant support package for the unemployed (5.5 percent in 2019) (Heinrich A., Herrmann F., and Pleines, H. 2019: p. 146) and medium and small businesses, issued government assurances for deposit accounts, as well as generated a rescue package worth 2.5 billion AZN. The plan provides corporate help varying from tax breaks to promotions. The packages included a social insurance system that would provide financial assistance to the unemployed (approximately 600,000 citizens could receive 190 AZN for every month) as well as help and support to companies in the way of tax cutbacks, new mortgage subsidization, and a financial assistance plan worth approximately 80 million AZN for 300,000 person (micro) businessmen working in the pandemic-affected sectors.

Updates in Tax System were passed in June 2020, providing incentives to companies harmed by the virus (Ersado, L. 2006). The changes exclude some industries from tax for estate and land for a year, including some institutions, tourism and other industries like transportation. Profit taxpayers were likewise exempt for the amount of 75%. Healthcare security services and nutrient items were excluded from VAT.

Azerbaijan authorities have donated five million dollars to the pandemic budget as part of the WHO's Program. Some countries like China and also Turkey have also provided medical assistance to Azerbaijan as medical personnel and supplies. Moreover, the Azerbaijan Central Bank held currency sales along the participation of the State Oil Fund and fulfilled overall foreign exchange needs with the declared price of 1,7 AZN/USD.

The Covid-19 virus outbreak has adversely affected a number of populations financially. Which include young people (because they are more probable to be unemployed), employees in tourism as well as health treatment (most of whom are women), and freelance employees (informal jobs). Certain requests seeking financial help throughout the outbreak was turned down because they are married, or possessed a vehicle recorded under their possession, or owned property. There were no formal government aids for people whose working in the informal sector because operations were hampered by the lockdown. As a consequence, numerous members of these marginalized people caught in a "vicious circle."

Nonetheless, the government's welfare support policies excluded many poor people – remote parts of the country and also those people who is working in the Azerbaijan's shadow economy. International Monetary Fund (IMF)'s researches showed that Azerbaijan's shadow economy accounted for 52.2 percent of its income in 2018, ranking the country's economy top 15 among 158 nations studied (The World Bank, Arezki R. and Nguyen H., 2020). The driving factors of Azerbaijan's large-scale shadow economy as well as its growth are an absence of anticorruption regulations and a lack of community transparency. Entrepreneurs' tactics are a major barrier to conducting business in the informal sector in Azerbaijan, while shadow economy employment is ubiquitous.

This wasn't just poor individuals and workers who had difficulty getting state assistance, and also the mid-class, whose accounts for 29 percent of the population. Development of the people from that class has maybe quadrupled after 2005, and Azerbaijan were ranked among the most growing Asian economies with the highest mid-class citizens by the Asian Development Bank. According to the statistics,

Azerbaijan's mid-income workers are largely working for the public sector not for the private sector and these workers have got full paychecks during the closure, however pandemic and closures has called their "support system" into question. Throughout the Covid-19 pandemic, approximately 500000 people received state jobless assistance.

Azerbaijani self-organized support organizations in other countries have helped close the equality gap by providing medicines, money, and food to more than 30.000 households all around Azerbaijan. With implementing a snowball strategy, those organizations were capable of accessing to needy households. Most of the help beneficiaries came from Baku's outskirts, including Xəzər, Qaradağ, Binəqədi and Abşeron. Given its limitations, the information gathered by the aid communities provides insight into Baku's economic inequality.

All quality evaluations are based on the data availability or unlimited access to necessary data. Azerbaijan's information system is inadequate. In so many ways, scientific data amount and accessibility are limited (<https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=AZ>, 2020), while entry to the government documents is frequently hampered. One of the main causes for the concern about accuracy and completeness of information is purposeful fabrication. Government authorities might develop a required data rather than the obtained information, and then fake information to make its results seem appealing. Albeit not like problematic on terms of morality and intentional forgery, inadvertent errors like approaches and processes used during data collecting are still common. Either intentional and unintentional errors result in poorly planned policy as well as operation, particularly in severe circumstances such as the COVID-19 outbreak.

As a comparable situation is like a survey about family income and their spending in Azerbaijan reported the Gini coefficient, that has been added in worldwide databases. The Gini coefficient was low for Azerbaijan, reflecting a poor amount of income disparity in Azerbaijan. This outcome was unexpected for such a place which is experiencing an oil boom; the model would much rather indicate great disparity. In reality, this weak figure being partially caused because effectively, mid-

class families refusing to participate in the poll for concern of being discovered with undeclared earnings, which would result in greater taxes (United Nations Azerbaijan, 2020).

The next most important factors contributing to the disparities in COVID-19 assistance packets is gender. Throughout the development and planning of such shutdown help packages, none of those difficulties was treated the same way like a budgetary consideration. Azerbaijan's health and welfare fields' workers are mostly women, in comparison other fields, they have the lowest amount of salary, putting women at increased danger during the outbreak as well as necessitating special care given their socioeconomic requirements. According to a UNFPA report, socioeconomic security of women has taken a knock, harming respectively employment and money. Loss of jobs, lost income, as well as a reduction in paid working time impacted women of all socioeconomic and age categories. In addition to increasing without payment work like childcare and housework, over 15% of women participants replied that participants had lost their employment, while other 41% said their regular work time had been reduced. Nonetheless, the figures reveal how, including all types of females suffered the most, approximately 70% facing reduced salaried hours of work or loss of jobs. The underlying issue for women, however, remains having a health insurance, like 60–80 % of women in Azerbaijan do not have any form of health insurance. Despite the fact that the pandemic had lowered the flow of funds, private medical care in the country has grown more inexpensive. According to the UNFPA poll, home support systems continue to be an important surviving technique among women, with 46 percent of Azerbaijan women indicating that they rely mostly on aid of local officials.

As a result of the drop in oil prices, overall government gross debt was predicted to exceed 13 percent of GDP, as well as the Government is said to have spent more than 2.7 billion USD to keep the manat's stable currency. Azerbaijan's economic issues as a result of the COVID-19 outbreak provide a tendency to rely on petroleum, decreased oil output (25 percent reduction in the last 6 years), and a poor financial and banking sector. Economic freedom appears to be a decided that the

best for Azerbaijan, just like long-term companion British Petrol announced last year that "the company will stay committed and has no plans to scale down its oil and gas business in Azerbaijan, but it has global plans to rebalance its portfolio toward renewables." (<https://www.ogv.energy/news-item/bp-remains-committed-to-azerbaijan-oil-gas-development>, 2021).

However, for the short-term, the government's position for interfering to the economy might pose a challenge to individual, small sized as well as medium-sized firms, as well as their economic reliance. In Azerbaijan, the most visible socioeconomic mitigating priorities of fiscal involvement are immediate support to healthcare systems as well as payments to jobless families in order to alleviate poverty and construct that much of a family welfare program as practical. Broader monetary and macroprudential actions are indeed critical components of the reaction and mitigation efforts. The government should also make significant guarantees to keep offering economic assistance even after the outbreak has ended.

The COVID-19 pandemic has also shown that oil and natural gas driven countries like Azerbaijan's are prone to abrupt economic and social shocks. That necessitates the development of a new economic policy- one that actually helps people. Contrary to earlier attempts, the economy is currently strongly reliant on the petroleum industry, and a long-term economic transformation strategy has yet to be formed. Improving competitiveness in non-oil industries is critical to ensuring the economy's diversification. Most areas of the economy, especially the financial sphere, are still controlled by a few large corporations. Among the initiatives that might promote business atmosphere and help to private-sector-led growth in the economy are the removal of entrance obstacles and the continuation of tax and customs reforms. Policies that promote green economy as well as the emissions reduction have the opportunity to introduce new and good opportunities, boost innovation, reduce reliance on hydrocarbons, and help in achieving of the SDGs.

Policy changes in the public sector are also required. Under such conditions, the authorities should prioritize public investment plans in order to make sure that government money is used more prudently. That means restricted fiscal flexibility

necessitates a more thorough evaluation of major investment proposals. The formation of the Azerbaijan Investment Holding is a positive step in this regard.

Even though, Azerbaijan has prepared numerous aids and has made main made policy changes in order to cope with the pandemic without so much negative consequences, as can be seen from world experience, it is hard to design flawless policy structure. Next few months, as the state develops its five-year framework for plan implementation, a couple of crucial elements must drive its approach to guarantee that now the effect on society and the country is transformative. The country was unprepared against the pandemic scenario and its consequences. First of all authorities need to create new policy with more flexibility which can adapted to worst case situations. Secondly, there were no help and special care to people with disabilities. Healthcare workers were mostly late or not come at all due to so many cases. Some people died just because there were no room in hospitals or adequate doctors. During the pandemic Armenia declared war toward Azerbaijan which is called Second Nagorno-Karabagh war. Even though, Azerbaijan was the triumph side, 44 days war had negative effects on the country's economy. Impacts of the war and the pandemic showed themselves lately. Since the beginning of the 2022 inflation rate increased meanwhile market prices for food is so expensive if we compare it to minimum wage. During the pandemic, many work places and businesses went bankruptcy and their workers became unemployed. There was no any assistance to them during the lockdowns, specially to the public service workers. As can be seen from experience, not only Azerbaijan, but also most of the countries were not ready the pandemic. Now, all government officials have to on a policy which people and countries would less effected from global calamities.

2.3. Evaluation of the republic's economic expansion effectiveness in contemporary times

The fast opening of the economy by the government boosted the business costs and the population. Expenses more than quadrupled for cafés, diners, and large businesses open for a short period of time as well as specialized in the selling of non-

food items. Though these businesses were somewhat compensated by the government the very first time they were shut, businesses received no economic help the second time they were shutdown. Whether this trend continues, businesses in more tough financial situations will almost certainly be obliged to remove some positions, particularly to minimize fixed expenses. It will result in a second, larger wave of unemployment.

Agriculture was not included in the listing of sectors of the economy harmed by the pandemic, therefore it can't benefit from the government's budget economic stimulus. Limitations on transportation between agricultural areas and Baku, and also restrictions on movement between foreign nations, hampered the sales of farm products. For example, whenever farmed supplies could only be brought to Baku by truck, families that typically moved their products with their own automobiles found themselves in a difficult predicament. Agricultural producers have found it difficult to market their products due to regulations on Russia's borders with Azerbaijan. The lack of an insurance mechanism for agriculture farmers means that the harm will not be covered.

The 190 AZN one-time help for low-income families' social welfare was unable to develop an appropriate social safety net to recompense the underprivileged and unemployed. For starters, the strict rules governing its distribution prevented many individuals from receiving aid. Secondly, grantees were not classified based on the number of members of the family they represent. It is not an efficient system of social assistance for big families.

Given the diverse socioeconomic requirements of the regions, the government welfare system was not segmented by area throughout the pandemic. At the same time, prior to the pandemic, crucial determinants like as the amount of jobless and destitute people in the regions, as well as the health infrastructure, were ignored. There was no differentiation established between Baku and the regions in particularly. And according to a recent World Bank figures, the rate of poverty in Baku is 16%, whereas it is 24% in rural districts. In summary, a generalist strategy was used. A differentiated strategy, on the other hand, would be more successful.

However, the latest Decree signed by President Ilham Aliyev on February 2, 2021 (<https://socar.az/socar/en/company/regulations/azerbaijan-2030-national-priorities-for-socio-economic-development>, 2021). Worldwide economic circumstances and goals defined at the latest growth phase, according to the order, need to determine the country's long-term development direction. The primary lines of social economic growth, as well as the associated national agendas, are also important to track in this regard. To fulfill the goals stated out in the main policy plan, a structure of essential policies and reforms, as well as "National priorities for socio-economic development: Azerbaijan - 2030," were authorized (<https://socar.az/socar/en/company/regulations/azerbaijan-2030-national-priorities-for-socio-economic-development>, 2021).

Successful implementation necessitates the development of an effective macroeconomic policy structure which promotes long-term macroeconomic stability while bolstering the medium and long-term "main drivers" of economic growth - human resources industrialization, digital economy expansion, as well as complete economic sovereignty. These five important National Priorities for the country's socioeconomic growth should be executed during the next decade (<https://socar.az/socar/en/company/regulations/azerbaijan-2030-national-priorities-for-socio-economic-development>, 2021):

1. A competitive economy that is expanding in a sustainable manner;
2. a society that is vibrant, open, and socially equitable;
3. competent human resources including room for modern innovations;
4. A large number of people having return to the freed territory;
5. Country with a clean environment and "green growth."

A competitive economy that is expanding in a sustainable manner

Long-term economic growth has to be balanced and healthy in order to lay a firm basis for the country's long-term growth. These following 2 objectives should be met in order for this priority to be implemented effectively:

1. long-term and strong economic growth;
2. resistance to internal and external influences.

Long-term and strong economic growth: Economic growth is one of the most significant variables influencing residents' lives. A high per capita economic output should be attained in the state through boosting the economy in a sustainable and rapid manner. Economic expansion must result in a yearly improved standard of living through producing high-paying employment.

Novel "driving factors" should be identified in order to achieve long-term economic development, substantial diversification of the country's economy, as well as full realisation of products and services export potential. Even though the oil industry is an important component of socioeconomic growth, the non-oil industry has to become the focal point of development.

Economic expansion should be founded on innovative and effective private sector, as well as increased public-private collaborations. The creative private sector's activities should be revitalized, and also the private sector's share in non-oil industry funding must be enhanced.

To become a key source of economic development and employment, the private sector, particularly small and medium-sized businesses, should dramatically enhance the business atmosphere, boost openness in the courts, and avoid unfair competition. A fresh, honest privatizing strategy is required. It is necessary to improve the profitability of company promotion tools. Tax and customs policies must encourage entrepreneurship while also providing appropriate opportunities to fund governmental budget expenses.

The growth of the financial as well as insurance companies, which have been the primary sources for long term investment supplies in the economy, should be increased. The sustainability of the national banking sector should be guaranteed, faith in it has to be enhanced, banks' participation in real-economy financing should be raised, and business intention should be encouraged. Actual operational procedures for ensuring the availability of credit facilities for business operations must be put in place, as well as bureaucratic obstacles to the issuance of loans must be removed.

It's indeed critical to attract foreign direct investment, notably crucial investors in infrastructures, into the economic growth of the country. The shadow economy should be reduced, as well as the amount of openness in both the public and private sector institutions should be raised to the maximum possible level. The use of a contemporary corporate culture in managing the economy must be developed and supported, as should the battle against corruption, and a current civil service structure including morality must be established to meet potential difficulties.

Resistance to internal and external influences: Because the country's economy is a component of the international economy, it can be influenced by external conditions like war, pandemic etc. As a result, in the longterm, the country's economic resilience to domestic and international crises should be increased, as must macroeconomic stability. To increase the country's macroeconomic durability and safety, a financial approach based on fiscal principles must be developed in conformity with the changing reality.

Just a diverse economy can be long-term. The major objective is to enhance the non-oil industry's proportion of the economy.

The country's foreign currency reserves, together with controlled lending, are two cornerstones of stability against external influences. To maintain steady foreign currency reserves, the percentage of payments from the State Oil Fund in the government budget must be gradually lowered. Overall debt must promote economic growth, particularly governmental budget stability. Local financial planning must promote the growth of the nation's monetary markets, keep a constant amount of international debt, increase control on state-owned company debts, and arrange public as well as semi debt management on this ground. Low and steady pricing, the primary requirement of stability of macroeconomics should be maintained. This steadiness would boost economic prospects, secure people's savings against devaluation, and boost investment.

A society that is vibrant, open, and socially equitable. Steady and sustainable economic growth must contribute to the enhancement of a vibrant and equal society, and every individual ought to be able to see this progress in his or her regular living.

People's accessibility to economic possibilities has to be fair and egalitarian, regardless of their social position or location. This goal could be accomplished by focusing on the three objectives listed below:

1. ensuring that the growth benefits every resident;
2. a social security system that is both adequate and egalitarian, as well as a society that is inclusive;
3. The growth of the capital and the regions in a balanced manner.

Ensuring that the growth benefits every resident: Not just economic expansion, and also the community wellbeing of all members of the community, is indeed a critical aspect towards achieving high levels of growth. As the economy grows, citizens' income and wealth, particularly wages, should be raised, as well as a reasonable amount of payment should be maintained, with wage growth keeping pace with labor productivity growth.

Raising the country's earnings should result in more economic possibilities and good jobs for all segments of society, with a special emphasis on improving women's greater access to financial prospects.

Economic growth should promote equitable income distribution and improve the socioeconomic well-being of the poor. The amount of informal economy should be calculated, and thorough actions should be implemented.

A social security system that is both adequate and egalitarian, as well as a society that is inclusive: Reduced poverty and poor unemployment in the country, and also broadening the range of focused aid to address those needs of the community, give more chances for residents' social protection.

The social protection and social welfare of poor as well as disadvantaged groups, individuals with disabilities, including children under age of 18 with chronic diseases should be improved through establishing the social insurance management more reliable and fair. The government should reach a reasonable level of minimal pensions, bonuses, stipends, as well as other social services.

The necessary socioeconomic rehab network for disabled individuals, particularly minors under the age of 18 with bad health, must be given access, job assistance programs must be increased, and welfare benefits must be enhanced.

The growth of the capital and the regions in a balanced manner: In the past, the country's capital has grown much faster than its regions. In the long-term, the authorities key aim is to bring regional growth in line with the capital's developmental level. In these areas, every required socioeconomic infrastructures have been built for such a purpose. To expand regional economic growth, the present workforce as well as all assets should be actively engaged in economic activity. Strong regional growth should be complemented by individuals having access to excellent economic opportunities including infrastructure. The standard of living in the regions must be equivalent to those in the capital. It will enhance the regional share of national revenue.

Competent human resources including room for modern innovations. Global competition has intensified as a result of the recent radical technical advancements in the world economy. Deep digitization, active use of latest tech, plus quick growth of the most current areas without human interaction will characterize future living.

Every nation's goal in order to be prepared for increased global competitiveness in the future years is to develop incredibly competitive human resources. The essential prerequisites for this are modern education, productive environment that encourage innovation, and human health.

The following three objectives must be met in order to properly execute this priority:

- Education that meets the needs of the twenty-first century;
- A creative and inventive community;
- A healthy lifestyle for citizens

A large number of people having return to the freed territory. Protecting Azerbaijan's territorial sovereignty has a glorious position in the country's people's centuries-old history. The citizens of Azerbaijani have gained the biggest diplomatic

and military triumph in the last century by rebuilding country borders. The homecoming of people exiled from their ancestral homelands must be assured in order for the triumph to be sustained. That Great Return would serve as a bridge for the people's long-term resettlement in liberated lands, as well as their incorporation into the country's economic activities.

The reopening of a modern global and regional transportation and logistics corridor in the area would improve the state's access to international markets while also providing a substantial boost to the prosperity of freed areas. The following two objectives should be met in order for this priority to be implemented successfully:

- long-term settlement;
- Re - integration into the labor force.

Long-term settlement: In the freed territories, long-term settlement should be assured. To that aim, these regions have to become the healthiest, most advanced, and affluent residential environments for community, establishing a comfortable environment focused on contemporary ideas for long-term habitation. The development of complete secure and pleasant life circumstances would be critical for inhabitants' long-term settling. Effective utilization of the region's economic opportunities must guarantee that the population settles to pre-occupation levels.

Re - integration into the labor force: The freed areas' historical role in the country's social and economic growth must be reestablished. This new place should be one of the country's key economic centers and achieve the very same level of growth as the rest of the nation. The region's long-term growth will be dependent on satisfying the demands of the economy with the proper resources, and the region's quantity of natural resources and acquired historical image will encourage investment in these sectors.

Country with a clean environment and “green growth”. Due to the magnitude of global warming, it's also critical to employ ecologically friendly technology, such as the utilization of renewable energy sources, trash disposal, as well as the restoration of damaged regions. It will make a significant contribution to attempts to keep carbon dioxide emissions within international norms.

Including the country's economic growth, it is critical to maintain environmental health, quick regeneration and expansion of greenery, effective use of water supplies, and renewable energy sources. Here in this objective, the following 2 objectives should be met efficiently within the strategic time frame:

- a high-quality ecological landscape;
- a location for green energy.

A high-quality ecological landscape: The country should hold a strong, safe environment while also making optimal use of its resources. The environmental concerns posed by demographic and economic expansion should be mitigated in the future years. To that end, the proportion of green space in the country's overall area should be raised. The natural environment and economic growth must be balanced.

A location for green energy: The usage of alternative energy sources will rise over the strategic era, particularly in developed economies. Considering this into consideration, the government must use energy more effectively as well as prioritize novel clean energy sources. The usage of ecologically friendly "green" technology must be extended in order to completely satisfy the demands of current and future generations. The percentage of alternative energy sources in main usage should be raised in all areas of the economy, while the effect on global warming should be minimised.

CHAPTER III. THE MAIN DIRECTIONS OF INCREASING THE EFFICIENCY OF ECONOMIC DEVELOPMENT OF AZERBAIJAN IN THE CONTEXT OF A GLOBAL PANDEMIC

3.1. Worldwide Constraints to Economic Development in Today's Modern World

Current worldwide occurrences relating to the COVID-19 virus as well as its results have impacted all Central Asian as well as Caucasian nations. Because of the expected economic downturn and reduction of price of oil, several of countries started to show indications of depression as early as 2020. This outbreak, the compulsory quarantine system, as well as the economic crisis hastened those nations' descent into apparently constant social and economic problems. The economic downturn is unprecedented, and also the nations haven't even seen such massive economic shocks ever since fall of the Soviet Union. To compare to the 1990s recession, big countries such as China, EU countries and the USA were trying to cope with their own issues, abandoning everyone else to struggle for themselves. The dilemma was aggravated by the fact that various old Soviet Union (FSU) nations responded variously to the COVID-19 risk. Although some nations, such as Georgia and Armenia, reacted quickly, some, like Kazakhstan, Azerbaijan as well as Ukraine, reacted later (Laruelle M. and Huzar S., 2020), aiming to minimize system disruption. Exceptions such as Turkmenistan and Tajikistan have bluntly dismissed the danger.

In contrast to other nations in the greater region, Azerbaijan was in good shape at the early stages of 2020. The government possessed sufficient foreign currency reserves and also a rising Oil Fund. The government anticipated launching the TransAnatolian/TransAdriatic Pipelines (TANAP/TAP) to Europe, getting the benefit of China's Belt and Road Initiative (BRI), as well as profiting from sustained economic growth. One month later, Azerbaijan was struck not only by diminished business activity, the closure of schools and colleges, as well as other actions as a result of the COVID outbreak, but also by turbulence in the price of oil.

The country's economy is primarily reliant on petroleum reserves, and a historic collapse in pricing has put the country in a tough position. At the start of the outbreak, the oil price drop, combined with the expansion of contagion-prevention regulations, increased the detrimental effect of COVID-19 through substantially lowering the value of oil output. Fluctuation in the oil sector started to have an influence on the market as early as February 2020. During 2019, the mining industry contributed nearly 40% of GDP, while natural goods accounted for over 92% of its export (https://www.stat.gov.az/source/system_nat_accounts/?lang=en, 2020). The nation's non-oil industries were insufficient to compensate for the oil and gas sector.

The sharp drop in oil earnings also had a significant impact on the financial condition. Whereas the non-oil sector increased by 10.8 percent in 2020, its percentage of GDP declined from 42.5 percent in 2019 to 34.7 percent (Central Bank of Azerbaijan Republic, 2020). And in fact, expected 3% growth rate wasn't met in 2020, with the nation entered a depression.

Nevertheless, in first quarter of 2022, Azerbaijan's price of oil at international economy is rather high. The price of “Azeri Light” brand increased by 6.26 dollars to 125.57 dollars, in March 2022. The official budget of Azerbaijan during 2022 is expected to be around 50 dollars/barrel. There are several reasons why the oil is getting more expensive. For instance, Russia's invasion of Ukraine, oil demand, OPEC output cutbacks, and so forth.

Since the Russia's invasion of Ukraine deepens while restrictions are implemented upon that country's key trading partners, its economic ramifications for Azerbaijan become apparent, producing grounds of shortages and supplier interruptions, as well as an especially severe foundation to economic growth and financial activities. But while Russia accounts for a modest part of overall exports and hence of overall foreign exchange influx (below 5%), exports to Russia account for one-third of non-oil industry money inflow (minus tourism). It really should be highlighted that now the current scenario necessitates the demand for Azerbaijan's currency issuer to watch the flow of Russia's developing scarcity of, including

growing interest for, dollars, and to implement an optimization technique to restrict the overflow of US dollar from Azerbaijan.

Russia and Ukraine are major food and agricultural producers across the world, especially fertiliser, grains, as well as wheat, and cross-border commerce in agricultural goods between Azerbaijan but also the countries are an essential element of international economic cooperation. Food shortages, followed by higher costs in food or other components despite existing premium prices constraints, may be worse than than ever as a result of the war, along with damaged supply lines, stopped production, as well as bans on Russia.

On the other hand, the rapid economic growth supported by rising consumption of oil pricing has indeed been followed by the Ukraine-Russia war, which has sparked supply concerns. Furthermore, the US restriction on Russian crude oil imports worsened economic pressure. This has increased the pace of oil price increases, especially Azeri Light, which ended in a new record, creating a foreground for higher foreign reserves for Azerbaijan in the immediate term, as hydrocarbons dominate local exports. The West is looking for other oil resources, and the US intends to loosen restrictions placed on Venezuela in order to tackle Russian oil disruptions as well as obtain additional fuel.

While higher prices remain for now, with heightened global pressures, there's really question on whether they'll settle. Such growing economic payouts as well as unpredictable situations must be closely monitored by Azerbaijan government and financial institutions without establishing a foundation for long-term reliance in the continuation of economic transformation plans.

Even without the war Azerbaijan economic growth were hit by Covid-19. This should be emphasized that the largest economic growth rates were predicted for the tourism, shopping, and agricultural products, and also data communication and technology. During the recession, every one of these industries suffered greatly. Between January and September 2020, the tourism industry's GDP proportion fell by nearly 50%, from 2.5 percent to 1.3 percent (Central Bank of Azerbaijan Republic, 2022). The advantages of the tourism business are not limited to hotel profits, and

also include spillover advantages. The lockdown system enforced in March, that limited domestic and international visitor movement to and within Azerbaijan, emerged at a heavy cost, negatively impacting not just the tourism industry, and also SMEs in the food and retail industries due to a drop in market.

These international constraints on economic development of Azerbaijan are one of the concerns of the local authorities. That brings to mind a question: how are the government supposed to take action in order to tackle these problems. First of all, improving local production should be the priority. Economy of Azerbaijan mostly depends on imports from neighbor countries, especially from Russia. As can be seen, certain problems can always show themselves and threaten the economy of Azerbaijan. Even though, Azerbaijan has a good oil industry strategy which is the main indicator of economic growth in the country, non-oil industry has a lot of way to go. The achievement of planned outcomes is heavily reliant on the financial assistance provided to domestic enterprises, as well as the supply of economic growth and safety, the removal of bureaucratic barriers, and the increase of foreign capital in non-capital areas (where rural population is majority). Non-oil industry products should be important for export. It is worth noting that in Azerbaijan's trade ties, the non-oil industry is primarily represented by goods from non-oil industries and agricultural production. In comparison to the petroleum industry, the non-oil industry is less reliant on foreign market due to a variety of different factors. Economic growth in this area is primarily impacted by investment, changes in consumer spending, as well as institutional and structural changes which occur in the country.

Nevertheless, Azerbaijan's non-oil industry is highly dependent on non-industrial sectors such as services, banking operation, constructions, telecommunications, and agriculture, whereas licensing of production firms with high industrial output is characteristic primarily for Baku. Given current promotional effort including the use of various tax breaks, foreign capital in remote regions remains modest. As a result, regional integration in Azerbaijan is still heavily reliant on state support. The issue remains critical for the growth of production and mineral

sectors which can be restored on the basis of rich natural resources as well as partially finished goods. Currently, most international metallurgical enterprises are primarily of middle and small size, and they utilise scrap metals instead of raw goods. That trend may stymie the formation of strategic partnerships involved in the extraction of natural resources in Azerbaijan's provinces. On this situation, the significant impact of government support appears to be required.

Furthermore, high literacy rates, acceptable demographic factors, adequate population structure, and a greater proportion of youthful and middle-aged people are characteristics of Azerbaijan's regions. Those are favorable economic growth elements. Following the implementation of appropriate state projects, the majority of remote areas have upgraded facilities as well as communications.

Investing in and successfully expanding the non-oil industry can lead to the growth of export-oriented manufacturing, the emergence of new long term jobs, the placement of local specialists in relevant positions, as well as the ability to take care of potential buyers for food products at the expense of local brands, boost agricultural production, as well as the forming of a strong self-sufficient budget process in Azerbaijan's territories and major cities.

3.2. Adoption and effective execution of a detailed Action Plan to ensure long-term development, including minimizing the pandemic's damaging economic growth

After Covid-19 crisis it is important to take action in order to minimize effects of it. Effective execution of a thorough Action plan is needed. These below are among some of the key recovery elements which would lead Azerbaijan's Covid-19 recovery approach.

-Create a comprehensive recovery program that is unified.

The government must guarantee that restoration is comprehensive and addresses immediate, medium, as well as long-term requirements, concentrating just on 5 principles listed below:

1. Macroeconomic Reaction and Global Cooperation

A three-step strategy to the macroeconomic approach to the situation is required to ensure that it does not undermine Azerbaijan's attempts to attain the SDGs (Sustainable development goals). To begin, estimate the amount of money needed to manage the problem. Next, determine the budgetary availability for higher expenditure, as this will influence the government's ability to act. Lastly, define policy goals as well as possible policy actions while taking into account the government's financial and execution restrictions.

To do so, it will be crucial to evaluate the following: 1) a better understanding of the different channels of impact on the economy is required to correctly analyze the size and scope of the necessary growth in spending; 2) large budget actions, backed by aimed fiscal stimulus, will be required to control the disease transmission, relieve the distress to employment, decrease pay cuts, as well as ensure minimum life quality, with quite a special focus on populations at high risk; and 3) The proposed strategic actions' significant aspects will have to be examined too, to guarantee that legislators are informed about political exchange and also that the needed effects of these kind of policies are maintained over time without producing social and economic volatility or ecological harm.

Four aspects of regional collaboration are very important: Firstly, regional trade policy cooperation is needed to organize as well as integrate trade agreements. Next, increased connectivity as well as lower transport expenses must be supported. Thirdly, fiscal cooperation and economic security should be improved via regional coordination to prevent, for instance, a "beggar-thy-neighbor" approach; and finally the last, collaboration to enhance ecological resistance would be critical to avoiding future outbreaks.

2. Economical Recovery and Responses

Considering the following factors in the socioeconomic policy response: The majority of vulnerable employees are in the shadow economy; Due to pre-existing gender imbalances, women might probably have much more trouble accessing new employment or entrepreneurial chances for their recovery; Throughout a recession, economic recovery entails protecting employment and people, assuring adequate

employment, and safeguarding capital assets, functional groups, and useful connections. Government policies throughout many industries, as well as the prevention of negative policy consequences, are required to minimize chaos including lasting employment loss. Global warming and environmental problems should be included in all areas of reaction and recovery activities. The fiscal stimulus must aid in the shift to a healthy, more resource-efficient, as well as environmentally friendly economy.

3. First and importantly, health.

Encourage a two-phase plan. Initially, focused steps to sustain key vital health care services while still dealing with the outbreak, as well as to meet the rise in demand for hospitalization. Secondly, a parallel approach aimed at healthcare service rehabilitation, readiness, and development, with an emphasis on preventative care and Universal Health Coverage (UHC), as well as preparation for possible Covid-19 types.

4. People's Safety

To keep people and the most helpless safe , 1) extent up and increase adaptable and poor programs and strategies; 2) preserve crucial diet and health assistance; 3) ensure continuity and efficiency of safe water and sanitation; 4) protect prolonged teaching for all kids and teens, especially in schools; 5) endorse the sustainability of social services and access to temporary housing; and 6) assist people of Gender-Based Violent action.

5. Public Stability and Social Trust

Citizens will face the burden of Covid-19's socioeconomic effect, but they also make an important contribution to smoothing the wave, reacting to the outbreak, as well as ensuring long-term recovery. As a result, 1) ensure inclusive general interaction, advocating, and involvement in politics; 2) strengthen resilience of communities, involvement, and fair delivery of services; and 3) promote democracy, basic freedoms, as well as the state of law.

Structure Azerbaijan's Covid-19 action plan all around 2030 Agenda and the Paris Agreement, and guarantee that restoration targets are molded by the

Sustainable Development Goals. Climate policy offers a once-in-a-lifetime chance to unleash tremendous growth and employment while also accelerating fundamental reforms for long-term development.

It's indeed critical that fiscal and economic actions included in economic stimulus don't really promote economic activity that harm the environment. Following these would not only assure cohesion, but will also assist to maintain the country's accomplishments or stop progress from becoming wasted.

Given the implications and consequences of Covid-19 on Azerbaijan outlined in this evaluation, the following are the primary political suggestions to aid in the process of recovery.

Reacting to the outbreak has placed additional strain on social organisations and government operations, including that of the postponement of certain essential government operations and primary services. Bolstering capacity at the local and sub-national levels with more resources and assistance will be important to take active steps to provide social activities and services. Creative and inventive techniques must also be developed to preserve continuity of operations in the face of more lockdown and physically separating restrictions, notably for court proceedings and police activities that assure people fairness.

Macroeconomic suggestions

- A multi-year Action Plan: Due to the lengthy isolation, considering implementing a new public assistance program, including begin preparing for the effect of the outbreak more than the first reaction as well as quick actions in 2020 and 2021.

- Policy restructure: The outbreak exposed fundamental problems in Azerbaijan's economy. Once the pandemic has passed, long-term legislative changes, such as:

- Decreasing the scale of the shadow economy, should be implemented. The incident demonstrated that the shadow sector remains significant, with over 20% of the workforce lacking job protection. Decreasing the extent of the shadow sector will result in significant long-term advantages in the form of increased tax income.

Replenish the economy and reestablish livelihoods

- Providing a detailed financial cash flow aid as well as technical support plan to all harmed Small and medium enterprises throughout sectors of the economy to support 6 months of activities in order to facilitate their businesses' recovery.

- Implement training financial assistance including monetary aid programs for disadvantaged workers and new and immature job searchers to work in MSME's for 6 months, allowing companies to recover whilst strengthening the abilities of youngsters who stopped VET education due to the virus.

- Broaden the recipient classification feature of social distribution of the benefits of government aid to encompass all individuals making just under 300 manats (120 manats over the poverty level) in order to keep them out of poverty.

- A six-month short-term extension of the Targeted Social Assistance Program to include at least an extra 221,000 families. TSA should be provided to 50,000 impacted emigrant families who could experience difficulties in their target countries (such as Turkey, Russia and others).

Guarantee the food supply of every region's most poor members.

- Ensure that there can be no scarcity of essential food products by conducting frequent inspections, monitoring, as well as monitoring of industrial companies in order to manage the pricing of essential commodities such as grain and pulses, as well as the food supply chain, and to guarantee that market access is maintained.

- Prepare for alternate types of aid, like distributing food coupons or food packages to low-income families, with society as well as community organizations supporting the government in reaching out to the most isolated persons.

- Facilitating the transportation of food and processed foods, such as agricultural supplies and food workers, whilst guaranteeing safety and health of workers.

- Strengthen the responsibility of qualified powers to ensure clear sales data by:
i) delegating authority to ask information from parties in the supply chain of manufacturing, dispersion, wholesaling, as well as other structures of intermediation for such reason of price monitoring, as well as ii) needing competent authorities to

write primary food commodity prices to protect the well-being of the most disadvantaged populations.

- Encourage customer preferences, such as promoting local sourcing and lessening food wastage, as well as encourage local manufacturing, particularly small farm owners' availability to emerging markets, by enacting facilitating guidelines that enhance reasonable agreements in the distribution chain and secure direct selling.

- Create methods to increase coordination among 'food banks' and community-based organizations to assure delivery services (particularly domestic ordering food) as well as food distribution in order to reduce food waste.

Increased reliance technology in all sectors of the business and society.

- Building on the nation's advanced DOST action plan and online social safety and social service structure, implement the Social Protection Information Management System (SPIMS) with up-to-date actual information utilizing latest tech, such as the implementation of fully scanning and information gathering devices and the formation of practice management datasets.

- Develop online content to revitalize the labour force for a young self-employment project as well as encourage a virtual labor trading system to assist job applicants in both normal pay and self-employment (full - time or part) sectors. The goal is to decrease employment mismatches, encourage companies as well as unemployed people to formalize labor contractual operations, and aid the authorities in better targeting appropriate support packages.

3.3. Improving the Rate of Economic Growth Thanks to Previous Economic Reforms and The Created Potential, Despite The Impact Of COVID-19 On The Country's Economy

The fundamental reforms being carried out in the country under the leadership of President Ilham Aliyev are realizing the sustainable development of the national economy, its rapid modernization and the continuous improvement of the material well-being of the population. In the new strategic stage of development covering

2022-2030, Azerbaijan sets new tasks such as mobilizing more sustainable drivers of economic growth, further strengthening the competitiveness, innovation orientation and financial sustainability of the national economy and the reintegration of liberated territories.

In the past months of this year, the dynamic growth rate, as well as the ratio of budget revenues and expenditures were maintained, the budget deficit was much lower than forecast, the positive dynamics in the balance of payments did not break, non-oil exports and non-oil tax revenues increased significantly.

In January-September last year, growth rates accelerated in all sectors of the economy, except for the construction sector. GDP rose by 4.8 percent. If the average annual growth rate of value added in the non-oil industry in 2017-2020 was 9.3 percent, in the first nine months of this year, value added in the non-oil industry increased by more than 20 percent.

The country's strategic foreign exchange reserves exceeded \$ 53 billion by the end of October last year, which is equivalent to about 110 percent of projected annual GDP.

Over the past 10 months of the year, non-oil exports increased by 42 percent, which is the highest historical record.

All these successes are conditioned by large-scale projects implemented by Azerbaijan over the past 18 years. Thus, as a result of economic initiatives, the economy has more than tripled in the past period, and about \$ 300 billion has been invested in the country's economy. To date, 513 investment promotion documents have been issued in the country. The total cost of projects under these documents is 4.6 billion manat, which is mainly the share of projects implemented in the regions.

Today, the strong interest of foreign investors in our country is not accidental. This is due to investors' appreciation of Azerbaijan's favorable geographical position, great transit potential and modern infrastructure.

Under the leadership of President Ilham Aliyev, a number of important projects have been implemented in Azerbaijan in recent years to ensure the development of

the non-oil sector, diversify the economy, increase the country's export potential, attract foreign investment and further improve the business and investment climate.

Despite the great economic and financial difficulties created by the pandemic in the world, these processes are now successfully continuing in Azerbaijan. All this creates a positive basis for foreign investment in our country.

In order to further improve the investment climate in recent years, tax and customs reforms have been continued, including a single online export application, Green Corridor, e-court, e-procurement, a one-stop shop for construction, starting a business, access to electricity, access to credit, and contract enforcement. and important measures have been taken in the areas of property registration. All these systemic innovations have led our country to enter the top twenty in the World Bank's "Doing Business 2020" rating.

According to World Bank experts, such a positive result is due to the fact that it is easier to do business in Azerbaijan in 4 areas (real estate registration, loans, protection of minority investors, contract discipline).

It is obvious that the government attaches great importance to expanding investment activities in the country, improving the business environment, increasing industrial production and developing the non-oil sector. The main goals in this direction are to increase investment, strengthen the export potential of entrepreneurs, expand investment opportunities, find potential partners and implement joint cooperation projects.

In recent years, special attention has been paid to the development of industry in the country. The application of advanced tools and mechanisms in this area, such as industrial zones and investment promotion documents, has further accelerated the existing development. It is planned to invest 6.7 billion manat in industrial zones, and 6.3 billion manat has been invested so far.

All these successes achieved due to the multifaceted reforms and complex measures implemented in accordance with the new development strategy of President Ilham Aliyev give grounds to say that the Azerbaijani economy will

maintain the dynamics of development in 2022 and the positive trends of economic growth will continue.

The economic growth rate exceeded expectations. In 2021, the gross domestic product increased by 5.6% in real terms, including 7.2% in the non-oil sector, which is more than forecast. Starting from the third quarter of 2021, the gross domestic product in real terms exceeded the pre-pandemic level. Economic growth is mainly due to trade. The level of employment in the economy continues to approach the level before the pandemic.

Expansion of both domestic and foreign demand has a positive impact on economic growth in the non-oil sector. In 2021, retail trade turnover increased by 3.2%. According to operative data, the 4.6% increase in current state budget expenditures in 2021 was one of the main factors supporting aggregate demand.

According to the results of the real sector monitoring conducted by the Central Bank, the business confidence index in the construction, trade and service sectors increased in the last month compared to the previous month. At the same time, actual sales in trade and services, and orders for construction increased.

Forecasts show that in 2022, economic growth will continue at a level close to its potential.

Monetary policy decisions taken since the second half of last year serve to strengthen the reducing effect of monetary factors on inflation.

The surplus of the balance of payments, the adopted macroeconomic framework and the availability of adequate monetary conditions support exchange rate stability, which has a reducing effect on inflationary imports and inflation expectations. A 12.1% increase in the nominal effective exchange rate in the non-oil sector in 2021 has neutralized some of the high import inflation.

At the end of 2021, a significant increase in expenditures from the state budget and the use of a single treasury account for this purpose was accompanied by an increase in the growth rate of money supply. In January, the monetary base in manat decreased by 10.2% compared to the beginning of the year, excluding term transactions with systemically important banks. Given the predominant share of the

treasury account in the sources of financing the state budget deficit, fiscal operations could have a significant boost to the money supply at the end of 2022. In this case, adequate open market operations will be applied to limit the excess growth of money supply, if necessary.

Continued increase in interest rates on newly attracted deposits, while supporting savings in the national currency, may have a limiting effect on the growth of loans over time.

The loan portfolio of the banking system increased by 17.7% in 2021. This increase was financed by increasing deposits. Excluding deposits from the financial sector, deposits and savings in the banking system increased by 24.6%.

The dollarization of the economy continues to decline. In 2021, the dollarization of deposits of individuals decreased by 9.8 percentage points to 41%, and the dollarization of loans decreased by 4 percentage points to 25.8%

The balance in the foreign exchange market is maintained, which ensures exchange rate stability, which plays a crucial role in neutralizing external inflation. In 2021, supply exceeded demand in 70% of currency auctions. The Central Bank's intervention in the foreign exchange market amounted to \$ 245 million. USD. The change in demand at foreign exchange auctions is cyclical, and there are ample opportunities for its regulation in the current year, given the significant increase in oil transfers compared to last year. In the conditions of surplus balance of payments, the balance in the foreign exchange market will be maintained this year as well. In the current year, macroeconomic stability and the stability of its main anchor is based on the balance in the foreign exchange market.

CONCLUSION

In reaction to the outbreak, the Azerbaijani authorities has taken quick action, along with a wide economic assistance package worth 3.1 % of the country's GDP. Most of those direct effects of the emergency on the populace were mitigated by all these initiatives, notably expenditures in healthcare facilities as well as the introduction of many economic safety systems. According to the study's findings, a variety of implications may be formed, such as the followings.

There'll be three major factors in the close future:

Employment growth is measured not just in terms of total quantity of positions produced each investment made, as well as in terms of the sorts of jobs formed and also who profits from these, as well as the balance among the knowledge required and those provided by natural population.

Economic output is enhanced by concentrating mostly on macroeconomic factor that every action may provide, the potential of such a program to immediately restore damaged consumption, as well as the influence on importation rates or perhaps the domestic balance of trade.

Response time as well as threat, determining if the program creates trigger plus labor advantages in the near run but also if they are long-term although if regional isolation restrictions are reintroduced.

For permanent economic growth after Covid-19 in Azerbaijan, a program should assist the country in three key ways:

Permanent growth potential, taking into account the effects on society as well as other sectors of Azerbaijan. Certain initiatives, for example, perform a good job of boosting intellectual resources by developing the citizenry's career prospects as well as healthcare, particularly if water and air contamination could be minimized or accessibility to cleaner drinkable water is provided. Others could encourage the adoption of much more effective equipment, supply essential social amenities including such electricity supply or hygiene, or correct market flaws including such deleterious incentives that impede long-term growth.

Resistance against unforeseen events, including actions that increase ability for society as well as economic systems to deal with as well as rebound from market volatility, including COVID-19 now, however also other natural sources catastrophes including possible climatic changes consequences.

Emissions reduction and steady economic development trajectory, including efforts to promote as well as spread renewable energy, such as utility expenditures that allow use of certain green technologies as well as electric cars, and perhaps low-tech alternatives such as sustainable forest management and environmental and hydrological rehabilitation. This would be especially necessary to guarantee that stimulus-related expenditures don't really inflict substantial abandoned property burden on the economy in the foreseeable future, for example, by betting on failing technology or locating facilities in high-risk flood - prone areas.

It looks like efficient vaccinations are already being manufactured, and so as soon as Azerbaijanis are ready to get vaccinated, there is a good chance of a substantial revival in 2022, following by over development for around 3 years until full employment gets recovered. In the near term, a career training project could aid in the restoration of full-employment because several employees had lost their employment and won't be able to re-enter the labor force. In the long-term, this kind of effort could also increase the growth rate. Several intriguing innovations are either being launched or are on the verge, such as robotics, AI, as well as the digital economy. To reap the increases in productivity of such discoveries, a professional and adept workforce is essential.

According to the findings of the study, there seem to be favorable tendencies in the Azerbaijani economy that will serve as the foundation for long-term economic growth. Reliability of the government's budget, higher labour efficiency, adequate workforce accessibility, significant cash reserves, as well as a lower amount of public borrowing in relative to GDP are examples of such tendencies.

According to the research, the following goals must be met in terms of adopting steps for Azerbaijan's balanced and sustainable growth in the long term:

- Long-term investment stimuli in the non-oil sector and farming industry;

- Acquiescence of labor force as a key economic criterion;
- Significant advancement of a challenging market to enhance the legislative regime for monopolistic restriction with in manufacturing and trade industries;
- Increment of transformation in the science, education as well as healthcare structure; -

Bolstering collaboration of governmental policy in macro - economic factors, financial, education, and health services.

The study findings may be utilized to build legislation, programs, initiatives, as well as suggestions to strengthen the long-term development plan. Nevertheless, putting the research's suggestions into action can result in higher economic growth and efficiency.

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