

**ECONOMIC COMMISSION FOR EUROPE**

# **E-Government Readiness of the Republic of Azerbaijan**

**April, 2003**

## **Introduction**

From the viewpoint of modern requirements the usage of ICT is one of the main indicators of the State's military-political and socio-economic potential. Azerbaijan is not an exception in this sense and creation of favorable condition for the transition to the information society is one of the main political objectives of the State of the Republic of Azerbaijan.

The State plays the key role in creating favorable conditions for building the information society, and its main activities include:

- forming a legislative base and its regular modernization;
- analyzing and regulating the activities relating to information technologies in the country;
- creating the national and state information systems, forming the information resources, control activities of the state institutions in this sphere;
- creating admissible environment for new situation, which will serve for attracting foreign and local investments and for fair competition;
- creating equal conditions for all participants, using political, legal, economic and administrative mechanisms to attract and involve wide layers of the society in implementation of the strategy, and coordinating their activities;
- ensuring protection of civil rights and freedoms and security of personal and private information;
- creating for citizens opportunities of access to state information resources;
- ensuring the national information security;
- mobilizing financial resources required for implementation of the strategy, providing governmental support to the social oriented and national important projects and programs;
- creating favorable conditions for production national ICT hardware and software products, and stimulating their promotion at the world market;
- creating favorable environment for private companies, especially small and

medium-sized companies acting in the ICT sector;

- creating favorable environment for ICT usage in all fields of economy;
- using modern ICT in state administration and local self-administration;
- carrying out regular activities on forming electronic government;
- enhancing international cooperation for ensuring national interests in ICT.

## **1. National ICT Strategy and E-government development Action Plan**

### **1.1. National ICT Strategy**

Taking into account insufficient coordination of the processes of information society building in the Republic, on the one hand, intensity of the processes of formation of the sole world information space, deepening of the processes of information and economic integration of the regions, countries and people and necessity of the Republic to participate in these processes, on the other hand, Azerbaijan Government jointly with UNDP started on February 7, 2002 the project “*National Information Communication Technology Strategy for development and its initial implementation*”.

The executive of the project is the *State Students Admission Commission* - organization with great experience in application of ICT to mass processes, in cooperation with international organizations and the Chairwoman of the Commission is the National Coordinator of the Project.

**The aim of the Strategy: *Via wide application of information-communication technologies promote democracy and build information society in the country.***

#### **Main tasks:**

- Creating and developing the legal base of an information society,
- Developing human factors in the society, providing favorable conditions for high-quality education and medical services,
- Creating a favorable environment providing human rights and social institutions for the free collection, distribution and use of information,
- Realizing effective, transparent and controlled State regulation and local government, building e-government, forming and developing e-commerce,

- Strengthening the economic, social and intellectual potential of the country, building a competitive economy, creating and developing the information and knowledge market,
- Digitally preserving the historic, literary and cultural heritage of the nation and information about the world community,
- Forming and developing the information and communication infrastructure of the society, expanding information and communication services,
- Providing national information security,
- Integrating the country into the global e-information space,
- Introducing and developing new information and communication technologies, creating national software products, developing science-intensive production (ICT industries), eliminating the “digital divide”.

**Priorities:**

- Provision of information needs of the citizens, development of the individual, promotion of the intellectual potential of the country.
- Strengthening of economic potential of the country through introduction of information-communication technologies.
- Digital preservation and promotion of the national historic, literary and cultural heritage of the people.

**Main directions:**

- Preparation of national ICT human resources and provision of minimum level of ICT-literacy.
- Development of telecommunications industry.
- Formation and development of e-government.
- Creation of the normative-legal base to support informatization.
- Building and development of the e-economy.
- Formation and development of national information resources.
- Strengthening scientific, technical and production potential in information and communication technologies.
- Provision of national information security and personal data protection.

## **1.2. E-government development Action Plan**

National plan of Actions will be prepared for the realization of the National Strategy. Within the framework of this plan by each direction of the activity, plans of actions – National ICT-Programs will be developed, and also works will be carried out via projects. Success of realization of the National Strategy mostly depends on the correct organization of the management. Public monitoring is of a great importance.

Project of the National ICT-strategy on 2003-2012 was adopted by the President of the Republic of Azerbaijan with the special Decree on “The Adoption of National ICT Strategy (2003-2012) for development of the Republic of Azerbaijan”.

In ratified Strategy the main activity directions are determined, one of which is e-government forming defined by the following guidelines:

- broad usage of ICT in state administration and local self-administration bodies and organizations;
- creating the appropriate conditions for the participation of citizens and NGOs in public administration;
- improving cooperation between the components of the political system by using the ICT;
- wide usage of electronic documentation exchange;
- creating the automated data systems, thematic, national, regional information resources serving people;
- developing and realizing mechanisms for regular improvement of government officials’ knowledge in ICT;
- developing applications of information technologies in the election process.

Following is planned for the development of normative-legal basis in order to achieve intended goals

- creating and developing ICT legislative basis to ensure the transition to the information society;
- development of the state standards relating to ICT;
- ensuring transparency in the activities connected with licensing in ICT

- taking into account international practice;
- creating the legislative database of broad coverage for public use.

At the present, activities on the development of Action Plan for other directions stated in the Strategy are conducted and the work for their implementation through specific projects is underway.

The Government of Azerbaijan has a number of prospective plans and proposals to expand the use of ICT in the State sector, particularly in such areas as information security, other database/registration systems, and to facilitate non-commercial use of Internet for academic institutions.

## **2. Current situation with E-Government Development**

### **2.1. Institutional Structure on ICT area**

The executive of the project “*National Information Communication Technology Strategy for development and its initial implementation*” is the *State Students Admission Commission* - organization with great experience in application of ICT to mass processes, in cooperation with international organizations and the Chairwoman of the Commission is the National Coordinator of the Project.

In the framework of the NICTS Project six Working Groups have been set up: National Strategy Group; Normative-Legal Base Group; Usage of the Azerbaijani Language in the Information Space; Projects on ICT; Regional Information Centres; Internet Services.

These groups were to identify the national strategy for the ICT sector, the main laws on ICT for e-documents, e-signature and e-commerce, the creation of fonts based on the Azeri language, software, a dictionary, etc.

### **2.2. Telecommunications Policy**

According to the decision of the Cabinet of Ministers No. 143, dated June 04, 1994, the Ministry of Communications (MOC) was empowered to manage and coordinate the broadcasting of all State TV and radio programmes, telecommunications and postal communications. The Ministry is also responsible for ensuring the fulfilment of growing

demand by providing the means for uninterrupted communications services. The Ministry was thus a regulator as well as a service provider.

The Ministry would ensure:

- equality of all physical and legal entities in this sphere of activity and service procurement;
- protection of free competition, limitation of unfair competition,
- provision of free access to and distribution of information on all subjects,
- separation of the subject of regulation from the economic practicalities in this sphere of activity.

The Republic of Azerbaijan is a member of the International Telecommunications Union (ITU) and participates in various international forums. Not yet having become a member of the World Trade Organization (WTO), it has not ratified the Agreement on Basic Telecommunications Services. The Ministry is preparing to join the European Conference on Postal and Telecommunication Administration (CEPT), which enable the Republic of Azerbaijan to establish bilateral relations with legislative organizations in Europe.

The Law of the Azerbaijan Republic “On Communications” dated 20 June, 1997 defined the organizational, economic and legal basis for activities in the field of communications. An Inter-Ministerial Tariff Commission was set up, headed by the Minister of Economic Development to provide a ‘level playing field’ for all operators. The Commission had powers to control tariffs, manage frequencies and impose penalties on defaulters.

According to the decision of the Cabinet of Ministers No. 138, dated 12 December, 1997 “On Rules for Protecting the Methods and Equipment for Communications in the Republic of Azerbaijan”, communication equipment needed certification prior to installation.

The licensing of services such as international, inter-city and local cellular communications, paging, radio-trunk, cable TV, and express postal services, is regulated by the Ministry of Communications. It was also responsible for setting up joint ventures in telecommunications.

Aztelecom is the State monopoly provider for long distance and international calls, including leasing of inter-city and international channels. It offered services such as, local,

inter-city and international telephony, data transmission, telegraph, telex, TV and radio broadcasting, cable transmissions, leasing of frequencies, Internet access and a telephone pay-card system. Three operators are providing domestic telephone services - the AzTelecom, Azeurotel, and Ultel. In mobile telephony, two companies are providing the services, namely Azerbaijan – Bakcell and Azercell.

Internet services in the Republic of Azerbaijan are provided by 13 companies. These included Adanet, Artel, Azcom, Azerin, Azeronline, Azeurotel, Azinternet, Azintex, Aznetcard, Bakinternet, Baknet, Intrans and Sinam-Invest.

A number of telecommunication companies are to be privatized, according to the decree of the President of 21 March, 2001. These included, AzTeleCom and the Baku city telephone system, Tele Radio, Azermetbuatyayim, ground satellite stations and the State-owned share in authorized capital of joint ventures, the co-founder of which is the Republic of Azerbaijan's Ministry of Communications.

### **2.3 ICT projects development on E-government**

#### **Capacity Building and Data Transmission Network Implementation Project for the State Customs Committee of Azerbaijan Republic.**

The project is the first Government cost-sharing initiative in Azerbaijan that introduces ICT into the daily management and functioning of the SCC. To main goal of the project is to enhance the technical potential and operational effectiveness of the SCC.

During the first phase of the project a sustainable connection for all Customs Checkpoints was installed that upgraded the data transmission network and expanded the network coverage so that the on-line mode of the data transmission network operates between the SCC, the Baku Chief Customs Department, and the customs checkpoints in 15 regions. The system was thoroughly tested and the results were the subject of a technical conference attended by over 150 representatives from the State and private sector scientific and telecommunication community. Currently the dial-up mode is still being used in the Nakhichevan Autonomous Republic, Belokan, Sumgayit, and Bina customs checkpoints. Their transfer to the on-line mode is scheduled to take place in 2003.

The second phase of the project includes the establishment of a computerized database that will register violations of Customs Law, violators. The documentation will provide



easier tracking of the movement and routes of illegal substances and thus facilitate the combating of smuggling and other violations of the customs law.

#### Computerized Customs Registration and Control System (CCRCS)

One of the main activities of the customs checkpoints is the registration of goods and transportation used to cross the border, monitoring and controlling the information contained in the Cargo Customs Declarations (CCD). The second phase of the project envisages utilizing information technology to improve the overall effectiveness and efficiency of the process. In addition, a computerized CCD registration and data control system should make interaction between clients and customs officials easier, more accountable, and transparent.

Computerization of CCD will allow customs brokers to provide advise to their clients, assist in the completion of documentation and serve as intermediaries. Declarations will be made electronically at checkpoints.

#### **SSAC as National achievement in E-government Development**

The Azerbaijan Republic is the first republic of the former Soviet Union, which in 1992 made a political decision on conduction of the sole admittance examinations to the higher and secondary special educational institutions of the country on the base of sole test exams. At the present time the State Student Admission Commission – body, created specially for this purpose, was charged to conduct these examinations. Since 1992 this organization develops, organizes and conducts all admittance examinations to the Higher and Secondary Special Institutions of the country and has ten-year-experience in introduction of ICT into the process of education. Since 2001 according to the Azerbaijan President's Decree, SSAC is authorized to conduct attestation on professional fitness of the state employees during their admission to the job.

During the admittance examinations SSAC evaluates the knowledge level of applicants on the base of the standards, developed on the program material within school course and provides the formation of the contingent of students for each educational institution of the country. During the arrangement, SSAC take into account demands of the Higher

Educational Institutions, which include vacant places for each specialty and requirements of this educational institution to the knowledge level of their future students.

Enrollment to vacant places is conducted according to the applicants' results, demonstrated at the sole exam, and their desires, reflected in application.

All the stages of the admittance examinations process, beginning with the projecting of the optic forms, used at the examinations, formation of the state standards to the knowledge level of the applicants, creation and regulation of the database on applicants, personnel, experts, educational institutions, etc.; selection and training of the personnel, engaged in the process of examination and ending with the provision of each applicant with information concerning his/her results, and each institution with the list of their students together with statistic analysis of the results and recommendations on its further development, are built as an open socio-technical system with full automated technological procedures.

Use of IT technologies allows to save time, human resources, excludes subjectivism and any kind of negative in the process of examinations, makes the process practically feasible

Since 1999 SSAC has its own interactive internet site ([www.tqdk.gov.az](http://www.tqdk.gov.az)), which provides the population with information service before and after the examination process. The applicant is given the chance to participate at the virtual exam, compare his/her knowledge with the other participants of this exam irrespective of his time of inclusion to the site.

### **National ID-cards**

Canadian Bank Note Company (CBN) has signed a contract with the Government of Azerbaijan for approximately \$10 million US for the supply of 13 million national ID cards as well creation computerized issuing system for both ID cards and passports. Additionally the system will ensure the maintenance of a central database and perform border control functions. The solution will also include CBN's portable document inspection devices . CBN's Identification Systems Group has developed a Personal Identification Management System (PIMS) concept for governments. The system has the

capacity to link all the government document issuance, inspection and tracking systems to a centralized database.

The ID cards and the system will be delivered and installed within the next 12 months by the CBN Identification Systems Group, which is the world's leading producer of passports, passport issuing systems, border control systems and travel document readers.

There is real need for the wide application of ICT in the Republic, and the conditions are favourable. The existence of the following can already be demonstrated:

- Within the framework of the reform of courts in the Republic, ICT was being applied in the process of the selection of judges, and the aptitude of judges was also determined by the tests.
- ICT is used for the testing of attorneys and State employees.
- A State Automated System for "Elections" has been introduced and was used for the first time in 2000 during elections to the Milli Majlis (Azerbaijan parliament).
- In the "National Passport System of Azerbaijan" project, modern ICT systems are widely used. A "Frontier: departure-arrival" information system has been built, providing the opportunity to apply ICT at frontier points.
- An electronic system of inter-bank payments has been created in a project set up within the actual bank system of Azerbaijan.
- Milli Majlis' (National Parliament) Information provision department presented web-site of Milli Majlis [www.meclis.gov.az](http://www.meclis.gov.az). Site reflects the structure of the parliament and permanent commissions, its present activity, international relations, biographies of deputies, the legislative acts.

#### **2.4. E-Government Achievements Assessment**

Azerbaijan is on 78 place among 133 countries in implementation of E-Government according to UNPAN E-Government-Global Survey.

Source: <http://www.unpan.org/e-government/globalleaderstables.htm>

About 30% of Government Ministries and Committees have its own official websites.

For more details see: Annex 5

Since 2000 the free of charge registration of domain **gov.az** for state organizations is provided. At the present 28 organizations have domain names under zone gov.az and seven structures have sites, but use other domain zones (org and com). In 2002 there are 8 state structures applied to the center for receiving of the domain gov.az, and in the January-February 2003 six organizations have handing in the applications.

There is positive experience in formation of normative-legal base of information society in the country (see Annex 4)

There are ICT related statistics on E-government development in Annex 2.

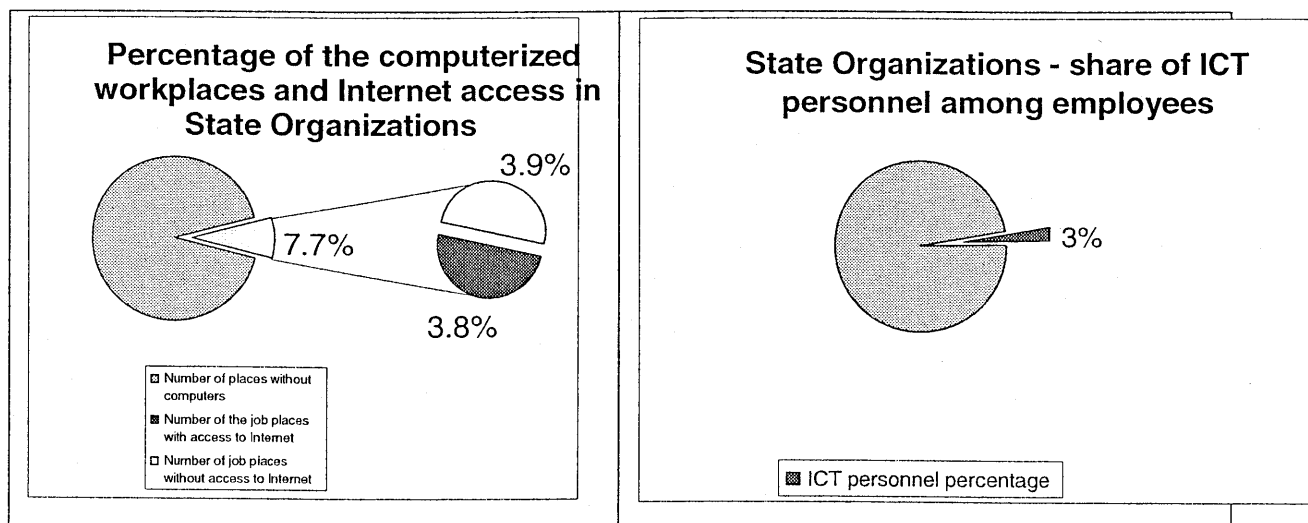
Annex 1

General Statistics on Azerbaijan

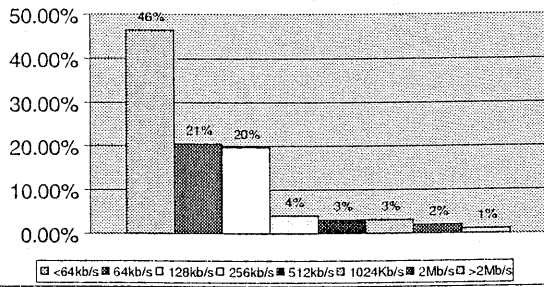
Population (January 2002)	8200000
Area (sq.km <sup>2</sup> )	86,600
US\$ Per Capita GDP (2002)	756.3
GDP Growth (2002/2001)	10.6%
International Reserves , US\$ in million (2001)	679.6
Currency Units, Manat (September 2002)	1 US \$ = 4894.2 Manat
<b>GDP Distribution (2002)</b>	
Agriculture	14.2%
Industry	34.9%
Services	50.9%
<b>Merchandise Trade</b>	
Total, US\$ billion (for 11 months of 2002)	3.3
Exports (2001), US\$ billion	1.8
Imports (2001), US\$ billion	1.5
ICT in Merchandise Trade, US\$ million (%)	162.00 (4.38%)
<b>Penetration of ICT</b>	
TV/100 (2001)	25.9
Telephone/100 (01.01.2003)	12.0
PCs/100 (2001)	1.5
Mobile Cell Phone/100 (01.01.2003)	10.6
<i>Source: State Statistical Committee of Republic of Azerbaijan, USACC investment Guide to AZ 2001</i>	

Annex 2

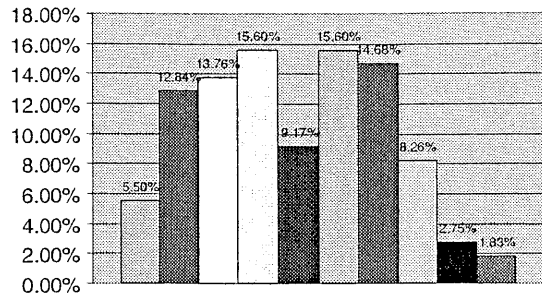
General Statistics on Azerbaijan



### Internet Access speeds In State Organizations



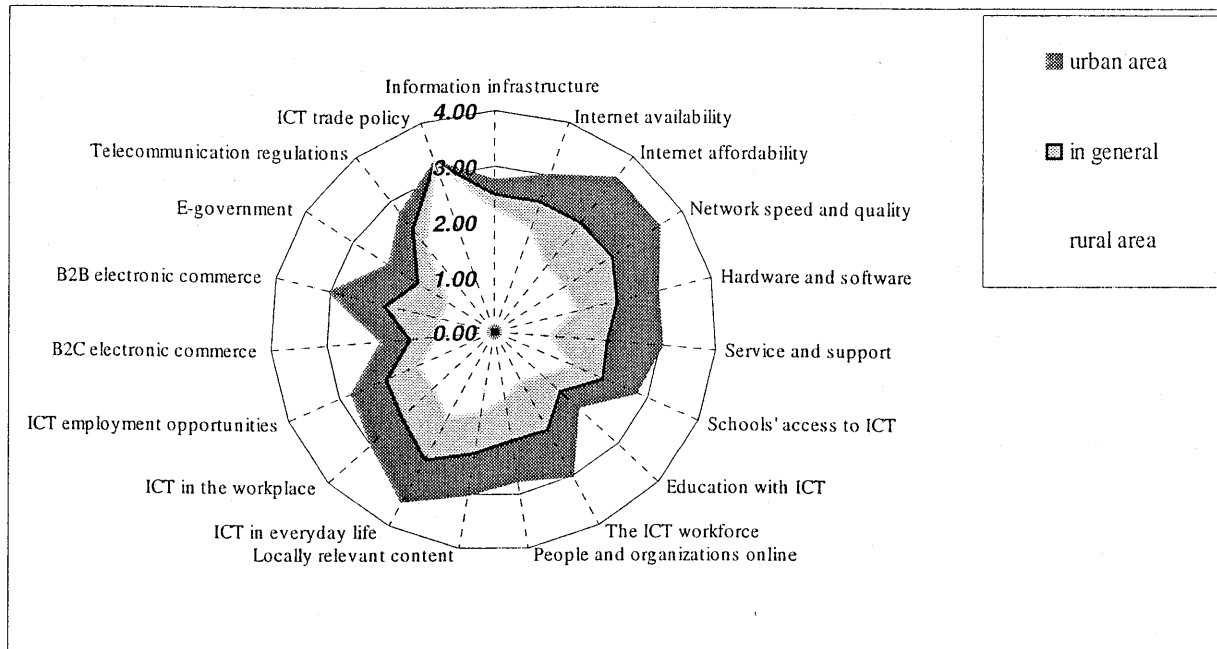
### State Organizations - problems in ICTs application



- Low reliability
- Absence of technical and cryptographic means of information protection
- Low speed of network
- High cost of network use
- Low level of ICT literacy of the people
- Expensiveness of SOFTWARE
- Expensiveness of HARDWARE
- Difficulty and huge delays in the process of purchase of SOFTWARE and HARDWARE
- Absent of consequent policy on introduction of ICT in organizations
- Other

### Annex 3 - Benchmarking

Indicators		Levels of advancement		
		in general	urban area	rural area
<b>I</b>	<b>Network access</b>			
1	Information infrastructure	2.5	2.75	2.25
2	Internet availability	2.5	3.00	2.00
3	Internet affordability	2.5	3.50	1.50
4	Network speed and quality	2.5	3.50	1.50
5	Hardware and software	2.3	3.00	1.50
6	Service and support	2.0	3.00	1.00
<b>II</b>	<b>Networked learning</b>			
7	Schools' access to ICT	2.1	2.75	1.50
8	Education with ICT	1.6	2.00	1.20
9	The ICT workforce	2.0	3.00	1.00
<b>III</b>	<b>Networked society</b>			
10	People and organizations online	2.0	2.75	1.25
11	Locally relevant content	2.3	3.00	1.50
12	ICT in everyday life	2.6	3.50	1.75
13	ICT in the workplace	2.3	3.00	1.50
<b>IV</b>	<b>Networked economy</b>			
14	ICT employment opportunities	1.5	2.00	1.00
15	B2C electronic commerce	2.0	3.00	1.00
16	B2B electronic commerce	1.6	2.25	1.00
17	E-government	1.5	2.00	1.00
<b>V</b>	<b>Network policy</b>			
18	Telecommunication regulations	2.4	2.75	2.00
19	ICT trade policy	3.3	3.25	3.25



Note. For more information about the methodology “Readiness for the Networked World: A Guide for Developing Countries” created by the Center for International Development at Harvard University and IBM see <http://www.readinessguide.org>.

#### Annex 4 – E-regulation

Azerbaijan adopted several basic laws and regulations designed to promote development of telecommunications and ICT sector. In 1998, Azerbaijan adopted the law on Information, Informatization and Protection of Information ("Information Law"), which created the legal framework for regulation of information resources, processes, systems and technologies. The Information Law authorized the use of electronic signatures only if it was possible to properly authenticate them of owner. Azerbaijan Civil Code allow to use electronic (digital) signature in commerce transactions under mutual agreement.

The Information Law further imposed restrictions on the use of "classified" information. Unauthorized use of classified information was strictly prohibited. Information was deemed classified if it contained State secrets or was confidential. State secrets include information concerning military, foreign policy, economy, science and technology, intelligence, counterintelligence and investigations. Confidential information includes personal databases on individuals or entities not available to the public.



Box 1 shows details of national normative Acts adopted by the Azerbaijan Government to develop the information communications and technology sector.

The Government has ratified a number of international treaties with Regulatory Bodies. Some of these are listed below:

- *Charter and Convention of International Telecommunication Union, adopted on 22.12.1992 in Geneva, and amendments, signed in Kyoto on 14.12.1994;*
- *Treaty “On cooperation in the sphere of governmental communication” between the government of the Azerbaijan Republic and Ukraine Cabinet of Ministers” 2000;*
- *Provision for the establishment of the Conference of the European Post and Telecommunication Administrations, adopted on 07.09.1992 and procedure rules of the mentioned conference, adopted on 06.09.1995;*
- *Treaty “On cooperation in the sphere of provision of the governmental communication and information safety between the Ministry of National Security of the Azerbaijan Republic and Federal Agency of Communication and Information under the President of the Russian Federation, dated 2001;*
- *Treaty “On cooperation in the sphere of provision of the governmental communication between the Azerbaijan Republic and government of the Russian Federation”, dated on 08.01.01*

Information technology and communications in Azerbaijan were found to be under strong governmental regulation. Telecommunications, Internet services, subscriber television installation and operation were all subject to licensing by the Ministry of Communications. The Ministry of National Security licensed the production of information protection devices and software programs. The Ministry of Communications authorized all juridical and physical entities to provide communication services. All information systems, technologies, databases and equipment used in the ICT market must be also certified according to the State technical standards and safety requirements under the Ministry of Communications.

According to the list given in an attachment to “Rules of certification of communication services in Azerbaijan Republic”, approved by the Cabinet of Ministers, dated

25/08/1998, more than 119 types of equipment were subjected to certification by the Division on Certification, Ministry of Communication.

Services, however, were not subject to certification. Services provided in the communication field could be certified according to the "Law on Communications". The certification laboratory met requirement of the international systems of quality. There were no non-State organizations or laboratories in Azerbaijan performing out certification or other types of testing. It was necessary to create a modern multi-profiled laboratory for certification.

Regulation of procedures on the development of the normative-legal Acts was partially on the basis of the Act of the Ministry of Communications entitled "Rules on the conduct of record – keeping at the Ministry of Communications". According to the approved Provision relating to the Council of Informatization under the Ministry of Communications, this Council was also authorized to develop the normative-legal Acts project.

The Ministry of Communications systematically conducted analyses of the efficiency of Acts and either made the necessary modifications or abolished the Acts altogether.

It was observed that closer coordination was necessary in the law-making process between the Milli Mejlis (national parliament) and the Ministry of Communications.

From May 2001 the working group on "ICT Normative-Legal base" within NICTS Project started its activity. The group developed the law drafts on "E-Signature", "E-Commerce" and "E-Document". The drafts were prepared using models and recommendations of international organizations (European Council, UN etc.) and best experience of developed countries. These three drafts have been already submitted to the National Parliament – the Milli Mejlis, for discussions. It is expected that adoption of these laws would remarkably increase the process of ICT developing in Azerbaijan.

The working group also carry out the analyses of European Convention on Cybercrime, adopted on November 23, 2001 in Budapest. In accordance with group outcomes the government authorities will make decision about joining Azerbaijan to Convention.

Box 1: National Normative Acts & International Treaties of the Republic of Azerbaijan

- Law on Communications, dated 20.06.97;
- Law on Creation of the Azerbaijan Republic State Commission “On Radio Frequency”, dated 15.08.96
- Law of the Azerbaijan Republic “On approval of the treaty on cooperation in the development of cellular-mobile systems and their use”, dated 30.03.1999;
- Law on Mass Media, dated 08.02.2000;
- Law of the Azerbaijan Republic “On annexation to the Charter and Constitution of International Telecommunications and correction documents”, dated 14/03/2000;
- Law on Information, Informatization and protection of information, dated 03.04.1998;
- Decree of the Azerbaijan Republic President dated 16/03/2001 “On conduction of the state regulation of the modern communication services in Azerbaijan”
- The Law of the Azerbaijan Republic on Corrective and Supplementary actions to communications, operating and searching activities 17.05.2002
- The State Programme on Development of small and medium sized entrepreneurship. (The Presidential Decree dated August 17, 2002)

**Annex 5**

**Representation of the state organizations of the Republic of Azerbaijan in Internet**

Prezidential Office	<a href="http://www.president.az">http://www.president.az</a> <a href="http://president.gov.az">http://president.gov.az</a>
Milli Majlis (The Parliament)	<a href="http://meclis.gov.az">http://meclis.gov.az</a>
Ministry of Youth, Sport and Tourism	<a href="http://myst.gov.az">http://myst.gov.az</a>
Ministry of Taxes	<a href="http://taxes.gov.az">http://taxes.gov.az</a>
Ministry of Education	<a href="http://edu.gov.az">http://edu.gov.az</a>
Ministry of Internal Affairs	<a href="http://mia.gov.az">http://mia.gov.az</a>
Ministry of Communications	<a href="http://mincom.gov.az">http://mincom.gov.az</a>

Ministry of Economic Development	<a href="http://economy.gov.az">http://economy.gov.az</a>
State Property Department of the Ministry of Economic Development (Former State Property Ministry)	<a href="http://msp.gov.az">http://msp.gov.az</a>
Ministry of Ecology	<a href="http://eco.gov.az">http://eco.gov.az</a>
The State Students' Admission Commission	<a href="http://tqdk.gov.az">http://tqdk.gov.az</a> (former address <a href="http://www.tqdk-az.com">http://www.tqdk-az.com</a> )
Central Election Commission	<a href="http://www.cec.gov.az">http://www.cec.gov.az</a>
Information Center of the Central Election Commission	<a href="http://infocenter.gov.az">http://infocenter.gov.az</a>
State Commission on captives, hostages and missing people	<a href="http://www.human.gov.az">http://www.human.gov.az</a>
Railway	<a href="http://addy.gov.az">http://addy.gov.az</a>
Supreme Court	<a href="http://supremecourt.gov.az">http://supremecourt.gov.az</a>
Ministry of Culture	<a href="http://www.culture.az">http://www.culture.az</a>
Ministry of Finance	<a href="http://www.minfin-az.com">http://www.minfin-az.com</a>
Ministry of Social security and labor	<a href="http://www.azerin.com/members/mlspp/">http://www.azerin.com/members/mlspp/</a>
State Customs Committee	<a href="http://www.az-customs.net">http://www.az-customs.net</a>
State Statistics Committee	<a href="http://www.azstat.org">http://www.azstat.org</a> <a href="http://www.statcom.baku-az.com">http://www.statcom.baku-az.com</a>
State Caspian Navigation	<a href="http://www.caspar.baku.az">http://www.caspar.baku.az</a>
State Land and Cartography Committee	<a href="http://www.torpaq.org/">http://www.torpaq.org/</a>
State Committee on work with Azeris living in the foreign countries	<a href="http://www.diaspora.az/">http://www.diaspora.az/</a>
AzerTAc (State Information Agency)	<a href="http://www.azertag.com">http://www.azertag.com</a>

Embassy of Azerbaijan in the USA	<a href="http://www.azembassy.com">http://www.azembassy.com</a>
Embassy of Azerbaijan in Russia	<a href="http://azembassy.msk.ru/">http://azembassy.msk.ru/</a>
Permanent representative of Azerbaijan in UN	<a href="http://www.un.int/azerbaijan/">http://www.un.int/azerbaijan/</a>

# Towards a Knowledge-based Economy

## **Azerbaijan**

### **COUNTRY READINESS ASSESSMENT REPORT**

**Baku, February 2003**

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## INTRODUCTION

Information communication technology (ICT) is an important tool that can positively influence the development of a society. It influences State bodies and civil society institutions, economic/business and social sectors, as well as science, education, culture and people's every day lives. Many well-developed and developing countries have derived great benefits from ICT and there is no doubt that wide application of ICT in society is a way leading to the future of human civilization.

World experience clearly shows that broad usage of ICT assists a country's overall socio-economic development and can provide an effective means of reducing poverty. It is therefore crucial for countries to have a national ICT strategy and action plan in order to use country's potential for enhancing development. It is particularly important for countries such as Azerbaijan that are undergoing a socio-economic transition and wishes to fully integrate into the world community.

Transition to an information society, globalization and integration into the world community are among priorities of a number of international organizations where Azerbaijan is a member state, namely the United Nations and the Council of Europe. Creating the right environment for transition into information society is stated to go in line with the policy of the Government of Azerbaijan, and the development of a National Strategy on ICT is an important first step in this direction.

Enhancing of information flows is a complex process, which has a number of scientific, technical, technological, economic, sociological and political aspects. It is essential for the successful implementation of this process to utilize the required resources (human, technical, software, financial, administrative and political) for coordination and regulation of the activities to be carried out, and to establish realistic operational targets and priorities. Adopted a national strategy for the development and use of ICT in Azerbaijan include overall principles and priorities, specific operational targets.

## **1. National Strategy and Action Plan**

### **1.1. National Coordination of the ICT**

Taking into account insufficient coordination of the processes of information society building in the Republic, on the one hand, intensity of the processes of formation of the sole world information space, deepening of the processes of information and economic integration of the regions, countries and people and necessity of the Republic to participate in these processes, on the other hand, Azerbaijan Government jointly with UNDP started on February 7, 2002 the project “*National Information Communication Technology Strategy for development and its initial implementation*”.

The executive of the project is the *State Students Admission Commission* - organization with great experience in application of ICT to mass processes, in cooperation with international organizations and the Chairwoman of the Commission is the National Coordinator of the Project.

### **1.2. The Key Points of the National ICT Strategy**

**The aim of the Strategy:** *Via wide application of information-communication technologies promote democracy and build information society in the country.*

**Main tasks:**

- Creating and developing the legal base of an information society,
- Developing human factors in the society, providing favourable conditions for high-quality education and medical services,
- Creating a favourable environment providing human rights and social institutions for the free collection, distribution and use of information,
- Realizing effective, transparent and controlled State regulation and local government, building e-government, forming and developing e-commerce,
- Strengthening the economic, social and intellectual potential of the country, building a competitive economy, creating and developing the information and knowledge market,
- Digitally preserving the historic, literary and cultural heritage of the nation and information about the world community,

- Forming and developing the information and communication infrastructure of the society, expanding information and communication services,
- Providing national information security,
- Integrating the country into the global e-information space,
- Introducing and developing new information and communication technologies, creating national software products, developing science-intensive production (ICT industries), eliminating the “digital divide”.

**Priorities:**

- Provision of information needs of the citizens, development of the individual, promotion of the intellectual potential of the country.
- Strengthening of economic potential of the country through introduction of information-communication technologies.
- Digital preservation and promotion of the national historic, literary and cultural heritage of the people.

**Main directions:**

- Preparation of national ICT human resources and provision of minimum level of ICT-literacy.
- Development of telecommunications industry.
- Formation and development of e-government.
- Creation of the normative-legal base to support informatization.
- Building and development of the e-economy.
- Formation and development of national information resources.
- Strengthening scientific, technical and production potential in information and communication technologies.
- Provision of national information security and personal data protection.

National plan of Actions will be prepared for the realization of the National Strategy. Within the framework of this plan by each direction of the activity, plans of actions – National ICT-Programs will be developed, and also works will be carried out via projects. Success of realization of the National Strategy mostly depends on the correct organization of the management. Public monitoring is of a great importance.

Project of the National ICT-strategy on 2003-2012 was adopted by the President of the Republic of Azerbaijan with the special Decree (see Annex III).

### **1.3. Action Plan and Policy Instruments**

The preparation of a NICTS reflects the Government's interest in the usage of ICT to broaden the implementation of all the necessary aspects that such a strategy entails. The strategy will take into account society's requirements, advanced global experience and facilitate Azerbaijan's integration into the world community. The strategy's objectives include the following:

- To assist the country's democratic development;
- To form a unified information zone in the country;
- To provide the country's information security;
- To reinforce the economic, social and intellectual potential;
- To create the required organizational, technological and legal environment;
- To create equal opportunities for all sectors irrespective of ownership forms;
- To fully integrate the country to the world community;
- To ensure establishing the favorable conditions for transition to an information-intensive civil society by 2013.

Projects included within the 10-year strategy framework include:

- Creation and development of the legal basis with regard to the enhancement of information structures and adoption of State standards.
- Encouragement of the application of science so as to ensure the broader usage of ICT.
- Creation of a favorable environment for setting up small and medium-sized enterprises, which produce internationally competitive products and services.
- Enhancement of an information infrastructure in education, monitoring education and distance learning.
- Development of Internet and information services.
- Wider use of the Azerbaijan language and alphabet and creation of national information resources.
- Establishment and development of regional information centers.

The overall main objective of the project is to create the necessary conditions for accelerating the transition to an information society. The following activities are envisaged:

- Resolving the structure, mechanism of administration and monitoring of the information enhancement process.

- Establishing the legal base to enhance the ICT potential.
- Assessing the country's electronic readiness.
- Selecting the priority areas for implementation (ICT) and resolving any outstanding issues affecting their implementation.
- Development and implementation of training programs for State administration officials.
- Resolving Azeri language script related problems and adopting respective standards.
- Establishing regional information centers.
- Establishing international cooperation, and ensuring local experts' participation in international forums and activities aimed at the involvement of international organizations into the realization of the strategy will be ongoing.

In order to implement the strategy a scientific-technical counsel, experts' counsel, monitoring counsel and public supervisory counsel need to be established as affiliates to the State Agency.

The Government of Azerbaijan has a number of prospective plans and proposals to expand the use of ICT in the State sector, for example in the areas of information security, other database/registration systems, and the non-commercial use of the Internet for academic institutions.

## **2. The Institutional Regime and Coordination of Activities**

### **2.1. State Institutional Structure Improving via ICT**

The development of democracy and the strengthening of its role in the creation of an information society is a multi-faceted task. Key elements include the creation and development of the requisite legal environment, the development of mechanisms for implementing normative acts and the fostering of public awareness of the role of personal and public group involvement in the process of advancing democratic reforms.

More than 30 parties participated in the Parliamentary Elections in 2000, a demonstration of wide public engagement in the political sphere. State Automated System "Elections" is created and in 2000 during the elections to Milli Majlis (Azerbaijan Parliament) it was used for the first time. System of national passports of the population of Azerbaijan is carried out.

Within the framework of the reforms of the courts in the Republic, ICT was applied in selection of the judges, aptitude of the judges were determined by the tests. ICT is used for the testing attorneys, state employees.

Poverty reduction is fundamental for human development, and Azerbaijan has declared it to be a national priority for the next decade. The National Programme for Poverty Reduction Strategy entails fundamental reforms that include stimulating an expansion of political participation, securing the accountability and transparency of government, stimulating the free flow of information, and securing strong positions for community groups and NGOs in developing political directions and adopting policy decisions. In this context, the development of forms of self-organization and self-administration such as NGOs, professional associations and labor unions will promote the necessary environment for poverty alleviation. In addition to promoting economic growth, overcoming poverty in Azerbaijan requires the reduction of hardships, including addressing limitations to having a healthy lifestyle, access to information, education, participation in public life, individual opportunities to defend one's rights to development and protection from all forms of discrimination and risks.

The local administrative structures have an important role to play in solving the problem of poverty. The Law "On Local Self-Governance" adopted in 1999 is aimed at enlarging the involvement of locally elected bodies and citizens in addressing local issues, including various manifestations of poverty. To regulate the activities of the newly formed local administrative bodies, the Parliament adopted the Laws "On Municipal Service" and "On the Base of Funding Municipalities." More than 2,700 Municipal Councils have been established

throughout Azerbaijan, excluding the territories occupied by Armenia, through the Municipal Elections held in 1999. The National Parliament has prepared a special program for municipality development through the year 2015. According to this program special typical information systems for local administrative structures will be prepared.

## 2.2. Institutional Structure on ICT area

The executive of the project “*National Information Communication Technology Strategy for development and its initial implementation*” is the *State Students Admission Commission* - organization with great experience in application of ICT to mass processes, in cooperation with international organizations and the Chairwoman of the Commission is the National Coordinator of the Project.

In the framework of the NICTS Project six Working Groups have been set up: National Strategy Group; Normative-Legal Base Group; Usage of the Azerbaijani Language in the Information Space; Projects on ICT; Regional Information Centres; Internet Services.

These groups were to identify the national strategy for the ICT sector, the main laws on ICT for e-documents, e-signature and e-commerce, the creation of fonts based on the Azeri language, software, a dictionary, etc. There is Council of Sector’s Coordinators from all Ministries and Committees of Azerbaijan working within the NICTS project.

Parliament	Banks
Milli Mejlis	National Bank
Ministries and State Committies	Azerbaijan International Bank
Ministry of Economic Development	
Ministry of Foreign Affairs	Others
Ministry of Communication	National Academy of Sciences
State Customs Committee	State Oil Company of Azerbaijan Republic
Ministry of Youth, Sport and Tourism	Central Archive Department
State Statistics Committee	State Railway Department
Ministry of Finance	Azerbaijan Airlines State Concern
Ministry of Taxes	Counting Chamber of Azerbaijan Republic
Ministry of Agriculture	
Ministry of Culture	
Ministry of Justice	
Ministry of Internal Affairs	
Ministry of Education	
State Committee on Women’s Problems	
Ministry of Labor and Social Protection of Population	
Ministry of Health	
Ministry of Ecology and Natural Resources	
State Committee of Land and Map Drawing	

### 2.3. Telecommunications Policy

According to the decision of the Cabinet of Ministers No. 143, dated June 04, 1994, the Ministry of Communications (MOC) was empowered to manage and coordinate the broadcasting of all State TV and radio programmes, telecommunications and postal communications. The Ministry is also responsible for ensuring the fulfilment of growing demand by providing the means for uninterrupted communications services. The Ministry was thus a regulator as well as a service provider.

The Ministry would ensure:

- equality of all physical and legal entities in this sphere of activity and service procurement;
- protection of free competition, limitation of unfair competition,
- provision of free access to and distribution of information on all subjects,
- separation of the subject of regulation from the economic practicalities in this sphere of activity.

The Republic of Azerbaijan is a member of the International Telecommunications Union (ITU) and participates in various international forums. Not yet having become a member of the World Trade Organization (WTO), it has not ratified the Agreement on Basic Telecommunications Services. The Ministry is preparing to join the European Conference on Postal and Telecommunication Administration (CEPT), which enable the Republic of Azerbaijan to establish bilateral relations with legislative organizations in Europe.

The Law of the Azerbaijan Republic "On Communications" dated 20 June, 1997 defined the organizational, economic and legal basis for activities in the field of communications. An Inter-Ministerial Tariff Commission was set up, headed by the Minister of Economic Development to provide a 'level playing field' for all operators. The Commission had powers to control tariffs, manage frequencies and impose penalties on defaulters.

According to the decision of the Cabinet of Ministers No. 138, dated 12 December, 1997 "On Rules for Protecting the Methods and Equipment for Communications in the Republic of Azerbaijan", communication equipment needed certification prior to installation.

The licensing of services such as international, inter-city and local cellular communications, paging, radio-trunk, cable TV, and express postal services, was regulated by the Ministry of Communications. It was also responsible for setting up joint ventures in telecommunications. Aztelecom was the State monopoly provider for long distance and international calls, including leasing of inter-city and international channels. It offered services such as, local,



inter-city and international telephony, data transmission, telegraph, telex, TV and radio broadcasting, cable transmissions, leasing of frequencies, Internet access and a telephone pay-card system. Three operators were providing domestic telephone services - the AzTelecom, Azeurotel, and Ultel. In mobile telephony, two companies provided the services, namely Azerbaijan – Bakcell and Azercell.

Internet services in the Republic of Azerbaijan were provided by 13 companies. These included Adanet, Artel, Azcom, Azerin, Azeronline, Azeurotel, Azinternet, Azintex, Aznetcard, Bakinternet, Baknet, Intrans and Sinam-Invest.

A number of telecommunication companies were to be privatized, according to the decree of the President of 21 March, 2001. These included, AzTeleCom and the Baku city telephone system, Tele Radio, Azermetbuatyayim, ground satellite stations and the State-owned share in authorized capital of joint ventures, the co-founder of which was the Republic of Azerbaijan's Ministry of Communications. It was understood that over 51 percent of Aztelecom's shares would be put up for privatization.