

Reducing Income Inequality in Azerbaijan in the Context of Sustainable Development

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Abstract

Income inequality is a key determinant of whether economic growth is translated into broad-based social welfare and is closely connected with the United Nations 2030 Agenda, particularly Sustainable Development Goals (SDGs) 1, 8 and 10. This study examines income inequality in Azerbaijan from a sustainable development perspective and identifies policy directions that could reduce disparities without weakening long-term growth incentives. The study adopts a descriptive and policy-analytical approach and relies on secondary data from the State Statistical Committee of the Republic of Azerbaijan, the World Bank, the United Nations Development Programme, Azerbaijan's 2024 Voluntary National Review and relevant national strategy documents. The absence of a recent internationally comparable World Bank Gini estimate for Azerbaijan limits assessments based on a single headline indicator. Nevertheless, national household budget statistics for 2024 make it possible to examine income distribution by income groups, regions and urban-rural residence. The findings indicate that a sustainable inequality-reduction strategy should go beyond social transfers. It should strengthen the redistributive effectiveness of the tax-and-transfer system, expand formal and productive employment, reduce regional opportunity gaps, improve equal access to education and health services, and ensure that green and digital transformations are implemented according to just-transition principles. The study also argues that regular, transparent and internationally comparable publication of inequality indicators is an essential institutional condition for better policy targeting and evaluation.

Keywords: Income inequality, sustainable development, social policy, inclusive growth, Azerbaijan.