

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET



Azerbaijan: 2017 Committed Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
400.00	500.00	2.86	-	902.86

- = nil.

Notes:
Commitment is the financing approved by the ADB Board of Directors or Management for which the investment agreement has been signed by the borrower, recipient, or the investee company and ADB.

Grants and technical assistance include ADB-administered cofinancing.

ADB supports Azerbaijan in diversifying the country's economy, fostering new economic opportunities, promoting inclusive growth, and reducing disparities between urban and rural areas.

AZERBAIJAN

Azerbaijan joined the Asian Development Bank (ADB) in 1999. ADB has since approved \$4.61 billion in loans, guarantees, grants, and technical assistance to the country.

ADB's engagement in Azerbaijan is guided by the country partnership strategy, 2014–2018, which aims to diversify Azerbaijan's economy, foster new economic opportunities, promote inclusive growth, and reduce disparities between urban and rural areas.¹ ADB's country operations business plan, 2018–2020 is aligned with the Government of Azerbaijan's Strategic Roadmap on the National Economy Perspective, adopted in December 2016.² During 2018–2020, ADB's indicative sovereign lending program in Azerbaijan totals \$900 million.

Cumulative disbursements to Azerbaijan for lending and grants financed by ordinary capital resources (OCR), the

Asian Development Fund, and other special funds amount to \$2.46 billion.

ADB-SUPPORTED PROJECTS AND PROGRAMS

Through various projects and programs in Azerbaijan, ADB has helped protect around 240,000 people from the effects of flooding, while about 350,000 urban and rural residents have received reliable drinking water for the first time. In Azerbaijan's Nakhchivan Autonomous Republic, ADB-supported projects gave about 135,000 people access to a 24-hour supply of water treated through state-of-the-art technology, established the first city-wide sewerage network with adequate wastewater treatment, and installed water meters in 24,700 households to make the water utility financially viable and rationalize water demand.

Azerbaijan: Cumulative Lending, Grant, and Technical Assistance Commitments^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	3	23.93	0.61
Energy	13	1,195.42	30.33
Finance	11	195.55	4.96
Health	1	0.60	0.02
Public Sector Management	11	504.99	12.81
Transport	20	1,461.17	37.07
Water and Other Urban Infrastructure and Services	10	560.19	14.21
Total	69	3,941.84	100.00

^a Grants and technical assistance include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of commitments.

^d Numbers may not sum precisely because of rounding.

Azerbaijan: Ordinary Capital Resources Nonsovereign Commitments by Product, 2007–2017

No. of Transactions Signed	Amount (\$ million)
Loans	959.67
Equity Investments	-
Guarantees	-
Total	959.67

- = nil.

¹ ADB. 2014. *Country Partnership Strategy: Azerbaijan, 2014–2018*. Manila. Since 2014, Azerbaijan is eligible only for financing from ADB's ordinary capital resources.

² ADB. 2017. *Country Operations Business Plan: Azerbaijan, 2018–2020*. Manila.



ADB has helped construct approximately 325 kilometers of new and upgraded highways and rural roads in Azerbaijan. In the Agstafa and Gazakh districts, ADB-supported projects have improved road connectivity for 16 villages (with a total population of 20,500 people) through the rehabilitation of 41.3 kilometers of rural roads and the reconstruction of four bridges. The rehabilitated rural roads significantly reduced travel time and vehicle maintenance costs, while enabling the local communities to have all-season and easy access to schools, markets, and health facilities. Taxis started operating in the villages for reasonable fares and village traffic patterns improved.

ADB has also invested in improved power distribution to deliver energy more reliably and reduce power outages across Azerbaijan. ADB helped increase the availability of reliable electricity supply to more than 30,000 consumers in Ganja, the country's second largest city, and 11,000 consumers in Dalimammadli city and Goranboy district, with 90% of consumers being households.

In December 2017, ADB approved two programs totaling \$650 million for Azerbaijan. The first is the \$400 million Railway Sector Development Program. This program will support

rehabilitation of the tracks and structure of the Sumgayit-Yalama rail line, and facilitate railway sector reforms, including the corporate governance, operational efficiency, and financial sustainability of the Azerbaijan Railway Company. The second program is the \$250 million Improving Governance and Public Sector Efficiency Program, Azerbaijan's first-ever programmatic policy-based operation. This program supports the creation and expansion of economic opportunities by introducing rule-based fiscal planning, restructuring state-owned enterprises, strengthening private sector participation, enhancing access to finance, and improving the country's business environment.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector transactions in the form of direct loans, equity investments, guarantees, B loans, and trade finance. In 2017, \$3.17 billion of financing for 29 nonsovereign transactions funded by ADB's own resources were approved. Total commitments achieved in 2017 amounted to \$2.29 billion for 27 transactions. Both OCR approvals and commitments were at record highs in 2017. Around \$5.9 billion of cofinancing from commercial and official

sources were mobilized. Total OCR outstanding balances and commitments of ADB's nonsovereign transactions as of 31 December 2017 amounted to \$10.9 billion.

COFINANCING

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, technical assistance, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's Trade Finance Program and Supply Chain Finance Program.

From 2002 to the end of 2017, cumulative direct value-added official cofinancing commitments for Azerbaijan amounted to \$2.50 million for one investment project and \$2.72 million for six technical assistance projects. Cumulative DVA commercial cofinancing for Azerbaijan amounted to \$1.10 billion for six investment projects.

A summary of projects with cofinancing from 1 January 2013 to 31 December

Azerbaijan: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2010	100.0	1
2012	50.0	2
2014	100.0	1
2016	100.0	1
Total	80.0	5

Note: "Year" refers to the circulation year of the project completion report (PCR). Compared with the numbers in previous years' *Fact Sheet*, the success rate reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and does not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2017.

Azerbaijan: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2016–2017

No. of Ongoing Loans ^a (as of 31 Dec 2017)	11	
	2016 (\$ million)	2017 (\$ million)
Contract Awards ^{b,c}	273.21	100.34
Disbursements ^b	776.68	326.32
No. of Ongoing Grants ^a (as of 31 Dec 2017)	-	
	2016 (\$ million)	2017 (\$ million)
Contract Awards ^{b,c}	-	-
Disbursements ^{b,d}	-	-
Actual Problem Projects (%) (as of 31 Dec 2017)	-	

- = nil.

^a Based on commitments.

^b Includes closed loans/grants that had contract awards or disbursements during the year.

^c Excludes policy-based lending/grants.

^d Includes only Asian Development Fund and other ADB special funds.

Azerbaijan: Projects Cofinanced, 1 January 2013–31 December 2017

Cofinancing	No. of Projects	Amount (\$ million)
Projects	4	952.40
Commercial cofinancing	4	952.40
Technical Assistance Grants	4	1.87

Azerbaijan: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2016		2017		Cumulative (as of 31 Dec 2017)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	816.45	7.24	143.63	1.38	1,582.03	0.94
Consulting Services	0.28	0.04	0.50	0.07	13.75	0.11
Total Procurement	816.73	6.86	144.13	1.29	1,595.78	0.88

Top 5 Contractors/Suppliers from Azerbaijan Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2013–31 December 2017

Contractor/Supplier	Sector	Contract Amount (\$ million)
TTS Insaat (Azerbaijan) LLC & Tamir Tekinti Isthesaal (JV)	WUS	101.14
Euro-Asian Construction Corp. JSC	TRA	76.00
Retro Holding MMC	ENE	72.55
Evrascor Euro-Asian Construction Corp.	TRA	66.57
Dizayn Inshaat MMC	WUS	63.54
Others		793.78
Total		1,173.59

ENE = energy, TRA = transport, WUS = water and other urban infrastructure and services.

Top 5 Consultants from Azerbaijan Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2013–31 December 2017

Consultant	Sector	Contract Amount (\$ million)
RSM Azerbaijan LLC	TRA, WUS	0.26
BKR Isik Consulting	TRA	0.25
Moore Stephens (AZE) & ACF Kyrgyzaudit CJSC (JV)	ENE	0.24
Baker Tilly Azerbaijan	ENE	0.12
UNICEF (United Nations Children's Emergency Fund) Azerbaijan	WUS	0.10
Individual Consultants		0.76
Others		0.09
Total		1.82

ENE = energy, TRA = transport, WUS = water and other urban infrastructure and services.

2017 is available at www.adb.org/countries/azerbaijan/cofinancing.

PARTNERSHIPS

ADB facilitates partnerships and dialogue between Azerbaijan and other Central Asia Regional Economic Cooperation countries on transport and energy development, trade negotiation, and policy development. The ADB Azerbaijan Resident Mission is an active participant in the country's development partner coordination framework, including in the sector groups on governance, private and finance sector development, agriculture, and energy.

ADB cooperates with civil society organizations to strengthen the effectiveness, quality, and sustainability of its assistance.

PROCUREMENT

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries; and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts are awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Share of ADB's Procurement Contracts

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled \$11.28 billion in 2016

and \$10.43 billion in 2017. Cumulative procurement since 1966 was \$169.12 billion covering 211,316 contracts.

In Azerbaijan, 134 contracts worth \$1.58 billion were awarded to contractors and suppliers since 1999.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$627.79 million in 2016 and \$741.84 million in 2017. Cumulative procurement since 1966 was \$12.02 billion covering 55,420 contracts.

In Azerbaijan, 121 contracts worth \$13.75 million were awarded to consultants since 1999.

OPERATIONAL CHALLENGES

The active ADB public portfolio in Azerbaijan comprises seven projects totaling \$1.85 billion, of which 49% is in transport, 24% is in water supply and sanitation, and 13.5% is in each of energy and public sector management. ADB and the government have been working closely to strengthen the country's environmental and social safeguards systems; ensure compliance with standard ADB practices in procurement, financial management, and anticorruption initiatives; and mainstream gender responsiveness. Special attention is paid to strengthening the governance and institutional capacities of implementing agencies as well as to promoting the economic and financial sustainability of investments.

FUTURE DIRECTIONS

In support of the government's Strategic Roadmap on the National Economy Perspective, ADB assistance in Azerbaijan in the short to medium term will include operations in public sector management, transport, and energy as well as in urban infrastructure and private sector development.

In public sector management, ADB will continue helping to improve Azerbaijan's public financial management framework, raise the efficiency of the public corporate sector, and strengthen private sector participation in the economy, including through public-private partnerships. ADB will prioritize the development of transport corridors to boost the country's connectivity. It will also promote the increased use of renewable energy sources, enhance the energy sector's financial sustainability, and improve the power distribution network. ADB will continue to help develop modern urban infrastructure and services for Azerbaijan, as a necessary platform for a more diversified economy and improved living conditions.

While remaining responsive to market demand, ADB private sector operations will look for opportunities to engage in projects related to trade, finance, small and medium-sized enterprise expansion, and infrastructure development.

ADB's increased knowledge work in Azerbaijan will focus on targeted policy advice, facilitation of knowledge sharing, and economic analysis to help address the constraints to inclusive growth in Azerbaijan.



ABOUT AZERBAIJAN AND ADB

ADB Membership

Joined in 1999

Shareholding and Voting Power

Number of shares held:	47,208 (0.445% of total shares)
Votes:	86,815 (0.654% of total membership, 1.004% of total regional membership)
Overall capital subscription:	\$672.30 million
Paid-in capital subscription:	\$33.69 million

Scott Dawson is the Alternate Director representing Azerbaijan on the ADB Board of Directors.

Nariman Mannapbekov is the ADB Country Director for Azerbaijan. The Azerbaijan Resident Mission was opened in 2004 and is the primary link for ADB with the government, the private sector, civil society, and development partners. The resident mission engages in policy dialogue, development of the country partnership strategy and program, portfolio management, project and technical assistance implementation, coordination with development stakeholders, public relations, and knowledge management in Azerbaijan.

The Azerbaijan government agency handling ADB affairs is the Ministry of Finance.

ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance. In 2017, lending volume was \$18.72 billion (111 projects), with technical assistance at \$200.53 million (246 projects) and grant-financed projects at \$597.49 million (24 projects). In addition, \$11.92 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2013 to 31 December 2017, ADB's annual lending volume averaged \$14.55 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$617.74 million and \$166.28 million over the same period. As of 31 December 2017, the cumulative totals excluding cofinancing were \$255.14 billion in loans for 2,955 projects in 44 countries, \$8.36 billion in 328 grants, and \$4.27 billion in technical assistance grants, including regional technical assistance grants.

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Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

Depository Libraries
www.adb.org/publications/depositories

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Statistics and Databases
www.adb.org/data/statistics