

AZERBAIJAN

MEHMAN ABBAS, Head of Delegation

I feel greatly honored to have the opportunity to speak to you on behalf of the Republic of Azerbaijan at the Thirty-Eighth Annual Meeting of the Asian Development Bank (ADB) Board of Governors.

Seizing this opportunity, I would like to thank the Government and the people of the Republic of Turkey, as well as ADB staff for the warm welcome, kind hospitality and excellent organizational arrangements for this meeting.

Let me also express our congratulations to Mr. Haruhiko Kuroda, new ADB President, and wish him every success and prosperity in this important mission.

I also would like to thank Mr. Tadao Chino for his valuable and strong leadership that we witnessed in six year period of his Presidency and wish him strong health and happiness.

Azerbaijan has continued its policy to keep favorable macro-economic framework that has been started since 1995. GDP growth rate has averaged 10% annually over past 10 year period. In 2004, foreign exchange reserves reached US\$2 billion, external debt ratio has been kept at 20% of GDP and the inflation rate was 6.7%.

Last year, a new mid-term state program has been approved on socio-economic development of the regions that is consistent with the country's poverty reduction strategy with a special focus on balanced regional growth.

Construction of the Baku-Tbilisi-Ceyhan oil pipeline is expected to be completed this year. That will give another impulse to integration of the country economy to the regional one. To ensure efficient use of the oil revenues and better channeling of these resources toward economic diversification, non-oil sector development, as well as poverty reduction and employment creation, the President of the Republic of Azerbaijan has adopted a long-term strategy on use of oil revenues.

Privatization and public administration reform is underway. Budget planning process has been further developed by introducing mid-term budgetary planning and Public Investment Program according to the new Law on Budget Systems. Anti-corruption strategy has been developed through active participation of international community and non-governmental organizations.

As a result of successful macro-economic policy, structural reforms and implementation of targeted national programs on poverty reduction and regional development, the Government of the Republic of Azerbaijan together with its developing partners has been able to reduce the poverty level in the country from 47% in 2002 to 40% in 2004.

Azerbaijan has also been consistent in its policy commitment to widening of the integration and cooperation with the international community. This has been reflected in the country's recent US\$ 1 million donation to support Tsunami affected areas. Using this opportunity, I extend our deep condolences to the countries affected by this disaster.

Azerbaijan joined ADB in 1999. Since then, the country has received ADB's continuous support in implementation of its strategic development programmes. In 2004, ADB approved two projects for Azerbaijan for US\$30 million to improve water supply and sanitation services in secondary towns and five technical assistance grants totalling US\$ 2.6 million. The following priority areas have been identified by the Country Strategy and Update (2005-2006) for ADB assistance in Azerbaijan:

- internally displaced persons;
- agriculture and rural development;
- social infrastructure development; and
- road infrastructure development.

In addition, Framework Agreement on Private Sector Development was signed in 2004. This opens up new opportunities for Azerbaijan to channel ADB resources towards SME sector development and creation of new employment opportunities.

The country will mark this year as beginning of a new process, namely the formulation of a new long-term program for national sustainable development (2006-2015) in close cooperation with donor organizations. This program will be a continuation of State Program on Poverty Reduction and Economic Development and the chosen timeframe will allow a more complete alignment with the global and national Millennium Development Goals.

Highly appreciating continuous support by ADB Management and its valuable staff under new leadership of President Haruhiko Kuroda, we invite ADB's active participation in preparation and implementation of the above mentioned long-term development agenda for the country and wish every success, both the ADB and the member countries, in their tremendous efforts towards reducing poverty and sustainable development.

Thank you for your attention.