

## **THE COUNTRY CLASSIFICATION OF AZERBAIJAN**

**March 2001**

**ABBREVIATIONS**

ADB	-	Asian Development Bank
ADF	-	Asian Development Fund
DMC	-	Developing member country
ERIOS	-	Economic Report and Interim Operational Strategy
FSU	-	Former Soviet Union
GDP	-	Gross domestic product
HIPC	-	Heavily indebted poor country
IBRD	-	International Bank for Reconstruction and Development
IDA	-	International Development Association
IDP	-	Internally displaced person
IMF	-	International Monetary Fund
LLDC	-	Low income and less developed country
OCR	-	Ordinary capital resources
OSCE	-	Organization for Security and Cooperation in Europe

**NOTE**

In this report, "\$" refers to US dollars.

**CONTENTS**

	<b>Page</b>
I. INTRODUCTION	1
II. ADB's CLASSIFICATION POLICY	1
III. KEY FACTS OF AZERBAIJAN	2
IV. CRITERIA FOR CLASSIFICATION OF AZERBAIJAN	3
A. Economy and Per Capita Income	3
B. Debt Repayment Capacity and Classification	4
C. Other Considerations	5
D. Conclusion	6
V. OPERATIONAL IMPLICATIONS	6
A. Eligibility for ADF	7
B. Cost Sharing of TAs and Project Financing	7
VI. RECOMMENDATION	8
APPENDICES	

## I. INTRODUCTION

1. Azerbaijan was officially recognized as a developing member country (DMC) of Asian Development Bank (ADB) in December 1999. ADB's policy is to classify each DMC according to its eligibility for loan assistance. The classification will also determine the applicable cost sharing ceiling and the eligibility for the domestic preference scheme. This paper provides recommendations on Azerbaijan's classification, based on the criteria in the ADB's graduation policy paper of November 1998.<sup>a</sup> The economic discussions draw from the background information provided in the *Economic Report and Interim Operational Strategy for Azerbaijan*,<sup>b</sup> that was circulated to and discussed by the Board in November 2000.

### 11. ADS's CLASSIFICATION POLICY

2. Since 1998, ADB has adopted a new classification system, moving from the former three-tier classification scheme into a four-tier scheme. The change was intended to balance the access to ADB resources more equally over time by adding one more group and to allow graduation from one tier to another. The movement in the matrix is bi-directional: a country can move up and down the ladder, and leave the scheme entirely. To avoid frequent movements between groups, a time lag of four years is recommended before a reclassification should take place.

3. All DMCs have been classified in line with the new graduation policy in 1998 (Appendix 1). Countries that had recently been moved from one group to a higher one were given sufficient time to adapt to the new situation. The consequences for these countries were individually discussed in the 1998 policy paper.

4. The framework of the graduation paper provides the classification procedure described in this paragraph. On the basis of the UN classification of low income and less developed countries (LLDCs), DMCs are first divided into LLDC countries and others. Then, two criteria are applied: per capita gross national product (GNP) and debt-repayment capacity. The criteria are arrived at through a two-stage process. In the first stage, the per capita GNP operational cut off is applied to divide borrowing DMCs into two categories (i.e., those below and those above the cut off). In the second stage, within each income category (i.e., below and above the per capita GNP cut off) countries are further differentiated on the basis of debt repayment capacity as weak, limited or adequate.

5. The joint application of these three steps yields the following system of DMC eligibility for the Asian Development Fund (ADF) and Ordinary Capital Resources (OCR): (i) ADF-only (Group A); (ii) ADF with limited amounts of OCR (Group B1); (iii) OCR with limited amounts of ADF (Group B2); and (iv) OCR-only (Group C). The table shows the decision matrix used for classifying DMCs.

---

<sup>a</sup> R204-98: *A Graduation Policy for the Bank's DMCs*, 23 November.

<sup>b</sup> ECR: AZE2000-12: *Economic Report and Interim Operation Strategy for Azerbaijan*, 16 November 2000.

**Table 1: Decision Matrix of Classification**

	Proposed Per Capita GNP Cutoff			
	Below Per Capita GNP Cutoff		Above Per Capita GNP Cutoff	
Debt Repayment Capacity	LLDC	Other	LLDC	Other
Weak	ADF-only (Group A)	ADF-only (Group A)	ADF only (Group A)	ADF with limited OCR (Group B1)
Limited	ADF with limited OCR (Group B1)	ADF with limited OCR (Group B1)	ADF with limited OCR (Group B1)	OCR with limited ADF (Group B2)
Adequate	OCR with limited ADF (Group B2)	OCR with limited ADF (Group B2)	OCR with limited ADF (Group B2)	OCR only (Group C)

6. To determine the per capita GNP, the International Development Assistance (IDA) operational cutoff has been adopted. IDA's current cutoff is \$885 in 1999 prices. The debt repayment capacity comprises a quantitative and qualitative determinant. The quantitative component uses four indicators: debt sustainability, private capital inflows, gross domestic saving rate, and size of economy. The qualitative assessment captures five indicators: the categorization as a heavily indebted poor country by the World Bank and the International Monetary Fund (IMF), volatility of export growth, main external financing source, degree of access to IDA funds, and whether sovereign borrowing by the country is rated by Moody's and Standard and Poor's.

7. The system of country classification has an additional impact on operations in regard to cost sharing and levying domestic preferences. The minimum government contribution to total costs of technical assistance (TA) for Group A is at least 15 percent; for Group B1 and B2, 20 percent; and for Group C, 30 percent. The cost-sharing limit for project financing is 80 percent for Group A, 70 percent for Group B1, 60 percent for Group B2, and 40 percent for Group C.<sup>c</sup>

### III. KEY FACTS OF AZERBAIJAN<sup>d</sup>

8. For almost 70 years, Azerbaijan was a republic of the former Soviet Union. It became independent in 1991. Azerbaijan is on the southeastern flanks of the Caucasus Mountains and the western shore of the Caspian Sea; borders Armenia, Georgia, Iran and the Russian Federation; and covers 87,000 square kilometers. The capital is Baku. The Nakhchivan Autonomous Republic (5,500 square kilometers and 295,000 inhabitants), bordered by Armenia, Iran, and Turkey, is geographically separated from the Azerbaijan main territory. Appendix 2 provides basic data of Azerbaijan.

9. Azerbaijan has 8 million people. Over half the population reside in urban areas. The population is currently growing annually at 0.9 percent, slower than the 2 percent in the early 1990s, due to declining birth rates. Azeris constitute over 90 percent of the population. Ethnic minorities include Armenian, Laz, Russian and others. About 83 percent of the

<sup>c</sup> The domestic preference scheme will apply as defined in R108-91: Revision 1, Final, *Review of Domestic Preference*, 8 August.

<sup>d</sup> Appendix 2, Basic Data Sheet.

population are Muslim, mainly Shiite. Azerbaijani is the state language, spoken by about 95 percent of the population. Russian is also widely used, particularly in urban areas.

10. Azerbaijan is a presidential republic. The President,<sup>e</sup> directly elected to a term of five years, appoints the Prime Minister and the Cabinet of Ministers, which has executive power to implement policies in accordance with laws and decrees from the one chamber parliament (*Milli Mejlis*).

11. Azerbaijan suffered political instability until its October 1993 presidential elections. The political instability was aggravated by a three-year war with Armenia over Nagorno-Karabakh during 1991-1994.<sup>f</sup> A cease-fire was reached in May 1994, and peace negotiations are under way under the auspices of the Organization for Security and Cooperation in Europe. The unresolved conflict has imposed extraordinary suffering on the population of Azerbaijan. About 20 percent of Azerbaijan's national territory are currently under Armenian occupation, including the Nagorno-Karabakh area. Nearly 1 million people, or 12 percent of the population, became refugees or internally displaced persons (IDPs) because of the war.

#### IV. CRITERIA FOR CLASSIFICATION OF AZERBAIJAN

##### A. Economy and Per Capita Income<sup>g</sup>

12. Azerbaijan traditionally has had a relatively diverse economy, with oil, oil equipment, agriculture, manufacturing, and textile as some of the main sectors. The economy went through a protracted and profound contraction during the early years of independence. During 1991-1996, real gross domestic product (GDP) declined by about 60 percent. In 1996, real GDP grew by 1.3 percent, the first positive growth since the country's independence in 1991. Real GDP continued to grow during 1997-1999 at an annual average of 7.7 percent, and at 11.4 percent for the whole year of 2000. However, the recent economic growth has been mainly driven by the revived production in the oil and oil-related sectors, which provide 26 percent of GDP. Other sectors have continued to decline or languish. Development of the private sector, especially small and medium enterprises, has been severely constrained due to market distortions. People's living standards are low, and per capita GDP is currently about \$500. Unemployment is high (15-20 percent), poverty remains widespread, and social inequality is severe.

13. Using the World Bank Atlas methodology,<sup>h</sup> Azerbaijan's per capita GNP in 1999 was \$550 at current prices, lower than the current IDA operational cutoff of \$885. In 1998, IDA adopted the operational cutoff of \$925 in 1997 prices. Azerbaijan's GNP for the same period was \$440, clearly below the cutoff.

##### B. Debt Repayment Capacity and Classification<sup>i</sup>

14. **External Debt and Debt Services.** After independence, no external debts were inherited from the former Soviet Union. By the end of 1996, Azerbaijan's total gross external debts amounted to \$445 million (17 percent of GDP). Total external debts were within a

<sup>e</sup> President Heydar Aliyev, elected first in 1993, was reelected in October 1998.

<sup>f</sup> Ethnic conflicts between Azerbaijan and Armenia began in 1988, before Azerbaijan became independent.

<sup>g</sup> Figures used in the assessment are based, where necessary, on the same time period as in the 1998 graduation paper.

<sup>h</sup> Based on a three-year weighted average of the official exchange rate.

<sup>i</sup> Figures used in the assessment are based, where necessary, on the same time period as in the 1998 graduation paper.

reasonable range, at about 14-16 percent of GDP between 1997 and 1998, before rising to 24 percent (\$964 million) in 1999. They compare favorably with the average levels of Central Asia republics (55 percent in 1999) and developing countries in general (42 percent in 1999). Of the total amount, 74 percent comprises debts to multilateral creditors, 16 percent is export credits, 6 percent is owed to bilateral creditors and 4 percent to commercial banks. External debt service in terms of exports of goods and services remained just below 1 percent before 1998, except in 1997, when it rose to 7 percent. The debt service ratio rose to 4 percent in 1999.

15. **Foreign Exchange Reserves.** By 1994, the gross reserves of Azerbaijan's central bank had dwindled to \$2 million. Since then its foreign exchange reserve position has improved significantly, to about \$676 million by the end of 1999. This amounts to a cover of six months of imports and services excluding oil sector operations.

16. **Gross Domestic Savings.** The economy's savings rate has been low, and early data are not reliable, with large statistical discrepancies (up to 12.4 percent of GDP). The gross national savings rate was estimated at 3.6 percent of GDP in 1996, and rose to 10.7 percent on average during 1997 -1999. As the economy has yet to recover to its standing prior to the breakup of the Soviet Union, a substantial rise in domestic savings is unlikely in the near future.

17. **Export Performance.** Export growth has been unstable. This is reflected in a 0.3 percent decline in 1995, followed by a 16 percent increase in 1996. The pattern was repeated during 1997-1999 after 2.4 percent growth in 1997, exports declined by 16.1 percent in 1998 but rebounded to a positive growth of 51.2 percent in 1999. Exports declined from \$789 million (25 percent of GDP) in 1996 to \$678 million (16 percent of GDP) in 1998, before recovering to \$1,025 million (26 percent of GDP) in 1999. Azerbaijan's reliance on oil exports increased to 78 percent of total exports in 1999 from 50 percent in 1996.

18. **Current Account Balance and External Financing.** The current account deficit has declined from 26 percent of GDP in 1996 to 15 percent in 1999. External financing (net), amounted to \$4.2 billion cumulatively during 1994-1996 compared with \$3.1 billion during 1997- 1999. Major sources include foreign direct and portfolio investment (85 percent in 1997-1999), official medium and long-term capital flows (9 percent in 1997-1999), and short-term banking capital and trade credits (7 percent in 1997-1999). Increasingly, foreign investment has been limited to oil-related sectors (76 percent in 1997-1999 compared with 54 percent in 1994-1996). More importantly, official medium- and long-term capital has decreased in comparison with short-term banking capital and trade credits (the ratio of medium- and long-term capital to short- term capital and trade credits fell to 1.3 in 1997-1999 from 5.1 in 1994-1996).

19. **Official Development Assistance and Eligibility for IDA.** By the end of 1999, approved official development assistance to Azerbaijan had amounted to about \$2 billion, about 80 percent of which is on concessional terms. Since 1992, the country has been a blend borrower of the International Bank for Reconstruction and Development (IBRD) and IDA. However, so far Azerbaijan has received only IDA credits of \$369 million for 14 operations.<sup>j</sup> Azerbaijan has not been listed as a heavily indebted poor country (HIPC).

20. **Access to the International Capital Market.** Azerbaijan has not borrowed from the international capital markets. Neither Moody's nor Standard & Poor's have undertaken a

---

<sup>j</sup> Under the Document of The World Bank Report No. 19892-AZ' Memorandum of the President of the International Bank for Reconstruction and Development and the International Development Association and the International Finance Corporation to the Executive Directors on a Country Assistance Strategy for the Azerbaijan Republic, 29 November 1999, the World Bank has envisaged a lending volume of \$284 million, including \$240 million IDA credits.

sovereign risk assessment for Azerbaijan. To explore Azerbaijan's access to international capital markets, the Government had Fitch IBCA, Duff & Phelps complete a sovereign risk assessment in July 2000.<sup>k</sup>

21. **Debt Repayment Capacity.** ADB's DMCs are ranked through an econometric model that takes into consideration relevant factors. The DMCs are grouped into three categories pertinent to their debt repayment capacities: A (weak), B1 (limited) and B2 (adequate). Based on this methodology, Azerbaijan's debt repayment capacity is limited.

22. **Classification.** Through the joint application of the two criteria, per capita GNP and debt repayment capacity, Azerbaijan can be classified within group B1, which allows borrowing from ADF with limited OCR access.

### C. Other Considerations

23. **Poverty.** From the late-1980s to the mid-1990s, Azerbaijan experienced tremendous economic dislocation due to the breakup of the Soviet Union, ethnic conflicts, war and political instability. These combined events caused real output to collapse, inflation to run rampant, real income to plunge, and government financial resources to drop sharply. As a result, poverty had become widespread and deep, particularly among refugees and internally displaced persons (IDPs). Almost 62 percent of the households were below the poverty line. About 20 percent of all households are considered very poor.<sup>l</sup> The poverty incidence among the refugee and IDP households is about 75 percent and this group has almost twice as many very poor people as in the general population. In addition, the access of the poor to quality social services has decreased. Poverty has been aggravated by reduced public expenditures, an increased number of closed enterprises that ceased to provide financing for social services, and rising pressure on social and municipal services (due to the nonintegration of refugees and IDPs). Nearly one quarter of the country's children are malnourished and two fifths are suffering from anemia. Waterborne diseases have become widespread in urban areas due to the low capacity to treat water and aging pipe networks. Drinking water is available for only 54 percent of households in the country, and for 17 percent in rural areas and smaller towns which have a large share of refugees and IDPs.

24. **Government Revenues.** Except for 1998, government revenues have remained at around 20 percent of GDP, which is much lower than that prior to 1995. This is partly a natural consequence of government downsizing during the transition to a market-based economy. However, tax collection has been weak as a result of large tax arrears and evasion of indirect taxes such as excise taxes and custom duties. Another major reason for reduced revenues in 1998 was the decline of oil prices. As the production of oil and natural gas is increasing, the Government budget is expected to become more dependent on the oil revenues, which presently account for 30 percent of total current revenues. However, limitations of the drilling infrastructure and lower-than-expected finds of oil suggest that oil and gas production will not increase substantially until 2008.<sup>m</sup> Until then, the Government will not be able to receive large revenue inflows from production sharing agreements, and additional spending will be needed to cover the costs of initial investment.

25. **Developmental Challenges.** After almost a decade of transition, the economy is still facing (i) a low level of development with low per capita income, high unemployment, poor

<sup>k</sup> The long- and short-term foreign currency ratings by Fitch IBCA, Duff & Phelps are currently B+ and B respectively, both being speculative grades.

<sup>l</sup> The very poor have food expenditures at less than half of the minimum level of the national poverty line.

<sup>m</sup> According to Fitch IBCA, Duff & Phelps (*Sovereign Report: Azerbaijan, July 2000*), oil production is expected to be increased from the current 180,000 barrels per day to over 1 million barrels per day with full exploitation of some of Azerbaijan's major oil fields

infrastructure, and widespread and deep poverty; (ii) a slow transition toward a democracy and a market-based economy, with few structural reforms; (iii) unexploited rich natural resources, which offer bright development potential but have yet to benefit the population, especially the poor; and (iv) an emerging trend toward greater dependence on oil-related sectors. To sustain economic recovery and growth, the country needs to go beyond stabilization to pursue prudent economic management and deepen structural reforms. Major challenges include (i) promoting development of the non-oil sectors, which provide the majority of jobs to the poor; (ii) improving macroeconomic policies and management to maintaining both domestic and external balances; and (iii) deepening structural reforms to build policy, regulatory, and legal environment appropriate for a market economy.

#### **D. Conclusion**

26. Azerbaijan's current status, its per capita GNP lower than the current IDA cutoff, and its limited debt repayment capacity indicate that the country should be categorized in group B1. Other factors pointing in the same direction include (i) a relatively small economy, (ii) widespread and deep poverty, particularly among refugees and IDPs, (iii) the nonavailability of large oil revenues until 2008, (iv) weak institutional capacity of the public sector, (v) an urgent need for development assistance to policy reforms and development of the non-oil sectors, and (vi) over 80 percent of the \$2 billion external assistance to Azerbaijan is on concessional terms.

### **V. OPERATIONAL IMPLICATIONS**

#### **A. Eligibility for ADF**

27. Aiming at sustainable economic growth and human development; AO8's assistance to Azerbaijan will begin with two operational foci. One focus will be direct assistance to the poor, especially refugees and IDPs, to help them achieve self-reliance and reintegration into economic mainstream. The other focus is support for poverty reduction through non-oil sector development. Good governance is essential to underpin ADB's support. A classification of B1 for Azerbaijan will allow the country to be eligible for ADF with limited OCR in receiving ADB's financing assistance.

#### **B. Cost Sharing of TAs and Project Financing**

28. As a group B1 country, Azerbaijan will have to contribute a minimum of 20 percent to the total costs of TAs and share 30 percent of costs for project finance. To avoid undue hardship especially for countries in transition, ADB financing may exceed the country's cost-sharing limit on a project basis.

### **VI. RECOMMENDATION**

29. It is recommended that Azerbaijan be classified as a group B1 country. If the Board approves the proposed classification, Azerbaijan will be eligible for resources predominantly in ADF with limited access to OCR for revenue-earning projects, which will be determined on a case-by-case basis. Cost-sharing norms of project and TA financing for B1-group countries will also apply.

## APPENDICES

Number	Title	Page	Cited on (page, para.)
1	Classification of Members After the 1998 Classification	8	1,3
2	Basic Data Sheet	9	2, footnote 4 2,8

**Classification of Members After the 1988 Classification**

<b>Classification</b>	<b>ADF/OCR Eligibility</b>	<b>Cost-Sharing Limit for Project Financing<sup>n</sup></b>	<b>Minimum Government Contribution to Total Costs of TAs<sup>o</sup></b>
<b>Group A</b> Afghanistan, Bhutan, Cambodia, Lao PDR, Kiribati, Kyrgyz Republic, Maldives, Myanmar, Mongolia, Nepal, Samoa, Solomon Islands, Tajikistan, Tuvalu, Vanuatu	ADF only	80%	15%
<b>Group B1</b> Bangladesh, Cook Islands <sup>p</sup> , Micronesia, Pakistan, Sri Lanka, Tonga, Viet Nam	ADF with limited amounts of OCR	70%	20%
<b>Group B2</b> PRC, India, Indonesia <sup>q</sup> , Nauru, Papua New Guinea	OCR with limited amounts of ADF	60%	20%
<b>Group C</b> Fiji Islands, Kazakhstan, Malaysia, Philippines, Thailand, Uzbekistan	OCR only	40%	30%
<b>Graduated</b> Republic of Korea <sup>r</sup> , Hong Kong, China, Singapore, Taipei, China	Graduated from regular ADB assistance	NA	NA

Lao PDR = Lao People Democratic Republic; PR + People's Republic of China

<sup>n</sup> Phased reduction at the rate of 5% per year in ceilings for all Group B1 countries plus Kazakhstan, Philippines and Uzbekistan.

<sup>o</sup> Subject to the limit of total TA costs and cost of domestic consultants.

<sup>p</sup> Limited OCR eligibility will be applied only after the external debt position improves.

<sup>q</sup> On watch list for graduation from ADF.

<sup>r</sup> Graduated but under emergency assistance until normalcy is restored.

## Basic Data Sheet

Item	1990	Latest Year	Year	
<b>Area and Population</b>				
Area (thousand km <sup>2</sup> )		88.6	(2000)	
Total Population *	'000 people	7,218.5	8,016.2 (1999)	
Rural	%	46.5	49 (1999)	
Female	%	51.2	51.2 (1999)	
Annual Population Growth	average, %	-	1.1 (1990-1999)	
Population Density	people/km <sup>2</sup>	-	92.6 (1999)	
<b>Health</b>				
Maternal Mortality	per 100,000 births	22	43.4 (1999)	
Infant Mortality Rate	per 000 live births	23	34 (1997)	
Life Expectancy at Birth	years	71.1	71.6 (1998)	
Female Life Expectancy	years	74.8	75.0 (1998)	
Male Life Expectancy	years	67.0	67.9 (1998)	
Under-5 Malnutrition	% of popn aged<5	-	10.0 (1997)	
Crude Death Rate	per 000 population	6.1	5.9 (1998)	
Crude Birth Rate	per 000 population	28.3	15.7 (1998)	
Total Fertility Rate	births per woman	-	2.1 (1997)	
Population per Doctor		-	282 (1997)	
Hospital Beds	'000 per 10,000 persons	70.9	71.7 (1998)	
Access to Safe Water	% of population	-	63 (1996)	
<b>Education</b>				
Enrolment Ratio, aged 6-23	%	-	65.6 (1997)	
Average years of Schooling	years	-	10 (1997)	
Female	years	-	9 (1997)	
Male	years	-	11 (1997)	
Adult Literacy Rate	%	-	96.3 (1997)	
<b>Poverty and Human Development</b>				
Poverty Incidence	% of population	-	68.1 (1995)	
Poverty Incidence	% of households	-	61.5 (1995)	
Human Development Index		0.755	0.695 (1997)	
HDI-Rank		62	103 (1997)	
Human Poverty Index (HPI)		-	26.9 (1997)	
Item	1996	1997	1998	1999
<b>GDP and Employment</b>				
Nominal GDP (billion manats) <sup>b</sup>	13,663	15,792	16,177	16,489
Per Capita GDP (current \$, at average exchange rate)	407	503	526	499
Real GDP Growth (%)	1.3	5.8	10.0	7.4
Total Employment (thousand, annual average)	3,687	3,694	3,702	3,702
<b>Inflation and Money Supply</b>				
Inflation (% annual average) <sup>c</sup>	19.8	3.6	(0.6)	(6.5)
Inflation (% end of period)	6.8	0.3	(2.6)	(0.5)
Broad Money (M2)	18.9	33.6	(17.0)	22.2
<b>Government Finance (% of GDP)</b>				
Revenue	23.3	19.1	17.1	19.4
Expenditures	26.1	20.8	21.3	24.9
Overall Surplus/deficit (including transfers)	(2.8)	(1.6)	(4.2)	(5.4)
<b>External Sector</b>				
Exports, \$ million	789	808	678	1,025
Imports, \$ million	1,338	1,375	1,724	1,433
Merchandise Trade Balance (\$ million)	(549)	(567)	(1,046)	(408)
Current Account Balance (% of GDP)	(25)	(24)	(33)	(15)
Exchange Rate (manat per \$)	4,300	3,983	3,869	4,126
Gross Official Reserves (\$ million, end of period)	214	467	449	676
(months of imports) <sup>d</sup>	1.9	3.7	3.0	6.0
External Debt (\$ million)	445	548	681	964

- = not available; HDI = Human Development Index; HPI = Human Poverty Index; GDP = gross domestic product

\* End of period, based on revised population estimate based on 1999 population census.

<sup>b</sup> National currency of Azerbaijan.

<sup>c</sup> Inflation rate is based on the consumer price index. There is a big difference between the inflation rate and the GDP deflator in the case of Azerbaijan.

<sup>d</sup> Imports of goods and nonfactor services, excluding oil sector operations.

Source:

UNDP, Various issues, Human Development Report, IMF.

1999 and 2000 Recent Economic Development, Azerbaijan Authorities.