Azerbaijan joined the Asian Development Bank (ADB) in 1999. ADB operations in the country aim to boost private sector development, raise public sector efficiency, improve infrastructure, and strengthen human capital, with the bank’s investments closely aligned to the Government of Azerbaijan’s strategic road maps for the national economy and main economic sectors.

Since Azerbaijan is a resource-rich, upper middle-income country pursuing an ambitious economic diversification agenda, ADB is emphasizing support for structural reforms, institutional strengthening, expansion of knowledge work, and financing of innovative projects. The bank is also helping the country meet the Sustainable Development Goals and attain its nationally determined contribution under the Paris Agreement of the United Nations Framework Convention on Climate Change.

Since 1999, ADB has committed $4.91 billion in loans and $35.4 million in technical assistance for Azerbaijan.

Cumulative loan disbursements to Azerbaijan amount to $3.62 billion. These were financed by regular and concessional ordinary capital resources.

**ADB-SUPPORTED PROJECTS AND PROGRAMS**

ADB is a prominent supporter of improved water management in Azerbaijan. The bank’s investments have helped protect around 240,000 people from the effects of flooding, while about 485,000 urban and rural residents have received reliable drinking water for the first time. In the Nakhchivan Autonomous Republic, ADB has helped give about 135,000 people access to 24-hour water supply, established the first citywide sewerage system.

**Azerbaijan: 2020 Loans, Grants, Equity Investments, Technical Assistance, and Trade and Supply Chain Finance and Microfinance Program Commitments ($ million)***

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Sovereign</th>
<th>Nonsovereign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Assistance‡</td>
<td>5.39</td>
<td>0.23</td>
<td>5.62</td>
</tr>
</tbody>
</table>

= nil, DMC = developing member country, TA = technical assistance.

Notes:
Commitment is the financing approved by ADB’s Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB. Grants and TA include ADB-administered cofinancing.
* Numbers may not sum precisely because of rounding.
† Financing for TA projects with regional coverage is distributed to their specific DMCs where breakdown is available.
network with adequate wastewater treatment, and installed water meters in 24,700 households to rationalize water demand.

ADB has helped construct approximately 395 kilometers of new and upgraded highways and rural roads in Azerbaijan. In the Agstafa and Gazakh districts, ADB-supported projects have improved road conditions and reduced travel times for 16 villages by rehabilitating 41.3 kilometers of rural roads and reconstructing four bridges. A total of 20,500 people now have all-season and easy access to schools, markets, and health facilities.

The $150 million investment component of the ongoing Railway Sector Development Program is helping to rehabilitate the tracks and structure of the Sumgayit–Yalama rail line. Meanwhile, the program’s $250 million policy component—completed in September 2019—has supported critical railway sector reforms, including the strengthening of corporate governance, operational efficiency, and financial sustainability of the Azerbaijan Railway Company.

Improved power distribution delivers energy more reliably and reduce power outages across Azerbaijan. ADB has helped increase the availability of reliable electricity supply to more than 100,000 consumers in 13 regions and 3 cities, with 90% of consumers being households.

ADB’s partial credit guarantee of $500 million to help expand the Shah Deniz gas field attracted large-scale and long-term commercial financing from international lenders, while also improving transparency and governance in Azerbaijan’s oil and gas industry. The bank’s support helped the government continue the development of the South Gas Corridor project, aimed at bringing gas resources from the Caspian Sea to markets in Europe.

The Improving Governance and Public Sector Efficiency Program, comprising two subprograms of $250 million each and completed in December 2019, helped the government introduce a fiscal rule on the use of oil revenues and a medium-term expenditure framework. It also worked to strengthen the financial oversight and reporting of state-owned enterprises (SOEs), adopt the country’s first SOE corporate governance standards, improve the business environment, and foster private participation in infrastructure. The post-program engagement framework, supported by ADB technical assistance, will follow up on the reforms initiated under the program.

**Azerbaijan: Evaluation Results for Sovereign and Nonsovereign Operations, 2011–2020**

<table>
<thead>
<tr>
<th>Total Number of Validated and Evaluated Projects and Programs</th>
<th>Evaluation Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sovereign Operations Operations</td>
<td>Highly successful</td>
</tr>
<tr>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Nonsovereign Operations Operations</td>
<td>5</td>
</tr>
</tbody>
</table>

Note: The figures indicate the number of sovereign and nonsovereign operations in the country that have been validated or evaluated by the IED and their overall performance ratings. The coverage consists of all validated or evaluated project completion reports and extended annual review reports circulated by ADB within the 10-year period from 1 July 2010 to 30 June 2020. See evaluations related to Azerbaijan.

Source: IED success rate database (as of 31 December 2020).

**Azerbaijan: Ordinary Capital Resources Nonsovereign Commitments by Product**

<table>
<thead>
<tr>
<th>Number of Transactions Signed (OCR)</th>
<th>2020</th>
<th>2016–2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>–</td>
<td>500.00</td>
</tr>
<tr>
<td>Equity Investments</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Guarantees</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Trade and Supply Chain Finance Program and Microfinance Program</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>–</td>
<td>500.00</td>
</tr>
</tbody>
</table>

**Azerbaijan: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2019–2020**

<table>
<thead>
<tr>
<th>No. of Ongoing Loans* (as of 31 Dec 2020)</th>
<th>2019 ($ million)</th>
<th>2020 ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Awardsh,c</td>
<td>125.99</td>
<td>0.03</td>
</tr>
<tr>
<td>Disbursementsbh</td>
<td>434.41</td>
<td>96.69</td>
</tr>
<tr>
<td>No. of Ongoing Grants* (as of 31 Dec 2020)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Contract Awardsh,c,d</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Disbursementsbh,d</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>At Risk Projects (%) (as of 31 Dec 2020)</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

Note: * Based on commitments.

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

* Excludes policy-based, results-based, and financial intermediation/credit loans and grants.

* Includes only Asian Development Fund and other ADB special funds.

**Partnerships**

ADB is an active participant in Azerbaijan’s development partner coordination, especially on energy, private sector and finance sector development, governance, and...
For Azerbaijan have amounted to $1.1 billion in 2002. Since then, ADB began cofinancing operations for transactions under ADB’s Trade guarantee cofinancing, and cofinancing such as B loans, risk transfer assistance, and other nonsovereign cofinancing in the form of loans and grants, technical assistance, and sustainability of its assistance.

ADB helps ensure Azerbaijan is one of the key contributors to the Central Asia Regional Economic Cooperation (CAREC) Program. The program’s long-term strategy, CAREC 2030, focuses on economic and financial stability; trade, tourism, and economic corridors; infrastructure and economic connectivity; agriculture and water; and human development. Azerbaijan chairs CAREC activities in 2021.

In 2020, Azerbaijan announced its participation in the 13th replenishment of the Asian Development Fund, pledging to contribute $2 million.

FINANCING PARTNERSHIPS

Financing partnerships 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 loans and grants, technical assistance, and other nonsovereign cofinancing such as B loans, risk transfer arrangements, parallel loans and equity guarantee cofinancing, and cofinancing for transactions under ADB’s Trade and Supply Chain Finance Program and Microfinance Program.

ADB began cofinancing operations in Azerbaijan in 2002. Since then, sovereign cofinancing commitments for Azerbaijan have amounted to $177.5 million for two investment projects and $3.72 million for eight technical assistance projects. Nonsovereign cofinancing for Azerbaijan has amounted to $1.1 billion for six investment projects.

In 2020, Azerbaijan received $75 million loan cofinancing from Agence Française de Développement for the Railway Sector Development Program.

A summary of projects with cofinancing for Azerbaijan has amounted to $1.1 billion for six investment projects.

For contractors and suppliers from Azerbaijan, 162 contracts worth $2.5 billion have been awarded since 1999.

Consulting Services

ADB’s procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled $756.72 million in 2019 and $732.11 million in 2020. Cumulative procurement since 1996 has been $14.13 billion covering 67,086 contracts.

For consultants from Azerbaijan, 164 contracts worth $16.27 million have been awarded since 1999.

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 all ADB members.

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 $14.19 billion in 2019 and $22.79 billion in 2020. Cumulative procurement since 1966 has been $216.35 billion covering 222,415 contracts.

For contractors and suppliers from Azerbaijan, 162 contracts worth $2.5 billion have been awarded since 1999.
attention is being paid to raising gender equality measures within projects, strengthening the governance and institutional capacities of implementing agencies, and promoting the financial sustainability of investments.

**FUTURE DIRECTIONS**

In accordance with its country partnership strategy, 2019–2023 for Azerbaijan, ADB will emphasize synergy between its sovereign and nonsovereign operations, increased knowledge sharing, and promotion of innovation.

ADB’s private sector operations will seek to support small and medium-sized enterprises, especially those involved in noncyclical sectors and operating outside Absheron peninsula. The bank may also engage with SOEs to attract private capital. Through its nonsovereign trade finance program, ADB will seek to provide guarantees and loans to local banks, aiming at closing market gaps and promoting non-oil trade. It may support public–private partnership infrastructure projects through equity or debt finance. ADB’s increased knowledge work will provide technical advice and share knowledge to address constraints to economic diversification and inclusive growth.

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### ABOUT AZERBAIJAN AND ADB

**ADB Membership**

Joined in 1999

**Shareholding and Voting Power**

Number of shares held: 47,208 (0.444% of total shares)

Votes: 86,322 (0.649% of total membership, 0.997% of total regional membership)

*Overall capital subscription:* $679.92 million

*Paid-in capital subscription:* $34.08 million

Notes:

* United States dollar figures are valued at rate as of 31 December 2020.

**Samir Sharifov** is the Governor and **Mikayil Jabbarov** is the Alternate Governor for Azerbaijan in ADB.

**Tony McDonald** is the Director and **David Cavanough** is the Alternate Director representing Azerbaijan on ADB’s Board of Directors.

**Candice McDeigan** 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 and leads the development of the country partnership strategy and program, the portfolio performance management, the implementation of selected project and technical assistance, the coordination with development stakeholders, and public relations. It also serves as the single window on ADB’s knowledge work 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 68 members, 49 from Asia and the Pacific 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 2020, lending volume was $26.9 billion (149 projects), with technical assistance at $293.56 million (275 projects) and grant-financed projects at $1.08 billion (62 projects). In addition, $16.41 billion was generated for sovereign and nonsovereign cofinancing in the form of loans and grants, B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB’s Trade and Supply Chain Finance Program and Microfinance Program. From 1 January 2016 to 31 December 2020, ADB’s annual lending volume averaged $19.69 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged $805.5 million and $230.81 million respectively over the same period. As of 31 December 2020, the cumulative commitments excluding cofinancing were $323.17 billion in loans for 3,369 projects in 44 countries, $11.3 billion in 495 grants, and $5.01 billion in technical assistance grants, including regional technical assistance grants.

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Notes:

Figures are estimated by ADB unless otherwise stated. “$” refers to United States dollars.

Data are updated as of 31 December 2020 unless otherwise indicated.