Azerbaijan’s economic growth recovered shortly after the coronavirus disease (COVID-19) pandemic severely hit the economy and caused it to contract by 4.3% in 2021. Growth was supported by strong performance in manufacturing, transportation, retail trade, information and communication technology, and continued to rebound in services including the hospitality sector. The pace of vaccination remained stable, and 15% of the population has received booster shots, while 46% of the population was fully vaccinated.

The Asian Development Bank (ADB) is one of the country’s key sources of official development assistance. Current ADB operations in Azerbaijan are being implemented under the country partnership strategy 2019–2023, which aims to boost private sector development, raise public sector efficiency, improve infrastructure, and strengthen human capital. As a chair of the Central Asia Regional Economic Cooperation Program in 2021, Azerbaijan actively supported the program’s agenda and hosted the virtual 20th Ministerial Conference.

To date, ADB has committed 65 public sector loans, grants, and technical assistance totaling $3.7 billion to Azerbaijan. Cumulative loan disbursements to Azerbaijan amount to $3.93 billion. These were financed by regular and concessional ordinary capital resources. ADB’s ongoing sovereign portfolio in Azerbaijan includes 2 loans and 1 sovereign guarantee worth $856.8 million.

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In 2021, ADB assisted the government to implement its immediate COVID-19 response measures and provided a $250 million COVID-19 Active Response and Expenditure...
Support (CARES) Program as budget support for ongoing health, social protection, and macroeconomic stabilization measures. ADB also mobilized $100 million in cofinancing from the Asian Infrastructure Investment Bank to support the government’s pandemic response along with the CARES Program. ADB also provided a $250,000 technical assistance to support ongoing public financial management reforms such as the medium-term debt management strategy, rules-based fiscal management, and effective medium-term budgeting. It also aids in the implementation of mandatory health insurance and the social security system.

As part of its public finance management program, ADB continued the technical assistance to strengthen rules-based fiscal planning and develop public debt and liability management strategy. It also helps enhance the restructuring of state-owned enterprises and private sector participation, and improve access to finance and the business environment.

An ongoing $400 million Railway Sector Development Program supports the 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.

**Nonsovereign operations.** Total outstanding balances and undisbursed commitments of ADB’s nonsovereign transactions in Azerbaijan as of 31 December 2021 was $14.86 million representing 0.11% of ADB’s total private sector portfolio.

**Operational challenges.** The government’s 10-year development strategy Azerbaijan 2030: National Priorities for Socio-Economic Development aims to develop sustainable and competitive economy, ensure social inclusiveness, achieve higher human capital, shift to “green growth”, and improve infrastructure. The government intends to reduce external debt level in the medium term and considers external borrowing with embedded innovation and high technology. ADB and the government are working closely to establish an environment for selective lending on such projects.

The Government of Azerbaijan also joined efforts with ADB to further strengthen compliance with the bank’s procurement, financial management (including project and entity audit), anticorruption, and environmental and social safeguards requirements. Special attention is placed on raising gender equality measures within projects, strengthening the governance and institutional capacities of implementing agencies, and promoting the financial sustainability of investments.

**KNOWLEDGE WORK**

ADB scaled up its knowledge work in Azerbaijan to support the country’s knowledge and analytical needs. ADB is perceived in Azerbaijan as a unique source and facilitator of transfer of public and private sector knowledge and experiences from other countries in Asia and the Pacific. ADB provided a dedicated technical assistance to design the country’s knowledge management system and institutional set up. ADB-supported knowledge work included discussion notes and policy papers on fiscal management and tax administration, small and medium-sized enterprise development, corporate governance, and renewable energy.

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Goods, Works, and Related Services</th>
<th>Amount ($ million)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>0.03</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>250.00</td>
<td>1.60</td>
<td></td>
</tr>
<tr>
<td>Cumulative (as of 31 Dec 2021)</td>
<td>2,766.47</td>
<td>1.19</td>
<td></td>
</tr>
</tbody>
</table>

### Table: Consulting Services

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount ($ million)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>0.07</td>
<td>0.01</td>
</tr>
<tr>
<td>2021</td>
<td>0.62</td>
<td>0.09</td>
</tr>
<tr>
<td>Cumulative (as of 31 Dec 2021)</td>
<td>16.92</td>
<td>0.11</td>
</tr>
</tbody>
</table>

### Table: Total Procurement

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount ($ million)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>0.10</td>
<td>0.00</td>
</tr>
<tr>
<td>2021</td>
<td>250.62</td>
<td>1.54</td>
</tr>
<tr>
<td>Cumulative (as of 31 Dec 2021)</td>
<td>2,783.39</td>
<td>1.13</td>
</tr>
</tbody>
</table>

### Table: Top 5 Contractors/Suppliers from Azerbaijan Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2017–31 December 2021

<table>
<thead>
<tr>
<th>Contractor/Supplier</th>
<th>Sector</th>
<th>Contract Amount ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akkord Industry Construction</td>
<td>TRA, WUS</td>
<td>95.37</td>
</tr>
<tr>
<td>Investment Corp. OJSC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Akekli Group OJSC</td>
<td>WUS</td>
<td>52.90</td>
</tr>
<tr>
<td>Azvity LLC</td>
<td>TRA</td>
<td>48.28</td>
</tr>
<tr>
<td>Kolin Inşaat Turizm Sanayi Ve Ticaret A.Ş.</td>
<td>TRA</td>
<td>44.12</td>
</tr>
<tr>
<td>Retro Holding MMC</td>
<td>ENE</td>
<td>40.08</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>1,057.34</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,338.09</td>
</tr>
</tbody>
</table>

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

### Table: Top 5 Consultants from Azerbaijan Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2017–31 December 2021

<table>
<thead>
<tr>
<th>Consultant</th>
<th>Sector</th>
<th>Contract Amount ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPMG Ltd.</td>
<td>MUL</td>
<td>0.54</td>
</tr>
<tr>
<td>BDO Azerbaijan LLC</td>
<td>ENE</td>
<td>0.50</td>
</tr>
<tr>
<td>Kocks Consult GmbH</td>
<td>TRA</td>
<td>0.38</td>
</tr>
<tr>
<td>BCL Associates Ltd.</td>
<td>TRA</td>
<td>0.33</td>
</tr>
<tr>
<td>Baker Tilly Azerbaijan</td>
<td>ENE, TRA, WUS</td>
<td>0.32</td>
</tr>
<tr>
<td>Individual Consultants</td>
<td></td>
<td>0.90</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>0.67</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>3.64</td>
</tr>
</tbody>
</table>

**ENÉ = energy, MUL = multisector, TRA = transport, WUS = water and other urban infrastructure and services.**

### Table: Azerbaijan: Ordinary Capital Resources Nonsovereign Commitments by Product

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2017–2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Transactions Signed (OCR)</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Number of Transactions Signed (Programs)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Loans</td>
<td>5.90</td>
<td>505.90</td>
</tr>
<tr>
<td>Equity Investments</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Guarantees</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Debt Security</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>5.90</td>
<td>505.90</td>
</tr>
</tbody>
</table>

**= nil, OCR = ordinary capital resources.**
FINANCING PARTNERSHIPS
Financing partnerships enable ADB’s partner governments or their agencies, multilateral institutions, and private organizations to participate in ADB projects. The additional funds may be in the form of loans and grants, technical assistance, and nonsovereign cofinancing.

Cumulative cofinancing commitments in Azerbaijan:

- Sovereign cofinancing: $277.5 million for 3 investment projects and $4.02 million for 9 technical assistance projects since 2002
- Nonsovereign cofinancing: $1.11 billion for 7 investment projects since 2004

In 2021, Azerbaijan received a $100 million loan cofinancing from the Asian Infrastructure Investment Bank for COVID-19 Active Response and Expenditure Support Program.

A summary of projects with cofinancing from 1 January 2017 to 31 December 2021 is available at www.adb.org/countries/azerbaijan/cofinancing.

FUTURE DIRECTIONS
ADB’s medium-term program in Azerbaijan focuses on the education, agriculture, public sector management, transport, and energy sectors. ADB will help the government intensify regional cooperation by strengthening regional transport connectivity. Energy reforms will be aided by building basic infrastructure for transmission and distribution and adopting innovative solutions. ADB assistance in the reconstruction of regional irrigation network will boost agricultural activity and ensure food security. Strengthening human capital through technical vocational education development intervention will also be prioritized to improve and build modern vocational schools and promote policy reforms. ADB’s private sector operations will engage in projects related to trade, finance, small and medium-sized enterprise expansion, and infrastructure development. ADB works closely with the government to make local currency financing available to the private sector through local currency bonds.
ADB AT A GLANCE

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. It has 68 members — of which 49 are from Asia and the Pacific and 19 outside. ADB headquarters is in Manila, Philippines and has 43 offices around the world, with 3,693 staff from 65 of its members as of 31 December 2021.

ADB maximizes the development impact of its assistance to its developing members by providing financing and tailored knowledge solutions through policy dialogue and advisory services, among others. It mobilizes financial resources through cofinancing from official, commercial, and export credit sources.

ADB pivoted swiftly to answer the needs of its developing members and will remain agile and responsive in the years ahead. It has started to see the shoots of a green recovery, but the long-term effects of the COVID–19 pandemic, climate change, and the outbreak of conflicts still threaten lives and prosperity. ADB will continue to work closely with members and development partners through these challenges to achieve a better future for all in Asia and the Pacific.

ADB operations. In 2021, ADB committed $22.8 billion in loans, grants, equity investments, private sector programs, and technical assistance both to the public and private sectors of its borrowing members. ADB bolstered its total support with cofinancing of $12.9 billion.

As of 31 December 2021, ADB’s cumulative commitments in 45 countries stood at $342 billion covering 4,061 loans, $11.7 billion in 521 grants, and $5.2 billion in technical assistance grants, including regional technical assistance grants.

In addition to loans, grants, and technical assistance, ADB uses guarantees and equity investments to help its developing member countries.

Total commitments in nonsovereign loans and equity investments from ADB’s own funds in 2021 amounted to $1.2 billion for 35 transactions in economic and social infrastructure, finance sector, and agribusiness.

In 2021, ADB mobilized $1.7 billion of long-term project cofinancing and $5.8 billion of cofinancing through its Trade and Supply Chain Finance Program and Microfinance Program. Total outstanding balances and undisbursed commitments of nonsovereign transactions funded by ADB’s own resources stood at $14 billion as of 31 December 2021.

FINANCING PARTNERSHIPS

Total sovereign and nonsovereign cofinancing commitments, 2021

- $12.93 billion for 187 projects, of which:
  - $12.38 billion, 75 investment projects,
  - $134.67 million, 110 technical assistance projects,
  - $442.87 million transaction advisory services for 2 projects.

Cumulative sovereign and nonsovereign cofinancing commitments, 1970–2021

- $140.43 billion for 3,165 projects, of which:
  - $136.6 billion, 1,098 investment projects,
  - $2.8 billion, 2,061 technical assistance projects,
  - $1.07 billion transaction advisory services for 6 projects.

PROCUREMENT

ADB’s Procurement Contracts, 2021

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:

- $22.93 billion in 2020
- $15.6 billion in 2021
- $232.16 billion covering 225,336 contracts, cumulative procurement since 1966

Consulting Services

ADB’s procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations:

- $730.78 million in 2020
- $697.03 million in 2021
- $14.86 billion covering 71,348 contracts, cumulative procurement since 1966

MORE ABOUT AZERBAIJAN AND ADB

Shareholding and Voting Power

Number of shares held: 47,208 (0.44% of total shares)
Votes: 86,322 (0.65% of total membership, 1% of total regional membership)

*Overall capital subscription: $660.71 million
*Paid-in capital subscription: $331.1 million

*United States dollar figures are valued at rate as of 31 December 2021.

Contributions to Special Funds Resources

Azerbaijan contributes to the Asian Development Fund (ADF) and the Technical Assistance Special Fund (TASF). The ADF provides grants to ADB’s lower-income developing member countries. The TASF provides technical assistance grants to developing member countries to help prepare projects and undertake technical or policy studies.

Contributions to the ADF (committed): $1.57 million
Contributions to the TASF (committed): $0.43 million

ADB Governor: Samir Sharifov
ADB Alternate Governor: Mikayil Jabbarov
ADB Director: Tony McDonald (Australia)
ADB Alternate Director: David Cavanough (Australia)

Annual Meeting

Baku, 48th Annual Meeting, 4–5 May 2015

CONTACTS

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Resident Mission opened: 2004
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Useful ADB websites

Asian Development Bank
www.adb.org

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

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

ADB Data Library
data.adb.org

Notes: (i) Figures are estimated by ADB unless otherwise stated.
*"$" refers to United States dollars. (ii) Data are updated as of 31 December 2021 unless otherwise indicated.