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

The Asian Development Bank (ADB) is one of Azerbaijan’s key sources of official development assistance. Current ADB operations 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. The strategy is closely aligned with the Government of Azerbaijan’s strategic road maps for the national economy and main economic sectors. A new country partnership strategy for 2024–2028 is expected to be implemented by 2024.

To date, ADB has committed 67 public sector loans, grants, and technical assistance totaling $3.7 billion to Azerbaijan. Cumulative loan disbursements to Azerbaijan amount to $3.96 billion. These were financed by regular and concessional ordinary capital resources. ADB’s ongoing sovereign portfolio in Azerbaijan includes 1 loan and 1 sovereign guarantee worth $565.2 million.

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Azerbaijan has been working to promote growth and connectivity through the Central Asia Regional Economic Cooperation (CAREC) Program since 2003. It recently endorsed CAREC’s proposed New Green Recovery, Food Security, and Clean Energy Cooperation initiatives to help accelerate the region’s recovery from the COVID-19 pandemic, improve food security, and boost the development of clean energy.

As part of its education and public sector programs, ADB provided technical assistance of $750,000 for Preparing the Modernizing Vocational Education and Training for Economic Diversification Sector Development program. The assistance helped identify the needs of technical and vocational education and training.

An ongoing $400 million Railway Sector Development Program supports the rehabilitation of the tracks and structure of the Sumgayit–Yalama rail line and facilitates 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 2022 was $34.7 million representing 0.27% of ADB’s total private sector portfolio.

Operational challenges. Azerbaijan aims to develop a sustainable and competitive economy, achieve an inclusive society, improve human capital, shift to “green growth,” and improve infrastructure as per the government’s 10-year development strategy, Azerbaijan 2030: National Priorities for Socio-Economic Development.

The government currently intends to reduce external debt and is considering external borrowing for innovation and high technology. ADB works closely with the government to establish an environment for selective lending on such projects.

The government is working closely with ADB to further strengthen compliance with the bank’s procurement, financial management, anticorruption, transparency in procurement, and environmental and social safeguards requirements. Improving gender equality measures within projects, strengthening the governance and institutional capacities of implementing agencies, and promoting the financial sustainability of investments are the key focus.

**KNOWLEDGE WORK**

ADB increased its knowledge-based activities to support Azerbaijan’s knowledge and analytical needs. The bank supported efforts to strengthen knowledge management and improve the country’s startup ecosystem through a roundtable forum and a book launch event for *Azerbaijan’s Ecosystem for Technology Startups: Baku, Ganja and Shamakhi*.

ADB also helps strengthen gender-based violence response mechanisms in Azerbaijan. In 2022, government representatives, development partners, and civil society members joined the roundtable “Sustaining Action to End Gender-Based Violence.” Participants discussed the preparation of a regional technical assistance to respond to gender-based violence. The initiative is supported by the Japan Special Fund.

### Azerbaijani: 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 ($)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td></td>
<td>250.00</td>
<td>1.64</td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td>163.23</td>
<td>1.01</td>
</tr>
<tr>
<td>Cumulative (as of 31 Dec 2022)</td>
<td></td>
<td>2,892.30</td>
<td>1.17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Consulting Services</th>
<th>Amount ($)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td></td>
<td>0.62</td>
<td>0.09</td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td>0.53</td>
<td>0.10</td>
</tr>
<tr>
<td>Cumulative (as of 31 Dec 2022)</td>
<td></td>
<td>1.75</td>
<td>0.11</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Total Procurement</th>
<th>Amount ($)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td></td>
<td>250.62</td>
<td>1.57</td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td>163.76</td>
<td>0.98</td>
</tr>
<tr>
<td>Cumulative (as of 31 Dec 2022)</td>
<td></td>
<td>2,909.76</td>
<td>1.11</td>
</tr>
</tbody>
</table>

### Top 5 Contractors/Suppliers from Azerbaijan Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2018–31 December 2022

<table>
<thead>
<tr>
<th>Contractor/Supplier</th>
<th>Sector</th>
<th>Contract Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lankaran Yol Tikinti OJSC</td>
<td>TRA</td>
<td>147.59</td>
</tr>
<tr>
<td>Avirt LLC</td>
<td>TRA</td>
<td>48.28</td>
</tr>
<tr>
<td>Kolin İnşaat Turizm Sanayi Ve Ticaret A.Ş.</td>
<td>TRA</td>
<td>44.12</td>
</tr>
<tr>
<td>Akkord Industry Construction Investment Co. OJSC</td>
<td>TRA</td>
<td>17.37</td>
</tr>
<tr>
<td>Akellik Group OJSC</td>
<td>WUS</td>
<td>15.67</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>1,036.32</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,309.36</td>
</tr>
</tbody>
</table>

***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 2018–31 December 2022

<table>
<thead>
<tr>
<th>Consultant</th>
<th>Sector</th>
<th>Contract Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPMG Azerbaijan 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>Baker Tilly Azerbaijan</td>
<td>TRA, WUS</td>
<td>0.23</td>
</tr>
<tr>
<td>Evkita Consulting LLC</td>
<td>TRA</td>
<td>0.22</td>
</tr>
<tr>
<td>Gender Port</td>
<td>MUL</td>
<td>0.05</td>
</tr>
<tr>
<td>Individual Consultants</td>
<td></td>
<td>1.41</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>0.04</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2.99</td>
</tr>
</tbody>
</table>

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

### Azerbaijani: Ordinary Capital Resources Nonsovereign Commitments by Product

<table>
<thead>
<tr>
<th>Product</th>
<th>2022</th>
<th>2018–2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>21.43</td>
<td>27.33</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>21.43</td>
<td>27.33</td>
</tr>
</tbody>
</table>

**OCR = ordinary capital resources, nil.**
FINANCING PARTNERSHIPS

Financing partnerships enable ADB’s financing partner governments or their agencies, multilateral financing institutions, and private organizations to participate in financing ADB projects. The additional funds provided 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: $1.22 billion for 8 investment projects since 2004

A summary of projects with cofinancing from 1 January 2018 to 31 December 2022 is available at www.adb.org/countries/azerbaijan/cofinancing.

FUTURE DIRECTIONS

ADB will focus on energy, transport, public sector management, agriculture, and education for 2023–2026. The bank will support the government in boosting regional cooperation through well-integrated regional transportation systems. The rebuilding of the regional irrigation network with ADB’s contribution will increase productivity in agriculture and help sustain food security. Energy reforms will be supported by the development of fundamental transmission and distribution infrastructure and the adoption of innovative initiatives in the sector. Investing in the development of technical vocational education will strengthen human capital in the country. It will also help improve and build modern vocational schools and promote policy reforms. ADB will engage the private sector for projects related to trade, finance, small and medium-sized enterprise expansion, and infrastructure development. ADB closely cooperates 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 3,775 staff from 66 members as of 31 December 2022.

ADB maximizes the development impact of its assistance to its 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 met strong demand for its assistance in 2022. It unlocked greater resources for its members through the private sector and partnerships. ADB provided financing for climate change mitigation and adaptation initiatives, education quality and access, affordable health care, and more sustainable and climate-resilient food systems. In 2022, 97% of ADB operations contributed to gender equality. ADB fostered greater regional collaboration on issues such as health threats and tax cooperation. ADB also responded to demand for tailored knowledge solutions from its members.

ADB operations. In 2022, ADB committed $20.5 billion in loans, grants, equity investments, guarantees, private sector programs, and technical assistance to both the public and private sectors of its borrowing members. ADB bolstered its total support with cofinancing of $11.4 billion.

As of 31 December 2022, ADB’s cumulative commitments in 45 countries stood at $358.4 billion covering 4,189 loans, $12.6 billion in 566 grants, and $5.5 billion in technical assistance grants, including regional technical assistance grants.

In addition to loans, grants, and technical assistance, ADB uses guarantees, equity investments, and private sector programs to help its developing member countries. Total commitments in nonsovereign loans, equity investments, and guarantees from ADB’s own funds in 2022 amounted to $11.1 billion for 37 transactions in economic and social infrastructure, finance sector, and agribusiness.

In 2022, ADB mobilized $1.7 billion of long-term project cofinancing and $5.3 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 $12.8 billion as of 31 December 2022.

FINANCING PARTNERSHIPS

Total sovereign and nonsovereign cofinancing commitments, 2022

- $11.39 billion for 165 projects, of which:
  - $11.2 billion, 75 investment projects,
  - $126.49 million, 87 technical assistance projects,
  - $60 million transaction advisory services mandates for 3 projects.

Cumulative sovereign and nonsovereign cofinancing commitments, 1970–2022

- $151.87 billion for 3,292 projects, of which:
  - $147.81 billion, 1,163 investment projects,
  - $2.92 billion, 2,120 technical assistance projects,
  - $1.13 billion transaction advisory services mandates for 9 projects.

PROCUREMENT

ADB’s Procurement Contracts, 2022

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:

- $15.23 billion in 2021
- $16.19 billion in 2022
- $247.06 billion covering 228,149 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:

- $706.65 million in 2021
- $535.61 million in 2022
- $15.45 billion covering 74,995 contracts, cumulative procurement since 1966.

MORE ABOUT AZERBAIJAN AND ADB

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: $628.26 million
*Paid-in capital subscription: $31.49 million

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 low-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): $430,000

ADB Governor: Samir Sharifov
ADB Alternate Governor: Mikayil Jabbarov
ADB Director: Rachel Thompson (Australia)
ADB Alternate Director: Lisa Wright (Australia)
ADB Director’s Advisors: Sweety Kalbesang (Palau) and Sabuhi Jafarov (Azerbaijan)

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

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Resident Mission opened: 2004
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Tel: +994 12 404 4699
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office@maliyye.gov.az

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.
*U* nited States dollar figures are valued at rate as of 31 December 2022.

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