

Azerbaijan
Country Partnership Framework
Chair Summary*

July 21, 2015

Executive Directors discussed the World Bank Group FY16-FY20 Country Partnership Framework (CPF) (R2015-0122[IFC/R2015-0191, MIGA/R2015-0050]) for Azerbaijan. Directors welcomed the CPF's focus on supporting Azerbaijan on its path toward a sustainable, inclusive and private sector-led growth underpinned by a diversified asset base. Directors recognized alignment of the CPF's goals with priorities identified in the Systematic Country Diagnostics, and based on the Government's priorities and WBG's comparative advantage. Directors supported the flexibility and selectivity in the CPF, noting the current environment of the Government's restricted borrowing plans and the inclusion of feedback from consultations and lessons learnt.

Directors recognized the tremendous progress made in Azerbaijan on reducing poverty and boosting shared prosperity over the last ten years. They appreciated that the CPF will focus on maximizing the results of the ongoing engagement and enter new areas with substantial impact on the twin goals, namely public sector management and service delivery, and economic competitiveness. In particular, they welcomed the focus on the bottom 40 percent, rural poverty, inequality, the vulnerable, and women.

Directors recognized the challenges Azerbaijan faces are similar to those of other resource-rich Middle Income Countries, and urged the government to focus on economic diversification outside the oil sector, improve infrastructure and connectivity, and improve education and employment opportunities. They also encouraged coordination and cooperation with development partners to help support deeper regional integration. While Directors appreciated the focus on institutional development in selected sectors, they encouraged the implementation of advisory services to complement lending activities and refinement of indicators to capture gender and environment outcomes. Relatedly, they highlighted greater emphasis on the financial sector and financial inclusion, while also improving the business environment, specifically regarding electricity challenges. Directors stressed the importance of spurring private investment and encouraged an expanded IFC participation in the real sectors, including in infrastructure and export-oriented sub-sectors and supporting the diversification agenda.

The need to improve human development outcomes, specifically on improving health related activities was underscored. Finally, as suggested by the Systematic Country Diagnostics, Directors highlighted the need to strengthen the governance framework and address challenges related to inclusion of women and displaced persons, and vulnerable populations in general.

*This summary is not an approved record.