EaP Country Fiche - Azerbaijan

Tuesday, May 16, 2017

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| C:\B681DF25\7905F55D-82AD-45D6-90FF-F9C536E9FB68_files\image001.png |   | **EU EaP Transport Connectivity Agenda****Country Fiche Azerbaijan****Last Update: 07/06/2016****Version: 3.00**  |
| **Background** | **Introduction** | **Azerbaijan constitutes a bridge between Europe and Asia. It borders Russia in the North, Georgia and Armenia in the West, Turkey in the South West and the Islamic Republic of Iran in the South and shares a common maritime border with Turkmenistan, Kazakhstan, Russia and Iran in the East. Azerbaijan therefore plays a key role in the development of international trade in the region. It is crossed by the East West transport corridor and North South transport corridor, which goes from North Europe to Persian Gulf, and further to India. Baku, the capital city of Azerbaijan, is also the main airport and maritime hub of the country and of the Caspian Sea. (Source:** [**LOGMOS**](http://www.traceca-org.org/fileadmin/fm-dam/TAREP/65ta/Master_Plan/MPA9.1AZ.pdf)**)****Recently, the highways from Baku-Russian border, Baku-Iranian border and Baku-Georgian border have been fully reconstructed. In the last 5 years 2.690 kilometres of major roads of international, national and local significance have been reconstructed and upgraded to the I category.****Continuing drastic declines in energy prices have given new impetus to Azerbaijan's long-running quest to diversify its economy and develop the domestic non-oil sector. In this regard, the country's leadership has placed particular importance on the transport sector development.** **In 2014, transportation and storage accounted for about 5% of GDP. During 2004-14, the Government invested more than US$10 billion in the modernization and maintenance of road infrastructure, including major highways and urban infrastructure. (Source:** [**WB**](http://www.worldbank.org/content/dam/Worldbank/document/Azerbaijan-Snapshot.pdf)**)** |
|   | **Transport infrastructure bottlenecks** | **Key problems identified in the field of transport are:*** **Road safety is a very serious problem.  Unsafe driving behaviour and ineffective enforcement of traffic laws and regulations contribute to this problem. (Source:** [**ADB**](http://www.adb.org/sites/default/files/linked-documents/cps-aze-2014-2018-ssa-01.pdf)**)**
* **Rail transport: The railway network is over 30 years old and around 40% of the track length needs to be rehabilitated. Current rail tracks are in critical condition, with detrimental effects to the overall efficiency of the rail network; 183 km of the 502 km on the East-West line and 126 km of the 211 km on the North-South line are under speed restriction. The locomotive fleet has been heavily used and is technically obsolete: about two thirds of the fleet requires replacement and modernisation. In general, the main railway assets are about 60% life - expired. (Source:** [**ADB**](http://www.adb.org/sites/default/files/linked-documents/cps-aze-2014-2018-ssa-01.pdf)**)**
* **Maritime transport: The maritime services from Baku to both Aktau and Turkmenbashi are of poor quality.**
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| **Flagship transport projects** |   | **East-West transport corridor** **Railways: The main focus is currently on the rehabilitation, electrification and signalling system of the East-West railway corridor. Interventions on electrification and signalling has already started in June 2015, and the purchase of new locomotives from France is envisaged together with the realization of two depots to maintain the new locomotives. The project is expected to be completed by the end of 2017/mid 2018.****Baku - Tbilisi - Kars new railway line: It is nearing the completion of the construction of Baku-Tbilisi-Kars new railway line, which will connect railways of Azerbaijan, Turkey and Georgia. In the meantime, the construction of missing segment within the aforementioned project will create an opportunity of transportation of goods by railways through Central Asia and the Caucasus from China and Far East to Europe and vice versa, connecting Trans-Europe and Trans-Asian railway networks. Within this project the construction of a tunnel on the border of Turkey and Georgia was completed and on December 26, 2014 the first test train was sent to the border of Turkey via Georgia. It is forecasted that after the commissioning of the Baku-Tbilisi-Kars railway line, the volume of transportation of goods will reach 3-5 mln tons in its fifth operational year. In the tenth operational year it is estimated to reach 8-10 mln tons and for the next period 15 mln tons and more.****Motorways: The rehabilitation of the Baku-Georgian border motorways of the East-West transport corridor is currently continuing.** **North-South  transport corridor****Railways: Development works are also continuing in railways sector along the North West corridor in the Republic of Azerbaijan.  Another important project is the construction of the railway link on the border between Azerbaijan and Iran within the Gazvin - Rasht - Astara (Iran) - Astara (Azerbaijan) railway project. This project is the main segment of the North-South railway corridor which represents an important connection linking Azerbaijani, Iranian and Russian railways.** **Motorways: The works on rehabilitation of the Baku-Russian border Baku-Iranian border motorways are ongoing.  The construction of the new motorway bridge on the state border between the Republic of Azerbaijan and Russian Federation across the Samur River is under consideration and negotiations on this issue are ongoing.****Construction of New Baku International Sea Trade Port: The construction of New Baku International Trade Port Complex, 60 km south from Baku, at the settlement of Alyat, has already been started and this port will play a huge role in the facilitation of transportation of goods on the East-West Transport Corridor. The construction is considered to be implemented in 3 stages. The ferry terminal within the first stage was inaugurated in September 2014. The objective is to develop the port according to a Hub Port Strategy given its strategic position with respect of accessibility of both raw materials and final markets. Currently only the ferry terminal is operational, but the capacity can be expanded according to the demand needs.  At the end of the first stage handling capacity of the port will be up to 10 million tons of cargo and 50,000 twenty-foot equivalent unit (TEU) containers per year; in the second stage, capacity will reach 17 million tons of cargo and 150,000 TEU containers; and in the third stage, the port will be capable of handling of 25 million tons of cargo and 1 million TEU containers.** **Alyat port is also developing a project dedicated to the improvement of clearance system to facilitate the customs procedure and to save time. The ambition is to have the procedures solved one week in advance of the shipping arriving in the port.****Establishment of the Free Trade Zone. The project is being implemented according to the Decree of the Head of State on the establishment of the special economic zone of free trade zone type in the Alyat settlement of Garadagh district of Baku city, which will also include the territory of new Baku International Trade Port.    The Action Plan for the establishment is approved by the Ministry of Economy. Its establishment requires the development of a special legal regime meeting international standards  that cannot be implemented with the existing legislation. To this purpose, and with the support of the EU, a consultancy has been appointed to prepare the legislative framework. The project is expected to start in September and the delivery of the proposed legislative package is expected to be ready in 4-5 months. Then, it will be submitted to the president to achieve government endorsement and to increase the trust of the final investors.****The improvement of border crossing operations is also a priority. A key need is the establishment of an electronic database for the exchange of transport documents with other countries. Now data exchange is centralized through Russia.** |
| **Institutional and legal framework** |   | **The Ministry of Transport of the Republic of Azerbaijan is responsible for formulating and carrying out the state policy in the field of railways, sea, automobile, civil aviation transportation and motorways.**  |
|   | **Road sector** | **The Road Transport Service at the Ministry of Transport of the Republic of Azerbaijan is responsible for formulating and carrying out the state policy in the field of road transport. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)****The state owned OJSC (open joint-stock company) "Azeravtoyol" is the monopoly operator of public roads responsible since 2007 for road management (maintenance/repairs and operation). Investment decisions on road infrastructure are taken by government. Azeravtoyol is subordinated to the Ministry of Transport. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)** **A new organizational structure of the "Azeravtoyol OJSC" approved in May 2016 established a new management and maintenance scheme for the motorways and consolidated a number of small local maintenance units. By the establishment of the Azeravtoyol OJSC, the company is responsible for management, maintenance, repair and operation of road in the country.** **The rules of road operation are clearly described in legislative acts:** * **Law on Highways (22.12.1999)**
* **Amendments to the Law on Highways (29.12.2015.**

**Road construction services are mainly provided by private contractors. Private sector companies can also participate in tenders to supply materials and equipment.****Tariffs for domestic passenger transportation are set by the Tariff Council.** **Tariffs for cargo transportation are set by legal entities and individuals on their own. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)****The private sector plays a key role in the provision of road transport services, accounting for more than 95% of freight and passenger traffic. (Source:** [**ADB**](http://www.adb.org/sites/default/files/linked-documents/cps-aze-2014-2018-ssa-01.pdf)**)** |
|   | **Railways sector** | **By a presidential decree of July 21, 2009, the Azerbaijan State Railway (ADDY) was transformed into the Azerbaijan Railways CJSC ADY (closed joint-stock company), later further divided into four subsidiaries: Infrastructure, Passenger Services, Freight, Capital Rehabilitation and Maintenance.****It operates under supervision of the Government of Azerbaijan. The CEO and deputies of Azerbaijan Railways are appointed directly by the President.** **A new Business Plan for ADY is currently under discussion and should be ready beginning 2017. It will include measures to:*** **reduce the operational costs;**
* **transform the organization into a commercially profitable organization;**
* **getting the involvement of private operators;**
* **restructuring the existing loans (whose maturity is variable e.g. 5 years, 7 years etc).**

**Tariffs for domestic transportation services are set independently from Azerbaijan Railways by the Tariff Council. International transportation tariffs are set under international agreements. Tariffs for domestic transportation are set under the influence of non-economic factors, as these tariffs are believed to affect population's living standard. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)****Since December 2015, transit tariffs for railway transportation and transshipment services of oil and oil products for several routes passing through the territory of the Republic of Azerbaijan are approved by Coordinating Council of the Republic of Azerbaijan on Transit Freight based on proposals of "Azerbaijan Railways" CJSC, "Azerbaijan Caspian Shipping" CJSC and country's marine terminals. (Source:** [**http://transit.az/en**](http://transit.az/en)**)****The State Program for the Development of Azerbaijan Railways 2010-2014  was endorsed by the president on July 6, 2010. The program included the reconstruction and modernization of railways and a signal system, and the purchase of a new rolling stock. The main objectives of the Program also included the growth of the country's transit potential, increasing the railways service quality and ensuring efficient operation by reducing transport costs for passenger and cargo transportation. The power conversion contract is under way. The signalling is under way, with detailed design recently approved and cabling works completed at the first section. Track renewal is also under way. The contract for the supply of new freight locomotives has been signed. (Source:** [**WB**](http://www.worldbank.org/content/dam/Worldbank/document/Azerbaijan-Snapshot.pdf)**)** **The International Financial Reporting Standards (IFRS) based new chart of accounts and an accounting procedures manual have been prepared and the conversion of manually maintained accounts to IFRS has started. The revaluation of assets and the first international audit have been completed, enabling ADY to switch to the computerized IFRS accounting system by the end of 2015. (Source:** [**WB**](http://www.worldbank.org/content/dam/Worldbank/document/Azerbaijan-Snapshot.pdf)**)** |
|   | **Maritime sector** | **Azerbaijan State Maritime Administration is responsible for carrying out the state policy and developing state programs in this sector. The legal framework for the commercial shipping is regulated by the Shipping Code. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)****The top management (General Director of the Baku International Sea Port and Head of the Azerbaijan State Caspian Shipping Company) are appointed by the President. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)****The Azerbaijan State Caspian Shipping Company and Baku International Sea Port operate as Closed Joint-Stock Companies . The State Maritime Administration acts as a regulator. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)****The Shipping Code regulates a legal framework for commercial shipping in Azerbaijan but it does not stipulate rules for doing business (for example, what may be in the exclusive ownership of the state, and what may belong to the private sector) and the tasks of public authorities in ports. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)****Transportation of cargo and passengers by sea in Azerbaijan is provided by the Azerbaijan State Caspian Shipping Company, which includes transportation, technical, service and support vessels, ship repair production association "Kaspmorsudoremont", educational, trade, supply and shipping and agent organizations. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)** **Since December 2015, transit tariffs for railway transportation and transshipment services of oil and oil products for several routes passing through the territory of the Republic of Azerbaijan are approved by Coordinating Council of the Republic of Azerbaijan on Transit Freight based on proposals of "Azerbaijan Railways" CJSC, "Azerbaijan Caspian Shipping" CJSC and country's marine terminals. (Source:** [**http://transit.az/en**](http://transit.az/en)**)****The prevailing share in the cargo transportation belongs to oil and oil products. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)** |
|   | **Aviation sector** | **The State Civil Aviation Administration of the Republic of Azerbaijan, established by Presidential Decree No. 512 of December 29, 2006, is the national executive body carrying out control, public policy and regulation in the field of civil aviation. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)****The CJSC "Azerbaijan Airlines" is the state owned enterprise, which manages the field of civil aviation. Subordinate to it are the national Azerbaijan Airlines ("Azerbaycan Hava Yollari") (AZAL), Haydar Aliyev Baku International Airport, international airports of Nakhichevan, Zagatala, Ganja, Lenkoran, Gabala and other businesses. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)** **The State Civil Aviation Administration carries out state policy, governance and regulation in civil aviation. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)** **Tariffs for domestic passenger air transportation are regulated by the Tariff Council. Tariffs for international passenger transportation are set independently by Azerbaijan Airlines. Tariffs for cargo transportation are market-based. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)** |
|   | **Coordinating Council of the Republic of Azerbaijan on Transit Freight**  | **Given that a number of large-scale projects aimed at increasing the transit potential of the Republic of Azerbaijan have been implemented in recent years, the government established the Coordinating Council of the Republic of Azerbaijan on Transit Freight (Decree 655, of October 21, 2015). Chaired by the Ministry of Economy, the main tasks of the Coordinating Council are the establishment of common principles and conditions of transportations, optimization of tariffs, coordination of the activities between the carriers and state bodies, ensuring transparency, simplification and improvement of transit procedures, reducing their number and duration, implementation of fully convenient system in the area of transit transportation, enhancing cooperation between the countries of destination and relevant agencies and promotion of transport corridors passing through the territory of the country.****The Coordinating council is composed by:*** **Azerbaijan State Customs Committee**
* **Azerbaijan State Border Service**
* **Azerbaijan State Maritime Administration**
* **Ministry of Transport**
* **Ministry of Justice**
* **Ministry of Foreign Affairs**
* **Azerbaijan State Oil Company**
* **"Azerbaijan Caspian Shipping" CJSC**
* **"Baku International Sea Trade Port" CJSC**
* **"Azerbaijan Railways" CJSC**

**Since a key issue for the country is the development of the East West corridor (for both railway and roads), the Council has the specific objective to support the development and competitiveness along the corridor and to rise international awareness on this transit opportunity. The Transit Council has also set up consultations with bordering countries in order to improve the harmonization of procedures along the corridor.** |
| **National transport policy and plan** |   | **The chapter "Modernization of the transport infrastructure" included into the** [**"Development concept paper Azerbaijan - 2020: Vision into the future"(**](http://www.president.az/files/future_en.pdf)**December 2012) identifies key priorities for transport policy in the country:*****"The mechanism of managing local and international cargo transportation will improve and the integration of the country's transport system into the international transport system will expand.*** ***In this regard, it is planned to take general measures that reflect a united strategic approach to automobile, railway, water, air and underground (metro) transport.******In order to boost the country's competitiveness in the Europe-Caucasus-Asia and North-South transport corridors, measures will be carried out to reduce the cost of cargo transportation in Azerbaijani territory, reduce the time of import and export operations and transit, and simplify procedures.******In the coming years, the construction of the International Sea Trade Port in Alat will be completed, the maritime fleet will be updated and expanded, a transport-logistical centre will be built, the Baku-Boyuk Kasik and Baku-Yalama railways will be restored and modernized and the Baku-Tbilisi-Kars railway will be put into operation in line with the policy of diversifying the railway network. At the same time, the necessary reconstruction work will be carried on the main railways, the rolling stock will be updated and transition to an alternative current system in all railways will ensured.******In the East-West and North-South transport corridors, the country's road and transport infrastructure will be brought in line with international standards with the widening of  roads  and  completion  of  projects  to  reconstruct  and  build  roads  of  republican importance. The construction of new roads will be accompanied with the principle of ensuring the population's security, the construction of intra-urban and inter-urban car parks will be speeded up, the relevant infrastructure will be improved and an intellectual management system of transport will be implemented in big cities.*** ***The public transport system in the capital and other cities, districts and villages will significantly develop. The country's railway system and air transport will improve even more and grounds will be created for the regions' balanced development and diversified progress of tourism. During the period covered by the concept, the Baku metro will rapidly develop and expand, new stations will be built and the car fleet will be updated.******In the sphere of air transport, a new air terminal, runway and hangars will be put into operation at Heydar Aliyev International Airport and a free economic zone will be created in this area. Work to update the other six international airports and the air fleet will continue."*** **The National Strategy for the Development of Transport Sector in the Republic of Azerbaijan and Transport Concepcion was prepared.** **Sectoral planning instruments include:*** **State Program on socio-economic development of the regions for 2014-2018 years**
* **State Program on socio-economic development of Baku city and its settlements in 2014-2016**
* **State programme on modernization of railway transport 2010-2014. This program is completed. This document highlighted the railway sector's short‐ and mid‐term objectives and investment schemes. The new program is under preparation.**
* **A draft "Maritime Transport Policy and Strategy  Plan  2014-2020-2030" was  developed by a Twinning project, which ended in October 2014. The Plan consists  of 5  sections: Maritime  Transport, Maritime  Safety  and  Marine  Environment Protection, Maritime  Security, Ports, Administration  Management. Each  section included  priority policies planned for 2014-2020 and secondary policies for 2020-2030. This document has not been approved yet.**
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| **Investments decision making process** |   | **The Ministry of Transport is the central executive body, shaping the single state policy in the railways, water, motor and civil aviation roads.****The Ministry has an independent balance and bank accounts and is financed from the state budget of the republic of Azerbaijan.** **State Investment Program is compiled every year by the Ministry of Economy, considering the main directions and priorities of the investment policy based on the country's main macroeconomic indicators forecasts, medium-term socio-economic development concept and state programs.****The program is mainly based on customer organizations' proposals included in the list of priority projects of public investment projects. Public or semi-public, under the umbrella of the Ministry of Transport, different sectors enjoy autonomy with the decision making process related to investments and are entitled to address the Ministry of Finances to obtain funds to undertake new investments.** |
| **Financing and Funding** |   | **A significant part of the financing of transport sector in Azerbaijan is carried out by the state budget. Loans from International Financial institutions also play important role in financing transport sector infrastructure development in Azerbaijan. Whereas, a portion of the financing of infrastructure in different transport fields could consist the revenues obtained from services of these fields.****Road sector****During the period 1994-2000, the road sector was financed through a Road Fund based on "earmarked" charges on road users, including revenues from fuel excise, annual vehicle inspection and taxes on vehicle sales, transit and a turnover tax. The Road Fund was abolished in 2000, after which all the sector revenues were channelled through the central budget. However, the Road Fund was subsequently reinstated in 2007. It is known as the Special Budget Fund on Roads, and is administered by the Ministry of Transport. (Source:** [**EBRD**](http://www.ebrd.com/downloads/country/strategy/azerbaijan-country-strategy.pdf)**)** **The Road Tax rate varies depending on vehicle engine volume, number of axles, weight carried, and how long the vehicle will be in Azerbaijan (for foreign vehicles). There are no toll roads. There are no direct or indirect state subsidies for different groups of consumers. (Source:** [**CASE**](http://www.case-research.eu/sites/default/files/publications/CNR_2012_107_0.pdf)**)**  **Rail sector****Freight tariffs were liberalised while passenger tariffs remain determined by the government. (Source:** [**EBRD**](http://www.ebrd.com/downloads/country/strategy/azerbaijan-country-strategy.pdf)**)****Since December 2015, transit tariffs for railway transportation and transshipment services of oil and oil products for several routes passing through the territory of the Republic of Azerbaijan are approved by Coordinating Council of the Republic of Azerbaijan on Transit Freight based on proposals of "Azerbaijan Railways" CJSC, "Azerbaijan Caspian Shipping" CJSC and country's marine terminals. (Source:**[**http://transit.az/en**](http://transit.az/en)**)** **On March 15, 2016 the Law of the Republic of Azerbaijan on "implementation of the investment projects related to the construction and infrastructure facilities on the basis of special financing" was adopted. The adoption of this Law will facilitate the implementation of the projects through the Public-Private Partnership model and will develop Public and Private cooperation.**  |
| **Donors coordination** |   | **It does not exist a formal structure of donors coordination hosted by the Ministry.** |
|  **Transport Indicators** | **General** |

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| --- | --- | --- | --- | --- |
| **Mode** | **Indicator** | **Year** | **Unit of measurement** | **Value** |
| **Road** | **Total length** | **2014** | **Km** | **19.016**  |
|   | **Paved network1** | **2014** | **Km** | **18.859**  |
|   | **Total motor vehicles** | **2014** | **per 1.000 people** | **137**  |
|   | **Cars** | **2014** | **per 1.000 people** | **117**  |
|   | **Freight** | **2014** | **million tons∙km** | **14.516**  |
|   | **Passengers2** | **2014** | **million pass∙km** | **22.992**  |
|   | **Road accidents** | **2014** | **Accidents** | **2.635**  |
|   | **Fatalities** | **2014** | **People** | **1.124**  |
|   | **Serious injuries** | **2014** | **People** | **2.676**  |
| **Railway** | **Total length (broad gauge)** | **2014** | **Km** | **2.066**  |
|   | **Electrified network** | **2014** | **Km** | **1.238**  |
|   | **Freight** | **2014** | **million tons∙km** | **7.371**  |
|   | **Passengers** | **2014** | **million pass∙km** | **612**  |
| **Air** | **Airports3** | **2013** | **Units** | **37**  |
|   | **Freight** | **2014** | **million tons∙km** | **481**  |
|   | **Passengers** | **2014** | **million pass** | **2,9**  |
| **Maritime** | **Ports and terminals** | **2013** | **Units** | **1**  |
|   | **Container traffic** | **2013** | **TEU** | **2.276** |
| **Pipelines** | **Total length** | **2014** | **Km** | **5.402**  |

**Source: The State Statistical Committee of the Republic of Azerbaijan, C.I.A. (The World Factbook), OECD Statistics.** **1 Highways / hard road pavements / concrete and asphalt-concrete roads were considered.****2 By bus and taxi****3 With paved and unpaved runways** |
|   | **LPI (Logistics Performance Index)** |

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| --- | --- | --- | --- | --- |
| **Year** | **2007** | **2010** | **2012** | **2014** |
| **LPI Rank** | **111** | **89** | **116** | **125** |
| **LPI Score** | **2.29** | **2.64** | **2.48** | **2.45** |
| **Customs** | **2.23** | **2.14** | **1.92** | **2.57** |
| **Infrastructure** | **2.00** | **2.23** | **2.42** | **2.71** |
| **International Shipments** | **2.50** | **3.05** | **2.43** | **2.57** |
| **Logistics Competence** | **2.00** | **2.48** | **2.14** | **2.14** |
| **Tracking and Tracing** | **2.38** | **2.65** | **2.75** | **2.14** |
| **Timeliness** | **2.63** | **3.15** | **3.23** | **2.57** |

**Source:** [**WB**](http://lpi.worldbank.org/international/global)C:\B681DF25\7905F55D-82AD-45D6-90FF-F9C536E9FB68_files\image002.png**Source:** [**WB**](http://lpi.worldbank.org/international/scorecard/column/254/C/AZE/2014/C/AZE/2012/C/AZE/2010/C/AZE/2007#chartarea)**The Logistics Performance Index is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance. The LPI is based on a worldwide survey of operators on the ground (global freight forwarders and express carriers), providing feedback on the logistics "friendliness" of the countries in which they operate and those with which they trade.** |
|   | **EaP Road Network Indicators** | **Total length: 691 km** * **Motorway with separated lanes (4 lanes in both directions): 333 km**
* **Motorway with separated lanes (>4 lanes in both directions): 53 km**
* **Single carriageway road (2 lanes in both directions): 305 km**

**Network indicators (km)**C:\B681DF25\7905F55D-82AD-45D6-90FF-F9C536E9FB68_files\image003.png**Design speed (km)**C:\B681DF25\7905F55D-82AD-45D6-90FF-F9C536E9FB68_files\image004.png**Road conditions (km)**C:\B681DF25\7905F55D-82AD-45D6-90FF-F9C536E9FB68_files\image005.png**The survey on road quality performed on the context of the EaP regional transport study shows that 27% of the EaP strategic network in Azerbaijan is characterized by medium (187km) road conditions. The remaining network is characterized by high road conditions.****LEVEL OF SERVICE ON EaP ROAD NETWORK**C:\B681DF25\7905F55D-82AD-45D6-90FF-F9C536E9FB68_files\image006.png C:\B681DF25\7905F55D-82AD-45D6-90FF-F9C536E9FB68_files\image007.png |
|   | **EaP Rail Network Indicators** | **The EaP rail network in Azerbaijan is of 503 km length, double-track and fully electrified at 3 kV DC.** **Traction**C:\B681DF25\7905F55D-82AD-45D6-90FF-F9C536E9FB68_files\image008.png |
|   | **EaP Inland Waterway Network Indicators** | **n.a.** |
| **Projects included in the EaP Database** |   |

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| --- | --- | --- | --- | --- |
| **Title of project** | **Year of approval** | **Sector** | **Total cost** | **IFI funding** |
| **Upgrade of railway on the East - West corridor** | **n.a.** | **Rail** | **1.5 Billion USD** | **Azerbaijan Government,****WB** |
| **Construction of the International Transport Logistics Centre (ILC) in the New Baku International Maritime Trade port complex** | **n.a.** | **Intermodal** | **38 mln EUR** | **IFI,****State budget,****PPP (source of repayments)** |
| **Roads reconstruction and upgrading project** | **n.a.** | **Road** | **649.4 mln EUR** | **EBRD****(WB)****(ADB)** |
| **Improving existing trans-Caspian shipping links Baku Aktau** | **n.a.** | **Maritime** | **n.a.** | **IFIs (for infrastructure components),****state budgets** |
| **Improving existing trans-Caspian shipping links Baku Turkmenbashi** | **n.a.** | **Maritime** | **n.a.** | **IFIs,****National funding** |
| **Container block train Poti-Tbilisi-Baku\*** | **n.a.** | **Rail** | **36 mln EUR (only rolling stock)** | **n.a.** |

**\* The project involves also Georgia** **ADB Asian Development Bank****EBRD European Bank for Reconstruction and Development****IFI International Funding Institutions****PPP Public-Private Partnership****WB World Bank** |
| **Macro-financial context** |   | **BASIC ECONOMIC INDICATORS**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Indicator** | **Unit of measurement** | **2010** | **2011** | **2012** | **2013** | **2014** |
| **GDP1** | **million Euro** | **21.355** | **20.352** | **22.535** | **23.063** | **23.518** |
| **GDP per capita1** | **Euro/capita** | **2.359** | **2.219** | **2.424** | **2.449** | **2.466** |
| **GDP growth** | **%** | **4,9** | **0,1** | **2,2** | **5,8** | **2,0** |
| **Inflation2** | **%** | **n. a.** | **n. a.** | **n. a.** | **n. a.** | **n. a.** |
| **Unemployment** | **%** | **5,6** | **5,4** | **5,2** | **5,0** | **5,2** |
| **Agriculture** | **% of GDP** | **5,9** | **5,4** | **5,5** | **5,7** | **5,7** |
| **Industry** | **% of GDP** | **64,1** | **65,6** | **63,1** | **62,1** | **58,3** |
| **Services** | **% of GDP** | **30,0** | **29,0** | **31,5** | **32,3** | **36,0** |
| **Trade** | **% of GDP** | **75,0** | **80,5** | **79,3** | **75,6** | **69,5** |
| **Public debt** | **% of GDP** | **11,2** | **10,1** | **11,6** | **13,8** | **15,9** |
| **External debt** | **% of GDP** | **13,3** | **12,3** | **13,9** | **14,0** | **15,5** |
| **Total loans** | **% of GDP** | **6,7** | **8,2** | **10,3** | **9,8** | **n. a.** |
| **Import** | **million Euro** | **4.980** | **7.011** | **7.513** | **8.065** | **6.704** |
| **Export** | **million Euro** | **16.112** | **19.088** | **18.608** | **18.052** | **15.929** |
| **Balance** | **million Euro** | **11.132** | **12.077** | **11.095** | **9.987** | **9.225** |
| **Real interest rate** | **%** | **6,1** | **-2,9** | **16,7** | **17,0** | **17,6** |

**Source: The World Bank (2014), EC (2014).****1 Constant prices 2005****2 Consumer annual price****Explanatory Note: The external debt, at any given time, is the unresolved amount of current, and notcontingent, liabilities that require payment of an interest by a debtor at some point in the future and that are owed to non-residents by residents of an economy.****The non-resident creditors that owns the external debt are disseminated by many economies. Official creditors are public bilateral bodies and multilateral organizations. Public bilateral creditors are lenders in individual countries (e.g., central governments and central banks), multilateral organisations are international institutions (e.g., the International Monetary Fund, the World Bank and regional development banks). The total loans supplied to the economy of a country characterise the borrowing capacity of that country, with respect to external financing.****Source: IMF (2014), External Debt Statistics Guide for Compilers And Users; The World Bank (2016), Joint External Debt Hub.**  **BASIC SOCIAL INDICATORS**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Indicator** | **Unit of measurement** | **2010** | **2011** | **2012** | **2013** | **2014** |
| **Total population** | **Inhabitants** | **9.054.332**  | **9.173.082**  | **9.295.784**  | **9.416.801**  | **9.537.823**  |
| **Urban population** | **%** | **53,4**  | **53,6**  | **53,9**  | **54,1**  | **54,4**  |
| **Rural population** | **%** | **46,6**  | **46,4**  | **46,1**  | **45,9**  | **45,6**  |
| **Gini Index** | **adimensional** | **n. a.** | **n. a.** | **n. a.** | **n. a.** | **n. a.** |
| **Life expectancy** | **years** | **70,5**  | **70,6**  | **70,6**  | **70,7**  | **n. a.** |
| **Poverty rate** | **%** | **9,1**  | **7,6**  | **6,0**  | **5,3**  | **n. a.** |

**Source: The World Bank (2014).**  **BASIC ENERGY AND ENVIRONMETAL INDICATORS**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Indicator** | **Unit of measurement** | **2010** | **2011** | **2012** | **2013** | **2014** |
| **Energy use** | **Kg of oil eq./capita** | **1.279,6**  | **1.369,4**  | **1.472,9**  | **n. a.**  | **n. a.**  |
| **Electric power cons.** | **kWh/capita** | **1.603,4**  | **1.705,4**  | **2.052,7**  | **n. a.**  | **n. a.**  |
| **CO2 emissions** | **metric tons/capita** | **3,4**  | **3,6**  | **n. a.**  | **n. a.**  | **n. a.**  |

**Source: The World Bank (2014).**  **STRUCTURE OF THE ECONOMY**C:\B681DF25\7905F55D-82AD-45D6-90FF-F9C536E9FB68_files\image009.png**Source: The World Bank (2014).****IMPORT AND EXPORT BY MAIN PRODUCTS AND LEAD MARKETS**C:\B681DF25\7905F55D-82AD-45D6-90FF-F9C536E9FB68_files\image010.jpg C:\B681DF25\7905F55D-82AD-45D6-90FF-F9C536E9FB68_files\image011.png**Source: The World Bank (2014)**C:\B681DF25\7905F55D-82AD-45D6-90FF-F9C536E9FB68_files\image012.jpg C:\B681DF25\7905F55D-82AD-45D6-90FF-F9C536E9FB68_files\image013.png**Source: EC (2014).** |
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