

Azerbaijan: Republic of Azerbaijan COVID-19 Active Response and Expenditure Support (CARES) Program

1. Project Information

Project ID:	P000505	Instrument ID:	L0505A
Member:	Azerbaijan	Region:	Western Asia
Sector:	CRF-Economic Resilience/PBF	Sub-sector:	N/A
Instrument type:	<input checked="" type="checkbox"/> Loan:100.00 US Dollar million <input type="checkbox"/> Guarantee	Co-financier(s):	Asian Development Bank
ES category:	C	Borrowing Entity:	Ministry of Finance, Azerbaijan
Implementing Entity:	Ministry of Finance, Azerbaijan		
Project Team Leader:	Nat Pinnoi		
Responsible DG:	Supee Teravaninthorn		
Responsible Department:	INF2		
Project Team Members:	Christopher Damandl, Project Counsel; Bernardita Saez, Alternate Counsel; Shodi Nazarov, OSD - Financial Management Specialist; Yang Shuai, OSD - Environment & Social Development Specialist; Komron Rajabiyon, Back-up PTL		
Completed Site Visits by AIIB:			
Planned Site Visits by AIIB:			
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:			
Previous Red Flags Assigned Date:			

2. Project Summary and Objectives

The Program's objective is to support the Government of Azerbaijan's (GOA) fiscal stimulus measures to mitigate the adverse impacts of COVID-19 on the population's health, incomes, and economic opportunities, as well as the country's macroeconomic stability. The Program scope includes (i) enhancement of the GOA's COVID-19 response and health system; (ii) expansion of social protection for the poor and vulnerable; and (iii) assistance for impacted economic sectors to prevent job losses from the economic downturn due to COVID-19 mitigation and prevention measures.

The Program is cofinanced with the Asian Development Bank (ADB). ADB is providing a sovereign-backed, policy-based loan of USD250 million under the Countercyclical Support Facility COVID-19 Pandemic Response Option (CPRO). The Program promotes social protection and economic resilience to prevent long-term damage to the productive capacity, including human capital, of Azerbaijan's economy.

3. Key Dates

Approval:	Jul. 15, 2021	Signing:	Nov. 03, 2021
Effective:	Dec. 09, 2021	Restructured (if any):	
Orig. Closing:	Jun. 30, 2022	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	100.00	Most recent disbursement (amount/date):	100.00/Dec. 21, 2021
Undisbursed:	0.00	Disbursement Ratio (%) ¹ :	100.00

5. Project Implementation Update

As a budget support program, all program disbursement of USD 100 million was made on December 21, 2021. Status of the Government Countercyclical COVID-19 pandemic response budget is provided here. Overall, 91 percent of the 2021 budget was completely disbursed by the end of the year. Three major spending measures were supported by the program.

Countercyclical COVID-19 pandemic response budget

Budget 2021

Disbursement 2021

Percent of Budget

A. Health-related measures

764

847

111%

B. Social protection measures

667

490

74%

C. Macroeconomic stabilization measures

258

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

199 77%

Total

1,688

1,537

91%

Spending for health-related measures exceeded the initial budget about USD 764 million mainly because of the additional payment to healthcare workers and supporting the operations of modular hospitals dealing with COVID-19 patients. The overspent amount was justified due to the unpredictability of the COVID-19 infection and number and severity of the cases. However, additional spending was successfully closed by the savings from social protection and macroeconomic stabilization measures, as listed in the table above.

Components	Physical Progress	Environmental & Social Compliance	Procurement
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Financial Management:

As a policy-based financing/budget support loan, the audit of Deposit Account or any specific finance report was not requested.

6. Status of the Grievance Redress Mechanism (GRM)

This is a co-financed operation with ADB as a lead-cofinancier. Accordingly, AIIB's Policy on the Project-affected People's Mechanism (PPM), which addresses issues raised under AIIB's Environment and Social Policy as applicable to investment projects, will not apply to this operation. Submissions to the Project-affected People's Mechanism (PPM) under the Program would, therefore, not be eligible for consideration by the PPM. ADB's independent accountability mechanism addresses issues raised by persons adversely affected by an ADB-assisted operation and allows them to report alleged noncompliance with ADB's operational policies and procedures, including its Safeguard Policy Statement (SPS).

No complaints has been recorded in the draft quarterly progress report.

7. Results Monitoring

By the end of 2021, many of the target outcome indicators of the program have been achieved. Other targets are not too far away from the targets. These are National poverty rate of 5.3% or below; Regular pension payments to old-age pensioners (63% women target); Interest-free loans for higher education to students from low-income families (50% girls target); Monthly allowance and subsidies for utility services to internally displaced persons; and Additional temporary public jobs (40% women target).

Project Objective Indicators #1

COVID-19 outbreak more effectively managed and its adverse social and economic impacts reduced a. a. COVID-19 testing capacity b. National poverty rate c. Output of MSMEs as a share of GDP

Year	Target	Actual	Comments, if any
Jun. 30, 2022	a. Daily: 10,000 Tests completed; b. At or	a. Weekly: 80,000 Tests completed - 3,7	2021 results

	below 5.3%; c. 23.3% or more	million; b. 5.8% (estimate); c. 23.8% (estimate)	
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Intermediate Result Indicators #1

COVID-19 response and health system strengthening measures implemented 1.1. Personal protective equipment for health care workers dealing with COVID-19 patients 1.2. Additional payments to health care workers dealing with COVID-19 patients 1.3 Physical infrastructure for treatment of COVID-19 patients 1.4. Mandatory health insurance coverage

Year	Target	Actual	Comments, if any
Jun. 30, 2022	1.1 Total: 64,000 Female: not defined 1.2 Total: 64,000 Female: 65% 1.3 Modular hospitals: 12 Beds: 4,700 1.4 Total population: 90% Women: 50%	1.1 Total: 99,517 Female: 70% 1.2 Total: 99,517 Female: 70% 1.3 Modular hospitals: 35 Beds: 8,000 1.4 Total population: 100% Women: 50%	2021 results

Intermediate Result Indicators #2

Social protection for the poor and vulnerable households expanded 2.1. Targeted social assistance to low-income households 2.2. Regular pension payments to old-age pensioners 2.3. Interest-free loans for higher education to students from low-income families 2.4 Monthly allowance and subsidies for utility services to internally displaced persons

Year	Target	Actual	Comments, if any
Jun. 30, 2022	2.1 80,000 households 335,000 individuals; 50% are women 2.2 AZN 287 (+15%); 742,000 old- age pensioners; 63% were women 2.3 Total: not defined Girls: 50% 2.4 495,306 persons Monthly allowance of AZN33-AZN60 Women: 50%	2.1 84,100 households More than 350,000 53% are women 2.2 AZN 331.41 (+14%); 716,222 old-age pensioners; 60% were women 2.3 15,000 students of which 45% are girls 2.4 AZN60 60,677 for AZN33 Women: 50.4%	2021 results

Intermediate Result Indicators #3

Affected sectors supported to prevent job losses from the economic downturn 3.1 Additional temporary public jobs 3.2 Subsidy on bank loans to MSMEs 3.3 Number of subsidized mortgage loans 3.4 Credit available to the private sector as a share of GDP 3.5 Operational costs of 11 tourism information centers

Year	Target	Actual	Comments, if any
Jun. 30, 2022	3.1 17,000 temporary jobs; 40% women ; 3.2 1990 loans 25% owned by women; 3.3 20% increase; 3.4 16.1% or more; 3.5	3.1 17,861 additional jobs 31% women; 3.2 1905 loans provided 30% owned by women; 3.3 4,880 loans (+44%); 3.4	2021 results

	Covered by the State Tourism Agency	16.6% 3.5 Yes	
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Remarks:
