



EUROPEAN COMMISSION - PRESS RELEASE

New EU support for governance and economic development in Azerbaijan

Brussels, 7 October 2011 - The European Commission has today adopted a programme to reduce poverty, foster sustainable development and support the democratic reform process in Azerbaijan. The programme will also bolster the country's efforts towards gradual European integration.

The Annual Action Plan 2012 for Azerbaijan is worth a total of €31 million and covers socio-economic reforms and sustainable development – particularly targeting the agricultural and rural development sectors - as well as good governance and support to institutional reforms.

In detail, a dedicated Sector Budget Support programme amounting to €20 million supports the efforts of the Azerbaijani government to reduce poverty and to foster sustainable development in the country. The expected results are an improved business climate, increased opportunities in rural areas for potential entrepreneurs, improved access to small loans in rural regions (including for internally displaced people (IDP)) from credit institutions with effective lending guidelines, as well as the provision of staff who are well-trained in these credit institutions.

The second action will be a programme of €11 million which aims to build the institutional capacity of selected public administration institutions in Azerbaijan through measures such as training, providing expertise and improving administration procedures. It will also help to implement reforms under the current EU-Azerbaijan agreements and under the future Association Agreement between the EU and Azerbaijan (on which negotiations have been underway since July 2010), including for instance in political dialogue, justice, freedom and security, as well as trade and cooperation in sectoral policies.

More follows...

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BACKGROUND

Facts and figures on EU-Azerbaijan relations

From 1992 to 2010 the EU has made around €475 million available to Azerbaijan in bilateral assistance and support. The assistance was upgraded to €122.5 million for the period 2011-2013 to accompany the implementation of the Eastern Partnership programmes.

Most of this funding is expected to be delivered through budget support to rural development, agriculture, public finance policy reforms, capacity building of institutions, as well as twinning programmes with government bodies.

EU assistance has targeted poverty reduction and stimulated economic growth through support to social protection, economic development and capacity building of several government structures. Additionally, since 2009, a number of smaller-sized Non Governmental Organisations' (NGO) projects have also been successfully implemented.

Moreover, the twinning instrument, which aims at institutional reform processes with the help of EU Member States, is extremely successful in Azerbaijan; with the highest rate of implementation in the Southern Caucasus region. At present, 18 twinning projects are under different stages of implementation.

Under the National Indicative Programme for 2011-2013, €19 million is foreseen for the Comprehensive Institutional Building Programme (CIB); intended to assist a limited number of core institutions which are central in preparing for and implementing a future Association Agreement between the EU and Azerbaijan. The main objective of this Association Agreement is to achieve closer political association and gradual economic integration between the EU and Azerbaijan.

Trade relations

Azerbaijan is by far the largest EU trading partner among the three South Caucasus Countries (Georgia, Armenia and Azerbaijan). The EU has progressively become Azerbaijan's main trade partner, with a 46.9% share in the country's overall external trade in 2010.

Energy

Energy, including its trade and investment-related aspects (transit, energy services, etc.), is one of the main areas of cooperation between the EU and Azerbaijan. The country is an increasingly important supplier of oil and gas to the EU, as well as a potentially significant transit country for the oil and notably gas originating in Central Asia. In this context, Azerbaijan is a key EU partner in the development of the 'Southern (Gas) Corridor' to connect Europe.

For more info

DG Development and Cooperation - EuropeAid:

http://ec.europa.eu/europeaid/index_en.htm

On EU Assistance to Azerbaijan:

http://ec.europa.eu/europeaid/where/neighbourhood/country-cooperation/azerbaijan/azerbaijan_en.htm

On EU – Armenia external relations:
http://eeas.europa.eu/azerbaijan/index_en.htm

On the European Neighbourhood Policy:
http://ec.europa.eu/world/enp/index_en.htm

On the Eastern Partnership:
http://ec.europa.eu/external_relations/eastern/index_en.htm