



NEWSLETTER

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Azerbaijan and Turkmenistan Agreed on Mutual Settlements

Turkmenistan and Azerbaijan settled a long-standing problem of the Azerbaijani debt to Turkmenistan for supplies of Turkmen natural gas in 1993-1995, as well as inter-bank settlements accumulated over the period of 1992-1993. The sides agreed to intensify partnership in trade, energy, transport and communications, as well as in environmental protection.

Azerbaijan Works Towards Another Contract of the Century - Now in Telecommunication

Azerbaijan is interested in executing another Contract of the Century, this time in telecommunications, Ali Abbasov, the Minister of Communication and Information Technologies said. The objective of the project will be to install a high-speed network from Eastern Europe to East Asia to fill the gaps in information flow. According to Mr. Abbasov, many line countries have approved the project, but he did not specify the countries. The meeting of the representatives of the related countries is planned to take place in March and April, 2008. "A consortium may be established to ensure successful implementation of the project," the Minister said. But he did not disclose estimated cost of the project. The issue is to be discussed at the meeting. In 1994, Azerbaijan signed the Contract of the Century on development of a bloc of off-shore fields Azeri-Chirag-Gunashli, costing \$20bln.

Azerbaijan Receives First Dividend from Baku-Tbilisi-Ceyhan Project

On 16 January, the State Oil Fund of Azerbaijan (SOFAZ) received the first dividends from the project of Baku-Tbilisi-Ceyhan (BTC) main export pipeline, about \$16.5mln was transferred to the

Fund. The pipeline started to operate in 2006, and once again testifies the successfulness of the project, which some experts doubted about several years ago. The total length of BTC is 1.768km, (443km in Azerbaijan, 249km in Georgia and 1.076km in Turkey). The capacity of the pipeline is over 50mln tons of oil (1mln barrels of oil per day). The construction of pipeline commenced in April 2003 and it was fulfilled with oil on 18 May 2005. A total of \$4bln was spent for the construction of the 1,768km long BTC pipeline.

World Bank to Start Several New Large-Scale Projects in 2008 in Azerbaijan

World Bank (WB) is planning to have several large-scale infrastructure projects to be approved by the Board of Directors in 2008. Railway Trade and Transport Facilitation Project is one of these projects. The total cost estimate of the project is \$673 million. \$450 million of the total cost is to be funded by the WB, and the rest by the counterpart funding. Another proposed WB-funded project is designed to support Internally Displaced Persons and improve social services, water supply and sewage system. 15 mln will be allocated by the WB, 5 mln by the Government of Azerbaijan. Third WB-funded project is Education Sector Development Project. The objective of the first stage was to implement a pilot project, CAPSAP – Corporate and Public Sector Accountability Project. The project aims transition of both corporate and public sector accounting system to International Financial Reporting Standards (IFRS). The project covers different activities under separate components – introduction of IPSAS (International Public Sector Accounting Standards), PIFC (Public Internal Financial Control), improvement of audit in public sector etc.