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Meeting: Mr. Heidar Aliiev
President of Azerbaijan

Thursday, July 31, 1997

5:00-5:30 p.m.

MC-11-127 Conference Room

Archives



30488384

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President Wolfensohn - Briefings Books for Presidents Meetings - Meeting Material
Heydar Aliyev - President of Azerbaijan - July 31, 1997

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A. CLASSIFICATION

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B. SUBJECT: MEETING: H.E. HEYDAR ALIYEV, PRESIDENT OF AZERBAIJAN (B) (N) // VENUE: MC 11-127 (CONF. ROOM) // CONTACT: BARBARA (FOR GERBER) @ 87050 // CHRISTINA @ STATE DEPT @ 647-4073 // IN ATTENDANCE: JDW, GERBER, KOCH-WESER (not attending), SELOWSKY (FOR LINN), I. HUSAIN, YAPRAK, HANY, M. LEVITSKY (IFC) // DELEGATION ATTENDEES: H.E. HEYDAR ALIYEV, PRESIDENT; MR. HASAN HASANOV, MINISTER OF FOREIGN AFFAIRS; MR. FIKRET YUSIFOV, MINISTER OF FINANCE; MR. ILHAM ALIYEV, FIRST VICE-PRESIDENT OF SOCAR; MR. FARAMAZ MAGSUDOV, PRESIDENT OF ACADEMY OF SCIENCE; MR. ELDAR NAMAZOV, ASSISTANT TO THE PRESIDENT; MR. VAFA GULUZADEH, STATE ADVISOR ON FOREIGN AFFAIRS; MR. VAHID AKHUNDOV, STATE ADVISOR ON ECONOMIC AFFAIRS; MR. HAFIZ PASHAYEV, AMBASSADOR TO THE U.S.; MR. ELDAR KULIYEV, PERMANENT REPRESENTATIVE TO THE U.N.; MR. NATIK ALIYEV, HEAD OF SOCAR; MR. ELMAN RUSTAMOV, HEAD OF NATIONAL BANK // PRESS: (CYNTHIA CASE @ 32243) RAFIG BAGIROV, Still photographer, Office of the President; ADALAT ABBASSOVIL, Audio, Office of the President; FAZIL HADIYEV, Cameraman, Office of the President; MURSAL VELIEV, Press // INTEPRETER: MR. SERGEI CHENOV // (B) BY LINN // DUE MONDAY, JULY 28 // (M) BY LINN // DUE THURSDAY, AUGUST 7 // EXC: MM (FOR HA) // LFG (7/24) < < NOTE: DIRECTLY AFTER JDW'S MTG. - THE SIGNING OF THE AZERBAIJAN STRUCTURAL ADJUSTMENT CREDIT WILL TAKE PLACE BETWEEN I. HUSAIN (ON BEHALF OF THE BANK) AND MR. ELMAN RUSTAMOV, HEAD OF THE NATIONAL BANK OF AZEBAIJAN (FOR THE GOVT.) IN CONF. RM. MC-11-127> > // CONTACT: ALA CUBUKCU @ 38449 (FOR I. HUSAIN) // ECCO1 WILL BE HANDLING ALL ARRANGEMENTS // EXC: MM // LFG (7/28)

DATE: 07/31/97

Brief includes:
 ---IFC Briefing Note
 ---FY97-01 Lending Program
 ---Azerbaijan At-A-Glance
 ---Minutes of May 23 Meeting with Mr. Rasizade
 ---Mr. Aliev's Biography

C. VPU

Corporate

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Regional

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☐ EAP
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☐ LAC
☐ MNA
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Central

☐ CFS
☐ DEC
☐ ESD
☐ FPD
☐ FPR
☐ HRO

Affiliates

☐ GEP
☐ ICSID
☒ IFC
☐ Inspection Panel
☐ Kennedy Center
☐ MIGA

D. EXTERNAL PARTNER

☐ IMF
☐ UN
☐ MDB/Other IO
☐ NGO
☐ Private Sector

☐ Part I
☒ Part II
☐ Other

E. COMMENTS:**File Location**

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WBG ARCHIVES

**BRIEFING FOR MR. WOLFENSOHN
MEETING WITH THE PRESIDENT OF AZERBAIJAN, HEIDAR ALIEV
Thursday, July 31, 1997, 5-5.30 pm.**

Also in attendance: (GOA): Messrs. Sharifov, Deputy PM; Rustamov, Governor of the Central Bank; Yusifov, the Minister of Finance; Akhundov, Presidential Advisor. (Bank): Selowsky, Chief Economist; ECA; Husain, Country Director, ECC01, Yaprak, Resident Representative, ECCAZ

This is President's Aliev's first official visit to the United States, and a courtesy visit to you. It is very important for Aliev to have the blessing of the Bretton Woods' Institutions for his economic policies. (You already met with the Prime Minister Rasizade on May 23, 1997). Aliev will meet with President Clinton tomorrow.

Business Context: President Aliev who was confirmed in his position in October 1993, is firmly in control (without serious opposition), and no decision is taken without his approval. He is a convinced supporter of market reforms. Azerbaijan's track record in macroeconomic stabilization has been impressive: inflation has been reduced from hyperinflation levels in end-1994 to 6 percent in 1997. Recognizing that the progress on structural reforms had lagged far behind the country's achievements in stabilization, Aliev reshuffled his Cabinet in July 1996, and mandated an accelerated reform effort. Since then, the pace of reform implementation continues unabated. The Structural Adjustment Credit (\$70 million), which supports a comprehensive reform program, including mass privatization, and bank restructuring, was approved by the Board on July 24. All these efforts have started yielding results, as GDP growth resumed in 1996/97.

President Aliev has also been following an astute foreign policy. The involvement of various oil companies from a wide range of countries (including neighbors bordering the Caspian Sea) in oil development consortia, have lessened resistance to Azerbaijan's oil exploitation in the Caspian. It has also been conducive to Azerbaijan's rapprochement with the West. On the other hand, the conflict with Armenia over Nagorno-Karabagh, which left 20 percent of the country under occupation, and produced close to 1 million refugees and internally displaced persons, still remains unresolved. Recently, the prospects for a peaceful settlement seem to be improving, however, thanks to the efforts of the recent Denver G-7 Summit.

Key points you may wish to raise:

Reform Program: Given the President's commitment to sustained economic reform effort, a word of encouragement may be in order.

- *You may wish to congratulate the President for his strong support to market-oriented reforms, and press on him the need for sustaining the current pace of reform implementation, particularly in the areas of enterprise privatization, agrarian reform, and the restructuring of the state-owned banks.*

Establishing an Enabling Environment for the Private Sector: Azerbaijan has already a buoyant private sector. But inconsistent and unclear laws and regulations, and overlapping and not well-defined functions of various ministries and agencies provide an environment conducive to corruption, and hinder the development of a serious private sector.

- *You may emphasize the need to: (i) further reorganize/restructure state's administrative apparatus to make it more compatible with the requirements of a market economy, (already mandated by the President himself, but limited progress to date), and (ii) establish clear laws, rules and regulations for market transactions, to be supported by an effective judicial system. These measures will reduce the scope for corruption, and introduce greater transparency to the system.*

Better Policy Coordination: The country's structural reform performance could greatly benefit from the establishment of a high-level Economic Policy Coordination Unit. Such coordination is now being undertaken by the Prime Minister himself with very few staff.

- *The establishment of a high-level economic policy coordination unit, to ensure the consistency of an increasingly complex policy agenda, and designed to improve coordination among various government ministries/agencies will be instrumental in greatly facilitating reform implementation.*

Improved Project Implementation: Following the May 1996 CPPR, a deputy Prime Minister has been charged with oversight for all Bank-financed operations. This has somewhat improved the level of attention paid to problem projects. But, still too little authority is vested in project managers below the Cabinet of Ministers, resulting in slow decision making and implementation delays.

- *Effective implementation of the current stream of projects is critical for expanding our program in Azerbaijan. Also, the project management units should ensure that the project funds are used for the purpose they are intended for, and controls are reinforced against possible corruption and fraud.*

Issues the President is likely to raise:

Country Assistance: The President may ask that Bank's financial assistance to Azerbaijan be increased in the light of the country's improved performance in structural reform with emphasis on the agricultural sector, and non-oil infrastructure.

- *We are prepared to review our lending program, if performance in implementing structural reforms continues to be satisfactory. Taking account of project implementation record, we would also consider additional projects in infrastructure, and agriculture.*

Support to Reconstruction of Occupied Territories: In the light of seemingly improved peace prospects over the Nagorno-Karabagh conflict, the President may request an accelerated response to the reconstruction of occupied territories.

- *We already mounted a pilot reconstruction project to address the reconstruction of already liberated areas such as Fuzuli, and the orderly settlement of the displaced people. If other regions of Azerbaijan become liberated, we are ready to extend our assistance to these areas, as well. To that end, we will also try to mobilize donors' assistance.*



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Document Date July 31, 1997	Document Type Note	
Correspondents / Participants IFC		
Subject / Title IFC Briefing Note - Meeting of Mr. Wolfensohn with President Heidar Aliev of the Republic of Azerbaijan		
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FY1997-FY2001 LENDING PROGRAM : AZERBAIJAN

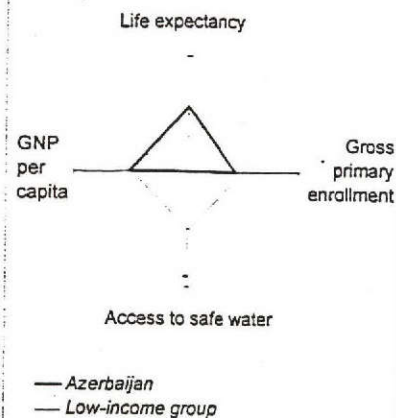
FY97				FY98				FY99				FY00				FY01			
ID	PROJECT	BANK	IDA SDR	ID	PROJECT	BANK	IDA SDR	ID	PROJECT	BANK	IDA SDR	ID	PROJECT	BANK	IDA SDR	ID	PROJECT	BANK	IDA SDR
AZERBAIJAN																			
3528	GAS REHAB (+++)		14.1	3570	PILOT RECONSTRUCTION		15.0	8285	HEALTH		25.0	35795	PRIVATE SECTOR	30.0		49892	SOCIAL PROTECTION		50.0
40544	FARM PRIVAT. PILOT(+++)		10.2	35813	AGRIC. DEVT. CREDIT	30.0		8284	IRRIGATION		30.0	40716	INFRASTRUCTURE	40.0		8286	IRRIGATION II		35.0
				41261	SAC		52.0					49619	RECONSTRUCTION		30.0				
US\$ est = 35.4				US\$ est 97.7				US\$ est 110.2				US\$ est = 70.0				US\$ est = 85.0			
	Lending \$M/SDR		24.3		Lending \$M/SDR	30.0	67.0		Lending \$M		55.0		Lending \$M	70.0	30.0		Lending \$M		85.0
	Oper. Prg. \$M/SDR		24.3		Oper. Prg. \$M/SDR	30.0	67.0		Oper. Prg. \$M/SDR		55.0		Oper. Prg. \$M/SDR	70.0	30.0		Oper. Prg. \$M/SDR		85.0
	No. of Operations		2		No. of Oper.		3		No. of Projects		2		No. of Op. Prjt.		2		No. & Amt of Oper.		2
PROJECTS PRESENTED TO THE BOARD				PILOT PROJECTS				ADJUSTMENT OPERATION											

Azerbaijan at a glance

POVERTY and SOCIAL

	Azerbaijan	Europe & Central Asia	Low-income
Population mid-1995 (millions)	7.5	488	3,188
GNP per capita 1995 (US\$)	480	2,240	460
GNP 1995 (billions US\$)	3.6	1,093	1,466
Average annual growth, 1990-95			
Population (%)	1.0	0.4	1.8
Labor force (%)	1.8	0.6	1.9
Most recent estimate (latest year available since 1989)			
Poverty: headcount index (% of population)	..	..	..
Urban population (% of total population)	54	65	28
Life expectancy at birth (years)	71	68	63
Infant mortality (per 1,000 live births)	26	23	68
Child malnutrition (% of children under 5)	..	..	38
Access to safe water (% of population)	..	..	66
Illiteracy (% of population age 15+)	3	..	35
Gross primary enrollment (% of school-age population)	89	97	105
Male	91	97	112
Female	87	97	98

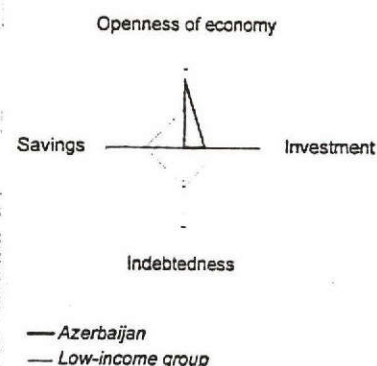
Development diamond*



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1994	1995
GDP (billions US\$)	..	..	3.9	3.6
Gross domestic investment/GDP	..	28.3	13.7	16.2
Exports of goods and non-factor services/GDP	..	..	56.9	26.9
Gross domestic savings/GDP	..	37.5	0.1	-0.4
Gross national savings/GDP	..	..	5.3	3.2
Current account balance/GDP	..	..	-8.4	-13.0
Interest payments/GDP	..	..	0.2	0.3
Total debt/GDP	..	..	16.3	10.1
Total debt service/exports	..	..	0.0	0.2
Present value of debt/GDP	..	..	..	..
Present value of debt/exports	..	..	..	..
(average annual growth)				
GDP	50.4	-12.1	-15.7	-13.3
GNP per capita	43.9	-13.2	-16.4	-14.1
Exports of goods and nfs	..	..	-7.4	-59.1

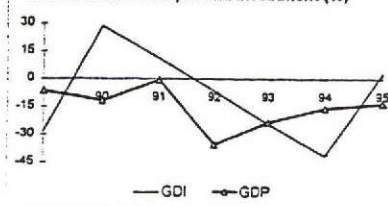
Economic ratios*



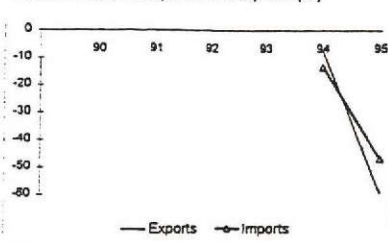
STRUCTURE of the ECONOMY

	1975	1985	1994	1995
(% of GDP)				
Agriculture	..	25.2	..	..
Industry	..	47.0	..	..
Manufacturing	..	36.9	..	..
Services	..	27.9	..	..
Private consumption	..	42.8	68.2	90.4
General government consumption	..	19.7	31.8	10.0
Imports of goods and non-factor services	..	..	70.5	43.4
(average annual growth)				
Agriculture	..	..	..	..
Industry	..	..	..	..
Manufacturing	..	..	..	..
Services	..	..	..	..
Private consumption	..	..	-12.3	15.0
General government consumption	..	..	-15.2	-72.8
Gross domestic investment	..	..	-41.3	2.6
Imports of goods and non-factor services	..	..	-13.2	-46.6
Gross national product	50.4	-12.1	-15.7	-13.5

Growth rates of output and investment (%)



Growth rates of exports and imports (%)

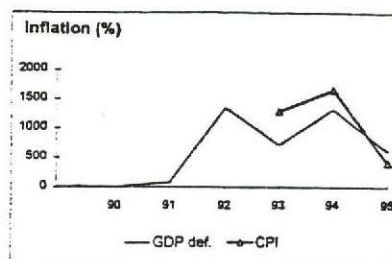


Note: 1995 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

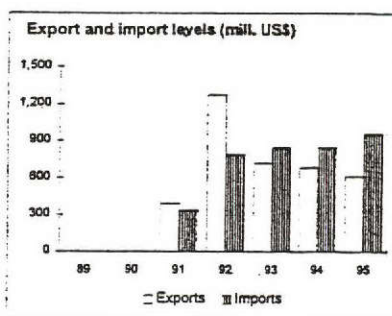
PRICES and GOVERNMENT FINANCE

	1975	1985	1994	1995
Domestic prices				
(% change)				
Consumer prices	..	..	1,664.4	411.7
Implicit GDP deflator	-0.2	-7.5	1,327.7	608.7
Government finance				
(% of GDP)				
Current revenue	..	..	33.9	14.3
Current budget balance	..	..	-11.4	-0.3
Overall surplus/deficit	..	..	-12.1	-4.1



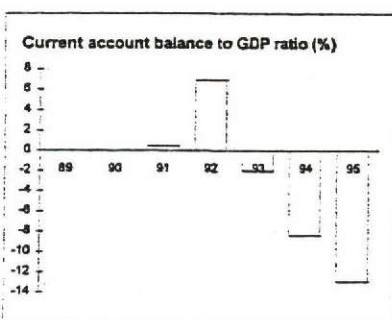
TRADE

	1975	1985	1994	1995
(millions US\$)				
Total exports (fob)	..	..	682	612
Petroleum products	..	..	208	256
Cotton	..	..	99	110
Manufactures	..	..	..	..
Total imports (cif)	..	..	845	955
Food	..	..	..	..
Fuel and energy	..	..	..	..
Capital goods	..	..	..	..
Export price index (1987=100)	..	..	..	..
Import price index (1987=100)	..	..	..	..
Terms of trade (1987=100)	..	..	..	..



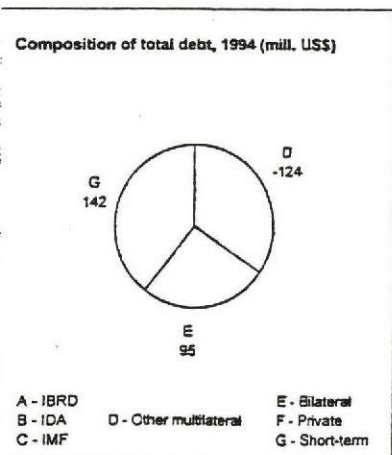
BALANCE of PAYMENTS

	1975	1985	1994	1995
(millions US\$)				
Exports of goods and non-factor services	..	..	819	784
Imports of goods and non-factor services	..	..	1,015	1,267
Resource balance	..	..	-196	-483
Net factor income	..	..	0	-6
Net current transfers	..	..	75	110
Current account balance, before official transfers	..	..	-121	-379
Financing items (net)	..	..	123	539
Changes in net reserves	..	..	-2	-160
Memo:				
Reserves including gold (mill. US\$)	..	..	2	263
Conversion rate (local/US\$)	..	..	1,456.9	4,416.3



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1994	1995
(millions US\$)				
Total debt outstanding and disbursed	..	..	113	..
IBRD	..	..	0	..
IDA	..	..	0	..
Total debt service	..	..	0	..
IBRD	..	..	0	..
IDA	..	..	0	..
Composition of net resource flows				
Official grants	..	..	66	..
Official creditors	..	..	68	..
Private creditors	..	..	0	..
Foreign direct investment	..	..	0	..
Portfolio equity	..	..	0	..
World Bank program				
Commitments	..	..	0	..
Disbursements	..	..	0	..
Principal repayments	..	..	0	..
Net flows	..	..	0	..
Interest payments	..	..	0	..
Net transfers	..	..	0	..



Azerbaijan - Selected Indicators of Bank Portfolio Performance and Management

Indicator	1994	1995	1996	1997
<i>Portfolio Performance</i>				
Number of Projects under implementation		2	4	5
Average implementation period (years) ^a	0.00	.10	1.00	1.47
Percent of problem projects rated U or HU ^b (for past years, rated 3 or 4)				
Development Objectives ^c	0.00	0.00	25.00	0.00
Implementation Progress (or overall status for past years) ^d	0.00	0.00	50.00	0.00
Cancelled during FY in US\$m	0.00	0.00	0.00	0.00
Disbursement ratio (%) ^e	0.00	0.00	2.37	10.68
Disbursement lag (%) ^f	0.00	0.00	-48.63	69.40
Memorandum item: % completed projects rated unsatisfactory by OED	0.00	0.00	0.00	0.00
<i>Portfolio Management</i>				
Supervision resources (total US\$ thousands)	0.00	54.61	305.78	492.86
Average Supervision (US\$ thousands/project)	0.00	27.31	76.45	98.57
Supervision resources by location (in %) ^g				
Percent headquarters	0.00	0.00	71.18	65.73
Percent resident mission	0.00	0.00	28.82	34.27
Supervision resources by rating category (US\$ thousands/project)				
Projects rated HS or S	0.00	27.31	96.69	98.57
Projects rated U or HU	0.00	0.00	56.20	0.00
Memorandum item: date of last/next CPPR				

^a Average age of projects in the Bank's country portfolio.

^b Rating scale: "HS" denotes "Highly Satisfactory", "S" denotes "Satisfactory", "U" denotes "Unsatisfactory", and "HU" denotes "Highly Unsatisfactory".

^c Extent to which the project will meet its development objective (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590]*).

^d Assessment of overall performance of the project based on the ratings given to individual aspects of project implementation (e.g., management, availability of funds, compliance with legal covenants) and to development objectives (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590]*). The overall status is not given a better rating than that given to project development objectives.

^e Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: investment projects only.

^f For all projects comprising the Bank's country portfolio, the percentage difference between actual cumulative disbursements and the cumulative disbursement estimates as given in the "Original SAR/PR Forecast" or, if the loan amounts have been modified, in the "Revised Forecast." The country portfolio disbursement lag is effectively the weighted average of disbursement lags for projects comprising the Bank's country portfolio, where the weights used are the respective project shares in the total cumulative disbursement estimates.

^g Supervision resources data, by location, is only available starting in fiscal year 1996.

Note:

Disbursement data is updated at the end of the first week of the month.

Azerbaijan - Bank Group Fact Sheet
IBRD/IDA Lending Program

<i>Category</i>	<i>Past</i>		<i>Current</i>		<i>Planned^a</i>		
	1994	1995	1996	1997	1998	1999	2000
Commitments (US\$m)	0.0	81.8	83.0	34.9	91.6	109.1	112.0
<i>Sector (%)^b</i>							
Agriculture	0.0	0.0	0.0	42.1	0.0	67.0	0.0
Multisector	0.0	0.0	78.3	0.0	76.4	0.0	0.0
Oil & Gas	0.0	25.4	0.0	57.9	0.0	0.0	0.0
Populn, Hlth & Nutn	0.0	0.0	0.0	0.0	0.0	33.0	0.0
Public Sector Mgmt.	0.0	0.0	21.7	0.0	0.0	0.0	26.8
Transportation	0.0	0.0	0.0	0.0	0.0	0.0	35.7
Urban Development	0.0	0.0	0.0	0.0	23.6	0.0	37.5
Water Supply & Santr	0.0	74.6	0.0	0.0	0.0	0.0	0.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Lending instrument (%)</i>							
Adjustment loans ^c	0.0	0.0	78.3	0.0	76.4	0.0	0.0
Specific investment loans and others	0.0	100.0	21.7	100.0	23.6	100.0	100.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Disbursements (US\$m)</i>							
Adjustment loans ^c	0.0	0.0	61.4	0.0	0.0	0.0	0.0
Specific investment loans and others	0.0	0.0	2.0	9.7	41.6	34.6	15.0
Repayments (US\$m)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest (US\$m)	0.0	0.0	.1	.5	0.0	0.0	0.0

^a Ranges that reflect the base-case (i.e., most likely) Scenario. for IDA countries, planned commitments are not presented by FY but as a three-year-total range; the figures are shown in brackets. A footnote indicates if the pattern of IDA lending has unusual characteristics (e.g., a high degree of frontloading, backloading, or lumpiness). For blend countries, planned IBRD and IDA commitments are presented for each year as a combined total.

^b For future lending, rounded to the nearest 0 or 5%. To convey the thrust of country strategy more clearly, staff may aggregate sectors.

^c Structural adjustment loans, sector adjustment loans, and debt service reduction loans.

Note:

Disbursement data is updated at the end of the first week of the month.

Status of Bank Group Operations in Azerbaijan IBRD Loans and IDA Credits in the Operations Portfolio

Project ID	Loan or Credit No.	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions				Difference Between expected and actual disbursements a/	Last ARPP	
					IBRD	IDA	Cancellations	Undisbursed		Supervision Development Objectives	Rating b/ Implementation Progress
Number of Closed Loans/credits: 1											
<u>Active Loans</u>											
AZ-PE-8288	C27510	1995	GOVT OF AZERBAIJAN	BAKU WATER SUPPLY	0.00	61.00	0.00	50.55	20.10	S	U
AZ-PE-8282	C27080	1995	GOV'T OF AZERBAIJAN	PETROLEUM TA	0.00	20.80	0.00	17.89	4.62	S	S
AZ-PE-8283	C27690	1996	REPUB. OF AZERBAIJAN	INSTITUTION BUILDING	0.00	18.00	0.00	10.40	-1.92	S	U
AZ-PE-40544	C29330	1997	AZERBAIJAN REPUBLIC	FARM PRIVATIZATION	0.00	14.70	0.00	14.22	1.71		
AZ-PE-8287	C29230	1997	AZERBAIJAN REPUBLIC	GAS REHAB	0.00	20.20	0.00	19.38	2.00		
Total					0.00	134.70	0.00	112.44	26.51		

	Active Loans	Closed Loans	Total
Total Disbursed (IBRD and IDA):	11.69	61.42	73.11
of which has been repaid:	0.00	0.00	0.00
Total now held by IBRD and IDA:	134.70	65.00	199.70
Amount sold :	0.00	0.00	0.00
Of which repaid :	0.00	0.00	0.00
Total Undisbursed :	112.44	0.00	112.44

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

b. Rating of 1-4: see OD 13.05. Annex D2. Preparation of Implementation Summary (Form 590). Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system will be used (HS = highly Satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory): see proposed Improvements in Project and Portfolio Performance Rating Methodology (SecM94-901), August 23, 1994.

Note:

Disbursement data is updated at the end of the first week of the month.

Minutes of May 23
Meeting w/ Mr. Rasizade

MINUTES OF THE MEETING WITH MR. RASIZADE, PRIME MINISTER OF
AZERBAIJAN, MAY 23, 1997

1. The meeting between Mr. Wolfensohn and Mr. Artur Rasizade was attended by Messrs. Linn, Yurukoglu, Ebiri, Yaprak (ECA), Mr. Zamani (IFC) and by the Azerbaijani SAC negotiating team consisting of Messrs. Elman Rustamov (Chairman of the Central Bank), Mr. Fikret Yusifov (Minister of Finance), Vahid Akhundov (Economic Adviser to the President).
2. Following Mr. Wolfensohn's welcoming remarks, the Prime Minister expressed his gratitude to IDA for its exceptional efforts to assist his country. He said that his Government has made substantial progress since 1995 in stabilizing prices and the exchange rate. Annual inflation came down from over 400% to single digits and, in a fully liberalized exchange system, the local currency (manat) appreciated about 10% in real terms since the beginning of 1996. He said that such success could not have been achieved without the policy advice by IMF and IDA. Mr. Rasizade also mentioned that his Government was following IDA's advice on structural reforms as a "good student," and that he was personally overseeing the preparatory steps that were being undertaken to carry out the reforms agreed upon with IDA in the context of the proposed SAC.
3. Mr. Wolfensohn congratulated the Government for its recent successes and said that he would see the relationship between IDA and the Government as a "partnership" to build a solid foundation to fully utilize Azerbaijan's potential to become a developed economy.
4. The Prime Minister pointed out that since mid-1996, his Government has taken significant steps to improve the execution of IDA projects. He said that a Deputy Prime Minister (Mr. Abid Sharifov) has been put in charge of IDA coordination, and that he himself was monitoring closely the progress of economy-wide implications/requirements of IDA projects. The Prime Minister also said that Azerbaijan needed substantial further financial and technical assistance from IDA, especially in the area of physical infrastructure, specifically in power and transport sectors.
5. Mr. Wolfensohn said he welcomed the improvements in project management, and pointed to the close link between the quality of project execution and IDA's ability to increase its assistance to its members.
6. The Prime Minister invited Mr. Wolfensohn to visit Azerbaijan at his earliest convenience to see both the achievements of his newly independent country and its problems awaiting solution. Mr. Wolfensohn thanked the Prime Minister for his invitation and said that he would like to visit Azerbaijan as soon as his schedule permitted, but that this would not be likely before next year.

BIOGRAPHICAL INFORMATION

President Heidar Aliev. Born in 1923, and a graduate of Nakhchevan teacher's Training College, Azerbaijan Industrial Institute (now the Oil Academy), 1941; and Faculty of History of the Azerbaijan State University, 1957. He started his career in 1941 at the People's Commissariat of Interior in Nakhchevan, joined security/intelligence organs in 1944, and became a member of the Communist Party in 1945. Aliev worked as the Deputy Chairman of the KGB of the Azerbaijan Republic during 1964-67 and the Chairman of the KGB between 1967-69. During 1969-82 he was the First Secretary of the Central Committee of the Communist Party of Azerbaijan. During this period Aliev played a very active role in the industrialization of Azerbaijan. He became a candidate member of the Politburo of the Communist Party of the Soviet Union in 1976, and a full member in 1982. During 1982-87 he was the First Deputy Chairman of the Council of Ministers of the USSR. Aliev returned to Azerbaijan in 1987 after being ousted from his post by President Gorbachev. In 1990 he was elected as a People's Deputy to the Azerbaijan Supreme Soviet, and in 1991 as the Speaker of the Milli Mejlis of Nakhchevan. He took over the Speakership of the Milli Mejlis of Azerbaijan in June 1993 and was elected President in October 1993.

State Advisor on Economic Policy Vahid Akhundov. Born in 1942, a graduate of the Economics faculty of the Oil Academy, and holds a Ph.D. in economics. Akhundov is known to be the professor and mentor of many of the reformists in the government. He was a researcher in the Academy of sciences (1964-69), deputy Director and Director of the Economics Institute of the Gosplan of Azerbaijan (1969-1987), and the Deputy Rector of the Azerbaijan Institute of Economic Management (1987-91). Since 1991 he has been the State Advisor on Economic Policy, a position he has held under four different presidents.

Minister of Finance Fikret Yusifov. Born in 1957, and a graduate of Azerbaijan Economics institute, and holds a Ph.D. in economics. He is an active promoter of reforms of the government. He started working at state banks in 19778, and joined the Ministry of Finance in 1980, where he served as a senior economist and a division chief in the Budget Department. In June 1984 he was appointed First deputy Minister of Finance, and in June 1995, Minister of Finance. Yusifov also taught at the Azerbaijan Economics Institute, and became the Deputy Dean of the faculty of Finance and Economics. He is the Governor for the IMF.

President of the National Bank of Azerbaijan (ANB). Born in 1952, and a graduate of the Azerbaijan Economics Institute, he holds a Ph.D. in economics. He is an influential reformer and has direct access to the President on reform policy issues. Mr. Rustamov was a research fellow (1973-74) and Chief Economist (1975-90) at the Economic Research Institute. In 1991 he joined the Economic Policy Department of the President's Office as Chief Consultant. Rustamov served as First Deputy Chairman of the Board of the ANB (1992-93), and Deputy Chairman of the Board of ANB (1994-95). In January 1995 he was appointed Chairman of the Board of the ANB. He is the Governor for the World Bank and the EBRD, and the Alternate Governor for the IMF.