

**The Republic of Korea's Country
Partnership Strategy for
the Republic of Azerbaijan
2016-2020**

The Government of the Republic of Korea

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The Republic of Korea's Country Partnership Strategy for the Republic of Azerbaijan

I. Summary

Azerbaijan 2020: Look into the Future (2012-2020)
Establish a knowledge-based economic structure by 2020 through the development of human and social capital, strengthening productivity and competitiveness, and establishing a social and economic infrastructure



Objective of the Republic of Korea's Development Cooperation for the Republic of Azerbaijan
<p>The Korean Government will support the Azerbaijan Government to realize Azerbaijan 2020 by focusing on the following objectives:</p> <ul style="list-style-type: none"> • Establishment of ICT infrastructures and human resource development to achieve a knowledge-based economic infrastructure • Improvement of water management and health services for people living in vulnerable areas • Capacity building of public administration's policy-making and improvement of its productivity, transparency, and efficiency • Regional inequality reduction for balanced regional development



Priority Cooperation Areas and Support Plans	ICT (Communications)
	<ul style="list-style-type: none"> ▪ Support for establishing modern broadband infrastructure ▪ Train and educate personnel in communications sector
	Water Management and Public Health
	<ul style="list-style-type: none"> ▪ Support for establishing water management infrastructure ▪ Improve public health conditions in vulnerable regions
	Public Administration
	<ul style="list-style-type: none"> ▪ Support for developing e-government system ▪ Support for strengthening personnel capacities in public administration sector
	Rural Development
	<ul style="list-style-type: none"> ▪ Transfer agricultural technologies by training and educating

1. **(Vision)** The Government of the Republic of Korea will make development cooperation efforts to improve the quality of life in Azerbaijan and to enhance the cooperation between the two countries by supporting Azerbaijan’s national development plan “Azerbaijan 2020: Look into the Future,” the “State Program on Socio-Economic Development of Regions of the Republic of Azerbaijan for 2014-2018 (SPDR),” and the “State Program on Poverty Reduction and Sustainable Development in the Republic of Azerbaijan for 2008-2015 (SPPRSD).”
2. **(Priority Cooperation Areas)** Seventy percent of the total assistance will be allocated to the following priority areas considering Azerbaijan’s developmental challenges and national strategy, the Republic of Korea’s capacities for development cooperation projects, anticipated financial resources, and opportunities for cooperation with other donor countries/organizations.
 - ① **(ICT, Communications)** Support establishment of ICT infrastructures and human resource development to achieve knowledge-based economic infrastructure
 - ② **(Water Management and Public Health)** Support improvement of water management and health services for people living in vulnerable areas
 - ③ **(Public Administration)** Support public administration’s policy-making capacity building and improvement of its productivity, transparency, and efficiency
 - ④ **(Rural Development)** Support efforts to reduce regional inequality for balanced regional development
3. **(Implementation Strategy) Efficiency, sustainability, and harmonization** will be the three values emphasized to improve the effectiveness of ODA projects for Azerbaijan.
 - **Efficiency:** Coordinate among development cooperation projects to create greater synergy and promote efficiency
 - **Sustainability:** Strengthen alignment of development cooperation projects to the Azerbaijan government’s strategies and projects and support its operational and management capacity
 - **Harmonization:** Promote information sharing, cooperation, and coordination with the Azerbaijan government and other donors on field-level
4. **(Strategic Foundation)** The Korean Government will comply with the principles of international standards on ODA such as the UN’s Sustainable Development Goals (SDGs), Busan Global Partnership Implementation Strategies, DAC’s recommendations, and Strategic Plan for International Development Cooperation (Strategic Plan) will be ensured throughout project implementation.

II. Priority Areas and Implementation Strategy

A. ICT (Communications)

1. Needs Assessment

According to “Azerbaijan 2020: Look into the Future,” approved on December 2012, the Government of Azerbaijan has set the government’s main agenda as “transforming the traditional oil-dependent economic structure into a knowledge-based economic structure.” Developing the Communications sector, especially ICT, is regarded as a priority goal to achieve the agenda.

In the Global Information Report 2015, Azerbaijan ranked 9th among 143 nations according to the indicator “importance of ICTs to government vision of the future” and ranked 10th in government success in ICT promotion.

The ICT industry in Azerbaijan has been rapidly growing throughout the government’s effort to achieve a national economic development based on ICT aligned with the “National Strategy for Information Society Development for 2014-2020.”

The Azerbaijani government is currently carrying out the Trans-Eurasian Information Super Highway (TASIM) project, to construct a transnational fiber-optic line which covers Eurasian countries from Western Europe to Eastern Asia, and planning for various other communications and ICT projects.

<Azerbaijan’s Development Goals for the Communications (ICT) Sector>

Sector	Tasks	Projects
ICT and Information-oriented Society	<ul style="list-style-type: none"> - Developing a sound and sustainable information infrastructure - Developing e-commerce and e-market system - Developing e-government - Developing an Information Society - Improving the quality of ICT services - Supplying full-scale digital broadcasting - Turning Azerbaijan into a regional and transit information hub 	<ul style="list-style-type: none"> - Trans-Eurasian Information Super Highway (TASIM): To establish a fiber optic line covering the countries of Eurasia from Western Europe to Eastern Asia. - National Computer: Providing teachers, students, and pupils with computers equipped with licensed software on preferential terms; the “one pupil, one computer” project of the Ministry of Education - AzDATACOM: Establishing a nationwide data communications network in Azerbaijan - Introducing financial services in post offices - Europe Persia Express Gateway (EPEG): A large amount of communications channels from Frankfurt to Oman will be provided to Asian countries. As a transit country, Azerbaijan has been selected both as a primary and backup route for this project.

2. Implementation Strategy

With Korea's advanced technology and own experience in the ICT sector, the Korean government plans to support the development of Azerbaijan's ICT sector and establish a knowledge-based economic structure which is one of the priority goals in Azerbaijan's national development plan.

Korea ranked 2nd among 166 nations in the International Telecommunications Union (ITU)'s 2013 ICT Development Index (IDI)* ¹ and holds advanced technologies and professionals.

Korea's CPS will support:

a. Communications infrastructure

The Korean government will provide support for communications-related infrastructure development and various consulting and feasibility studies for the projects that the Azerbaijani government is carrying.

b. Training and capacity building

Training and education will be provided for relevant personnel in Azerbaijan by carrying out invitational training and dispatching experts from Korea.

The Korean government's support will be increasingly focused on advanced technological support and capacity building programs with the expectation that the demand for advanced ICT technology assistance and cooperation will grow in the future.

B. Water Management and Public Health

1. Needs Assessment

The Republic of Azerbaijan lacks water resources and 70% of the water resources are from the rivers that originate outside of the country, thus, international conflicts may arise when water resources become scarce due to climate change. Also, due to the rapidly growing economy, Azerbaijan's industrialization and urbanization are accelerated and there is an increasing demand for national-level management of water resources, land, and forests.

The water supply and sewerage system coverage is high in Baku and other major cities, but, water resource infrastructure in the rural provinces are underdeveloped which threatens the people's health and can cause pollution issues.

¹ ICT Development Index (IDI): An index based on internationally agreed information and communications technologies (ICT) indicators including the level of ICT access, use and skills for measuring the information society

Since water resource management, such as clean drinking water supply and wastewater treatment, is influential to the national health condition, the Azerbaijani government is carrying out comprehensive reforms to improve water supply services and the sewer system in accordance with “Azerbaijan 2020: Look into the Future.”

In the past, the Azerbaijani government established the “State Program on Poverty Reduction and Sustainable Development in the Republic of Azerbaijan for 2008-2015 (SPPRSD)²” and detailed goals for improving the water supply system and wastewater treatment. The “State Program on Socio-economic Development of Regions of the Republic of Azerbaijan for 2014-2018 (SPDR)³” continues to support the agenda.

<SPDR 2014-2018: Strategic Goals for Water Resources>

Strategic Goals	Targets	Monitoring Indicators and Baselines
Development of the housing and public utilities	<p>Continuation of activities on reconstruction and improvement of water supply and sanitation system</p> <p>➤ To improve the drinkable water networks</p>	<ul style="list-style-type: none"> • 3.4 thousand km water, over 1.2 km sewerage lines were laid (2004-2014) • Total of 1185km long drinking water pipes and 325km long sewage system pipes were laid out (by 2014) • 357,000 people saw the quality of water supply improve (by 2014) • 259,000 people received round-the-clock water supply. (by 2014) • 146,000 meters, of them 142,000 smart-type meters, were installed (by 2014) • The number of consumers increased 113,000 to reach 1,322,000 people (by 2014)

² The “State Program on Poverty Reduction and Sustainable Development in the Republic of Azerbaijan for 2008-2015” (SPPRSD) is an eight-year national development plan established to continue the effects of the State Program for Poverty Reduction and Economic Development (SPPRED 2003-2005) which contributed to Azerbaijan’s national development and MDGs achievement.

³ The “State Program on Socio-economic Development of Regions of the Republic of Azerbaijan for 2014-2018” (SPDR) is a four-year national development plan established to continue the effects of the SPPRSD 2008-2015 and realize the SDGs in Azerbaijan.

<p>Development of agriculture</p>	<p>Continue improving irrigation and amelioration activities in agriculture; ensure efficient use of land and water resources</p> <ul style="list-style-type: none"> ➤ Develop and implement the “National Plan for Integrated Water Management” (Action Plan) ➤ Strengthen control over use of water facilities ➤ Establish a monitoring system for water facilities and hydraulic structures ➤ Construction of drainage system to lower groundwater drilling sub artesian wells; construction of a reservoir ➤ Reconstruction and major repair of water channels ➤ Construction of catchment and pumping stations; bank protection 	<ul style="list-style-type: none"> • 96 water reservoirs were built (2004-2014) • 39 water reservoirs were built, 10 artesian and sub-artesian wells were drilled, (2014)
<p>Ensure sustainable development with protection of the existing ecological systems and efficient use of natural resources</p>	<p>Installation of modular water purification systems in the settlements of the district</p>	<ul style="list-style-type: none"> • Modular water purification systems were installed in 222 settlements (since 2003-2014)

2. Implementation Strategy

To resolve chronic water shortage and environmental pollution issues in Azerbaijan, the Korean government will provide support for establishing various water resource infrastructures and try to improve the public health conditions for the Azerbaijani people.

Korea’s CPS will support:

a. Water supply and sewerage systems

The Korean government will provide support for improving the water supply and sewerage systems in provincial areas.

b. Training and capacity building

To improve the effectiveness and sustainability of projects, the Korean government will also provide follow-up assistance on the implemented projects and carry out training for the personnel in charge of operation, monitoring, and maintenance.

For already implemented large-scale projects, the Korean government will monitor sustainability and achievements to assess the necessity for follow-up projects and also focus on providing technical assistance for capacity building in the water sector.

C. Public Administration

1. Development Needs

In order to attract foreign investments, develop industries, and provide high quality public services, the Government of Azerbaijan has been specially focusing on improving governance and expedient measures have been taken in this direction in recent years.

In the SPPRS 2008-2015, the government set “continuing institutional reforms and improving good governance” as one of the nine strategic goals, and established a specific objective of improvement of governance and the quality of public sector management so as to align with global standards by 2015.

To improve public sector transparency and efficiency through better governance, the Azerbaijani government is focused on strengthening the e-government system which links government-to-government, government-to-people, and government-to-business.

In order to improve public sector transparency and efficiency, establish participatory administration, and increase access to information, the “Action Plan for Development of E-government” was adopted and “One-Stop-Shop electronic government portal system” was put into operation. In addition, the State Agency for Public Service and Social Innovations (SAPSSI) was established in order to deliver improved public services.

<Azerbaijan’s Development Goals for the Public Administration Sector>

Sector	Tasks	Projects
ICT and Information Society	<ul style="list-style-type: none"> - Developing e-government - Establishing a national standard 	<ul style="list-style-type: none"> - E-Azerbaijan: Establishing a comprehensive electronic network of national level and document work flow; and introducing e-document and e-signature system - National Certification Service Center: Granting electronic signature certificates to citizens, governmental, and local self-governing bodies and business establishments
Legal & Regulatory Potential	<ul style="list-style-type: none"> - Legal and regulatory reform and improvement - Improving government’s e-government-based administration 	<ul style="list-style-type: none"> - Establishing and applying strategies and development goals for improving legal and regulatory foundation to all government agencies

Furthermore, the concept of the recent national vision, “Azerbaijan 2020: Look into the Future,” the government has set the improvement of institutional potential as one of eight strategic goals. In terms of implementing the goals stipulated by the concept, the strengthening of institutional potential includes three main directions: (a) the development of human resources in the state-owned sector, (b) the expansion of the activities of the electronic government, and (c) the continuation of institutional reforms.

In line with the concept, complex measures will continue to improve methods and mechanisms of governance in government agencies and to ensure that citizens and organizations can use services in a simple, easy, and free manner, while the number of state services provided to the public through electronic channels will increase.

2. Implementation Strategy

The Korean government will; in accordance with the Azerbaijani government’s efforts to improve the public sector’s governance, transparency, and efficiency; provide support to enhance and modernize Azerbaijan’s e-government.⁴

The Korean government will also provide support for strengthening the public sector policies and personnel capacities to improve the quality of Azerbaijan’s public services.

Korea’s CPS will support:

a. E-government infrastructure

The Korean government will provide support for developing e-government infrastructures⁵ and advice on system management and other relevant areas based on Korea’s experiences and know-how.

b. Training and capacity building

The Korean government will also carry out various training and education programs and strengthen personnel capacities to improve administrative systems, public personnel and finance management, e-government use, and productivity in the public sectors of Azerbaijan.

⁴ KOICA has successfully completed the “Intellectual Property Rights Management System Automation Project (‘11-’13/\$4.2 mil)” and “E-Government Training Center Establishment Project (‘13-’15/\$3.7 mil)” in Azerbaijan and proved Korea’s competitiveness and excellence in e-government.

⁵ The Republic of Korea ranked first in the biennial United Nations E-Government Survey for the third consecutive time since 2010. High demand for the Republic of Korea’s e-government assistance from developing countries is observed indicating comparative advantage.

D. Rural Development

1. Development Needs

The government of Azerbaijan is exerting efforts to transform the traditional oil-dependent economic structure into a knowledge-based economic structure. The government, seeing a growth potential in the agriculture sector, is working on developing the agriculture industry.

Currently, 36.7% of the labor population engage in the agriculture sector which accounts to about 6.7% of the GDP. Thus, the country needs to improve agricultural productivity and efficiency.

The Azerbaijani government is focused on development of non-oil sectors and agriculture industry through introduction of modern agricultural technologies.

2. Implementation Strategy

The Republic of Korea was able to develop rural areas and reduce poverty and gaps between urban and rural areas by successfully implementing “Saemaeul Undong” (New Village Movement), a rural development program in the spirit of diligence, self-help, and cooperation. Korea’s own experience in rural development will be reflected in its development cooperation programs.

The Korean government aims to support the improvement of agricultural productivity and agricultural income. The Korean government’s support will focus on rural development, urban-rural gap, and quality of life.

Korea’s CPS will support:

a. Agricultural infrastructure and capacity building

Reflecting the experience of “Saemaul Undong,” the Korean government will provide assistance focused on agricultural infrastructure, agricultural technologies, and agricultural capacity building through training.

b. IT-based agriculture

The Korean government will provide support for “smart” agriculture based on strength in ICT to improve agricultural productivity and efficiency.

III. Country Partnership Strategy (CPS) Evaluation Framework

Azerbaijan 2020: Look into the Future Establish a knowledge-based economic structure by 2020 through the development of human and social capital, strengthening productivity and competitiveness, and establishing a social and economic infrastructure				
CPS Strategic Goal				
Priority Sectors	Goals	Expected Challenges	Performance	Evaluation Index
ICT (Communications)	<ul style="list-style-type: none"> - Develop communications sector to establish a knowledge-based economic infrastructure and diversify industry 	<ul style="list-style-type: none"> - Underdeveloped human resources in communications sector 	<ul style="list-style-type: none"> - Development of communications infrastructure and provision of consultation - Support for capacity building of ICT personnel 	<p>CPS Conformity (whether a project has been appropriately identified and developed in accordance with CPS goals)</p> <p>Project Implementation Status (whether projects aligned with CPS has been implemented)</p>
Water Management and Public Health	<ul style="list-style-type: none"> - Construct water resource infrastructures to improve community health and sanitation conditions and resolve environmental pollutions 	<ul style="list-style-type: none"> - Interregional inequality in water resource infrastructure 	<ul style="list-style-type: none"> - Support for establishment of water resource infrastructure 	
Public Administration	<ul style="list-style-type: none"> - Improve public sector policies and productivity to increase public sector transparency and efficiency - Improve quality of public services to increase public convenience 	<ul style="list-style-type: none"> - Improvement in governance 	<ul style="list-style-type: none"> - Support for development of e-government system and provision of consultation - Support for capacity building of public administration 	
Rural Development	<ul style="list-style-type: none"> - Improve agricultural productivity to increase rural income and reduce interregional gaps 	<ul style="list-style-type: none"> - Low productivity in rural areas - Urban-rural infrastructure inequality 	<ul style="list-style-type: none"> - Sharing of agricultural technologies and support for construction of agricultural infrastructure - Support for capacity building through training 	

IV. Mid-Term Allocation Plan

At least **70%** of Korea's ODA will be concentrated in the **priority areas** of bilateral cooperation, while some flexibility will be applied in order to respond to urgent humanitarian demands and socio-economic changes in Azerbaijan.

However, policy plans and projects shall be adjusted based on program mission, policy dialogue, interim monitoring, and delays in projects and other possible changes in circumstances.

The budget allocation could also be adjusted during the budget discussions and project planning stages, and is subject to parliamentary decision.

V. Partnership Plans

1. Partnership with the private sector

Considering that Azerbaijan is an Upper Middle-Income Country (UMIC), the Korean government will try to adopt a PPP structure which utilizes package financing consisting of aid, policy financing, and private investment for large scale infrastructure projects.

The Korean government will actively utilize private sector financing and cooperate with NGOs taking into account the growing economy of Azerbaijan, large scale project sizes, and debt management.

The Korean government will secure aid transparency and the citizens' support through a cooperative network (information sharing, capacity building, and etc.) with NGOs at home and abroad.

2. Partnership with donors

The Korean government will actively participate in donor committees for the priority sectors to strengthen the partnership with other donors and develop prospective co-financing projects.

The Korean government will actively participate in committees that are jointly run by the Azerbaijani government, bilateral donors, and MDBs.

