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The World Bank

Report No: ISR14496

Implementation Status & Results
Azerbaijan
Capital Markets Modernization Project (P120321)

Operation Name: Capital Markets Modernization Project (P120321) | Project Stage: Implementation | Seq.No: 6 | Status: ARCHIVED | Archive Date: 11-Jun-2014

Country: Azerbaijan | Approval FY: 2011

Product Line: IBRD/IDA | Region: EUROPE AND CENTRAL ASIA | Lending Instrument: Technical Assistance Loan

Implementing Agency(ies): Azerbaijan State Committee for Securities

Key Dates

Board Approval Date	17-Mar-2011	Original Closing Date	31-Dec-2015	Planned Mid Term Review Date	20-Jan-2014	Last Archived ISR Date	24-Oct-2013
Effectiveness Date	07-Nov-2011	Revised Closing Date	31-Dec-2015	Actual Mid Term Review Date	03-Feb-2014		

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

Increase the use of equity and corporate debt as financing and/or investment instruments through the adoption of an effective capital markets regulatory framework and infrastructure.

Has the Project Development Objective been changed since Board Approval of the Project?

○ Yes ◉ No

Component(s)

Component Name	Component Cost
Component 1: Streamlining and Automating Market Infrastructure.	6.00
Component 2: Updating and Strengthening the Legal and Regulatory Framework.	1.90
Component 3: Stimulating Supply.	1.80
Component 4: Capacity Building	3.90

Overall Ratings

	Previous Rating	Current Rating
Progress towards achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Moderately Satisfactory
Overall Risk Rating	Substantial	Substantial

Implementation Status Overview

The State Committee for Securities (SCS) is progressing towards the CMMP's benchmarks and goals. However delays in implementation of several activities require increased efforts to ensure an overall timely implementation progress. The single main consultancy assignment for USD 8.4 million was launched in September 2012 and contract implementation is satisfactory. The procurement process for capital market trading and settlement infrastructure has been initiated.

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Locations

No Location data has been entered

Results

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Increased issuance of corporate bonds	☐	Percentage	Value	1.90	4.10	3.80
			Date	15-May-2011	31-Dec-2013	
			Comments		The ratio of corporate debt to non-oil GDP at 4.1% is ahead of schedule, due to an overall net increase in the amount of corporatebonds outstanding.	
Increased number of companies with listed equity (accumulative)	☐	Number	Value	2.00	1.00	8.00
			Date	15-May-2011	31-Dec-2013	
			Comments		The “number of listed equity securities” has shrunk from 2 to 1 as one of the listed company did not fulfill the requirements, hence was de-listed. The launch of Listing Advisory Program will help increasing listings.	
Improved price transparency	☐	Percentage	Value	0.00	0.00	90.00
			Date	15-May-2011	31-Dec-2013	
			Comments		The progress on this indicator remains flat. However, upon implementation of CMIS, this indicator will show progress	

Intermediate Results Indicators

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Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Ratio of market participants electronically linked to market infrastructure (trading, clearing and settlements)	☐	Percentage	Value	0.00	100.00	100.00
			Date	15-May-2011	31-Dec-2013	
			Comments		Electronic access by market participants has been fully achieved, with a 100% tie-in. The new IT system to be acquired under Component #1 will only need to continue this feature.	
Enactment of a new Capital Market Act	☐	Text	Value	No	No	Yes
			Date	15-May-2011	31-Dec-2013	
			Comments		The draft law and conforming amendments to civil code has been submitted to Presidential administration. It is expected that the law will be adopted by Parliament by September 2014	
Promulgation of capital markets regulation required upon enactment of Law	☐	Text	Value	No	No	Yes
			Date	15-May-2011	30-Sep-2013	
			Comments		The full package of implementing regulations are expected to be finalized in the 2nd quarter of 2014 so that the regulations can beadopted shortly after enactment of Law	
Number of companies involved in the listing advisory program (debt and equity)	☐	Number	Value	0.00	1.00	15.00
			Date	15-May-2011	31-Dec-2013	
			Comments		The number of companies enrolled in the Listing Advisory Program is stagnant. With the launch of Listing Advisory program in April 2014, this indicator will start to show progress	

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Increased of the threshold pass rate of the Financial Certification examination for market participants	☐	Percentage	Value	50.00	75.00	75.00
			Date	15-May-2011	31-Dec-2013	
			Comments		The “increased threshold of the pass rate for professional certification” is within the authority of the SCS. And, it has been raising the rate as planned.	
Consumer Awareness of Capital Market Instruments	☐	Number	Value	24.00	36.00	45.00
			Date	15-May-2011	31-Dec-2013	
			Comments		Consumer awareness of capital markets instruments is improving almost to the expected time line	

Data on Financial Performance (as of 15-May-2014)

Financial Agreement(s) Key Dates

Project	Ln/Cr/Tf	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P120321	IBRD-80240	Effective	17-Mar-2011	22-Sep-2011	07-Nov-2011	31-Dec-2015	31-Dec-2015

Disbursements (in Millions)

Project	Ln/Cr/Tf	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P120321	IBRD-80240	Effective	USD	12.00	12.00	0.00	4.27	7.73	36.00

Disbursement Graph

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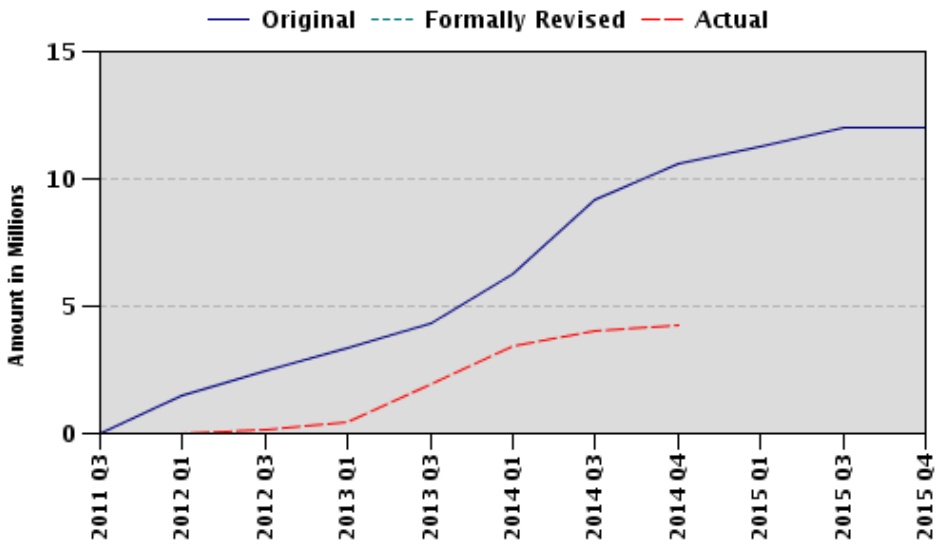

Key Decisions Regarding Implementation

None

Restructuring History

There has been no restructuring to date.

Related Projects

There are no related projects.

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