GENERAL PROCUREMENT NOTICE

**Country:**AZERBAIJAN

**Project Name:** THE REGULATORY FRAMEWORK FOR CAPITAL MARKET DEVELOPMENT IN AZERBAIJAN

**Sector:** ISLAMIC CAPITAL MARKETS

**Mode of Financing:** ISLAMIC FINANCE GRANT

**Financing No:**  AZE1025

The *Islamic Development Bank Institute* has approved grant USD 255,000 (United States Dollar Two Hundred Fifty-Five Thousand) financing to provide technical assistance (TA) toward the cost of the “Islamic Finance Grant to support the Central Bank of Azerbaijan in establishing a comprehensive regulatory framework that fosters the growth and development of the Islamic capital market in Azerbaijan. The Central Bank of Azerbaijan will be the executing agency for this project.

The primary goal of this grant project is to help Azerbaijan create a supportive environment for introducing Sukuk, a type of Islamic financial certificate. The project will lay the groundwork for a more diversified financial sector by establishing a strong legal and regulatory framework for issuing Sukuk and other Islamic finance products. Additionally, this initiative will focus on building the capacity of Azerbaijani institutions to manage the unique risks associated with Islamic finance. It will also create a monitoring and evaluation framework to effectively track the growth of this sector. Ultimately, the project's success is tied to the successful issuance of Azerbaijan's first Sukuk, which will serve as a steppingstone for future growth.

The project will include the following components:

* This project is designed to bolster the Islamic capital market in Azerbaijan through a comprehensive, three-pronged approach. The initial phase, Consultancy Services, will lay the foundational groundwork. This involves a detailed benchmark study of leading Islamic capital markets, such as those in Malaysia, Bahrain, the UAE, Kazakhstan, Türkiye and Saudi Arabia, to identify best practices. This analysis will inform the drafting of new legal, regulatory, and Sharia governance frameworks, as well as a dedicated National Sukuk Framework to guide future issuances. The goal is to create a robust and enabling ecosystem for Islamic finance by assessing necessary changes to existing regulations, developing operational manuals, and establishing risk management guidelines specific to Sukuk and other Islamic finance transactions.
* The second component, Capacity Building, directly supports and builds upon the first by providing essential training and professional development. The same consultants from the initial phase will deliver comprehensive programs to key stakeholders. These programs will cover critical topics such as Sharia compliance, Sukuk structuring, risk management, and regulatory frameworks. Specialized training will also be offered to legal professionals, including lawyers and judges, to ensure they are well-versed in the unique aspects of Islamic financial instruments. This approach ensures a unified and consistent transfer of knowledge, directly translating the new frameworks into practical, on-the-ground expertise.
* Finally, the project includes Study Visits for key personnel from the Central Bank of Azerbaijan and other relevant institutions. These visits will allow participants to learn directly from leading regulatory bodies in countries with mature Islamic finance sectors. The primary objectives are to gain insights into effective supervision, observe innovative solutions to common challenges, and foster networking opportunities with international peers. By immersing themselves in these advanced environments, participants can apply real-world lessons and best practices to enhance the regulatory and supervisory framework for Islamic finance back in Azerbaijan.

Procurement of contracts financed by the Islamic Development Bank will be conducted through the procedures specified under the Guidelines for the Procurement of Consultant Services under Islamic Development Bank Project Financing (April 2019, revised in February 2023) and is open to all eligible bidders as defined in the guidelines.

**Requests for Expressions of Interest for consultancy services will be posted on the IsDB Website and DG Market as they become available.**

Interested and eligible firms wishing to be considered for the provision of consulting services for the aforementioned project are advised to await the advertisement of the Request for Expression of Interest (REOI) and Terms of Reference (ToR).

**THE ISLAMIC DEVELOPMENT BANK INSTITUTE**

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