

COUNTRY AND PORTFOLIO INDICATORS, AND ASSISTANCE PIPELINE

Table A1.1: Progress Toward the Millennium Development Goals and Targets

Goals and Targets	Country Status
Goal 1: Eradicate Extreme Poverty and Hunger	
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1/day.	The incidence of income poverty declined somewhat to 49%, according to latest preliminary data from the 2001 household income and expenditure survey.
Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.	There is no specific target for reducing nutrition-based poverty.
Goal 2: Achieve Universal Primary Education	
Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.	Net enrollment rates in primary education are about 91.3%, according to the World Bank's World Development Indicators 2003.
Goal 3: Promote Gender Equality and Empower Women	
Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.	There is no significant recorded gender disparity in enrollment at all levels.
Goal 4: Reduce Child Mortality^a	
Target 5: Reduce by two thirds, between 1990 and 2015, the under-five mortality rate.	The infant mortality rate was estimated at 102 per 1,000 live births in 1996 (UNICEF). The infant mortality rate declined from 43 in 1990 to 21 in 1999 (World Health Organization [WHO]).
Goal 5: Improve Maternal Health^a	
Target 6: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio (MMR).	The MMR was reported at 79 per 100,000 live births in 1998 (UNICEF); it increased from 10.4 in 1990 to 37.6 in 2000 (Ministry of Health). In 2002, the MMR is estimated at 37.6 (CIA, The World Factbook 2002)
Goal 6: Combat HIV/AIDS, Malaria and Other Diseases	
Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS.	The number of adult cases reported increased from 2 (1995) to 20 (1999). It is a growing problem.
Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases.	The reported cases of malaria were 19 per 100,000, or about 1,600 cases in 2000. WHO reports that the number of malaria cases were 667 in 1994, 13,000 in 1996, 10,000 in 1998, and 5,100 in 1999.
Goal 7: Ensure Environmental Sustainability	
Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.	The Government has formulated a National Program on Environmentally Sustainable Socioeconomic Development in 2003, which determines the main areas of sustainable development and includes a plan of actions for 2003–2010. Based on this Program sectoral action plans have been developed on the basis of sustainable development principles.

^a Azerbaijan is switching to WHO standard rates from the Soviet standard in 2002. The infant mortality rate and the MMR are much higher according to the WHO standard than those based on the Soviet standard.

Goals and Targets	Country Status
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water.	Although population access to piped network is about 80% in urban areas and 11% in rural areas, the water supply is unreliable and often unsafe. The Government plans to improve access to clean water supply in urban areas.
Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.	Although Azerbaijan does not have slum dwellers, it does have an estimated 1 million refugees and internally displaced persons living for the most part in poor conditions. The Government plans to increase the average dwelling space per family and to improve the living conditions of internally displaced families by relocating them into 19 newly built settlements in Bilasuvar and Fizuli regions.

CIA = Central Intelligence Agency, HIV/AIDS = human immunodeficiency virus/acquired immunodeficiency syndrome

Table A1.2: Country Economic Indicators

Item	Fiscal Year				
	1998	1999	2000	2001	2002
A. Income and Growth					
1. GDP per Capita (\$, current prices)	559.4	571.5	652.5	701.2	754.0
2. GDP Growth (% , constant prices)	10.0	7.4	11.1	9.9	10.6
Agriculture	—	—	12.1	5.0	6.4
Industry	—	—	6.9	7.7	4.2
Other	—	—	8.7	5.4	20.7
B. Saving and Investment (current prices)					
			(% of GDP)		
1. Gross Domestic Investment	33.4	26.5	20.7	20.7	32.8
2. Gross National Saving	2.9	13.4	17.1	19.8	20.2
C. Money and Inflation					
			(annual % change)		
1. Consumer Price Index ^a	(0.8)	(8.5)	1.8	1.5	2.8
2. Total Liquidity (M2)	(8.6)	8.7	27.1	31.8	14.3
D. General Government Finance					
			(% of GDP)		
1. Revenue and Grants	20.3	19.0	18.6	18.0	19.2
2. Expenditure and Onlending	22.9	23.5	20.8	20.1	21.3
3. Overall Fiscal Surplus (Deficit)	(2.6)	(4.5)	(2.2)	(2.1)	(2.2)
E. Balance of Payments					
1. Merchandise Trade Balance (% of GDP)	(23.5)	(8.9)	4.9	10.2	7.9
2. Current Account Balance (% of GDP)	(30.7)	(13.1)	(3.5)	(0.9)	(12.6)
3. Merchandise Export (\$) Growth (annual % change)	(16.2)	51.3	75.5	13.7	12.7
4. Merchandise Import (\$) Growth (annual % change)	25.4	(16.9)	7.4	(4.8)	24.5
F. External Payments Indicators					
1. Gross Official Reserves (excluding Oil Fund assets, \$ million)	447.3	672.6	679.6	725.0	720.4
(weeks of current year's imports of goods)	13.5	24.4	23.0	25.7	20.6
2. External Debt ^b Service (% of exports of goods and services)	1.2	4.2	4.6	4.9	4.4
3. External Debt ^b (% of GDP)	14.9	21.1	22.0	22.1	22.3
G. Memorandum Items					
1. GDP (current prices, AZM billion)	17.2	18.9	23.6	26.6	29.6
2. Exchange Rate ^a (AZM per \$, average)	3,868.7	4,120.2	4,474.2	4,656.0	4860.8
3. Population (million)	8.0	8.0	8.1	8.1	8.2

— = not available.

^a Period average.^b Government and government-guaranteed external debt.

Sources: Government of Azerbaijan, ADB staff estimates.

Table A1.3: Country Poverty and Social Indicators^a

Item	Period			
	1985	1990		Latest Year
A. Population Indicators				
1. Total Population (million)	6.7	7.2	(1991)	8.2 (2001)
2. Annual Population Growth Rate (% change)	1.6	1.0	(1995)	0.8 (2001)
B. Social Indicators				
1. Total Fertility Rate (births/woman)	2.9	2.7		2.3 (2002)
2. Maternal Mortality Ratio (per 100,000 live births) ^b	—	37	(1995)	37.6 (2000)
3. Infant Mortality Rate (below 1 year/1,000 live births)	29.4	84.0		82.7 (2002)
Under-5 Child Mortality Rate	—	43.1	(1993)	21.0 (1999)
4. Life Expectancy at Birth (years)	69.5	71.1		71.8 (2001)
Female	73.4	74.8		75.8 (2001)
Male	65.7	67.0		68.3 (2001)
5. Adult Literacy (%)	—	—		97.0 (2001)
Female	—	—		—
Male	—	—		—
6. Primary School Gross Enrollment (%)	118.3	113.7		91.3 ^c (1999)
7. Secondary School Gross Enrollment (%)	96.8	89.7		78.0 ^c (1998)
8. Child Malnutrition (% below age 5)	—	—		10.0 (1996)
9. Public Education Expenditure (% of GDP)	—	6.9		4.2 (1998-2000)
Public Expenditure on Health (% of GDP)	—	2.7		0.9 (2000)
10. Human Development Index	—	—		0.744 (2001)
Rank	—	—		89 (2001)
11. Gender-Related Development Index	—	—		—
Rank	—	—		—
C. Poverty Indicators				
1. Income Poverty Incidence (households)	—	61.5	(1995)	49.0 (2001)
2. Percent of Poor to Total Population	—	—		68.1 (1995)
Baku	—	—		67.0 (1995)
Outside Baku	—	—		66.0 (1995)
Internally Displaced Persons	—	—		79.2 (1995)
3. Poverty Gap	—	—		—
4. Poverty Severity Index	—	—		—
5. Inequality (Theil L Index)	—	—		—
6. Human Poverty Index	—	—		26.9 (1997)
Rank	—	—		—

— = not available, GDP = gross domestic product.

^a Official indicators should be regarded with caution since they differ quite significantly from field observations and data collected by other sources.

^b Ministry of Health data were used for the infant mortality rate and maternal mortality ratios in this table as no other data show the trend for the last 15 years.

^c This figure is net enrollment.

Sources: Asian Development Bank. 2000. *Economic Report and Interim Operational Strategy for Azerbaijan*; State Committee for Statistics of the Azerbaijan Republic. 2000 *Statistical Yearbook*; 2001 *Household Income and Expenditure Survey*; United Nations Development Programme. 2001. *Azerbaijan Human Development Report 2000*; World Bank. 2003. *World Development Indicators*; Central Intelligence Agency. *The World Factbook 2002*; United Nations Development Programme. 2003. *Human Development Report*.

Table A1.4: Country Environment Indicators^a

Indicator	1990		Latest Year	
A. Energy Efficiency of Emissions				
1. GDP/Unit of Energy Use (PPP\$/kgoe)	—		1.9	(2000)
2. Traditional Fuel Use (% of total energy use)	—		0.0	(1997)
3. Carbon Dioxide Emissions				
Million metric tons	—		32.0	(1997)
Tons per capita	6.4	(1992)	4.2	(1999)
B. Water Pollution: Water and Sanitation				
1. % Urban Population with Access to Safe Water	—		93	(2000)
2. % Rural Population with Access to Safe Water	—		58	(2000)
3. % Urban Population with Access to Sanitation	—		90	(2000)
C. Land Use and Deforestation				
1. Forest Area (million hectares)	10.0	(1995)	10.9	(2000)
2. Average Annual Deforestation				
Square kilometers	—		(130.0)	(1990–2000)
% change	—		(1.3)	(1990–2000)
3. Rural Population Density (people/km ² of arable land)	—		236.0	(2000)
4. Arable Land (% of total land)	12.4	(1994)	49.3	(2000)
5. Permanent Cropland (% of total land)	6.8	(1994)	17	(2000)
D. Biodiversity and Protected Areas				
1. Nationally Protected Area				
Million hectares	4.8	(1996)	4.8	(1999)
% of total land	5.5	(1996)	5.5	(2000)
2. Mammals (number of threatened species)	—		13	(2000)
3. Birds (number of threatened species)	—		8	(2000)
4. Higher Plants (number of threatened species)	—		28	(1997)
5. Reptiles (number of threatened species)	—		—	
6. Amphibians (number of threatened species)	—		—	
E. Urban Areas				
1. Urban Population				
Million	3.3	(1980)	4.5	(1999)
% of total population	53.0	(1980)	51.9	(2001)
2. Per Capita Water Use (liters/day)	—		—	
3. Wastewater Treated (%)	—		—	
4. Solid Waste Generated Per Capita (kg/day)	—		—	

— = not available, kg = kilogram, kgoe = kilograms of oil equivalent, km² = square kilometer, PPP = purchasing power parity.

^a Official indicators should be regarded with caution since they differ quite significantly from field observations and data collected by other sources.

Sources: Asian Development Bank. 2000. *Economic Report and Interim Operational Strategy for Azerbaijan*; State Committee for Statistics of the Azerbaijan Republic. 2000. *2000 Statistical Yearbook*; United Nations Development Programme. 2001. *Azerbaijan Human Development Report 2000*; World Bank. 2003. *World Development Indicators*; United Nations Development Programme. 2003. *Human Development Report*; National program on restoration and expansion of forests in the Azerbaijan Republic.

Table A1.5: Development Coordination Matrix

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategies/Activities
Macroeconomic Stabilization, Structural Reforms, and Public Sector Reforms	Supporting good governance and institutional strengthening is one of the three strategic objectives of the interim operational strategy of the ADB. In line with this objective, ADB is currently providing TA for capacity building for strategic economic policy formulation in the Ministry of Finance and plans to provide similar assistance to the Ministry of Economic Development in 2004.	<p>Since the mid-1990s, the IMF and the World Bank have been providing both financial and TA to Azerbaijan to support the Government's efforts to achieve and maintain macroeconomic stability and implement a broad range of structural and public sector reforms.</p> <p>In July 2001, IMF approved a 3-year loan of about \$100 million under the PRGF to support the Government's economic program and efforts to reduce poverty. The main objectives of the program are (i) to maintain macroeconomic stability, (ii) improve governance, and (iii) foster growth of the non-oil sector. In addition to macroeconomic policies, the program covers a number of key reform areas, such as fiscal reforms, strengthening of tax and customs administration, improvement of the business environment in the non-oil sector, liberalization of the trade regime, energy sector reforms, and financial sector reforms. The program has largely been on track, though minor slippages and delays have occurred. IMF completed the second review of the progress in implementing the program in May 2003.</p> <p>In February 2002, the World Bank approved SAC-II in an amount of \$60 million to support (i) public sector reforms aimed at strengthening policies and institutions for management of oil revenues, public expenditure management, poverty monitoring, social services and social safety nets; (ii) accelerated and more broad-based development of the non-oil sector through continual improvement of the business environment; and (iii) improved financial discipline and service delivery in the utility sectors. The concomitant Institutional Building Technical Assistance II in an amount of \$13.4 million is intended to provide TA to support the policy measures to be implemented under SAC-II.</p> <p>The USAID is providing assistance in computerization of the Treasury System.</p> <p>The EU TACIS is providing TA for capacity building at the Ministry of Economic Development.</p>
Agriculture and Rural Development	This is one of the four focus areas of ADB's near-term country program. ADB's initial assistance in this area focuses on flood mitigation to protect critical infrastructures from the threats of flooding from hill torrents.	<p>This is also one of the focus areas of the World Bank's assistance to Azerbaijan. Four loans totaling about \$117 million have already been approved to support land privatization, farm restructuring, development of rural business advisory services and credit, and rehabilitation of irrigation and drainage infrastructure. The latest loan, the second irrigation loan (\$30 million), was approved in FY2003. A rural infrastructure loan (\$15 million) is planned for FY2004.</p> <p>The World Bank has recently been requested to provide assistance to address the</p>

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategies/Activities
		<p>serious flooding in the Kura River Area. A proposal to construct levies on the upper reaches of the Kura River and to manage the water levels in the Mingechevir and Araz Reservoirs in the amount of \$5 million is currently under consideration.</p> <p>In support of land reform, Japan is providing technical support and equipment for preparation of digital land maps. In addition, a revolving fund has also been provided under Japanese cooperation for agricultural machinery.</p> <p>The EBRD has provided credit lines for SMEs in agro-processing and agribusiness.</p> <p>The IsDB has funded irrigation and drainage rehabilitation and will continue its assistance in 2003. In addition, TA has been provided for agribusiness development.</p> <p>USAID is supporting credit programs for small farms and providing assistance to animal and milk product associations and business training to farmers with the goal of establishing clusters of agricultural producers and processors.</p> <p>The EU has assisted with the establishment of five agribusiness centers to help farmers prepare business plans. Through its EXAP, EU provided limited assistance for flood protection in the Sheki-Zagatala region. A next stage of the EXAP foresees assistance for construction of flood control infrastructure in Nakhchivan Autonomous Region.</p>
Water Supply and Sanitation	This is one of the four focus areas of ADB's near-term country program. A water supply and sanitation sector analysis in secondary towns is being prepared under the ongoing TA project, which aims to prepare an investment project to improve water supply and sanitation services in three towns (Goychay, Agdash and Nakhchivan).	<p>The World Bank has approved a loan in an amount of \$61 million to assist with the rehabilitation of water supply and sanitation in the Greater Baku area. In addition, two Public-Private Infrastructure Advisory Facility studies of the regulatory framework and capacity in the power and water sectors and the private sector participation in the water sector in the Greater Baku area have recently been launched.</p> <p>KfW is preparing an investment project, which aims to improve water supply and sanitation in two secondary towns (Ganja and Sheki).</p>
Education	Since other agencies are currently covering this sector, ADB's assistance would be limited to education as a part of early childhood development.	<p>The World Bank focuses on policy dialogue and sector reforms. A \$5 million credit for the ERP was approved in 1999 to support reforms in curriculum development and teacher education and training. Another education loan in an amount of \$18 million was approved in May 2003 to help finance the first phase of the ERP, which was developed by the Government in cooperation with the World Bank under the ERP.</p> <p>UNICEF is supporting the piloting of decentralized management and community-level financing programs in five primary and secondary schools.</p>

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategies/Activities
		<p>The Soros Foundation is providing support in a number of areas, including local textbook development, printing capacity development, preschool education, and civic education management.</p>
Health	<p>ADB has already provided some assistance through a regional grant to arrest the trend of micronutrient deficiencies in Central Asia. Future assistance for early childhood development is also envisaged.</p>	<p>In September 2001, the World Bank approved a loan to support implementation of health sector reforms in five districts on a pilot basis. Since the experience to date has not been encouraging, the World Bank does not plan to finance new projects in the health sector in the near future.</p> <p>UNICEF and the World Health Organization are implementing pilot district health programs and providing support for maternal and child health care.</p> <p>The JICA has provided support for the rehabilitation of the Center for Tuberculosis and Lung Diseases in Baku, a children's hospital, a maternity house, and a health training and service center. Further assistance has been provided for the purchase of medical equipment and the preparation of a comprehensive plan of reforms in the Health Sector.</p> <p>Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) has provided support for an international training and service center, the establishment of a national system of health monitoring and training for medical staff.</p> <p>UNDP and the United Nations Population Fund are providing assistance in reproductive health care and the establishment of a network of family clinics.</p>
Social Protection/Pension	<p>Since World Bank is currently covering this sector, ADB will not be active.</p>	<p>The World Bank has made detailed recommendations on reforming the social protection system. A \$10 million credit to support reform of the pension system is planned for FY2004.</p> <p>The EU is providing TA for pension system development and labor protection. It also provided support for the establishment of employment services centers in various cities.</p>
Poverty Alleviation	<p>Since 2000, ADB projects, in keeping with its overarching objective, have had a significant focus on poverty reduction. ADB provided assistance in the preparation of Azerbaijan's recently approved SPPRED and is now assisting in its implementation.</p>	<p>The Government economic programs supported by the IMF under the PRGF and the World Bank under SAC-II have been designed to contribute to poverty reduction and promote sustainable development.</p> <p>World Bank completed a poverty assessment in 2002.</p> <p>Many multilateral and bilateral agencies provided assistance with the preparation of the SPPRED and are now assisting in its implementation.</p>

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategies/Activities
Assistance for Refugees and Internally Displaced Persons (IDPs)	<p>This is one of the four focuses of ADB's near-term country program. ADB's assistance is aimed at helping the IDPs (i) gain equal access to essential public services that are available to other population groups in local communities, and (ii) achieve self-reliance and reintegration into the economic mainstream. The Japanese Fund for Poverty Reduction grant in the amount of \$2.5 million was approved in 2002 to assist 403 IDP households in Mingchevir City to reintegrate themselves into the mainstream of society.</p>	<p>World Bank provided assistance through various projects, including a pilot reconstruction project for \$20 million approved in 1998 and a supplement project for \$10 million for the establishment of a social fund for IDPs.</p> <p>UNDP and other United Nations agencies play a leading role in coordinating humanitarian and emergency aid for refugees and IDPs. These include resettlement activities, a de-mining program by UNDP, and a shelter program by the United Nations High Commissioner for Refugees.</p> <p>The World Food Program is also active through various food supply initiatives.</p> <p>The EU has allocated about \$11 million for the improvement of basic infrastructure in the Agdam and Fizuli districts.</p> <p>GTZ participated in resettlement activities in the Fizuli and Horadiz districts.</p> <p>Japan gave grant assistance (¥10.5 million) including humanitarian assistance (emergency food supply, de-mining, immunization for children), and human development activities.</p> <p>International nongovernment organizations provided emergency and humanitarian aid.</p>
Oil and gas	<p>ADB's interim operational strategy expressly mentioned that ADB will not be involved in this sector, except as it may relate to crosscutting areas such as environmental protection, private sector development and/or regional cooperation.</p>	<p>The World Bank provided two loans to support the development of the oil and gas sector: the petroleum TA project (\$21 million, approved in 1995) to encourage foreign direct investment and the gas system rehabilitation project (\$20 million, approved in 1999) to support commercialization of the gas industry.</p> <p>The IFC is considering providing funds for the construction of the Baku-Tbilisi-Ceyhan oil export pipeline.</p> <p>EBRD has provided long term financing in amount of €152 million to seven oil companies operating in Azerbaijan, and mobilized complementary financing of €2.0 billion for projects in the oil and gas sector. EBRD is also considering financing regional oil and gas infrastructure projects, such as the Baku-Tbilisi-Ceyhan pipeline, and major oil and gas upstream projects.</p> <p>Japan has provided two loans totaling ¥39 billion to finance the Severnaya Gas Combined Power Plant project.</p> <p>EU TACIS has provided assistance to modernize the gas transmission network under the INOGATE program. EU TACIS also provided support to the Ministry of Fuel and Energy and for the rehabilitation of oil- contaminated land.</p>

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategies/Activities
Energy	<p>Since other aid agencies are currently covering this sector, ADB would only consider projects in the sector if they are closely related to thematic areas such as regional cooperation, private sector development, and/or environmental protection.</p>	<p>The World Bank provides support to improve the management of domestic energy systems and to restructure the relevant institutions.</p> <p>EBRD has provided two loans totaling €76 million for the rehabilitation of the Yenikend and Mingechevir hydropower plants. In addition, it has provided TA to Azerenerji. EBRD intends to remain active in this sector in the future.</p> <p>KfW provided DM30 million for a power transmission rehabilitation program in 1998.</p> <p>JICA financed a power transmission rehabilitation project in Baku.</p> <p>EU TACIS provided TA on legislation in the electricity sector.</p>
Transport	<p>This is one of the four focus areas of ADB's near-term country program. ADB's assistance is aimed at rehabilitation of main road corridors, including the construction of rural roads to hinterland areas.</p>	<p>The World Bank is financing a project for rehabilitation of the Ganja-Qazakh section of the central corridor highway.</p> <p>EBRD has provided three loans totaling €51 million for the modernization of Azerbaijan's air navigation systems, infrastructure improvements along the Trans-Caucasian Railroad, and the reconstruction of the ferry terminal in Baku. In the future, EBRD intends to finance transport projects of regional importance and pursue financing of private sector projects in the transport sector.</p> <p>The focus of EU assistance is through the TRACECA program, which involves improvements in the east-west highway. The EU is also providing assistance for establishing the functions, organization, and operations of the Ministry of Transport.</p> <p>Kuwait Fund and IsDB provided assistance for the upgrading of various segments of the central corridor highway.</p>
Finance, Privatization/Private Sector Development	<p>ADB's assistance for microfinance is focused on rural development and/or assistance to IDPs, both of which are among the focuses of ADB's near-term program.</p>	<p>IMF has provided substantial TA in strengthening banking regulation and supervision and upgrading the payments system.</p> <p>The World Bank is supporting the development of the financial sector through its multi-component Financial Sector Technical Assistance project. A loan for \$10 million is planned for FY2004 to support the development of the private sector and SMEs. In order to broaden access to financial services outside Baku, the World Bank is also considering providing technical and financial assistance to AzerPost.</p> <p>The IFC provides credit lines to SMEs through selected commercial banks.</p> <p>EBRD is providing credit lines for SMEs through selected commercial banks (TA and funds). EBRD participated in the establishment of the new Microfinance Bank and is involved in the privatization of the International Bank of Azerbaijan.</p>

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategies/Activities
		<p>EU is active in rural finance through the Rural Investment Foundation, a non-bank credit organization, providing loans in 24 rural districts.</p> <p>EU TACIS is providing support for the improved regulation of post-privatization activities of joint-stock companies and the development of a securities market.</p> <p>USAID is assisting the National Bank of Azerbaijan in the field of bank supervision, legal framework (new commercial banking law and central bank law), and corporate governance. USAID also provides credits to SMEs, farmers, and agricultural businesses. In addition, it is financing studies to assess the business environment (trade law, foreign investment, and contracts) and the role and activities of leading business associations.</p> <p>KfW has financial sector as focus of its financial cooperation with Azerbaijan. Recently, KfW, in conjunction with IFC, EBRD and Black Sea Development Bank, has established the Microfinance Bank of Azerbaijan, a commercial bank focused on SME lending. In addition, KfW provides credit lines to selected Azerbaijan commercial banks through the German-Azerbaijan Fund. KfW is also working with the Bank Association to prepare regulation for a deposit insurance scheme.</p> <p>GTZ is supporting diagnostic studies of selected business areas of the private sector.</p>
Environment	<p>ADB's strategy stresses the importance of sound management of natural resources and protection of environment to promote sustainable development. Attention will be given to addressing environmental concerns relating to its own projects.</p>	<p>The World Bank, along with the Global Environment Facility and other bodies such as the EU, supports the environmentally sustainable development and management of the Caspian environment through the regional Caspian Environment Program. The World Bank further supports Azerbaijan's participation in the Caspian Environment Program through priority investment under the environmental investment and management program and other initiatives (urgent environment improvement program, lead phase-out program, and Shah-Dag rural environment project).</p> <p>The World Bank is conducting a study for a proposed Kura River Delta Rehabilitation Project. The project would be aimed at clearing the main channel of the Kura River Delta in order to allow access to the sturgeon population.</p> <p>JICA provided support for the development of an environment master plan in Baku.</p> <p>KfW is carrying out a study for establishment of two national parks in the northeast and northwest regions of Azerbaijan.</p> <p>UNDP provided support for the establishment of an Environment Center and the environmental rehabilitation of Sumgayit.</p>

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategies/Activities
		<p>EU Tacis financed the rehabilitation of oil-contaminated land.</p> <p>EBRD is providing support for the development of a national oil spill contingency plan.</p>
Law and Development	<p>Since other agencies are currently covering this sector, ADB will not be active.</p>	<p>IMF and the World Bank address various aspects of legal and judicial reforms under the PRGF arrangement and the SAC-II program, respectively.</p> <p>EBRD assisted with the development of the Secured Transactions Law, the Bankruptcy Law, and the Foreign Investment Law.</p> <p>GTZ provided assistance in the drafting of basic statutes such as the Civil Code, Civil Procedure Code, and Criminal Code.</p> <p>The Council of Europe provided assistance and comments on various draft laws.</p> <p>EU TACIS provided assistance for the establishment of an Azerbaijani Policy and Legal Advice Center and supported the modernization and reform of the legal and judicial system.</p>
Gender and Development	<p>ADB will prepare a gender assessment as part of its preparatory work for formulation of a Country Strategy and Program in 2005.</p>	<p>UNDP provides support through various capacity building activities, working with nongovernment organizations.</p>
Cultural Heritage	<p>Since other agencies are currently covering this sector, ADB will not be active.</p>	<p>World Bank approved a Culture Heritage Project in 1999 for \$7.5 million to support the Government's efforts in the conservation and partial reconstruction of four historical monuments.</p> <p>United Nations Educational, Scientific and Cultural Organization assisted the Government in thinking of ways to restore and preserve cultural monuments.</p>

ADB = Asian Development Bank, EBRD = European Bank for Reconstruction and Development, ERP = Education Reform Project, EU = European Union, EU TACIS = European Union Technical Assistance to Commonwealth of Independent States, EXAP = Exceptional Assistance Program, GTZ = German Agency for Technical Cooperation, IDP = internally displaced persons, IFC = International Finance Corporation, IMF = International Monetary Fund, IsDB = Islamic Development Bank, JICA = Japan International Cooperation Agency, KfW = Kreditanstalt für Wiederaufbau, SAC = Structural Adjustment Credit, SME = small and medium-sized enterprises, SPPRED = State Programme on Poverty Reduction and Economic Development, PRGF = Poverty Reduction and Growth Facility, TA = technical assistance, UNDP = United Nations Development Programme, UNICEF = United Nations Children's Fund, USAID = United States Agency for International Development, WHO = World Health Organization.

Table A1.6: Lending Scenarios and Performance Triggers

Low Case	Base Case	High Case
<ul style="list-style-type: none"> Considerable deterioration of the macroeconomic situation as evidenced by a general government deficit of more than 5% of gross domestic product (GDP) or annual inflation above 6% (barring external shocks) 	<ul style="list-style-type: none"> Maintenance of macroeconomic stability with a general government budget deficit of less than 5% of GDP and annual inflation below 6% 	<ul style="list-style-type: none"> Plus: An increase of health expenditure to not less than 5% of general government expenditure
<ul style="list-style-type: none"> Absence of a microfinance development strategy and prevalence of financially non-viable microfinance institutions 	<ul style="list-style-type: none"> Adoption of a microfinance development strategy based on a diagnostic study of the microfinance sector. 	<ul style="list-style-type: none"> Plus: Introduction of changes in the legal and regulatory framework to enable development of financially viable microfinance institutions
<ul style="list-style-type: none"> No further progress in improving the framework for poverty monitoring 	<ul style="list-style-type: none"> Strengthening of the household budget survey and publication of updated poverty data on an annual basis 	<ul style="list-style-type: none"> Plus: Introduction of a labor market survey based on international standards and definitions
<ul style="list-style-type: none"> Reductions in energy and utility subsidies without provision of adequate compensation to poor households 	<ul style="list-style-type: none"> Introduction of a targeted social assistance scheme to compensate poor households for reductions in energy and utility subsidies 	<ul style="list-style-type: none"> Plus: Development of targeting mechanisms of social assistance to identify poor segments of the population
<ul style="list-style-type: none"> Further delays in promulgating an anticorruption law and slow progress in separating regulatory and commercial functions of government agencies and state-owned enterprises 	<ul style="list-style-type: none"> Promulgation of an anticorruption law and effective separation of regulatory and commercial functions in the energy and transport sectors 	<ul style="list-style-type: none"> Plus: Effective enforcement of the anticorruption law and separation of regulatory and commercial functions in the communications sector

Note: No portfolio performance triggers have been specified since the ADB does not yet have a loan portfolio in Azerbaijan.

Table A1.7 Assistance Pipeline for Lending Products, 2004–2006

Sector Project/Program Name	Poverty Classifi- cation	Thematic Priority	Division	Year of PPTA	Total	Cost (\$million)				
						ADB			Gov't	Cofi- nancing
						OCR	ADF	Total		
2004 Firm Loans										
Social Infrastructure										
Urban Water Supply and Sanitation	PI	HD	ECSS	2001	29.5	0.0	22.0	22.0	7.5	0.0
Total					29.5	0.0	22.0	22.0	7.5	0.0
2004 Standby Loans										
Social Infrastructure										
Early Childhood Development	PI	HD/GAD	ECSS	2003	16.0	–	12.0	12.0	4.0	0.0
Total					16.0	0.0	12.0	12.0	4.0	0.0
2005 Firm Loans										
Social Infrastructure										
Early Childhood Development	PI	HD/GAD	ECSS	2003	16.0	–	12.0	12.0	4.0	0.0
Social Infrastructure and Microfinance for IDPs and Vulnerable Population	CPI	HD	ECSS	2004	13.5	–	10.0	10.0	3.5	0.0
Subtotal					29.5	0.0	22.0	22.0	7.5	0.0
Transport and Communication										
Central Corridor Roads Improvement	OTH	ECO/REG	ECTC	2004	24.0	18.0	–	18.0	6.0	0.0
Subtotal					24.0	18.0	0.0	18.0	6.0	0.0
Total					53.5	18.0	22.0	40.0	13.5	0.0
2005 Standby Loans										
Agriculture and Rural Development										
Samur-Absheron Water Supply and Irrigation (First Stage)	PI	HD	ECAE	2005	52.0	7.0	22.0	29.0	13.0	10.0
2006 Firm Loans										
Agriculture and Rural Development										
Samur-Absheron Water Supply and Irrigation (First Stage)	PI	HD	ECAE	2005	52.0	7.0	22.0	29.0	13.0	10.0
Subtotal					52.0	7.0	22.0	29.0	13.0	10.0

Sector Project/Program Name	Poverty Classifi- cation	Thematic Priority	Division	Year of PPTA	Total	Cost (\$million)				
						ADB			Gov't	Cofi- nancing
						OCR	ADF	Total		
Transport and Communications										
Southern Azerbaijan Road Improvement	OTH	ECO/REG	ECTC	2005	33.5	15.0	–	15.0	8.5	10.0
Subtotal					33.5	15.0	0.0	15.0	8.5	10.0
Total					85.5	22.0	22.0	44.0	21.5	20.0

ADB = Asian Development Bank, ADF = Asian Development Fund, ECAE = Agriculture, Environment, and Natural Resources Division, ECO = economic growth, ECSS = Social Sectors Division, ECTC = Transport and Communication Division, CPI = core poverty intervention, GAD = gender and development, HD = human development, OCR = ordinary capital resources, OTH = others, PI = poverty intervention, PPTA = project/program preparatory technical assistance, REG = regional cooperation.

Table A1.8: Assistance Pipeline for Nonlending Products, 2003–2006

Sector Assistance Name	Responsible Division	Assistance Type	ADB	Amount (\$ '000)		Total
				Others		
2003						
Agriculture and Rural Development						
1. Microfinance Sector Development	ECGF	ID	400.0	–		400.0
Subtotal			400.0	0.0		400.0
Social Infrastructure						
1. Strengthening Early Childhood Development	ECSS	PP	600.0	–		600.0
Subtotal			600.0	0.0		600.0
Others						
1. Capacity Building for Medium-Term Poverty Reduction Strategy Implementation	ECOC	ID	650.0	–		650.0
2. Development of a Competition Policy Framework	ECGF	ID	250.0	–		250.0
Subtotal			900.0	0.0		900.0
Total			1,900.0			1,900.0
2004						
Social Infrastructure						
1. Social Infrastructure and Microfinance for IDPs and Vulnerable Population	ECSS	PP	500.0	–		500.0
2. Regulatory Reform in Water Supply and Sanitation Sector	ECSS	ID	500.0	–		500.0
Subtotal			1,000.0	0.0		1,000.0
Transport and Communications						
1. Central Corridors Roads Improvement (Baku-Georgian Border)	ECTC	PP	400.0	–		400.0
Subtotal			400.0	0.0		400.0
Others						
1. Capacity Building for Ministry of Economic Development	ECOC	ID	600.0	0.0		600.0
Subtotal			600.0	0.0		600.0
Total			2,000.0	0.0		2,000.0

Sector Assistance Name	Responsible Division	Assistance Type	ADB	Amount (\$ '000)		Total
				Others		
Standby Others						
1. Capacity Building for Ministry of Finance	ECOC	ID	–	400.0		400.0
2005						
Agriculture and Rural Development						
1. Samur-Absheron Water Supply and Irrigation	ECAE	PP	500.0	–		500.0
Subtotal			500.0	0.0		500.0
Transport and Communications						
1. Southern Corridor Roads Improvement (Alat-Astara)	ECTC	PP	500.0	–		500.0
Subtotal			500.0	0.0		500.0
Others						
1. Capacity Building for SPPRED Implementation – Phase 2	ECOC	ID	600.0	–		600.0
2. Capacity Building for Ministry of Finance	ECOC	ID	400.0	–		400.0
Subtotal			1,000.0	0.0		1,000.0
Total			2,000.0	0.0		2,000.0
Standby Agriculture and Rural Development						
1. Water Resources Assessment	ECAE	ID	–	600.0		600.0
Subtotal			0.0	600.0		600.0
Social Infrastructure						
1. Integrated Urban Development	ECSS	ID	–	400.0		400.0
Subtotal			0.0	400.0		400.0
Others						
1. Housing Finance System Development	ECGF	ID	–	400.0		400.0
Subtotal			0.0	400.0		400.0
Total			0.0	1,400.0		1,400.0

Sector Assistance Name	Responsible Division	Assistance Type	ADB	Amount (\$ '000)		Total
				Others		
2006						
Agriculture and Rural Development						
1. Water Resources Assessment	ECAE	ID	600.0	–		600.0
Subtotal			600.0	0.0		600.0
Social Infrastructure						
1. Urban Water Supply and Sanitation	ECSS	PP	600.0	–		600.0
II						
2. Integrated Urban Development	ECSS	ID	400.0	–		400.0
Subtotal			1,000.0	0.0		1,000.0
Others						
1. Housing Finance System Development	ECGF	ID	400.0	–		400.0
Subtotal			400.0	0.0		400.0
Total			2,000.0	0.0		2,000.0
Standby						
Agriculture and Rural Development						
1. Preparation of a National Program for Soil Conservation	ECAE	ID	–	400.0		400.0
Subtotal			0.0	400.0		400.0
Energy						
1. Capacity Building of Ministry of Fuel and Energy	ECEN	ID	–	600.0		600.0
Subtotal			0.0	600.0		600.0
Others						
1. Strengthening Corporate Governance of Banks	ECGF	ID	–	600.0		600.0
Subtotal			0.0	600.0		600.0
Total			0.0	1,600.0		1,600.0
Subregional (amounts cover 2 to 8 DMCs, subject to further confirmation)						
2004						
Trade Facilitation Sector						
1. Trade Facilitation and Customs Cooperation Program, Phase II	ECGF	RETA	500.0			500.0
Others						
1. Support for Greater Silk Road Initiative 2004–2005	CARECU	RETA	2,000.0			2,000.0

Sector Assistance Name	Responsible Division	Assistance Type	ADB	Amount (\$ '000) Others	Total
2005					
Trade Facilitation Sector					
1. Trade Facilitation and Customs Cooperation Program, Phase III	ECGF	RETA	500.0		500.0
Transport					
1. Harmonization of Cross Border Initiatives for transport Sector in Central Asia	ECGF	RETA	500.0		500.0
2006					
Others					
1. Support for Regional Economic Cooperation in Central Asia	CARECU	RETA	600.0		600.0

ADB = Asian Development Bank, ADTA = advisory technical assistance, CARECU = Central Asia Regional Cooperation Unit, ECAE = Agriculture, Environment, and Natural Resources Division, ECGF = Governance, Finance and Trade Division, ECOC = Operations Coordination Division, ECID = Infrastructure Division, ECSS = Social Sectors Division, ETSW/ID = economic, thematic and sector work/institutional development, PP = project/program preparatory, RETA = regional technical assistance.

CONCEPT PAPERS FOR LENDING PRODUCTS

This appendix contains the concept papers for the following lending products.

- (i) Table A2.1: Urban Water Supply and Sanitation
- (ii) Table A2.2: Early Childhood Development
- (iii) Table A2.3: Social Infrastructure and Microfinance for IDPs and Vulnerable Population
- (iv) Table A2.4: Central Corridor Roads Improvement
- (v) Table A2.5: Samur-Absheron Water Supply and Irrigation (First Stage)
- (vi) Table A2.6: Southern Azerbaijan Roads Improvement
- (vii) Table A2.7: Urban Water Supply and Sanitation II

**Table A2.1: Urban Water Supply and Sanitation
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input checked="" type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Water Supply and Sanitation Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country: Azerbaijan <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Social Sectors Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): L. Sabyrova</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: The Interim Operational Strategy identifies urban water supply and sanitation as one strategic area of assistance to the country. Azerbaijan's water supply and sanitation (WSS) infrastructure deteriorated significantly in the years after independence. The lack of adequate water supply and sanitation services has a large negative impact on the social economy of the country and especially the poor. Both physical assets and quality of WSS services are at unacceptable levels, especially in the country's secondary and small towns, and the financing needs to upgrade the services and initiated the sector reforms, are enormous. The proposed project is based on the WSS Sector Analysis in Secondary Towns, undertaken as part of the ongoing PPTA, the previous sector studies by the World Bank and the current work of KfW in Ganja and Sheki¹.</p>										

¹ PPTA 3374 and ensuing Loan project for Urban Water Supply and Sanitation; ADTA (2004) on Regulatory Framework and Institutional Strengthening of the WSS Sector.

<p>b. Goal and purpose: The proposed project will improve the living and health conditions of about 110,000 people in three towns (Goychay, Agdash, and Nakhchivan) through the provision of adequate water supply and sanitation services. The Project will also address the weak institutional capacity in the WSS sector.</p> <p>c. Components and outputs: (i) Civil Works; (ii) Equipment; (iii) Institutional Strengthening; and (iv) Project management. Components and outputs to be finalized during the PPTA.</p> <p>d. Expected results and deliverables: To be finalized during the PPTA.</p> <p>e. Social or environmental issues or concerns: An integrated water resources management approach is adopted and policy discussions are held with concerned Government agencies on the issue.</p> <p>f. Plans for disseminating results/deliverables: TBD</p>
<p>7. Proposed executing/implementing agencies: State Committee for Architecture and Construction; Ministry of Economic Development.</p>
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</p> <p>A Project towns selection process and identification of feasible solutions were undertaken in a participatory manner involving the concerned beneficiaries, central and local government agencies, and other relevant stakeholders.</p>
<p>9. Timetable for assistance design, processing, and implementation</p> <p>a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2001</p> <p>b. Expected date of submission for approval Lending: 2004 Nonlending (project preparatory): 2001 Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance Lending: TBD Nonlending: September 2002 – September 2003</p>
<p>10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending <input type="checkbox"/> Ordinary capital resources: \$ <input checked="" type="checkbox"/> Asian Development Fund: \$ 22 million <input type="checkbox"/> Other: \$</p> <p>If cofinancing is required indicate sources, and amount sought: Co-financing of approximately \$8 million is sought from Islamic Development Bank.</p> <p>If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: \$ <input type="checkbox"/> Grant TA funds <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance

Table A2.2: Early Childhood Development Concept Paper

Date: September 2003

<p>1. Type/modality of assistance</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Lending <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Project loan <input type="checkbox"/> Program loan <input type="checkbox"/> Sector loan <input type="checkbox"/> Sector development program loan <input type="checkbox"/> Other: <input checked="" type="checkbox"/> Nonlending <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Project preparatory <input type="checkbox"/> Other than project preparatory <ul style="list-style-type: none"> <input type="checkbox"/> Economic, thematic, and sector work <input type="checkbox"/> Institutional development <input type="checkbox"/> Other: 		
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Health, Early Childhood Development Subsector: Poverty Intervention, Human Development, Gender and Development</p> <p>b. For project preparatory and lending, classification</p> <ul style="list-style-type: none"> <input type="checkbox"/> Core poverty intervention <input checked="" type="checkbox"/> Poverty intervention <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <input type="checkbox"/> Economic growth <input checked="" type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection </td> </tr> </table>	<ul style="list-style-type: none"> <input type="checkbox"/> Economic growth <input checked="" type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<ul style="list-style-type: none"> <input type="checkbox"/> Economic growth <input checked="" type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection 	
<p>3. Coverage</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Country Azerbaijan <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional <input type="checkbox"/> Internal policy development 		
<p>4. Responsible division/department: Social Sectors Division, East and Central Asia Department</p>		
<p>5. Responsible ADB officer(s): R. Hiraoka</p>		
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: The conflict with Armenia and the process of transition from a centrally planned to a market economy have led to severe deterioration of the health situation of population, especially among the most vulnerable groups, including the IDPs, unemployed, women, and children.</p> <p>This project is in line with the overall ADB strategy toward Azerbaijan of reducing poverty through improving human development. It is also in line with the first prong of ADB's strategy of strengthening the effective provision of essential public goods and services to those in greatest need.</p> <p>b. Goal and purpose: The proposed Project is aimed at enhancing human development by providing services and supporting activities that ensure survival and promote development of Azerbaijan children, particularly those who are most vulnerable and disadvantaged, including internally displaced children.</p>		

<p>c. Components and outputs: A PPTA will determine the scope of the project which is expected to include development, provision, and promotion of an integrated set of early childhood development service delivery packages to address health, nutrition, and cognitive and psychosocial development needs of children under 6 years at various stages of growth and development, particularly those in IDP camps and settlements.</p> <p>The participating localities will be selected based on a national assessment of administrative districts according to at-risk children in need of early child development services, and agreed-upon criteria (infant and child mortality rates, protein-energy malnutrition, high dropout rates, etc.).</p> <p>d. Expected results and deliverables: To be finalized during PPTA.</p> <p>e. Social or environmental issues or concerns: TBD</p> <p>f. Plans for disseminating results/deliverables: TBD</p>
<p>7. Proposed executing/implementing agencies: Ministry of Education</p>
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</p> <p>The proposed project has been discussed with Ministry of Education and Ministry of Health and both ministries are in agreement about its appropriateness and urgency.</p>
<p>9. Timetable for assistance design, processing, and implementation</p> <p>a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2001</p> <p>b. Expected date of submission for approval Lending: 2005 (standby 2004) Nonlending (project preparatory): 2003 Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance(s) Lending: 2005–2009 years Nonlending: 2003, 8 months</p>
<p>10. Financing Plan</p> <p>a. For lending</p> <p><input type="checkbox"/> Ordinary capital resources: \$</p> <p><input checked="" type="checkbox"/> Asian Development Fund: \$12 million</p> <p><input type="checkbox"/> Other: \$</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending</p> <p><input type="checkbox"/> No resources required, other than ADB staff</p> <p><input type="checkbox"/> ADB's administrative budget: \$</p> <p><input checked="" type="checkbox"/> Grant TA funds: \$600,000</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A2.3: Social Infrastructure and Microfinance for IDPs and Vulnerable Population
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input checked="" type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Social Infrastructure, microfinance – to be further determined. Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p><input checked="" type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country Azerbaijan <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Social Sectors Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): To be determined</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: A decade after the beginning of the conflict over Nagorno-Karabakh, approximately 800,000 refugees and internally displaced persons (IDPs) still live in temporary shelters where living conditions are deplorable. They lack safe (and sometimes, any) drinking water and sewage, food security, basic education and health services, and employment opportunities. If not properly addressed, this situation will lead to increased poverty and limited economic activity of the current IDPs and future generations of IDPs.</p> <p>The experience and lessons learned during the implementation of the ongoing JFPR for Integration of IDPs in Mingchevir will be taken into account for the design and implementation of the proposed project.</p> <p>This project is in line with the overall ADB strategy toward Azerbaijan of reducing poverty through improving human development. It is also in line with the first prong of ADB's strategy of strengthening the effective provision of essential public goods and services to those in greatest need.</p>										

<p>b. Goal and purpose: This project be aimed at improving the living conditions of IDPs in the new or existing settlements and their livelihood opportunities.</p> <p>c. Components and outputs: A PPTA will determine the scope of the project, which could include construction of new economic and social infrastructure (public schools, housing, sanitation facilities, etc.), or extension of existing infrastructure facilities (water supply, local roads) from nearby villages. Other areas to be investigated under the PPTA may include development of employment opportunities for IDPs (i.e., carpet-making, textiles), the efficient use of land allotted for IDPs, and the development of microfinance activities targeted at IDPs and other vulnerable population.</p> <p>d. Expected results and deliverables: To be finalized during the PPTA.</p> <p>e. Social or environmental issues or concerns: To be determined.</p> <p>f. Plans for disseminating results/deliverables: Participation of IDPs and local communities will be crucial in ensuring success of the Project.</p>
<p>7. Proposed executing/implementing agencies: To be determined</p>
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</p> <p>The proposed project has been discussed with the Ministry of Economic Development, the State Committee for Refugees and Internally Displaced Persons and the Azerbaijan Reconstruction and Rehabilitation Agency. Additional discussions with internally displaced persons and other project beneficiaries will be conducted during preparation of the PPTA.</p>
<p>9. Timetable for assistance design, processing, and implementation</p> <p>a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2001 (Under original name of New Settlements Basic Infrastructure)</p> <p>b. Expected date of submission for approval Lending: 2005 Nonlending (project preparatory): 2004 Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance{s} Lending: 2005–2009 Nonlending: 2004, 8 months</p>
<p>10. Financing Plan</p> <p>a. For lending <input type="checkbox"/> Ordinary capital resources: \$ <input checked="" type="checkbox"/> Asian Development Fund: \$10 million <input type="checkbox"/> Other: \$</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: \$ <input checked="" type="checkbox"/> Grant TA funds: \$500,000</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A2.4: Central Corridor Roads Improvement
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p> <input checked="" type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p> <input checked="" type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport Subsector: Roads</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country Azerbaijan <input type="checkbox"/> Subregional <input checked="" type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Transport and Communications Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): J. Miller</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Given Azerbaijan's geographic location in the Caucasus region, adequate road infrastructure is of vital importance to ensure efficient trade flows and, thereby, balanced development of Azerbaijan's economy. The road subsector comprises one of the four sectors designated for ADB assistance in the Azerbaijan Country and Strategy Program Update (2003-2005) and the Interim Operational Strategy (2000). The central corridor highway between Baku, Azerbaijan's capital city, on the Caspian Sea, and the Georgian border, about 500-km long, is the main access route for import and export of goods to and from Azerbaijan. It is Azerbaijan's portion of the trans-Caucasian corridor between the Caspian and Black Seas, and of the main link in the proposed revival of the Silk Road. Sections of this road are now being rehabilitated by international donors, including the World Bank, Kuwait Fund, and others. The project contributes to ADB's overall strategy toward Azerbaijan of reducing poverty through enhanced economic growth. It is also in line with the second component of ADB's strategy, helping to correct imbalanced growth.</p> <p>b. Goal and purpose: The Project will contribute to the expansion of trade and transport services by improving the central corridor highway between Baku and Tbilisi, Georgia, which is currently in dilapidated</p>										

condition. It will also contribute to improved management of the transport sector.

c. Components and outputs: The Project will rehabilitate the Kyurdamir-Ujar segment (46 kilometers) of the Baku-Tbilisi highway and provide connector roads in the adjoining districts. ADB's policy dialogue in the sector will address topics such as enhancing the policy-making and regulatory capacity of the Ministry of Transport, improving road safety, reducing vehicle emissions, and introducing private participation, especially in road maintenance and the financing of road projects. The project will include civil works for rehabilitation, consulting services for project implementation, institutional strengthening and policy reform, and possibly purchase of equipment for road maintenance.

d. Expected results and deliverables: Rehabilitation of the Kyurdamir-Ujar segment (46 kilometers) of the Baku-Tbilisi highway, as well as connector roads. Implementation of policy reforms.

e. Social or environmental issues or concerns: To be determined during the PPTA.

f. Plans for disseminating results/deliverables: To be determined.

7. Proposed executing/implementing agencies: Ministry of Transport

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: Discussions have been held with the Government on identifying the section of the road to be rehabilitated by the project. Beneficiary consultations will be carried out during the PPTA.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2001

b. Expected date of submission for approval
 Lending: 2005
 Nonlending (project preparatory): 2004
 Nonlending (other than project preparatory):

c. Period and duration of assistance{s}
 Lending: 2005–2009
 Nonlending: 2004, 5 months

10. Financing Plan

a. For lending
 Ordinary capital resources: \$18 million
 Asian Development Fund: \$
 Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements.

b. For nonlending
 No resources required, other than ADB staff
 ADB's administrative budget: \$
 Grant TA funds: \$400,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A2.5: Samur-Absheron Water Supply and Irrigation (First Stage)
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input checked="" type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Water Resources Subsector: Water Supply, Irrigation</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country Azerbaijan <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Agriculture, Environment, and Natural Resources Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): B. Tambunan</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: The Samur-Absheron canal system is a major source of water for Baku and for irrigation in northeast Azerbaijan. The system has deteriorated and threatens the continued supply of drinking water to Baku and irrigation water to farmers. Currently, the World Bank is financing the rehabilitation of the headworks on the system, while the Islamic Development Bank is financing the rehabilitation of the Khanarkh canal, up to the town of Deveji. The Japanese Government is considering providing assistance to finance the construction of a new canal from Deveji into a new storage reservoir at Takhtakorpu river. The Government has requested ADB to finance construction of the remaining Samur-Absheron canal system of about 80 kms. From Takhtakorpu reservoir to Jeyranbatan reservoir, the estimated cost is \$80.0 million. It is proposed that the Project be done in two phases.</p> <p>This project is in line with the overall ADB strategy toward Azerbaijan of reducing poverty through improving human development. It is also in line with the first prong of ADB's strategy of strengthening the effective</p>										

provision of essential public goods and services to those in greatest need.

b. Goal and purpose: Improvement in the reliability and quality of drinking water in Baku and provision of irrigation water to farmers through construction of the last stretch of the Samur-Absheron Canal System.

c. Components and outputs: A PPTA will determine the scope of the Project, which is expected to include construction of about 80 kms of the water channel from the Takhtakorpu Reservoir to the Jeyranbatan Reservoir outside of Baku, as well as dismantling two oil-fired pumping stations along the existing canal route.

d. Expected results and deliverables: More efficient and ensured water supply and irrigation water.

e. Social or environmental issues or concerns: An environmental impact assessment is required.

f. Plans for disseminating results/deliverables: Participatory workshops will be conducted to include all stakeholders.

7. Proposed executing/implementing agencies: State Amelioration and Irrigation Committee

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

The World Bank is currently reviewing the technical, environmental, social, and economic viability of the expansion of the system. The study is expected to be completed by middle of 2004.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2001

b. Expected date of submission for approval
 Lending: 2006 (standby 2005)
 Nonlending (project preparatory): 2005
 Nonlending (other than project preparatory):

c. Period and duration of assistance{s}
 Lending: 2005–2009
 Nonlending: 2005, 8 months

10. Financing Plan

a. For lending
 Ordinary capital resources: \$7 million
 Asian Development Fund: \$22 million
 Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending
 No resources required, other than ADB staff
 ADB's administrative budget: \$
 Grant TA funds: \$500,000

If cofinancing is required indicate sources, and amount sought:

It is expected that \$10 million in cofinancing would be required.

If known, provide cost estimates and financing arrangements (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A2.6: Southern Azerbaijan Roads Improvement
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p> <input checked="" type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input checked="" type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport Subsector: Roads</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country Azerbaijan <input type="checkbox"/> Subregional <input checked="" type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Transport and Communications Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): J. Miller</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Given Azerbaijan's geographic location in the Caucasus region, adequate road infrastructure is of vital importance to ensure efficient trade flows and, thereby, balanced development of Azerbaijan's economy. The road subsector comprises one of the four sectors designated for ADB assistance in the Azerbaijan Country and Strategy Program Update (2003-2005) and the Interim Operational Strategy (2000). The southern corridor highway connects Baku, Azerbaijan's capital city, on the Caspian Sea, and Astara, on the border with Iran. The project contributes to ADB's overall strategy toward Azerbaijan of reducing poverty through enhanced economic growth. It is also in line with the second component of ADB's strategy, helping to correct imbalanced growth.</p> <p>b. Goal and purpose: The Project will contribute to the expansion of trade and transport services by improving the southern corridor highway between Baku and Astara, on the border with Iran. It will also contribute to improved management of the transport sector.</p>										

<p>c. Components and outputs: The Project will rehabilitate the Alyat-Salyan segment of the Baku-Astara highway and provide connector roads in the adjoining districts. ADB's policy dialogue in the sector will address topics such as enhancing the policy-making and regulatory capacity of the Ministry of Transport, improving road safety, reducing vehicle emissions, and introducing private participation, especially in road maintenance and the financing of road projects. The project will include civil works for rehabilitation, consulting services for project implementation, institutional strengthening and policy reform, and possibly purchase of equipment for road maintenance.</p> <p>d. Expected results and deliverables: Rehabilitation of the Alyat-Salyan segment of the Baku-Astara highway as well as connector roads. Implementation of policy reforms.</p> <p>e. Social or environmental issues or concerns: To be determined during the PPTA.</p> <p>f. Plans for disseminating results/deliverables: To be determined.</p>
<p>7. Proposed executing/implementing agencies: Ministry of Transport</p>
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: Discussions have been held with the Government on identifying the section of the road to be rehabilitated by the project. Beneficiary consultations will be carried out during the PPTA.</p>
<p>9. Timetable for assistance design, processing, and implementation</p> <p>a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2001</p> <p>b. Expected date of submission for approval Lending: 2006 Nonlending (project preparatory): 2005 Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance{s} Lending: 2006–2010 Nonlending: 2005, 8 months</p>
<p>10. Financing Plan</p> <p>a. For lending <input checked="" type="checkbox"/> Ordinary capital resources: \$15 million <input type="checkbox"/> Asian Development Fund: \$ <input type="checkbox"/> Other: \$</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: \$ <input checked="" type="checkbox"/> Grant TA funds: \$500,000</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A2.7: Urban Water Supply and Sanitation II
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Water Supply and Sanitation Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Social Sectors Division, East and Central Asia Department</p>										
<p>6. Responsible ADB officer(s): To be determined</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Azerbaijan's water supply and sanitation (WSS) infrastructure deteriorated significantly in the years after independence. Both physical assets and quality of WSS services are at unacceptable levels, especially in the country's secondary and small towns. The financing needs to upgrade the WSS assets and services and to continue the initiated sector reforms are enormous. The Interim Operational Strategy identifies urban water supply and sanitation as one strategic area of assistance to the country. The proposed project will be based on the accumulated knowledge and experience of ADB's (First) Urban WSS Project in three towns (Goychay, Agdash, and Nakhchivan) and the subsequent work to establish a regulatory framework in the WSS sector.² In particular, the long list of secondary towns examined by the ongoing PPTA-3774 will be used for the selection of project towns for the proposed project.</p> <p>b. Goal and purpose: The proposed project will improve the living and health conditions in selected urban</p>										

² PPTA 3374 and ensuing Loan project for Urban Water Supply and Sanitation; ADTA (2004) on Regulatory Framework and Institutional Strengthening of the WSS Sector.

<p>communities through the provision of adequate water supply and sanitation services. Based on the experience with the first Urban WSS project, the sector reform agenda will be further integrated in the proposed Project.</p> <p>c. Components and outputs: TBD</p> <p>d. Expected results and deliverables: TBD</p> <p>e. Social or environmental issues or concerns: TBD</p> <p>f. Plans for disseminating results/deliverables: TBD</p>
<p>7. Proposed executing/implementing agencies: TBD</p>
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</p> <p>The conceptualization of the Project Preparatory TA and its implementation will be conducted in a participatory manner involving the concerned central and local government agencies and other relevant stakeholders.</p>
<p>9. Timetable for assistance design, processing, and implementation</p> <p>a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2003</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): 2006 Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance Lending: Nonlending: 7 months</p>
<p>10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending <input type="checkbox"/> Ordinary capital resources: \$ <input type="checkbox"/> Asian Development Fund: \$ <input type="checkbox"/> Other: \$</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: \$ <input checked="" type="checkbox"/> Grant TA funds: \$600,000 <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES

This appendix contains the concept papers for the following nonlending products and services:

- (i) Table A3.1: Microfinance Sector Development
- (ii) Table A3.2: Capacity Building for Medium-Term Poverty Reduction Strategy Implementation
- (iii) Table A3.3: Development of a Competition Policy Framework
- (iv) Table A3.4: Regulatory Reform in Water Supply and Sanitation Sector
- (v) Table A3.5: Capacity Building for Ministry of Economic Development
- (vi) Table A3.6: Capacity Building for SPPRED Implementation – Phase 2
- (vii) Table A3.7: Capacity Building for Ministry of Finance
- (viii) Table A3.8: Water Resources Assessment
- (ix) Table A3.9: Integrated Urban Development
- (x) Table A3.10: Housing Finance System Development
- (xi) Table A3.11: Preparation of a National Program for Soil Conservation
- (xii) Table A3.12: Capacity Building of Ministry of Fuel and Energy
- (xiii) Table A3.13: Strengthening Corporate Governance of Banks
- (xiv) Table A3.14: Trade Facilitation and Customs Cooperation Program, Phase II
- (xv) Table A3.15: Support for Greater Silk Road Initiatives for Transport Sector in Central Asia
- (xvi) Table A3.16: Harmonization of Cross-Border Initiatives for Transport Sector in Central Asia
- (xvii) Table A3.17: Trade Facilitation and Customs Cooperation Program, Phase III
- (xviii) Table A3.18: Support for Regional Economic Cooperation in Central Asia

Table A3.1: Microfinance Sector Development Concept Paper

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input checked="" type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>		
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Finance Subsector: Development Financial Institutions</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p>4. Responsible division/department: Governance, Finance and Trade Division, East and Central Asia Department</p>		
<p>5. Responsible ADB officer(s): R. Moyes</p>		
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Starting in 1995, the Government of Azerbaijan initiated a wide economic reform process achieving macroeconomic stabilization and renewing GDP growth. Nevertheless, while aggregate economic growth has been high, this has not been accompanied by a significant increase in living standards for most of the Azerbaijan population. In fact, the growth of the whole economy reflects mainly on the increase in oil production and oil prices during the period. Although many economic and institutional reforms have been carried out, poverty reduction in Azerbaijan also requires changing the pattern of growth-creating employment opportunities in the non oil-sector of the economy. In this respect, development of agriculture remains crucial for economic and regional development. Similarly, attention needs to be given to both the costs and the amount of credit available for small and micro enterprises. The 2002 government poverty reduction program calls for: (i) creating conditions for the development of microfinance institutions (MFIs) to provide loans to individuals and small and micro enterprises and (ii) promoting expansion of the banking network</p>		

by establishing financial institutions in the regions. While the government's poverty reduction program considers microfinance as an effective instrument in reducing poverty and creating economic opportunities, a comprehensive microfinance development strategy remains to be developed. Policy is restrictive and not conducive to the development of the sector, particularly to deposit taking by MFIs and Credit Unions (CUs). The legal and regulatory framework is inadequate to support the development of a financially viable system and effective local rural financial intermediation does not exist. This is due to the absence of formal financial institutions that can mobilize rural deposits and then lend them to individuals and enterprises in rural areas. As a result, a wide range of financial services to support income-generating activities and microenterprise development is unavailable. Consequently, a comprehensive rural finance development strategy is required to address these issues, and it should establish (i) the appropriate legal character of MFIs and CUs, (ii) the regulatory and institutional needs to set appropriate standards of operations, (iii) eligibility for deposit taking based on the scale of operations, and (iv) the manner of transformation to formal banking institutions.

b. Goal and purpose: The project will develop a rural finance development strategy based on an assessment of the rural financial market. The objective is to encourage effective local rural financial intermediation to broaden and deepen the rural financial market.

c. Components and outputs: The expected outputs of the project are as follows:

- (i) A rural finance development strategy to promote the growth of the sector;
- (ii) Identification of appropriate types of financial institutions to encourage effective rural financial intermediation;
- (iii) Recommendations for new laws and regulations to support both the strengthening of MFIs and CUs, and to enable the establishment of new institutional forms;
- (iv) Identification of the necessary institutional capacity building measures and the needed support for the regulatory body, included staffing and training plan; and
- (v) Identification of a possible follow-up project to further promote the growth of the rural financial sector.

d. Expected results and deliverables: The main expected results and deliverables are as follows:

- (i) a strategy for the growth of the rural financial sector;
- (ii) a diagnostic assessment of the rural financial sector;
- (iii) a critical review of existing laws and regulations for MFIs and CUs; and
- (iv) a capacity building program design for the regulatory agency to strengthen its institutional role.

e. Social or environmental issues or concerns: Poverty reduction, women's empowerment, and alleviation of the vulnerability of the poorest could be helped by MFI development. No serious environmental concern is foreseen.

f. Plans for disseminating results/deliverables: Surveys, meetings, and reports.

7. Proposed executing/implementing agencies: Azerbaijan National Bank (the central bank of Azerbaijan)

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

The Azerbaijan National Bank (ANB) requested ADB for assistance on 30 October 2002 to promote a microfinance strategy and to strengthen the capacity of ANB to regulate and supervise MFIs and CUs. The proposed TA and its components and outputs have been discussed with ANB and both parties are in agreement about its appropriateness and the urgent nature of this request.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: Concept clearance in December 2002
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory): 11 April 2003 (approved)

- c. Period and duration of assistance
 Lending:
 Nonlending: July 2003–June 2004 (1 year)

10. Financing Plan

- a. For lending
 Ordinary capital resources: \$
 Asian Development Fund: \$
 Other: \$

If cofinancing is required indicate sources, and amount sought:
 If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 No resources required, other than ADB staff
 ADB's administrative budget: \$
 Grant TA funds: \$400.000

If cofinancing is required indicate sources, and amount sought:
 If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.2: Capacity Building for Medium-Term Poverty Reduction Strategy
Implementation
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input checked="" type="checkbox"/> Other: advisory activities</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Multisector Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Operations Coordination Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): M. Gatti</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy:</p> <p>During the period July 2001– October 2002, the Government's National Program for Poverty Reduction Secretariat coordinated work on the preparation of the State Programme on Poverty Reduction and Economic Development (SPPRED) 2003–2005. This document was presented and endorsed at a national conference held in Baku on 25 October 2002. The policy measures envisaged in the strategy document cover a 3-year implementation period (until end 2005), and during this period a new SPPRED Secretariat will be responsible for (i) coordinating the efforts of government agencies and funding organizations in ensuring successful implementation of the policy actions set out in the national strategy, (ii) improving government capacity to define and monitor key poverty indicators, (iii) taking the participatory process forward and developing further the dialogue between policy makers and civil society, (iv) monitoring the implementation of the policy measures set out in the national strategy and reviewing them on an annual basis, and (v) ensuring that macroeconomic and fiscal policies are consistent and support the strategy set out in the document. In order to accomplish the above</p>										

tasks, the Government has requested assistance from funding agencies, including ADB, for capacity building for the SPPRED Secretariat.

This project directly addresses ADB's overarching goal of providing assistance to reduce poverty and raise the people's living standard in Azerbaijan. The project is also in line with the overall ADB strategy toward Azerbaijan of reducing poverty through improving human development.

b. Goal and purpose:

The TA aims to strengthen the capacity of the Government's SPPRED Secretariat to monitor the implementation of the recently approved State Programme on Poverty Reduction and Economic Development 2003–2005.

c. Components and outputs:

The TA may include the following:

- (i) Financing of the international long-term expert to work in close coordination with the Head of the SPPRED Secretariat to supervise the team of part-time local experts;
- (ii) Financing of a certain number of part-time local experts, including the experts for rural development and human capital development;
- (iii) Provision of training and office equipment for SPPRED Secretariat; and
- (iv) Financing for seminars and conferences.

d. Expected results and deliverables:

The TA is expected to build up the capacity of the SPPRED Secretariat for effective monitoring of the implementation of the SPPRED. The expected results and deliverables may include: (i) training needs assessment; (ii) revised participatory action plan for implementation of the SPPRED; (iii) annual and quarterly reviews to the Advisory Board of the progress in the implementation of the SPPRED; (iv) annual bulletin published by the Poverty Monitoring Unit in the Secretariat; (v) improved coordination/cooperation between relevant Ministries/Government agencies and the SPPRED Secretariat; and (vi) ad-hoc reports on sector issues.

e. Social or environmental issues or concerns: none

f. Plans for disseminating results/deliverables:

- Published annual and quarterly reviews.
- Participatory workshops with NGOs, academics, policy makers.

7. Proposed executing/implementing agencies: State Programme for Poverty Reduction and Economic Development Secretariat, Ministry of Economic Development

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

Project was proposed during Country Programming Mission in May 2002. Additional discussions were held during ADB mission to attend National Workshop for SPPRED Integration in July 2002 and during ADB contact/consultation mission in August 2002. In September 2002, the Government sent a project concept to all funding agencies requesting for comment and expression of intent. ADB expressed interest in several positions. Detailed discussions and agreement on scope, technical requirements, and implementation arrangements of the TA with various stakeholders in Azerbaijan took place before and during the national conference held on 25 October 2002. On this same day, a joint aide-mémoire was signed with World Bank and UNDP to set out a coherent operational framework and financing plan for the implementation phase of the SPPRED.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP update: Concept clearance in January 2003
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory):

Nonlending (other than project preparatory): 11 March 2003 (date approved)

c. Period and duration of assistance

Lending:

Nonlending: 24 months commencing the third quarter of 2003

10. Financing Plan

a. For lending

- Ordinary capital resources:
 Asian Development Fund:
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

- No resources required, other than ADB staff
 ADB's administrative budget:
 Grant TA funds: \$650,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

As per joint Aide Memoire signed on 25 October 2002, United Nations Development Programme signified its intent to provide \$300,000 in cofinancing and World Bank signified its intent to provide \$180,000 from the Swiss Trust Fund it manages. German Technical Cooperation (GTZ) and other bilateral agencies are also expected to provide additional cofinancing resources.

ADB = Asian Development Bank, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.3: Development of a Competition Policy Framework
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input checked="" type="checkbox"/> Other than project preparatory</p> <p> <input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p> <input checked="" type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Good Governance Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Governance, Finance and Trade Division / East and Central Asia Dept.</p>										
<p>5. Responsible ADB officer: D. Kertzman</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy. Recently, the responsibility for enforcing all competition policy laws has been placed in the Department of Antimonopoly Policy (DAP) within the Ministry of Economic Development (MOED). DAP is at an initial stage of development and its goal is to become a modern regulatory body following modern standards for competition and related policies. In particular, the main functions of DAP include the implementation of measures to promote competition, the prevention of both unfair competition and abuse by firms with dominant market positions, and the protection of consumer rights. DAP has insufficient administrative and technical skills, human and financial resources, political autonomy, and analytical capabilities to cope with the daunting tasks of applying the competition rules and intervening in a market economy. DAP is still struggling to define its role and space within the Azerbaijan business community, the civil society and government institutions. So far there has been almost no record of interventions by DAP or its predecessor to enforce the competition laws. All in all, competition policy is still finding its place in Azerbaijan and there is a long road to go to make the Azerbaijan competition framework an effective instrument to enhance market access for new competitors, to protect markets from restrictive</p>										

business practices, and to foster economic efficiency and consumer welfare. MOED intends to reorganize and to strengthen DAP, and now the needed political will seems to be in place to start a modernization and strengthening process of the Azerbaijan competition policy framework. The Government has not received and is not receiving any TA from other funding agencies on this matter.

This project is strongly linked to the IOS, that explicitly envisages capacity building assistance for central Government agencies. The Government's new poverty reduction strategy also emphasizes the regulatory role of the state in improving the business and investment environment in the country.

- b. Goal and purpose:** The project aims to strengthen the institutional capacity of the Azerbaijan competition authority, and create a legal and regulatory framework for supporting a healthy, transparent and competitive policy environment in all economic sectors. A well-designed competition policy framework will be instrumental in fostering an environment conducive to economic efficiency, better governance, consumer welfare, investment and business activities, and combating corruption in Azerbaijan. The purpose of the proposed TA is in line with the strategic objective of ADB's assistance to Azerbaijan, and aims at strengthening the legal framework and the institutional capacity of the Azerbaijan competition authority.
- c. Components and outputs:** The expected main outputs of the project are as follows:
- (i) recommendations for legal amendments to improve the regulatory framework;
 - (ii) recommendations for institutional and policy actions allowing the Azeri competition authority to become a modern regulatory body; and
 - (iii) institutional strengthening of DAP.
- d. Expected results and deliverables:** Main expected results and deliverables are as follows:
- (i) analysis of the existing legal framework regulating competition and related policies and recommendations for strengthening the law(s) and regulations as well as their implementation;
 - (ii) critical review of the existing legal framework to regulate natural monopolies and to prevent vertical and horizontal arrangements among firms (cartels) that raise competition concerns;
 - (iii) assessment of the administrative and analytical capacity, availability of the relevant statistical and economic information, political autonomy, adequacy of financial and human resources of DAP to deal with competition policy issues in all economic sectors;
 - (iv) strategy to improve the effectiveness and institutional capacity of DAP;
 - (v) training sections for the staff of the DAP; and
 - (vi) conference open to the public with relevant decision makers and with participants from other countries competition authorities to disseminate the findings of the conducted analysis, discuss key policy and legal issues, promote a competition culture, and activate relationships with foreign competition and antitrust authorities.
- e. Social or environmental issues or concerns:**
Many indirect impacts will affect positively poverty alleviation. A well-designed competition policy framework will be instrumental in fostering an environment conducive to economic efficiency, consumer welfare, investment and business activities in Azerbaijan. The future prospects of the Azerbaijan economy, and of course those of the big alliances, will be significantly affected by the willingness and power of the authorities to enforce effective competition policies in regulating official and unofficial financial-industrial groups. These objectives will indirectly contribute to reduce the level of poverty in the country. No serious environmental concern is foreseen.
- f. Plans for disseminating results/deliverables:** Conference, workshops, training programs, papers, and reports

7. Proposed executing/implementing agencies: Ministry of Economic Development

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: In November 2002, MOED requested ADB for assistance to strengthen the institutional capacity of the Azerbaijan competition authority, and create a legal and regulatory framework for supporting a healthy and competitive policy environment in all economic sectors. The proposed TA and its components and outputs have been discussed with MOED and both parties are in agreement about its appropriateness and the urgent nature of this request.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2003
- b. Expected date of submission for approval
 Lending:
 Nonlending (project preparatory):
 Nonlending (other than project preparatory): 13 June 2003 (date approved)
- c. Period and duration of assistance:
 Lending:
 Nonlending: September 2003–November 2004 (14 months)

10. Financing Plan

- a. For lending
- Ordinary capital resources: \$
 - Asian Development Fund: \$
 - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
- No resources required, other than ADB staff
 - ADB's administrative budget: \$
 - Grant TA funds: \$250,000
 - Other (specify, e.g., bilateral and multilateral trust funds):

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.4: Regulatory Reform in Water Supply and Sanitation Sector
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan:</p> <p> <input type="checkbox"/> Other</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input checked="" type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input checked="" type="checkbox"/> Institutional development</p> <p> <input checked="" type="checkbox"/> Other: advisory technical assistance</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the</p> <p> Sector: Water Resources Management</p> <p> Subsector: Water Supply and Sanitation</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Social Sectors Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): L. Sabyrova</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: The ongoing ADB involvement in Azerbaijan's water supply and sanitation (WSS) sector¹ is in line with the Bank's operational strategy to strengthen the provision of public goods and services to those in greatest need, and to promote Azerbaijan's non-oil sector. Realizing the severity of the situation in the WSS, the Government had undertaken initial reforms, including recent efforts to establish a Tariff Council in the Ministry of Economic Development, and attempt to attract private participation in the WSS sector. Despite the initial steps in the sector reform, the institutional structure of the WSS sector is still characterized by unclear responsibilities of the involved agencies and authorities (central</p>										

¹ PPTA AZE-3774 is preparing an investment project to improve the water supply and sanitation services in three urban centers of Azerbaijan.

and local), and lack of the regulatory framework in the WSS sector. Fragmentation of functions is exacerbated by the absence of coherent planning for the country's water resources and the tendency for ad-hoc policy decisions, especially on private sector participation.

The proposed assistance to strengthen the institutional and regulatory framework in the country's water sector will be undertaken in conjunction with the initiated by the Government reforms in the infrastructure sector, privatization and promotion of competition efforts, supported by ADB and by other international agencies like the World Bank and KfW. The study will also be based on the accumulated knowledge and understanding of the sector, experience in addressing the institutional challenges of water utilities during the processing of ADB's and KfW's WSS investment projects, and experience in working with the relevant governmental agencies and stakeholders in the country.

b. Goal and purpose: The TA aims to strengthen the institutional capacity of the Government in the efficient regulation of water supply and sanitation services, and to promote integrated water resources management. The TA will lead to better governance in the WSS sector through more efficient water resources management, development and implementation of the regulatory framework in the country's water supply and sanitation sector, and creation of enabling conditions for private sector participation in the provision of WSS services to the population.

c. Components and outputs: The TA is likely to include the following components: (i) development of the national water resources strategy that sets policy and long-term direction of the sector development; (ii) analysis of, and recommendation on the appropriate institutional structure in line with the concept of integrated water resources management, including optimization of the relevant agencies' functions and responsibilities; (iii) development of a regulatory framework (legislations and guidelines) for the water supply and sanitation sector; and (iii) institutional capacity building for the implementation of the regulatory framework.

d. Expected results and deliverables: The TA is expected to contribute to the efficient management of the country's water resources, and effective regulation of the water supply and sanitation sector in Azerbaijan, and through that, to an appropriate policy environment for the private sector and municipalities' participation in provision of basic WSS infrastructure services.

e. Social or environmental issues or concerns: None. The TA will improve the environmental situation in Azerbaijan through a more efficient integrated management of the country's water resources.

f. Plans for disseminating results/deliverables: Consultants reports and recommendation; workshops for the policy discussion and presentation of the results of the TA to the concerned government officials; and the final conference on the outcomes of the TA.

7. Proposed executing/implementing agencies: TBD

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: Due to the integrated nature of the issue at hand, the conceptualization of the TA, and its implementation, will be conducted with participation of several central government agencies, local authorities, consumer groups, and other relevant stakeholders.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2003
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory): Q2 2004
- c. Period and duration of assistance
 - Lending:
 - Nonlending: TBD

10. Financing Plan

a. For lending

- Ordinary capital resources: \$
- Asian Development Fund: \$
- Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds \$500,000
- Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.5: Capacity Building for Ministry of Economic Development
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input checked="" type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input checked="" type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Operations Coordination Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): B. Ganiev</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Azerbaijan is facing a dual economic challenge of managing an oil boom and continuing transition from a centrally planned to a market-based economy. An important role in meeting this challenge is to be played by the Ministry of Economic Development (MOED), which was established in April 2001 on the basis of five dissolved government agencies. As a key executive government agency, MOED is responsible for the formulation and implementation of Azerbaijan's social and economic development strategy, trade policy, antimonopoly and competition policy, investment policy, regional economic policy, as well as promotion of entrepreneurship and management and privatization of state property. To carry out its broad mandate successfully, MOED needs to strengthen its capacity for economic policy-making in the context of a transition economy experiencing a resource boom. Therefore, MOED has requested ADB to provide technical assistance (TA) for capacity building. Providing such assistance would be in line with ADB's Interim Operational Strategy for Azerbaijan, which places a special emphasis on good governance and institutional strengthening.</p>										

b. Goal and purpose: The goal of the TA is to support the creation of a sound economic policy framework conducive to sustainable and equitable growth driven by a vibrant private sector. Its purpose is to strengthen MOED's institutional capacity for economic policy formulation and implementation.

c. Components and outputs: Details of the TA, including its scope and outputs, are yet to be discussed and agreed with the Government. The following could be components of the TA:

- (i) Establishment of working groups to fulfill specific tasks assigned to MOED under Azerbaijan's recently approved State Programme on Poverty Reduction and Economic Development for 2003–2005. The working groups will be comprised of MOED staff and foreign experts and could include representatives of other relevant Government agencies.
- (ii) Development of economic databases and provision of modern software that will enable MOED to carry out its functions more effectively.
- (iii) Training of MOED staff, including by organizing short-term training courses in Azerbaijan and arranging internships at government agencies of foreign countries that have successfully overcome economic challenges currently faced by Azerbaijan.
- (iv) Provision of strategic policy advice on matters of structural reforms and macroeconomic policy to senior MOED officials.

d. Expected results and deliverables: The TA is expected to transfer foreign expertise and "know-how" to MOED, enhance skills of its staff, and contribute to improved quality of policy-making at the MOED and better policy coordination among various departments of MOED as well as between MOED and other government agencies with economic policy-making responsibilities. Deliverables of the TA could include: (i) reports/draft programs prepared by the working groups, (ii) economic databases and models, (iii) training materials, (iv) reports prepared by MOED staff upon completion of an internship abroad and (v) internal memos on specific economic issues prepared by foreign experts and MOED staff at the request of senior MOED officials.

e. Social or environmental issues or concerns: No social or environmental issues are foreseen.

f. Plans for disseminating results/deliverables: The deliverables of the TA, including reports, draft programs, training materials and memos, will be circulated within MOED and other Government agencies, as appropriate. At the Government's discretion, some of these could be made available to the general public.

7. Proposed executing/implementing agencies: Ministry of Economic Development

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: The Ministry of Economic Development has made a request for the TA and took an active part in conceptualizing it.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2001

b. Expected date of submission for approval

Lending:

Nonlending (project preparatory):

Nonlending (other than project preparatory): 2004

c. Period and duration of assistance

Lending:

Nonlending: 24 months

10. Financing Plan

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund:
 - Other:

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget:
 - Grant TA funds: \$600,000

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.6: Capacity Building for SPPRED Implementation – Phase 2
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input checked="" type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input checked="" type="checkbox"/> Other: advisory activities</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Multisector Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Operations Coordination Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): M. Gatti</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy:</p> <p>During the period July 2001 – October 2002, the Government's State Programme for Poverty Reduction and Economic Development (SPPRED) Secretariat coordinated work on the preparation of the "SPPRED 2003-2005". This document was presented and endorsed at a national conference held in Baku on 25 October 2002. The policy measures envisaged in the strategy document cover a three year implementation period (until end of 2005), and during this period the Secretariat will be responsible for (i) coordinating the efforts of government agencies and donor organizations in ensuring successful implementation of the policy actions set out in the national strategy; (ii) improving government capacity to define and monitor key poverty indicators, (iii) taking the participatory process forward and developing further the dialogue between policy makers and civil society, (iv) monitoring the implementation of the policy measures set out in the national strategy and reviewing them on an annual basis and (v) ensuring that macroeconomic and fiscal policies are consistent and support the strategy set out in the document. In order to accomplish the above tasks, the Government has is receiving assistance from donor agencies, including ADB, for a first phase to build capacity in the SPPRED Secretariat. The proposed TA</p>										

would assist with the second phase of the SPPRED, which would prepare the next phase of the SPPRED for 2006-2008.

This project directly addresses ADB's overarching goal of providing assistance to reduce poverty and raise the people's living standard in Azerbaijan. The project is also in line with the overall ADB strategy toward Azerbaijan of reducing poverty through improving human development.

b. Goal and purpose:

The TA aims to strengthen the capacity of the Government's SPPRED Secretariat to monitor the implementation of the recently approved State Programme on Poverty Reduction and Economic Development 2003–2005 and to prepare the new SPPRED covering 2006-2008.

c. Components and outputs:

The TA may include the following:

- (i) Financing of the international long-term expert to work in close coordination with the Head of the SPPRED Secretariat to supervise the team of part-time local experts;
- (ii) Financing of a certain number of part-time local experts;
- (iii) Provision of training and office equipment for SPPRED Secretariat staff; and
- (iv) Financing for seminars and conferences.

d. Expected results and deliverables:

The TA is expected to build up the capacity of the NPPR Secretariat for effective monitoring of the implementation of the NPPR. The expected results and deliverables may include: (i) new SPPRED 2006–2008; (ii) annual and quarterly reviews to the Advisory Board of the progress in the implementation of the State Programme; (iii) annual bulletin published by the Poverty Monitoring Unit in the Secretariat; (iv) improved coordination/cooperation between relevant Ministries/Government agencies and the SPPRED Secretariat; (v) improvement of the SPPRED Secretariat website; and (vi) ad-hoc reports on sector issues.

e. Social or environmental issues or concerns: none

f. Plans for disseminating results/deliverables:

- (i) published annual and quarterly reviews;
- (ii) participatory workshops with NGOs, academics, policy makers; and
- (iii) SPPRED Secretariat website.

7. Proposed executing/implementing agencies: State Programme for Poverty Reduction and Economic Development Secretariat, Ministry of Economic Development

9. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

Project was proposed in August 2003 following the Country Programming Mission in May 2003. Additional discussions were held during mission of Head of SPPRED Secretariat to Manila to attend Regional Poverty Reduction Workshop on 21-22 August. Detailed discussions and agreement on scope, technical requirements, and implementation arrangements of the TA with various stakeholders in Azerbaijan will take place during the implementation of the ongoing TA. ADB will also continue to coordinate closely with the other donors involved in the SPPRED process, particularly World Bank and UNDP, to set out a coherent operational framework and financing plan for the implementation of the second phase of the implementation of the SPPRED.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP update: 2003
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory):

Nonlending (other than project preparatory): March 2005

c. Period and duration of assistance

Lending:

Nonlending: 18 - 24 months, commencing the third quarter of 2005

10. Financing Plan

a. For lending

- Ordinary capital resources:
- Asian Development Fund:
- Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds:
- Other (specify, e.g., bilateral and multilateral trust funds): \$600,000 bilateral trust fund (either UK or Netherlands)

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSPU = country strategy and program update, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.7: Capacity Building for Ministry of Finance
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input checked="" type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input checked="" type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Operations Coordination Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): B. Ganiev</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: ADB's interim operational strategy (IOS) for Azerbaijan, which was endorsed by the ADB Board in December 2000, underscores the importance of good governance and institutional strengthening for sustainable and equitable economic growth in Azerbaijan. ADB has been supporting the Government's efforts to strengthen its institutional capacity for economic policy management through its Technical Assistance (TA) for Capacity Building for Strategic Economic Policy Formulation in the Ministry of Finance (MOF) (TA 3661), which was approved in May 2001 and begun in March 2002. The proposed TA will continue with the assistance currently being provided to the MOF under the ongoing TA.</p> <p>b. Goal and purpose: The goal of the TA is to support the development of a sound economic policy framework in Azerbaijan. Its purpose is to build economic policy-making capacity within MOF and improve the quality of economic policy advice.</p>										

<p>c. Components and outputs:</p> <ul style="list-style-type: none"> (i) assistance in the development of a sustainable Macroeconomic Policy Group (MPG) at MOF with a strongly entrenched institutional role capable of delivering relevant advice to high-level officials; (ii) provision of strategic policy advice on matters of structural reform and macroeconomic policy to senior Government officials; (iii) improvements in the information base for economic policy making; and (iv) enhancing forecasting and program design in MOF and improved policy analysis in key areas of fiscal reform. <p>d. Expected results and deliverables: The TA is expected to contribute to institutional capacity building at MOF. The expected results and deliverables include: (i) the smooth functioning of MPG and improvement in its ability to provide high-level policy advice to MOF officials; (ii) staff receiving training retained by MPG; (iii) improved capacities and skills of MOF staff; (iv) improved cooperation and coordination between MOF and other government agencies; (v) regular internal MOF memos advising on strategic policy issues; (vi) submission of specialist reports by short-term advisors on selected policy issues; and (vii) a well-developed economic information base, which is widely used by MOF staff.</p> <p>e. Social or environmental issues or concerns: No social or environmental issues are foreseen.</p> <p>f. Plans for disseminating results/deliverables: Periodic memos advising on strategic policy issues will be circulated within MOF. A number of specialist reports by short-term advisors on selected policy issues will be widely circulated within MOF and other relevant government agencies/ministries. Statistical information/forecasts will be published periodically.</p>
<p>7. Proposed executing/implementing agencies: Ministry of Finance</p>
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: Consultations with the Ministry of Finance and the Ministry of Economic Development.</p>
<p>9. Timetable for assistance design, processing, and implementation</p> <ul style="list-style-type: none"> a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2002 b. Expected date of submission for approval <ul style="list-style-type: none"> Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): IQ 2005 (standby 2004) c. Period and duration of assistance <ul style="list-style-type: none"> Lending: Nonlending: 18 months
<p>10. Financing Plan</p> <ul style="list-style-type: none"> a. For lending <ul style="list-style-type: none"> <input type="checkbox"/> Ordinary capital resources: <input type="checkbox"/> Asian Development Fund: <input type="checkbox"/> Other: b. For nonlending <ul style="list-style-type: none"> <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: <input checked="" type="checkbox"/> Grant TA funds: \$400,000

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.8: Water Resources Assessment
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Others Subsector: Water Resources</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Agriculture, Environment and Natural Resources Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): TBD</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Azerbaijan has limited water resources, with a total availability estimated at 32.2 billion m³ (cubic meters) per annum, of which, 70% has its sources in neighboring countries. The country's available groundwater resources are estimated at 10.6 million m³ per day and only about one third (3.5 million m³) are being used. There are a number of reservoirs with a total capacity of 21.5 billion m³, which are used for irrigation and hydropower generation. It is estimated that a total of 11–12 billion m³ of water are utilized annually, 67% for agriculture, 20–25% for industry, and the remainder for domestic water supply and other uses. As a result of inadequate and poor water resources management, about 10% of the available water resources are lost regularly.</p> <p>The Government is aware that to sustain use of its available water resources, there is a need to accurately estimate the quantity and quality of Azerbaijan's available water resources, and determine existing and increasing future demands.</p>										

<p>b. Goal and purpose: To improve the use of water resources in a sustainable manner by developing sound policies and institutional measures toward integrated water resources management.</p> <p>c. Components and outputs: The TA will undertake a quantitative and qualitative assessment of the water resources of Azerbaijan in a comprehensive manner; carry out a water balance study, and review the institutional framework for integrated water resources management.</p> <p>d. Expected results and deliverables: The TA results will include: (i) policy and institutional recommendations toward integrated water resources management, (ii) a water balance analysis, and (iii) a prioritized list of future water resources development alternatives.</p> <p>e. Social or environmental issues or concerns: No social or environmental issues.</p> <p>f. Plans for disseminating results/deliverables: Consultants' reports and workshops on the results of the TA to concerned government officials and other stakeholders.</p>
<p>7. Proposed executing/implementing agencies: State Amelioration and Irrigation Committee</p>
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</p> <p>The assistance has been identified in consultation with the Ministry of Agriculture and the State Amelioration and Irrigation Committee, and is included in the Government's Plan for Agricultural development for 2003–2015.</p>
<p>9. Timetable for assistance design, processing, and implementation</p> <p>a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2003</p> <p>b. Expected date of submission for approval</p> <p style="padding-left: 20px;">Lending:</p> <p style="padding-left: 20px;">Nonlending (project preparatory):</p> <p style="padding-left: 20px;">Nonlending (other than project preparatory): 2006 (standby 2005)</p> <p>c. Period and duration of assistance</p> <p style="padding-left: 20px;">Lending:</p> <p style="padding-left: 20px;">Nonlending: TBD</p>
<p>10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending</p> <p style="padding-left: 20px;"><input type="checkbox"/> Ordinary capital resources:</p> <p style="padding-left: 20px;"><input type="checkbox"/> Asian Development Fund:</p> <p style="padding-left: 20px;"><input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending</p> <p style="padding-left: 20px;"><input type="checkbox"/> No resources required, other than ADB staff</p> <p style="padding-left: 20px;"><input type="checkbox"/> ADB's administrative budget:</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Grant TA funds: \$600,000</p> <p style="padding-left: 20px;"><input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.9: Integrated Urban Development
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input checked="" type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Urban Development (multi sector) Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Social Sectors Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): L. Sabyrova</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy:</p> <p>One of the three main strategic objectives identified in the Interim Operational Strategy for Azerbaijan is to promote sustainable economic growth, the most effective way to reduce poverty. The recently adopted State Program on Poverty Reduction and Economic Development (SPPRED) specifies the importance of disseminating economic activity and growth, so far concentrated mainly in Baku and the Absheron peninsula, to other regional centers of the country. It is also observed that while poverty is spread broadly over all regions of the country, the incidence of poverty among urban households is greater than among rural ones, with the majority of the poor living in urban areas.</p>										

The proposed project to improve quality urban development outside of the Apsheron peninsula is also in line with the focus of ADB operations in the country on good governance and strengthening institutions, and effective provision of essential public goods and services to those in greatest need. The proposed TA and the ensuing investment project will be based on the accumulated knowledge and experience of ADB involvement in the country's urban sector.

b. Goal and purpose:

The TA will prepare an investment project to facilitate the sustainable development of the selected town(s) outside the Greater Baku area. The project will have an integrated approach, encompassing the long-term strategic development of the town, including policies to facilitate income generation and employment opportunities; urban planning and improvement of the municipal physical infrastructure; and improvement in municipal finances.

c. Components and outputs:

The TA may include the following components: (i) analysis of the problems and challenges of the urban sector in Azerbaijan outside of the Greater Baku area; (ii) the selection of the town(s) for the investment project on the basis of the agreed upon criteria; (iii) detailed analysis of the town's potential, current problems and constraints, and recommendation on the long- and medium-term sustainable economic and social development of the town; (iv) identification of investment opportunities suitable for ADB involvement; and (v) preparation of a feasibility study for a potential ADB loan project.

d. Expected results and deliverables:

The TA is expected to encourage economic growth in the country's regions, promote sustainable urban regeneration and development, and encourage private sector development through creating enable conditions for sustainable urban development. The TA will identify investment opportunities in the urban sector and will produce a feasibility study for a suitable ADB lending.

e. Social or environmental issues or concerns: TBD

f. Plans for disseminating results/deliverables: TBD

7. Proposed executing/implementing agencies: TBD

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

The conceptualization of the TA and its implementation will be conducted in participatory manner involving the concerned central and local government agencies and other relevant stakeholders.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2003
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory): 2006 (Standby 2005)
- c. Period and duration of assistance
 - Lending:
 - Nonlending: TBD

10. Financing Plan

- a. For lending
 - Ordinary capital resources: \$
 - Asian Development Fund: \$
 - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds: \$400,000
- Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.10: Housing Finance System Development
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input checked="" type="checkbox"/> Other than project preparatory</p> <p> <input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p> <input checked="" type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Good Governance Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>5. Responsible division/department: Governance, Finance and Trade Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer: To be determined</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy</p> <p>Housing has been almost exclusively financed by the government in Azerbaijan. Even in recent years Azerbaijan housing finance has not progressed. As a result mortgage lending is practically nonexistent. There is a huge need to fill this gap in the Azerbaijan economy to allow households to purchase and finance new residences. Recently the National Bank of Azerbaijan (NBA) has begun to develop conception of a housing finance system through both analysis of possible mechanisms of housing finance models and development of a legal framework to promote the sector. In doing this NBA is encountering a number of institutional, legal, and implementation problems. NBA has explicitly requested ADB to assist in the promotion of a modern housing finance system in Azerbaijan. At the moment, other international and bilateral agencies are not providing any assistance in this area.</p>										

<p>b. Goal and purpose: The project aims at increasing the supply of financial services for housing in Azerbaijan through the establishment of a housing finance system.</p> <p>c. Components and outputs: The expected main outputs of the project are as follows:</p> <ul style="list-style-type: none"> (i) promotion of an effective, stable, and financially sustainable housing finance system; and (ii) development of institutional capacity within the central bank and commercial banks. <p>d. Expected results and deliverables: Results and deliverables include:</p> <ul style="list-style-type: none"> (i) review of the existing legal infrastructure for housing finance; (ii) identification of the most suitable model of housing finance for Azerbaijan; (iii) recommendations to amend the relevant legal framework and to make security interests enforceable; (iv) recommendations on how to design and establish a liquidity facility for housing finance development; (v) institutional capacity building for central and commercial banks to implement the selected model; (vi) specific training program and assistance for the central bank and commercial banks; and (vii) identification of a possible follow-up project to further promote the growth of the housing finance system. <p>f. Social or environmental issues or concerns:</p> <p>The project will have a positive social impact rendering housing purchases more affordable for a growing share of the population. No serious environmental concern is foreseen.</p> <p>g. Plans for disseminating results/deliverables: Workshops, meetings, and reports.</p>
<p>7. Proposed executing/implementing agencies: Azerbaijan National Bank</p>
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: The Azerbaijan National Bank requested ADB for assistance to promote an effective housing finance system and create a legal and regulatory framework for supporting a sound environment for housing finance.</p>
<p>9. Timetable for assistance design, processing, and implementation</p> <ul style="list-style-type: none"> a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2003 b. Expected date of submission for approval <ul style="list-style-type: none"> Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): 2006 (standby 2005) c. Period and duration of assistance: <ul style="list-style-type: none"> Lending: Nonlending: TBD
<p>10. Financing Plan</p> <ul style="list-style-type: none"> a. For lending <ul style="list-style-type: none"> <input type="checkbox"/> Ordinary capital resources: \$ <input type="checkbox"/> Asian Development Fund: \$ <input type="checkbox"/> Other: \$ <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds: \$400,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance

**Table A3.11: Preparation of a National Program for Soil Conservation
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Agriculture, Environment, and Natural Resources Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): TBD</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Agriculture is an important sector in Azerbaijan as 50% of the population live in rural areas and are dependent on agriculture for their livelihood. It also employs 35% of the labor force. As a result of the fundamental reforms that began in 1996, a significant increase in agricultural production has taken place. However, there is still volatility in yields of various agricultural outputs.</p> <p>Although the natural and climatic conditions of Azerbaijan allow for the cultivation of crops during the year, only 52.2% of the land is arable, and agricultural production is also reliant on irrigation as one of its key inputs. The rise in the level of the Caspian sea has increased the water tables resulting in salinization of 1.45 million hectares (ha) of land or 47% of arable land, which provides 85–90% of agricultural outputs. In addition, land erosion is occurring on 40% (over 3.4 million ha) of land in mountainous areas.</p>										

<p>b. Goal and purpose: The TA will prepare a national program for soil conservation, including specific measures for soil protection from wind and water erosion.</p> <p>c. Components and outputs: The TA will undertake a comprehensive assessment of land and soil quality degradation with corresponding outputs in policy and regulatory recommendations.</p> <p>d. Expected results and deliverables: Policy and regulatory recommendations.</p> <p>e. Social or environmental issues or concerns: No social or environmental issues.</p> <p>f. Plans for disseminating results/deliverables: Stakeholder workshops will be held.</p>
<p>7. Proposed executing/implementing agencies: The Ministry of Agriculture</p>
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: The assistance is requested by the Ministry of Agriculture, as part of its agricultural sector development plan, 2002–2015.</p>
<p>9. Timetable for assistance design, processing, and implementation</p> <p>a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2003</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): Standby 2006</p> <p>c. Period and duration of assistance Lending: Nonlending: TBD</p>
<p>10. Financing Plan</p> <p>a. For lending</p> <p><input type="checkbox"/> Ordinary capital resources:</p> <p><input type="checkbox"/> Asian Development Fund:</p> <p><input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending</p> <p><input type="checkbox"/> No resources required, other than ADB staff</p> <p><input type="checkbox"/> ADB's administrative budget:</p> <p><input checked="" type="checkbox"/> Grant TA funds: \$400,000</p> <p><input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.12: Capacity Building of Ministry of Fuel and Energy
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input checked="" type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the</p> <p> Sector: Energy</p> <p> Subsector: Electricity</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Energy Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): P. Abeygunawardena</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Electricity supply network and location of generation in Azerbaijan was based on the transmission requirements of Georgia during the Soviet era. Although based on current forecast trend there will be enough capacity to meet electricity demand up to 2006, there is a need to look at the total supply and demand planning from the view point of the new country. This is to maximize the benefits for Azerbaijan, which is entering into an economic boom lead by the oil exploration. This project will enable the optimum fuel mix relevant for the country, which is likely to reduce the current high electricity prices benefiting local industries and the poor households.</p> <p>There is no overall regulatory body in Azerbaijan overseeing the long-term consumer benefits. Prices have been set politically for different customer classes and collection rate is very poor.</p> <p>An independent regulator will be essential to attract foreign investments in the energy sector by way of providing</p>										

certainty to would be investors in the coming energy industry privatization.

A multi-utility regulator will also be able to assist in the development of a consistent framework the gas network and the oil pipelines. This project will analyze the existing framework and will facilitate Azerbaijan to join the regional energy trading if it decides to do so.

Azerbaijan's power sector has an installed generating capacity of approximately 5.1 gigawatts (GW), consisting of eight thermal plants (accounting for roughly 80% of generating capacity) and six hydroelectric plants, all of which are owned by the state. Both electric generation and consumption have been relatively flat since independence, with generation totaling 18.2 billion kilowatthours (Bkwh) in 2001, and consumption of 16.6 Bkwh. Because of the country's inefficient distribution network, much of the country's generation is lost in transmission, making Azerbaijan a net electricity importer. In order to supply electricity to all parts of the country (including the Naxcivan exclave), Azerbaijan imports power from Russia, Turkey, Iran, and Georgia.

Energy in Azerbaijan is totally a public sector run by "Azerenergy" – a state-owned close Joint-Stock Company. Having been part of the Soviet energy system, the existing infrastructure is outdated and needs a major renovation since the core infrastructure remains basically unchanged.

The total generation capacity is about 5,000 MW out of which 790 MW are from hydrogeneration. The length of electricity transmission lines exceeds 110,000 km, including over 2,000 km of 500kV-300kV-220kV; and, 13,000 km of 110,135 KV transmission lines. Forty structural network subdivisions carry out the distribution of electricity. Azerbaijan has electric connections with the neighboring power grids of Dagestan (Russian Federation) and Georgia via 330 KV Electricity Transmission lines.

Two-thirds of the country's thermal capacity is powered by mazut, and with natural gas as the secondary fuel. Because of limited public investment in the energy infrastructure and maintenance, there are periodic shortages of electricity, water and gas. About half of the turbo-generators and boilers have been in use for more than 40 years and the results are high fuel consumption, low thermal efficiency and a high level of emissions. This past winter Azerbaijan experienced serious shortages of electricity and natural gas because of poor planning and the shortage of mazut. Energy efficiency and environmental adequacy of the power sector need to be improved.

A five-year program has been outlined for privatization. "Azerenergy" will convert into open JSC after its outstanding debts are paid to the state budget. The initial stage of privatization will cover transmission networks. It is believed the power stations will remain state-owned for some indefinite period.

b. Goal and purpose:

Goal: To meet power demand with a reliable supply of electricity to promote economic development of the country together with improved environmental conditions. This is possible in Azerbaijan with private sector participation, which needs a transparent, predictable independent regulatory framework.

Purpose: Support creating enabling environment to effectively promote competition, increase efficiency, and promote investment, and to ensure that the customer receives a fair share of the efficiency gain

c. Components and outputs:

- (i) assessment of the energy sector needs and selection of candidate projects in terms of investments;
- (ii) identification of the on-going project s financed by IFIs and other bilateral donors;
- (iii) assessment of the power restructuring and privatization programs;
- (iv) assessment and identification of possible exchange of power between Azerbaijan and its neighboring countries; and
- (v) assessment of the energy efficiency and energy conservation programs, tariff study.

d. Expected results and deliverables:

Key Output:

- (i) a list of existing energy development policies and regulatory framework;
- (ii) a key industry document that could provide guidance for energy sector development; and
- (iii) means and ways to enhance efficiency in the sector through improved competition.

e. Social or environmental issues or concerns:

The TA will examine the options to enhance social and environmental benefits. It will assess the effectiveness of monitoring, licensing of generation, transmission and distribution companies and the status of their compliance with existing social and environmental legislations.

f. Plans for disseminating results/deliverables:

- (i) several local and at least one national workshops;
- (ii) an assessment of energy development options in Azerbaijan;
- (iii) an assessment of energy policies, regulatory framework; and
- (iv) final report

7. Proposed executing/implementing agencies: Ministry of Fuel and Energy**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

The proposal is developed with the participation of Azerbaijan government, energy related agencies and other stakeholders.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2003

This provides an opportunity for the Government of Azerbaijan and ADB to look into new opportunities in the energy sector.

- b. Expected date of submission for approval
- Lending:
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory): Standby 2006
- c. Period and duration of assistance{s}
- Lending:
 - Nonlending: 6 months

10. Financing

- a. For lending
- Ordinary capital resources: \$
 - Asian Development Fund: \$
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
- No resources required, other than ADB staff
 - ADB's administrative budget: \$
 - Grant TA funds: \$600,000
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.13: Strengthening of Corporate Governance of Banks
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input checked="" type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input checked="" type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Good Governance Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Governance, Finance and Trade Division / East and Central Asia Department</p>										
<p>5. Responsible ADB officer: to be determined</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy</p> <p>Despite substantial recent progress in reforming the Azeri banking sector, public confidence in commercial banks is still relatively low. Although the new banking law envisages provisions dealing with bank governance principles, Azeri commercial banks do not still follow modern practices ensuring good management and corporate governance. To promote and sustain public confidence in the banking sector the National Bank of Azerbaijan (NBA) has been carrying out important initiatives to promote bank corporate governance reform. A study on corporate governance, fully financed by NBA, has been recently completed, and two international consultants, funded within an USAID project, are assisting NBA in drafting regulations on corporate governance for banks. The next step will require implementation of the new regulation within all Azeri commercial banks. On this front, NBA has requested ADB to assist it in the promotion and introduction of modern standards of management and governance for commercial banks.</p>										

<p>b. Goal and purpose: The goal of the TA is to support banking sector development in Azerbaijan. The purpose is to promote public confidence in the banking sector by setting and implementing high standards of excellence in the management and corporate governance of commercial banks.</p> <p>c. Components and outputs: The project will be implemented in a selected group of commercial banks and its main output is the establishment of proper corporate management and corporate governance in line with best international practice.</p> <p>d. Expected results and deliverables: For the selected commercial banks, the results and deliverables will include:</p> <ul style="list-style-type: none"> (i) Assessment of the current state of corporate governance practices; (ii) Constitution of core committees (auditing committee, credit risk management committee, asset-liability management committee, information technology committee, risk management committee) (iii) Introduction of efficient organization and strategic planning; (iv) Adoption of effective risk management policies consistent with best international practice; (v) Establishment of secure and effective information technology systems; (vi) Introduction of efficient internal audit structures, policies and procedures promoting and sustaining effective internal controls. (vii) Training activities on the above-mentioned business areas. <p>e. Social or environmental issues or concerns: No social or environmental issue foreseen.</p> <p>f. Plans for disseminating results/deliverables: Workshops, meetings and reports</p>
<p>7. Proposed executing/implementing agencies: Azerbaijan National Bank</p>
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: The Azerbaijan National Bank requested ADB for assistance to promote an effective corporate governance within the banking sector. The NBA will be the executing agency of this TA.</p>
<p>9. Timetable for assistance design, processing, and implementation</p> <ul style="list-style-type: none"> a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2003 b. Expected date of submission for approval <ul style="list-style-type: none"> Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): Standby 2006 c. Period and duration of assistance: <ul style="list-style-type: none"> Lending: Nonlending: TBD
<p>10. Financing Plan</p> <ul style="list-style-type: none"> a. For lending <ul style="list-style-type: none"> <input type="checkbox"/> Ordinary capital resources: \$ <input type="checkbox"/> Asian Development Fund: \$ <input type="checkbox"/> Other: \$ <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds: \$400,000
- Other (specify, e.g., bilateral and multilateral trust funds):

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.14: Trade Facilitation and Customs Cooperation Program, Phase II
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input checked="" type="checkbox"/> Other: RETA</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Trade Subsector: Customs</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input type="checkbox"/> Country <input checked="" type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Governance, Finance and Trade Division/East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): To be determined</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Supporting regional economic cooperation to promote sustainable economic growth and poverty reduction is a key objective of ADB's operations. Facilitating trade, especially cross-border trade, has been a focus of ADB's program in Central Asia since 1997. Since 2000, ADB's trade facilitation has focused on the potential for customs modernization and cooperation. The first phase of TA for regional trade facilitation and customs cooperation was being processed in 2002 comprising the following components: (i) harmonization and simplification of documentation, (ii) simplification of border and transit procedures, (iii) establishment of data transfer protocols, (iv) coordinated data gathering and information systems, (v) development of common performance standards, (vi) effective use of technical resources, (vii) possible regional initiatives to promote post-transit/entry compliance audits, (viii) establishing pilot joint processing centers of customs, and (ix) regional capacity-building and training initiatives.</p>										

<p>b. Goal and purpose: The goal is to establish efficient and effective customs arrangements in the region which will facilitate foreign trade and investment, encourage movement of goods and people, and promote economic growth.</p> <p>c. Components and outputs: The Phase II TA will build on and carry forward the activities started in Phase I, but expand issues related to WTO. Phase II will tentatively focus on (i) continued capacity building for customs officials, (ii) information and communication technology applications for trade facilitation and customs and regional information linkages, (iii) continued and expanded pilot joint processing centers, (iv) support for implementation of simplified border and transit procedures, and (v) assessment of issues relating to WTO accession for applicant countries and development of action plans to support applicant countries in their preparations for WTO accession. The details will be decided upon completion of Phase I of the TA.</p> <p>d. Expected results and deliverables: Reports, workshops, and seminars</p> <p>e. Social or environmental issues or concerns: None foreseen</p> <p>f. Plans for disseminating results/deliverables: To be determined</p>
<p>7. Proposed executing/implementing agencies: The ministries for trade and state customs administrations in the respective countries in the East and Central Asian Region will be the implementing agencies. ADB will execute the overall TA.</p>
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</p>
<p>9. Timetable for assistance design, processing, and implementation</p> <p>a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): 2004</p> <p>c. Period and duration of assistance Lending: Nonlending: To be determined</p>
<p>10. Financing Plan</p> <p>a. For lending <input type="checkbox"/> Ordinary capital resources: <input type="checkbox"/> Asian Development Fund: <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: <input checked="" type="checkbox"/> Grant TA funds: \$500,000</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, ECGF = Governance, Finance, and Trade Division, ECRD = East and Central Asia Department, RCSP = regional cooperation strategy and program, TA = technical assistance, WTO = World Trade Organization.

Table A3.15: Support for the Greater Silk Road Initiatives for Transport Sector in Central Asia
Concept Paper

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p> <input checked="" type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input type="checkbox"/> Country <input checked="" type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Operations Coordination Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): L. Wu</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Supporting regional economic cooperation is one of the three pillars of ADB's poverty reduction strategy, and a strategic focus in ADB operations as enunciated in the LTSF. ADB has provided support for economic cooperation in Central Asia since 1997 through its Greater Silk Road program (GSR program - known until mid-2002 as the Central Asia Regional Economic Cooperation program). The program has strategically aimed at two sets of challenges facing the region. The first refers to a set of regional issues whose solutions would require joint efforts of two or more countries. Prominent among them are issues arising from the geographic isolation of the region, which, coupled with the limited domestic market in each individual country, presents formidable locational and economic disadvantages to the region. The geographic isolation also makes it essential for the countries to share vital resources such as energy and water. The second set is common issues where countries can benefit from each other's experience in dealing with same or similar transition and development challenges. Examples are promoting good governance, private</p>										

sector development, certain education and health issues, and environmental protection and management.

Guided by these strategic considerations, the program has focused on (i) building mutual trust and understanding among the countries; and (ii) identifying, preparing and implementing flagship projects as building blocks toward achieving longer term strategic objectives. With this pragmatic approach, strong country support, and active participation, the program has achieved concrete results in terms of identifying a set of flagship projects now at various stages of preparation and implementation. An overall institutional framework was established in January 2002, which will greatly strengthen the overall planning, prioritization, and implementation of the program and its coordination with other aid agencies.

b. Goal and purpose: The overall goal of the TA is to promote economic growth, thereby reducing poverty in Central Asia. The specific purposes of the TA is to promote economic cooperation through (i) supporting further trust building and confidence enhancing in economic cooperation, (ii) strengthening the GSR program, and (iii) elevating efforts to identify and prepare flagship projects across regional and common issues.

c. Components and outputs: The TA will have the following components and corresponding outputs:

- (i) supporting trust and consensus building among the countries, especially through the overall institutional framework wherein ADB acts as its secretariat, with outputs being an annual ministerial conference, senior officials' meeting, and various sector coordinating committee meetings in addition to other regular consultation between ADB and the countries;
- (ii) strengthening the GSR program, especially with respect to overall planning, prioritization, and implementation, with outputs being an effective programming mechanism, 3-year rolling regional program, and improved implementation capacity and support; and
- (iii) elevating efforts at flagship projects, with outputs being the identification and preparation of flagship projects that have significant impacts on regional and common issues, especially in the areas of trade, transport, energy, environmental protection and management, governance, and human development.

d. Expected results and deliverables: The TA is expected to generate (i) enhanced mutual trust and understanding among the countries and stronger partnership between ADB and the countries; (ii) enhanced economic cooperation through an improved GSR program based on better planning, enhanced ETSW, effective consultation, and better coordination between aid agencies and within ADB; and (iii) concrete progress and gains to participating countries through investment projects and an improved policy environment.

e. Social or environmental issues or concerns: None foreseen

f. Plans for disseminating results/deliverables: Dissemination will be through conferences, workshops, meetings, publications, and other means, in addition to wide circulation of materials (including consultant reports) within each government and among aid agencies and other stakeholders.

7. Proposed executing/implementing agencies: Operations Coordination Division, Central Asia Regional Cooperation Unit

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: ADB has committed to serving as the secretariat to the overall institutional framework established in January 2002 for guiding the GSR program. This was declared in the Ministerial Statement issued at the first Ministerial Conference on Central Asia Economic Cooperation held in March 2002. The proposed TA is the umbrella TA to enable ADB to honor this commitment to enhancing support for economic cooperation in Central Asia.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2002
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory):
- c. Period and duration of assistance
 - Lending:

10. Financing Plan

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund:
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget:
 - Grant TA funds: \$2,000,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, ECRD = East and Central Asia, ETSW = economic, thematic, and sector work, GSR = Greater Silk Road, LTSF = long-term strategic framework, RCSP = regional cooperation strategy and program, TA = technical assistance.

Table A3.16: Harmonization of Cross-Border Initiatives for Transport Sector in Central Asia
Concept Paper

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input checked="" type="checkbox"/> Other: RETA</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input type="checkbox"/> Country <input checked="" type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Transport and Communication Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): M. Parkash</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Central Asia, a region with a strategic location and abundant resources, is flanked by the Russian Federation in the north, the People's Republic of China and Mongolia in the east, the Black Sea and Turkey in the west, and Afghanistan and Iran in the south. Situated along the famous ancient Silk Road, the region is a historical land bridge between the east and the west (PRC to Europe) and north and the south (Indian Ocean and Persian Gulf to the Russian Federation and the Baltic states). However, after the break-up of the old Soviet Union, the new political reality is defining the need for these countries to cooperate on a variety of regional issues. The countries realize that their futures are intertwined and they need to coordinate to solve their common problems and optimize their use of shared resources. The emerging economies both in the region and nearby, the Central Asian countries as well as PRC, Russian Federation, Turkey, Ukraine, the Baltic states, and the countries of western Europe also look</p>										

<p>forward to a well-developed region and transport infrastructure to support the growth of trade in and beyond the region.</p> <p>To facilitate the seamless flow of traffic and trade among the countries in the region, there is a need for the harmonization of cross-border facilities including the infrastructure and the facilitation procedures. Standardization and upgrading of the facilities would greatly enhance transportation and trade both within the region and beyond. Such initiatives would provide an opportunity for sustainable economic and social development, promote economic diversification, and strengthen regional cooperation and collaboration. The countries to be covered would include all the Central Asian republics, i.e., Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.</p> <p>b. Goal and purpose: The objectives of the RETA are to (i) study and critically evaluate the existing facilities and the facilitation measures at each of the borders, (ii) develop common minimum standards, (iii) identify the necessary changes in legislation and cross-border procedures, and (v) identify the potential investments required to develop these common minimum standards.</p> <p>c. Components and outputs: The components of the RETA include (i) comprehensive analysis of the current status of the cross-border facilities and the procedures, (ii) preparation of an inventory matrix giving the present status of facilities and procedures for each of the border crossings, (iii) preparation of an action plan and a road-map identifying the changes required for rationalization and the development of common minimum standards, and (iv) dissemination of the findings with the stakeholders.</p> <p>d. Expected results and deliverables: At the end of the RETA, ADB would have a comprehensive plan for harmonization of the common minimum standards among the various countries in the region. The study would also identify the potential investments that would need to be supported in the region for improving cross-border facilitation and relate them to the potential economic benefits. The study would also identify the opportunities for various stakeholders including the private sector.</p> <p>e. Social or environmental issues or concerns: No environmental and social assessment of the project has been undertaken yet.</p> <p>f. Plans for disseminating results/deliverables: To be determined.</p>
<p>7. Proposed executing/implementing agencies: ADB will be the executing agency.</p>
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</p>
<p>9. Timetable for assistance design, processing, and implementation</p> <p>a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2003</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): 2005</p> <p>c. Period and duration of assistance Lending: Nonlending: To be determined</p>
<p>10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending <input type="checkbox"/> Ordinary capital resources: <input type="checkbox"/> Asian Development Fund: <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds: To be determined

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CAR = Central Asian republic, CSP = country strategy and program, ECGF = Governance, Finance, and Trade Division, ECRD = East and Central Asia Department, PRC = People's Republic of China, RETA = regional technical assistance, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.17: Trade Facilitation and Customs Cooperation Program, Phase III
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input checked="" type="checkbox"/> Other: RETA</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Trade Subsector: Customs</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
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<p>3. Coverage</p> <p><input type="checkbox"/> Country <input checked="" type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Governance, Finance and Trade Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): To be determined</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Supporting regional economic cooperation to promote sustainable economic growth and poverty reduction is a key objective of ADB's operations. Facilitating trade, especially cross-border trade, has been a focus of ADB's program in the region since 1997. Since 2000, ADB's trade facilitation has focused on the potential for customs modernization and cooperation. The first phase of TA for regional trade facilitation and customs cooperation is being processed in 2002 comprising the following components: (i) harmonization and simplification of documentation, (ii) simplification of border and transit procedures, (iii) establishment of data transfer protocols, (iv) coordinated data gathering and information systems, (v) development of common performance standards, (vi) effective use of technical resources, (vii) possible regional initiatives to promote post-transit/entry compliance audits, (viii) establishing pilot joint processing centers of customs, and (ix) regional capacity building and training initiatives. The Phase II TA in 2004 will aim to carry forward these initiatives to ensure continuity and expand more on WTO-related issues, and Phase III will further expand and carry forward these initiatives and</p>										

<p>strengthen regional cooperation.</p> <p>b. Goal and purpose: The goal is to establish efficient and effective trade and customs arrangements in the region that will facilitate foreign trade and investment, encourage movement of goods and people, and promote economic growth.</p> <p>c. Components and outputs: Phase III will carry forward the components initiated in phases I and II to ensure continuity in capacity building, harmonization of procedures, and data sharing. Phase III will have a stronger focus on WTO accession matters for applicant countries, by providing more capacity building for the applicant countries to facilitate necessary adjustments in policies, regulations, and standards to comply with WTO requirements. The details will be decided at completion of Phase II TA in 2004.</p> <p>d. Expected results and deliverables: Reports, workshops, and seminars</p> <p>e. Social or environmental issues or concerns: None</p> <p>f. Plans for disseminating results/deliverables: To be determined</p>
<p>7. Proposed executing/implementing agencies: The State Customs Administrations in the respective countries in the East and Central Asian Region will be the implementing agencies. ADB will execute the overall TA.</p>
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</p>
<p>9. Timetable for assistance design, processing, and implementation</p> <p>a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): 2005</p> <p>c. Period and duration of assistance Lending: Nonlending: To be determined</p>
<p>10. Financing</p> <p>a. For lending <input type="checkbox"/> Ordinary capital resources: <input type="checkbox"/> Asian Development Fund: <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: <input checked="" type="checkbox"/> Grant TA funds: \$500,000</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance, WTO = World Trade Organization.

**Table A3.18: Support for Regional Economic Cooperation in Central Asia
Concept Paper**

Date: September 2003

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p> <input checked="" type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
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<p>4. Responsible division/department: Operations Coordination Division, East and Central Asia Department</p>										
<p>5. Responsible ADB officer(s): Lan Wu/C.J. Kim</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy: Regional cooperation is one of ADB's key policies in pursuing its overarching goal of poverty reduction. Economic cooperation in Central Asia is particularly important, serving not only as a vehicle for fostering growth and poverty reduction, but also as an essential investment in peace and security. ADB has provided support for economic cooperation in Central Asia since 1997 through its Central Asia Regional Economic Cooperation (CAREC) program.</p> <p>ADB support for regional cooperation in Central Asia has been fundamentally results-oriented and pragmatic. Its sector focus on transport, energy and trade aims at addressing key development challenges facing the region through financing regional infrastructure projects and undertaking related policy improvement as building blocks toward achieving longer term strategic objectives. This approach has won strong support of the participating countries, and the Program has achieved concrete results in terms of a set of regional projects and the</p>										

establishment of the overall institutional framework (OIF) in January 2002.

Building on lessons learned from the past experiences and ADB's new regional strategy, which is being formulated, ADB will continue to support for advancing regional economic cooperation in Central Asia as a strategic means to achieve prosperity and security.

b. Goal and purpose: The overall goal of the TA is to promote sustained economic growth and poverty reduction in Central Asia. The specific purposes of the TA is to enhance economic cooperation through (i) strengthening the framework of CAREC program; (ii) providing supports for regional projects; and (iii) providing supports for capacity building in support of regional cooperation.

c. Components and outputs: The TA will have the following components and corresponding outputs:

(i) strengthening the framework of CAREC program through ministerial conference, workshops, meetings, etc., with outputs being a more effective mechanism for regional cooperation in terms of regional programming, implementation, and close funding agency coordination, and enhanced cooperation with neighboring countries;

(ii) providing supports for regional projects, with outputs being the identification and preparation of regional projects that have significant impacts on regional issues not only in the priority sectors of trade, transport, and energy, but also in other important sectors of telecommunication, financial management, environmental protection, and migration;

(iii) providing supports for capacity building in support of regional cooperation, with outputs the strengthened administrative and technical capacity of participating countries in terms of coordination and preparation of regional projects.

d. Expected results and deliverables: The TA is expected to generate (i) enhanced regional cooperation through an improved CAREC program, based on better planning, effective consultation, and better coordination between development partners agencies and within ADB; (ii) tangible progress in investment projects and related policy reform in priority sectors and other sectors that have regional impacts; and (iii) strengthened institutional, administrative and technical capacity in furthering regional cooperation in general.

e. Social or environmental issues or concerns: None foreseen.

f. Plans for disseminating results/deliverables: Dissemination will be through conferences, workshops, publications, and other means, in addition to wide circulation of materials (including consultant reports) within each government and among aid agencies and other stakeholders. The reports will be posted on the CAREC web site as appropriate.

7. Proposed executing/implementing agencies: Operations Coordination Division, Central Asia Regional Economic Cooperation Unit

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: ADB has committed to serving as the secretariat to the OIF established in January 2002 for guiding the CAREC program. The proposed TA is the umbrella TA to enable ADB to honor this commitment to enhancing support for economic cooperation in Central Asia.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2003

b. Expected date of submission for approval

Lending:

Nonlending (project preparatory):

Nonlending (other than project preparatory):

c. Period and duration of assistance

Lending:

10. Financing Plan

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund:
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget:
 - Grant TA funds

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, ETSW = economic, thematic, and sector work, GSR = Greater Silk Road, LTSF = long-term strategic framework, RCSP = regional cooperation strategy and program, TA = technical assistance.