

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.	According to latest State Programme on Poverty Reduction and Economic Development (SPPRED) annual report dated May 2004, the incidence of income poverty declined from 61.5% in 1995 to 46.7% in 2002.
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. However the extent of extreme poverty in Azerbaijan may be considered as a suitable proxy. According to latest SPPRED annual report, extreme poverty is estimated at about 10% in 2002.
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 98.8%, according to the latest SPPRED annual report. Thus, the focus of efforts has shifted from ensuring universal primary education to improving the quality of primary and other stages of education.
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.	According to national statistics, there is no significant gender disparity in enrollment at all levels. The gender assessment planned for 2004 will compile gender-relevant information on many dimensions of gender disparity in Azerbaijan.
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 (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, <i>The World Factbook</i> 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 556 (2003). 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 505 persons in 2002 compared to 24 in 1990 and 13,000 in 1996. The number of tuberculosis cases was 54.5 per 100,000 population, which is 1.5% higher than in 1990.
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 action for 2003–2010. Based on this program, sector action plans have been developed on the basis of sustainable development principles.

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Table A1.1—Continued

Goals and Targets	Country Status
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and adequate sanitation.	Although population access to piped network is about 94.2% in urban areas and 11.2% 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 better accommodations.

CIA = Central Intelligence Agency, HIV/AIDS = human immunodeficiency virus/acquired immunodeficiency syndrome, UNICEF = United Nations Children's Fund, WHO = World Health Organization.

^a Azerbaijan switched 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.

Sources: As given in the table.

Table A1.2: Country Economic Indicators

Item	Fiscal Year				
	1999	2000	2001	2002	2003
A. Income and Growth					
1. GDP per Capita (\$, current prices)	571.5	652.5	701.1	760.2	863.5
2. GDP Growth (% , constant prices)	7.4	11.1	9.9	10.6	11.2
Agriculture	—	12.1	5.0	6.4	5.6
Industry	—	5.7	6.7	15.2	15.0
Services	—	9.6	6.2	6.1	8.0
B. Saving and Investment (current prices)					
			(% of GDP)		
1. Gross Domestic Investment	26.5	20.7	20.7	32.0	—
2. Gross National Saving	13.4	17.1	19.8	19.7	—
C. Money and Inflation					
			(annual % change)		
1. Consumer Price Index ^a	(8.5)	1.8	1.5	2.8	2.2
2. Total Liquidity (M2)	8.7	27.1	31.7	14.4	29.8
D. Government Finance^b					
			(% of GDP)		
1. Revenue and Grants	19.1	24.0	22.0	23.6	29.3
2. Expenditure and Onlending	23.6	20.8	20.1	22.3	29.2
3. Overall Fiscal Surplus (Deficit)	(4.5)	3.3	1.8	1.3	0.2
E. Balance of Payments					
1. Merchandise Trade Balance (% of GDP)	(8.9)	4.9	10.2	7.7	(1.4)
2. Current Account Balance (% of GDP)	(13.1)	(3.5)	(0.9)	(12.3)	(28.3)
3. Merchandise Export (\$) Growth (annual % change)	51.3	75.5	13.7	12.7	13.9
4. Merchandise Import (\$) Growth (annual % change)	(16.9)	7.4	(4.8)	24.5	49.3
F. External Payments Indicators					
1. Gross Official Reserves (\$ million) ^c	697.1	950.6	1,218.0	1,413.8	1,620.0
(weeks of current year's imports of goods)	25.3	32.1	43.2	40.3	30.9
2. External Debt ^d Service (% of exports of goods and services)	4.2	4.6	4.9	4.4	5.0
3. External Debt ^d (% of GDP)	21.1	22.0	22.2	21.8	22.0
G. Memorandum Items					
1. GDP (current prices, AZM trillion)	18.9	23.6	26.6	30.3	35.1
2. Exchange Rate ^a (AZM per \$)	4,120.2	4,474.2	4,656.0	4,860.8	4,910.7
3. Population (million)	8.0	8.1	8.1	8.2	8.3

— = not available, GDP = gross domestic product.

^a Period average.

^b Consolidated budget, including the State Oil Fund of Azerbaijan Republic (SOFAZ). The figures for 2003 also include energy subsidies to the electricity and gas sectors and offsetting tax credits to the State Oil Company of Azerbaijan Republic equivalent to 5.6% of GDP.

^c Including gold and SOFAZ assets.

^d Public and publicly guaranteed external debt.

Sources: Government of Azerbaijan, International Monetary Fund, Asian Development Bank estimates.

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

Item	Period			
	1985	1990	1990	Latest Year
A. Population Indicators				
1. Total Population (million)	6.7	7.1	(1990)	8.2 (2002)
2. Annual Population Growth Rate (% change)	1.6	1.5	(1991)	0.8 (2002)
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	—	37.0	(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)	23.2 (2002)
4. Life Expectancy at Birth (years)	69.5	71.1		72.2 (2002)
Female	73.4	74.8		75.0 (2002)
Male	65.7	67.0		69.4 (2002)
5. Adult Literacy (%)	—	—		97.0 (2001)
Female	—	—		—
Male	—	—		—
6. Primary School Gross Enrollment (%)	—	84.2		98.8 (2002)
7. Secondary School Gross Enrollment (%)	96.8	90.2		88.8 (2002)
8. Child Malnutrition (% below age 5)	—	—		10.0 (1996)
9. Public Expenditure on Education (% of GDP)	—	6.9		4.2 (1998–2000)
Public Expenditure on Health (% of GDP)	—	2.8		0.8 (2002)
10. Human Development Index	—	—		0.744 (2001)
Rank	—	—		89 (2001)
11. Gender-Related Development Index	—	—		—
Rank	—	—		—
C. Poverty Indicators				
1. Income Poverty Incidence (Population) ^c	—	61.5	(1995)	46.7 (2002)
2. Percent of Poor to Total Population				
Baku ^c	—	59.6	(1995)	40.0 (2002)
Rural	—	—		45.4 (2002)
Internally Displaced Persons ^c	—	74.5	(1995)	63.0 (2002)
3. Poverty Gap	—	—		0.0822 (2002)
4. Poverty Severity Index	—	—		—
5. Inequality (Gini Coefficient)	—	—		0.276 (2002)
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 The 1995 and 2002 figures are not strictly comparable due to different methodologies used. Also, the 1995 data were based on households, instead of population.

Sources: Asian Development Bank. 2000. *Economic Report and Interim Operational Strategy for Azerbaijan*. Manila; State Committee for Statistics of the Azerbaijan Republic. 2004. *2003 Statistical Yearbook*. Baku; Azerbaijan Republic. 2004. *State Programme on Poverty Reduction and Economic Development: Annual Report—2003*. Baku; State Committee for Statistics of the Azerbaijan Republic. *Main Results of Household Budget Survey in 2003*. Baku; United Nations Development Programme. 2001. *Azerbaijan Human Development Report 2000*. New York; World Bank. 2003. *World Development Indicators Internet Website*; Central Intelligence Agency. *The World Factbook Internet Website*; United Nations Development Programme. 2003. *Human Development Report Internet Website*.

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	6.3	(1992)	4.2	(1999)
B. Water Pollution: Water and Sanitation				
1. % Urban Population with Access to Safe Water	—		94.2	(2002)
2. % Rural Population with Access to Safe Water	—		11.2	(2002)
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 (arable land in ha per capita)	—		0.59	(2002)
4. Arable Land (% of total land)	50.7		54.9	(2002)
5. Permanent Cropland (% of total land)	7.9	(1994)	4.8	(2002)
D. Biodiversity and Protected Areas				
1. Nationally Protected Area				
'000 hectares	—		452.2	(2002)
% of total land	—		5.2	(2002)
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	3.8		4.2	(2003)
% of total population	53.9		51.0	(2003)
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, ha = hectare, 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*. Manila; State Committee for Statistics of the Azerbaijan Republic. 2004. *2003 Statistical Yearbook*. Baku; Azerbaijan Republic. 2004. *State Programme on Poverty Reduction and Economic Development: Annual Report—200*, Baku; State Committee for Statistics of the Azerbaijan Republic. 2003. *Main Results of Household Budget Survey in 2003*. Baku; United Nations Development Programme. 2001. *Azerbaijan Human Development Report 2000*; World Bank. 2003. *World Development Indicators Internet Website*. United Nations Development Programme. 2003. *Human Development Report Internet Website*.

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 technical assistance (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 Second Structural Adjustment Credit II (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 is intended to support the policy measures to be implemented under SAC-II. A new poverty reduction strategy credit is being prepared for approval in FY2005.</p> <p>USAID is providing assistance in computerization of the treasury system.</p> <p>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 one of the focus areas of the World Bank's assistance to Azerbaijan. Four loans 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 two loans are a second irrigation loan, approved in FY2003, and the rural infrastructure loan, approved in FY2004.</p> <p>The World Bank has recently been requested to provide assistance to address the</p>

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Table A1.5—Continued

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 is still 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>EBRD has provided credit lines for SMEs in agro-processing and agribusiness.</p> <p>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>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> <p>The German Government is providing assistance for a pilot cadastral and state real estate registry project.</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 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.	The World Bank focuses on policy dialogue and sector reforms. A credit for the Education Reform Program (ERP) was approved in 1999 to support reforms in curriculum development and teacher education and training. Another education loan 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.

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Table A1.5—Continued

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategies/Activities
		<p>UNICEF is supporting the piloting of decentralized management and community-level financing programs in five primary and secondary schools.</p> <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>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 was approved in 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</p>	<p>The Government's 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>

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Table A1.5—Continued

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategies/Activities
	recently approved SPPRED and is now assisting in its implementation.	Many multilateral and bilateral agencies provided assistance with the preparation of the SPPRED and are now assisting in its implementation.
Assistance for Refugees and Internally Displaced Persons (IDPs)	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 Mingechevir city to reintegrate themselves into the mainstream of society.	<p>World Bank provided assistance through various projects, including a pilot reconstruction project approved in 1998 and a supplement project 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 demining 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 funds 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 provided grant assistance including humanitarian assistance (emergency food supply, demining, immunization for children), and supported human development activities.</p> <p>International nongovernment organizations provided emergency and humanitarian aid.</p>
Oil and gas	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 environment protection, private sector development and/or regional cooperation.	<p>The World Bank provided two loans to support the development of the oil and gas sector: the petroleum TA project to encourage foreign direct investment and the gas system rehabilitation project 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 to seven oil companies operating in Azerbaijan, and mobilized complementary financing 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 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>

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Table A1.5—Continued

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategies/Activities
		<p>US Trade Development Agency is assisting the State Oil Fund of Azerbaijan to develop its institutional capacity to better manage oil revenues.</p>
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 environment 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 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 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 the Gazi-Mammed to Kyurdamir segment of the central corridor highway, as well as provide financing of pre-feasibility studies of other important regional corridors.</p> <p>The focus of EU assistance is through the Transport Corridor Europe-Caucasus-Asia (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>IsDB, Saudi Fund, OPEC Fund for International Development, Abu Dhabi Fund, and Kuwait Fund have all assisted or are planning to provide 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, which is/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 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</p>

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Table A1.5—Continued

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategies/Activities
		<p>providing technical and financial assistance to AzerPost.</p> <p>KfW has the financial sector as a 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>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> <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>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>

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Table A1.5—Continued

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategies/Activities
		<p>EU TACIS financed the rehabilitation of oil-contaminated land. 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>The World Bank approved a Culture Heritage Project in 1999 to support the Government's efforts in the conservation and partial reconstruction of four historical monuments.</p> <p>The 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 enterprise, 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: Assistance Pipeline for Lending Products, 2005–2006

Sector Project/Program Name	Poverty Classifi- cation	Thematic Priority	Division	Year of PPTA	Total	Cost (\$million)				
						ADB			Gov't	Cofi- nancing
						OCR	ADF	Total		
2005 Firm Loans										
Health, Nutrition, and Social Protection										
Early Childhood Development	PI	ISD/GAD	ECSS	2003	13.40	0.00	10.00	10.00	3.40	0.00
Social Infrastructure for IDPs	CPI	ISD	ECSS	2004	9.50	0.00	7.10	7.10	2.40	0.00
Subtotal					22.90	0.00	17.10	17.10	5.80	0.00
Transportation and Communication										
Central Corridor Roads Improvement I	OTH	ECG/REG	ECTC	2004	62.70	22.00	0.00	22.00	15.70	25.00
Subtotal					62.70	22.00	0.00	22.00	15.70	25.00
Total					85.60	22.00	17.10	39.10	21.50	25.00
Standby Loans										
Agriculture and Natural Resources										
Samur-Absheron Water Supply and Irrigation (First Stage)	PI	ECG/ISD	ECAE	2005	52.10	7.00	17.10	24.10	13.00	15.00
2006 Firm Loans										
Agriculture and Natural Resources										
Samur-Absheron Water Supply and Irrigation (First Stage)	PI	ECG/ISD	ECAE	2005	52.10	7.00	17.10	24.10	13.00	15.00
Subtotal					52.10	7.00	17.10	24.10	13.00	15.00
Transportation and Communication										
Central Corridor Roads Improvement II	OTH	ECG/REG	ECTC	2005	20.00	15.00	0.00	15.00	5.00	0.00
Subtotal					20.00	15.00	0.00	15.00	5.00	0.00
Total					72.10	22.00	17.10	39.10	18.00	15.00
Standby Loans										
Agriculture and Natural Resources										
Samur-Absheron Water Supply and Irrigation (First Stage) (Adjusted Amount)	PI	ECG/ISD	ECAE	2005	52.00	7.00	19.80	26.80	13.00	12.20

Continued on next page

Table A1.6—Continued

Sector Project/Program Name	Poverty Classifi- cation	Thematic Priority	Division	Year of PPTA	Total	Cost (\$million)				
						ADB			Gov't	Cofi- nancing
						OCR	ADF	Total		
Water Supply, Sanitation and Waste Management										
Urban Water Supply and Sanitation II	PI	ISD	ECSS	2006	26.40	0.00	19.80	19.80	6.60	0.00

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

Table A1.7: Assistance Pipeline for Nonlending Products and Services, 2005–2006

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
2005							
Agriculture and Natural Resources							
1. Samur-Absheron Water Supply Irrigation	ECAE	PP	TASF	500.00		0.00	500.00
Subtotal				500.00		0.00	500.00
Finance							
1. Housing Finance System Development	ECGF	ADTA	TASF	400.00		0.00	400.00
Subtotal				400.00		0.00	400.00
Law, Economic Management, and Public Policy							
1. Capacity Building for SPPRED Implementation—Phase 2	ECOC	ADTA	TASF	500.00		0.00	500.00
Subtotal				500.00		0.00	500.00
Transportation and Communication							
1. Central Corridors Roads Improvement II (Qazakh-Georgian Border)	ECTC	PP	TASF	500.00		0.00	500.00
Subtotal				500.00		0.00	500.00
Total				1,900.00		0.00	1,900.00
Standby							
Agriculture and Natural Resources							
1. Water Resources Assessment	ECAE	ADTA		0.00	TBD	400.00	400.00
Transportation and Communication							
1. Strengthening the Financial Management and Delivery of Road Maintenance	ECTC	ADTA		0.00	TBD	400.00	400.00
2006							
Agriculture and Natural Resources							
1. Water Resources Assessment	ECAE	ADTA	TASF	400.00		0.00	400.00
Subtotal				400.00		0.00	400.00

Continued on next page

Table A1.7—Continued

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
Transportation and Communication							
1. North-South Corridor Roads Improvement	ECTC	PP	TASF	600.00		0.00	600.00
2. Strengthening the Financial Management and Delivery of Road Maintenance	ECTC	ADTA	TASF	400.00		0.00	400.00
Subtotal				1,000.00		0.00	1,000.00
Water Supply, Sanitation, and Waste Management							
1. Urban Water Supply and Sanitation II	ECSS	PP	TASF	500.00		0.00	500.00
Subtotal				500.00		0.00	500.00
Total				1,900.00		0.00	1,900.00
Standby Law, Economic Management, and Public Policy							
1. Capacity Building for Ministry of Finance	ECOC	ADTA		0.00	TBD	400.00	400.00
Multisector							
1. Integrated Urban Development	ECSS	ADTA		0.00	TBD	500.00	500.00
Regional Technical Assistance (amounts cover two to eight DMCs) ^a							
2005 Industry and Trade							
1. Trade Facilitation and Customs Cooperation Program, Phase III	ECGF	RETA	TASF	500.00		0.00	500.00
Subtotal				500.00		0.00	500.00

^a For concept papers of regional TAs, see ADB.2004. *Regional Cooperation Strategy and Program for CARs, PRC, and Mongolia, 2005-2007*. Manila.

Continued on next page

Table A1.7—Continued

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
Law, Economic Management, and Public Policy							
1. Support for Greater Silk Road Initiative, 2005	ECOC	RETA	TASF	900.00		0.00	900.00
Subtotal				900.00		0.00	900.00
Total				1,400.00		0.00	1,400.00
2006							
Multisector							
1. Harmonization of Cross Border Initiatives for Transport Sector in Central Asia	ECTC	RETA	TASF	850.00		0.00	850.00
Subtotal				850.00		0.00	850.00
Law, Economic Management, and Public Policy							
1. Support for Regional Economic Cooperation in Central Asia	ECOC	RETA	TASF	950.00		0.00	950.00
Subtotal				950.00		0.00	950.00
Total				1,800.00		0.00	1,800.00

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, ECEN = Energy Division, ECOC = Operations Coordination Division, ECSS = Social Sectors Division, ECTC = Transport and Communication Division, ETSW = economic, thematic, and sector work, IAE = internal administrative expense, OTH = other, PP = project/program preparatory, RETA = regional technical assistance, SC = staff consultant, TASF = technical assistance special fund, TBD = to be determined.

CONCEPT PAPERS FOR LENDING PRODUCTS

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

- (i) Table A2.1: Early Childhood Development
- (ii) Table A2.2: Social Infrastructure for Internally Displaced Persons
- (iii) Table A2.3: Central Corridor Roads Improvement I
- (iv) Table A2.4: Samur-Absheron Water Supply and Irrigation (First Stage)

**Table A2.1: Early Childhood Development
Concept Paper**

Date: July 2004

<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 Sectors: Health, Nutrition, and Social Protection Subsector: Early Childhood Development</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><input type="checkbox"/> Other</p> <p>c. Key thematic area(s)</p> <p>Themes:</p> <table border="0"> <tr> <td><input type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td></td> </tr> </table> <p>Subthemes: Human Development, Other Vulnerable Groups</p>	<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input checked="" type="checkbox"/> Gender and development								
<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: R. Hiraoka</p>								
<p>6. Description of assistances</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 internally displaced persons (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</p>								

and supporting activities that ensure survival and promote development of Azerbaijan's children, particularly those who are most vulnerable and disadvantaged, including internally displaced children.

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.

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.).

d. Expected results and deliverables: To be finalized during PPTA.

e. Social or environmental issues or concerns: The following social issues would be addressed: (i) mainstreaming of gender concerns, and (ii) likely negative or positive impacts of the projects on indigenous people.

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

7. Proposed executing/implementing agencies: Ministry of Education

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

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.

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): 2003
Nonlending (other than project preparatory):

c. Period and duration of assistance{s}
Lending: 2005–2009
Nonlending: 2004, 8 months

10. Financing Plan

- a. For lending
- Ordinary capital resources: \$
 - Asian Development Fund: \$10 million
 - Other: \$

If cofinancing is required, indicate amount and sources sought: \$____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$ million)
ADB Financing	10.0
Government Financing	3.4
Other Financing	0.0
Total Cost	13.4

Source: ADB estimates.

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

If cofinancing is required, indicate amount and sources sought: \$____, from _____.
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$'000)
ADB Financing	600.0
Government Financing	150.0
Other Financing	0.0
Total Cost	750.0

Source: ADB estimates.

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

**Table A2.2: Social Infrastructure for Internally Displaced Persons
Concept Paper**

Date: July 2004

<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 Sectors: Health, Nutrition, and Social Protection Subsector: Other health and social services</p> <p>b. For project preparatory and lending, classification {check one}</p> <p><input checked="" type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p><input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <p>Themes:</p> <table border="0"> <tr> <td><input type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table> <p>Subthemes: Human Development, Indigenous People</p>	<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<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 assistances</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 project for integration of IDPs in Mingchevir will be taken into account in 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</p>								

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.

b. Goal and purpose: This project is aimed at improving the living conditions of IDPs in the new or existing settlements, and their livelihood opportunities.

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 improvement of education opportunities for IDP children and young adults.

d. Expected results and deliverables: To be finalized during the PPTA.

e. Social or environmental issues or concerns: The following social issues would be addressed: (i) mainstreaming of gender concerns, (ii) likely negative or positive impacts of the projects on indigenous people, and (iii) involuntary resettlement effects of the project. Assistance to the IDP population should be carefully formulated to minimize tension with the local non-IDP population, which would not have access to the assistance.

f. Plans for disseminating results/deliverables: Participation of IDPs and local communities will be crucial in ensuring success of the project.

7. Proposed executing/implementing agencies: To be determined

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

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.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2001 (Under original name of New Settlements Basic Infrastructure Services)

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, 8 months

10. Financing Plan

- a. For lending
 Ordinary capital resources: \$
 Asian Development Fund: \$7.1 million
 Other: \$

If cofinancing is required, indicate amount and sources sought: \$____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$ million)
ADB Financing	7.1
Government Financing	2.4
Other Financing	0.0
Total Cost	9.5

Source: ADB estimates.

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

If cofinancing is required, indicate amount and sources sought: \$ _____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	

Source:

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

**Table A2.3: Central Corridor Roads Improvement I
Concept Paper**

Date: July 2004

<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: Transportation and Communication Subsector: Roads and highways</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> <input checked="" type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <p>Themes:</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input checked="" type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table> <p>Subthemes: Fostering Physical Infrastructure Development</p>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input checked="" type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<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: H. Wang</p>								
<p>6. Description of assistances</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 the economy. The road subsector is one of the four areas designated for ADB assistance in the Azerbaijan Country and Strategy Program Update (2004–2006) 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, and 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 funding agencies, including the World Bank, European Bank for Reconstruction and Development (EBRD), Islamic Development Bank, and others. The project contributes to ADB's overall strategy in Azerbaijan of reducing poverty through enhanced economic growth. It is also in line with the second component of ADB's</p>								

strategy, helping to correct imbalanced growth.

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

c. Components and outputs: The Project will rehabilitate the Yevlakh-Ganja segment (88.3 kms) 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 Yevlakh-Ganja segment of the Baku-Tbilisi highway, as well as connector roads. Implementation of policy reforms.

e. Social or environmental issues or concerns: The following issues would be addressed: (i) likely negative or positive impacts of the projects on indigenous people, (ii) involuntary resettlement effects of the project, and (iii) mitigation of potential adverse environmental impacts. Additional issues 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 Cabinet of Ministers, Ministry of Economic Development, and Ministry of Transport on identifying the section of the road to be rehabilitated by the project. In addition, discussions have been led with other funding agencies involved the corridor, including World Bank, EBRD, Islamic Development Bank, and OPEC Fund for International Development. 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: First Half 2005
 Nonlending (project preparatory): 2004
 Nonlending (other than project preparatory):

c. Period and duration of assistance{s}
 Lending: 2005–2009
 Nonlending: 2004, 4 months

10. Financing

a. For lending

- Ordinary capital resources: \$22 million
 Asian Development Fund: \$
 Other: \$

If cofinancing is required, indicate amount and sources sought: \$ _____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$ million)
ADB Financing	22.0
Government Financing	15.7
Other Financing	25.0
Total Cost	62.7

Source: ADB estimates.

b. For nonlending

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

If cofinancing is required, indicate amount and sources sought: \$ _____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	

Source:

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

**Table A2.4: Samur-Absheron Water Supply and Irrigation (First Stage)
Concept Paper**

Date: July 2004

<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: Agriculture and Natural Resources Subsector: Water resource management</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><input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <p>Theme:</p> <table> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table> <p>Subthemes: Fostering Physical Infrastructure Development, Developing Rural Areas, Human Development</p>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<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: B. Tambunan</p>								
<p>6. Description of assistances</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 implemented in two phases.</p>								

This project is in line with the overall ADB strategy in 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.

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 Baku, as well as dismantling two oil-fired pumping stations along the existing canal route.

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

e. Social or environmental issues or concerns: The following social issues would be addressed: (i) likely negative or positive impact of the project on indigenous people, and (ii) resettlement effects of the project. Additional social issues to be determined during the PPTA. An environmental impact assessment may be 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 the end 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: \$17.1 million
 - Other: \$

If cofinancing is required, indicate amount and sources sought: \$15 million, from To be determined.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	24.10
Government Financing	13.00
Other Financing	15.00
Total Cost	52.10

Source: ADB estimates.

Depending on ADF availability in 2006, ADB may be able to provide additional ADF funds. In the assistance pipeline for lending products, this possible increase in ADF funding is indicated under "Standby 2006" and the project name has been followed with "(Adjusted Amount)".

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 amount and sources sought: \$____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	

Source:

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: Housing Finance System Development
- (ii) Table A3.2: Capacity Building for SPPRED Implementation—Phase 2
- (iii) Table A3.3: Water Resources Assessment
- (iv) Table A3.4: Strengthening the Financial Management and Delivery of Road Maintenance

**Table A3.1: Housing Finance System Development
Concept Paper**

Date: July 2004

<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 Sectors: Finance Subsectors: Housing Finance</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> <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <p> Themes:</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table> <p> Subthemes: Promoting Economic Efficiency and Enabling Markets, Financial and Economic Governance</p>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<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: A. Mathur</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy</p> <p>Housing has been almost exclusively financed by the Government in Azerbaijan. In addition, deposit taking for the medium term is as yet undeveloped. Thus mortgage lending is practically nonexistent. Mortgage processing and mortgage financing is needed to enable households to purchase and finance new homes. Recently, the National Bank of Azerbaijan (NBA) has begun to develop a mortgage finance conceptual framework through both analysis of possible mechanisms of housing finance models and development of a legal framework to promote the sector. NBA has explicitly requested ADB to assist in the promotion of a modern housing finance system in Azerbaijan. In particular, assistance has been requested for the development of appropriate legislation. At the moment, EBRD has provided a concept paper to the Government regarding a possible project</p>								

to establish a mortgage registry. Other international and bilateral agencies are not providing any assistance in this area.

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.

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

- (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 to assess the value of and establish collateral processes for home mortgages.

d. Expected results and deliverables: Results and deliverables include:

- (i) review of the existing legal infrastructure affecting housing finance, including an initial draft law produced by the NBA;
- (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.

e. Social or environmental issues or concerns: The project will have a positive social impact rendering housing purchases more affordable for a growing share of the population. The following social issues would be addressed: (i) mainstreaming of gender concerns, and (ii) likely negative or positive impacts of the project on indigenous people (in the context of IDP versus non-IDP households). There are no anticipated environmental concerns.

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

7. Proposed executing/implementing agencies: National Bank of Azerbaijan

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

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): 2005 (standby 2004)
- c. Period and duration of assistance:
 - Lending:
 - Nonlending: To be determined.

10. Financing Plan

a. For lending

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

If cofinancing is required, indicate amount and sources sought: \$ _____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	
Source:	

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 amount and sources sought: \$400,000, from To be determined.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	
Source:	

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

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

Date: July 2004

<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: advisory activities</p>								
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sectors: Law and Public Sector Management Subsectors: National government administration</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> <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <p> Theme:</p> <table border="0"> <tr> <td><input type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table> <p> Subthemes: Public Governance, Civil Society Participation</p>	<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<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: M. Gatti</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>During the period July 2001–October 2002, the Government's State Programme on Poverty Reduction and Economic Development (SPPRED) Secretariat coordinated work on the preparation of 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 the 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;</p>								

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 is receiving assistance from funding agencies, including ADB, for a first phase to build capacity in the SPPRED Secretariat. The proposed TA 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 people's living standards 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 SPPRED 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 SPPRED 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 program, (iii) annual bulletin published by the poverty monitoring unit in the Secretariat, (iv) improved coordination and cooperation between relevant ministries and government agencies and the SPPRED Secretariat, (v) improvement of the SPPRED Secretariat Web site, and (vi) ad hoc reports on sector issues.

e. Social or environmental issues or concerns: The following social issues would be addressed: (i) mainstreaming of gender concerns, and (ii) assisting IDPs to insert themselves into the mainstream of economic and social life of Azerbaijan. There are no anticipated environmental concerns.

f. Plans for disseminating results/deliverables:

- (i) published annual and quarterly reviews;
- (ii) participatory workshops with nongovernment organizations, academics, and policy makers, community organizations, and funding agencies, and
- (iii) SPPRED Secretariat Web site.

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

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

The project was proposed in August 2003 following the Country Programming Mission in May 2003. Additional discussions were held during the mission of the head of the SPPRED Secretariat to Manila to attend a 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 took place during the national poverty conference in Baku on 26 May 2004. ADB will continue to coordinate closely with the other funding agencies involved in the SPPRED process, particularly World Bank and the United Nations Development Programme, 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 second quarter of 2005

10. Financing Plan

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

If cofinancing is required, indicate amount and sources sought: \$____, from _____.
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	

Source:

- 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 amount and sources sought: \$500,000 from To be determined.
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	

Source:

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

**Table A3.3: Water Resources Assessment
Concept Paper**

Date: July 2004

<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: Agriculture and Natural Resources Subsector: Water resource management</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> <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <p>Theme:</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table> <p>Subtheme(s): Natural Resources Conservation</p>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<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: B. Tambunan</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: Azerbaijan has limited water resources, with a total availability estimated at 32.2 billion cubic meters (m³) 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</p>								

estimate the quantity and quality of Azerbaijan's available water resources, and determine existing and increasing future demands.

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.

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.

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.

e. Social or environmental issues or concerns: No social issues are foreseen. The TA will improve the environmental situation in Azerbaijan through a better understanding and more efficient management of the country's water resources.

f. Plans for disseminating results/deliverables: Consultants' reports and workshops on the results of the TA to concerned government officials and other 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 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.

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: To be determined.

10. Financing Plan

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

If cofinancing is required, indicate amount and sources sought: \$____, from _____.
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	
Source:	

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 amount and sources sought: \$400,000, from To be determined.
If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	

Source:

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

**Table A3.4: Strengthening the Financial Management and
Delivery of Road Management Maintenance
Concept Paper**

Date: June 2004

<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: advisory technical assistance</p>								
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sectors: Transportation and Communication Subsectors: Multimodal transport and sector development</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> <input type="checkbox"/> Other</p> <p>c. Key thematic areas</p> <p> Themes:</p> <table border="0"> <tr> <td><input type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input checked="" type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table> <p> Subthemes: Financial and Economic Governance</p>	<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input checked="" type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input checked="" type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<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: Transport and Communications Division, East and Central Asia Department</p>								
<p>5. Responsible ADB officer: H. Wang</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: Effective road maintenance is essential if the expected benefits of investment in road improvements are to be achieved in the long term and in order to preserve the value of road assets.</p> <p>b. Goal and purpose: The TA will recommend ways in which the existing institutional arrangements for financing, managing, and delivering road maintenance can be strengthened to enhance the sustainability of investments in the road sector.</p> <p>c. Components and outputs: To be determined.</p>								

- d. **Expected results and deliverables:** The TA is expected to contribute to the efficient management of the transport sector in Azerbaijan.
- e. **Social or environmental issues or concerns:** No social issues are foreseen. The project would have a positive effect on the environment through improved the management and operation of roads, which would, in turn, result in fewer vehicle emissions.
- f. **Plans for disseminating results/deliverables:** Consultants' reports and recommendations; 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:** Ministry of Transport

8. **Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**
The TA has been discussed with the Ministry of Transport and the Ministry of Economic Development.

9. **Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: 2004
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory): 2006
- c. Period and duration of assistance
 - Lending:
 - Nonlending: To be determined.

10. **Financing Plan**

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

If cofinancing is required, indicate amount and sources sought: \$____, from _____.
If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	

Source:

- 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 amount and sources sought: \$400,000, from To be determined.
If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	
Source:	

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

Table A4.1: Assistance Pipeline for Lending Products, 2004

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										
Finance										
Micro and Rural Finance Development	PI	ECG/PSD	ECGF		26.70	20.00	0.00	20.00	6.70	0.00
Subtotal					26.70	20.00	0.00	20.00	6.70	0.00
Water Supply, Sanitation and Waste Management										
Urban Water Supply and Sanitation I	PI	ISD	ECSS	2001	42.00	0.00	17.10	17.10	14.90	10.00
Subtotal					42.00	0.00	17.10	17.10	14.90	10.00
Total					68.70	20.00	17.10	17.10	21.60	10.00

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

Table A4.2: Assistance Pipeline for Nonlending Products and Services, 2004

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
Finance							
1. Mahalla Business Development	ECGF	OTH	Grant	1,000.00		0.00	1,000.00
2. Micro and Rural Finance Development	ECGF	ADTA	TASF	800.00		0.00	800.00
Subtotal				1,800.00		0.00	1,800.00
Law and Public Sector Management							
1. Capacity Building for Ministry of Economic Development	ECOC	ADTA	TASF	600.00		0.00	600.00
2. Governance Assessment	ECGF	ETSW	SC/IAE				
3. Private Sector Assessment	ECGF	ETSW	IAE				
Subtotal				600.00		0.00	600.00
Transport and Communication							
1. Central Corridor Roads Improvement I (Yevlakh-Ganja)	ECTC	PP	TASF	150.00		0.00	150.00
Subtotal				150.00		0.00	150.00
Water Supply, Sanitation, and Waste Management							
1. Institutional Strengthening of the Water Supply and Sanitation Sector in Secondary Towns	ECSS	ADTA	TASF	500.00		0.00	500.00
Subtotal				500.00		0.00	500.00
Multisector							
1. Social Infrastructure for IDPs	ECSS	PP	TASF	500.00		0.00	500.00
2. Environment Assessment	ECSS	ETSW	RETA/IAE				
3. Gender Assessment	ECSS	ETSW	RETA/IAE				
4. Urban Environment Profile	ECSS	ETSW	IAE				
Subtotal				500.00		0.00	500.00
Total				3,550.00		0.00	3,550.00
Standby Finance							
1. Housing Finance System Development	ECGF	ADTA		0.00	TBD	400.00	400.00

Continued on next page

Table A4.2—Continued

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
Regional Technical Assistance (amounts cover two to eight DMCs)							
2004							
Industry and Trade							
1. Trade Facilitation and Customs Cooperation Program, Phase II	ECGF	RETA	TASF	600.00		0.00	600.00
Subtotal				600.00		0.00	600.00
Law, Economic Management, and Public Policy							
1. Support for Greater Silk Road Initiative, 2004	ECOC	RETA	TASF	900.00		0.00	900.00
2. Mainstreaming Gender into Poverty Reduction Strategies in CAR	ECSS	RETA			TBD	350.00	350.00
Subtotal				900.00		350.00	1,250.00
Agriculture and Natural Resources							
1. Central Asian Republics Initiative for Land Management (CARILM)	ECAE	RETA	TASF	500.00		0.00	500.00
Subtotal				500.00		0.00	500.00
MultiSector							
1. Central Asia Regional Cooperation in Trade, Transport, and Transit	ECOC	RETA	TASF	350.00		0.00	350.00
Subtotal				350.00		0.00	350.00
Total				2,350.00		350.00	2,700.00

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, ECEN = Energy Division, ECOC = Operations Coordination Division, ECSS = Social Sectors Division, ECTC = Transport and Communication Division, ETSW = economic, thematic, and sector work, IAE = internal administrative expense, OTH = other, PP = project/program preparatory, RETA = regional technical assistance, SC = staff consultant, TASF = technical assistance special fund, TBD = to be determined.