



Draft Design and Monitoring Framework

Project Number: 42408
July 2009

Azerbaijan: Proposed Multitranche Financing Facility for Water Supply and Sanitation Investment Program

A design and monitoring framework is an active document, progressively updated and revised as necessary, particularly following any changes in project design and implementation. In accordance with ADB's public communications policy (2005), it is disclosed before appraisal of the project or program. This draft framework may change during processing of the project or program, and the revised version will be disclosed as an appendix to the report and recommendation of the President.

Asian Development Bank

DESIGN AND MONITORING FRAMEWORK FOR THE FACILITY

Design Summary	Performance Targets / Indicators	Data Sources / Reporting Mechanisms	Assumptions and Risks
<p>Impact Improved public health and environment in participating towns</p>	<ul style="list-style-type: none"> • Public satisfaction with the availability, quality, and quantity is increased (to be quantified when baseline is established through a social survey at program inception) • Percentage of children under 5 years old suffering from diarrhea in last 30 days reduced to <10% by 2017 • Satisfaction rate by users (disaggregated by men and women) with the quality of water supply and access to sanitation increases from xx% to yy% (to be quantified when baseline is established through a social survey at program inception) 	<ul style="list-style-type: none"> • Azerbaijan State Statistics Committee Reports • Reports of multilateral and bilateral agencies • Semi-annual socioeconomic surveys undertaken as part of the program performance management system • Health Department and hospital reports • Ministry of Ecology and Natural Resources Reports 	<p>Assumption</p> <ul style="list-style-type: none"> • Political and economic stability prevails <p>Risk</p> <ul style="list-style-type: none"> • Lack of maintenance of the completed infrastructure by JSCs and SuKanals
<p>Outcome Improved coverage, and the continuity and quality of water supplies and wastewater disposal in participating towns</p>	<ul style="list-style-type: none"> • Water supply and sewerage services coverage in participating towns increased from existing 80% to 100% in 2017 • Residents of participating towns served by fully pressurized 24-hour supply with water loss reduced from >60% in 2009 to <25% by 2017 • Percentage of wastewater collected and treated increased from <5% in 2009 to 100% by 2017 	<ul style="list-style-type: none"> • Benchmarking data • JSCs/SuKanals consumer database • Town Water Users Associations reports • Program Completion Reports 	<p>Assumptions</p> <ul style="list-style-type: none"> • Government remains committed to take timely decisions for subproject approvals, timely allocating and releasing counterpart funds, and supporting the capacity development needs of the AzerSu/SAWMA and JSCs/ SuKanals • Properly staffed and empowered institutions are able to effectively deliver, operate, and manage municipal services <p>Risks</p> <ul style="list-style-type: none"> • GOA does not give autonomy to allow AzerSu/SAWMA take operational decisions, which delays implementation of institutional reforms • Weak coordination among government departments and with AzerSu/SAWMA undermines sustainable operations.
<p>Outputs</p> <p>A: Water Supply and Sanitation Infrastructure Rehabilitated and Improved</p> <p>A.1 Rehabilitated, replaced, and expanded piped-</p>	<ul style="list-style-type: none"> • 100% population in program towns have access to safe water supply for 24-hours per 	<ul style="list-style-type: none"> • Quarterly progress reports, ADB review mission reports, ADB program completion report, and Benchmarking 	<p>Assumptions</p> <ul style="list-style-type: none"> • There are sufficient international and local contractors participating in biddings for works and

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<p>water supply systems, water works, and treatment facilities in participating towns</p> <p>A.2. Water quality monitoring system developed and implemented</p> <p>A.3 Rehabilitated, replaced and expanded sewerage networks</p> <p>A.4 New wastewater treatment plants constructed in participating towns</p>	<p>day by 2017, with at least 80% of households connected to underground sewerage system</p> <ul style="list-style-type: none"> • Reduced system leakage; unaccounted for water from >60% to <25% by 2017 • Water meters installed to all bulk and domestic consumers in the project towns • Non-revenue water is reduced from >60% in 2009 to <25% by 2017 in all towns • Percentage of wastewater treated in project towns increased from <5% in 2009 to 100% by 2017 • Tariff collection efficiency is improved from 40% in 2009 to 90% in 2017 • Water quality is monitored and respective actions taken on at least 6-month interval 	<p>data</p> <ul style="list-style-type: none"> • AzerSu/SAWMA/JSC technical and financial reports • Town Water Users Associations reports • Training evaluation reports • PPMS reports 	<p>goods</p> <ul style="list-style-type: none"> • There is political will for efficient implementation of the Program <p>Risks</p> <ul style="list-style-type: none"> • Capacity of domestic contractors is exhausted due to several externally-funded ongoing projects • Political intervention in procurement decision may delay overall program execution • Appropriately qualified staff cannot be found or retained in AzerSu/SAWMA/JSCs/ Sukanals • Rising energy costs increase cost of pumped systems • Tariff increases not supported by consumers
<p>B. Improved WSS management and planning</p> <p>B.1 Institutions improved for WSS service delivery;</p> <p>B.2 Capacity developed for better system planning, operations and maintenance;</p> <p>B.3 Cost recovery enhanced through metering, billing and collection tariffs;</p> <p>B.4 Efficiency increased for timely processing of effective WSS projects;</p> <p>B.5 Twinning arrangement finalized with an external WSS utility to support capacity development.</p> <p>B.6 Consumers mainstreamed on Investment Program implementation</p>	<ul style="list-style-type: none"> • Technical, operational, management, and financial training provided to all service providers in each town under the Program • Customers data base updated and 100% customers registered and billed by 2017 in all participating towns; • Accounting, budgeting, and billing computerized and bill collection efficiency improved over 85% • Tariff plans developed and progressively revised annually; • asset management implemented and annually updated; • Digitized WSS network maps publicly available; 		<p>Assumptions</p> <ul style="list-style-type: none"> • Agreed institutional reforms are implemented political will to manage and monitor program development and implementation continues • Trust in urban services provision will be restored with provision of adequate and efficient WSS services. <p>Risks</p> <ul style="list-style-type: none"> • Interdepartmental coordination and support is not forthcoming. • Appropriately qualified staff cannot be found or retained in AzerSu/SAWMA/JSCs/ Sukanals

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	<ul style="list-style-type: none"> • Sustainable O&M with revenues more than expenditure achieved in all JSCs within 2 years after completion of subprojects; • An O&M manual developed for each participating town; • Customer care units and customer representative groups are established in each participating town; • A simple performance benchmarking system is developed and implemented, and all SUKanals/JSCs attend performance benchmarking workshops • Town water user associations (TWUAs) with 1/3 of women and women neighborhood groups established and trained, for each zone of the towns, and public awareness provided on program implementation, O&M tariffs, and hygiene education; • Gender analysis undertaken and gender action plan developed each tranche within 6 months after approval • Communication strategy developed as part of public outreach program, for information sharing and dissemination 		
C. Program Management Facility established	<ul style="list-style-type: none"> • All programs developed in advance of next tranche, and implemented within the program duration 		Assumption <ul style="list-style-type: none"> • AzerSu and SAWMA clears the design reports on time Risk <ul style="list-style-type: none"> • PMF is established with delayed consultants recruitment
Activities with Key Milestones A.1 Rehabilitation, replacement, and expansion of existing piped-water supply systems, water works, and treatment facilities in participating towns <ul style="list-style-type: none"> • Publicity initiatives for public awareness campaign carried out by month 3 of tranche start • Timely land acquisition and implementation of resettlement plans • Rehabilitation, replacement and new facilities constructed, commissioned, and made operational in phases between month 12 and month 36 • Water meters installed for each household immediately after the installation of piped network A.2 Development of Water Quality Monitoring System at each Sukanal/JSC by month 6 of each tranche commencement A.3 Rehabilitated, replaced and expanded sewerage networks			Inputs <ul style="list-style-type: none"> • ADB: \$600 million from OCR • Government: \$200 million

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<ul style="list-style-type: none"> • Publicity initiatives for public awareness campaign carried out by month 3 of tranche start • Timely land acquisition and implementation of resettlement plans • Rehabilitation, replacement and new facilities constructed, commissioned, and made operational in phases between month 12 and month 36 <p>A.4 New wastewater treatment plants constructed in participating towns</p> <ul style="list-style-type: none"> • Publicity initiatives for public awareness campaign carried out by month 3 of tranche start • Timely land acquisition and implementation of resettlement plans • Design/build contract for subprojects package by month 6 of tranche start • New facilities constructed, commissioned, and made operational in phases between month 12 and month 36 <p>B. Institutional Effectiveness of JSCs/SuKanals</p> <ul style="list-style-type: none"> • All the required professional staff appointed in AzerSu, SAWMA, and JSCs/SuKanals within 6 month after tranche effectiveness • 100% of SuKanal/JSC staff receives training in their respective areas of expertise within 1 year of tranche effectiveness • Gender analysis undertaken, sex-disaggregated data collected and tranche-specific gender action plan prepared within 6 month of each tranche commencement <p>C. Establishment of Program Management Facility (PMF)</p> <ul style="list-style-type: none"> • PMF consultants recruitment starts in advance during the preparation of respective tranche and process is completed by tranche effectiveness • Due diligence of works under subsequent tranche completed during the period of previous tranche 			

ADB = Asian Development Bank, GOA = Government of Azerbaijan, JSC= Joint Stock Company, LFF = Loan Fact-finding, PMF = program management facility, PPMS = Project Performance and Management System; SAWMA = State Amelioration and Water Management Agency; TWUA = Town Water-User Association