

**Cooperation Fund for the Water Sector
Pilot Demonstration Activity
Request Form**

Activity Title: Establishing Local Partnership for Managing Water and Sanitation Services in Secondary Towns of Azerbaijan	
Proposer (Name, Div/Dept): L. Sabyrova/ S. Handayani, ECSS/ECRD	
Request Date: 2 May 2004	
Country (DMC): Azerbaijan	Region: East and Central Asia
Activity Proposed Start Date: January 2005	Activity Proposed Duration: June 2005
Cost Estimate: \$50,000	
Implementing Organization Contact: Ministry of Economic Development	
Consultant Identified? No	If so, Consultant(s) Contact:
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Short Description:

1. Background and Rational:

The business practices of water service and sanitation (WSS) utilities in Azerbaijan hardly ever involved consumers in decision-making or management. In order to increase responsiveness of the WSS services to consumer needs, improve cost recovery and service management, the feasibility study for the proposed Urban Water Supply and Sanitation project in three secondary towns recommend important role for participation of consumers in the provision of services.

Involving consumers in the design and management of WSS provides a means of revealing demand and ensuring that services match what consumers want, are willing to pay for, and strive to maintain. The rationale for consumer participation as follows: (i) consumer participation makes services and service providers more responsive and accountable to beneficiaries; (ii) cost recovery and the sustainability of services improves when technology choices and services correspond with what consumers want and are willing to pay for; and (iii) management of services is more effective when institutional arrangements are tailored to local practices.¹ The pilot demonstration activity (PDA) aims to support the institutional reform of WSS services by establishing town water council (TWC) in two secondary towns of Akhdas and Gochay. An informal (prototype) TWC, based on focus groups discussions and consultations, was already established during the social assessment in the course of the PPTA.

2. Objectives:

The main purpose of the PDA is to set up TWC through which beneficiaries can influence decisions concerning WSS services. The TWC will (i) play a role in project implementation and management; (ii) mobilize community contributions for any extra requirements that community wishes such as the improvement of town sewerage system, parks, irrigation, etc; (iii) coordinate

¹ The World Bank Participation Sourcebook. 1996. The World Bank, Washington DC.

community representations to the future water regulator and the tariff council; (iv) represent community's consumer protection rights with the rayon Icjra Hakimiyat² and other agencies; and (v) coordinate and cooperate with community participation and community awareness programs carried out by the Joint Stock Company (water utility).

3. Scope and location of Work / Description of Activities:

The scope of work for the pilot program includes: (i) selecting and establishing TWC in two secondary towns Akhdas and Gochay; (ii) leadership trainings for members of TWC and informal leaders (men and women) to conduct awareness campaign to households levels and involve actively in Project's planning, implementation and follow-up; (iii) developing targets and indicators to measure progress of the impact of the PDA in improvement of WSS; and (v) documentation of the result of pilot program.

4. Implementation Schedule, Institutional Management Arrangements, and Proponent Qualifications:

The pilot program will be conducted for six months during the first year of the Project implementation. The proposed EA would be the Ministry of Economic Development. A non-government organization (NGO) would be the implementing agency of the PDA. The implementers will work closely with Akhdas and Gochay Executive Committee (Icjra Hakimiyats), municipalities³, and other community-based organizations in the project area.

5. Expected Results (outputs/outcomes/effects/impacts):

The key anticipated output is a model of community empowerment to influence decision-making and management of the WSS that is self-sustaining and can be replicated in other 50 secondary towns in Azerbaijan. Anticipated outcomes include an enhance community's capacity to engage in public consultation so they can contribute to the sustainable, efficient, and effective WSS management and conservation in secondary towns.

6. Measurable Performance Indicators:

The performance and effectiveness of the program will be determined through qualitative assessment. The qualitative assessment will focus on the following: (i) effectiveness in achieving the objectives of the program; (ii) assessment of whether the program increases capacity of targeted communities to mobilize action towards sustainable WSS management; (iii) heightened awareness of consumers on the WSS; and (iv) increase dialogue among key stakeholder, particularly among local government, communities, and JSC concerning the role of TWC and effective participation of communities in improving WSS;

7. Stakeholders Participation:

TWC will be formed as an advocacy group to represent the interest of the consumers and will be recognized by the JSC as important partners in achieving customer satisfaction and effective service delivery. The TWC will be in the form of civil society organizations and membership will be open to all water and sewerage customers. The TWC will undertake public information campaigns about the effective use of water and sewerage services and will also make representations to the JSC about members concerns over service standards, quality and tariffs.

² A local authority in the project towns.

³ Municipalities are the only elected bodies in Azerbaijan.

8. Scope for Replication/Use in Other DMCs:

The pilot model would be possible to replicate to 50 other secondary towns in Azerbaijan in supporting the institutional reform of WSS management. Guidelines and booklets will be produced for educational campaign in establishing TWC and awareness campaigns for water conservation.

9. Cost Estimate:

<u>Inputs / Expenditure category</u>	<u>Total Costs</u> (in US\$)
1. <u>Training, workshops, seminars, public campaigns</u> : trainers and facilitators, communication and publication, community forums	32,000
2. <u>Specialists Services</u> : Monitoring and evaluation adviser	4,000
3. <u>Project Management</u> : Program management and operation costs	9,000
4. <u>Contingencies (0-10% of total estimated grant fund)</u> : Use of Contingencies requires <u>prior</u> approval from ADB.	5,000
Total PDA grant financed	50,000