



Project Data Sheet

Project 42408-023

Project Name	Water Supply and Sanitation Investment Program - Tranche 1	
Project Number	42408-023	
Country / Economy	Azerbaijan	
Project Status	Closed	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan 2571-AZE: MFF-Water Supply and Sanitation Investment Program, Tranche 1	
	Ordinary capital resources	US\$ 75.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development	
Sector / Subsector	Water and other urban infrastructure and services / Urban policy, institutional and capacity development - Urban sewerage - Urban water supply	
Gender	Effective gender mainstreaming	
Description	<p>The Water Supply and Sanitation Investment Program (the Investment Program) will improve the quality and coverage of urban services in secondary towns and peri-urban areas surrounding Baku. It will benefit approximately 500,000 residents.</p> <p>The Investment Program has three components: (i) constructing water supply and sanitation (WSS) infrastructure to boost service coverage, quality, and reliability (Component A); (ii) developing institutional effectiveness, including management and governance (Component B); and (iii) instituting program management facilities to oversee program implementation and treatment of technical requirements such as those for environment and social safeguards and gender mainstreaming (Component C).</p> <p>Project 1 has three components: (i) Water Supply and Sanitation Infrastructure Development; (ii) Institutional Effectiveness; and (iii) Establishment of Program Management Facilities at Project Management Offices (PMOs) of AzerSu and SAWMA to Oversee Program Implementation.</p>	

Project Rationale and Linkage to Country/Regional Strategy	<p>Following the dissolution of the Soviet Union, the quality and efficiency of water service delivery declined in Azerbaijan, due to poor management and inadequate investments. The existing WSS system is over 50 years old. Water supply sources are in a poor state of repair, and other modes of supply (e.g., through private vendors) are expensive and/or unreliable. Water treatment facilities in secondary and small towns are either absent or largely dysfunctional. Despite an 83% piped-network coverage rate in these towns, the majority of residents do not have access to safe drinking water. The sewage system is in even worse condition. Pipes are broken or clogged with silt and debris, and wastewater is discharged into ditches or the nearest watercourses. Poor sanitation and leaking sewers create serious health risks and environmental hazards.</p> <p>Insufficient and unreliable infrastructure and services are adding to household costs and are diminishing the quality of life in secondary towns. An intensive program of reforms and organizational development targeting service delivery bodies, coupled with long-term capacity programs and investments, is now needed to meet the targets under the state program on poverty reduction and sustainable development for 2008 2015. These actions are also needed to ensure 24-hour water supply and 80% 85% coverage in secondary towns.</p> <p>A set of sequenced reform actions and sector investments will bring improvements in service delivery. The Investment Program responds to these needs by adopting a long-term and holistic approach in improving institutions, capacities and systems, and service delivery.</p>
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Impact	Improved public health and environment in participating towns
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Project Outcome

Description of Outcome	Improved coverage, and the continuity and quality of water supplies and wastewater disposal in participating towns.
Progress Toward Outcome	Works for water supply and sewerage networks in Nakhchivan and Goychay were successfully completed.

Implementation Progress

Description of Project Outputs	<p>A. Water and Sanitation Infrastructure Rehabilitated and Improved</p> <p>A.1 Reconstructed, and expanded existing piped-water supply systems, water works, and treatment facilities in participating towns</p> <p>A.2 Water quality monitoring system developed</p> <p>A.3 Rehabilitated, replaced and expanded sewerage networks</p> <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>C. Program Management Facility established providing effective support to AzerSu, SAWMA, and JSCs</p>
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Status of Implementation Progress (Outputs, Activities, and Issues)	Achieved
	Achieved. Tariff was updated in 2016, however this is not done annually
	Ongoing
	Goychay WSS, Nakhchivan WSS and Nakhchivan WTP works fully completed;
	140 km of water supply lines in Goychay and Nakhchivan installed;
	100% of the population in the project areas were connected to the water network
	NRW reduced to less than 25% as targeted
	Completed
	Ongoing
	Achieved
	Achieved
	Ongoing
	Achieved
	Achieved
	Achieved
	Monitoring of water quality undertaken on regular basis
Geographical Location	Completed. 122 km of sewer lines constructed
	Achieved
	Not implemented
	Ongoing
	Twinning partnership program finalized between SAWMC and Aguas de Portugal under Tranche 2 of the MFF, supplemented by the procurement of specialized WSS maintenance equipment under Tranche 1.
	Completed. 1,300 households connected to the sewerage system as originally planned
Baku, Goycay, Nakhchivan	

Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	<p>The provision of potable piped-water supply and wastewater collection and treatment will improve the environment in each participating town. The designs involve simple, appropriate, low-cost technology and do not pose any significant adverse environmental consequences. The tranche 1 project has been categorized as B under ADB's Environment Policy (2002). Potential negative environmental impacts for each project are mainly short term during the construction period and can be minimized by the proposed mitigation measures and environmentally sound engineering and construction practices. An environmental assessment and review framework, prepared following ADB procedures (Appendix 13 and Supplementary Appendix G), follows the environmental assessment and review procedures in ADB's Environmental Assessment Guidelines (2003). The EAs will prepare initial environmental examinations for each project, as appropriate. The examination for the tranche 1 project shows no significant adverse environmental impacts (Appendix 14 and Supplementary Appendix H). As these examinations, including environment management plans, were prepared based on field reconnaissance survey and secondary reports, they will be updated during the detailed engineering design stage. The design and environment consultant will prepare contract-level and site-specific plans based on the updated and final environmental management plan. This will form the basis for issuance of bidding documents, and the environmental requirements will be reflected in the contractors' contracts. The contract-level and site-specific environmental management plan will guide the contractors during construction and will also assist the supervision consultant in tracking the contractors' implementation progress. The 2 EAs (AZERSU and SAWMC) regularly submit bi-annual environmental monitoring reports.</p>
Involuntary Resettlement	<p>Temporary impacts were identified on the Goychay subproject. The Government prepared the necessary Land Acquisition Resettlement Plan (LARP). The initial LARP was reviewed and approved by ADB which was posted in the ADB's website on 25 July 2012. The Government, based on the Ministry of Finance's review, requested to revise the LARP and re-submitted the same to ADB on 24 December 2012. The latest LARP was posted in the ADB's website on 26 December 2012. Azersu submitted in April 2013 the Goychay LARP completion report. The completion report was disclosed in the ADB website on 10 May 2013. (AZERSU).</p>
Indigenous Peoples	<p>The Project has no impacts on indigenous people.</p>

Stakeholder Communication, Participation, and Consultation

During Project Design	<p>Extensive consultations have been undertaken with stakeholders, including project towns, nongovernment organizations (NGOs) and community-based organizations, elected representatives, administrative departments, rayon (town) administrations, and representatives of various government ministries. Meetings, focus group discussions with NGOs, and structured interviews were undertaken with stakeholders.</p>
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Extensive consultations have been undertaken with stakeholders including affected persons (emphasizing women and the disadvantaged), beneficiary communities, NGOs and community-based organizations, elected representatives, administrative departments, rayon administrations, and representatives of various government ministries. Meetings, focus group discussions, public awareness campaigns, and structured interviews were undertaken with stakeholders to enable transparency of project works and operations.

During Project
Implementation

To date, consultations were held with six sample project towns. The meetings involved municipal officials, elected representatives, NGOs, and a sample of randomly selected citizens (of which at least 50% were female). In these meetings, mayors and project engineers familiarized the towns with the designs. The towns' environmental concerns and ideas on improving the water and sanitation systems have been analyzed and incorporated where appropriate into the project designs and mitigation measures. All towns showed interest in participating in the town water users' associations to liaise with the program management facility and administrative officials to address any water- or wastewater-related concerns or issues. All public consultation notes are attached to the initial environmental examinations included as supplementary appendixes.

The consultation and participation plan comprises three distinct components: (i) the community awareness and participation program, (ii) hygiene and sanitation education program, and (iii) training program. A major feature of the proposed institutional development and capacity building component includes enabling SuKanals (town water supply and sanitation agencies) and joint stock companies to take a more participatory approach to water supply and sanitation development and service delivery. Implementation support has been developed, including the provision of a social development specialist within the executing agencies and provisions supporting the creation of town water users' associations.

Ongoing consultations and participatory monitoring will take the form of community forums or focus group discussions combined with annual surveys including disaggregated gender, internally displaced persons, refugee, and poverty surveys to notice effects on women and the disadvantaged. The media for this public information mechanism will include local television, newsletters, and community meetings.

Business Opportunities

Consulting Services	Consultants were recruited using ADB's quality-and cost-based selection procedures, and individual consultant selection procedures in accordance with ADB's Guidelines on the Use of Consultants (2010, as amended from time to time).
Procurement	All procurement under the MFF were carried out in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). International competitive bids were invited for water and sanitation works in Goychay and Nakhchivan.

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Timetable

Concept Clearance	07 May 2009
Fact Finding	03 May 2009 to 20 May 2009
MRM	07 Jul 2009
Approval	14 Oct 2009
Last Review Mission	-
PDS Creation Date	27 May 2009
Last PDS Update	02 Oct 2017

Loan 2571-AZE

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
14 Oct 2009	17 Dec 2009	17 Feb 2010	30 Jun 2013	30 Jun 2017	08 Nov 2017

Financing Plan

Loan Utilization

Total (Amount in US\$ million)			Date	ADB	Others	Net Percentage
Project Cost	100.00	Cumulative Contract Awards				
ADB	75.00	17 Jun 2022	74.20	0.00		100%
Counterpart	25.00	Cumulative Disbursements				
Cofinancing	0.00	17 Jun 2022	74.20	0.00		100%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

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