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Azerbaijan: Road Network Development Program - Tranche 1

Project Name

Road Network Development Program - Tranche 1

Project Number

39176-023

Country / Economy

- Azerbaijan

Project Status

Closed

Project Type / Modality of Assistance

- Loan

Source of Funding / Amount

Loan 2354-AZE: Road Network Development Program-Project I

| Source | Amount |
|---------------|---------------|
|---------------|---------------|

| | |
|----------------------------|---------------------|
| Ordinary capital resources | US\$ 190.00 million |
|----------------------------|---------------------|

Loan 2355-AZE: Road Network Development Program-Project I

| Source | Amount |
|---------------|---------------|
|---------------|---------------|

| | |
|------------------------|--------------------|
| Asian Development Fund | US\$ 10.00 million |
|------------------------|--------------------|

Strategic Agendas

- Inclusive economic growth
- Regional integration

Drivers of Change

- Gender Equity and Mainstreaming
- Governance and capacity development

Sector / Subsector

- **Transport** / Road transport (non-urban)

Gender

Some gender elements

Description

Project 1 of the Road Network Investment Program aims to develop an adequate, efficient, safe, and sustainable road network, linking the country domestically and internationally.

Project 1 has four components: (i) construction of about 22.1 km of a new expressway

between Masalli and Astara on the southern corridor, (ii) rehabilitation of local roads in the project area and along East-West highway, (iii) installation of four vehicle weighing stations in selected locations, and (iv) project support and capacity building for road network management.

Project Rationale and Linkage to Country/Regional Strategy

The road subsector is a priority area for ADB assistance, which is identified in its Country Strategy and Program Update for Azerbaijan.

Impact

Greater economic development in Azerbaijan and expanded trade with the neighboring countries.

Project Outcome

Description of Outcome

An efficient, safe, and sustainable southern road corridor from Baku.

Progress Toward Outcome

The final review mission was fielded on 28-30 Aug, 2017. The Section A of the road has been fully completed. The taking over certificate was issued on Aug 19, 2017

A review mission was fielded on 1-9 March 2017 to review the implementation progress of ongoing road works and agree with the government a time-bound action plan to improve the portfolio performance.

Cumulative progress for Section A is about 90.84% completed as of 27 February 2017. The four (4) weighbridge stations have been installed. Lenkaran Bridge was completed and the taking-over certificate was issued in September 2014.

ADB approved the governments request to extend Tranche 1 loan closing date to 28 September 2017 to fully complete the road works for Section A.

Implementation Progress

Description of Project Outputs

Section A of 4-lane expressway between Masalli and Astara on the southern corridor built, with access roads rehabilitated.

Road network management capacity strengthened

Status of Implementation Progress (Outputs, Activities, and Issues)

The mission facilitated communication between AYY and ALG consultant to reach agreement to reach final agreement on settling the long outstanding issue regarding

additional study for R6 road. The issue expected to be settled before closing date.

The original civil works contract for Section A with AzerinshaatService LLC was terminated on 14 October 2015 with about 66% completion of physical progress. The direct contracting with Kolin Insaat Turizm Sanayi ve Tic A.S. for the balance work was approved and contract was signed on 24 June 2016.

As of March 2017, 21.3 km out of the entire 22.1 km road section has completed all asphalt works and the paving of asphalt wearing course on the remaining 800 meter is ready to start once weather condition allows. The remaining works concerning mainly road furniture installations and few bridge approaches on the access roads are being carried out.

Cumulative progress for Section A is about 97.1% completed as of 30 June 2017. AAY exerting best efforts to achieve target.

The study on 'Legal and Regulatory Framework for Toll Roads' completed in Nov 2013 and the final report was submitted by the consultants in April 2014.

Geographical Location

Astara, Astara District, Boladi, Hirkan, Lankaran Rayon, Lenkeran, Lovan, Masally, Masally District, Peisar, Qamisovka, Sahagac, Siyavar, Suparibag, Toradi, Vel, Zovlya

Safeguard Categories

Environment

A

Involuntary Resettlement

A

Indigenous Peoples

C

Summary of Environmental and Social Aspects

Environmental Aspects

Project 1 of the Program is classified category A. An environmental impact assessment (EIA) was undertaken, and the summary environmental impact assessment (SEIA) circulated to the Board and publicly disclosed through the ADB website on 16 January 2007. The environmental assessment and review framework for the Program is included in the SEIA.

Involuntary Resettlement

Project 1 is classified Category A, because construction of the new expressway between Masalli and Astara entails significant land acquisition. The Resettlement Plan for the core subproject-Section A of the Masalli-Astara expressway (km 0-km 22.1)- was prepared and is in Supplementary Appendix E. The drafts of the resettlement framework and the Resettlement Plan for Section A of Project 1 are found satisfactory. The Ministry of Transport endorsed these two draft resettlement documents and

disclosed them to affected persons on 11 June 2007.

Indigenous Peoples

An assessment of impact on indigenous peoples was undertaken in accordance with ADB's Policy on Indigenous Peoples (1998). The Program will primarily affect Azeri people, though some scattered members of other ethnic groups-particularly Talysh-may be affected. As Talysh people have the same rights as other Azerbaijan groups and have been fully integrated into institutional, cultural, and economic processes in the country, they do not display sufficient features to classify them indigenous peoples. The Program is classified category C.

Stakeholder Communication, Participation, and Consultation

During Project Design

During the preparation of Project 1, extensive consultations were held with various stakeholders -- including representatives of central and local governments, civil society, local communities, the private sector, road users, and external aid agencies. The public consultation were held through meetings, interviews, surveys, group discussions, and written communications, with the participation of about 3,000 people. The results showed a high degree of public support for the Project. The design of Project 1 incorporated the views of stakeholders.

During Project Implementation

Active participation of stakeholders during implementation contributed to achieving considerable project impact. The strategy enabled raising stakeholders' awareness of the impacts, outcome, outputs and activities of the Project, using multiple methods such as public meetings, interviews, surveys, newspapers and local announcements.

Business Opportunities

Consulting Services

A total of 860 person-months (182 international and 678 national) of services from consulting firms will be required. This comprises (i) 766 person-months (146 international and 620 national) for construction supervision, project monitoring and evaluation, and preparation of Project 2; (ii) 70 person-months (30 international and 40 national) for strengthening the database for secondary roads; and (iii) 24 person-months (6 international and 18 national) for developing legal and regulatory frameworks and operational procedures for toll roads.

Procurement

ADB-financed goods and services were procured according to ADB's Procurement Guidelines (2007, as amended from time to time). International competitive bidding procedures will be followed for contracts with an amount above \$3 million for civil works and at least \$1 million for goods. National competitive bidding will be conducted under Azerbaijan's legislation on state procurement, subject to modification and clarification set forth in the individual loan agreements.

Contact

Responsible ADB Officer
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Responsible ADB Department

Central and West Asia Department
 Responsible ADB Division
 Azerbaijan Resident Mission (AZRM)
 Executing Agencies
Ministry of Transport
State Agency of Azerbaijan Automobile Roads

Timetable

Concept Clearance
 09 Nov 2006
 Fact Finding
 09 Nov 2006 to 22 Nov 2006
 MRM
 22 Jun 2007
 Approval
 04 Oct 2007
 Last Review Mission
 -
 PDS Creation Date
 12 Jan 2007
 Last PDS Update
 02 Oct 2017

Funding

Loan 2354-AZE

Milestones

| Approval | Signing Date | Effectivity Date | Closing | | |
|-------------|--------------|------------------|-------------|-------------|-------------|
| | | | Original | Revised | Actual |
| 04 Oct 2007 | 15 Jan 2008 | 03 Mar 2008 | 30 Jun 2010 | 28 Sep 2017 | 12 Jan 2018 |

Financing Plan

Total (Amount in US\$ million)

| | |
|--------------|--------|
| Project Cost | 239.00 |
| ADB | 190.00 |
| Counterpart | 49.00 |
| Cofinancing | 0.00 |

Loan Utilization

| | Date | ADB | Others | Net Percentage |
|----------------------------|-------------|--------|--------|----------------|
| Cumulative Contract Awards | 17 Jun 2022 | 173.08 | 0.00 | 100% |
| Cumulative Disbursements | 17 Jun 2022 | 173.08 | 0.00 | 100% |

Loan 2355-AZE

Milestones

| Approval | Signing Date | Effectivity Date | Closing | | |
|-------------|--------------|------------------|-------------|-------------|-------------|
| | | | Original | Revised | Actual |
| 04 Oct 2007 | 15 Jan 2008 | 03 Mar 2008 | 30 Jun 2010 | 28 Sep 2017 | 30 Apr 2018 |

Financing Plan

Total (Amount in US\$ million)

| | |
|--------------|-------|
| Project Cost | 10.00 |
| ADB | 10.00 |
| Counterpart | 0.00 |
| Cofinancing | 0.00 |

Loan Utilization

| | Date | ADB | Others | Net Percentage |
|----------------------------|-------------|------|--------|----------------|
| Cumulative Contract Awards | 17 Jun 2022 | 9.79 | 0.00 | 100% |
| Cumulative Disbursements | 17 Jun 2022 | 9.79 | 0.00 | 100% |

Project Page <https://www.adb.org/projects/39176-023/main>

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