



# Azerbaijan: Power Distribution Enhancement Investment Program - Tranche 1

Project Name	Power Distribution Enhancement Investment Program - Tranche 1		
Project Number	42401-015		
Country / Economy	Azerbaijan		
Project Status	Closed		
Project Type / Modality of Assistance	Loan		
Source of Funding / Amount	<div>Loan 3407-AZE: Power Distribution Enhancement Investment Program - Tranche 1</div> <div>Ordinary capital resourcesUS\$ 250.00 million</div>		
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development		
Sector / Subsector	Energy / Electricity transmission and distribution - Energy efficiency and conservation		
Gender	Some gender elements		
Description	The Power Distribution Enhancement Investment Program (the investment program) aims to support the government's efforts in providing reliable and efficient power supply to meet its growing energy needs for inclusive development, especially in secondary cities and rural areas. Through rehabilitation and augmentation of the power distribution network throughout the country, the investment program will improve power supply reliability and efficiency, and support the improvement of operational and financial performance of the state-owned power distribution company, Azerishiq Open Joint-Stock Company (OJSC).		
Project Rationale and Linkage to Country/Regional Strategy	A multitranche financing facility (MFF) is proposed for the Investment Program, which will allow ADB to establish a stronger long-term partnership with the government meeting its development goals, support energy sector reform, improve energy policies, and strengthen governance and capacities. The Investment Program has the following key benefits: (i) support to the government in achieving its strategic development targets, (ii) introduction of modern technology and improvements in energy efficiency, (iii) support to Azerishiq OJSC to improve corporate governance and transparency, (iv) knowledge and skills transfer via the training of power utility staff to international standards in the implementation of the latest technology, and (v) improving electricity supply service quality and enhancing productivity of small- and medium-sized enterprises. The investment program will benefit 1.45 million customers, of which 60% are residential customers.		
Impact	increased availability of reliable electricity supply to all domestic consumers.		
Project Outcome			
Description of Outcome	improved efficiency and reliability of the power distribution networks.		
Progress Toward Outcome	All works on distribution lines, installation of CTS and meters are completed.		
Implementation Progress			
Description of Project Outputs	Distribution network including distribution lines and substations rehabilitated, augmented, and functional Customer services lines rehabilitated and smart meters installed and operational Institutional capacity improved and corporate reform achieved		
Status of Implementation Progress (Outputs, Activities, and Issues)	Rehabilitation of distribution network, distribution lines & substations completed. Rehabilitation of customer services lines & installation of smart meters completed. Various trainings are ongoing for the capacity building of EA.		
Geographical Location	Nation-wide		
Safeguard Categories			
Environment	B		
Involuntary Resettlement	B		
Indigenous Peoples	C		
Summary of Environmental and Social Aspects			
Environmental Aspects	No major environmental safeguards issues envisaged. Initial environmental examination (IEE) reports including an environmental management plan have been prepared.		
Involuntary Resettlement	Minimal land acquisition and resettlement (LAR) or livelihood impacts may be expected for rehabilitation works requiring the construction of distribution lines and substations. A LAR framework and a due diligence report have been prepared.		
Indigenous Peoples	No indigenous peoples will be affected.		
Stakeholder Communication, Participation, and Consultation			
During Project Design	Consultations will be undertaken with affected people with respect to involuntary land acquisition and resettlement and IEE findings will be made available to the interested parties. In addition, consultation will be undertaken with relevant stakeholders.		
During Project Implementation	field investigations, surveys, and stakeholder consultations		

Business Opportunities	
Consulting Services	supervision consulting firm will be recruited using the quality- and cost-based selection (QCBS) method, in accordance with ADB's Guidelines on the Use of Consultants (2010, as amended from time to time) to assist the EA to implement the project.
Procurement	To ensure the project administration efficiency, governance, and integrity, the Project will be implemented through a plant design, supply, and install (turnkey) contracting approach. International consulting firms were engaged to facilitate the project preparation and implementation. The project feasibility studies and preliminary technical design were already completed. The bidding documents are under preparation and expected to be completed by the first quarter 2012. The indicative procurement methods for the main work will be international competitive bidding, in accordance with ADB's Procurement Guidelines (2010, as amended from time to time).
Responsible ADB Officer	Tareen, Adnan
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Energy Division, CWRD
Executing Agencies	Azerishiq OJSC NAMIQ.ORUC@BES.AZ 13, A. Bakikhanov Street AZ1065 Baku, Azerbaijan

Timetable	
Concept Clearance	-
Fact Finding	-
MRM	11 Dec 2015
Approval	19 Jul 2016
Last Review Mission	-
Last PDS Update	27 Sep 2018

## Loan 3407-AZE

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
19 Jul 2016	22 Jul 2016	02 Sep 2016	30 Jun 2019	-	31 Dec 2019

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	325.00	Cumulative Contract Awards			
ADB	250.00	17 Jun 2022	249.97	0.00	100%
Counterpart	75.00	Cumulative Disbursements			
Cofinancing	0.00	17 Jun 2022	249.97	0.00	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Project Page	<a href="https://www.adb.org/projects/42401-015/main">https://www.adb.org/projects/42401-015/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=42401-015">http://www.adb.org/forms/request-information-form?subject=42401-015</a>
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