



Completion Report

Project Number: 46130-001
Technical Assistance Number: 8152
September 2017

Azerbaijan: Baku Sustainable Urban Transport Investment Program

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TA Number, Country, and Name:			Amount Approved: \$925,000		
TA 8152-AZE: Baku Sustainable Urban Transport Investment Program			Revised Amount: \$1,775,000		
Executing Agency: Ministry of Transport		Source of Funding: TASF-OTH: \$925,000 UFPF: \$120,000 CCF: \$730,000		Amount Undisbursed: \$144,521.42 \$0.00 \$30,987.22 \$175,508.64	Amount Utilized: \$780,478.58 \$120,000.00 \$699,012.78 \$1,599,491.36
Implementing Agencies: Azerbaijan Railways OJSC BakuBus LLC		Total: \$1,775,000			
TA Approval Date: 6 September 2012	TA Signing Date: 3 October 2013	Fielding of First Consultants: 21 October 2013		TA Completion Date Original: 30 June 2014 Actual: 31 Dec. 2015 Account Closing Date Original: 30 Dec. 2014 Actual: 30 April 2016	
Description The sustained economic growth and urban development, coupled with rising car motorization, have increased mobility in Baku and are overstressing the urban transport system of the capital city of Azerbaijan. With an estimated car ownership of 200 vehicles per 1,000 inhabitants in Baku, the car fleet quadrupled since the early 1990s. Congestion is currently experienced at traffic peak periods on all the city's major arteries and causes severe road safety, air pollution, and related health concerns. In addition, the urban road network is insufficient and poorly maintained. The Government of Azerbaijan requested ADB to provide technical and financial support to help improve the UTS in Baku. ADB approved the concept paper and PPTA on 6 September 2012 for \$1,050,000, of which \$925,000 is financed on a grant basis through ADB's TASF-Others. MOT and BMC were the two envisaged executing agencies.					
Expected Impact, Outcome, and Outputs The expected impact of BSUTIP was an improved urban environment in Baku to sustain economic growth. The expected outcome was an improved and integrated UTS in Baku. The expected outputs were (i) urban transport infrastructure constructed, renovated and modernized in Baku; and (ii) institutional and management capacity of stakeholders of Baku's UTS improved and strengthened. The expected outputs of the PPTA included (i) the roadmap, investment plan, policy reform framework, and other components of the investment program; (ii) the preliminary design and due diligence for each subproject to be financed under the first tranche of the MFF; and (iii) advance procurement activities.					
Delivery of Inputs and Conduct of Activities <i>EA's Performance.</i> Unsatisfactory. The implementation of the PPTA suffered from (i) fragmentation of Baku's UTS institutional and organizational framework; (ii) lack of political will and support to proposed reforms and changes; (iii) weak commitment and ownership from MOT. If MOT and BMC initially expressed sound interest in ADB's proposed assistance, contradictory guidance from superseding Ministries such as MOF and COM weakened initial expectations and resulted into significant revisions to the project scope and TOR of the consultants during PPTA implementation: (i) In its letter of 20 June 2013, COM requested to exclude metro-related subprojects and to focus on ground transportation only, which contributed to delay the TA signing. BMC, initially envisaged as the second executing agency, went under structural reform and reorganization, and was excluded from the implementation arrangements. (ii) In April and August 2014 (formalized in its letter of 10 December 2014), MOF requested ADB to focus its assistance on Baku's bus network reorganization and support the newly established company, BakuBus. The objective was to restructure and optimize the city-center bus network through redefinition of routes, fare integration, and improved quality of service, in sight of the first European Olympic Games held in Baku in June 2015. Such request being an addition to the initial PPTA scope, the ADB project team sought additional funds from internal trust funds and managed to secure such funding from UFPF and CCF. Those two increases in PPTA amount and change in scope and implementation arrangements were approved by ADB's management through Memos dated 24 October 2014 and 15 December 2014, to allow the PPTA team to conduct the requested additional activities under the BBNOP. (iii) Based on an assessment of the current situation and multi-modal transport modeling, the roadmap and a list of 31 subprojects were presented and proposed to be financed under the investment program in July 2014, addressing road network, traffic management, parking, public transport, intermodality, non-motorized transport, and institutional reforms. Due to lack of support from superseding Ministries, MOT in its letter of 12 September 2014 selected only one priority subproject for implementation, the BSCRSP. ARC was appointed as the implementing agency. Overall, it took the government one year to sign the TA Letter, and further delays were incurred during implementation due to the overall lack of ownership and requested changes in scope. Thus, the PPTA's completion date was extended thrice resulting to a cumulative extension of more than 1.5 year, from the original closing date of 30 June 2014 to the final revised date of 31 December 2015.					
<i>Consultant Performance.</i> Satisfactory. Despite these challenging circumstances, consultants had satisfactory performances as the team managed to complete all activities under their TOR with the required quality, including baseline data collection through traffic and public transport surveys, multimodal transport demand modelling, identification of relevant subprojects and preparation of selected subprojects. The team also demonstrated flexibility and responsiveness to the client's needs as					

they produced, in addition to their original assignment, a feasibility study for BBNOP. They also went beyond their initial TOR to conduct capacity building and trainings on BRT planning, and waste-to-fuel technology.

ADB's Performance. Satisfactory. The project team undertook timely recruitment of the consultants who were fielded soon after TA signing. Regular review missions were then organized to provide guidance to MOT and the consultants during PPTA implementation. Through aide memoires and back-to-office reports, the missions highlighted MOT's lack of commitment and expressed their concerns over MOT not providing required logistical support and data, feedback and comments on the consultant's deliverables, and guidance and decisions on proposed options. However, the project team remained responsive to the government's requests and did its best to accommodate required changes in scope.

Evaluation of Outputs and Achievement of Outcome

The consultants delivered most PPTA outputs, including:

- Output 1 - Baku Urban Transport Sector Roadmap, including a policy and reform framework, and an investment plan.
- Output 2 – (i) preliminary design and due diligence for BSCRSP; (ii) Baku Parking Strategy; and (iii) Baku Conceptual BRT Plan and Design.
- Output 3 – Advance procurement actions could not be delivered since no projects were selected for implementation.

All delivered outputs were of good quality and related projects, if implemented, could have served well for the achievement of the outcome. However, the PPTA did not materialize into an infrastructure project due to (i) the country's macro-economic situation, affected by budgetary constraints and foreign debt limitations caused by drop in oil price; and (ii) institutional changes and diminishing role of MOT. Shortly after MOT selected the BSCRSP for implementation and instructed ARC to oversee its preparation, MOF emphasized the need for ARC to undergo a strong reform agenda and become a profitable organization before it can start improving passenger services. ARC was then extracted from the jurisdiction of MOT and placed under COM. Its management was entirely replaced with different views and a focus on revenue generation. In parallel, Baku's UTS management was also removed from MOT and Baku Transport Agency was established to take over.

Overall Assessment and Rating

Partly successful. While the PPTA did not immediately result in the development of BSCRSP, BBNOP or BRT, due to reasons discussed earlier and outside the project control, it has enabled stakeholders to have a better understanding of Baku's UTS issues and solutions to solve them. The assistance to Baku Bus and the proposed reorganization of the city-center bus network led to several measures implemented at a later stage such as the use of dedicated contra-flow bus lanes. MOF expressed his appreciation for the overall technical assistance which highlighted good projects with strong social benefits, and requested that the proposed roadmap and projects under the PPTA be showcased at the ADB's 2015 Annual Meeting in Baku. The exhibition, which displayed a video and several panels detailing the content of the PPTA, was well received and demonstrated the added value of ADB's assistance in the urban transport sector.

Relevance: Relevant. It is aligned with the country development priorities and pertinent to ADB country strategy and STI; Efficiency: Efficient. The Project is efficient in terms of timing of recommendations and deliverables, given various changes in scope and initial lack of support from stakeholders.

Sustainability: Partially sustainable since the roadmap and proposed institutional reforms are likely to be pursued in the future.

Effectiveness: Not effective since the outcome is likely not to be achieved.

Major Lessons

Urban transport projects by nature are complex due to the large number of stakeholders. Institutional and organizational arrangements in the urban transport subsector are often fragmented, with many overlaps of responsibilities. A careful assessment of the institutional framework is necessary to understand the internal dynamics of the government, and identify the right executing and implementing agencies. The use of the MFF modality and its suitability also needs to be carefully assessed in the local context, as the broad project scope, planning and road mapping exercise and lack of projects clearly identified from the beginning resulted in the initial lack of interest and ownership from stakeholders. The dynamic changed only once a few concrete projects emerged and were taken up by various implementing agencies.

Recommendations and Follow-Up Actions

It would be useful to follow up on the recent reforms and reorganization of Baku's urban transport sector, and regularly consult with the newly established organizations, such as Baku Transport Agency, to see how ADB could position itself and provide a more targeted assistance.

ADB = Asian Development Bank, ARC = Azerbaijan Railways Company, BBNOP = Baku Bus Network Optimization Project, BMC = Baku Metro Company, BRT = bus rapid transit, BSCRSP = Baku-Sumgayit Commuter Rail Service Project, BSUTIP = Baku Sustainable Urban Transport Investment Program, CCF = climate change fund, COM = Cabinet of Ministers, MFF = multi-tranche financing facility, MOF = Ministry of Finance, MOT = Ministry of Transport, PPTA = project preparatory technical assistance, STI = Sustainable Transport Initiative; TASF = technical assistance special fund, TOR = terms of reference, UFPF = urban financing partnership facility, UTS = urban transport system.

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