



Azerbaijan: Water Supply and Sanitation Investment Program - Tranche 3

Project Name	Water Supply and Sanitation Investment Program - Tranche 3	
Project Number	42408-043	
Country	Azerbaijan	
Project Status	Active	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan 3079-AZE: MFF-WSS Investment Program Tranche 3	
	Ordinary capital resources	US\$ 150.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development	
Sector / Subsector	Water and other urban infrastructure and services - Urban sewerage - Urban water supply	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>Project 3 under the Investment Program is divided into two main subprojects benefitting the population of 50,573. The first subproject will improve the water supply and sewerage network in Aghjabedi town, whereas the second subproject will improve the same in peri-urban towns of Nakhchivan, namely , namely Qaracug, Qarahanbeyli, Bulgan, Haciniyyet and Tumbul, located south and southwest of Nakhchivan city.</p> <p>The main objectives of the subprojects are to (i) meet the demand for water by increasing the proposed volume at the consumer end to 147 liters per capita per day (lpcd) for domestic consumption and 29.4 lpcd for non-domestic consumption; (ii) increase the abstraction of water from the existing and new sources to meet water demand; (iii) improved water distribution network to provide between 90 to 100% of the households with safe and reliable water supply as compared to 32% in 2011; (iv) reduction of non-revenue water (NRW) to 10% of production through district/bulk metering; hydraulic zoning; leak detection and consumer metering.</p> <p>Under the Aghjabedi subproject, the investment in infrastructure would include improvement of the water intake facilities, water supply network, sewerage system as well as the administrative infrastructure. Specific activities will include: (i) rehabilitation of two existing bore wells and construction of 8 new bore wells; (ii) rehabilitation of the two existing reservoirs and construction of four new reservoirs; (iii) construction of sewage collecting system, pump stations, and effluent discharge pipelines, (iv) wastewater treatment plant and associated workshop office buildings. Under the Nakhchivan subproject, the construction of only water distribution and sewage collection networks is envisaged for peri-urban towns, as the water treatment plant and sewage treatment plant constructed under Project 1 and Project 2 respectively would also cater to the peri-urban towns of Nakhchivan. Overall, Project 3 includes construction of 266 km of water supply network, 8,000 cubic meters of storage reservoirs, 245 km of sewer lines, and a sewage treatment plant of 20 MLD capacity in Aghjabedi.</p>	

Project Rationale and Linkage to Country/Regional Strategy	The quality, coverage and reliability of water supply and sanitation infrastructure and services have not kept pace with the rapid growth of the economy and population of secondary towns in Azerbaijan. The deficiencies are adding to household costs and diminishing the quality of life of all the towns' population. Recognizing the need to overcome the current problems and constraints, the government's State Program on Poverty Reduction and Sustainable Development (SPPRS) for 2008-2015 committed to improve access to basic services and targets improved water supply and sanitation (WSS) coverage and service quality by 2015. This includes 100% coverage with 24-hour water supply in the capital city Baku and 80-85% coverage in Azerbaijan's secondary towns and villages. Sustainable environmental management, good governance and institutional effectiveness are also key strategic goals of the SPPRS. Delivering improved urban WSS services is a key priority of the government, as it is essential to improving the quality of life, attracting investment, and raising productivity and competitiveness. Recognizing the need to overcome the current problems and constraints, the government's State Program on Poverty Reduction and Sustainable Development (State Program) for 2008-2015 commits to improving access to basic services and targets improved WSS coverage and service quality by 2015. This includes 100% coverage with 24-hour water supply in the capital city Baku and 80-85% coverage in Azerbaijan's secondary towns and villages. Sustainable environmental management, good governance and institutional effectiveness are also key strategic goals of the State Program.
Impact	Improved public health and environment in participating towns of Aghjabedi and the peri-urban towns of Nakhchivan City (Qarahambeyli, Qaracuuq, Tumbul, Bulgan and Hacniyyet towns)

Project Outcome

Description of Outcome	Improved coverage, and the continuity and quality of water supply and wastewater disposal in Aghjabedi and the peri-urban towns of Nakhchivan City
Progress Toward Outcome	The project outcome is highly likely to be achieved, although the executing agency's commitment to fast track implementation of the Aghjabedi water supply and sanitation contract and bid out the Aghjabedi wastewater treatment plant is critical in order to fully meet the outcome in a timely manner.

Implementation Progress

Description of Project Outputs	A: WSS Infrastructure Rehabilitated and Improved Water supply and sewerage system efficiency improved through rehabilitation and replacement, and coverage expanded B. Institutional Effectiveness Capacity developed for better system planning, operations and maintenance
Status of Implementation Progress (Outputs, Activities, and Issues)	To be assessed. Civil works in Nakhchivan peri-urban is ahead of schedule. The water supply and sanitation package in Aghjabedi was awarded in June 2016. The Aghjabedi WWTP is yet to be procured in 2017. The loan became effective on 28 May 2015. Procurement of works and recruitment for consultancy are ongoing. Contract was awarded in June 2016. Assessment will be done after completion of civil works. Technology choice for wastewater treatment under discussion between Azersu and ADB. To be assessed after completion of civil works. The works for Nakhchivan peri-urban towns was completed 7 months ahead of schedule.
Geographical Location	Aghjabedi and Nakhchivan

Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	AZERSU and SAWMC endorsed the updated Environmental Assessment and Review Framework (EARF) for the Investment Program in November 2011. The environmental assessments conducted for Project 3 comply with the updated framework, which is being posted on ADB website on 21 August 2013. Project 3 is classified B based on the IEEs prepared for each of the two subprojects, as it will not have significant irreversible environmental impacts during or after construction. The contractors are required to refine and implement the environmental management plan prepared in the IEEs, which will also form an integral part of construction contracts.
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Involuntary Resettlement	AZERSU and SAWMC endorsed the updated Land Acquisition and Resettlement Framework (LARF) for the Investment Program in November 2011. Project 3 includes construction of water supply and sewerage network along existing road network and within the existing right of way. The land for boreholes, water intake, reservoirs and associated facilities in Aghjabedi town is owned by SuKanals and similarly land for the sewage pumping station in Nakhchivan is owned by the government. There is only 3.5 hectare privately land being acquired for construction of sewage treatment plant in Aghjabedi town. A land acquisition and resettlement plan (LARP) was prepared for the project in consultation with the displaced persons and measures to deal with temporary impacts during construction in all subprojects. The LARP was endorsed by AZERSU on 25 June 2013 and is posted on ADB website on 21 August 2013. Consequently, Project 3 is classified B. Any unanticipated impacts will be mitigated, based on the provisions of the LARF. AZERSU, with support from its IPMC, has sufficient institutional capacity for supervising and monitoring the LARP.
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Indigenous Peoples	The Project will have no expected impact on Indigenous People.
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Stakeholder Communication, Participation, and Consultation

During Project Design	The Project intends to maximize transparency by communicating relevant project information to stakeholders in various means. Consultations were carried out during the design of the WSS system and gender analysis was conducted to assess the needs and problems of men and women in relation to WSS services, with minimum 50% participation from women. Based on relevant available database on families, the design of the system ensured that maximum households headed by women, widows, the elderly, and single women are covered within the design limitation.
During Project Implementation	The main vehicle for civil society participation in the project is through mobilization of the Town Water User Associations. (TWUAs) The project will establish links between the two executing agencies, TWUAs, and local Non-Governmental Organizations to ensure community feedback provided by women will be delivered to EAs for improved services. A public outreach program to create local awareness on environmental and financial sustainability of the services and to keep the public informed of the project implementation schedule will also be conducted in each project area, with relevant information, education and communication (IEC). This activity is outlined in the project Gender Action Plan.

Business Opportunities

Consulting Services	Two consulting contracts for project management consultancy and two consulting contracts for project auditing will be bid out for the project by AZERSU and SAWMC.
Procurement	All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines. Tranche 3 loan includes: (i) two international competitive biddings (ICBs) for procurement of civil works for water supply and sewerage network in Aghjabedi and peri-urban towns in Nakhchivan; (ii) one ICB for procurement of civil works for sewage treatment plant in Aghjabedi. Bidders eligibility will be determined in accordance with ADB's Procurement Guidelines (March 2013, as amended from time to time). Accordingly, no bidder or potential bidder shall be declared ineligible for ADB financed contracts for any reason other than those set out in ADB's Procurement Guidelines. For goods or services funded by loans from ADB's Special Fund resources, payments are limited to goods produced in, and services supplied by, developed member countries that have contributed to such resources and all developing member countries.

Responsible Staff

Responsible ADB Officer	Shen, Lu
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Urban Development and Water Division, CWRD
Executing Agencies	<i>AzerSu JSC 67, Tbilisi av. Baku AZ1012, Azerbaijan State Amelioration & Water Management Committee of Nakhchivan Autonomous Republic NAXDMSTA@GMAIL.COM Khatai district, Nakhchivan City Nakhchivan Autonomous Republic Azerbaijan</i>

Timetable

Concept Clearance	-
Fact Finding	-
MRM	04 Sep 2013
Approval	05 Dec 2013
Last Review Mission	-

Loan 3079-AZE

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
05 Dec 2013	28 Nov 2014	28 May 2015	31 May 2018	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	203.39	Cumulative Contract Awards			
ADB	150.00	05 Dec 2013	116.60	0.00	78%
Counterpart	53.39	Cumulative Disbursements			
Cofinancing	0.00	05 Dec 2013	42.98	0.00	29%

Project Page <https://www.adb.org/projects/42408-043/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=42408-043>

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