



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 15-Sep-2020 | Report No: PIDC29798

**BASIC INFORMATION****A. Basic Project Data**

Country Azerbaijan	Project ID P174379	Parent Project ID (if any)	Project Name Regional Connectivity and Development Project (P174379)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Jan 11, 2021	Estimated Board Date Feb 15, 2021	Practice Area (Lead) Transport
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency State Roads Agency	

**Proposed Development Objective(s)**

To provide safe, efficient and climate resilient transport connectivity and improve market accessibility along the Salyan-Bilasuvar road corridor.

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

<b>Total Project Cost</b>	85.00
<b>Total Financing</b>	85.00
<b>of which IBRD/IDA</b>	65.00
<b>Financing Gap</b>	0.00

**DETAILS****World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	65.00
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**Non-World Bank Group Financing**

Counterpart Funding	20.00
Borrower/Recipient	20.00



Environmental and Social Risk Classification

Substantial

Concept Review Decision

Track II-The review did authorize the preparation to continue

## B. Introduction and Context

### Country Context

1. **Azerbaijan’s economic advancement since the early 2000s has been remarkable, mainly driven by a rapid increase in oil and gas production in the country and high prices for hydrocarbons.** The economic growth was particularly robust between 2001-2010 averaging 15% but fell substantially in the following decade to approximately 1 % on average due to volatility of oil prices. Over the medium-term, Azerbaijan’s economy will continue to be dominated by the hydrocarbon sector, with oil extraction expected to decline gradually and gas production to rise significantly. The strategy of the Government of Azerbaijan (GoA) envisages transformation from a resource-oriented to a diversified, globally integrated and innovation-led competitive economy. Longer-term growth would require the country to be successful in diversifying away from the oil sector as articulated in the Government’s development strategy, “*Azerbaijan: Vision 2020*”<sup>1</sup>. The objective is to become a diversified country through the development of human and physical capital and institutions. On physical capital, a key focus area is in the transport sector with an objective to improve connectivity by developing the main transport corridors and linking regional and local roads.

2. **The economic growth outlook of Azerbaijan is clouded by the dual shocks of the COVID-19 pandemic and the associated oil price decline.** With oil prices averaging around \$45/barrel in the first half of 2020, GDP growth is projected to contract in 2020 before rebounding in 2021–22, as the shocks disperse. These shocks harm the economy through adverse impacts on industries and jobs, reduced trade and financial flows, deteriorating consumer confidence, and restrictions introduced to contain the spread of disease. On the fiscal side, low oil prices will impact public expenditures. In such conditions, critical objectives of the government are to support negatively affected industries and households, particularly the bottom 40 percent, along with efforts to contain the pandemic.

3. **Since independence, development of the oil and gas sectors have given Azerbaijan new means of combating poverty and supporting the economic well-being of citizens.** Azerbaijan’s GDP per capita rose from a post-independence low of just US\$470 in 1995 to \$4,814 in 2019<sup>2</sup>. The economic growth in Azerbaijan along with social transfers, and especially pensions and targeted social assistance<sup>3</sup>, played an important role in reducing poverty from 49 percent of the population in 2002 to 5.1 percent in 2018<sup>4</sup>. Unemployment in Azerbaijan stands at about five percent while the disparity in labor force participation rate between women (54 percent) and men (75 percent) remains an area of concern<sup>5</sup>. Although the country is rapidly urbanizing, 47% of the population continue to reside in rural areas. Like in many other developing countries, poverty in Azerbaijan is concentrated in non-urban areas and there is a disparity in income between urbanized and rural areas.

<sup>1</sup> [https://azertag.az/sites/default/files/Bolmeler/Siyaset/DEVELOPMENT%20CONCEPT\\_en.pdf](https://azertag.az/sites/default/files/Bolmeler/Siyaset/DEVELOPMENT%20CONCEPT_en.pdf)

<sup>2</sup> WDI, Macro Poverty Outlook.

<sup>3</sup> Almost two thirds of households receive some form of social transfer.

<sup>4</sup> State Statistics Committee of Azerbaijan, [https://www.stat.gov.az/source/budget\\_households/?lang=en](https://www.stat.gov.az/source/budget_households/?lang=en)

<sup>5</sup> “Improving Employment Outcomes in Azerbaijan”, Working Paper, Washington, D.C., World Bank, 2019.



4. **The project is located within a lagging region of the country.** In this region, the welfare and living standards of the population are below the average standards in the country and have not fully recovered after flooding in 2010. The project area, comprising the rayons of Salyan and Bilasuvar in the Aran economic region, has a population of about 250,000 of which 70% live in rural areas. Despite the improvements of recent years, rural areas in the Aran region still suffer from a lack of well-paying jobs and business opportunities and insufficiency of infrastructure and services. Nominal average monthly wages in Aran economic region are about 40 percent lower than country average in the first quarter of 2020, while nominal per capita income of population in this region was the lowest<sup>6</sup> in the country. A significant part of the population in the region remain socially vulnerable and at risk of falling into poverty.

#### Sectoral and Institutional Context

5. **Since the middle of the last decade (2005), modernizing the road transport system has been a key development priority of the GoA.** The condition of the road network was poor at the time of the collapse of the Soviet Union in 1991, and further deteriorated during the first years of independence due to economic problems, political instability, and lack of maintenance. Improved economic conditions and financial capabilities in the early 2000's enabled the Government to launch major investments to improve the road network. Implementation of a comprehensive road sector development program has enabled growth and supported the Government's agenda to diversify its economy and stimulate non-oil growth by improving access to domestic and international markets and promoting regional development. Resumed economic growth has also increased demand for road transportation services. The Government's ongoing development strategy "Azerbaijan: Vision 2020" and the "Strategic Roadmap for Logistics & Trade Development in Azerbaijan" both emphasize the importance of transport connectivity in establishing a competitive, diversified, and sustainable economic system in the country.

6. **Roads are the dominant transport mode in Azerbaijan and their role in the economy continues to increase.** Between 2008 and 2018, the share of freight transport by road increased from 48% to 65%; and passenger transport by road increased from 83% to 88%<sup>7</sup>. During the last twenty years the increase in the number of motor vehicles in Azerbaijan has averaged about 12.5% per annum, and traffic on major road corridors has increased substantially. To sustain the important role of road transport in the economy, the GoA wishes to enhance its focus on the capacity and quality of the road network to ensure higher mobility, reliability, and safety.

7. **GoA embarked on a major highway reconstruction program in the early 2000s.** This started with improvements to the East-West corridor (M2 Baku-Alat-Gazakh-Georgian border highway and M4 Baku-Shamakhi-Yevlakh highway) and North-South corridor (M1 Baku-Guba-Russian border highway and M3 Alat-Astara-Iranian border highway). In parallel, rehabilitation works for other highways (M category roads) were launched. The completion of the program to reconstruct and rehabilitate all M category roads is scheduled for 2021. While the upgrading of the highways is close to completion, reconstruction of lower road networks, and particularly the tertiary or local roads (Y roads), is still underway. As indicated in Table 1, by the end of 2019, the share of secondary roads in good and fair condition exceeded 83%, but the same indicator for local roads reached only 47%<sup>8</sup>. The condition of the secondary and local roads in some regions is one of the key road sector development gaps that the proposed Project will address.

<sup>6</sup> Based on the Azerbaijan State Statistics Committee data, the nominal per capita monthly income in the Aran region in 2018 was 256.8 AZN (about US\$150)

<sup>7</sup> State Statistics Committee of Azerbaijan, <https://www.stat.gov.az/source/transport/>

<sup>8</sup> ASAAR, road condition survey results classified by International Roughness Index (IRI)



**Table 1 - Condition of the Road Network in Azerbaijan<sup>9</sup>**

Road Class	Condition of Roads					Percentage of Roads in Maintainable Condition
	Very Good	Good	Fair	Poor	Bad	
M (Magistral Roads, km)	362	504	920	75	35	94.2%
R (Secondary Roads, km)	148	757	599	143	150	83.7%
Y (Tertiary Roads, km)	553	1038	1070	916	2074	47.1%
<b>Total (km)</b>	<b>1063</b>	<b>2299</b>	<b>2590</b>	<b>1134</b>	<b>2259</b>	<b>63.7%</b>

8. **The Azerbaijan State Agency for Automobile Roads (ASAAR)** was established in 2017 as a public entity responsible for the management of the highway and secondary road network, as well as key local roads; and reports directly to the President and Cabinet of Ministers. ASAAR manages major road construction centrally and uses its regional entities to carry out maintenance activities. In 2007, the Government reinstated the Road Fund as the account in the state budget to accumulate revenues from road user charges<sup>10</sup> and channel them for routine and periodic maintenance for the main road network. According to the current annual state budget, in 2020, the Road Fund is expected to collect funds amounting to about US\$ 190 million.

9. **Government financing for development and maintenance of the road infrastructure since the start of the road network renovation program has exceeded US\$ 10 billion.** The World Bank (WB) has supported the Government’s road sector program with three highway projects<sup>11</sup>, with a total investment of about US\$1.1 billion since 2001. The Bank cooperates with other development partners, such as the Asian Development Bank (ADB) and the European Bank for Reconstruction and Development (EBRD), which are also supporting the road sector of Azerbaijan through large-scale investment operations.

<sup>9</sup> Based on measurement of the road network condition in 2019, which included 1896 km of M roads (15km of M network was not covered), 1797 km of R roads (12km of R network was not covered), and 5651 km of Y roads (4299km of Y network was not covered). Total road network under the ASAAR currently includes 13671 km (1,911 km of M roads, 1,809 km of R roads, and 9,950km of Y roads).

<sup>10</sup> These mostly include revenues from road tax, vehicle registration fees, vehicle annual license fees, vehicle import excise taxes, international transit fees, and cargo and passenger transportation fees.

<sup>11</sup> Highway Project, P040716 (US\$40 million), Second Highway Project, P09448 (US\$675 million), Third Highway Project, P118023 (US\$381.6 million)



10. **Road Safety can be improved in Azerbaijan.** Currently Azerbaijan has more fatalities from road crashes than many other countries in the wider region. See Figure 1<sup>12</sup> which compares fatalities per 100,000 population in 2017 with those in Europe and the Eastern Partnership countries<sup>13</sup>. Substantial state investment in road infrastructure has brought benefits in terms of more efficient traffic management, and these measures have played an important role in reducing road traffic crashes in Azerbaijan in recent years, but further improvement is needed. The government wishes to ensure that high quality technical standards are applied to improve roads and traffic safety.

11. **Modernization of the road assets in Azerbaijan was accompanied by institutional improvements.** However, the pace of institutional improvements, so essential for modernization of the road sector, such as establishing effective asset management practices, ensuring financial sustainability, and enhancing the road safety framework, have not kept pace with the road investments. Nevertheless, important progress has been made in some areas in recent years. The WB financed Third Highway Project<sup>11</sup> (THP) supported the establishment of an effective maintenance system for the motorway network. Between 2012-2019, the government efforts resulted in the reduction of road accident fatalities in the country by about 30%<sup>14</sup>. In 2018, the President of Azerbaijan approved a comprehensive and reform-oriented State Road Safety Program for 2019-2023, which was initiated under the WB financed Second Highway Project<sup>11</sup>. Meanwhile, EBRD and ADB have provided financing for technical assistance (TA) across a range of areas, including road maintenance for secondary and local roads, and capacity building for road agency personnel.

12. **Despite the progress made so far, the establishment of effective technical and institutional frameworks for road network operation and management is still work in process.** The Road Fund has insufficient resources for road maintenance, and additional revenue is needed to address the maintenance backlog and to improve financial sustainability of the sector. GoA is interested in adopting user pays principles and introducing road user charges, as a means to improve financial sustainability. In parallel, GoA wishes to reduce the rate of deterioration of the road network, and recognizes that operational efficiencies could be improved through better enforcement of axle load controls.

13. **Climate change and hazard impacts are expected in the project area.** Temperatures are expected to increase in the project area, based on records in Baku, where summer temperatures have increased by up to 3.2 degrees Celsius over the last fifty years<sup>15</sup>. The parts of Azerbaijan at greatest risk of floods are in the central and south-eastern, which encompasses the project region. The project region projected increases in precipitation is likely to exacerbate flood risk, which is already occurring. There is an estimated 10 percent chance of potentially damaging earthquakes in the project area in the next 50 years. Climate change and earthquake may alter slope and soil stability through changes in precipitation

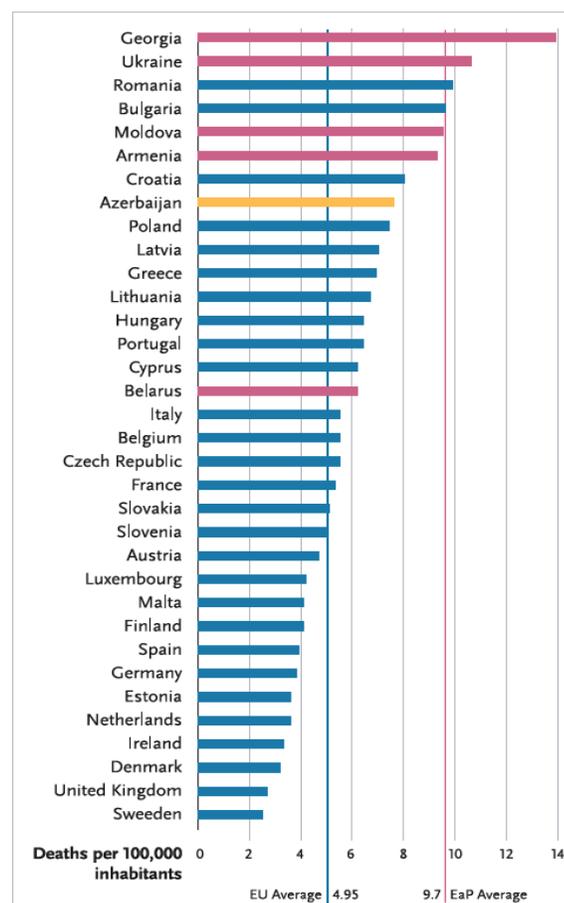


Figure 1 - Road Crash Data Comparison

<sup>12</sup> Road Safety Overview Azerbaijan. World Bank Group and the European Union Eastern Partnership.

<sup>13</sup> Eastern Partnership countries include Azerbaijan, Georgia, Armenia, Moldova, Ukraine, Belarus.

<sup>14</sup> State Statistics Committee of Azerbaijan

<sup>15</sup> Climate and Disaster Risk Screening Report for the project.



and/or temperature, which may increase susceptibility to landslide. It is estimated that there is 50 percent chance of weather that could support wildfires in the project area, and climate projections indicate a likely increase in the severity of fire, although the consequences of fire on connectivity is likely to be of short duration with low damage impact on the roads. Overall, the impacts on the project's physical infrastructure and assets is rated as moderate, since projections indicate rising temperatures, some probability of increased flooding in the project area, and a moderate risk of geo-hazard.

14. **The project will address climate vulnerability.** Engineering design standards and appropriate quality materials will be applied and designed-in to provide improved resilience to flooding, erosion, fire hazards, and landslides. Further, rehabilitation of the project roads will provide additional redundancy to the road network in this area, by providing an alternative road. The main route for north-south traffic is the new M3, whereas the project road is the old M3, which is being rehabilitated to provide better connectivity and access for local area traffic. In an emergency situation, either route may be used for diverted through traffic. See clause **Error! Reference source not found.** for a description of the adaptation co-benefits expected to be allocated to specific project activities.

15. **As a key policy, the Government is targeting development of regions and the revitalization of rural economies to help bridge the rural-urban divide.** Spatial disparities persist in Azerbaijan with growth centered largely in and around Baku. Rural areas are lagging behind despite hosting a significant share of the population<sup>16</sup>. Agriculture employs 38 percent of the entire work force while generating only 6 percent of GDP. Rural areas are beset by two mutually reinforcing trends - the lack of both meaningful employment opportunities and sustainable business activity, and inadequate infrastructure and services. The recent economic shocks put particular pressure on the livelihoods and incomes of vulnerable population groups in the less developed regions, and COVID-19 is expected to further exacerbate this situation. The lack of viable employment leads to migration of population, particularly young people from rural to urban areas. Women's employment is mostly concentrated in the low-paid sectors. Thus, in 2015, the PPP GNI<sup>17</sup> for women in Azerbaijan was less than half of that for men.<sup>18</sup> About 42 percent of female jobs are currently in agriculture, the largest sector for the employment of women, followed by services<sup>19</sup>. Agriculture and services are also considered as crucial sectors for the diversification of the economy, improving efficiencies and generation of jobs.

16. **There have been lessons learnt from recent experience under the Azerbaijan Rail project.** Such lessons highlighted the critical importance of taking measures during project preparation and implementation to ensure the integrity of implementation processes, especially those with fiduciary implications. In particular, post-project recommendations have included: (i) providing more focus on improving procurement capacity throughout the bidding and contract management cycles (especially for high-value contracts), including strengthening procurement staffing and training, internal controls, bid evaluation, information dissemination, administration of contracts, handling complaints and related areas; (ii) ensuring adequate measures are built into project design, within the project management component, for effective monitoring and appropriate controls over procurement and fiduciary processes; and (iii) providing training to appropriate government officials on identification and prevention of conflict of interest, potential corrupt practices and other integrity risks. Experience has shown that government commitment to transparency and reform is essential from the most senior levels of management to the implementation department, and that continuity of leadership is critical to maintaining momentum and commitment.

<sup>16</sup> South Caucasus in Motion, The World Bank

<sup>17</sup> PPP GNI is gross national income converted to dollars using purchasing power parity rates.

<sup>18</sup> United Nations Development Program (UNDP). 2018 data for the Human Development Reports - <http://hdr.undp.org/en/countries/profiles/AZE>. GNI female \$9,850; GNI male \$20,655.

<sup>19</sup> Azerbaijan: Country Gender Assessment, Asian Development Bank, 2019



## Relationship to CPF

17. **The proposed Project is well aligned with the objectives of the World Bank's current Country Partnership Framework (CPF) for Azerbaijan for FY 2016-20.** The Systematic Country Diagnostic (SCD) which informed the preparation of the CPF, identified improving connectivity as one of its key priorities, particularly in terms of developing networks of regional and local roads that can reduce transport costs for products and people. The proposed Project will contribute to the development of the secondary and tertiary road network, by enhancing domestic connectivity for sustainable infrastructure services (CPF Focus Area 2, Objective 2.1) and supporting enhanced competitiveness of agriculture and rural development (CPF Focus Area 2, Objective 2.4). The proposed operation also aligns with the CPF's two cross-cutting themes of Gender and Governance, recognized as critical for effective management of resources, social inclusion and accumulation of diversified human capital.

18. **The project aligns with the corporate goals to alleviate poverty and improve livelihoods of the bottom 40 percent.** Connectivity efficiency will enhance access for retailers and buyers of agricultural products, and create conditions to enable higher volumes of agricultural production and trade. Improved transport infrastructure will also make social services more accessible in the under-served rural areas of Aran region. Through improved access to education and health services low income and vulnerable communities will have wider opportunities for investment in human capital.

19. **The project aligns with the Bank's recovery response to the COVID-19 crisis.** Pillars 2, 3 and 4 of the Bank's Response are particularly relevant, as their aim, like the project, is to revitalize and accelerate economic activities in the region during the post-COVID-19 pandemic recovery period, with a focus on improving livelihoods, preserving jobs, supporting sustainable business growth and job creation<sup>20</sup>. Employment opportunities will be provided through the road construction works, and sustainable job creation, business growth and livelihood improvements will be generated from the local development components.

### C. Proposed Development Objective(s)

To provide safe, efficient and climate resilient transport connectivity and improve market accessibility along the Salyan-Bilasuvar road corridor.

#### Key Results (From PCN)

20. **Proposed PDO Indicators.** The achievement of PDO can potentially be measured through the proposed indicators in Table 2 (to be clarified during project preparation):

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<sup>20</sup> Saving Lives, Scaling-up Impact and Getting Back on Track World Bank Group COVID-19 Crisis Response Approach Paper, June 2020



**Table 2 – Proposed PDO Indicators**

PDO Indicator	Assessed Aspect of PDO
Number of beneficiaries with enhanced access to road transport as a result of the project	Improved connectivity; Improved market accessibility (core Indicator)
Delivery time of selected agricultural products from farms to markets via the project roads	Improved market accessibility
Reduced road user costs on the project roads	Improved connectivity and efficiency
Climate resilience measures incorporated in the project roads, based on the adaptation actions agreed in the CCB metric.	Improved climate resilience; Improved connectivity; Improved market accessibility

21. **Intermediate Results Indicators**, can potentially be measured through the proposed indicators in Table 3 (to be clarified during project preparation). Indicators will be disaggregated by gender, as relevant, and sub-indicators considered to improve effectiveness of the monitoring and evaluation.

**Table 3 – Proposed Intermediate Results Indicators**

Intermediate Results Indicator	Relevance
Length of roads rehabilitated	Improved connectivity; Improved market accessibility
Number of ancillary activities (market areas)	Improved market accessibility
Number of annual-jobs for local people engaged in construction of project roads	Local economic development and opportunities
Frameworks developed for e-tolling and axle load control systems for the main road network	Improved financial and operational sustainability; Reduced road deterioration
COVID-19 protocols developed and included in the Contractors’ Health and Safety plans.	Improved health and safety; Improved economic resilience
Design stage road safety audit implemented, and recommendations addressed in the final design.	Improved road safety; Improved connectivity; Improved market accessibility
Appropriate engineering design and materials to address climate change risks	Improved resilience; Improved connectivity; Improved market accessibility
Number of meetings (people-hours), disaggregated by gender, consulted as part of the community outreach (to plan for the market facilities and road designs)	Improved community engagement; Gender sensitive planning and design.
Percentage of GRM issues that have been addressed and closed out.	Improved community engagement

**D. Concept Description**

22. **The project will build on previous WB engagements in the transport and rural development sectors in Azerbaijan.** The Bank supported Second and Third Highway Projects financed reconstruction of sections of M3 (new alignment) and M6 highway corridors and some of the connecting local roads adjacent to the broader project area. The pipeline operation to modernize the North-South railway corridor<sup>21</sup> will, inter alia, improve railway logistics in the project

<sup>21</sup> Azerbaijan Railways & Logistics Modernization Program (P171946)

region. The Project will also benefit from the long experience of the Bank in community-based rural development in Azerbaijan through the Azerbaijan rural investment projects and support operations for Internally Displaced People (IDP).

23. **Locally-owned and operated businesses are expected to generate new development solutions to address rural challenges;** and Salyan in the project area, along with Baku, is a key market location. Currently, however, many locally-owned and operated businesses in the project area, are small agricultural producers who lack financial means and entrepreneurial skills to invest in their own processing and logistical facilities, such as cold storage<sup>22</sup> or packing facilities, resulting in damaged produce, lost harvests and extra costs. In some regions, GoA has invested in storage facilities through the *State Fund for Support to Entrepreneurship*, but there are few in Aran region. Where these facilities are provided, they tend to be at a scale not suited for small producers, which predominate in the project region. Also, due to lack of infrastructure in rural areas, farm-gate prices are low as producers cannot store their products for very long, forcing them to sell at the prevailing low price during the high season. The project area, Salyan-Bilasuvar has one of the hottest climates in Azerbaijan, so being able to access cold storage while waiting for delivery to market, is particularly important.

24. **Community outreach will be conducted as part of the project participatory planning.** This will seek to identify existing and potential producers in the project region, and help ensure that their transport and logistics related needs are addressed. A just-in-time socio-economic study will be done in the fall, which will help identify specific interventions, but it is expected that WB financing will be applied to support local producers in two ways. Firstly, through the development of ancillary market services (planning, outreach, location and design under Component 3, and construction under Component 1). Secondly, the selection and design of the local roads which will be rehabilitated under Component 1, will also be chosen to optimize the connectivity benefits for as many local growers and producers as possible.

25. **The project location is shown below.**



26. **The project will finance three streams of activities.** This will comprise infrastructure investments in both roads and ancillary agro-logistics infrastructure, which will both contribute to supporting market accessibility to maximize the

<sup>22</sup> IFC, Assessment of the Azerbaijan Transportation and Logistics Sector, December 2018



socio-economic development impact of upgraded road infrastructure. In the short to medium term, the combination of safe and resilient road infrastructure and improved logistics will create conditions for increasing productivity in beneficiary communities, new employment opportunities and household incomes. The second stream will provide technical assistance (TA) to guide, as a pilot, the introduction of ancillary market and logistics facilities, the location and design of which, will be based on community outreach. An important aspect of this will be to support development of a suitable model of management of these facilities, one that provides for equitable usage and addresses long-term maintenance and operation of the facility. The third stream will support financial sustainability and operational efficiency within the road sector, through TA to introduce options for road user charges, thereby enabling the development of new sources of revenue for road maintenance and operations. Under this stream, TA will also be provided to help address deterioration of the road network through prevention of overloaded heavy vehicles. Having additional sources of revenue and operational improvements that provide for adequate levels of road maintenance and costs, will help guarantee the long-term sustainability of the road infrastructure provided under this project and other road investments.

27.

28. Table 4 summarizes the proposed **project components**.

**Table 4 - Project Components**

<b>Project Components</b>	<b>Project Cost (Excl VAT)</b>	<b>IBRD Financing</b>
<b>Component 1 - Road Connectivity</b>	<b>78.00</b>	<b>59.85</b>
1.1 Regional Road Rehabilitation	70.00	53.71
1.2 Tertiary Road Rehabilitation	5.00	3.84
1.3 Construction Supervision	3.00	2.30
<b>Component 2 - Road Sector Sustainability</b>	<b>2.00</b>	<b>1.53</b>
2.1 Develop Road Network Management Systems	0.40	0.31
2.2 Develop Road User Charging Models	1.20	0.92
2.3 Develop Systems to Prevent Axle Overloading	0.40	0.31
<b>Component 3 - Local Development and Logistics</b>	<b>2.50</b>	<b>1.92</b>
3.1 Develop Tertiary Roads	0.50	0.38
3.2 Develop Road-Side Market and Logistics Facilities	1.50	1.15
3.3 Advisory and Training Initiatives	0.50	0.38
<b>Component 4 - Project Management and Impact Assessment</b>	<b>2.00</b>	<b>1.53</b>
4.1 Consultant Support for Project Management	1.00	0.77
4.2 Incremental Operating Budget	0.50	0.38
4.3 Baseline Analysis for Result Measurement	0.25	0.19
4.4 Project Completion and Impact Assessments	0.25	0.19
	Front-End Fee	0.16
<b>Total</b>	<b>84.66</b>	<b>65.00</b>

**Note** – costs above are provisional only and will be updated during project preparation. Estimates are based on the assumption that 10% of the project costs (plus VAT) could be co-financed by the Government, as per the previous project experience.



Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

The project’s environmental and social risks are assessed as Moderate. The project’s physical footprint will be limited to rehabilitation of secondary and tertiary roads within existing alignment. Therefore, no land acquisition or involuntary resettlement impacts are expected to occur. The resettlement impacts if any to occur during implementation, may include, for example, impacts on roadside businesses, fences, structures, trees, etc. Environmental impacts will be typical to small and medium civil works, including dust, noise, pollution, waste management, drawing of gravel and sand resources, among others, and to small scale agricultural and farming activities, including generation of agricultural waste and use of pesticides.

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