

STATUS OF PROJECTS IN EXECUTION – FY07
SOPE
AZERBAIJAN

Operations Policy and Country Services
OCTOBER 10, 2007



Introduction

The Status of Projects in Execution (SOPE) Report for FY07 provides information on all IBRD/IDA projects that were active as of June 30, 2007. The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. In accordance with the Bank's revised disclosure policy, since FY02, the SOPE Report is available to the public.

The report is intended to bridge the gap in information available to the public between the Project Appraisal Document or Program Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

In addition to the project progress description, the FY07 SOPE report¹ contains project level comparisons of disbursement estimates and actual disbursements, and a table showing the loan/credit/grant amount and disbursements to date.

¹ Notes:

- Amounts and Graphs for loans/credits/grants in currencies other than U.S. dollars may not match exactly due to exchange rate fluctuations over the life of the project.
- Disbursement graphs are not included for Development Policy Operations, which provide quick-disbursing financing to support policy and institutional reforms. For these operations, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed prior actions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus will not include a graph.



Country: Azerbaijan

Project Name (ID): Irrig. Dist. System and Management Improvement (P008286)

Country: Azerbaijan

Board Approval Date : 06/17/2003

Closing Date : 03/31/2010

Loan/Credit/Grant Number : IDA-37890, JPN-26258

Sector(s): Irrigation and drainage(80%), General public administration sector(20%)

Theme(s): Rural policies and institutions(P), Rural services and infrastructure(P), Water resource management(S), Decentralization(S)

Project Development Objectives:

The objective is to improve the effectiveness and financial viability of irrigation water distribution and management on 56,000 ha managed by Water Users Associations (WUA).

Progress toward achieving development objective(s):

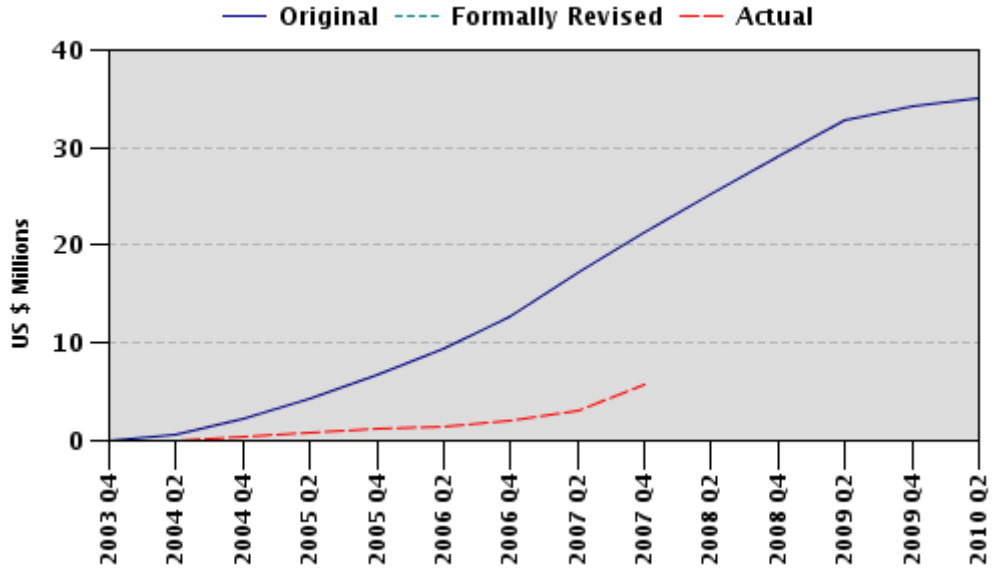
Support to WUAs is now progressing well, although it is taking longer than envisaged. WUAs are gradually becoming ready to manage, operate, and maintain irrigation infrastructures. The rehabilitation and modernization of irrigation infrastructures has also started. Both the training of WUAs and infrastructure improvements are expected to result in improvements in irrigation water distribution and management.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-37890	Effective	38.95	5.77	33.09	0.00
JPN-26258	Closed	0.46	0.42	0.00	0.04



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Project Name (ID): Pension and Social Assistance (P049892)

Country: Azerbaijan

Board Approval Date : 06/10/2004

Closing Date : 02/28/2009

Loan/Credit/Grant Number : IDA-39230, JPN-25796

Sector(s): Compulsory pension and unemployment insurance(90%), Other social services(10%)

Theme(s): Social risk mitigation(P), Administrative and civil service reform(P), Other social protection and risk management(S), Other public sector governance(S)

Project Development Objectives:

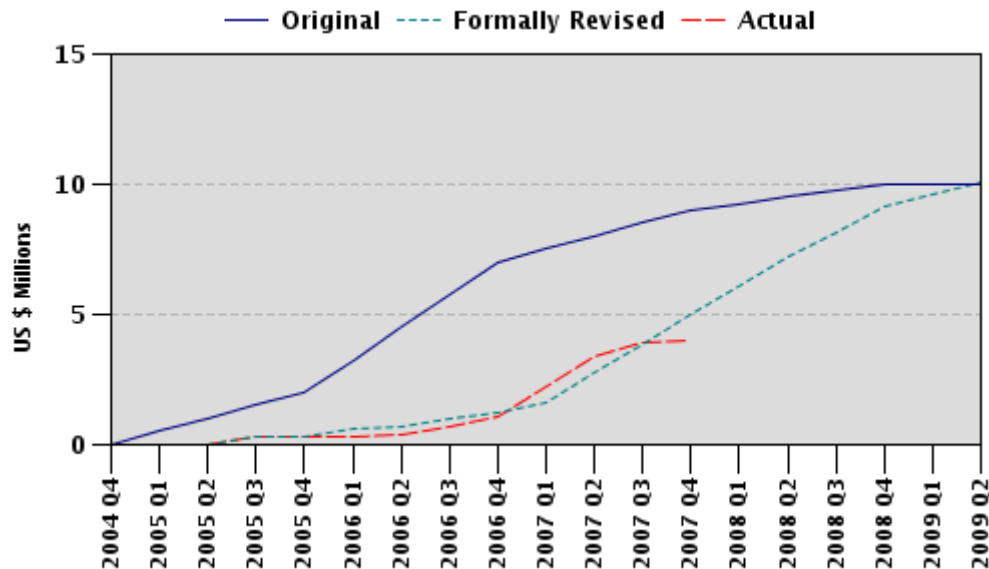
The objective is to significantly improve the effectiveness and transparency in the provision of public pensions and social assistance to eligible beneficiaries.

Progress toward achieving development objective(s):

The project development objectives are being reached: the Targeted Social Assistance program was launched in 2006, and the process of issuing social insurance cards and the introduction of computerized individual record keeping is almost completed.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39230	Effective	10.31	3.98	6.26	0.00
JPN-25796	Closed	0.41	0.27	0.00	0.14



Project Name (ID): Highway (P040716)

Country: Azerbaijan

Board Approval Date : 06/12/2001

Midterm Review Date : 11/11/2003

Closing Date : 10/31/2007

Loan/Credit/Grant Number : IDA-35170

Sector(s): Roads and highways(94%), Central government administration(6%)

Theme(s): Infrastructure services for private sector development(P), Rural services and infrastructure(P), Access to urban services and housing(S)

Project Development Objectives:

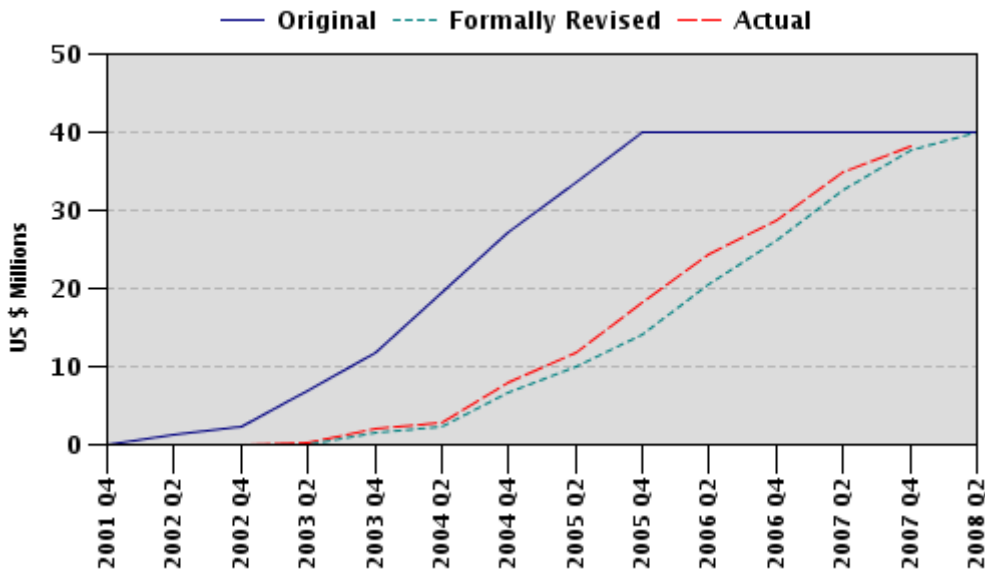
The objectives are to: (a) promote trade and economic growth by improving road access and lowering transport costs; (b) improve the organization, management, efficiency and maintenance practices of Azerbaijan's national road administration; and (c) improve the quality of roads and transport services available to the low-income rural population served by the East-West Highway and the tertiary road network connected to it.

Progress toward achieving development objective(s):

All project components have been completed except the construction of the Tovuz bypass which is due to delays in the land acquisition process. Works have now started. Despite the delays in the works for this section, the project is meeting its objectives. The closing date October 31, 2007 is to be extended to accommodate the construction of the bypass.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-35170	Effective	47.74	38.11	8.51	0.00



Project Name (ID): Avian Flu (formerly IBTA 2) (P066100)

Country: Azerbaijan

Board Approval Date : 06/18/2002

Midterm Review Date : 06/01/2004

Closing Date : 03/30/2008

Loan/Credit/Grant Number : IDA-Q1960, IDA-36630, JPN-26109

Sector(s): Law and justice(25%), General public administration sector(25%), Banking(25%), General finance sector(25%)

Theme(s): Legal institutions for a market economy(P), Administrative and civil service reform(P), State enterprise/bank restructuring and privatization(S), Other public sector governance(S)

Project Development Objectives:

The original objectives were to improve the transparency and effectiveness of public resources for the provision of goods and services. The project development objectives was amended in FY06 to include the minimization of the threat posed to humans by highly pathogenic avian influenza infection (HPAI) and other zoonoses in domestic poultry and preparation for the control and response to an influenza pandemic and other infectious diseases.

Progress toward achieving development objective(s):

The original objectives of the project were moderately achieved. The project contributed to finalizing the public procurement framework, strengthening capacity in Chamber of Accounts, setting up a public investment unit in the Ministry of Economic Development, and installing the Treasury Information Management System. Poverty monitoring was substantially strengthened and health and education expenditure studies were completed and utilized, but progress on the business environment did not materialize, nor were labor redeployment schemes implemented. Thus the privatization program was dropped, as the government effectively changed strategy and decided to invest in and improve the governance of the state owned enterprises.

The Avian Influenza Component, albeit behind schedule, is on track to achieve development objectives. The project started a set of activities which are already contributing to the improvement of the country's preparedness to face an influenza outbreak. A comprehensive communication strategy has been prepared; an inter-ministerial task force has been formed to ensure coordination of avian influenza preparedness activities; and a hotline has been established. Training programs on modern surveillance methods, lab diagnosis and communication techniques are being implemented. The diagnostic and surveillance capacity of veterinary services and Ministry of Health has increased.

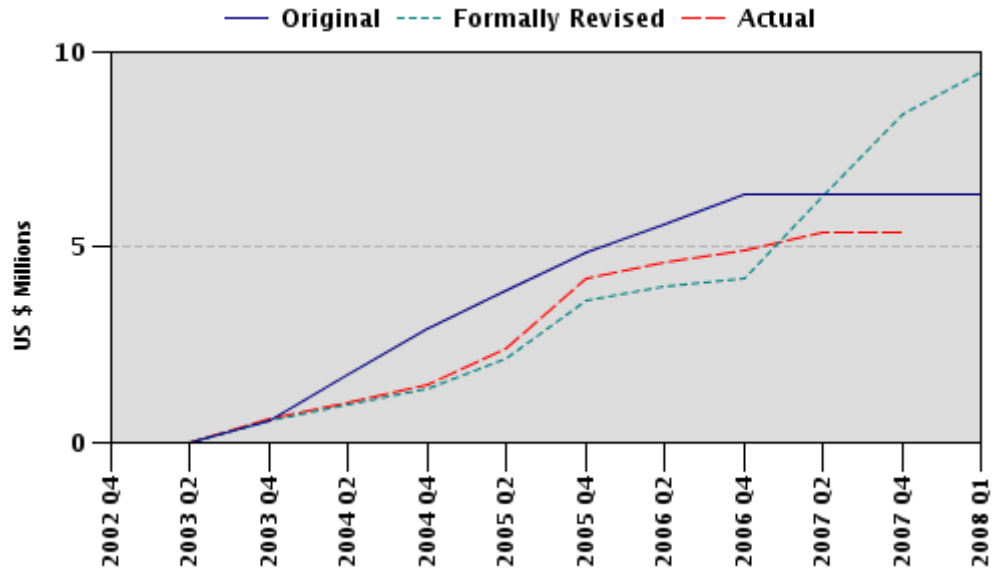
Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-Q1960	Closed	1.00	0.00	0.00	1.00



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IDA-36630	Effective	11.32	5.44	5.73	0.00
JPN-26109	Closed	0.23	0.21	0.00	0.02



Project Name (ID): Rural Environment (P066199)

Country: Azerbaijan

Board Approval Date : 06/09/2005

Closing Date : 12/31/2009

Loan/Credit/Grant Number : IDA-40750, JPN-26811, JPN-54739

Sector(s): General agriculture, fishing and forestry sector(50%), Forestry(20%), Animal production(15%), General industry and trade sector(10%), Crops(5%)

Theme(s): Biodiversity(P), Other environment and natural resources management(P), Environmental policies and institutions(S), Rural non-farm income generation(S), Small and medium enterprise support(S)

Project Development Objectives:

The project development objective is to improve biodiversity conservation and introduce more sustainable natural resource management and economic activities in two mountainous areas of Azerbaijan, to restore the ecological health and productivity of their natural forests and pastures. The global objective is to protect biodiversity in two globally significant biodiversity areas within the Caucasus and Zangezur mountains, and introduce and pilot an ecosystem-based approach for protected area management in Azerbaijan.

Progress toward achieving development objective(s):

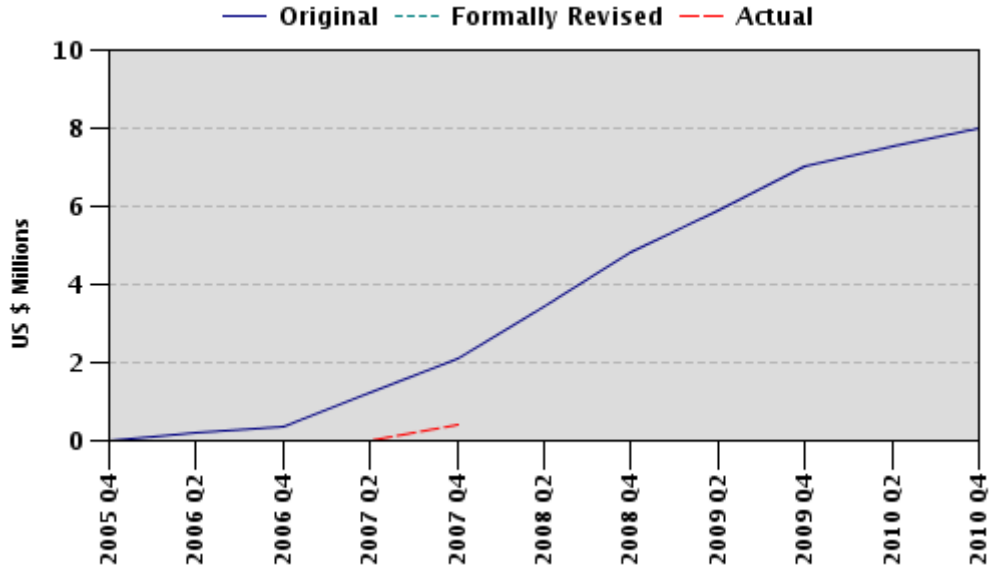
No significant process has yet been made. The project loan became effective in December 2006. The process of engaging consultants essential for implementation of each of the three components has been quite slow. Proposals are currently under evaluation and consultants should be selected this month.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-40750	Effective	8.18	0.40	7.78	0.00
JPN-26811	Closed	0.50	0.44	0.00	0.06
JPN-54739	Effective	2.72	0.25	2.47	0.00



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Project Name (ID): Education Sector Development (APL #1) (P070989)

Country: Azerbaijan

Board Approval Date : 05/27/2003

Midterm Review Date : 06/09/2006

Closing Date : 03/31/2008

Loan/Credit/Grant Number : JPN-26438, IDA-37690

Sector(s): Primary education(40%), Central government administration(25%), Secondary education(20%), Tertiary education(10%), Sub-national government administration(5%)

Theme(s): Education for the knowledge economy(P), Education for all(S)

Project Development Objectives:

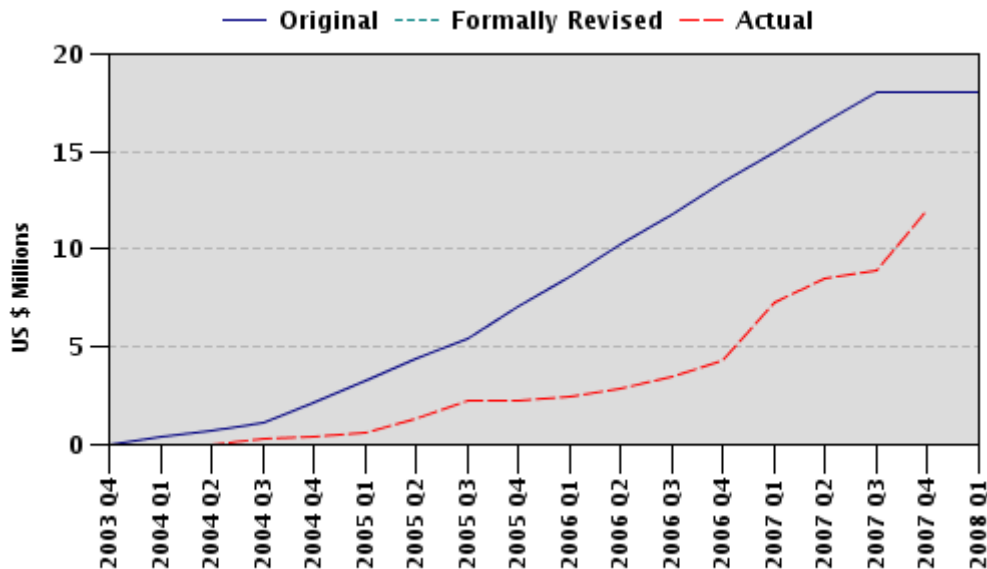
The objective is to increase learning achievements for all students to meet the needs of a market economy and improve the efficiency of general education.

Progress toward achieving development objective(s):

The project continues to support the Government's education reform program and made progress in the following key areas: curriculum reform; free textbooks in core areas; district rationalization plans and completion of a sample-based assessment of grade 4 students in mathematics and Azeri language. The new funding mechanism for schools is implemented on a pilot basis. For the first time Azerbaijan participated in the Program for International Student Assessment (PISA, 2006), which will enable the country to assess progress on student learning outcomes against international benchmarks.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
JPN-26438	Closed	0.48	0.46	0.00	0.02
IDA-37690	Effective	20.01	12.00	7.80	0.00



Project Name (ID): Rural Investment (AZRIP) (P076234)

Country: Azerbaijan

Board Approval Date : 06/03/2004

Closing Date : 03/31/2009

Loan/Credit/Grant Number : JPN-53553, JPN-51649, IDA-39120

Sector(s): Power(20%), Roads and highways(20%), Sanitation(20%), Water supply(20%), Sub-national government administration(20%)

Theme(s): Rural services and infrastructure(P), Participation and civic engagement(P), Infrastructure services for private sector development(S), Decentralization(S)

Project Development Objectives:

The project seeks to improve living standards and increase the use of economic and social infrastructure services in rural communities.

Progress toward achieving development objective(s):

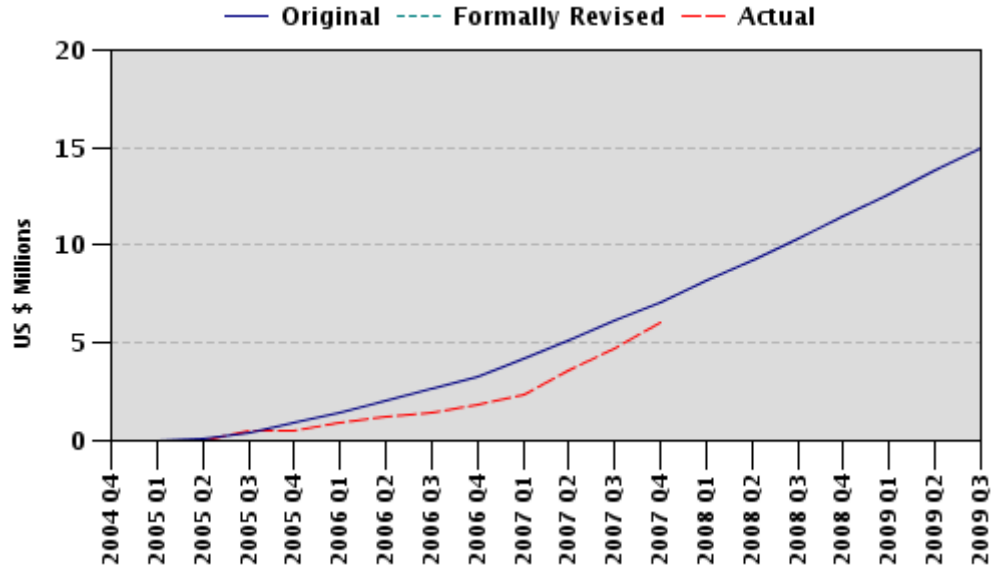
Early delays in implementation have now been overcome, and the project development objective is being achieved. Facilitation activities have been conducted in 282 communities with the result that 112 community infrastructure projects have been completed or are currently under implementation (out of an expected 400-450 by the end of the project). Cooperation agreements have been signed with a further 34 communities. The strategic planning process during facilitation has been strengthened and by increasing the project's engineering capacity the quality of infrastructure projects has improved. As a result, infrastructure rehabilitation at project sites has brought tangible benefits to the local populations and the capacity of local communities to solve local development issues has been raised through training and facilitation as well as through the implementation of community projects.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
JPN-53553	Effective	3.30	1.97	1.33	0.00
JPN-51649	Closed	0.38	0.32	0.00	0.06
IDA-39120	Effective	15.46	5.99	9.38	0.00



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Project Name (ID): Financial Services Development (P081616)

Country: Azerbaijan

Board Approval Date : 01/06/2005

Closing Date : 06/30/2009

Loan/Credit/Grant Number : IDA-40300

Sector(s): Postal services(89%), Payment systems, securities clearance and settlement(8%), Banking(3%)

Theme(s): Other rural development(P), Rural markets(P), Infrastructure services for private sector development(P), Small and medium enterprise support(S), Other financial and private sector development(S)

Project Development Objectives:

The objective of the project is to facilitate implementation of the country's Poverty Reduction Strategy and economic reform programs related to regional and non-oil sector development through improvements in the financial architecture and enhanced access to financial services by the rural population.

Progress toward achieving development objective(s):

The project implementation has slowed and is jeopardizing the achievement of the project's objectives. While there was progress on a number of fronts under the Azeri Post Component, fundamental elements of the institution building program (technical assistance delivery, software systems development, and interconnectivity establishment) have not yet been completed.

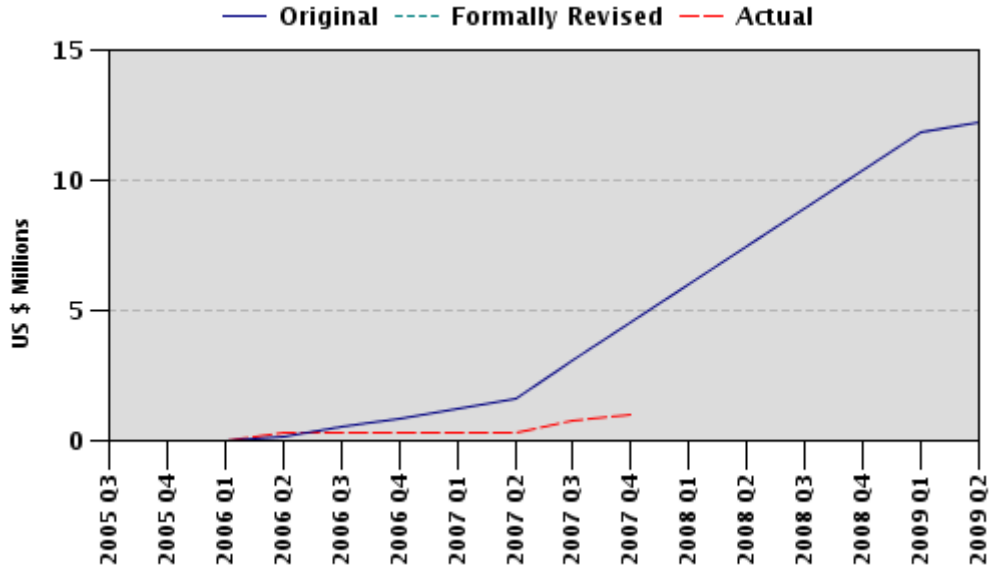
Efforts to develop the financial infrastructure of the National Bank have been stymied due to the fact that the cost for the Azerbaijan Payment Utility Service was much higher than the available IDA funding, leading to cancellation of the procurement.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-40300	Effective	12.73	1.01	11.71	0.00



Status of Projects in Execution - FY07
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Project Name (ID): Power Transmission (P083341)
Country: Azerbaijan
Board Approval Date : 05/17/2005
Closing Date : 12/31/2010
Loan/Credit/Grant Number : JPN-52680, IBRD-72940
Sector(s): Power(100%)
Theme(s): Infrastructure services for private sector development(P)

Project Development Objectives:

The objective is to improve the efficiency of power transmission through technical and institutional strengthening of the generation/transmission utility.

Progress toward achieving development objective(s):

The project's main component is the implementation of a System Control and Data Acquisition (SCADA) system that will allow Azerenerji, the state-owned power transmission and generation company, to better control and operate the power system in Azerbaijan. Detailed technical specifications were developed, and a complex procurement process was undertaken in fiscal year 2007, allowing Azerenerji to sign a contract and start SCADA implementation in the Fall of 2007. SCADA will also form part of a corporate management information system. Benefits will mostly materialize in 2010.

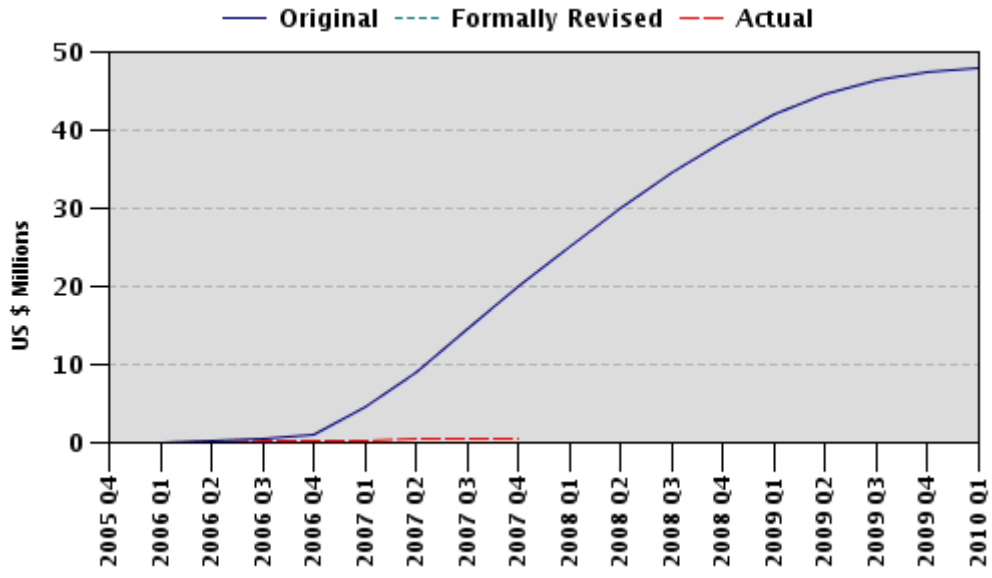
Also the procurement of major system rehabilitation components is well under way at this time, although the overall project has progressed at a slower pace than originally anticipated. A substantial tariff increase in January 2007 and an aggressive consumer metering roll-out program are enhancing the financial viability of the power sector, although large state subsidies will still be needed for some time. While the government has committed to enable Azerenerji to achieve full cost recovery of its operations no later than the end of 2010, it has ambitious plans to reach this target in 2007-08.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
JPN-52680	Closed	0.60	0.60	0.00	0.00
IBRD-72940	Effective	48.00	0.39	47.61	0.00



Status of Projects in Execution - FY07
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Project Name (ID): IDP Economic Development Support (P089751)

Country: Azerbaijan

Board Approval Date : 02/15/2005

Midterm Review Date : 04/16/2007

Closing Date : 12/31/2008

Loan/Credit/Grant Number : IDA-40340

Sector(s): Other social services(20%), General water, sanitation and flood protection sector(20%), Roads and highways(20%), Primary education(20%), Housing construction(20%)

Theme(s): Conflict prevention and post-conflict reconstruction(P), Other social protection and risk management(S), Participation and civic engagement(S)

Project Development Objectives:

The project's objective is to help improve the living conditions of Internally Displaced Persons (IDPs) and enhance their economic opportunities and prospects for social integration.

Progress toward achieving development objective(s):

To date, the project has and is supporting 140 micro-projects for close to 100,000 beneficiaries in IDP communities throughout Azerbaijan.

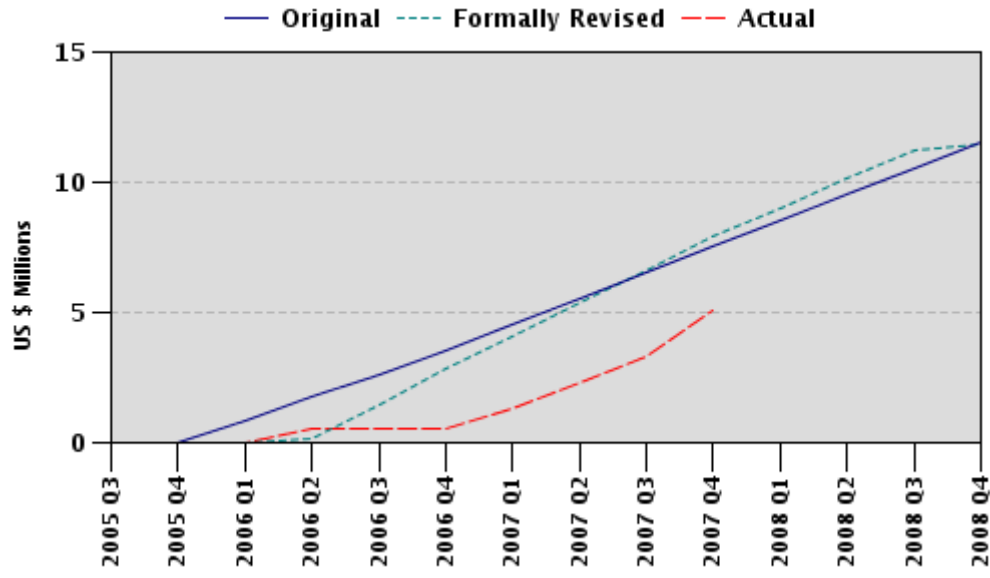
Under the micro-credit component, NorMicro and FinDev, the two participating partner lending institutions, currently have a total of 756 outstanding loans of an average size of USD 536 and USD 590, respectively.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-40340	Effective	11.37	5.15	6.14	0.00



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Project Name (ID): ADCP-II (P090887)

Country: Azerbaijan

Board Approval Date : 06/27/2006

Closing Date : 05/31/2011

Loan/Credit/Grant Number : IDA-42080, IDA-42070, JPN-55806, JPN-56730

Sector(s): Agro-industry(55%), Agricultural marketing and trade(35%), Agricultural extension and research(10%)

Theme(s): Rural markets(P), Rural non-farm income generation(P), Rural policies and institutions(S), Rural services and infrastructure(S)

Project Development Objectives:

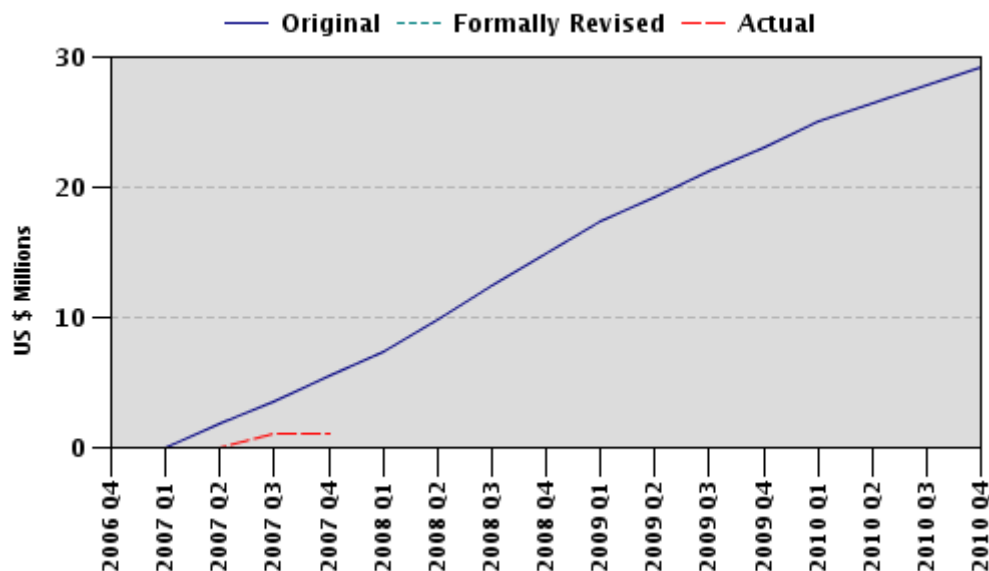
The project's main objective is to further increase rural productivity and incomes by enhancing the access of farmers and small and medium rural enterprises to rural business and agricultural support services including financial, advisory and veterinary services and by stimulating market-oriented investments in rural areas.

Progress toward achieving development objective(s):

By June 2007, the project loan had only been effective for six months, still in too early for meaningful progress to be reported.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-42080	Effective	21.37	1.00	20.36	0.00
IDA-42070	Effective	9.09	0.00	9.09	0.00
JPN-55806	Closed	0.40	0.39	0.01	0.00
JPN-56730	Effective	1.61	0.10	1.51	0.00



Project Name (ID): Health Sector Reform Project (P094220)

Country: Azerbaijan

Board Approval Date : 06/29/2006

Closing Date : 12/31/2012

Loan/Credit/Grant Number : JPN-55805, IDA-42100

Sector(s): Health(83%), Central government administration(14%), Compulsory health finance(3%)

Theme(s): Health system performance(P), Improving labor markets(S), Administrative and civil service reform(S)

Project Development Objectives:

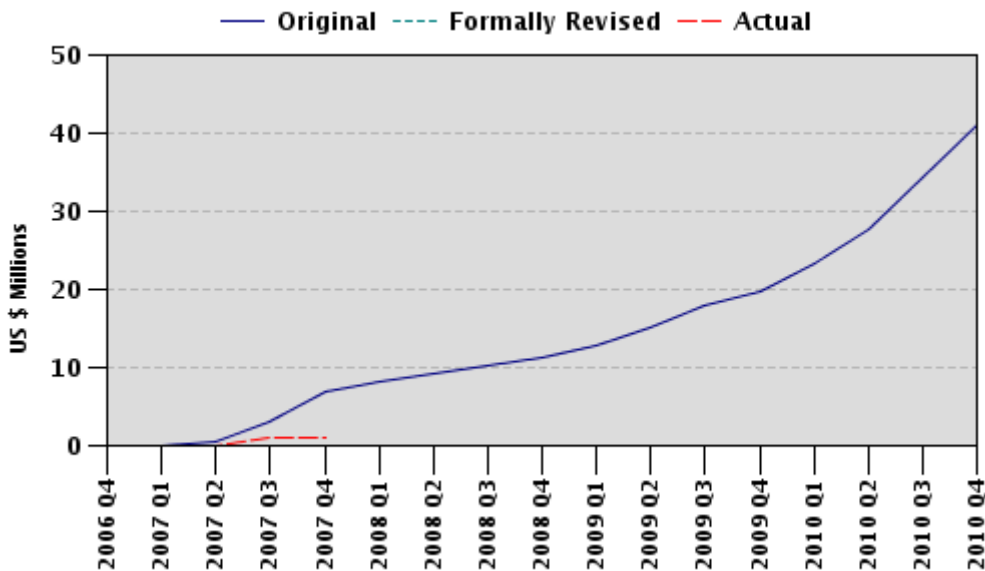
The project's objective is to improve the overall health system stewardship and financing and enhance equitable access to, and technical and perceived quality of essential healthcare services, in the selected districts in a fiscally responsible and sustainable manner with a view to improving health outcomes.

Progress toward achieving development objective(s):

The project loan was approved in June 2006 and became effective in December 2006. It is too early to report tangible results about the project impact although good progress has been made since effectiveness both on policy initiatives on the financing side and on the completion of a very comprehensive baseline survey.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
JPN-55805	Closed	0.58	0.39	0.00	0.19
IDA-42100	Effective	51.98	1.00	50.97	0.00



Project Name (ID): Highway 2 (P094488)

Country: Azerbaijan

Board Approval Date : 01/17/2006

Closing Date : 02/28/2011

Loan/Credit/Grant Number : IBRD-73560

Sector(s): Roads and highways(99%), Central government administration(1%)

Theme(s): Infrastructure services for private sector development(P), Administrative and civil service reform(S), Trade facilitation and market access(S), Rural services and infrastructure(S)

Project Development Objectives:

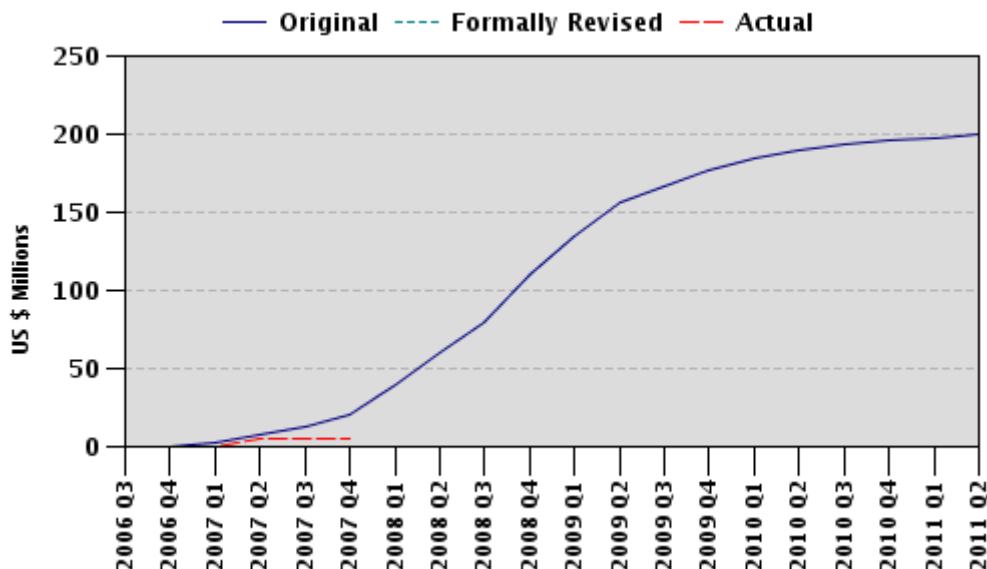
The main project development objective is to reduce road transport costs and improve access, transit and road safety within Azerbaijan's East-West and North-South corridors, through upgrading some sections of the Alat-Masalli road of the Baku-Iran highway (M3) and rehabilitating the Baku-Shamakhi road (M4).

Progress toward achieving development objective(s):

Progress has been made toward achieving the project objectives, in spite of some delay due to land acquisition issues. Works started on the first section on M3 (22km South of Alat). Contracts for the works on M4 (Baku - Shamakhi) have been awarded. The design and the environmental and social studies on the other sections of M3 are progressing on schedule. Some individual consultants have started their assignment on Technical Assistance Component.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-73560	Effective	200.00	5.08	194.92	0.00



Project Name (ID): Water Supply (P096213)

Country: Azerbaijan

Board Approval Date : 06/14/2007

Closing Date : 01/31/2012

Loan/Credit/Grant Number : IBRD-74600

Sector(s): Water supply(59%), Sewerage(39%), Central government administration(2%)

Theme(s): Access to urban services and housing(P), Other urban development(S),

Pollution management and environmental health(S), Corporate governance(S)

Project Development Objectives:

The project seeks to improve the availability, quality, reliability, and sustainability of water supply and sanitation services in twenty of Azerbaijan's regional (rayon) centers.

Progress toward achieving development objective(s):

The project loan was not yet effective before the close of the reporting period.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-74600	Not Effective	230.00	0.00	230.00	0.00



Project Name (ID): Judicial Modernization (P099201)

Country: Azerbaijan

Board Approval Date : 06/29/2006

Closing Date : 12/31/2011

Loan/Credit/Grant Number : JPN-56731, IDA-42090

Sector(s): Law and justice(100%)

Theme(s): Judicial and other dispute resolution mechanisms(P), Access to law and justice(S), Legal services(S)

Project Development Objectives:

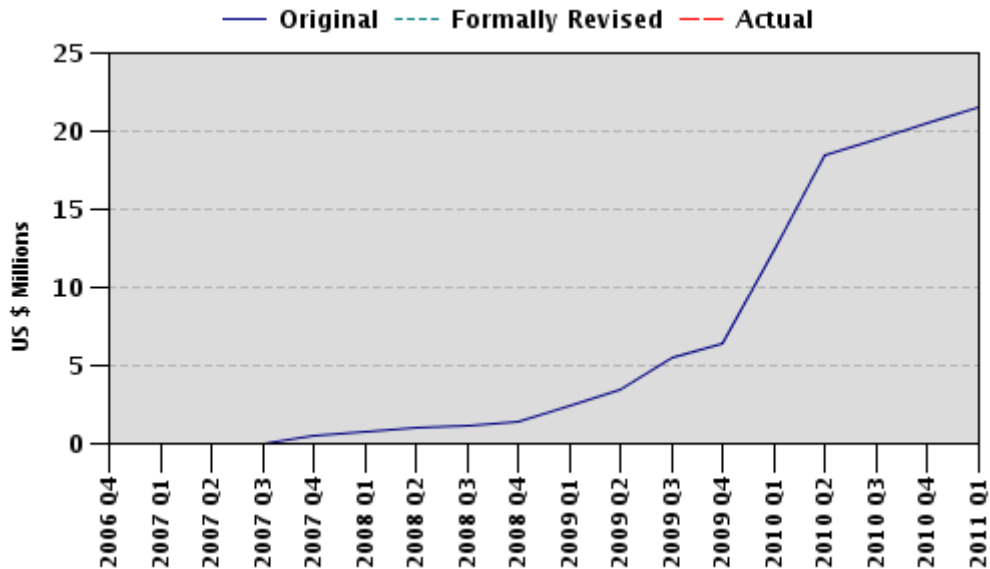
The objective is to develop and initiate a long-term judicial modernization program.

Progress toward achieving development objective(s):

The project loan became effective on December 29, 2006. Some project activities have begun, but it is too early to report on results toward the development objective.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
JPN-56731	Effective	3.00	0.00	3.00	0.00
IDA-42090	Effective	22.43	0.00	22.43	0.00



Project Name (ID): Real Estate Regulation (P100582)

Country: Azerbaijan

Board Approval Date : 03/21/2007

Closing Date : 02/28/2013

Loan/Credit/Grant Number : JPN-57512, IBRD-74350

Sector(s): Central government administration(87%), Sub-national government administration(8%), General agriculture, fishing and forestry sector(4%), Tertiary education(1%)

Theme(s): Land administration and management(P), Personal and property rights(P), Administrative and civil service reform(S), Other urban development(S), State enterprise/bank restructuring and privatization(S)

Project Development Objectives:

The project's objective is to ensure that there is a reliable, transparent and efficient real estate registration system supporting the real property markets and suitable systems for the management and use of state-owned immovable property.

Progress toward achieving development objective(s):

The project loan agreement was signed on July 27, but it is not yet effective.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
JPN-57512	Effective	0.31	0.13	0.18	0.00
IBRD-74350	Not Effective	30.00	0.00	30.00	0.00

