

SWITZERLAND: A CASE STUDY ON COMMITMENTS-RELATED BEST PRACTICE OR LESSONS LEARNED IN WATER

At a Watershed: Reforms in the Water Provision of Azerbaijan

1. Which specific WSSD or Agenda 21 commitment does your case study address?

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2. Please briefly describe the essential characteristics of the case study you wish to share including the nature of activities undertaken.

Switzerland's involvement in the water sector in Azerbaijan consisted of a grant to rebuild booster pumping stations in the Baku area. These stations provide sufficient pressure for water to reach apartments in higher floors of buildings, the residents of which hitherto often had to fetch water from pumps located in the yard. 206 pumping stations have been installed, serving a population of 350'000 in different areas of Baku. The project was inaugurated in May 2003, when nearly all pumps were successfully installed. The rehabilitation of the booster pumping stations was an important component of a comprehensive rehabilitation of the water supply network of the greater Baku area, funded primarily by the World Bank and European Bank for Reconstruction and Development (WB and EBRD).

3. Please explain the nature and characteristics of particular challenges and constraints faced, if any.

While infrastructure is a crucial prerequisite for economic and social development, it is at the same time a controversial area of development cooperation. Achievements of desired development results in the infrastructure sector often remain wanting and projects can be problematic if the poor are excluded from the benefits such projects are supposed to impart on a community as a whole. The post-Soviet transition context poses a special challenge in this respect: Azerbaijan is undergoing a far-reaching political, economic and social transformation. The transition from the socialist planned economy to a market based national economy has implications for all sectors of Azerbaijan's economy including the water sector.

The water supply system was designed, built and maintained in accordance with the logic of the Soviet Union's planned economy. It was based on the notion that water provision was an entitlement, where the quality of service was second priority, and the conservation of natural resources and the cost of provision were largely irrelevant. The current reforms aim to create a system based precisely on the notions of cost and resource efficiency. The last few years have shown that this transition involves innumerable aspects of the water provision, including the physical infrastructure, the institutional setting and the attitudes of the consumer, and thus has required enormous resources and commitment from all parties involved in the reforms. A particular challenge arises from the lack of established institutions that can regulate the market, because the transition in post-Soviet countries is a system-wide transformation, reform in any one sector – in this case the water sector - requires building a new institutional framework that can support the process of building markets. Finally, the economic transition cannot be seen independently of socioeconomic developments that it gives rise to, such as the increasing disparities between rich and poor, as well as political and institutional changes, such as the decentralization of authority, which are all developments that affect the opportunities and constraints for water sector reform

4. What are the lessons learned in the process, positive and/or negative?

The successful implementation of a project depends on a productive relationship and cooperation with other international, national and local actors involved and interested in the reforms in the water sector, thereby increasing the coherence of the reform efforts. This includes an active political dialogue between the donor and the government as well as local non-governmental stakeholders. The experience with the

reforms in Azerbaijan suggest that targeted surveys could provide more evidence to either to confirm the chosen path or help to modify it for future projects.

5. What has been the impact of such a case in the area(s) concerned?

The main areas where the water sector projects are intended to have had a positive effect are improvements in public health, an increase in disposable income of poor households, and a positive impact on commercial activity. Among the most pressing reasons for the rehabilitation of the water supply systems in Azeri cities are the social cost and the threat to public health that a further deterioration of the system would entail. Before the implementation of the recent reforms, supported by the World Bank, the EBRD, ABD and a number of bilateral donors including seco, water was only available twice daily for a few hours in the morning and in the evening. 87% of the inhabitants of Baku believed that the water was not safe to drink. In many towns outside of Baku, piped water is only available for a few hours a day, and is often too polluted to be used as drinking water. The water provision in virtually all of Azerbaijan is enormously wasteful, because the decaying systems are fraught with leakage. Inadequate water treatment and an unreliable and irregular supply and distribution have high social costs and serious health implications. Most parts of the water supply networks in Azerbaijan have not received any major rehabilitation since the late 1970s or early 80s, and suffer from a lack of necessary maintenance and investment. In the framework of the rehabilitation of Baku's water provision, physical components of ARWC's system, such as water treatment plants, main pipes and a number of main pressure pumping stations have been reconstructed. Reforms that have been implemented in the last few years, including the Swiss project, were in the first instance emergency measures to prevent a further deterioration of the system. The most immediate impact of the reforms was thus to prevent the health and well-being of large parts of Baku from being placed at acute risk. In addition to being emergency measures, the reforms were designed to be initial steps to lay the basis for further reforms that increase in disposable income of poor households, and might have a positive impact on commercial activity for small and medium enterprises in the greater Baku area.
