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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX**

to the Commission Implementing Decision on the Annual Action Plan  
in favour of Azerbaijan for 2024

**Action Document for support for mine action and sustainable development in the water and transport sectors in Azerbaijan**

**ANNUAL ACTION PLAN**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan/measure in the sense of Article 23(2) of NDICI-Global Europe Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>1. Title OPSYS Basic Act</b>	Support for mine action and sustainable development in the water and transport sectors in Azerbaijan Annual action plan in favour of Azerbaijan for the year 2024 OPSYS business reference: NDICI-GEO-NEAR/2024/ACT-62548 ABAC Commitment level 1 number: JAD.1451516 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
<b>2. Economic and Investment Plan (EIP)</b>	Yes
<b>EIP Flagship</b>	Yes Flagship 5: Smarter and greener cities
<b>3. Team Europe Initiative</b>	Yes (Axis 3)
<b>4. Beneficiary of the action</b>	The action shall be carried out in Azerbaijan.
<b>5. Programming document</b>	Multi-annual Indicative Programming Document (MIP) 2021-2027 for Azerbaijan <sup>1</sup>
<b>6. Link with relevant MIP(s) objectives/expected results</b>	MIP priority area 1: Resilient, sustainable and integrated economies Specific objective 3: To strengthen connectivity (transport and energy), promoting green solutions and a sustainable transport system / Expected Result (ER): (a) priority projects identified in the Indicative Trans-European Transport Network TEN-T Investment Action Plan implemented, (d) Reduction of transport and power sector contribution to national Greenhouse Gas (GHG) emissions in all transport modes developed;

<sup>1</sup> Commission Implementing Decision adopting a multiannual indicative programme for Azerbaijan for the period 2021-2027 [C(2022)450]

	<p>MIP priority area 2: Accountable institutions, the rule of law and security</p> <p>Specific objective 3: Foster security and civil protection, support provided to the peaceful settlement of unresolved conflicts and improving living conditions of conflict-affected populations as well as enforcing the role of women and young people in peacebuilding.</p> <p>MIP priority area 3: Environmental and climate resilience</p> <p>Specific objective 1: To promote transition to a climate neutral economy by enhancing energy efficiency and improving environmental sector governance with focus on renewable energy, circular economy, industrial pollution, chemical accidents, waste, water and air / ER: (b) Water sector governance enhanced.</p> <p>Specific objective 2: To preserve the economy’s natural asset base by greening regional and rural development as well as agriculture and food production / ER: (b) Effectiveness of biodiversity and wider nature protection policy enhanced, including by increase of percentages of protected areas and the restoration of the damaged ones; (c) Climate adaptation / disaster risk prevention solutions introduced across all sectors of economy (in particular in the water management sector, agriculture, forestry, urban planning, critical infrastructure etc.); (d) Enhanced resilience to the impact of disasters and climate change.</p> <p>MIP priority area 4: Resilient digital transformation</p> <p>Specific objective 2: To strengthen e-governance and services, particularly digitalisation of transport services, with a focus on connectivity of transport links / ER: (a) Digital transport corridors established which serves as a gateway between Europe and Asia.</p>
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>7. Priority Area(s), sectors</b>	<p>140 – Water supply and Sanitation</p> <p>210 – Transport &amp; Storage</p> <p>152 – Conflict, Peace and Security</p>
<b>8. Sustainable Development Goals (SDGs)</b>	<p><b>Main SDG:</b></p> <p>SDG 8 – Promote sustained, inclusive and sustainable economic growth</p> <p><b>Other significant SDGs:</b></p> <p>SDG 6 – Ensure availability and sustainable management of water and sanitation for all</p> <p>SDG 9 – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <p>SDG 11 – Make cities and human settlements inclusive, safe, resilient and sustainable</p> <p>SDG 12 – Ensure sustainable consumption and production patterns</p> <p>SDG 13 – Take urgent action to combat climate change and its impacts</p> <p>SDG 14 – Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>

	SDG 15 – Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss SDG 16 – Peace, justice and strong institutions, promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels			
<b>9. DAC code(s)</b>	14010 – Water sector policy and administrative management (45%) 21010 – Transport policy and administrative management (25%) 15250 - Removal of land mines and explosive remnants of war (30%)			
<b>10. Main Delivery Channel</b>	Multilateral Organisations - 40000			
<b>11. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>12. Markers (from DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>13. Internal markers and Tags</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	EIP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	EIP Flagship	YES		NO

		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags		YES	NO
transport		<input checked="" type="checkbox"/>	<input type="checkbox"/>
energy		<input checked="" type="checkbox"/>	<input type="checkbox"/>
environment, climate resilience		<input checked="" type="checkbox"/>	<input type="checkbox"/>
digital		<input checked="" type="checkbox"/>	<input type="checkbox"/>
economic development (incl. private sector, trade and macroeconomic support)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
human development (incl. human capital and youth)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
health resilience		<input type="checkbox"/>	<input checked="" type="checkbox"/>
migration and mobility		<input type="checkbox"/>	<input checked="" type="checkbox"/>
agriculture, food security and rural development		<input type="checkbox"/>	<input checked="" type="checkbox"/>
rule of law, governance and public administration reform		<input checked="" type="checkbox"/>	<input type="checkbox"/>
other		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags	YES	NO	
digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Connectivity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tags	YES	NO	
digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
transport	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>BUDGET INFORMATION</b>	
<b>14. Amounts concerned</b>	Budget line(s) (article, item): 14.020111 – Eastern Neighbourhood Total estimated cost: EUR 13 500 000 Total amount of EU budget contribution: EUR 13 500 000
<b>MANAGEMENT AND IMPLEMENTATION</b>	
<b>15. Implementation modalities (management mode and delivery methods)</b>	<b>Direct management</b> through: - Procurement <b>Indirect management</b> with the entities to be selected in accordance with the criteria set out in section 4.3.2.

## 1.2. Summary of the Action

The water resource management in Azerbaijan faces significant challenges exacerbated by climate change. With around 70% of water for agriculture supplied by transboundary sources, there's a pressing need for efficient utilisation amidst growing demand and the risk of drought. The main rivers are heavily impacted by overuse, pollution, and seawater intrusion, posing threats to clean water supply. The action aims to support the development and implementation of integrated water resource management strategies, strengthening policy and legal frameworks, enhancing institutional capacity, and promoting participatory approaches to river basin management, aligning with EU best practices.

The transport sector in Azerbaijan lacks strategic planning and investment policies, hindering its potential to support economic growth and reduce greenhouse gas emissions. Despite developments, further investment in sustainable railway systems, seaports, and digitalisation projects is crucial. Additionally, the Trans-Caspian Transport Corridor offers economic benefits but faces limitations in capacity and cost competitiveness compared to other routes. Russia's unprovoked and unjustified invasion of Ukraine and the resulting shift in cargo volumes from the previously dominant Northern Corridor through Russia to other more reliable, efficient and safe alternatives have also significantly increased the strategic importance of the Trans-Caspian Transport Corridor. The action aims to improve governance, develop a comprehensive regulatory framework, and facilitate the transition to a modern and efficient transport system. In that process, the action will leverage digital and green solutions in Azerbaijan and support the implementation of the extended Trans-European Transport Network, which (given Azerbaijan's central role) will also contribute to improving wider regional connectivity.

Additionally, the action aims to support the establishment of a Centre of Excellence on Mine Action which will serve as a repository and provider of practical knowledge and expertise on mine action to a wide variety of audiences. The Centre will contribute to efforts towards a mine-free world and represent a commitment to peace, security, and sustainable development.

## 1.3. Beneficiary of the action

The Action shall be carried out in Azerbaijan, which is included in the list of ODA recipients.

## 2. RATIONALE

### 2.1. Context

A long-term key challenge for Azerbaijan is to promote the diversification and formalisation of the economy to enhance resilience and ensure inclusive and environmentally sustainable growth. Governance challenges and persisting social disparities, especially urban-rural, remain. The EU supports reform processes aiming to

further diversify and modernise the economy - including through ongoing assistance in agriculture, rural development and vocational education and training, to improve business climate (also for female entrepreneurs) and to expand trade opportunities.

Azerbaijan's strategic location, energy resources, infrastructure development efforts, and potential for enhancing trade and economic cooperation make it an important partner in the context of the extended Trans-European Transport Network (TEN-T), contributing to broader goals of connectivity, economic development, and regional integration. The Russian war of aggression against Ukraine has caused much global uncertainty, and - in light of EU-Asia cargo flows moving from the previously dominant Northern Corridor through Russia to other alternative routes, including those passing through Central Asia – has increased the significance of Azerbaijan as a connectivity hub for both Europe and all the countries linked by the Trans-Caspian Transport Corridor (TCTC). Indeed, while various figures are reported by various sources, they all confirm that the volume of cargo moving across the TCTC, which is also passing through Azerbaijan, has surged in the past few years<sup>2</sup>.

Climate change imposes severe economic costs, starting with water resources in the agriculture sector, which is critical to Azerbaijan's non-hydrocarbon economy. This is raising welfare concerns as a large share of population is employed in this sector and tends to have limited resilience to risks<sup>3</sup>. Azerbaijan takes part in EU-funded regional programmes, which aim at better climate and environmental policies and their implementation, such as EU4Environment, EU4Climate and the Covenant of Mayors, *inter alia*. The country also benefits from investment support through the Economic and Investment Plan (EIP), including the Neighbourhood Investment Platform (NIP) and the Eastern Europe Efficiency and Environment Fund (E5P) multi-donor fund<sup>4</sup>.

The Global Gateway and the EIP advance new possibilities for engagement, with a strong focus on the potential transformational impact of sustainable and high-quality transport, energy, municipal infrastructure, and other climate-related projects, but must be accompanied by good governance reforms to improve the quality of life for citizens, as well as the strengthening of gender equality, democracy and the rule of law, ensuring respect for human rights and fundamental freedoms and preserving space for civil society and independent media. The EU remains the largest donor to civil society in Azerbaijan, including in the area of social entrepreneurship.

Azerbaijan is facing the difficult task of clearing explosive ordnances in vast areas of the country. Landmines and explosive remnants of war (ERW) pose serious threats to the lives of civilian populations, impeding recovery and development initiatives, the return of internally displaced persons (IDPs), and daily livelihood activities. This contamination is also the main obstacle to achieving the objectives of Azerbaijan's national priorities for 2030. Eliminating threats posed by contamination will contribute to rebuilding livelihoods, creating conditions for the safe return of people and ensuring safe access for the population to natural resources.

A part of the annual bilateral allocation will be allocated to the NIP, aimed at supporting pivotal investments in Azerbaijan. These investments are strategically aligned with the action, fostering synergy and complementarity with the planned interventions in the water and transport sectors. The envisaged outcomes of these investments are anticipated to yield substantial positive effects to the citizens of Azerbaijan, enhancing

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<sup>2</sup>According to World Bank reporting, the container traffic in the TCTC increased by 33% in 2022 compared to the previous year [<https://www.worldbank.org/en/region/eca/publication/middle-trade-and-transport-corridor>]. The State Statistical Committee of Azerbaijan also indicates a 35% increase in transported goods along the Europe-Caucasus-Asia Transport Corridor in 2022 compared to 2021 [<https://www.stat.gov.az/source/transport/?lang=en>]. In January 2024, at a meeting held in Ankara, the Association of International Association "Trans-Caspian International Transport Route" reported that, in 2023, the volume of cargo transported along the TITR route amounted to 2.7 million tons, compared to 2022, the volume of cargo transportation increased by 86% [<https://middlecorridor.com/en/press-center/news/the-first-meetings-of-the-working-group-and-the-general-meeting-of-the-international-titr-association-this-year-were-held-in-ankara>].

<sup>3</sup> Country Climate and Development Report, World Bank, 2023 [<https://www.worldbank.org/en/country/azerbaijan/publication/country-climate-and-development-report-for-azerbaijan>]

<sup>4</sup> <https://e5p.eu/azerbaijan>

socioeconomic well-being and fostering sustainable development in the country. In addition, the EU continues to channel support through the regional Civil Society Facility programme.

### ***Axis 1: Advancing water resource management***

Environmental and climate resilience is among the key objectives of the post-2020 EaP agenda. It is also aligned with the European Green Deal and many global policy objectives, including the Paris Agreement on Climate Change<sup>5</sup> and the United Nations (UN) 2030 Agenda and its Sustainable Development Goals (SDGs). Moreover, it will be important to make significant strides on the green transition ahead of the 29<sup>th</sup> UN Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP29) in Baku. Climate change has a very negative effect on land fertility and water availability in Azerbaijan<sup>6</sup>. Azerbaijan is a water-scarce country, with a long-term average annual water exploitation index (WEI) greater than 30%<sup>7</sup>. Agriculture is the highest water-demanding sector, accounting for 90% of the total water abstraction annually. Water supply in agriculture remains below its needs and around 70% is supplied by transboundary water sources. Growing demand and inefficient water utilisation exacerbate the problem and the risk of droughts. The Southern Caucasus is a region where the nexus between climate change impacts and increased security risks is very clear, notably due to climate change impacting water availability and quality. According to various climate scenarios water shortage in Azerbaijan will increase, with serious negative impacts on the whole economy and particularly on the agricultural sector. The three main water resources (Kura, Araz and Samur rivers) are heavily exposed to overuse, pollution and intense intrusion of seawater, adding to the challenge of ensuring a reliable supply of clean and safe water for domestic, industrial and agricultural needs.

Azerbaijan's national water resources strategy has been under discussion for several years. Its adoption will allow for a structured and strategic development of the water sector in the country and facilitate the full transition of water management to the hydrographic river basin management principle, which is in line with EU best practices. A positive development was the recent establishment of the State Water Resources Agency. However, much remains to be done, most importantly, the development and implementation of a national system of integrated water resource management (IWRM) and its pillars, including river basin management, through a step-by-step approach, from national to local level. Over the last decade, the EU has been engaged in water and climate cooperation with Azerbaijan as part of consecutive regional programmes, with a strong focus on the EU Water Framework Directive (WFD) and the EU Climate Change Adaptation Strategy. Also, bilateral assistance on water policy reform has been provided.

### ***Axis 2: Improving international transport connections and increasing efficiency of the transport sector, focusing on greening and digitalisation***

In terms of the EU's transport policy in the Eastern Partnership region, implementation and completion of the extension of the TEN-T in line with the jointly agreed Indicative Investment Action Plan and EIP remains a priority.

Considering this wider regional context and recent developments, the current state of play of the transport sector in Azerbaijan is not living up to its potential to support economic growth or investment potential, strengthen the competitive position of Azerbaijan's economic sectors, facilitate trade and help reduce greenhouse gas emissions. There is no strategic document for transport and digital connectivity, nor is there a public investment policy in place, although the Ministry of Transport claims that internal preparations are

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<sup>5</sup> Azerbaijan has updated its Nationally Determined Contributions in October 2023 to align with its commitments under the Paris Agreement on Climate Change.

<sup>6</sup> Azerbaijan ranks 18 out of 33 countries that face extremely high water stress by 2040 [[Ranking the World's Most Water-Stressed Countries in 2040, World Resources Institute](#)].

<sup>7</sup> In Azerbaijan, WEI was 41.2 % in 2017. WEI values above 20% are considered as an indication of water scarcity, while those equal or bigger than 40% indicate severe water scarcity. [<https://eni-seis.eionet.europa.eu/east/indicators/c2-2013-freshwater-abstraction-in-the-republic-of-azerbaijan>].

ongoing/pending. Despite significant developments in recent years<sup>8</sup>, further investment in the modernisation and expansion of sustainable railway systems and seaports, including implementation of digitalisation projects, is crucial. This action seeks to facilitate investments under the EIP through technical assistance for the transport sector. The donor portfolio in Azerbaijan comprises ad-hoc concessional loans provided by international financial credit institutions and technical assistance programmes covering roads, railways and maritime.

Linked with the identified TEN-T network in the country, the development of the TCTC could indeed have a potentially transformative impact for the economy of Azerbaijan (and neighbouring countries) and freight flows to and from the EU. The TCTC offers an alternative to the previously dominant Northern Corridor through Russia<sup>9</sup> and provides access to growing markets in neighbouring regions. A high quality and efficient multi-modal transport system, well connected to international transport corridors, promotes trade, jobs and economic growth, as well as facilitates regional integration among the Central Asian countries and the South Caucasus.

A draft law on transport and freight forwarding activities, submitted in January to the Ministry of Digital Development and Transport, aims to improve infrastructure in Azerbaijan, to support the capacities of wider regional transport corridors, and pave the way for increased harmonisation with international legislation.

The action includes support for developing a comprehensive regulatory framework and identifying mechanisms to facilitate a transition towards a modern and efficient transport system, including through use of digital and green solutions. It will support the implementation of the Global Gateway strategy mostly by providing specific and concrete support for soft connectivity measures (regulatory measures, digitalisation, customs procedures, and support for investment and private entrepreneurship). The action is closely aligned with the EIP and will maximise synergies with projects financed under the EIP and its flagship initiatives in Azerbaijan<sup>10</sup>, helping to put in place the conditions for unblocking regional connectivity<sup>11</sup>.

### ***Axis 3: Establishing an international mine action centre of excellence in Azerbaijan***

Azerbaijan's National Agency for Mine Action (ANAMA) currently manages a large and complex mine action programme. The national mine action team consists of national and international NGOs, commercial actors and military operators, with a significant focus on capacity development.

In 2020, the government of Azerbaijan expanded the Agency's mandate, enhancing its planning, coordination, tasking, accreditation, and oversight functions. This expansion has also increased ANAMA's operational capacity to address the significantly heightened need for humanitarian mine action in the country.

Building on existing experience and expertise in Azerbaijan, this action will enable the government to establish an International Centre of Excellence on Mine Action. The Centre will serve as a hub where stakeholders meet for training, research and development projects, and international experience-sharing events and conferences. Additionally, the Centre will also develop ANAMA's capabilities, promoting its role as an international actor, supporting other countries in need with state-of-the-art mine action training and expertise.

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<sup>8</sup> Notably, the reconstruction of several roads and railways in the direction of Georgia (East-West) and Russia and Iran (North-South), the construction of ten international airports (in Baku and the regions) and the development of the Baku International Sea Trade Port.

<sup>9</sup> Although the TCTC spans a shorter distance of 7000 kilometres compared to the Northern Corridor, cargo volumes along this route remain relatively low in comparison. Despite this, there has been a notable increase in traffic along the TCTC since its inception in 2017, particularly following Russia's aggression against of Ukraine [Study on sustainable transport connections with Central Asia - European Commission (europa.eu)].

<sup>10</sup> Notably, potential synergies are foreseen under flagships 1 (green connectivity) and 2 (digital connectivity).

<sup>11</sup> In April 2022, Azerbaijan, Georgia, Kazakhstan and Türkiye agreed to establish a Joint Venture to jointly support the further development of the Trans-Caspian Transport Route (TITR), also known as the Middle Corridor. In November 2022, the four also signed a Roadmap listing priority investments and actions needed to improve the corridor. In June 2023, the four countries agreed to establish a joint logistics company that will engage in unifying tariffs and handling all cargo on the TCTC.



The concept of establishing a Centre of Excellence on Mine Action is not new; however, its active implementation has been delayed for various reasons. EU support in this area has been highly appreciated by the national authorities, particularly in the context of the Team Europe Initiative on mine action launched in May 2024. Preparatory work has been carried out and a feasibility study on the Centre of Excellence is expected to be finalised by the end of 2024. This study, incorporating the latest developments in the field, will serve as the foundation for the activities to be developed under this axis of the action.

## 2.2. Problem Analysis

### *Axis 1: Advancing water resource management*

#### Short problem analysis

Water security is one of the greatest challenges that Azerbaijan will face in the upcoming decades. Climate change is making water scarcer, with availability of freshwater being one of the key vulnerability challenges of the country, while demand is growing fast. Water management is therefore a key climate resilience issue for Azerbaijan and for the Southern Caucasus region at large. Azerbaijan's natural water balance is highly dependent on external flows from upstream basins<sup>12</sup>. In the last 20 years, recoverable freshwater resources have decreased significantly (by more than 20%), while the country's population has increased by 24%. Over the same period, water abstractions<sup>13</sup> increased by 15%<sup>14</sup>, with around 82% of water abstracted from surface water resources and the share of water demand supplied by groundwater resources increasing fourfold. There is no proper licensing system for the abstraction of water resources and discharges, resulting in a lack of water quality data and consequently, a lack of sound water policies and strategies. Moreover, over one fourth of all water abstracted due to deteriorated infrastructure is lost in water transport<sup>15</sup>, reducing the efficiency of water use.

Another challenge is the pollution of water resources, due to the lack of wastewater and solid waste treatment systems, impact of industrial discharges and agricultural activities, as well as sea water intrusion to the rivers<sup>16</sup>.

The high level of government subsidies does not encourage water savings as it makes water relatively "cheaper" and the cost recovery is not ensured. Tariff changes would contribute to the payment of current operating costs, to water savings, to the prevention of waste and to the improvement of the quality of services.

River basins management plans (RBMP) and organisations are absent in the country with the sectoral governance approach that overlooks broader water management goals and considerations, including fragmented and uncoordinated efforts leading to potential conflicts between sectors and lacking the flexibility to respond effectively to emerging challenges and dynamics.

Water scarcity also disproportionately affects poor communities and the most marginalised individuals in society, including women. Women will be consulted and targeted to address specific gender gaps and to promote the role of women in water planning, management, and decision-making. Access to water is relevant for women's empowerment because it further affects women's access to education and health (in relation to pregnancy, childbirth, and water-borne diseases), as well as their income and safety (gender-based violence).

Despite the efforts<sup>17</sup>, the goals for SDG6 (clean water and sanitation) have not been met in Azerbaijan. The government has taken steps to improve governance of the water sector (e.g. with a national water strategy still under discussion) and the institutional landscape changed recently with the establishment of a national water

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<sup>12</sup> Representing, on average, more than 78% of the total renewable freshwater resources (2019).

<sup>13</sup> The process of taking water from a natural resource such as a river, lake, spring or groundwater.

<sup>14</sup> <https://meteo.az/index.php?ln=az&pg=121>

<sup>15</sup> In 2022, more than 25% of abstracted water was lost during transport [<https://www.stat.gov.az/source/environment/?lang=en>]

<sup>16</sup> <https://www.sciencedirect.com/science/article/pii/S266618882030023X>

<sup>17</sup> For instance, the proportion of the population using safely managed drinking water services (SDG 6.1.) has increased from 62% (2005) to 72% (2022), with lower levels in rural areas.

agency. The capacity of laboratories to collect and analyse certain data has been strengthened. Azerbaijan has built the necessary capacity to monitor and manage water resources through the “Digitalised Water Management” information system.

Nevertheless, support is still needed to strengthen the current policy and strategy, as well as legal and institutional frameworks, for effective implementation of the IWRM, including river basins management. The action will support the implementation of a comprehensive approach addressing both the institutions responsible for delivering safe and reliable water services, particularly to the mostly affected communities and the physical infrastructure in selected communities.

**Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action.**

The *Ministry of Ecology and Natural Resources* is the central executive body implementing state policy on environmental protection and the efficient use of natural resources. It is currently responsible for the management of water resources, including the planning and monitoring of water reservoirs as well as the issuing of certain water use permits. The Ministry is a key actor in implementing the national adaptation and mitigation measures, conducting monitoring and protection of surface and groundwater, assessment, use and protection of groundwater resources and developing forecasts on flood, mudflow, submergence, landslide and other similar natural disasters. The action will aim to define the Ministry’s role in the IWRM process.

The *State Commission on Water Issues* ensures the efficient use of water resources. It has a regulatory function and is responsible for overall coordination of the work in the water sector, carried out by state and non-state actors<sup>18</sup>. The Commission plays a central role in the development of the institutional landscape and will be consulted during the action.

The *State Water Resources Agency* was established in 2023<sup>19</sup>. It is the central executive body responsible for implementation of state policy and regulation in the areas of: extraction, processing, transportation and supply of water; state-owned melioration and irrigation systems, drinking water supply; operation of rain and waste water treatment and discharge systems as well as provision of the services in this field; monitoring surface and underground water resources, water and water management facilities, and hydro technical facilities. The action will strengthen its legal, institutional and operational capacities.

Additionally, the *Ministry of Health, Azerenergy, the Association of Water Users*, municipalities and local communities will be consulted and involved in the development and implementation of RBMP.

***Axis 2: Improving international transport connections and increasing efficiency of the transport sector, focusing on greening and digitalisation***

**Short problem analysis**

A competitive and green transport sector is essential to support economic growth, attract investment, enhance the competitive position of Azerbaijan’s economic sectors, facilitate trade, and develop the possibilities of international and regional transport and logistics corridors, which are also of both economic and strategic importance for the EU. Transport is a fast-growing sector, contributing significantly to the gross domestic product in Azerbaijan. However, the sector faces varied challenges such as a lack of co-ordination between the priorities of the government and the measures taken by the main stakeholders as well as scarcity of data on

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<sup>18</sup> Current members are: Deputy Prime Minister (Chairman); Minister of Ecology and Natural Resources; Minister of Economy; Minister of Agriculture; Minister of Finance; Chairman of Azerbaijan Amelioration and Water Farm; Chairman of Azersu; President of Azerenergy; Chief of the State Agency for Water Resources of the Ministry of Emergency Situations of the Republic of Azerbaijan.

<sup>19</sup> It results from a merger of Azersu (service provider for drinking water and sewerage services) and Azerbaijan Melioration & Water Management Company (responsible for the use of surface and underground water resources for irrigation and flood and flood control measures).

transport sector emissions<sup>20</sup>. Furthermore, there is currently no overarching strategic document for the transport sector aligning it with national objectives specified in state-level strategic road maps<sup>21</sup>, although drafts have been developed within the framework of assistance projects in the past. The existing planning system at the sub-sectoral level is fragmented and lacks cohesive links with high-level government priorities. Some sub-sectoral transport agencies have made progress on developing mid-term strategic plans, though the maturity and quality of those plans vary. Other strategies for sub-sectors are under development or do not exist. There is no rigorous sectoral planning or public investment policy framework in place either at the government or sectoral level, as there is no linkage of medium-term macroeconomic framework with medium term expenditure framework or use of public investment policy as an instrument that will connect sectoral development strategies with the central government strategy. Despite some progress in developing a clean and energy-efficient transport sector<sup>22</sup>, initiatives such as strengthening transport governance on its transition to the green and digital multi-modal transport system must be incorporated into transport legislation<sup>23</sup>. Furthermore, public awareness is essential among citizens, local authorities, private sector, policy makers and NGOs to achieve progress, as is collaboration with academia on studies, impact assessments, monitoring of transport strategies to strengthen research capacity in the sector.

Russia's aggression against Ukraine and the resulting sharp decline in traffic along the Northern Corridor through Russia significantly increased the geopolitical importance of the TCTC. This is an opportunity to diversify trade routes, build economic resilience and decrease dependence on Russia. The EU is committed to making the TCTC a multimodal, competitive, sustainable, smart and fast route to link Europe and Central Asia<sup>24</sup>. However, high prices, unpredictability of transit duration, a lack of tracking systems, issues with transshipment and last mile delivery, the low quality of rolling stock and logistics centres are pointed out as key issues affecting the railway transport along the TCTC. The Caspian Sea is often quoted as the main bottleneck along the route due to lack of vessels and unpredictable weather affecting shipping. A combination of short-term gains in efficiency through better coordination, logistics, cross-border coordination, improved customs cooperation, and digitalisation with medium-term investments is needed to improve the economic attractiveness and operational efficiency of the TCTC. The action will support identification of country-specific and concrete points of intervention to lower transaction costs, increase operational efficiency and enhance private sector participation to increase the efficiency of service provision in the Azerbaijan section of the TCTC. It will support the implementation and efficiency of the extended TEN-T in the country and boost synergies with the foreseen EU-funded Regional Transport programme 2025 supporting connectivity with Central Asia<sup>25</sup>.

**Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action.**

*Ministry of Digital Development and Transport* is a central government institution functioning under the Cabinet of Ministers and is responsible for formulating and implementing state policy and the regulatory framework in the transport sector of Azerbaijan. Coordination with agencies and bodies under the Ministry, such as the *State Civil Aviation Agency, Azerbaijan Land Transport Agency, State Maritime and Port Agency, Innovation and Digital Development Agency* will be ensured. The Ministry is the main beneficiary institution both for transport governance and TCTC components.

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<sup>20</sup> Decarbonising Azerbaijan's Transport System - Charting the Way Forward, International Transport Forum/OECD [<https://www.itf-oecd.org/sites/default/files/docs/decarbonising-azerbaijan-transport-system.pdf>]

<sup>21</sup> A draft transport strategy, drafted by McKinsey and submitted to the Cabinet of Ministers in February 2023, is pending approval.

<sup>22</sup> Under the Paris Agreement, Azerbaijan has set a target to keep a 35% reduction in greenhouse gas emissions by 2030, in comparison with the base year (1990). In 2021, Azerbaijan adopted a voluntary commitment to create a zero emissions zone in parts of the country and reduce greenhouse gas emissions to 40% by 2050.

<sup>23</sup> Freight transport sector is responsible for approximately 20% of Azerbaijan's greenhouse gas emissions. [[https://www.unescap.org/sites/default/d8files/event-documents/Azerbaijan\\_1.pdf](https://www.unescap.org/sites/default/d8files/event-documents/Azerbaijan_1.pdf)]

<sup>24</sup> Speech by Executive Vice-President Dombrovskis at the Europe and Central Asia Investor Forum, January 2024 ([europa.eu](https://europa.eu))

<sup>25</sup> The Regional Transport Programme 2025 will offer technical assistance to advance existing and future transport related projects in Central Asia. ([europa.eu](https://europa.eu))

The *Ministry of Education* and its subordinates is a central government institution functioning under the Cabinet of Ministers and responsible for formulating and implementing state policy and the regulatory framework in the education sector. Ministry will be involved on skills and knowledge development, curricula development and other activities to increase overall expertise in the transport sector.

The *Ministry of Economy* is a central government institution in charge of implementing legislation and regulations that impact trade and economic development. It is in charge of creating a favourable environment for economic development, growth, encouraging investment activity, developing and encouraging competition, protecting the rights of consumers.

The *State Customs Committee* is a central government institution functioning under the Cabinet of Ministers. It is an operational part of TCTC (Border-Crossing Points).

The *Azerbaijan Railways (ADY)* is the national rail transport operator of Azerbaijan running trunk and local railways, and managing traffic, safety, equipment and construction projects pertaining thereto. ADY is a key stakeholder providing operational elements on the territory of Azerbaijan as part of TCTC.

The *Baku International Sea Trade Port* is the one of the largest Caspian Sea ports. The Port is an operational part of TCTC providing regular connections to the Ports of Aktau and Kuryk (Kazakhstan) and Turkmenbashi (Turkmenistan), and, with EU support, became the first Green Port in the Caspian Sea<sup>26</sup>.

### ***Axis 3: Establishing an international Centre of Excellence on Mine Action in Azerbaijan***

#### **Short problem analysis**

Past and recent conflicts have led to extensive and complex landmine and ERW contamination in the Karabakh region. Substantial efforts are currently underway to determine and define the extent and nature of this contamination.

Landmine and ERW contamination pose serious threats to civilian populations, hindering recovery and development initiatives, the return of internally displaced persons and daily livelihood activities. The government of Azerbaijan considers humanitarian mine action (HMA) an urgent and critical priority to ensure the reconstruction of infrastructure, and the return of people in the affected regions.

The establishment of a Centre of Excellence on Mine Action represents a strategic investment to enhance the country's mine action capabilities and contribute to regional and global efforts towards a mine-free world. This initiative demonstrates a commitment to peace, security and sustainable development.

#### **Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action.**

The *Azerbaijan National Agency for Mine Action (ANAMA)* is the main executive body for the coordination and management of the demining activities carried out within the country. ANAMA is responsible for mobilising the necessary resources to address the mine problem in accordance with the national needs and priorities; coordinating inter-agency efforts for safely clearing explosive ordnances from affected areas; increasing human resources, knowledge and skills of staff, material and technical support; conducting research, providing awareness to citizens regarding the dangers of explosive ordnances to reduce incidents;

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<sup>26</sup> The Port of Baku was awarded the “EcoPorts” certificate for the third consecutive time by the Port Environment Review System (PERS) of the European Sea Ports Organization (ESPO) [Source: <https://www.portseurope.com/port-of-baku-awards-ecoports-certification>]. The achievement was made possible through the assistance of the EU-funded project “Support to enhancement of operational capabilities and implementation of the Green Port Concept of the Port of Baku” which played a pivotal role in facilitating the port’s transition towards greener operations.

strengthening mutually beneficial cooperation with international organizations and donor organisations towards combating mine threats.

### 2.3. Lessons Learned

#### *Axis 1 – Upgrading Water Resources Management*

The activities under this axis are designed based on the lessons learnt from implementation of actions in the past, supported by the EU or other international donors in the areas of water resources management.

- Based on conclusions of the past EU-funded regional programmes<sup>27</sup>, an integrated approach, rather than the current sectoral approach, is essential and should be supported while improving governance of the water sector.
- River basin organisations, which act as coordinators at the river basin level (and that currently do not exist in Azerbaijan), are crucial to build an integrated approach and ensure the participation of all stakeholders in the development and implementation of the RBMP, the implementation of water policies and strategies in a decentralised manner.
- The existing licensing system for abstraction of water resources and discharges should be further enhanced and possibly adapted to the specific issues of the river basins.
- A sound and sustainable water policy can be achieved through specific economic instruments to manage and influence water use across sectors. Adequate funding also enables the emergence of contracting authorities capable of carrying out traditionally orphan actions, such as ecosystem restoration.
- Experience shows that opportunities exist to align monitoring of the ecological status of surface water bodies with EU benchmarks and good practices. A first step is to increase the pool of qualified experts in the field.
- The established hydrological approach must be enhanced with ecological view to consider the ecosystem needs in the RBMP and to identify the critical sub-basins whereas quantitative management plans must be developed.
- Climate change is an increasingly challenging pressure that needs to be considered in the long term, with significant impacts on water quantity and quality, with stricter discharge standards as a result of lower flows and higher temperatures.
- At present, national decision-makers tend to pick and choose from international programmes without any coordinated long-term vision. In the frame of an adopted national strategy, coordination among other donor programmes is essential to avoid overlap and duplication.
- Azerbaijan has ratified the Aarhus Convention, which provides for public rights of access to information and public participation in decision-making. Although the principles are gradually developing, there is a lack of formal structures and institutions to ensure a qualitatively fair and transparent participation process.

#### *Axis 2: Improving international transport connections and increasing efficiency of the transport sector, focusing on greening and digitalisation*

The activities under this axis are based on the lessons learnt from implementation of actions in the past, supported by the EU or other international donors in the transport area.

- Based on conclusions of the EU-funded project on “Support for further improvement of energy efficiency in Azerbaijan”, transport is one of the major sources of greenhouse gas emissions and climate change continues to pose a risk to the existing transport infrastructure. Capacity building and technical cooperation are required to improve design and implementation of climate resilient infrastructure. Suboptimal use of energy for transport provides scope to reduce emissions. Modal shift,

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<sup>27</sup> <https://www.euwipluseast.eu/en/countries/azerbaijan-country>; <https://www.eu4waterdata.eu/en/where-we-work/azerbaijan.html>

training, knowledge transfers and considering backwards energy linkages are needed to move the sector onto a greener path.

- Multi-stakeholder coordination is essential for the effective implementation of the institutional framework in the transport sector.
- Multi-disciplinary collaboration within transport sector, across government and with industry partners delivers quick and decisive action with shared insights and actions able to keep people and freight moving safely and recognised as global best practice.
- There is a lack of transport sector specialists in the country, with limited digital skills and green knowledge to achieve ambitious sustainable goals.
- There is limited awareness, particularly in rural areas among citizens, local authorities, private sector on green transport initiatives and awareness raising should be prioritised. This problem might be growing, for example given the increasing import of second-hand vehicles, and the growing age of the passenger and freight vehicles fleets<sup>28</sup>.

### ***Axis 3: Establishing an international Centre of Excellence on Mine Action in Azerbaijan***

- Mine action serves as a catalyst for peace and stability by creating opportunities for dialogue and cooperation. This is achieved through information sharing, technical and practical support and effective communication.
- The implementation of earlier actions in this field has revealed a need for strengthened human and operational capacity within ANAMA. Establishing a Centre of Excellence in line with international best practices will address this need. This Centre would add a practical, oriented knowledge base to the already existing global centres of excellence in this area.

## **3. DESCRIPTION OF THE ACTION**

### **3.1. Objectives and Expected Outputs**

The **Overall Objective/Impact** of this action is to boost the contributions of mine action, sustainable water and transport sectors to the economic development and diversification in Azerbaijan.

The **Specific Objectives (Outcomes)** of this action are:

1. To ensure that relevant stakeholders and communities apply integrated water resources management principles, including through a gender sensitive lens, at the national, selected river basin and local levels, with a view to maximising water resilience to climate change and good ecological status of water bodies.
2. To strengthen the efficiency and effectiveness of the transport sector in Azerbaijan, focusing on greening, digitalisation, and facilitation of investments under the EIP.
3. To enhance the seamless functioning of the TCTC within the scope of the extended TEN-T network of Azerbaijan, including the coordination and communication among relevant stakeholders.
4. To support mine action through the establishment of a Centre of Excellence in Azerbaijan.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

*Contributing to Outcome 1 (or Specific Objective 1):*

- 1.1. Strengthened operational, coordination and monitoring capacities of the government stakeholders linked to the application of IWRM principles, as well as in relation to the integration of environment and climate change in water resource management strategic planning.

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<sup>28</sup> In-Depth Review of the Energy Efficiency Policy of the Republic of Azerbaijan, Energy Charter, 2019, p. 159 [[https://www.energycharter.org/fileadmin/DocumentsMedia/IDEER/IDEER-Azerbaijan\\_2020.pdf](https://www.energycharter.org/fileadmin/DocumentsMedia/IDEER/IDEER-Azerbaijan_2020.pdf)]

- 1.2. Strengthened capacities of all river basin districts' stakeholders on participatory RBMP and their adoption and implementation through a gender sensitive approach.
- 1.3. Increased opportunities to pilot selected gender sensitive measures outlined in the RBMP of the targeted communities in the areas including but not limited to water supply, sanitation, resilience to climate change, and nature-based solutions.

*Contributing to Outcome 2 (or Specific Objective 2):*

- 2.1. Improved capacities of national and subnational transport stakeholders on participatory governance and coordination.
- 2.2. Improved capacities on the integration of environment and climate change in transport sector strategic planning, as well as knowledge about the climate change and environmental impacts of the transport sector and the effectiveness, efficiency of policy measures to reduce such emissions in the transport sector and its subsectors and to enhance biodiversity.

*Contributing to Outcome 3 (or Specific Objective 3):*

- 3.1. Improved knowledge and evidence on the operational needs and soft measures required for the extended TEN-T network in Azerbaijan, including in terms of linking with the TCTC.
- 3.2. Increased business connections between the private sector in Azerbaijan and the EU operating in the TCTC within the extended TEN-T.
- 3.3. Increased awareness of investment banks and other international stakeholders on the needs, plans and investment opportunities in the Azerbaijan network of the TCTC within the extended TEN-T.

*Contributing to Outcome 4 (or Specific Objective 4):*

- 4.1. Establishment of the Centre of Excellence as a pivotal hub for training and capacity building in the mine action sector at national, regional, and international levels.
- 4.2. Foster regional and global collaboration, knowledge transfer and exchanges in mine action efforts, including research, development, and innovation in mine action technology and methodologies.
- 4.3. Increased awareness on the humanitarian impact of landmines and ERW contamination internationally.

### **3.2. Indicative activities**

Activities related to Output 1.1:

- Based on outcomes of previous cooperation, conduct further assessments of legal, institutional and operational frameworks on all the pillars of integrated management of water resources with recommendations for their improvement based on EU regulatory standards, gender sensitivity best practices and international experiences. This will include an assessment of the water network's resilience to climate change, options to increase it while avoiding "maladaptation".
- Support the development of operational capacities (legal, institutional and human) of the State Water Resources Agency of Azerbaijan to effectively oversee and coordinate the sustainable management and planning of national water resources based on the concept and principles of IWRM.
- Strengthen national and sub-national environmental, water management and planning capacities in relation to the integration of environment and climate change in water resource management strategic planning through the instruments such as strategic environmental assessment (SEA).
- Strengthen water-related licensing and permitting systems, covering both qualitative and quantitative aspects, and provide advice on institutional arrangements for the enforcement of license and permit requirements.
- Develop framework to ensure effective implementation of financial mechanisms (e.g. earmarked charges) for water abstraction and/or discharges (targeted uses and users, rates estimation, responsible body, management rules, controls, etc.). Support watershed protection schemes, such as payment-for-ecosystem-services, to link downstream and upstream communities.

- Extend the monitoring capacities of relevant institutions (additional assessments of equipment requirements, if necessary, and development of technical specifications for the equipment to be procured, involvement in spatial hydrology to improve knowledge of water resources, development of annual monitoring programme, professional capacity building, etc.).
- Further strengthen data collection, duties of data producers, availability of data, etc.
- Identify gender specific needs in the water sector, develop a gender-sensitive strategy/plan to address gender gaps and increase women's participation in all water-related development activities.
- Develop gender sensitive curricula for universities on IWRM to motivate students for careers in the water sector;
- Prepare a prioritised gender sensitive pilot programme at national level for loss reduction in the water networks (irrigation, water supply) to plan the works in selected sub-basins.

#### Activities related to Output 1.2:

- Support the institutionalisation of the river basin approach and the organisation of the institutional landscape with river basin organisations, including basin councils at river basin district level.
- Complete the development and ensure that the RBMP exist for all river basin districts, support their adoption, implementation, and follow-up.
- Support the Government to harmonise the RBMP in close cooperation with Georgia as a first step for the preparation of an umbrella plan of the Kura river basin.
- Prepare and implement an awareness raising campaign for the public, central government and local authorities, and media to present and promote the national water management strategy (when adopted) and its impact on women and men, the content of the RBMP and the expected involvement of the stakeholders to implement the programme of measures of the RBMP, as well as challenging gender roles in the water sector - in communities and among professionals.
- Assist the government in prioritising investment actions under the RBMP and development of potential investment projects, including pre- and post-investment feasibility studies and assessment (legal, technical, financial, and environmental, etc.).

#### Activities related to Output 1.3:

- Design and implement demonstration projects to improve community-based water and sanitation management in the selected less developed remote areas especially with non-operational facilities by piloting gender sensitive selected measures from RBMP for communities including but not limited to the promotion of technical capacity building for women, to take on roles in the water sector.
- Develop and implement projects to apply nature based solutions in the Kura river basin (including but not limited to technical and socio-economic studies involving local stakeholders, including women's groups, measures related to ecosystem restoration, forestry, ecological continuity, adaptation to climate change, land management, solid waste management, monitoring).

#### Activities related to Output 2.1:

- Conduct an overall assessment of the transport sector, including legal, regulatory, institutional, control and enforcement frameworks, prepare recommendations for their improvement based on the best international and EU regulatory standards and SEA practices, including bottlenecks for efficient operations in passenger and freight transport (access to the profession/access to the market), private sector participation. This will include a climate vulnerability and risk assessment of the transport network's resilience to climate change, options to increase it while avoiding "maladaptation" and options for integration of biodiversity in the transport sector.
- Conduct extensive stakeholder consultations to identify policies and measures for the governance of the transport sector and acquire sector wide support for these policies and measures.



- Conduct an assessment of the opportunities of adding value to transit transport flows. These so-called VAL (Value Added Logistics) activities ensure that Azerbaijan profits from transit transport flows, compensating for the negative environmental effects of these flows.
- Strengthen capacity building in the transport sector: address knowledge gaps and develop research/educational and training programmes (e.g. curricula and, when possible, involving the private sector), increase overall expertise of the public sector (including green and digital skills).
- Build an effective and strong proactive partnership between academia, industry and government to promote green transport, including effective cooperation with EU programmes.
- Facilitate coordination among government agencies, civil society, local executive authorities, municipalities and citizens in transition to green transport.

#### Activities related to Output 2.2:

- Identify the contribution of the different transport subsectors to greenhouse gas emissions of the total sector.
- Present EU best practices and innovations for decarbonising the transport sector, including electrification, sustainable fuels, public transportation and “soft mobility” options for urban and rural contexts.
- Prepare a green transport roadmap involving all relevant stakeholders with a focus on modal shift to environmentally friendly, climate-resilient transport modes, in both freight and passenger transport, vehicle fleet renewal incentives, green transport taxation, including carbon pricing for shipping and aviation, and other additional policies and measures. Ensure dissemination and governance of this roadmap and follow-up and sustainability of activities. Feed into the implementation of Azerbaijan’s long-term low-emission development strategy and nationally determined contributions (NDC).
- Strengthen national and sub-national environmental, transport and planning capacities in relation to the integration of environment and climate change in transport sector strategic planning through the instruments such as SEA.
- Identify measures for biodiversity enhancement and integrate biodiversity concerns from a very early stage, so that green and grey infrastructure are planned in a coordinated effort

#### Activities related to Output 3.1:

- Conduct an overall assessment to identify country-specific and concrete points of intervention for trade facilitation including transaction costs, operational efficiency and enhancement of private sector participation to strengthen efficiency of service providers along the Azerbaijani part of the TCTC.
- Develop a roadmap/action plan to implement a unified, interoperable framework for digital transformation of processes and activities and accelerate digital well-functioning cross-border mobility system by integrating different transport modes to increase operational efficiency, support implementation and follow up.
- Prepare a detailed roadmap/action plan for soft measures necessary for the seamless operation of the TCTC through the Azerbaijan transport network, including proposed project timelines, costs, potential stakeholders, and concrete impacts.
- Design of pilot projects for the implementation of the identified and prioritised soft measures in order to improve seamless, sustainable connectivity in the Azerbaijani part of the TCTC.

#### Activities related to Output 3.2 and 3.3:

- Organise events focused on the sustainable development/promotion of the TCTC, specifically targeting private sector operating along the corridor.

#### Activities related to Output 4.1.:

- Develop training programmes, organise workshops and provide technical assistance to national and international mine action experts, empowering them with the skills and expertise necessary to address landmine and ERW threats in their respective countries and regions.

Activities related to Output 4.2.:

- Facilitate collaboration with academic institutions, research organisations, and industry partners to develop cutting-edge solutions for mine clearance, explosive ordnance disposal, and risk education.
- Facilitate the exchange of information, sharing of good practices, and coordination of joint initiatives with other countries and international stakeholders, thereby enhancing the effectiveness and efficiency of mine action activities worldwide, aligned with international humanitarian principles and obligations.

Activities related to Output 4.3.:

- Advocate for and mobilise support for humanitarian mine action initiatives and related assistance as applicable.

### 3.3. Mainstreaming

#### Environmental Protection, Climate Change and Biodiversity

**Outcomes of the Strategic Environmental Assessment (SEA) screening:** The SEA screening showed that no further action is required.

Yet, opportunities for the effective use of SEA will be explored, particularly in relation to integrated river basin management planning and strategic transport planning.

**Outcomes of the Environmental Impact Assessment (EIA) screening:** The EIA screening classified the action as Category C (no need for further assessment).

**Outcome of the Climate Risk Assessment (CRA) screening:** The CRA screening determined the action to be ‘low risk’ (no need for further assessment). Yet, climate vulnerability and risk assessment will be applied to the transport sector in order to better define adaptation needs and to enhance the climate resilience of the various means of transport.

#### Gender equality and empowerment of women and girls

While the action does not have a direct focus on gender-specific issues, gender mainstreaming will be integrated during the design phase, ensuring that gender perspectives are considered throughout its development and implementation. Gender equality and the specific needs and experiences of women will be considered. The action will adhere closely to the principles and goals outlined in the EU Gender Action Plan III<sup>29</sup>. The key findings and recommendations of the GAP III Country Level Implementation Plan (CLIP), Gender Country Profile and Gender Sector Analysis are reflected in the design of the action. When relevant, a predetermined proportion of female beneficiaries will be established within the targets for indicators. Data collection will be conducted with sex-disaggregated metrics, allowing for a comprehensive analysis of the action's effects on both men and women.

#### Human Rights

The development and implementation of the action is consistent with the EU's human rights-based approach and aligned with the EU Action Plan on Human Rights and Democracy 2020-2024<sup>30</sup>. The action aligns with

<sup>29</sup> The Gender Action Plan III is a joint communication by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy, which was welcomed in the EU Presidency Conclusions of 16 December 2020. Drafting was led by the European Commission in close consultation with EU Member States, the EEAS, civil society organisations, partner governments, and international organisations (UN entities, International Finance Institutions among others). The different parties contributed to the drafting of the document through meetings and through responses to a survey conducted during the process.

<sup>30</sup> [https://www.eeas.europa.eu/sites/default/files/eu\\_action\\_plan\\_on\\_human\\_rights\\_and\\_democracy\\_2020-2024.pdf](https://www.eeas.europa.eu/sites/default/files/eu_action_plan_on_human_rights_and_democracy_2020-2024.pdf)

the Human Rights and Democracy Country Strategy, significantly supporting development and social and economic inclusion. The action will promote the protection, promotion, and fulfilment of human rights by enhancing the capacities of duty-bearers, such as government agencies and regulatory bodies. This includes providing training on human rights principles relevant to the sectors covered by the action, assisting in the development of policies and regulations that uphold human rights standards, and establishing mechanisms for community participation and accountability while minimising adverse impacts on vulnerable populations.

### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that disability is a significant objective. Disability inclusion will be integrated into the design phase of all action components.

### **Democracy**

The action will enhance civic participation and engagement at the community level and accountability at local and national levels across the two sectors covered. The action will empower rights-holders by providing access to information and facilitating meaningful participation in decision-making processes.

### **Conflict sensitivity, peace and resilience**

Existing conflict analyses were considered in the design of the action and will further inform project design and implementation. By understanding the socio-political dynamics and potential conflict triggers, interventions can be designed to mitigate risks and promote stability, especially as regards mine action. Incorporating community engagement and participatory approaches will be central to the process. By involving local stakeholders in decision-making processes, the action can better address their needs and aspirations, thus fostering inclusivity and social cohesion and enhancing the resilience of individuals, households, communities, and society as a whole. Regular monitoring and evaluation will be conducted to assess the impact of the action on conflict dynamics and ensure adjustments are made as needed to maintain its conflict sensitivity and do-no-harm principles.

### **Disaster Risk Reduction**

Although Disaster Risk Reduction (DDR) is not a direct objective of the action, it will be mainstreamed where relevant. Flooding is the main water-related natural disaster in Azerbaijan. This issue is addressed through effective hydrological monitoring at the national level to improve flood forecasting and through RBMP, which may include measures related to land use, infrastructure management, warning system, risk education for vulnerable groups, etc. As the best EU practices related to the sectors in question will be shared via the activities foreseen, the European Floods Directive could inspire the national authorities to address disaster risk reduction further, including through ecosystem-based DRR.

## **3.4. Risks and Assumptions**

<b>Category</b>	<b>Risks</b>	<b>Likelihood (High/ Medium/ Low)</b>	<b>Impact (High/ Medium/ Low)</b>	<b>Mitigating measures</b>
1-To the external environment	The political situation could impact implementation of EU assistance in Azerbaijan.	Medium	High	Advocacy, continuous policy dialogue and consultations with the authorities.

1-To the external environment	Limited interest of neighbouring countries in region-wide cooperation on water issues and environmental data sharing.	Medium	Medium	Dissemination of targeted information and intensive awareness raising activities.
1-To the external environment	Global processes could negatively affect the attractiveness of transport corridors through Azerbaijan	Low	High	Continuously monitoring of global processes potentially affecting international transport corridors.
1-To the external environment	Possible military escalation along the Azerbaijan-Armenian border.	Medium	High	Continuous dialogue in view of a peace deal between Azerbaijan and Armenia.
2-To planning, processes and systems	Absorption capacity in countries is not sufficient to implement the action effectively.	Medium	High	Conduct intensive capacity-building activities in sectors covered by the action to develop national capacities in the long term.
3-To people and the organisation	Lack of political interest in water management and environmental monitoring and data provision due to other pressing socio-economic priorities.	Medium	High	Advocacy, continuous policy dialogue and consultations with the concerned country stakeholders.
3-To people and the organisation	The culture of participatory processes in Azerbaijan is not sufficiently developed to mobilise all stakeholders.	Medium	Medium	Dissemination of targeted information and intensive awareness raising activities.
3-To people and the organisation	Low-level knowledge about the latest international trends in transport sector, such as greening and digitalisation.	Medium	Medium	Advocacy, dissemination of targeted information and intensive awareness raising activities.
3-To people and the organisation	Lack of cooperation amongst various public and private	Medium	Medium	Capacity-building, dissemination of targeted information and

	actors operating in transport sector			intensive awareness raising activities.
5-To communication and information	Reliable data for robust analytical work is not available.	Medium	High	Intensive training and awareness-raising campaigns for strengthening competencies of data producers to monitor, verify and produce reliable data.

### External Assumptions

- There is political will to continue the ongoing reforms and create an institutional landscape suitable for modern water resources management in line with international standards and EU WFD.
- The government prioritises its commitments under the 2030 Agenda for Sustainable Development, including SDG 6 (clean water and sanitation) to ensure the availability and sustainable management of water and sanitation for all.
- Structural reforms in the water management sector are finalised and relevant institutions are operating in accordance with their assigned roles and responsibilities.
- The National Strategy on Water Resources Management is adopted<sup>31</sup>.
- There is political and institutional stability for the development of a high-quality multi-modal transport system, which is well connected to international transport corridors.
- The government delivers efficient, safe and reliable logistics services to its current and increasing connectivity projects<sup>32</sup>.
- The government enhances digital connectivity and expands access to information and communication technologies.
- The transport strategy, which identifies the development trends of Azerbaijan’s transport system and determines the main objectives, duties and the role of the government regarding the transport sector, is adopted.
- ANAMA remains a key actor in the mine action field in Azerbaijan, with full support and financial assistance from the government.

### 3.5. Intervention Logic

The underlying intervention logic for this action is to enhance the contributions of mine action, sustainable water and transport sectors to Azerbaijan's economic growth. This will be achieved through targeted interventions in water resource management (axis 1), improving international transport connections, focusing on greening and digitalisation (axis 2) and strengthening knowledge and capacities in mine action (axis 3). The action builds on an evidence-based analysis and will focus on needs identified in cooperation with key authorities and relevant non-state stakeholders. It aims to create synergies with other initiatives (including at regional level) and build on lessons learned from previous experiences.

Implementation of the action will involve a combination of policy guidance, dialogue, technical assistance and capacity-building. Close collaboration with national and local authorities ensures alignment with national priorities and strong ownership from target groups. The success of the action relies on the assumption that the government is committed to engaging in the identified areas and undertaking necessary reforms, with authorities taking ownership and implementing the recommendations issued.

<sup>31</sup> Regardless of the adoption of the national strategy on water resources management, the Action is aligned with the existing Water Code and the commitment of Azerbaijan towards achievement of the SDG 6.

<sup>32</sup> The Port of Baku is developing a large container terminal (Alat Phase II) which aims to increase the port capacity from the current 100,000 TEU to 500,000 TEU in the medium term [World Bank (2023). “Middle Trade and Transport Corridor: Policies and Investments to Triple Freight Volumes and Halve Travel Time by 2030”. Washington, DC: World Bank.]

Under axis 1, the action focuses on applying IWRM principles at various levels. Outputs include strengthening government stakeholders' capacities, enhancing stakeholder capacities in river basin districts, and piloting selected measures outlined in RBMP. These measures cover aspects such as water supply, sanitation, and nature-based solutions.

Axis 2 targets enhancing the efficiency and effectiveness of the transport sector, with an emphasis on greening and digitalisation. Outputs aim to improve stakeholder capacities in participatory governance and coordination, enhance knowledge of greenhouse gas emissions and policy effectiveness, and ensure smooth functioning of the TCTC. This includes generating knowledge on operational needs, fostering business connections, and raising awareness among international stakeholders regarding investment opportunities within the TCTC.

Axis 3 focuses on the establishment of a Centre of Excellence to serve as a pivotal hub for training, capacity building, and knowledge transfer in the mine action sector at national, regional, and international levels. Outputs will strengthen regional and global collaboration in mine action efforts, encompassing research, development, and innovation in mine action technology and methodologies. Furthermore, it will significantly increase awareness of the humanitarian impact posed by landmines and explosive remnants of war both nationally and internationally.

### **3.6. Indicative Logical Framework**

Results	Results chain: Main expected results	Indicators	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact 1</b>	To boost the contributions of mine action, sustainable water and transport sectors to the economic development and diversification in Azerbaijan.	<p>1. Level of water stress: freshwater withdrawal as a proportion of available freshwater resources (<i>SDG 6.4.2</i>)</p> <p>2. Change in water-use efficiency over time (<i>SDG 6.4.1</i>) (USD m3)</p> <p>3. Income generated from goods transportation in the Transport Corridor of Europe-Caucasus-Asia (USD)</p> <p>4. Passenger and freight volumes, by mode of transport</p> <p>5. Greenhouse gas emissions level in line with NDC ambitions</p> <p>6. Sustainable decrease in landmine and ERW contamination.</p>	<p>1. 57.5% (2022)</p> <p>2. 6.57 (2022)</p> <p>3. 432,302 USD (2022)</p> <p>4. TBD at project design phase</p> <p>5. Above NDC ambitions (2024)</p> <p>6. TBD at project design phase.</p>	<p>1. 50% (by 2030)</p> <p>2. TBD at project design phase</p> <p>3. 900,000 USD (by 2030)</p> <p>4. TBD at project design phase</p> <p>5. In line with NDC ambitions (by 2030)</p> <p>6. Annual increase in the area of land cleared of landmines and ERW (TBD at project design phase)</p>	<p>1. International organisation data portals and reports</p> <p>2. International organisation data portals and reports</p> <p>3. Public sector reports/national statistical report</p> <p>4. International organisation data portals and reports</p> <p>5. Public sector reports/national statistical report</p> <p>6. Public sector reports/national statistical report</p>	<i>Not applicable</i>
<b>Outcome 1</b>	1. To ensure that relevant stakeholders and communities apply integrated water resources management principles, including through a gender sensitive lens, at the national, selected river basin and local levels, with a view to maximising water resilience to	<p>1.1. Degree of integrated water resources management (<i>SDG 6.5.1</i>)</p> <p>1.2. Status of National Water Strategy and its Action Plan in line with the EU WFD and Floods Directive (<i>MIP indicator</i>)</p>	<p>1.1. 40% (2022)</p> <p>1.2. Not in existence (2024)</p> <p>1.3. 0 (2024)</p>	<p>1.1. 75% (by 2030)</p> <p>1.2. Adopted (by 2030)</p>	<p>1.1. International organisation data portals and reports; public sector reports/national statistical report</p>	There is a strong political will to continue the ongoing reforms and create an institutional landscape



	climate change and good ecological status of water bodies.	<p>1.3. Number of adopted water sector policies, legal acts aligned with principles of the EU WFD and Floods Directive (<i>MIP indicator</i>)</p> <p>1.4. Share of territory covered by RBMP adopted and aligned with principles of the EU WFD and Floods Directive (<i>MIP indicator</i>)</p>	1.4. 0% (2024)	<p>1.3. TBD at project design phase</p> <p>1.4. 100% (by 2030)</p>	<p>1.2. EU intervention monitoring and reporting systems</p> <p>1.3. EU intervention monitoring and reporting systems</p> <p>1.4. EU intervention monitoring and reporting systems</p>	<p>suitable for modern water resources management in line with international standards and EU WFD.</p> <p>The government continues implementing its commitments under the Global Sustainable Development Agenda 2030, including SDG 6 to ensure the availability and sustainable management of water and sanitation for all.</p>
<b>Outcome 2</b>	2. To strengthen the efficiency and effectiveness of the transport sector in Azerbaijan, focusing on greening, digitalisation, and facilitation of investments under the EIP.	<p>2.1. Passenger and freight volumes, by mode of transport</p> <p>2.2. Number of policy and regulatory reforms related to efficiency, greenness, and climate resilience of the transport sector implemented. (<i>MIP indicator</i>)</p>	<p>2.1. TBD at project design phase</p> <p>2.2. TBD at project design phase</p>	<p>2.1. TBD at project design phase</p> <p>2.2. TBD at project design phase</p>	<p>2.1. International organisation data portals and reports; public sector reports/national statistical report</p> <p>2.2. Public sector reports/ Ministry/agency</p>	<p>National stakeholders maintain support for the long-term implementation of legal, regulatory and institutional policies by authorities at</p>

		<p>2.3. Reduction in greenhouse gas emissions per unit of transported goods (Co2 eq/tonnes of goods) <i>(MIP indicator)</i></p> <p>2.4. Number of SUMPS (Sustainable Urban Mobility Plans) developed. <i>(MIP indicator)</i></p>	<p>2.3. TBD at project design phase</p> <p>2.4. 0 (2024)</p>	<p>2.3. TBD at project design phase</p> <p>2.4. 3 (by 2030)</p>	<p>administrative data and reports</p> <p>2.3. Public sector reports/Ministry/agency administrative data and reports</p> <p>2.4. Public sector reports/Ministry/agency administrative data and reports</p>	<p>national, regional and local level</p> <p>National stakeholders maintain support for the long-term implementation of new policies for more efficient and green operations by firms active in modes of transports (goods, passengers)</p>
<b>Outcome 3</b>	<p>3. To enhance the seamless functioning of the TCTC within the scope of the extended TEN-T network of Azerbaijan, including the coordination and communication among relevant stakeholders.</p>	<p>3.1. Average time of Azerbaijan's border crossing and delivery of goods <i>(MIP indicator)</i></p> <p>3.2. Number of new developed and implemented policies and strategies in soft measures in transport connectivity <i>(MIP indicator)</i></p> <p>3.3. Number of non-tariff measures eliminated with the support of the EU-funded intervention</p> <p>3.4. Annual throughput capacity of the Port of Baku; Annual cargo traffic (tonnes and containers) transported along the TCTC</p>	<p>3.1. TBD at project design phase</p> <p>3.2. 0 (2024)</p> <p>3.3. 0 (2024)</p> <p>3.4. TBD at project design phase</p>	<p>3.1. TBD (reduction of 30% over BL value)</p> <p>3.2. TBD at project design phase</p> <p>3.3. TBD at project design phase</p> <p>3.4. TBD at project design phase</p>	<p>3.1. Public sector reports/Ministry/agency administrative data and reports</p> <p>3.2. Public sector reports/Ministry/agency administrative data and reports</p> <p>3.3. EU intervention monitoring and reporting systems; Public sector reports/Ministry/agency administrative data and reports</p>	<p>The coordination and communication between the border control points of the other corridor countries and Azerbaijan is fully harmonised.</p> <p>Willingness of the other corridor countries to implement non-tariff measures</p>

					3.4. Public sector reports/national statistical report	and to share statistics on annual cargo traffic.
<b>Outcome 4</b>	4. To support mine action through the establishment of a Centre of Excellence in Azerbaijan.	4.1. Increased coordination across the relevant institutions of Azerbaijan in sectors involved in mine action.  4.2. Integrated strategies of addressing threats posed by landmines and ERW developed.	4.1. TBD at project design phase  4.2. 0 (2024)	4.1. TBD at project design phase  4.2. TBD at project design phase	4.1. Public sector reports/national statistical report  4.2. Public sector reports/national statistical report	National stakeholders maintain support for the long-term implementation of mine action policies and willingness for international cooperation.
<b>Output 1 related to Outcome 1</b>	1.1. Strengthened operational, coordination and monitoring capacities of the government stakeholders linked to the application of IWRM principles, as well as in relation to the integration of environment and climate change in water resource management strategic planning.	1.1.1. Number of monitoring plans of surface water, groundwater and coastal water developed or supported following IWRM principles  1.1.2. Number of professionals, including laboratory staff with increased skills on water monitoring following IWRM principles, data processing and data analysis (by sex)  1.1.3. Number of coordination mechanisms supported by the action to apply IWRM principles  1.1.4. Sustainability-related financial instruments and products launched.	1.1.1. 0 (2024)  1.1.2. TBD  1.1.3. 0 (2024)  1.1.4. Not Available (2024)	1.1.1. 3 (by 2030)  1.1.2. TBD (by 2030)  1.1.3. 1 (by 2030)  1.1.4. Available (by 2030)	1.1.1. EU intervention monitoring and reporting systems  1.1.2. EU intervention monitoring and reporting systems  1.1.3. EU intervention monitoring and reporting systems  1.1.4. EU intervention monitoring and reporting systems	Ongoing structural reforms in the water management sector are completed and all related institutions are operating in accordance with their assigned roles and responsibilities.  National institutions responsible for policy decision making in the field of water resources management are ensuring

						<p>sufficient resources for RBM and take necessary decisions swiftly in alignment with relevant legislation and policies.</p> <p>National agreement (or strategy) on water-related data sharing validated.</p>
<b>Output 2 related to Outcome 1</b>	<p>1.2. Strengthened capacities of all river basin districts' stakeholders on participatory RBMP and their adoption and implementation through a gender sensitive approach.</p>	<p>1.2.1. Number of river basin districts' stakeholders with increased capacities on RBMP disaggregated by sex</p> <p>1.2.2. Number of local administrative units supported with gender-sensitive approach with operational policies and procedures for participation of local communities in water and sanitation management at river basin level</p>	<p>1.2.1. 0 (2024)</p> <p>1.2.2. 0 (2024)</p>	<p>1.2.1. 1 000 (by 2030)</p> <p>1.2.2. 4 (2030)</p>	<p>1.2.1. EU intervention monitoring and reporting systems</p> <p>1.2.2. EU intervention monitoring and reporting systems</p>	<p>The river basin districts delineation is completed and validated.</p> <p>The government is ready to establish and manage basin council at each river basin district.</p>
<b>Output 3 related to Outcome 1</b>	<p>1.3. Increased opportunities to pilot selected gender sensitive measures outlined in the RBMP of the targeted communities in the areas including but not limited to water supply, sanitation, resilience to</p>	<p>1.3.1. Number of piloted and demonstrated community-based gender sensitive measures (water supply, sanitation, etc.)</p>	<p>1.3.1. 0 (2024)</p> <p>1.3.2. 0 (2024)</p>	<p>1.3.1. TBD at project design phase</p> <p>1.3.2. 2 (by 2030)</p>	<p>1.3.1. EU intervention monitoring and reporting systems</p> <p>1.3.2. EU intervention monitoring and reporting systems</p>	<p>Measures from RBMP are in line with the national strategy.</p>

	climate change, and nature-based solutions.	1.3.2. Number of nature-based solutions improved or established by supported actors				Landowners agree with the implementation of measures.
<b>Output 1 related to Outcome 2</b>	2.1. Improved capacities of national and subnational transport stakeholders on participatory governance and coordination.	2.1.1. Number of trained local, regional and national authorities active in the transport sector.	2.1.1. 0 (2024)	2.1.1. 100 (by 2030)	2.1.1. EU intervention monitoring and reporting systems	Willingness to develop and adopt policies at national, regional and local levels
<b>Output 2 related to Outcome 2</b>	2.2. Improved capacities on the integration of environment and climate change in transport sector strategic planning, as well as knowledge about the climate change and environmental impacts of the transport sector and the effectiveness, efficiency of policy measures to reduce such emissions in the transport sector and its subsectors and to enhance biodiversity.	2.2.1. Number of operators in transport and logistics trained in climate change and environmental impacts of the transport sector  2.2.2. Number of trained local, regional and national authorities active in the transport sector.	2.2.1.0 (2024)  2.2.2. 0 (2024)	2.2.1. 100 (by 2030)  2.2.2. 100 (by 2030)	2.2.1. EU intervention monitoring and reporting systems  2.2.2. EU intervention monitoring and reporting systems	Willingness to get knowledge on climate change and environmental impacts of the transport sector.  Willingness to develop and adopt green and climate resilient policies at national, regional and local levels, including SUMPS for major cities.
<b>Output 1 related to Outcome 3</b>	3.1. Improved knowledge and evidence on the operational needs and soft measures required for the extended TEN-T network in Azerbaijan, including in terms of linking with the TCTC.	3.1.1. Number of decision-makers trained by the EU-funded intervention who increased their knowledge and/or skills on the importance of soft measures in Trans-Caspian transport connectivity (by institution and sex)	3.1.1. 0 (2024)	3.1.1. 70 (by 2030)	3.1.1. EU intervention monitoring and reporting systems	Coordination with authorities has been established to organise training sessions and workshops for

						relevant state officials, ensuring the effective functioning of various components of the TCTC.
<b>Output 2 related to Outcome 3</b>	3.2. Increased business connections between the private sector in Azerbaijan and the EU operating in the TCTC within the extended TEN-T.	3.2.1. Number of private sector participants involved the B2B meetings during the TCTC events ( <i>MIP Indicator, disaggregated by economic size, sector and sex</i> )	3.2.1. 0 (2024)	3.2.1. 70 (by 2030)	3.2.1. EU intervention monitoring and reporting systems	There will be significant interest from the private sector, international financial institutions, international organisations, and the government to organise the TCTC events in Azerbaijan.
<b>Output 3 related to Outcome 3</b>	3.3. Increased awareness of investment banks and other international stakeholders on the needs, plans and investment opportunities in the Azerbaijan network of the TCTC within the extended TEN-T.	3.3.1. Number of awareness raising campaigns to promote investment opportunities in Azerbaijan network of the TCTC. ( <i>MIP indicator</i> )  3.3.2. Number of members from financial institutions, international organizations, and private sector whose awareness/abilities to assess transport investment projects in the Azerbaijan network of the TCTC have been raised with support from the EU-funded intervention	3.3.1. 0 (2024)  3.3.2. 0 (2024)	3.3.1. 3 (2030)  3.3.2. 70 (2030)	3.3.1. EU intervention monitoring and reporting systems  3.3.2. EU intervention monitoring and reporting systems	There will be significant interest from the private sector, international financial institutions (IFIs), international organizations, and the government to organise the TCTC events in Azerbaijan.

<p><b>Output 1 related to Outcome 4</b></p>	<p>4.1. Establishment of a Centre of Excellence as a pivotal hub for training and capacity building in the mine action sector at national, regional and international levels.</p>	<p>4.1.1. Centre of Excellence is established.</p>	<p>4.1.1. Not established (2024)</p>	<p>4.1.1. Established (2026)</p>	<p>4.1.1. EU intervention monitoring and reporting systems</p>	<p>There will be significant interest from the government, other relevant national and international stakeholders to establish the CoE in Azerbaijan.</p>
<p><b>Output 2 related to Outcome 4</b></p>	<p>4.2. Fostered regional and global collaboration, knowledge transfer and exchanges in mine action efforts, including research, development and innovation in mine action technology and methodologies.</p>	<p>4.2.1. Number of collaborative research papers on mine action published.</p>	<p>4.2.1. 0 (2024)</p>	<p>4.2.1. TBD at project design phase.</p>	<p>4.2.1. EU intervention monitoring and reporting systems</p>	<p>Willingness of regional and international stakeholders to improve knowledge on mine action, development and innovation in the sector.</p>
<p><b>Output 3 related to Outcome 4</b></p>	<p>4.3. Increased awareness on the humanitarian impacts of landmines and ERW contamination internationally.</p>	<p>4.3.1. Number of awareness raising campaigns on the impacts of landmines and ERW contamination held.</p>	<p>4.3.1. 0 (2024)</p>	<p>4.3.1. TBD at project design phase.</p>	<p>4.3.1. EU intervention monitoring and reporting systems</p>	<p>There will be significant interest from relevant stakeholders to organise and attend events in Azerbaijan</p>

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Financing Agreement**

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country.

### **4.2. Indicative Implementation Period**

The indicative operational implementation period of this action, during which the activities described in section 3.1 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this financing Decision and the relevant contracts and agreements.

### **4.3. Implementation Modalities**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>33</sup>.

#### **4.3.1. Direct Management (Procurement)**

The procurement will contribute to the achievement of the Specific Objective 2 (outcome 2), notably outputs 2.1 and 2.2.

#### **4.3.2. Indirect Management with a pillar-assessed entity**

##### **4.3.2.1. Indirect Management with a pillar-assessed entity**

A part of this action may be implemented in indirect management with one or more pillar-assessed entity(ies), which will be selected by the Commission's services using the following criteria:

- Proven logistical, operational and management capacity (human resources, organisational set-up, etc.).
- Proven sound knowledge of, and preferably experience in, the Eastern Partnership countries and Azerbaijan in particular.
- Proven thematic expertise in IWRM, including RBMP development and implementation.
- Proven expertise in designing and implementing community-based pilot/demonstration projects in the field of water resources management, including nature-based solutions.
- Proven expertise in designing bankable investment projects in the water sector.

The implementation by this entity(ies) entails the Specific Objective (outcome 1), namely outputs 1.1, 1.2 and 1.3.

##### **4.3.2.2. Indirect Management with a pillar-assessed entity**

A part of this action may be implemented in indirect management with one or more pillar-assessed entity(ies), which will be selected by the Commission's services using the following criteria:

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<sup>33</sup> [EU Sanctions Map](#). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website



- Proven logistical, operational and management capacity (human resources, organisational set-up, etc.).
- Proven sound knowledge of and preferably experience in the Eastern Partnership countries, Central Asia and Azerbaijan in particular.
- Proven thematic expertise in development of international trade through trade facilitation, digitalisation of customs procedures and enhancing coordination of cross-border trade measures.
- Proven expertise in projects on the seamless functioning of the international transport corridors, including facilitation of communication and coordination, targeting the private sector.

The implementation by this entity(ies) entails the Specific Objective (outcome 3), namely output 3.1, 3.2 and 3.3.

#### **4.3.2.3. Indirect Management with pillar-assessed entity**

A part of this Action may be implemented in indirect management with pillar-assessed entities, which will be selected by the Commission's services using the following criteria:

- Proven logistical, operational and management capacity (human resources, organisational set-up, etc.).
- Proven sound knowledge of and preferably experience in the Eastern Partnership countries, Central Asia and Azerbaijan in particular, including the capacity to rapidly mobilise sufficient expertise and presence in the country.
- Proven thematic expertise in mine action and experience of working in conflict-sensitive environments and in the field of political dialogue and policy making.
- Proven expertise in designing and implementing mine action projects.

The implementation by this entity(ies) entails the Specific Objective (outcome 4), namely output 4.1, 4.2 and 4.3.

#### **4.3.3. Changes from indirect to direct management (and vice-versa) mode due to exceptional circumstances**

If the implementation modality under direct management as defined in section '4.3.1 (procurement)' cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by indirect management with a pillar-assessed entity would be used according to section '4.3.2'.

The entity will be selected by the Commission services using the following criteria:

- Proven logistical, operational and management capacity in implementing projects for a similar budget (human resources, organisational set-up, etc.).
- Proven sound knowledge and preferably experience in the Eastern Partnership countries and Azerbaijan, in particular in transport sector strengthening projects, namely strengthening transport governance, capacity building, and public-private sector communication.
- Proven strong thematic expertise in the area of green initiatives in the transport sector.
- Proven expertise in designing projects to set-up competitive transport sector, optimisation and digitalisation with the main objective to support economic growth in the country.

#### **4.4. Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 4.5. Indicative Budget

<b>Indicative Budget components</b>	<b>EU contribution (amount in EUR)</b>
<b>Implementation modalities</b> – cf. section 4.3	
<b>Outcome 1</b> composed of	<b>6 000 000.00</b>
Indirect management with pillar-assessed entity(ies) – cf. section 4.3.2.1	6 000 000.00
<b>Outcome 2</b> composed of	<b>1 150 000.00</b>
Procurement (direct management) – cf. section 4.3.1	1 150 000.00
<b>Outcome 3</b> composed of	<b>1 200 000.00</b>
Indirect management with pillar-assessed entity(ies) – cf. section 4.3.2.2	1 200 000.00
<b>Outcome 4</b> composed of	<b>5 000 000.00</b>
Indirect management with pillar-assessed entity(ies) – cf. section 4.3.2.3	5 000 000.00
<b>Evaluation</b> – cf. section 5.2 <b>Audit</b> – cf. section 5.3	<b>150 000.00</b>
<b>Strategic communication and Public diplomacy</b> – cf. section 6	will be covered by another Decision
<b>Totals</b>	<b>13 500 000.00</b>

#### 4.6. Organisational Set-up and Responsibilities

The Delegation of the European Union to Azerbaijan will be responsible for the management of the programme and will monitor its overall implementation. It will also be the focal point for any communication with the contractors or the beneficiary institutions. The Commission and the partner country will regularly review progress made in the overall implementation of the action through a Programme Steering Committee (PSC) which meets once a year. Apart from steering the overall process the PSC also aggregates information about progress in implementation which will be made available to relevant stakeholders.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

## **5. PERFORMANCE MEASUREMENT**

### **5.1. Monitoring and Reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

- Baselines and targets which are not yet available will be provided at contracting level (at the latest at the end of the inception phase) by the selected implementing partners;
- Implementing partners will collect, record and track key data with particular focus on assessment against the indicators identified in the logical framework and that are disaggregated at least by sex, age, and even further when applicable indicators that are disaggregated at least by sex, age, and even further when applicable, to inform on progress towards planned results' achievement;
- At the level of the individual projects funded under this action, specific Steering Committees (SC) will be convened by the implementing partners involving the EU Delegation and other relevant stakeholders. The SC will meet regularly to review progress on the basis of periodic reports.
- SDGs indicators and, if applicable, and jointly agreed indicators as, for instance, those from the EU Results Framework, should be considered.

The reports shall be laid out in such a way as to allow monitoring of the resources envisaged and employed and of the budget details of the action.

### **5.2. Evaluation**

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account, in particular, the impact of the EU interventions on the sectoral development (water resource management and transport sector). Thus, the thematic focus of the evaluation will allow to draw conclusions and develop recommendations for informing any future EU interventions in this field.

The Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.), etc.) levels. If deemed necessary, other donors will be invited to join. The Commission shall inform the implementing partner at least 60 days in advance of the dates envisaged for the evaluation exercise and missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

### **5.3. Audit and Verifications**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

## **6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY**

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [\*Communicating and raising EU visibility: Guidance for external actions\*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

## Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

A Primary intervention (project/programme) is a coherent set of results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

- ✓ Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
- ✓ Articulating Actions and/or Contracts according to an expected common chain of results and therefore allowing them to ensure a more efficient and aggregated monitoring and reporting of performance;
- ✓ Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

The present Action identifies as:

<b>Action level</b> (i.e. Budget support, Blending)		
<input type="checkbox"/>	Single action	Present action: all contracts in the present action
<b>Group of actions level</b> (i.e: i) top-up cases, ii) second, third, etc. phases of a programme)		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#):
<b>Contract level</b> (i.e. Grants, Contribution Agreements, any case in which foreseen individual legal commitments identified in the budget will have different log frames, even if part of the same Action Document)		
<input checked="" type="checkbox"/>	Single Contract 1	Contribution Agreement with a pillar-assessed entity
<input checked="" type="checkbox"/>	Single Contract 2	Contribution Agreement with a pillar-assessed entity
<input checked="" type="checkbox"/>	Single Contract 3	Framework Contract
<input checked="" type="checkbox"/>	Single Contract 4	Contribution Agreement with a pillar-assessed entity
	(...)	
<b>Group of contracts level</b> (i.e: i) series of programme estimates, ii) cases in which an Action Document foresees many foreseen individual legal commitments (for instance four contracts and one of them being a Technical Assistance) and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other, iii) follow up contracts that share the same log frame of the original contract)		
<input type="checkbox"/>	Group of contracts	