1. Country and Sector Background

Azerbaijan has experienced a rapid increase in income and decrease in poverty over recent years, led by increasing oil revenues. But it has also experienced the global economic crisis from which the country has emerged relatively well. However, the drivers of growth and poverty reduction that served the country well in the recent past may not be available in the future, and the post-crisis world offers new challenges for the country and the justice sector. Azerbaijan’s challenge is now to maintain its development momentum and to transform itself into a sustainable upper middle income economy with a justice system delivering services fully complying with the European and international standards the country has committed to.

Decades of underinvestment have taken their toll on the judicial system. Low trust in the judicial system is compounded by considerable gaps in the Judiciary’s effectiveness in the delivery of quality services. The Business Environment and Enterprise Performance Survey (BEEPS) 2008 data show that Azerbaijan’s judicial institutions constitute an important obstacle to the country’s private sector development and movement to a more effective market economy. Judicial institutions have achieved some important progress towards meeting market economy and democratic needs, but much more needs to be done, in particular strengthening institutional capabilities and improving the quality of services delivered.

2. Objectives

The objective of the project is to develop capacity of Azerbaijan’s judicial system to achieve incremental improvements in efficiency, citizen information and its ability to handle future demand.

3. Rationale for Bank Involvement
The original Project was approved on June 5th, 2006 and became effective on December 29th, 2006. The original credit amount was SDR 14.8 million (US$ 21.6 million equivalent). The rationale for the proposed additional IDA credit and IBRD loan is to finance the costs associated with a financing gap and new activities included to strike a balance between investments in improved infrastructure and equipment, on the one hand, and activities focusing primarily on capacity building and improvements in judicial services, on the other hand.

The Project originally approved in 2006 planned to improve the infrastructure of 22 courts in 19 locations through rehabilitation of five and construction of 17 courts. The financing gap occurred due to a dramatic increase in construction costs since the Project was approved by the Board in 2006. The initial price estimates per courthouse turned out unrealistic. Out of 22 court constructions and rehabilitations originally planned under the Project, the construction of only four courts will be completed with current funding.

The additional financing will allow for the construction of seven additional courts, leading to a total of eleven courts built under the Project. Designs for 21 courthouses have been developed under the Project. They incorporate international good practices with respect to space standards, IT readiness, functionality, safety, accessibility and sustainability.

4. Description

The structure of the original Project fundamentally remains the same. It consists of four components: (1) strengthening the management capacity of judicial institutions, (2) upgrading of court facilities and technologies, (3) improving quality of operations of judges, staff and other legal professionals, and (4) improving citizen information and access to justice. The objectives of the Project will not be changed and the focus of the components of the parent project will substantially remain the same.

Under component 1, ICT and other technical equipment will be provided to the Judicial-Legal Council, pilot courts and other justice institutions. It will also be provided for the additional courts built under the Project. Judges and staff will receive training in ICT. Office equipment and furniture will be purchased for selected courts. A Court Performance Measurement Framework will also be developed.

Component 2 includes the construction of selected courts (Sabunchu Court, Sheki Court Complex, Narimanov District Court) and additional financing for the façade of the Baku City Yasamal District Court. It will also provide for author supervision for courts under renovation and construction.

Under component 3, the additional financing will allow for a case-file analysis and a bar association professionalization assessment to be carried out. This component will also comprise capacity building measures and the development of courseware for the Justice Academy.

Component 4 will include activities focusing on access to justice, such as a legal aid system and needs analysis, an analysis of the market for legal services, the development of phase 2 of the e-notary system, an empirical analysis of court dispute resolution and alternative dispute resolution
mechanisms, an enforcement analysis, and the establishment of legal and judicial information centers as well as support to outreach activities such as the holding of courthouse open days and the production of material for public information campaigns.

5. Financing

Source: ($60.9m.)
BORROWER/RECIPIENT 28.1
International Bank for Reconstruction and Development 24.2
International Development Association (IDA) 8.6
Total 32.8

6. Implementation

The institutional arrangement will remain the same as under the parent project. The Judicial Modernization Team within the Ministry of Justice will be responsible for project implementation.

7. Sustainability

The designs of the courthouses built under the project are based on international good practices, which ensure building longevity as well as environmentally friendly constructions. The locations have been determined based on the need for judicial services.

8. Lessons Learned from Past Operations in the Country/Sector

Investments in infrastructure and equipment are necessary, but not sufficient to achieve the project development objective. These investments therefore should be balanced with activities focusing primarily on capacity building and improvements in judicial services.

9. Safeguard Policies (including public consultation)

Since the new activities that are most relevant for safeguards are similar to those of the original project (construction, rehabilitation and/or renovation of court house facilities), it is anticipated that the environmental impacts will also be similar. They are already considered in the existing Environmental Management Plan of the original project and addressed in the course of project implementation. No other environmental concerns are expected, and no change in environmental category is required.

During the implementation of the parent project, 690 square meters of private land were acquired from restaurant owners for construction of a district court. For this impact, an abbreviated Resettlement Action Plan was prepared and the compensation has been paid to the affected land owners. Follow-up consultations were held with the restaurant owners to explain the
compensation details. The restaurant owners will continue to run the restaurant in the remaining land and their revenue is expected to increase once the new court opens.

Under the proposed additional financing, three additional construction sites are planned and the lands for these three buildings are already identified. The total land required is 3.15 hectares belonging to the Ministry of Justice. The borrower has confirmed that this land is current vacant and free from any encumbrances such as encroachments or squatting.

10. List of Factual Technical Documents

N. A.

11. Contact point

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