



**Environmental Protection of
International River Basins Project**
Contract No. 2011/279-666



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The European Union

A project implemented by a Consortium
led by Hulla & Co. Human Dynamics KG

Assistance in preparation of secondary legislation in Azerbaijan in support of
implementation Azerbaijan Water Code and approximation to the EU Water
Framework Directive and Urban Waste Water Treatment Directive

INCEPTION REPORT

(Draft)



Prepared by PERIOD LLC lead consortium

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List of Acronyms and Abbreviations:

1. CIS –Common Implementation Strategy
2. DRR – Disaster Risk Reduction
3. EC – European Commission
4. EPIRBP – Environmental Protection of International River Basins Project
5. EO-Environmental Objectives
6. EU – European Union
7. GIS – Geographic Information Systems
8. HMWBs - Heavily modified water bodies
9. HSRI - Hydrometeorology Scientific Research Institute
10. IRBMP- Integrated River Basin Management Plan
11. IWRM- Integrated Water Resources Management Plan
12. JFS- Joint Field Survey
13. MENR- Ministry of Ecology and Natural Resources
14. NCC- National Coordination Committee
15. O&M- Operational and maintenance
16. OSCE- Organization on Security and Cooperation in Europe
17. PoM – Programme of Measures
18. RBAR- River Basin Analyses Report
19. RBMP – River Basin Management Planning
20. REC – Regional Environmental Centre for Central and Eastern Europe
21. REC-Caucasus – Regional Environmental Centre in Caucasus
22. ToR- Terms of Reference
23. UNDP – United Nations Development Program
24. USAID - United States Agency for International Development WFD
25. WBs – Water Bodies
26. WBRs – Water Bodies at Risk
27. WFD – Water Framework Directive

Introduction

This inception report has been prepared according to the contract made on May 21, 2014 between: Hulla & Co. Human Dynamics KG (“Client”) and PERIOD LLC (“Contractor”) to Assistance in preparation of secondary legislation in Azerbaijan in support of implementation Azerbaijan Water Code and approximation to the EU Water Framework Directive and Urban Waste Water Treatment Directive as defined by Contract for the needs of the EU project “Environmental Protection of the International River Basins”(SC № 2011/279-666, Europe Aid/131360/C/SER/Multi). The services shall be carried out starting from 26 May 2014. Duration of the assignment is 12 months.

Project will assist in preparing secondary legislation in support of the Water Code to introduce the concept and principles of IWRM and approximation and application of the WFD and UWWTD.

The State Commission of the Republic of Azerbaijan on EU Integration is responsible for implementation of all activities related to approximation of Azerbaijan legislation into EU legislation, including water legislation including the Water Framework Directive, UWWTD and flood protection, according to the Action Plan signed between Azerbaijan and European Union in 2006. Azerbaijan is committed to this process and is seeking to establish strong legal and institutional frameworks to deliver its objectives.

The concept of Integrated Water Resources Management is reflected in Water Code of the Republic of Azerbaijan, as are the mechanisms introduction of the principles of the EU Water Framework Directive and Urban Waste Water Treatment Directive. However to ensure their implementation requires specific decisions of Cabinet of Ministers to be agreed and drafted, and secondary legislation to be developed. The institutional framework needs to be clarified, with current overlap of fragmentation of responsibilities resolved. Toward this objective, the Ministry has requested assistance in undertaking a legal and institutional review of the existing situation; prepare draft decrees of Cabinet of Ministers on application of the River Basin Management approach and establishment of River Basin Organisations; and drafting of key secondary legislation required for application of the WFD and UWWTD.

The project beneficiaries and stakeholders who will need to be consulted during implementation of this project include:

- Ministry of Ecology and Natural Resources
- State Water Resources Agency, under the Ministry of Emergency Situations
- National Environmental Monitoring Department, under the Ministry of Ecology and Natural Resources
- National Hydro-meteorology Department, under the Ministry of Ecology and Natural Resources
- Hydro-geological Expedition, under the Ministry of Ecology and Natural resources
- Azerbaijan Amelioration and Water Farm OJSC
- Azersu JSC on Drinking Water Supply and Sanitation

The project is divided into four phases:

1. Identification of institutional responsibilities for the application of IWRM principles at the national level and the application of WFD and UWWTD and recommendations for institutional reform.
2. Development of mechanism for application of the Basin Approach as indicated in Water Code of Azerbaijan Republic according to principles of EU WFD and preparation of a draft Decree of Cabinet of Ministers on adoption of the mechanism
3. Development of a draft Decree of Cabinet of Ministers on creation and operation of Basin Management Organizations, including preparation Basin Management Organisation charters (objectives, functions, status and composition).
4. Development of secondary legislation for the application of the Urban Waste-Water Treatment Directive in Azerbaijan

The inception report is prepared within the inception phase to outline methodology and action plan to be used to implement the project. It is based on findings gathered during this phase.

A project team meeting was conducted on May 28th to start work and determine main objectives

The main focus of the meeting was to:

- Division of tasks among experts
- Review the background legislation of Azerbaijan in water sector and relevant experience of other countries on application of WFD tools
- Review its risks and assumptions;
- Selection of methodology for the implementation of the project;
- Finalize the work program and content of work to be carried in next phases
- Organize a meeting with beneficiaries and EEPIRB team and discuss the methodology and work schedule
- Submission of Inception report

This inception report can be considered as a direction to prepare draft legal acts on application of EU water directives in Azerbaijan.

1. Implementation Methodology

Water Code of Azerbaijan Republic considers integrated ecosystem approach as part of water management policy of the Country, but there is no any legislative act where is described mechanism for application of the basin approach. However, as Azerbaijan is planning to harmonise the national water legislation with the EU directives and as the specific objective of the EU “Environmental Protection of International River Basins” (EPIRB) project includes development of a RBMP for selected river basin according to the requirements of the EU WFD, there is a need to develop such a mechanism as a governmental decree that can allow to apply basin approach in Azerbaijan. We will take the EU WFD planning approach as the basis to

develop this mechanism, keeping in mind that the water legislation of Azerbaijan does not contradict to the logics of the EU WFD planning cycle.

Also will be created in parallel a relevant document on legal-institutional base of implementation of EU UWWTD in Azerbaijan.

To apply both directives in Azerbaijan relevant legal documents describing mechanism, procedures and approach of their implementation will be prepared for approval by Cabinet of Ministers. Main methodology in this case will be based on approach and requirements under above directives.

2. EU WFD Implementation

The Water Framework Directive establishes a framework for the protection of all waters (including inland surface waters, transitional waters, coastal waters and groundwater) which:

- Prevents further deterioration and protects and enhances the status of water resources.
- Promotes sustainable water use based on long-term protection of available water resources.
- Aims at enhancing protection and improvement of the aquatic environment through specific measures for the progressive reduction of emissions, discharges and losses of priority substances and ceasing or phasing out emissions, discharges and losses of priority hazardous substances.
- Ensures the progressive reduction of pollution of groundwater and prevents its further pollution, and
- Contributes to the mitigation of the impact of floods and droughts

In general WFD aims to the achievement of good status for all water bodies .

To achieve the objectives, of WFD, it is required implement the following actions:

- Define the individual river basins lying within their national territory, assign them to individual River Basin Districts (RBD) and define the competent authorities to apply the rules of W.F.D. (Article 3, Article 24)
- Characterize the RBD in terms of pressures and impacts and undertake economic analysis of water use, establishing at the same time a Registry of Protected Areas within the RBD (Article 5, Article 6, Annex II, Annex III).
- Carry out the intercalibration of the ecological status classification systems (Article Paragraph 22, Annex V).
- Make the monitoring networks operational (Article 8).
- Develop RBMP

All these require to develop mechanism that describe ways of application of WFD Compliance IRBMP and procedures and approaches for its application.

During the project implementation a draft decree of Cabinet of Ministers will be created to enable application of WFD relevant RBMP in Azerbaijan

Document will describe how to conduct more detailed analyses on water body level, including the assessment of pressures and impacts, and the related risk of water bodies to fail the WFD environmental objectives.

In addition, will be described ways to establish environmental objectives for achieving the good status for surface water bodies and the good chemical and quantitative status for groundwater bodies, an economic and financial analysis and the development of an initial Programmes of Measures.

All steps will be aligned to the WFD as well as to the existing conditions of Azerbaijan and to the best possible extent.

These analyses will be incorporated into a RBMP, which is consistent with the requirements of WFD Article 13, Annex VII.

As identified in the ToR document will be describing how implement below steps necessary for Development of River Basin Management Plans for Basin Districts

- Characterization of basin districts
- Identification of pressures and impacts and water bodies at risk. Aligned to the EC IMPRESS WFD guidance document, risk criteria will be established to identify the significance of pressures and the related possible risks of each water body to fail the WFD environmental objectives. (Article 5, Annex II);
- Classification of water bodies based on available biological and chemical data;
- Achievement of environmental objectives (WFD Article 4);
- Design of surveillance and operational monitoring programme and network (Article 8, Annex V) to be included as an Annex to the RBMP;
- Identification of gaps in data availability and design of investigative monitoring programmes and network (to be undertaken by EPIRB specialist team assisted by contractor);
- Assessment of water status (surface water and groundwater) using available biological, chemical and quantitative data;
- Revision of water body status based on outcomes of investigatory monitoring (JFS);
- Initial economic analysis consistent with WFD guidelines (WFD Article 5, Annex III);
- Development of national and basin-wide confined Programme of Measures (WFD Article 11, Annex VI); and
- Preparation of a River Basin Management Plan in accordance with WFD and national requirements (WFD Article 13, Annex VII)

The contractor shall produce the following reports and documents:

- Review of institutional structure for application of IWRM and EU WFD and next steps – 30 September 2014
- Report on River Basin Management in accordance with IWRM and WFD and draft decrees of Cabinet of Ministers – 31 December 2014
- Report on secondary legislation and development of key legislation for application of WFD and UWWTD – 1 March 2015
- Final report – 31 March 2015

In developing the above reports and legislation the contractor will work closely with Ministry of Ecology and Natural Resources and the Cabinet of Ministers.

The documents will be prepared in both the Azeri and English languages. The contractor will report quarterly on progress to Human Dynamics and the Ministry.

The document will also contain an annex on template of River Basin Management Plan Table of Contents, with application of approaches of Article 13 and Annex VII of the EU WFD.

The inclusion of cross-cutting and ancillary topics in the RBMP will be discussed with the beneficiary. It will be noted that in preparing the RBMP, in addition to meetings the requirements of the WFD we will make sure that the RBMP complies with existing and pending national legislation and regulations in Azerbaijan, namely the provisions of Water Code. Where there is disagreement the national legislation will take precedent. The Water Code of Azerbaijan states that the basin approach may be used in water resource management but does not implicitly provide the legal framework for the river basin management planning approach. However, many of the concepts of the WFD including RBMP are reflected in the country's water policy strategy given in the National Programme for Sustainable Socio-Economic Development of Azerbaijan. In addition, the Action Plan for Azerbaijan prepared by State Committee for the Approximation of Azerbaijan to EU environmental acquis stressed the necessity of harmonization of water legislation to relevant EU directives, including the WFD.

Therefore developed as result of project draft decree of CabMin on mechanism on application of RBMP approach will be in compliance with EU WFD.

There will be 2 other documents describing procedures of RBMP development and on institutional set up for implementation of RBMP, including their rights, obligations and functions.

In order to make sure that Public Participation in preparation of RBMP is in accordance with WFD requirements we will follow principles of EU WFD CIS Guidance Document No.8 and cooperate closely with REC in this area.

The public consultation activities will be carried out in coordination and cooperation with REC and in accordance with the Communication Strategy and Plan for the Central Kura Pilot Basin.

3. UWWTD implementation

Waste water generated by residential areas, as well as by industry, is a major source of pollution of our waters; waste water discharges may have wide-ranging impacts, on our groundwaters, our rivers and lakes as well as on our regional seas. Impact on drinking water supplies, over-fertilisation (eutrophication) and loss of biodiversity are only some of these impacts.

The Urban Waste Water Treatment Directive ('the Directive') is addressing these challenges by measures at the source of the pollution, i.e. by providing for collection and treatment of waste water in all settlement areas and areas of economic activity above a certain size ('agglomerations'). As a rule, only areas sufficiently concentrated and having a population of more than 2,000 people or the equivalent in waste water ('population equivalents') are covered; areas below this threshold as well as isolated buildings are not covered. As a rule, the Directive provides for biological waste water treatment ('secondary treatment'), and thus a drastic reduction of the biodegradable pollution in waste water - which otherwise would severely impact on oxygen balance and ecosystems of our waters. In the catchments of particularly sensitive waters ('sensitive areas'), such as those suffering from eutrophication, more stringent treatment measures are required, to additionally eliminate nutrient pollution (nitrogen and/or phosphorus) from waste water. Proper implementation of the Directive is also indispensable for achieving the

objective of ‘good status’ for all our waters – rivers, lakes, groundwaters and coastal waters, as set in the EU Water Framework Directive.

Coherent with other EU water legislation, the Directive is ambitious and legally binding in its environmental objectives, however fully flexible as regards the paths how to achieve these objectives – thus allowing for, and encouraging, innovation and technological development.

This is true not only for the treatment, but also for waste water collecting systems; any alternative solutions are possible, provided they achieve the same level of environmental protection.

Recent data collated through the environmental assessment of pressures and impacts under the Water Framework Directive, confirm eutrophication of regional seas caused by waste water discharges and/or nitrates pollution from agricultural origin – as one of the key challenges for water protection.

To fulfill obligations under this Directive, including ensuring the necessary level of waste water treatment and, linked to this issue, the correct designation of ‘sensitive areas’ and associated waste water treatment, in particular those waters under the threat of eutrophication there is need to develop draft decree of government on implementation of UWWTD.

In this task relevant document will be prepared to describe steps and ways of implementation of UWWTD in Azerbaijan

4. Inputs and outputs

Consultant carefully reviewed reports provided by EPIRB project (River Basin Analysis, The typology, and water body delineation in the pilot basin reports and Identification, characterization and delineation of groundwater bodies in the Caucasus countries report and etc).

All EU WFD and UWWTD related documents mentioned in this report will be used as a main guiding document to implement the project.

Drafting, reporting and implementation of above deliverables will be coordinated, advised and monitored by the project team, consisting of the Team Leader, CWME and the project Key and Non-key experts. In addition, the target and other beneficiary institutions, as well as members of the National Coordination Committee (NCC) and the Regional Authority of the Ganja-Gazakh economic region will take an active part in collecting data, reviewing of deliverables.

Prepared documents will be discussed with main project beneficiaries for submission to government for approval.

5. Management arrangements and staff

Implementation of the above deliverables will be completed by Project Team established by Contractor. The ToR will be implemented in close cooperation with EPIRB, the Country Water Management Expert (CWME).

The legal mechanism development team will have collective responsibility for data collection and provision and day-to-day project guidance and coordination. The draft deliverables reviewed by the beneficiary and the project team members and final approval of deliverables will be given by the EPIRB Team Leader.

Our experts are skilled on:

- Integrated Water Resources Managements
- In basin planning and demonstrated working relationship with the main beneficiary
- Knowledge of WFD and IWRM principles and experience of implementing these principles in the country/region

We have below key experts to do the work:

- Tunzala Huseynova, Legal Expert
- Vafadar Ismayilov, has an experience in development of RBMP and WB delineation work over 10 years, was country coordinator of EU Kura TACIS project in 2011
- Farda Imanov. IWRM expert
- Rza Mahmudov, Hydrology and Water resources expert
- Isa Aliyev, Climate change and basin planning expert
- Bariz Mehdiyev, Regional Development specialist
- Aminh Mammadov, Specialist on economic tools of water management
- Elman Ruffullayev , Specialist on Amelioration
- Ahmad Mamamdov, Specialist on water supply and sanitation
- Farid Garayev, Public awareness specialist
- Ramil Ibrahimov, GIS Specialist

The EU WFD and its implementation guidance documents were translated into Azeri during EU KURA TACIS project. As our experts participated in previous projects in different capacities we will use materials of previous projects and skills gained in their implementation and use information collected by them.

6. Timetable of activities

Duration of the assignment is 12 months. The expected commencement date for implementation of the assignment is May 26, 2014, and the completion date – April 27, 2015. The assignment is divided into four phases with the following general schedule:

Table 9.1. Project implementation phases and schedule

RBMP Drafting Phases	2014							2015		
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March
<u>Inception Phase</u>										
<u>Phase-1: Review of institutional structure for application of IWRM and EU WFD and next steps</u>										
<u>Phase-2: Report on River Basin Management in accordance with IWRM and WFD and draft decrees of Cabinet of Ministers</u>										
<u>Phase-3: Report on secondary legislation and development of key legislation for application of WFD and UWWTD</u>										
<u>Final Report</u>										

The approximate schedule and description of the deliverables for each Phase is given in the table below:

Table. 9.2. Summary of the work schedule and deliverables for implementation of work under the project

Deliverable	Max. No. of pages excl. Appendices	Language of deliverable	Start date	Due date for draft report	Finalization
Deliverable- 1: Inception Report	10	English	<u>28.05.2014</u>	15.06.2014	15.07.2014
Deliverable- 2: Review of institutional structure for application of IWRM and EU WFD and next steps	25	Azeri/ English	10.07.2014	30.09.2014	15.09.2014
Deliverable 3: Report on River Basin Management in accordance with IWRM and WFD and draft decrees of Cabinet of Ministers	45	Azeri/ English	30.09.2014	15.12.2014	30.12.2014
Deliverable 4: Report on secondary legislation and development of key legislation for application of WFD and UWWTD –	25	Azeri/ English	30.12.2015	15.02.2015	01.03.2015
Deliverable 5: Final report	10	Azeri/ English	01.03.2015	15.03.2015	31.03.2015