

## **Azerbaijan: Road Schemes Under Scrutiny**

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Campaigners have questioned the cost and quality of multi-million dollar projects.

Economists and journalists say some of Azerbaijan's road-building projects have been marred by shoddy construction and overcharging.

A major nationwide road-building programme began in 2006, and more than ten projects have already been completed – including several in the capital, as well as others connecting Baku to regional centres.

Officials and contractors defend the work, saying it is normal that initial cost estimates should prove to be inaccurate, but campaigners say certain projects have gone 100 per cent over budget and lack adequate oversight.

One of the most controversial projects is the highway connecting Baku to Shamakhi to the west, which was completed in November last year. According to official figures, the 124 kilometres of road cost 200 million dollars.

"[But by] the World Bank's assessment, this road should have cost 100 million dollars but later, the amount was doubled. And this is despite the fact there were no changes in the project at all," said Zohrab Ismayil, one of the best known independent economics experts in the country and chairman of the Baku-based NGO the Centre for Assistance to the Free Economy.

"That means, the length and width of the road stayed the same, but the cost was twice as much. And the worst thing is the increase is not explained anywhere.

"As with other projects, you cannot talk about transparency here. Society cannot find out about how the budget money is being spent."

Namiq Hasanov, a spokesman for the transport ministry, denied there was anything out of the ordinary about the project. "The initial estimate can be increased during the process of construction. You cannot calculate all the details to the last cent," he said.

This, however, did not reassure investigators like journalist Ali Rza, who has recently returned from a trip to the United States where he studied road-building projects. He said that in an investigation into road works in more than 80 countries, the initial estimate can be increased by as much as ten or 15 per cent. "But here we are talking about a 100 per cent increase," he said.

Ismayil also said that the quality of the construction did not reflect the inflated costs. He said that often additional work had to be done to improve the road within months of its opening.

"Four of the seven new bridges had to be repaired within a couple of months. The Baku-Shamakhi road broke all records in this sense. Just 20 days after the ceremonial opening, which [Azeri] president [Ilham]

Aliyev himself attended, the road was closed for repairs. At the tenth kilometre, a large part of the road subsided. These facts speak for themselves," he said.

Ismayil is a member of the National Budget activist group - an NGO which conducts independent monitoring of the state budget - which surveyed the damaged section.

"I can say with certainty that the road was built badly. The problem is that in our legislation, there are many gaps regarding road construction. There is no control over the construction company, so the contractors do not take such problems seriously. They say that there was a problem, and they will repair it. As a result, the budget of the project rises and rises," Ismayil said.

Prominent independent economist Rovshan Agayev, who is co-chairman of the Baku-based NGO Centre for Assistance to Economic Initiatives, agreed with Ismayil that the country's legislation needed to be amended.

"At the moment, construction, reconstruction and the creation of road infrastructure are regulated by two government instructions: number 16 from February 7, 2000 and number 12 from January 17, 2006. Neither of these instructions includes anything on the rational disbursement of budget funds or on the control over their use. That means the legislation does not demand transparency in the use of funds," he said.

Afaq Quliyeva, a spokeswoman for Akkord, the company that built the Baku-Shamakhi road, did not agree with the experts' opinions, saying the problems were outside the contractor's control.

"Yes, there was a problem. But this does not mean our company did its work poorly. At the time of the reconstruction of the road we discovered leaking water and sewage pipes, and we told the company that hired us, Azeryolservis, about it. If the problem was not resolved and led to that part of the road being destroyed, it is not our fault," she said.

Azeryolservis is part of the transport ministry, and ministry spokesman Hasanov admitted there had been problems with the road.

"But why do you need to look for a criminal here? Such problems happen in other countries too," he said.

This road was not the only controversial project that Akkord has been involved in. In June last year, after just a year of use since Akkord repaired it, Labour Avenue in Baku had to be patched up.

"When the project was finished, the company gave a 30-year guarantee. That was written in the press release. And just a year later they had to redo the asphalt. And the same company that did the project so badly was trusted to carry out the repairs," Ismayil said. The repairs were paid for by the state not the company.

Akkord firmly denied there had been any problem with the quality of the work.

"When we completed the road, it was covered with a temporary asphalt layer. A year later we completed

the repairs on this road, and the temporary asphalt layer was replaced with a permanent one," the company spokesman Quliyeva said.

But the experts were not satisfied with the explanation, and pointed at the high cost of the work as well as its allegedly poor quality. The repair of Labour Avenue came to around 102 million dollars – about 25 per cent over budget – meaning every kilometre cost around about six million dollars.

"The World Bank studied the cost of roads. For reconstruction, every kilometre should cost between 62,000 and 609,000 dollars," Ismayil said.

But Quliyeva, the Akkord spokeswoman, said the company had won all its contracts at competitive tenders and that the prices were therefore reasonable.

Akkord's defence of its work, however, has done little to dampen public anger over the two projects, with Baku residents particularly critical of the Baku to Shamakhi highway construction.

Shahin Huseynov, a 36-year-old taxi driver, questioned the logic of building so many bridges along the road.

"How much money have they spent on these bridges, so as to remove the bottlenecks on the roads, and there is now even more traffic. These bridges are completely pointless. I do not understand why they are spending our money," he said.

Qasim Pashayev, a 54-year-old Baku resident, expressed frustration with the closure of the road for repairs so soon after it opened.

"They spent three years on the road between Baku and Shamakhi. They finally finished. Everyone was happy that we could travel on this new, good road. But before we had finished rejoicing, there were more repairs," he said.

"They just spend more and more money. They do not raise salaries as happily as they raise the costs of these building projects."

Samira Ahmedbeyli is an IWPR-trained reporter.

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