Azerbaijan Scaling-up Renewable Energy Project (AZURE) financed by the World Bank

and

Transmission Infrastructure financed by the Government of Azerbaijan to connect Banka and Bilasuvar Solar Power Plants to the grid

Environmental and Social Due Diligence Report (ESDD)

REVISED DRAFT

24 February 2025

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Abbreviations

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
AZURE	Azerbaijan Scaling-up Renewable Energy Project
EBRD	European Bank of Reconstruction and Development
ESDD	Environmental and Social Due Diligence
ESF	Environmental and Social Framework
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Standard
E&S	Environmental and Social
GoA	Government of Azerbaijan
LRP	Livelihood Restoration Plan
MENR	Ministry of Environment and Natural Resources
OHL	Overhead transmission line
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SEA/SH	Sexual Exploitation and Abuse / Sexual Harassment
SEP	Stakeholder Engagement Plan
SPP	Solar power plants
SS	Substation
WPP	Wind power plant

Executive Summary

The Government of Azerbaijan (GoA) is currently developing the nation's renewable energy resources by means of a group of inter-related projects. These involve the installation of new wind and solar power plants, new overhead transmission lines (OHLs) and additional hardware, such as a new substation (SS), new SS circuits, control systems and batteries.

The Azerbaijan Scaling-up Renewable Energy Project (AZURE Project), which will be financed by the World Bank (WB), is a key part of the overall initiative and comprises the following:

Component 1: Absheron-Garadagh Wind IPP Connection and Transmission Network Expansion (US$168.4 million IBRD, including US$18.6 million contingencies), including following two sub-components:

(a) **Subcomponent 1.1: Connection of Absheron-Garadagh Wind IPP and 330 kV Expansion** (US$33.8 million), including new transmission lines: (i) 65 km OHL single circuit 330 kV from Absheron-Garadagh wind plant substation to Navahi substation, (ii) 19 km OHL single circuit 330 kV from Absheron Garadagh wind power plant substation to Gobu PP substation, (iii) 22 km OHL double circuit 330 kV from Navahi substation to Alat substation, and (iv) expansion of 330 kV bays at Gobu PP substation.

(b) **Subcomponent 1.2: 500 kV Expansion** (US$ 134.6 million), including (i) new transmission 235 km single circuit OHL 500 kV from Azerbaijan TPP substation to Navahi substation (ii) supply and installation of equipment for 500 kV part of Navahi (2x 500 MVA) substation (ii) expanding the 500 kV bays at Absheron and Azerbaijan TPP substations.

The solar power plants are being developed by Masdar, with funding from Asian Infrastructure Investment Bank, Asian Development Bank and the European Bank for Reconstruction and development. The GoA is financing the construction of a new substation and three new OHLs which connect to the new substation.

The environmental and social risk classification of the AZURE Project has been determined to be "substantial," which determines how the project shall be evaluated for compliance with the WB's Environmental and Social Framework (ESF).

In addition to the Azure Project Components, it is a requirement of the funding agreement that "associated facilities" should also comply with the ESF. The associated facilities are currently defined as the Navahi new SS and the Absheron-Garadagh WPP. These items are the primary focus of this Environmental and Social Due Diligence (ESDD). Three other items being funded by the GoA, specifically the Banka & Bilasuvar to Navahi OHLs and

the Navahi to Absheron-Garadagh SS OHL, are **not** defined as associated facilities. However, these have been included in the scope of the ESDD at the request of GoA.

The project for the Absheron-Garadagh WPP is under development and is not ready for ESDD. It is expected to be ready for review in April 2025, when it will be included in a revised ESDD.

The associated facilities and other items being funded by the GoA have passed through the design and permitting stages; site preparation and some construction activities commenced during 2024.

The permitting of the of GoA items involved the preparation of necessary documents according to the national legislation. Some, such as the Environmental and Social Scoping Report, are common with project Azure. Other documents, specifically the Environmental and Social Impact Assessment (ESIA) was prepared for the GoA items in accordance with national regulations. The ESIA has been approved by the regulatory body, the Ministry of Environment and Natural Resources, which allowed site preparation and works to commence.

The national requirements for ESIA are not fully aligned with the WB's ESF, indicating a potential non-compliance with the WB's requirements, at least concerning the associated facilities, and possibly the voluntarily included OHLs. Specific gaps between the approved ESIA and the requirements of the ESF are outlined in the main body of the report. These include the level of environmental baseline data, as well as the assessment of certain social impacts.

Some of the gaps in the ESIA are being addressed by the contractor's Environmental and Social Management Plans (C-ESMP). These include additional baseline information, plans for data collection, monitoring of performance and assessment. Training on environmental and social risk management is also included in the plans. Some improvements to the C-ESMPs have been recommended in this ESDD, including the need for further details on:

- Traffic management plan
- Firewater management plan
- Noise baseline and management plan
- Air quality management plan
- Waste management plan
- Management of labor influx into Navahi town
- Due diligence requirements for primary suppliers

A Corrective Action Plan (CAP) has been included in this ESDD report. Addressing the items in the CAP is considered necessary to bring the associated facilities (of the AZURE Project) into compliance with the ESF. The main actions are:

For Navahi SS:

Action	ESF Policy addressed
Contractor to build perimeter fence around construction site and keep premises secure for community members **(before construction resumes)**	**ESS4.** Community Health and Safety (risks to communities)
Contractor to provide training on Occupational Health and Safety (OHS), Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) and contents of the contractor EMPs to **all** Azconstruction workers in Navahi SS **(before construction resumes)**	**ESS2.** Labor and Working Conditions (OHS) **ESS4.** Community Health and Safety (SEA/SH)
All Azconstruction workers at Navahi SS to sign contractor Code of Conduct **(before construction resumes)**	**ESS2.** Labor and Working Conditions **ESS4.** Community Health and Safety
Contractor to assign Social Risk and Stakeholder Engagement Specialist to Navahi SS site for management of and reporting on social risks **(before construction resumes)**	**ESS2.** Labor and Working Conditions (contractor management) **ESS10.** Stakeholder Engagement
Contractor to ensure that worker and stakeholder mechanisms are operational, with workers and stakeholders made aware of the grievance mechanism **(before construction resumes)**	**ESS2.** Labor and Working Conditions (worker grievance mechanism) **ESS10.** Stakeholder Engagement (stakeholder grievance mechanism)
Contractor to conduct an assessment on the availability and identification of lodging and attendant services in Navahi village that will be used by the incoming Azconstruction workers.	**ESS4.** Community Health and Safety (labor influx)
Contractor to conduct due diligence of primary suppliers	**ESS2.** Labor and Working Conditions (primary suppliers)
An insulated septic tank to be installed by the Contractor. The existing should be disposed of by pumping the wastewater from the septic tanks into tankers and transporting the wastewater to a designated sewage treatment facility for treatment and disposal. Post installation of the insulated septic tank, the wastewater should be disposed as per the procedure above at agreed intervals in compliance with the contractor's ESMP.	**ESS3**. Wastewater management

For Azerenerji E&S Management:

Action	ESF Policy addressed
PIU to provide training to other teams within Azerenerji, such as the departments responsible for design, land acquisition and supervision in Azerenerji Institute, on World Bank E&S requirements applicable to the AZURE Project components, Navahi SS and Absheron-Garadagh WPP	**ESS1.** E&S Risk Management: Capacity development of the Borrower, implementing institution or agency
PIU to establish a working relationship with the Azerenerji construction management team, with authority to ensure that E&S issues are addressed under the terms of the construction contracts. This may require the PIU to engage a full-time overseer for the contract management.	**ESS1.** E&S Risk Management: Capacity development of the Borrower, implementing institution or agency
PIU to introduce a formal system of recording supervision inspections, based on checklists that can be filled in on site.	**ESS1.** E&S Risk Management: Environmental and social performance of the project
PIU to hire a Social Specialist with sufficient qualification and experience to oversee social risks and impacts, and their management.	**ESS1.** E&S Risk Management: Environmental and social performance of the project

1. Introduction

The Azerbaijan Scaling-up Renewable Energy Project (AZURE Project), which will be financed by the World Bank, aims to strengthen and enable renewable energy development in Azerbaijan. For this purpose, the Project will finance the following:

Component 1: Absheron-Garadagh Wind IPP Connection and Transmission Network Expansion (US$168.4 million IBRD, including US$18.6 million contingencies), including following two sub-components:

(a) **Subcomponent 1.1: Connection of Absheron-Garadagh Wind IPP and 330 kV Expansion** (US$33.8 million), including new transmission lines: (i) 65 km OHL single circuit 330 kV from Absheron-Garadagh wind plant substation to Navahi substation, (ii) 19 km OHL single circuit 330 kV from Absheron Garadagh wind power plant substation to Gobu PP substation, (iii) 22 km OHL double circuit 330 kV from Navahi substation to Alat substation, and (iv) expansion of 330 kV bays at Gobu PP substation.

(b) **Subcomponent 1.2: 500 kV Expansion** (US$ 134.6 million), including (i) new transmission 235 km single circuit OHL 500 kV from Azerbaijan TPP substation to Navahi substation (ii) supply and installation of equipment for 500 kV part of Navahi (2x 500 MVA) substation (ii) expanding the 500 kV bays at Absheron and Azerbaijan TPP substations.

The environmental and social risk classification of the AZURE Project has been determined to be “substantial”; the second highest of the four available categories. This classification determines how the project shall be evaluated for compliance with the World Bank’s Environmental and Social Framework (ESF).

In the Project Information Document, the potential environmental impacts during construction were identified as: (i) construction wastes; (ii) construction activities; (iii) disturbance to flora and fauna; (iv) disturbance to biodiversity assets in statutory reserves; (v) habitat loss; (vi) disruption (and possible mortality) to migratory birds (behavior and pathways); and (vii) sediment loading into wetlands. Most of these potential impacts are related to the construction phase, although item (vi) will persist into the operation phase.

The potential social risks and impacts during construction were identified as: (a) adverse impacts disadvantaged & vulnerable communities; (b) labor and working conditions; (c) community health and safety; (d) sexual exploitation and abuse / sexual harassment (SEA/SH); (e) permanent and temporary land acquisition or easement restrictions impacting rights and livelihoods; (f) physical resettlement; (g) cultural heritage; (h) inadequate stakeholder engagement and grievance management. Most of these potential impacts are related to the construction phase.

The World Bank’s Environmental and Social Standards (ESSs) and their requirements will be directly applicable to the management of environmental and social risks and

impacts for the activities listed above. Due diligence and risk management planning instruments in compliance with World Bank ESSs are being prepared or will be prepared for these activities. These activities do not fall withing the scope of this Environmental and Social Due Diligence (ESDD) assignment.

The AZURE Project is part of the Government of Azerbaijan's (GoA) larger "Renewables Grid Integration Project." The World Bank has identified some of the Azerbaijan funded and implemented components as "associated facilities"[1] related to the AZURE Project. Compliance with the ESSs is also mandatory for any components that are deemed to be associated facilities, even if the funding is not being provided by the World Bank. Other transmission infrastructure that is not part of the AZURE project scope but share similar objectives may also follow the ESS for consistency; however, this is not mandatory. The status of the various components of GoA's "Renewables Grid Integration Project" is described in Table 1 of Section 2. These include components financed by the GoA, components financed by the World Bank, and components managed by Masdar, a private developer and operator of renewable energy projects (financed by the European Bank of Reconstruction and Development (EBRD), Asian Infrastructure Investment Bank (AIIB) and the Asian Development Bank (ADB)).

The objective of this ESDD is to evaluate the degree of compliance with the ESF of selected components of the GoA funded project. These components include associated facilities (of project Azure), for which compliance is required, plus two additional facilities. Specifically, the associated facilities are the Navahi electrical substation (SS) and the Absheron-Garadagh wind power plant (WPP). Two other components, specifically the Banka/Bilasuvar-Navahi OHL and the Navahi-Absheron-Garadagh SS OHL, whilst not associated facilities, are included in the scope of the ESDD based on the preference of Azerenerji.

For these mandatory and optional components, the objectives of the ESDD are to:

i. assess the work undertaken (and planned to be undertaken) on the components against the World Bank's ESSs,

ii. identify gaps between the environmental and social (E&S) risk management work undertaken (and planned to be undertaken) and measures that will enable the components to achieve objectives materially consistent with the ESSs, and

iii. propose corrective actions to rectify gaps that are identified for the "associated facilities" to the AZURE project financed by the World Bank only.

[1] Under the World Bank's Environmental and Social Framework (ESF) the term "Associated Facilities" means "facilities or activities that are not funded as part of the project and, in the judgment of the Bank, are: (a) directly and significantly related to the project; and (b) carried out, or planned to be carried out, contemporaneously with the project; and (c) necessary for the project to be viable and would not have been constructed, expanded or conducted if the project did not exist."

2. Project Description

2.1 Overview

GoA's "Renewables Grid Integration Project" involves development work on the Azerbaijan national power transmission grid to prepare the grid for increased availability of energy from renewable sources, plus the construction and implementation of three renewable power generation stations. The World Bank-supported AZURE Project is a key part of this overall initiative.

The AZURE project comprises the following:

Component 1: Absheron-Garadagh Wind IPP Connection and Transmission Network Expansion (US$168.4 million IBRD, including US$18.6 million contingencies). This component will finance the transmission infrastructure required to evacuate power from the 240 MW Absheron-Garadagh Wind Power Plant and expanding the grid to enhance reliability [2] and stability for the integration of 1.8 GW of VRE in Azerbaijan's power system.

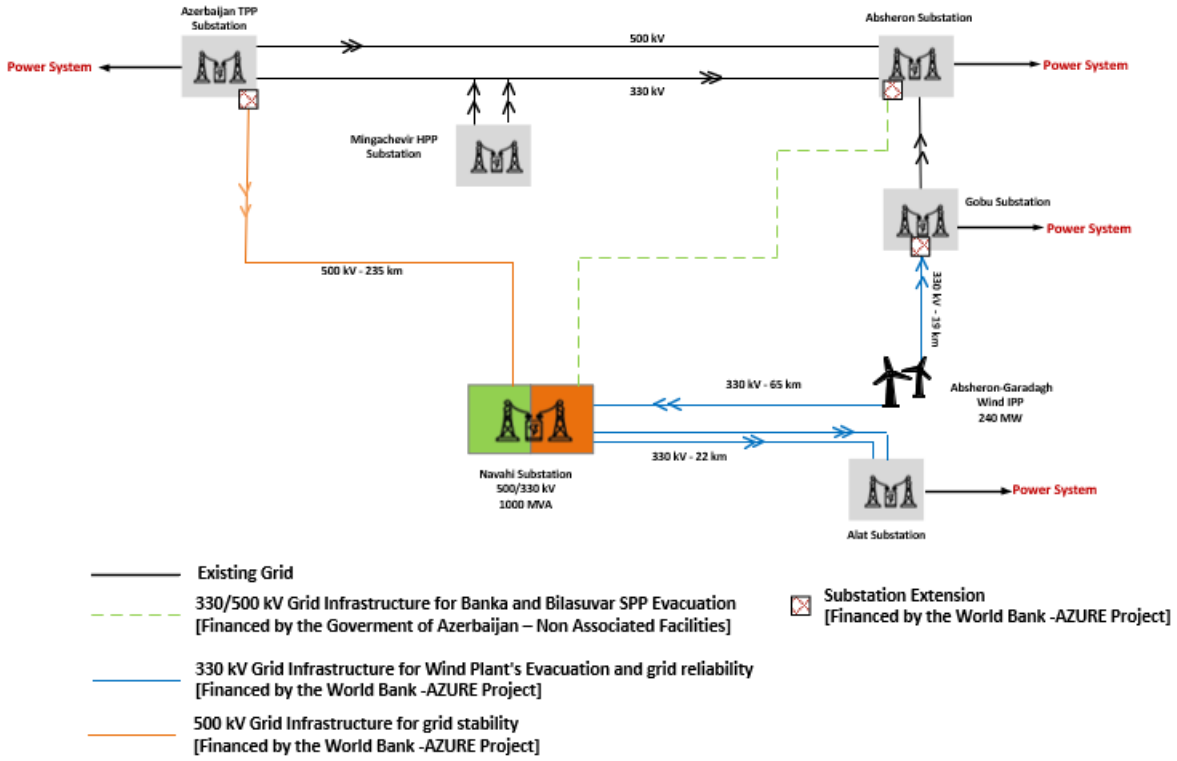
This component comprises the following (See Figure 1 below):

a. **Subcomponent 1.1: Connection of Absheron-Garadagh Wind IPP and 330 kV Expansion** (US$33.8 million), including new transmission lines: (i) 65 km OHL single circuit 330 kV from Absheron-Garadagh wind plant substation to Navahi substation, (ii) 19 km OHL single circuit 330 kV from Absheron-Garadagh wind power plant substation to Gobu PP substation, (iii) 22 km OHL double circuit 330 kV from Navahi substation to Alat substation, and (iv) expansion of 330 kV bays at Gobu PP substation.

b. **Subcomponent 1.2: 500 kV Expansion** (US$ 134.6 million), including (i) new transmission 235 km single circuit OHL 500 kV from Azerbaijan TPP substation to Navahi substation (ii) supply and installation of equipment for 500 kV part of Navahi (2x 500 MVA) substation (ii) expanding the 500 kV bays at Absheron and Azerbaijan TPP substations.

[2] Reliability describes the ability of a power system to withstand the failure or outage of a single component, such as a transmission line, transformer, or generator. In the event of an N-1 contingency, the system should continue to operate stably without triggering cascading failures or widespread outages.

Figure 1 – Infrastructure financed by the AZURE Project



GoA, in partnership with Masdar plans to develop 1 GW of Variable Renewable Energy (VRE), including: (i) the 445 MW Bilasuvar Solar Independent Power Project (ii) the 315 MW Banka Solar IPP, and (iii) the 240 MW Absheron-Garadagh Wind IPP. To adhere to the contractual timelines of the Power Purchase Agreements (PPAs) for the two solar IPPs and expedite the implementation of the necessary connection infrastructure, the GoA will finance the minimal infrastructure required for energy evacuation from the solar IPPs during normal operations (See Figure 2 below). The planned infrastructure includes: (i) a 330 kV substation at Navahi, (ii) a 90 km double-circuit 330 kV transmission line from the Bilasuvar Solar IPP to the Navahi substation, (iii) a 80 km double-circuit 330 kV transmission line from the Banka Solar IPP to the Navahi substation, and (iv) a 65 km 500 kV transmission line from the Navahi substation to the Absheron substation.

The infrastructure financed by the GoA will allow for the evacuation of the totality of the energy from the two solar IPPs in normal operations[3] and hence are not deemed associated facilities to the proposed AZURE project. However, the Navahi 330 kV

[3] Normal operations in a power system refer to the state where all equipment and infrastructure (transmission lines, substations, transformers, generators, etc.) are operating as designed. The system is functioning without any faults, outages, or unexpected conditions.

substation financed by Azerenerji and the Absheron-Garadagh Wind IPP are considered associated facilities to the project.

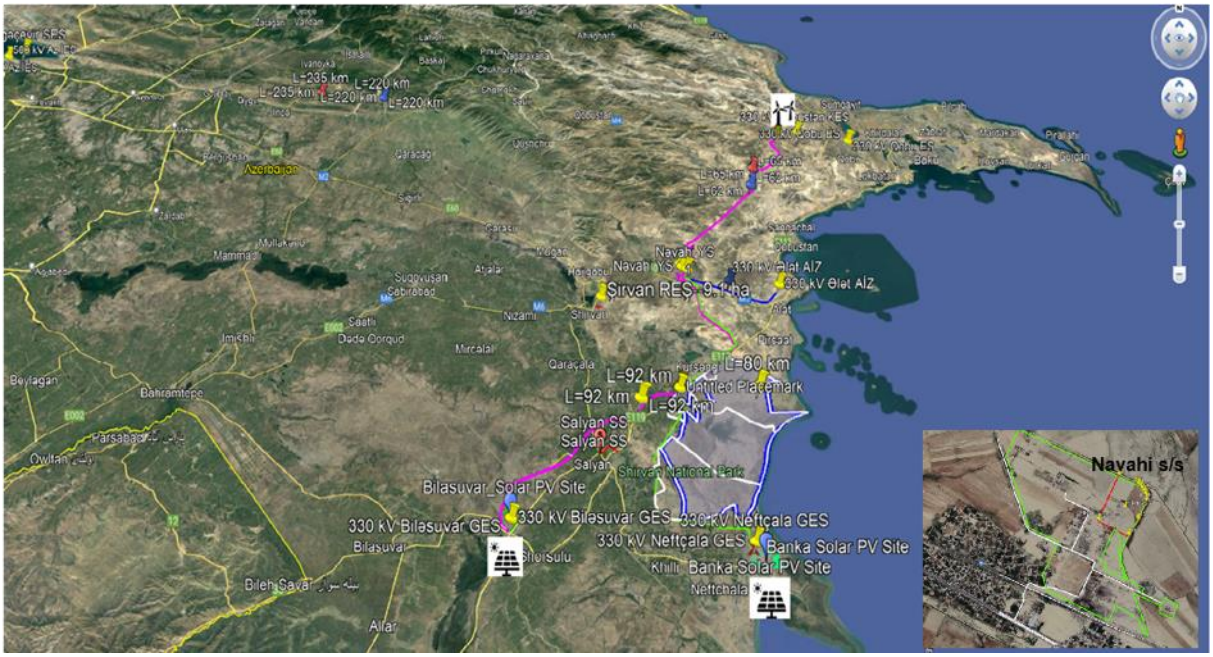
Component 1 of the AZURE project will enable energy evacuation from the Absheron-Garadagh Wind PP through the Navahi and Gobu substations, while strengthening the grid to meet N-1 reliability criteria for the VRE plants connected to Navahi substation, including the Bilasuvar and Banka Solar IPPs, and enhance grid stability to integrate VRE plants into Azerenerji's power system.

Component 2: Project implementation support (US$5.1 million IBRD). This component will finance consulting services, technical assistance, capacity building, and auditing services to the Project Implementation Unit ("PIU") for Project implementation and supervision, including the provision of a Supervision engineer to assist the PIU in the implementation of component 1 of the Project, technical assistance and support (in areas including, *inter alia*, procurement, contract supervision, monitoring and evaluation, and implementation of environmental and social requirements), Project audit, and capacity building to enhance the skills and career prospects of women in the energy sector.

The ESF fully applies to the AZURE Project components, which are not reviewed under this ESDD. The ESF also applies to the defined "associated facilities" – the Navahi SS and the Absheron-Garadagh WPP. The ESDD assesses the "associated facilities" and proposes Corrective Action recommendations where the preparation and implementation of these facilities are not in compliance with the ESF.

EBRD, AIIB and ADB's E&S standards apply to the Masdar components. The three new OHLs financed and managed by Azerenerji (Navahi SS-Banka solar power plant (SPP); Navahi SS-Bilasuvar SPP; Navahi SS-Absheron-Garadagh WPP) are included in this ESDD's assessment section per the request of Azerenerji and to inform the World Bank of issues that can become relevant in the World Bank-financed OHLs, but the three OHLs financed by Azerenerji are not associated facilities and therefore the ESDD does not propose recommendations for these OHLs in the Corrective Action Plan section of the ESDD. The lines from the Solar PPs to Navahi however will be associated to the Masdar components and will need to comply with EBRD, AIIB and ADB requirements.

Figure 2. Map of Components



Dark purple line (going north: Navahi SS – Absheron-Garadagh WPP – 65km
Absheron-Garadagh WPP

Light purple line (going southwest): Navahi SS – Bilasuvar SPP – 90km
Bilasuvar SPP

Green line (going southeast): Navahi SS – Banka SPP – 80km
Banka SPP

2.2 Infrastructure Financed by GoA

The project components that are being financed by the GoA are as follows. Some comments are included about the sites, based on observations made by the ESDD team.

- Development of a new **electrical substation (SS) at Navahi**. This will comprise the installation of the 330kV parts of a new 500/330/10kV (2 x 500MVA) SS. The Navahi SS will be constructed on land which is legally owned by Azerenerji.[4] The SS has direct connection to the AZURE Project infrastructure and has thus been designated as an "associated facility" of AZURE Project.

[4] Based on documentation shared with the ESDD team, the land was transferred to Azerenerji in 1984, under an official act by Union of Soviet Socialist Republics (USSR) regime, to construct a nuclear power plant. Construction for the plant started on the land in 1985 and construction was abandoned in 1986 after the explosion at the Chernobyl reactor in Ukraine, also part of the USSR at that time.

- **Installation of new 330kV equipment at the Absheron-Garadagh SS**. This will be inside the existing SS site, and will use existing access roads, drainage measures etc.

- New **OHL from the Navahi SS to the Absheron-Garadagh SS**. This will be 500kV, single circuit with a length of 65km. The OHL route is relatively direct, crossing through a range of low hills and mud-volcanos. This area if semi-arid and is relatively unpopulated. There are some oil fields pumps.

- New **OHL from the Bilasuvar SPP to the Navahi SS**. This will be 330kV, double circuit with a length of 92km. The OHL mostly crosses semi-arid barren land, some of which is prone to seasonal flooding. There also some mud volcanoes near the route. The central section of approximately 30km, either side of the Kura river crossing, passes over an area of continuous agricultural fields. The Mahmudcala wetland is located several kilometres beyond the southern end of the OHL route, but some nearby low-lying land can flood, extending the wetland nearer on occasion.

- New **OHL from the Banka SPP to the Navahi SS**. This will be 330kV, double circuit with a length of 80km. The OHL mostly crosses semi-arid barren land, with several mud volcanos near the route. The central third of the route passes over an area of continuous agricultural fields. After this, the OHL joins the route of the Bilasuvar line. The first half of the route runs parallel to, and mostly outside, the border of the Shirvan state park nature reserve. A short section will pass through part of the park.

2.3 AZURE Project financed by the World Bank

The project components that will be designed and installed under the AZURE Project, with World Bank funding, are as follows. Some comments are included about the sites, based on observations made by the ESDD team.

i) **Connection of Absheron-Garadagh Wind IPP and 330 kV Expansion** (US$33.8 million), including new transmission lines: (i) 65 km OHL single circuit 330 kV from Absheron-Garadagh wind plant substation to Navahi substation, (ii) 19 km OHL single circuit 330 kV from Absheron-Garadagh wind power plant substation to Gobu PP substation, (iii) 22 km OHL double circuit 330 kV from Navahi substation to Alat substation, and (iv) expansion of 330 kV bays at Gobu PP substation.

(ii) **500 kV Expansion** (US$ 134.6 million), including (i) new transmission 235 km single circuit OHL 500 kV from Azerbaijan TPP substation to Navahi substation (ii) supply and installation of equipment for 500 kV part of Navahi (2x 500 MVA) substation (ii) expanding the 500 kV bays at Absheron and Azerbaijan TPP substations.

2.4 Masdar Components

The renewable power generation facilities that will be developed by Masdar are as follows. Some comments are included about the sites, based on observations made by the ESDD team.

- **Development of a 445MW SPP near Bilasuvar**. The site is mostly semi-arid barren land. The Mahmudcala wetland is located several kilometres to the south, but some nearby low-lying land is prone to seasonal flooding, bringing the wetland nearer on occasions.

- **Development of 315MW SPP near Banka**, close to the mouth of the river Kura. The site is mostly semi-arid barren land, with fields to the north and west.

- **Development of a 240MW Absheron-Garadagh WPP**. Further details are expected to be available in April 2025. The SS has direct connection to the AZURE Project infrastructure and has thus been designated as an "associated facility" of the AZURE Project.

2.5 Scope of Activities for the ESDD

The scope of activities for preparing this ESDD has involved:

- Review of all available project documents
- Detailed review on the components of specific focus
- Visits to the two associated facility sites: Navahi SS and Absheron-Garadagh WPP
- Visits to other project sites: Banka SPP, Bilasuvar SPP, certain portions of the three OHLs being financed by Azerenerji
- Meetings with key stakeholders
- Review of the ESF policy
- Determination of compliance with the ESF for the components of specific focus
- Preparation of the draft report
- Preparation of a revised report, including executive summary, based on Azerenerji and World Bank comments
- Review of E&S documents for Absheron-Garadagh WPP [to be completed in April]
- Preparation of the final report [to be completed in May]

3. Methodology

3.1 Team

The social aspects of the ESDD, and overall coordination of the report was undertaken by Zeynep Darendeliler, who has good knowledge of World Bank's ESF requirements and experience in conducting due diligence and providing advice in similar projects in different countries.

The environmental review was carried out by Peter Stevens and Shantanu Banerjee of CQA International Ltd. CQA has more than 25 years' experience of providing environmental engineering consultancy services in Azerbaijan, including in renewable energy projects. Field visits and meetings were attended by Nusret Kazimov, from CQA's office Baku. Peter Stevens is familiar with the site locations from visits to these regions during 2024 and previously.

This due diligence study is based on both a review of the documents that were supplied and on observations made on the sites and surrounding areas.

3.2 Main Tasks

The background research and preparation of the ESDD involved the following tasks:

- Discussions to finalize the scope of the ESDD
- Review of relevant documents
- Desk study
- Field visits
- Meetings with stakeholders
- Finalizing the report

Due to the scope of work and accelerated nature of the ESDD, it was not feasible to identify and consult with additional experts or organisations after particular specific issues had been identified.

The approach to these tasks is described below. The results informed the assessment which is described in the following sections.

3.3 Scope of Work

The scope of work for this ESDD was developed by the World Bank and PIU of the AZURE Project. The final agreed scope was to focus on compliance with the ESF of i) the Navahi SS and ii) the Absheron-Garadagh wind power plant in. The agreed scoped also included an assessment of how the implementation of the Azerenerji-funded OHLs align with good international practice, per the request of Azerenerji and to inform the

preparation and the implementation of environmental and social risk management measures for the OHLs that will be funded by the World Bank under the AZURE Project.

3.4 Review of Relevant Documents

The preparation of the ESDD involved reviewing the follow project documents. Most documents were available from the start of the ESDD review.

The draft ESIA for one of the priority items (Absheron-Garadagh WPP) is under preparation and is expected to be available in April 2025.

Table 1. Documents Reviewed for the ESDD

Implementing Agency, Finance Partner	Documents reviewed
Azerenerji - GoA	Labor Management Procedures, draft, August 2024 Resettlement Policy Framework, draft, August 2024 Environmental and Social Commitment Plan, draft, August 2024 Environmental and Social Impact Assessment (GoA), October 2024 Environmental and Social Due Diligence Report and Corrective Action Plan, draft, October 2024 Environmental and Social Scoping Report, final, August 2024 Stakeholder Engagement Plan, draft, August 2024 Statement by MENR
AZURE Project PIU - WB	Labor Management Procedures, draft, August 2024 Project Information Document, September 2024 Environmental and Social Commitment Plan, draft, August 2024 Environmental and Social Impact Assessment (Azure), draft, October 2024 Environmental and Social Scoping Report, draft, August 2024 Concept Environmental and Social Review Summary, March 2024 Stakeholder Engagement Plan, draft, August 2024 Resettlement Policy Framework, August 2024
Masdar – AIIB, EBRD, ADB	AIIB – Project Summary Information, 29 October 2024 Bilasuvar SPP - Environmental and Social Impact Assessment, 4 October 2024 Bilasuvar SPP - Stakeholder Engagement Plan, 8 October 2024

	Bilasuvar SPP – Framework for Environmental and Social Management, 8 October 2024 Banka SPP - Environmental and Social Impact Assessment, 4 October 2024 Banka SPP - Stakeholder Engagement Plan, 8 October 2024 Banka SPP – Framework for Environmental and Social Management, 3 October 2024 Banka SPP – Social Compliance Audit Report, 8 October 2024 Banka SPP – Livelihood Restoration Plan, 9 October 2024 Asian Infrastructure Investment Bank, Azerbaijan: Bilasuvar Solar Power Project, Initial Environmental and Social Examination, October 2024 Asian Infrastructure Investment Bank, Azerbaijan: Banka Solar Power Project, Initial Environmental and Social Examination, October 2024 Asian Infrastructure Investment Bank, Environmental and Social Framework, amended June 2024 Asian Development Bank, ESF, October 2024 (includes 10 ESS policies, compatible with the WB ESF) Asian Development Bank, Banka Solar Power Station PID, November 2024 Asian Development Bank, Bilasuvar Solar Power Station PID, November 2024 Asian Development Bank, Banka Initial Environmental and Social Examination, October 2024 Asian Development Bank, Bilasuvar Initial Environmental and Social Examination, October 2024 European Bank for Reconstruction and Development, Environmental and Social Policy October 2024 European Bank for Reconstruction and Development, Banka Solar Power Station PSD, November 2024 European Bank for Reconstruction and Development, Bilasuvar Solar Power Station PSD, November 2024

3.5 Additional Desk Study

Additional desk study was limited to identifying and reviewing further sources of background information, such as:

- Descriptions of the state reserve and park
- Technical issues
- Information about the project stakeholders

3.6 Field Visits

The objectives of the field visits were to:

- Familiarize the team with the project locations
- Make high-level observations on E&S issues
- Check and confirm the understanding obtained from the document review

The approach to field visits were to:

- Drive as a close as possible to the routes of OHLs to make general observations
- Stop at any locations on the OHLs that require closer inspection
- Stop at all facilities to make general observations
- Make more detailed walkover inspections of the priority facilities

The itinerary was:

Tuesday - 10 December 2024

Navahi SS	Site visit, walkover, drive around general area, meet with contractor, meet with relevant Baladiya officials
Road to Hajiqabul	View terrain on first section of OHL towards Mingechevir

Wednesday - 11 December 2024

Qobustan (near Alat) area	Drive around general area, view OHL route
Absheron-Garadagh WPP area	Site visit, walkover, drive around general area

Thursday - 12 December 2024

Bilasuvar SPP	Site visit, walkover, drive around general area
Banka SPP	Site visit, walkover, drive around general area
OHL route	Drive along selected sections for general view, view route near Sirvan Park
Salmanli	OHLs cross the Kura river

3.7 Meetings

The objectives of the meetings were to:

- Familiarize the team with the project stakeholders
- Obtain first-hand information and opinions from stakeholders
- Discuss questions and issues arising from the document review
- Check and confirm the understanding obtained from the documents

Meetings were held with:

- AZURE Project PIU

- Azerenerji Institute Design Department, Supervision Department, Land Acquisition Department
- World Bank office in Azerbaijan
- Ministry of Environment and Natural Resources (MENR)
- State Committee on Property Issues

Monday - 9 December 2024

Meet Azerenerji PIU in Baku	Introductions and project familiarization. Discussion about design process and feedback from ESIA process Confirm plans for visits and who is participating from Azerenerji
Meet World Bank in Baku	Introductions and briefing on progress, expectations
Meet MENR in Baku (EIA department)	Discuss ESIA compliance with national requirements
Meet State Committee on Property Issues	Discuss land acquisition implementation under national requirements, land acquisition completed to date under government financed sections

Friday 13 - December 2024

Meet Azerenerji PIU in Baku	Debrief on visits Questions and issues to be addressed
Meet Azerenerji Institute Design Department, Supervision Department, Land Acquisition Department	Discuss design of project components and supervision of contractors Discuss land acquisition implementation under national requirements, land acquisition completed to date under government financed sections

Monday - 16 December 2024

Meet World Bank in Baku	Debrief on visits Questions and issues to be addressed

3.8 Limitations

Important gaps in the information available are:

- Valuation reports for land acquisition under the OHL tower footprints

- Clear understanding of the Government's methodology followed in compensation for affected persons

- Number of plots and number of landowners for the lands that will be affected by land use restrictions (easements) in the 60-meter-wide corridor of the Rights of Way for the OHLs

- Meetings with directly affected households/communities

- Limited time and seasonal periods over which some biodiversity studies were conducted

- Limited extent and scope of some baseline data sets

A general constraint on the ESDD process was the urgency of the project, over a timescale that included the Christmas and New Year Holidays. Some information was available only a few days before delivery of the draft report, which limited the options to follow up on some issues. With many stakeholders, and approvals of project documents shortly before the ESDD commenced, the scope of the services was developed and defined as work progressed, and the project structure continued to evolve after delivery of the draft report.

3.9 Reference Framework

The principal reference framework for this ESDD is the requirements and guidance contained within the ESF.

The World Bank has classified the project risk of the AZURE Project as "substantial" with regard to both environmental and social issues. It is assumed that this classification also applies to the related projects. This influences how some of the ESF are interpreted.

The WB's policy requires that the ten environmental and social standards (ESS1-ESS10) in the ESF apply fully to all components of the AZURE Project and to any designated associated facilities. In this case, the associated facilities have been defined as the Navahi SS and the Absheron-Garadagh WPP.

Eight of the ten ESS apply to this project. See table below.

Table 2. Applicable World Bank ESSs

ESS	Objectives and Coverage
ESS1. Assessment and Management of E&S Risks and Impacts	ESS1 sets out the Borrower's responsibilities for assessing, managing and monitoring environmental and social risks and impacts associated with each stage of a project supported by the Bank through Investment Project Financing, to achieve environmental and social outcomes consistent with the Environmental and Social Standards (ESSs). It covers the identification, evaluation and management of environmental and social risks and impacts; the adoption of a mitigation hierarchy; the adoption of differentiated measures to protect disadvantaged and vulnerable groups; and the support of national environmental and social systems.
ESS2. Labor and Working Conditions	ESS2 recognizes the importance of employment creation and income generation in the pursuit of poverty reduction and inclusive economic growth. Borrowers can promote sound worker-management relationships and enhance the development benefits of a project by treating workers in the project fairly and providing safe and healthy working conditions. It covers occupational health and safety; fair treatment, non-discrimination, and equal opportunity of workers; prevention of the use of all forms of forced labor and child labor; freedom of association and collective bargaining; and worker grievance mechanisms.
ESS3. Resource Efficiency and Pollution Prevention & Management	ESS3 recognizes that economic activity and urbanization often generate pollution to air, water, and land, and consume finite resources that may threaten people, ecosystem services and the environment at the local, regional, and global levels. The current and projected atmospheric concentration of greenhouse gases (GHG) threatens the welfare of current and future generations. At the same time, more efficient and effective resource use, pollution prevention and GHG emission avoidance, and mitigation technologies and practices have become more accessible and achievable. ESS3 covers sustainable use of resources; pollution prevention and management against adverse impacts on human health and the environment; emissions and climate pollutants; hazardous and non-hazardous waste; and pesticide use.
ESS4. Community Health & Safety	ESS4 recognizes that project activities, equipment, and infrastructure can increase community exposure to risks and impacts. In addition, communities that are already subjected to impacts from climate change may also experience an acceleration or intensification of impacts due to project activities. ESS4 covers adverse impacts on the health and safety of communities; quality and safety in infrastructure design; traffic and road safety risks; communicable diseases risks; and emergency preparedness.
ESS5. Land Acquisition, Restrictions on Land Use, and Involuntary Resettlement	ESS5 recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons. Project-related land acquisition or restrictions on land use may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, leading to loss of income sources or other means of livelihood), or both. The term "involuntary resettlement" refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.
ESS6.Biodiversity Conservation and Sustainable Management of Living Natural Resources	ESS6 recognizes that protecting and conserving biodiversity and sustainably managing living natural resources are fundamental to sustainable development. Biodiversity is defined as the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems. Biodiversity often underpins ecosystem services valued by humans. Impacts on biodiversity can therefore often adversely affect the delivery of ecosystem services.
ESS8. Cultural Heritage	ESS8 recognizes that cultural heritage provides continuity in tangible and intangible forms between the past, present and future. People identify with cultural heritage as a reflection and expression of their constantly evolving values, beliefs, knowledge, and traditions. Cultural heritage, in its many manifestations, is important as a source of valuable scientific and historical information, as an economic and social asset for development, and as an integral part of people's cultural identity and practice. ESS8 sets out measures designed to protect cultural heritage.

ESS10. Stakeholder Engagement and Information Disclosure	ESS10 recognizes the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation. The ESS covers systematic approaches to stakeholder engagement; differentiated approaches for disadvantaged and vulnerable groups; and grievance mechanisms.

The ESF requires borrowers to complete environmental and social assessments (ESA) for projects to which the ESF applies. This requirement also applies to associated facilities..

The ESF requires borrowers (and owners of associates facility projects) to engage with stakeholders, through information disclosure, consultation, and informed participation in a manner proportionate to the risks to and impacts on affected communities. This ESDD includes an assessment of the disclosure and consultation process for each project component.

The ESF requires borrowers (and owners of associates facility projects) to engage stakeholders an third parties to verify project monitoring information. This ESDD includes an assessment of the monitoring plans for each project component.

Comprehensive information concerning the regulatory framework in Azerbaijan has been included in all the ESIAs. This covers the responsible ministries and agencies, primary and secondary legislation, administrative procedures and international agreements.

Azerbaijan has legislation which establishes the requirements for EIAs to be prepared for certain projects and defines the qualifications required to produce such EIAs. Additional legislation provides the legal basis for protection of the environment, including ecology, the atmosphere, fresh water, the sea, soil, natural features and designated territories.

Social issues are covered by numerous and different parts of legislation concerning labor, community health, cultural heritage, and public consultations. Land related issues are governed by the Land Code, Land Expropriation Law for State Needs and other relevant decrees and orders. The Azerbaijan EIA legislation itself has less coverage of social risks and impacts compared to the scope of social issues covered under the ESF. The EIA legislation, together with the Law on Protection of Public Health, is mainly focused on socio-economic impacts and health impacts. Assessment of land and resettlement impacts is not required under the EIA process and resettlement action plans are not required under other legislation.

4. Observations on Environmental Issues

4.1 Items funded by GoA

4.1.1 Navahi Substation – Project Documentation

The main source of information concerning the Navahi substation is the ESIA prepared for the GoA components by the Azerbaijan Scientific-Research and Design-Research Energy Institute. Additional information was obtained from the various documents listed in Table 1, observations made during the site visits and meetings, and general background knowledge of the ESDD team.

The new Navahi substation is identified as sub-component № 1. The new substation will be constructed on land owned by Azerenerji. An adjacent land parcel, also owned by Azerenerji, appears to have been previously developed but is now-demolished. i.

The development of this sub-component will involve four of the seven potential environmental issues that were identified in the PID and which lead to the risk classification for the project.

Table 3. Relevant Environmental Issues

Potential environmental issue	Relevance
Generation of construction wastes	☑
Emissions, noise, and construction machinery causing disturbance to communities	☑
Disturbance to flora and fauna in the project area	☑
Habitat loss due to construction of transmission towers and stringing of transmission lines	☒
Disruption of migrating birds breeding and feeding and collision with transmission lines	☒
Disturbance of biodiversity at the Shirvan National Park	☒
Increased sediment in sensitive wetlands and water courses due to earthworks	☑

In general, the ESIA identifies and assesses most of the relevant issues, and addresses the key issues with respect to the ESF standards. Specifically, the document identifies:

- Key receptors
- Project risks
- Mitigation strategies
- Monitoring responsibilities

The main relevant environmental information that is contained with the ESIA is summarized below, together with suggestions for additional material, in case the

document is revised. In particular, the baseline data that inform the assessments and monitoring plan could be more clearly structured and presented.

Table 4. Key Issues from a Review of Documents referring to the Navahi site

Issue	Summary of Information	Suggestions
Relevant Legislation	As per regulations enacted by GoA, it is mandatory for Azerenerji to seek requisite clearance prior to construction from agencies. (Page 118/119)	The specific clearances and agencies should be listed, together with the status.
Geological	Strata are young and clay-rich. No stability issues identified. Excavations will be limited, dust measures will be in place. Topsoil will be stripped and stockpiled for restoration. A summary of the seismic zoning is included.	Based on experience from other projects, and meetings during this ESDD, the conservation and reuse of topsoil, as described in the ESIA, will be controlled by MENR, Dust during construction could be a short-term issue. The designs will need to include appropriate seismic parameters to ensure limited hazards during earthquakes.
Hydrogeology	No groundwater found down to 8-meter depth. (Section 7.9.7.1. 500/330/10 kV Navahi substation Page 180, point 4)	This depth and clayey strata indicate that the potential for groundwater impact is low.
Hydrology	Although not mentioned specifically, the clayey strata will favor runoff over infiltration.	The drainage design should have sufficient capacity for the calculated runoff, from both soil and hard-standing.
Traffic movements during construction	There will be no need to construct new access road. The document states that in the absence of Azerbaijani or Lenders' guidance, UK guidance - UK Institute of Air Quality Management (IAQM) was followed. The document 'Land-Use Planning & Development Control: Planning for Air Quality) in a sensitive area, states that an assessment is required if there will be more than 100 annual average daily traffic movements. The ESIA concludes that this threshold will not be exceeded (Page 227).	This general statement covers the project but there are no definitive data about planned traffic movements. A traffic movement plan should be prepared, as part of the contractor's work plan and C-ESMP.
Dust management	This subject is covered generally for the project but there is no statement specific to construction of the Navahi substation.	Traffic movements will cause higher levels of air pollution which residents at the village of Navahi will face. A traffic management plan would help to assess this impact. Local air quality measurements could be undertaken during construction to

Issue	Summary of Information	Suggestions
		establish baseline and potential impacts.
Noise management	This subject is covered generally for the project but there is no statement specific to construction of the Navahi substation.	A noise monitoring strategy should be included in the C-ESMP.This should include defining standards which can be used for monitoring and compliance.
Construction Waste Management	This subject is covered generally for the project but there is no statement specific to construction of the Navahi substation.	A detailed waste management plan should be prepared plan as part of the contractor's work plan, detailing types, quantities and fate of the wastes.
Fire management	There is no statement specific to construction of the Navahi substation. Fire could involve waste materials, vehicles, fuel stores, offices and substation cooling oils, with various associated emissions.	A fire management plan should be developed as part of the contractor's HAZOP for site, and be included in the C-ESMP
Fire wastewater management system	There is no statement specific to construction of the Navahi substation. Fire wastewater may contain chemicals that are hazardous to the environment and is a potential source of contamination. Uncontrolled flow of the water can also form a pathway to receptors.	A strategy for collection, storage and disposal or treatment of fire water would be prudent, which may include a stand-by lagoon. The ESIA mentions oil and grease separation from surface water. This should also apply to firewater.
Wastewater management	The installation of temporary services is mentioned, without specific details	Wastewater management will need to be controlled during implementation and a WM Plan is required. These aspects are addressed in the C-ESMPs.
Stormwater Management	Drainage will be designed to route water runoff from the substation to designated places to avoid flooding of access roads and nearby areas. Storm water management shall conform to governmental agency requirements. No significant impacts on water drainage patterns are expected. (Page 119)	Clarify: Legislation Current rainfall and stormwater management system (baseline) Extrapolate additional stormwater from hard surfaces at new substation to determine any additional requirements (potential impact) Assess if current systems are adequate if not state what additional requirements are and include in construction plan (mitigation)
Impact of electromagnetic fields	The project will include protection for workers in the 500kV section, possibly by means of an earthed screen.	The design proposals should be checked by the HSDE team, when details are available.

Issue	Summary of Information	Suggestions
Impact on Wetlands	The nearest identified wetland is 20 km from the site. As hydrogeology is not an issue at this site there is unlikely to be any impact.	This distance and the hydrological and hydrogeological conditions indicate that the potential for impact on the wetland is low.
Climate	There is no statement specific to construction of the Navahi substation.	There are no operational activities which will produce long term emissions of GHG. Construction works will produce GHG and possibly other fugitive emissions during and potential fugitive emissions for a short period. If relevant, these could be modelled and offset in approved schemes or GHG credits (carbon credits) purchased from the voluntary emissions market.

The conclusions concerning the content of the ESIA are set out below.

Table 5. Conclusions on ESIA

Item	Status	Comments
Project Screening	Adequate	The document describes the screening for the overall project and the sub projects
Environmental & Social Responsibilities	Adequate	The document sets out the environmental responsibilities for the overall project, which includes Navahi substation
Project Stakeholders	Adequate	The project stakeholders are identified
Baseline Data	Incomplete	The document describes current state of the sites, but the baseline data, such as current air quality, are not presented As another example, there is much information on flora and fauna generally in Azerbaijan, but little specific information about populations in the project area. This may imply that the sites are not critical locations or sensitive habitats, which should be confirmed. Data collection is affected by seasonal changes, and follow-up surveys should be undertaken in spring time to ensure that site areas are better characterized. Project-specific data have been obtained and are included in the C-ESMPs.
Risk Assessment & Mitigation	Incomplete	There is a good section on the basis for the risk assessment Table 8.9 presents qualitative assessment of 87 impacts. This appears to be reasonably comprehensive Mitigation measures are primarily statements of proposals by the designer, and possibly contractors. The document would benefit from a clearer description of the risks and the linkage with mitigation strategies.

Project Monitoring	Adequate	This section is well covered by the document

4.1.2 Navahi Substation – Implementation

During the preparation of this ESDD, additional documents were submitted concerning the implementation of the Navahi works. These comprised the Environmental and Social Management Plan (C-ESMP) which was prepared by the Contractor for the Nahavi SS.

The various aspects of the C-ESMP document have been developed to address the key subjects, stating the scope, relevant legislation, reference documents, responsibilities, operational procedures and mitigation measures. Forms are used where applicable, which seem to be based on standard templates. The main observations from our review are summarized in the table below.

Table 6. Observations on the C-ESMP for Navahi

Section	Key Observations
Environmental Management Plan	1. Document produced by Azconstruct QSC 2. Describes overall project 3. Addresses ESIA issues from GoA EISA document 4. Produced individual Plans
Training	1. Training plan included 2. Induction, OHS, tool-box talks and pre-start meetings 3. Induction training to include CESMP requirements 4. Seminars planned on EHS subjects 5. Posters and written materials are planned
Air Pollution Plan	6. Relevant Legislation identified 7. Has pre-construction air quality data 8. Dust management plan in place 9. Air Quality management plan in place 10. Mitigation strategies identified 11. Quarterly monitoring of key air quality parameters
Traffic Management Plan	1. Recognises that there will be some congestion caused. 2. Traffic management plan a. to address congestion issues. b. to minimise impact on local community 3. Plan to engage with public regarding traffic issues 4. Mitigation issues addressed for: a. Air pollution b. Noise & vibration c. Health & safety d. Stakeholder engagement and grievance e. Local employment and procurement f. Labour rights
Waste Management Plan	1. Relevant Legislation identified

	2. Includes both waste and wastewater 3. Waste management for construction addressed 4. Domestic waste management addressed
Emergency Response Plan	1. Responsibilities for emergency action clearly identified 2. All aspect covered. E.g.: First aid, spillage, fire etc. 3. Risk assessment of potential emergency undertaken.
Flora & Fauna Protection Plan	1. Relevant Legislation identified 2. Baseline defined by site survey 3. Issues during construction identified. 4. Reforestation through planting of trees as required 5. Mitigation strategies identified
Noise & Vibration Management plan	1. Relevant Legislation identified 2. (Procedures for noise management identified 3. Procedures for vibration management identified 4. Mitigation strategies identified 5. Routine monitoring by contractor (ambient noise measurements do not appear to have been made, these will need to be undertaken soon, during non-working times.

Overall, the documents materially comply with the ESF and are a suitable basis for monitoring the construction works. Recommendations are made in Table 8 which will ensure compliance. The critical element will be the implementation of the monitoring and control procedures in this ESMP.

Table 7. Feedback on the C-ESMP

Plan Criteria	Recommendations
Training	Details of course outlines and documents should be provided to the PIU for review as soon as they are available.
Air Pollution Plan	Continuous monitoring is required during construction
Noise monitoring	Baseline measurements should be obtained.
Traffic Management Plan	Actual traffic movements should be estimated to assess impact of additional traffic flows on an already busy national highway.
Waste Management Plan	This addresses waste and wastewater. There should also be a section on stormwater management as part of water management. Wastewater management also needs to be strengthened, especially to ensure commitments are followed on site.
Emergency Response Plan	Firewater management has not been included. Given that firewater contains chemicals harmful to the environment it is important to add procedures for fire water management and disposal/treatment to this plan.

4.1.3 Overhead Transmission Lines

The ESIA for the GoA project includes descriptions of the environmental and social conditions along the OHLs, as well as the Navahi SS. The other sections, such as description of the legislative framework, also apply to the overall project. Overall, the impressions were similar as for the Navahi SS.

Key issues which were examined during the field visits are:

Encroachment on the Shirvan National Park. A decision was made to locate several pylons inside the boundary of the park, due to the need to maintain sufficient distance from housing. The main impacts were expected to occur as a result of construction activities.

Inspection of the site informed us that the potentially affected area of the park is currently used as farmland. It seems likely, from a review of images on Google Earth, that this is not a recent adjustment, and this part of the park may have been in use as arable land when the park boundary was defined in 2003. The authority responsible for management of the park, the MENR, is aware of the situation. In meetings, representatives stated that they accepted that the location of the OHL was justified and that they did not have plans to assimilate the farmland into the park.

This situation means that construction activities will affect farmland, rather than the state reserve. If the land reverts to park in the future, which seems unlikely from discussions with MENR, the impacts at that time will relate only to operation.

Proximity to the Mahmudchala Wetland. The ESIA notes that the OHL is within 1km of the Mahmudchala lake, which is an important bird wintering area. The risks to birds are identified as collision with wires when in flight and electrocution when perched near pylons. The design approach is to adopt protection measures, rather than change the OHL route, partly to avoid impacts on nearby agricultural land. This seems to be a reasonable suggestion because there are extensive wetlands (more than (70 km2) in this area, and avoidance of flight routes might not be practicable. Furthermore, the nearest wetland to the OHL seems to vary seasonally and can dry out at times.

The protection measures described in the ESIA comprise:

No construction activities during key migration periods (October-November and March-April).

Locate project-infrastructure (camps etc) further from the wetland.

Install high quality Bird Flight Diverters (BFD) on all lines.

Design insulator spacing to redeuce electrocution risk.

It is advised to coordinate the bird protection measures with the approach of the Bilasuvar SPP project (to be constructed by Masdar), which is also close to the wetland. This will need to be based on a risk assessment, considering issues such as species, behavior and timing.

A C-ESMP has been prepared for the OHLs, comprising 11 volumes.

4.2 Masdar Components

4.2.1 Banka and Bilasuvar Solar Power Plants

The documents concerning these two SPPs have been reviewed as part of this due diligence assessment, to provide background information and project context.

A detailed review and assessment have not been presented, because this task is under control of others.

In general, the ESIA documents were prepared by “5 Capitals” and are high quality in terms of scope, content and presentation. The documents are easy to follow and cover all key issues regarding the environmental impacts during construction and operational phases. The documents contain comprehensive details of:

- Project Screening
- Environmental & Social Responsibilities
- Project Stakeholders
- Baseline Data
- Risk Assessment Criteria
- Potential impact receptors
- Mitigation strategy
- Project Monitoring

Most of the potential negative impacts are identified in the construction phase, with limited impacts from operations. The identified potential negative impacts and range of mitigation measures for both SPPs are summarized briefly below.

Table 8. Negative Impacts and Mitigation Measures for SPPs

Potential impact	**Range of mitigation measures**
Dust	Route management, water spraying, speed controls, materials management, dust masks for workers
Gaseous emissions	Vehicle emissions compliance, inspections, location of fixed plant, engine management, respirators for workers
Noise	Works timing, selection of equipment, location of fixed plant, management procedures, hearing protection for workers

Land degradation	Materials management, topsoil conservation, designated roadways, reseeding, erosion prevention
Accidental leaks and spills	PPE use, equipment and procedures for clean-up
Loss of habitat	Work in site boundaries, speed controls, fencing, checks and notification
Direct mortality of fauna	Work in site boundaries, designated roadways, speed controls, fencing, checks
Disturbance of flora and fauna	Work in site boundaries, speed controls, fencing, checks and notification
Poaching	Management procedures
Introduction of invasive species	Site controls and checks
Waste generation	Suitable containers, collection procedures, use licensed contractors
Hazardous wastes	Asbestos survey, management procedures, use licensed contractors
Access disruption	Works phasing, traffic management
Vulnerable groups	Management structure and procedures
Local customs	Training of no-local workers, policy, grievance mechanism

Three of the impacts are assigned magnitudes of “moderate”, these being land degradation, possibility of invasive species and waste management. The magnitudes of the others impacts are assessed as minor to negligible. All residual impacts are classified as negligible after mitigation.

The potential risk for bird collisions with PV panels was discounted due to lack of evidence. The ESIAs discuss the potential risks of collision and electrocution from OHLs, but do not assess the risks as these are covered by other project items. The documents note that mitigation measures include a range of markers to increase line visibility, to reduce collision risk, and the consideration of perching sites, including insulator spacing.

4.2.2 Absheron-Garadagh Wind Power Plant

This WPP is a designated associate facility and is part of the focus for this ESDD. The ESIA or other relevant documents for this sub-component have not yet been received and are expected to be delivered in April 2025. A supplementary ESDD report concerning this WPP will be issued when details are available.

5. Observations on Social Issues

5.1 Azerenerji Components

Azerenerji commissioned the Azerbaijan Scientific-Research and Design-Research Energy Institute to develop an ESIA for the "Renewables Grid Integration Project," which covers the Azerenerji facilities under the scope of this ESDD (Navahi SS; Navahi SS-Banka SPP OHL; Navahi SS -Bilasuvar SPP OHL; Navahi SS-Absheron-Garadagh SS OHL). The ESIA was developed to comply with both the Azerbaijan National laws and regulations, and the World Bank's ESSs. This ESIA does not cover the facilities that will be financed by the World Bank under the AZURE Project, the Banka and Bilasuvar SPPs, and the Absheron-Garadagh WPP.

The World Bank Aide Memoire for the 12-16 May, 2024 mission states that "during the mission it was ascertained that detailed design had been concluded for the government-funded infrastructure, consents had been obtained from landowners, and geotechnical works had been commenced as well as land clearance" in anticipation of "expected start of civil work in July 2024 to make the timelines for the OHLs." The same Aide Memoire also states that "for conformance with Bank requirements, an independent audit (Environment and Social Due Diligence (ESDD)) would need to be undertaken and corrective measures to be in place prior to start of civil works of the Government-funded infrastructure as well as the Masdar investments, all of which are associated facilities to the Bank-funded investments. Compensation will have to be paid prior to any clearance and civil works." As discussed in the "Project Components" and "Scope of Activities for the ESDD" of this ESDD, the World Bank has reassessed what constitutes as "associated facilities" for the AZURE Project, which is reflected in this ESDD.

According to MENR correspondence, Azerenerji submitted this ESIA to the MENR on 29 July 2024 and MENR approved the ESIA on 1 October 2024. The ESDD team did not find the ESIA disclosed on a MENR web page.

The ESIA is disclosed on the Azerenerji website here:
https://www.azerenerji.gov.az/azureproject

Consultations on the Azerenerji and World Bank facilities, as well as the contents of this ESIA and the World Bank Azure E&S documents were held from 30 September 2024 to 2 October 2024 in Hajigabul, Shamakhi, Aghsu, Ismayilli, Goychay, Aghdash, and Yevlakh regions and, Mingachevir town.[5] The consultations meetings were attended by 373 stakeholders (95 women, 278 men).

Navahi SS: Azerenerji stated that land clearance at the Navahi SS site started in May. Construction at Navahi SS started on 26 September 2024, which was also confirmed by

[5] A separate set of consultation meetings were held in July 2024 as part of the scoping phase of the ESIA.

the earlier ESDD report prepared by Iqlim. The construction in Navahi SS was stopped on 10 October 2024 with the request of the WB to allow completion of this ESDD.

OHLs: Azerenerji stated that no land clearance was required for the OHLs. Construction at three OHLs started on 26 September 2024 as well, which was also confirmed by the earlier ESDD report prepared by Iqlim. The construction works in OHLs were stopped on 10 October 2024 with the request of the WB to allow completion of this ESDD.

By 11 October 2024, a total of 50 pylons were erected: 8 pylons along the Navahi SS – Banka SPP OHL; 24 pylons along the Navahi SS – Bilasuvar SPP OHL; and 18 pylons along the Navahi SS – Absheron-Garadagh SS OHL.

As of 15 December 2024, a total of 203 pylons were erected, after construction of OHLs restarted based on the World Bank's reassessment of the three OHLs as not "associated facilities."

The information on social risks and impacts in the ESIA as compared to relevant World Bank ESSs is summarized in the below table.

Table 9. Key Social Issues in the ESIA covering the Azerenerji Components

Social Issue	Summary of Information in ESIA & Assessment Against Relevant ESS
Relevant Legislation and Gap Analysis	The ESIA covers relevant national legislation on identification, assessment and management on social impacts; labor and working conditions; community health and safety; land acquisition and expropriation; cultural heritage; and disclosure and consultations. The ESIA also has a gap analysis table comparing the national requirements and World Bank ESSs, and proposing gap filling measures. Some of these measures are specific and technical gap filling measures, while the measures in the land acquisition section refer to (presumably) the Resettlement Policy Framework (RPF), by stating that "assessment of impacts, compensation and rehabilitation measures consistent with ESS5 will be applied, as outlined in the Project Resettlement Action Plan." (*A Resettlement Action Plan was not prepared. The ESDD team assumes that the ESIA is referring to the RPF that was prepared for the AZURE Project.)*
Baseline Information	**Social Baseline, including land use**. The ESIA covers socio-economic demographic information on districts and villages close to the Azerenerji components, as well information on available public services (such as schools, clinic, water and wastewater supply) in the most proximate villages. *Under good international practice, the social baseline for affected and surrounding communities would also cover a more granular understanding of these communities, as well as an identification of disadvantaged and vulnerable groups in relation to project activities and direct impacts, based on a census, sample household surveys, or focus group discussions. (ESS1)*

Social Issue	Summary of Information in ESIA & Assessment Against Relevant ESS
	Similarly, for those who will be affected by land acquisition and expropriation, the social baseline would cover a full census and asset valuation of all of those that are expected to be affected, including an identification of informal or seasonal users of land. (ESS5) **Cultural Heritage**. The ESIA also covers physical cultural heritage sites that are proximate to the Azerenerji components. *Focus group discussions or consultation meetings can also be used to elicit any issues relating to intangible cultural heritage. (ESS8)*
Mitigation Hierarchy	**Avoidance or minimization of impacts**. The ESIA notes that based on the scoping study, the alignment of the OHL lines was changed to avoid impacts on the cultural heritage site in Aghsu region (Aghsu Medieval Open Archeological Museum Complex) and to minimize the impacts on Sirvan National Park. The OHL lines also avoid passing directly though residential areas. *An asset valuation for those that will be affected by the land acquisition under the OHL components may have provided input to avoidance or minimization of certain impacts. (ESS5)*
Identification and Assessment of Social Risks and Impacts	**Labor and Working Conditions**. The ESIA identifies and assesses labor and working conditions risks, such as those related to the size and type of work force that will be involved in the construction of Azerenerji components (including required minimum age, gender considerations); occupational health and safety (OHS) risks specific to component activities; and worker accommodation risks on site and in nearby villages. The ESIA notes that "the influx of workers and increased traffic can strain local infrastructure and services, requiring careful planning and support for community facilities." Despite the identification of this risk, no assessment was conducted about the local accommodation options, infrastructure and services in Navahi village, which is most relevant for this issue. *It is observed during the site visit to Navahi that the incoming work force (approximately 35 not local workers) will not have accommodation at the construction site but will be staying at Navahi village (population around 3000) during construction (about 18 months). An assessment on the availability of lodging and attendant services in Navahi village would have been appropriate under the ESIA. (ESS2)* **Community Health and Safety**. The ESIA identifies and assesses community health and safety risks, such as road safety risks, communicable diseases risks, and sexual exploitation and abuse/sexual harassment (SEA/SH) risks. These risks are identified as potential risks due to the nature of the activities; site-specific studies to assess the scope, likelihood and magnitude of the risks were not conducted.

Social Issue	Summary of Information in ESIA & Assessment Against Relevant ESS
	Land Acquisition. The ESIA recognizes that potential land acquisition impacts from component activities can create adverse impacts for households, such as permanent land taking for the OHL towers. In addition, for land use changes through easements in the OHL corridor, the ESIA states that: "The easement zones established around the OHL will potentially impose restrictions on land use, limiting activities such as building construction, tree planting, and certain agricultural practices. These restrictions can disrupt community development plans, hinder local businesses, and affect the overall quality of life for residents. Property values in the vicinity of the transmission line may also be negatively impacted due to the visual intrusion and perceived health risks associated with high-voltage power lines." The ESIA further notes that: "Socially, the project could affect local communities through land acquisition, displacement, and changes in land use. Engagement with affected communities is essential to address their concerns, ensure fair compensation, and provide livelihood restoration programs." Despite the identification of these potential risks, the ESIA has only assessed the adverse impacts for the land taking for the OHL towers, noting that a total of 126 landowners will be affected by the support towers, and not assessed any of the other above-mentioned impacts. *Under international good practice and/or to comply with the requirements of ESS5, the ESIA should assess the actual adverse impacts of component activities, covering:* *- current crop use on the OHL tower bases* *- easement zones established around the OHL (how limitations may impact existing assets and crops, livelihoods, and property values)* *- households other than landowners, such as renters, informal users, grazers etc.* *- livelihood impacts that may necessitate livelihood restoration interventions* *- any community or other use on government-owned parcels* *- construction of access roads referred to in different parts of the ESIA* *The assessment of these impacts would need to be done through a full census, full asset valuation and full or sample-basis household survey of all of those that are expected to be affected, including the identification of all landowners, renters, formal, informal and seasonal users of land for the OHL tower footprints and along the 60-meter-wide OHL Right of Way. (ESS5).* **Cultural Heritage**. The ESIA identifies and assesses the impacts on physical cultural heritage proximate to Azerenerji components. *Focus group discussions or consultation meetings can also be used to assess any issues relating to intangible cultural heritage. (ESS8)*

Social Issue	Summary of Information in ESIA & Assessment Against Relevant ESS
Identification of Disadvantaged and Vulnerable Groups	The ESIA has identified the following groups as disadvantaged and vulnerable: - Persons who are elderly - Families who have lost both parents (orphans or whose father or mother died) - Families where a disabled child is present, or a disabled parent is present - A family who is on a low income and lives below the national poverty line. This is classified by the State Statistical Committee for 2020 (the most recent published data available) to comprise a monthly household income of 195 AZN (USD 115) or less, or a household in substantial debt - A widower raising two or more children under the age of 14, living separately from other relatives - Mothers or fathers who are bringing up the children in a single-parent family - Families in which both parents are unemployed - Single retired persons living on their own - Internally Displaced Persons (IDP) household - People with poor health status, or illiteracy in a farmer or herder household - People who are discriminated against in society due to their ethnicity, belief system, health status (including HIV), sexual or gender orientation/self-identity. The ESIA states that "the project will take differential measures to ensure that vulnerable and disadvantaged groups are not disproportionately affected and can benefit equitably from the project." *Under good international practice, the ESIA would include:* *- identification of specific disadvantaged and vulnerable groups in relation to specific project activities and direct impacts (such as people who farm on land informally without title or people without bank accounts who may have trouble managing compensation cash payments)* *- assessment of how risks and impacts from project activities may disproportionally affect such disadvantaged and vulnerable groups* *- differentiated measures by which the project will reach them, involve them and compensate them.* *This identification and assessment would be based on a census, sample household surveys, or focus group discussions. (ESS1, ESS5, ESS10)*
Mitigation and Management of Social Risks and Impacts	**Labor and Working Conditions**. The ESIA covers mitigation and management measures to manage labor and working conditions impacts, such as those for terms and conditions of employment, nondiscrimination and equal opportunity, SEA/SH risks, minimum age of workers, OHS, and management of contractors and primary suppliers. The ESIA states that "awareness-raising sessions on gender-based violence (GBV) will be conducted for all workers."

Social Issue	Summary of Information in ESIA & Assessment Against Relevant ESS
	Community Health and Safety. The ESIA covers mitigation and management measures to manage community health and safety risks, such as traffic and road safety, community exposure to communicable diseases, safety of services (specifically, construction use not impacting availability of water to communities), management and safety of hazardous materials, and emergency preparedness and response. *From December 13 to 18, Azerenerji delivered OHS and SEA/SH trainings to Navahi and OHL contractors and surrounding communities. Based on the commitments in the ESIA, these trainings should also be delivered to all workers. (ESS2, ESS4)* *Currently, the ESIA has preventative measures for managing SEA/SH risks, such as Codes of Conduct. An assessment on the available service providers working on SEA/SH issues along the OHL and especially Navahi would contribute to an assessment of how to manage SEA/SA risks once they have taken place. (ESS2, ESS4)* **Land Acquisition**. For management of risks and impacts due to land acquisition, the ESIA refers to the management measures in the RPF prepared for the World Bank-financed AZURE components and states that: "To mitigate these social impacts, a comprehensive Resettlement Action Plan has been developed, involving extensive stakeholder consultations to understand the concerns and needs of affected communities. Compensation schemes will be developed to fairly address the loss of land and livelihoods. Additionally, community engagement programs will be established to provide clear information about the project, address misconceptions, and explore opportunities for local benefits, such as job creation and infrastructure improvements." "Also, a cadastral list of the lands crossed by the OHL route on each line was drawn up, and based on this list, a separate Resettlement Action Plan was prepared for each OHL. The size of the land area to be purchased for each support, the amount of compensation to be paid is clearly indicated in the plan." "For land acquisition that causes economic displacement of people, appropriate measures to assist with restoration of livelihoods and standards of living will be included in the respective land acquisition and resettlement documents, which are to be prepared once the detailed Project design is verified and detailed data on affected land property and its value is available." *The ESIA has appropriately identified the relevant mitigation and management measures that need to be in place for addressing land acquisition impacts. However, currently construction on the OHL lands have started without any such Resettlement Action Plans (RAPs) in place, which does not comply with World Bank's ESS5. (ESS5)* *An issue that has not been covered the RPF and should be included in the management and mitigation measures for the OHL construction is the need for contractors to protect topsoil on agricultural lands and*

Social Issue	Summary of Information in ESIA & Assessment Against Relevant ESS
	restore topsoil when construction ends, in cases where their access for OHL towers requires them to go through agricultural fields. For Navahi SS, the land clearance started in May 2024 without due diligence on potential land usage on and surrounding the site. There is a basic access road to access the Navahi SS site, but if any widening or rehabilitation for this access road is planned during the Navahi SS construction, the same issues on topsoil restoration and compensation for damaged crops should be addressed for any surrounding fields that may be impacted. (ESS4, ESS5)
Monitoring of Social Risks and Impacts	The ESIA covers monitoring indicators for labor and working conditions, grievances received from workers and affected stakeholders, and stakeholder consultation meetings. The ESIA notes that monitoring indicators for land acquisition will be specified in the RAPs. *Currently, there are no RAPs prepared for the OHL construction and therefore no monitoring indicators to monitor land acquisition impacts. Not having a baseline assessment of land, assets and affected households will make monitoring more challenging. (ESS5)*
Implementation Arrangements	The ESIA describes the implementation arrangements for the implementation of environmental and social management measures, including responsibilities of Azerenerji, the supervision engineer, and the contractors. Contractors' responsibilities include preparation of contractors ESMP and other relevant documents prior to commencement of works. *The contractor for the Navahi SS (whose construction started on September 26) has prepared contractors' ESMP and other relevant documents. These are listed and discussed in the Navahi portions of the ESDD. The contractor for the OHLs (whose construction started on September 26 as well) prepared and submitted contractors' ESMP and other relevant documents at the end of December 2024. These are listed and discussed in the below portions of the ESDD. A supervision engineer is currently not in place. When a supervision engineer is hired under the AZURE Project, this supervision engineer will only cover World Bank-financed activities and will not supervise the Navahi SS or the OHLs. (ESS1, ESS2, ESS3, ESS4, ESS5, ESS6, ESS8, ESS10*)
Identification of Project Stakeholders	The ESIA, in Section 6, refers to the SEP which was prepared for the World Bank-financed AZURE components. The ESIA and the SEP have appropriately identified the affected and interested stakeholders for the components, as well as disadvantaged and vulnerable groups.
Disclosure of Information	The ESIA has been disclosed on the Azerenerji website: https://www.azerenerji.gov.az/azureproject

Social Issue	Summary of Information in ESIA & Assessment Against Relevant ESS
Stakeholder Engagement	Stakeholder consultations for the Azerenerji components were initially conducted on 4 and 11 July, 2024 in Navahi, Salyan, Banka and Bilasuvar villages to inform local communities of the planned construction activities and answer any questions they may have. A total of 107 community members attended these consultations. Questions covered local employment opportunities, whose lands would be affected by the proposed construction activities, and quality of local electrical power. Stakeholder consultations on the Azerenerji ESIA, as well as the RPF, LMP and SEP were conducted from 30 September 2024 to 2 October 2024 in Hajigabul, Shamakhi, Aghsu, Ismayilli, Goychay, Aghdash, and Yevlakh regions and, Mingachevir town. The consultations meetings were attended by 373 stakeholders (95 women, 278 men). The SEP has been updated to reflect these consultations. *Information disclosure and stakeholder engagement about project activities, and E&S impacts and mitigation measures needs to take place prior to the start of any project activities. Especially for land acquisition impacts, stakeholder engagement and participation are required during the planning stage of activities; consultations on the resettlement plans need to happen prior to the start of any project activities. In this case, the construction work on the OHLs started on 26 September 2024, when the consultations on the RPF took place between 30 September 2024 and 2 October 2024, which does not comply with the World Bank's ESS1, ESS5 and ESS10. (ESS1, ESS5, ESS10)*
Grievance Redress	The ESIA, in Section 6, refers to the SEP which was prepared for the World Bank-financed AZURE components. The grievance redress mechanism agreed upon in the SEP will be used for both Azerenerji components and AZURE components. *Currently, no questions, inquiries, complaints or grievances have been received through the grievance redress mechanism at any of the sites, from when initial community consultations were held in July 2024 to date. This strongly suggests that communities may be unaware of the grievance mechanism or unwilling to use it, making it not accessible or effective. (ESS10)*

5.1.1 Navahi Substation

Contractor's Environmental and Social Management Documents. In accordance with the Azerenerji ESIA, as well as the LMP and SEP prepared for the AZURE components, the Navahi SS contractor, Azconstruction QSC, prepared a set of contractor's environmental and social management documents. The documents developed address key environmental and social management issues, describing scope, relevant legislation, reference documents, responsibilities, operational procedures, and mitigation measures.

Based on the ESDD review, with reference to the ESIA, LMP and SEP, social risk and impact management measures that are not sufficiently covered in the contractor's environmental and social risk management documents are summarized below.

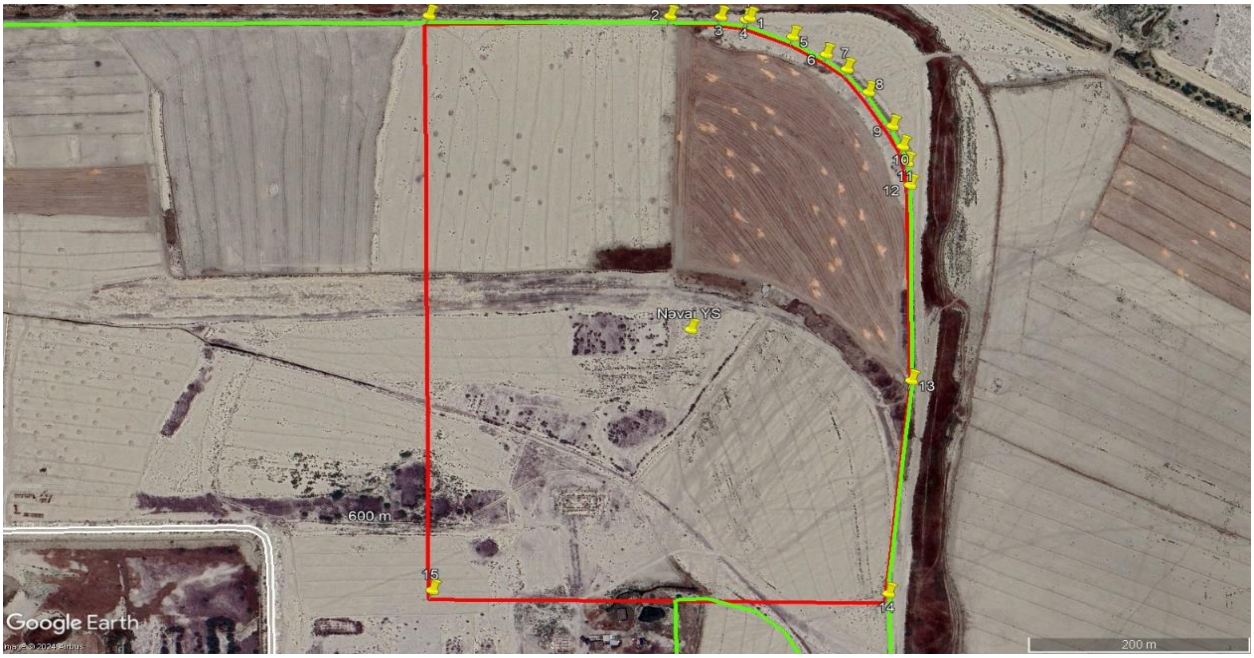
Table 10. Recommendations for Additional Social Management Measures in Contractor Documents

Azconstruction Management Plans	Additional Social Management Measures Recommended
Environmental and Social Management Plan	The ESIA states that "if contractor has significant control or influence over primary suppliers, contractor to monitor supplier and require improvement in labor safety practices or remedies in case of child or forced labor." *Under good international practice and to comply with ESS2, there should be measures in the ESMP to conduct due diligence on primary suppliers to identify potential risks of child labor, forced labor and serious safety issues which may arise in relation to primary suppliers. (ESS2)* *Parameters to be monitored (and reported to Azerenerji on a periodic basis) under the ESMP should include records of contractor and community consultation meetings; awareness sessions or trainings delivered to the community by the contractor; and grievances received. (ESS1, ESS10)*
Community Protection Plan	*There should be a commitment for Azconstruction to pay any damages caused to community lands, crops or equipment in a prompt manner, and to protect topsoil on agricultural lands and restore topsoil when construction ends, for example if such impacts occur when the access road to Navahi SS is being paved. This is especially important as during consultations, communities repeatedly brought up grievances on past contractors destroying crops and local roads with heavy equipment with no compensation and no rehabilitation. (ESS4, ESS5)*
Labor Management Plan	*The incoming work force (approximately 35 not local workers) will not have accommodation at the construction site but will be staying at Navahi village (population around 3000) during construction (about 18 months). An assessment on the availability and identification of lodging and attendant services in Navahi village would be appropriate under the LMP. (ESS2)*
Grievance Committee Plan	*The Grievance Committee Plan should include commitment by Azconstruction to periodically report on grievances received to Azerenerji. (ESS1, ESS10)* *If a grievance on SEA/SH issues is received, Azconstruction should report to this to Azerenerji immediately upon receiving the grievance. (ESS2, ESS4, ESS10)*
SEA Prevention Response Plan	*Currently, the SEA Prevention Response Plan has preventative measures for managing SEA/SH risks, such as Codes of Conduct. An assessment on the available service providers working on SEA/SH issues in or around Navahi would contribute*

	to more responsive management of SEA/SA risks once they have taken place. (ESS2, ESS4)

Site visit. A site visit was conducted to the Navahi SS site on 10 December 2024. The site is located 1.2 km away from Navahi settlement in the north-east of Hajigabul region, 20 km from Hajigabul city, and 90 km from Baku city in the southeast direction. The Navahi settlement has a population of around 3,000 residents.

The site is within the boundaries of government land allocated to the GoA in 1984 under the Soviet Union. There is an informal settler's house withing the boundaries of the government land, but the Navahi SS site location was specifically selected to observe a minimum safety distance of 30 meters to this house.



Navahi SS aerial view

The ESDD team met the Environmental Manager of the contractor firm Azconstruction QSC.

Construction started on the site on 26 September 2024 and was stopped on 10 October 2024. Currently, no work is ongoing at the site. The site itself has some started excavation works, storage of construction materials, and 8 shipping container units to serve as offices, canteen and lavatories for workers when construction resumes.

From the site, construction and installment of OHL towers for the Navahi SS-Banka SPP, Navahi SS-Bilasuvar SPP, and the Navahi- Absheron-Garadagh WPP are visible (see photos in the OHL section below).

Contractor's Organization for Environmental Management. The contractor ESMP lists environmental and social staff of the contractor as an Environmental Manager, an

OHS Manager, a Social Risks Specialist, and a Stakeholder and Community Liaison Specialist. Currently, Azconstruction has planned for an Environmental Manager and an OHS Manager on site when construction resumes, and not for a Social Risks Specialist, and a Stakeholder and Community Liaison Specialist.

Labor and Working Conditions. Azconstruction estimates that construction will take place over 18 months, with 35 to 50 workers at peak construction times. They anticipate that 10 to 15 workers will be hired locally, with a few women workers for cooking and cleaning on the premises. The LMP states that "a quota of 20% of the total workforce will be allocated to local hires," which will be fulfilled by Azconstruction's planning.

According to the LMP, contractor workers should go through training on OHS, Codes of Conduct, SEA/SH, worker grievance mechanism and emergency prevention and preparedness within a month after hiring. From December 13 to 18, Azerenerji delivered OHS and SEA/SH trainings virtually to Navahi and OHL contractors, and at Navahi and Bilasuvar villages to communities. Based on the commitments in the ESIA and the contractor's environmental and social management plans, the contractor should deliver these trainings and trainings on the procedures and measures covered in the contractor management plans to all Azconstruction workers before construction resumes. All workers should also sign the Code of Conduct before any construction work resumes.

There are onsite first aid resources for workers, and the Environmental Manager confirmed that there are two pre-identified health facilities in nearby towns for workers to be transported to for more serious injuries.

OHS and fire safety and prevention signage are already posted at the site.

Billboards for OHS and fire safety

A grievance box or other intake mechanism has not been established for workers on site. Per the LMP and the contractor's LMP this will need to be established before construction works begin.

Community Health and Safety. The most immediate risk to community health and safety is the lack of a perimeter fence after construction took place for a month. The site has dug

in ditches and different types of construction material store, with no perimeter fence to ensure that anyone from the community, children from nearby residences are not able to access the area. A perimeter fence to secure the site should be constructed as first order of business as construction resumes.

Excavator, constructed ditches and construction material at site, with nearby housing, without any fence

Land Acquisition. The site for the Navahi substation is located on government land. The site has been cleared of vegetation and leveled in May 2024 so it is not possible to know whether there were informal users on the land before construction. Some of the fields surrounding the site are being used for cropping and grazing.

Grazing around Navahi SS

Grievance Mechanism. A grievance box or other intake mechanism has not been established for community members on site; there are no informational signs or posters for community members either. Per the SEP and the contractor's Grievance Plan these will need to be established before construction works begin.

The team met with the Mayor of Navahi Municipality who reported no grievances or feedback on the Navahi SS construction, other than an appreciation for the local employment opportunities it may provide,

5.1.2 Overhead Transmission Lines[6]

Applicable Environmental and Social Management Documents. The Azerenerji ESIA, prepared based on national laws and regulations and World Bank ESSs, is applicable to the Azerenerji OHLs. The approved and disclosed ESIA refers to World Bank ESSs, as well as the RPF, LMP and the SEP prepared for the AZURE Project.

It is worth noting that all approved and disclosed Masdar documentation for the Banka and Bilasuvar SPPs, which will be financed by and comply with the environmental and social standards of AIIB, ADB and EBRD, consider the Navahi SS-Banka SPP and Navahi SS-Bilasuvar SPPs OHLs as "associated facilities" under their environmental and social policies and note that:

> *"Although the Government of Azerbaijan is developing the transmission line which connects the Banka [and Bilasuvar] project[s] to the Navahi substation, the commitment plan and associated mitigation measures and monitoring will be agreed with the World Bank and will be required to follow World Bank's Environmental and Social Standards. The World Bank are therefore still overseeing any gaps in the building and design of transmission line and ensuring alignment with their requirements including those related to land acquisition…*
>
> *…the development of the OHL[s] will require compliance with the World Banks ESS (specifically ESS5). This will be required even for the sections of the OHL[s] that will not receive financing from the WBG."*

Based on this reliance, AIIB and EBRD's due diligence documents only make a summary reference to these OHLs and their potential land acquisition impacts. AIIB and EBRD have

[6] This section covers the Navahi SS – Banka SPP OHL, the Navahi SS – Bilasuvar SPP OHL, and the Navahi SS – Absheron-Garadagh SS OHL financed by the GoA. It **does not** cover OHLs that will be financed by the World Bank under the AZURE Project. The three OHLs covered here are not considered "associated facilities" to the AZURE Project. However, the agreed scope for the ESDD also includes an assessment of how the implementation of the GoA-funded OHLs align with good international practice, per the request of Azerenerji, and to inform the preparation and the implementation of environmental and social risk management measures for the OHLs that will be funded by the World Bank under the AZURE Project.

not requested Azerenerji or Masdar to prepare documents and plans for identification, assessment, compensation and other mitigation of land acquisition impacts for these GoA-funded OHLs. Their due diligence documents rely on their assumption that the World Bank will ask for the production of such social assessments and resettlement plans.

According to Azerenerji's current ESIA, contractor's ESMP documents and RAPs should be prepared before construction activities begin on the three OHL lines in question: Navahi SS-Banka SPP (90km), Navahi SS-Bilasuvar SPP (90km) and Navahi SS-Absheron-Garadagh WPP (65km). Such RAPs for the three OHLs were not available to the ESDD team for review. Contractor's ESMP documents were submitted to the ESDD team on 24 December 2024.

Contractor's Environmental and Social Management Documents. Azenco LLC, the contractor responsible for the construction of the three OHLs, has prepared a set of contractor's environmental and social management documents. These documents are almost identical to the management plans developed by Azconstruction QSC and address key environmental and social management issues, describing scope, relevant legislation, reference documents, responsibilities, operational procedures, and mitigation measures.

Based on the ESDD review, with reference to the ESIA, LMP and SEP, social risk and impact management measures that are not sufficiently covered in the contractor's environmental and social risk management documents are summarized below.

Table 11. Recommendations for Additional Social Management Measures in Contractor Documents

Azconstruction Management Plans	Additional Social Management Measures Recommended
Environmental and Social Management Plan	The ESIA states that "if contractor has significant control or influence over primary suppliers, contractor to monitor supplier and require improvement in labor safety practices or remedies in case of child or forced labor." *Under good international practice and to comply with ESS2, there should be measures in the ESMP to conduct due diligence on primary suppliers to identify potential risks of child labor, forced labor and serious safety issues which may arise in relation to primary suppliers. (ESS2)* *Parameters to be monitored (and reported to Azerenerji on a periodic basis) under the ESMP should include records of contractor and community consultation meetings; awareness sessions or trainings delivered to the community by the contractor; and grievances received. (ESS1, ESS10)*
Community Protection Plan	*There should be a commitment for Azenco LLC to pay any damages caused to community lands, crops or equipment in a prompt manner, and to protect topsoil on agricultural lands and restore topsoil when construction ends, for example if such impacts occur when the contractor accesses lands for the erection of electrical towers. This is especially important as during*

	consultations, communities repeatedly brought up grievances on past contractors destroying crops and local roads with heavy equipment with no compensation and no rehabilitation. (ESS4, ESS5)
Grievance Committee Plan	*The Grievance Committee Plan should include commitment by Azenco LLC to periodically report on grievances received to Azerenerji. (ESS1, ESS10)* *If a grievance on SEA/SH issues is received, Azenco LLC should report to this to Azerenerji immediately upon receiving the grievance. (ESS2, ESS4, ESS10)*
SEA Prevention Response Plan	*Currently, the SEA Prevention Response Plan has preventative measures for managing SEA/SH risks, such as Codes of Conduct. An assessment on the available service providers working on SEA/SH issues along the OHL routes would contribute to more responsive management of SEA/SA risks once they have taken place. (ESS2, ESS4)*

Site Visit Observations / Current State of Works. During site visits to the Navahi SS, Banka SPP, Bilasuvar SPP and Absheron-Garadagh SS, the ESDD team observed that installation works of towers under all three lines had started from the ends of the OHL lines (except at Bilasuvar SPP site). Construction at three OHLs started on 26 September 2024. The construction works in OHLs were stopped on 10 October 2024 with the request of the WB to allow completion of this ESDD. By 11 October 2024, a total of 50 pylons were erected: 8 pylons along the Navahi SS – Banka SPP OHL; 24 pylons along the Navahi SS – Bilasuvar SPP OHL; and 18 pylons along the Navahi SS – Absheron-Garadagh SS OHL.

Based on reporting from the OHL contractors, as of 15 December 2024, a total of 203 pylons were erected, after construction of OHLs restarted based on the World Bank's reassessment of the three OHLs as not "associated facilities."

Newly installed OHL Towers at Navahi, going towards Banka and Bilasuvar

Newly installed OHL towers at Banka, going towards Navahi

Newly installed OHL towers at Absheron-Garadagh, going towards Navahi

From December 13 to 18, Azerenerji delivered OHS and SEA/SH trainings to Navahi and OHL contractors and surrounding communities. Based on the commitments in the ESIA and as a first order of business, these trainings should also be delivered to all workers of OHL contractors.

The Navahi SS-Banka SPP OHL route passes through Sirvan National Park, in which seven towers will be installed. The ESDD team visited this portion of the OHL, where works have not yet started. The locations for the seven towers, while inside the national park, will be sited on agricultural land cultivated with grains. The Sirvan National Park authorities have informed MENR that since this area is close to residential areas in Hesenli village, the area has no protection value for animals and that the Park authorities have been renting this area out to villagers for cropping. It is not clear if the leases are formal or legal; the denomination for the land to be acquired for the towers would not be considered “agricultural.”

In other areas where the ESDD team observed the OHL corridors, it was observed that many plots of government land are used by grazers and their herds. While the installation of the OHL towers and restrictions on the RoW corridor may not deprive the herders of all land that is available, it may result in their loss of access to certain grazing areas and have an impact on their livelihoods which would be eligible losses for compensation under ESS5. Systematic consultations along the OHL corridor would be the only way to identify such affected persons.

Land Acquisition Impacts Determined to Date, based on Available Documentation. Under Azerbaijan's current practice, land acquisition and compensation during OHL construction only covers the land under the direct footprint of the OHL towers and formal landowners and leaseholders on those footprints.

All of the information presented below represents land under the OHL tower footprints and not land along the OHL corridor. This applies to information on affected households as well; the numbers represent landowners or formal leaseholders affected by the tower footprints and no other land users covered under ESS5. The ESDD team was unable to obtain any documented and verifiable information beyond the information below.

For the three OHLs in question, the affected households reside in Salyan, Bilasuvar and Hajigabul. The lands are used for agriculture cultivation or grazing. Based on the ESIA dated July 2024, 126 households are affected by land acquisition for the OHL tower footprints. Based on the previous draft ESDD prepared by Iqlim dated October 2024, 72 landowner households, 3 landowner businesses, and 9 leaseholder households are affected by the same land acquisition. According to the latest information received from Azerenerji dated January 2025, 83 landowner households and 8 leaseholder households are affected by the land acquisition for the OHL tower footprints. The total area of land acquisition for the OHL tower footprints is 10,037.97 square meters.

As of 20 December 2024, compensation of households impacted by the Navahi SS-Bilasuvar SPP and Navahi SS-Absheron-Garadagh SS OHL towers has been completed (from September to October), with compensation for the Navahi SS-Banka SPP ongoing (October – ongoing). Approximately 175,000 AZN has been disbursed for compensation, with an estimation that the total compensation budget will approach 200,000 AZN.

Land Acquisition for OHLs as Implemented under Azerbaijan Laws / Gaps with Requirements of World Bank ESS5. Overall gaps between land acquisition and resettlement under Azerbaijan laws and ESS5 requirements has been covered under the AZURE Project RPF. This section only highlights the gaps and potential issues for land acquisition practices for OHLs.

- **Under Azerbaijan's current practice, land acquisition only focuses on the land under OHL towers**. Azerbaijan Scientific-Research and Design-Research Energy Institute, which is under the umbrella of Azerenerji but independent of the Azerenerji PIU, shares the design and the OHL alignment with the State Committee on Property Issues responsible for cadastre and deed titling. The State Committee on Property Issues then determines the landowners for each of OHL tower locations based on their records and GPS location measurements in the field. They do not conduct a census comparing the landowners and users on the ground versus the title holders in official records. They do not do an asset or a crop valuation. They do not cover any lands that are in the Right of Way (RoW) corridor for the OHL, 30 meters on either side of the actual OHL.

- **Similarly, the compensation only focuses on the land under the OHL towers, for owners or formal leaseholders of land**. Once the State Committee on Property Issues shares the names of the landowners on the title deeds with Azerenerji, Azerenerji will then set a fixed price based on the market value for the size of land required for the OHL tower footprints. This is a fixed price per tower footprint along the OHL corridor; it is not clear whether valuation methodology considers location, productivity or proximity to markets/roads of the individual plots as factors in valuation.

  (Having recognized this as a potential issue, Azerenerji has engaged the services of a third-party Valuation Consultant to re-assess the valuation for the OHL tower footprints for these three OHLs and commits to topping up the compensation for the tower footprint lands if the Valuation Consultant determines a higher value than the compensation that has already been paid.)

  Azerenerji then pays this compensation to one of the landowners, having them sign a form (see Annex 1) consenting to i) the compensation for the land under the OHL tower and ii) the restrictions on the RoW of the OHL corridor. The ownership of the land under the OHL tower is not transferred from the landowner to Azerenerji, which likely results in the landowner being responsible for property taxes for this portion of land despite not being able to benefit from it. If the landowner refuses to sign the form or objects to the compensation amount, they have a formal legal recourse through the courts; this is not explicitly included in the information form.

Compared to the World Bank ESS5 requirements, these practices pose the following gaps and issues:

Eligibility of persons to be compensated.

- Only landowners with title deeds are eligible for compensation; other renters or users of land are not eligible for compensation. There may also be an equity issue with the compensation being paid to one of the landowners, with only one signature required rather than the entire list of landowners that may have rights to the property. This may cause disputes and/or judicial proceedings against the government or between the different landowners. This may also mean that more than often, the compensation is paid to a male landowner rather than a female landowner.

  Under ESS5, formal and informal landowners, renters, users and grazers can be eligible for different types of compensation.

Eligibility of losses to be compensated / entitlements.

- OHL corridor RoW: In Azerbaijan, the RoW extends to 30 meters on each side of the OHL, with restrictions on not building or growing anything on this land that exceeds 10 meters. The Azerenerji ESIA notes that in addition to restrictions on what can be done on the land, the RoW may lead to devaluation of the land for sale or rental purposes.

  Under ESS5, these types of restrictions on land use constitute a loss that should be compensated. These restrictions are often called "easements" on land. Valuation of the loss can be calculated in different ways, such as 20% of the market value of the affected land.

- Assets and crops: There is not a systematic way to compensate for possibly lost assets and crops on the footprint of the OHL towers. During consultations, community members discussed past experiences with OHLs where they were not compensated for crops or trees. The lands are often agricultural and formally building structures are not allowed even before the introduction of the OHL. However, it is possible that owners or users have also invested in fences, sheds etc on these lands. Since there is no asset and crop valuation as part of the acquisition process, these are not planned for and budgeted. There is encouragement for contractors to let the farmers harvest crops before construction and pay damages for damaged crops during construction access, but this is not a fixed entitlement. In consultations for the project, communities repeatedly brought up grievances on past contractors destroying crops and local roads with heavy equipment, with no compensation and no rehabilitation to follow.

  Under ESS5, assets and crops that are affected/destroyed/prohibited by land use restrictions on land that is acquired by the government should be compensated at replacement cost. Crops or assets destroyed in temporary and acquisition is also required to be compensated.

- Transitional costs and livelihood losses: The law in Azerbaijan does not provide provisions for compensation for transitional costs that may be incurred by affected people or any livelihoods losses that may be incurred by affected people for the land acquisition for OHL towers or the easement along the OHL corridor.

  Under ESS5, transitional support will be provided as necessary to all economically displaced persons, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living. Similarly, ESS5 requires measures to be put in place to allow affected persons to improve, or at least restore, their incomes or livelihoods.

Necessary processes for planning and implementation of land acquisition.

- Census, asset valuation and household surveys: Under the Azerbaijan system, beyond identification of landowners by the title deeds of the plots that will be

affected by the OHL towers, no further census, asset valuation or household surveys are required.

ESS5 requires a full census and asset valuation of all affected persons. Depending on the scope of resettlement and impacts, ESS5 may also require a sample-based or full household survey.

- Stakeholder participation in planning processes: Under the Azerbaijan system, Azerenerji will inform landowners whose land will be acquired for the OHL towers and have a dialogue on compensation price, restrictions on land use along the OHL corridor, and the need for consent to the land acquisition and restrictions, formalized by the consent form included in Annex 1.

  Under ESS5, decision-making processes related to resettlement and livelihood restoration should include options and alternatives from which affected persons may choose, and meaningful participation of affected communities and persons should take place during the consideration of alternative project designs, and throughout the planning, implementation, monitoring, and evaluation of the compensation process, livelihood restoration activities, and relocation process – with an additional emphasis on obtaining women's perspectives.

- Development of a fixed plan and budget for resettlement: A Resettlement Plan with a specific budget is not required under Azerbaijan law.

  ESS5 requires that resettlement planning is reflected in a Resettlement Action Plan with a budget allocated for compensation, transitional allowances, livelihood restoration measures and stakeholder engagement, as well as monitoring and contingencies.

Identification of disadvantaged and vulnerable affected persons, livelihood restoration measures.

- As noted earlier, there is no provision in Azerbaijan law that necessitates the identification of disadvantaged vulnerable affected persons for their meaningful participation in land acquisition processes and for potential additional support. Obtaining the signature of a single landowner for the acquisition of OHL towers and providing compensation to this landowner may likely be resulting more disadvantaged members of the households or land users to be overlooked in the compensation process.

  ESS5 requires the provision special assistance to women, minorities or vulnerable groups who may be disadvantaged in the land acquisition process.

In conclusion, it will take significant additional efforts compared to standard practice to align Azerbaijan land acquisition practices for OHLs with World Bank's ESS5, whether for

these three OHL lines that were assessed or for future OHL lines to be constructed under the AZURE Project.

5.2 Masdar Components

5.2.1 Banka and Bilasuvar Solar Power Plants

The Banka SPP is located near the Caspian Sea, approximately 2 km from the coastline and 500 meters north of the Kura River. The Bilasuvar SPP is in the Bilasuvar district of the Shirvan-Salyan region in Azerbaijan, about 140 km south of Baku.

Banka and Bilasuvar SPPs will be constructed and managed by Masdar, with financing from the AIIB and EBRD. These have been assigned a Category B risk category by EBRD. Comprehensive documents for environmental and social assessment and management were prepared for these SPPs, including ESIAs and SEPs for both sites, a Livelihood Restoration Plan (LRP) for Banka, and a RAP for Bilasuvar. These environmental and social documents have been reviewed as part of this due diligence assessment, to provide background information and project context. A detailed review and assessment have not been presented as these are not “associated facilities” for the World Bank and Azerenerji did not include these in the scope of the ESDD.

The ESDD team visited the sites of Banka and Bilasuvar SPPs on 12 December 2024. The sites for the SPPs and Absheron-Garadagh WPP have been allocated to Masdar by the Ministry of Energy on behalf of the Government of Azerbaijan from existing state land. The sites are not cultivated and have no residential structures on them. The sites are being used for grazing by herders.

Grazing around Bilasuvar

The ESIA reports for the SPPs have identified these resettlement and livelihood impacts. A LRP has been developed to mitigate the economic displacement impacts that will be created for Banka SPP. A RAP has been developed to mitigate the potential physical and economic displacement impacts that will be created for Bilasuvar SPP. The LRP has

identified 14 project-affected people, comprising 3 households (one formal herder and two workers). The RAP has identified 12 project-affected households (11 households are informal users of the land and one household is a formal user). The LRP and RAP were developed in consultation with affected households and local authorities to provide appropriate compensation and livelihood restoration in accordance with EBRD's policies.

No construction has started on these sites and is expected to start in quarter two of 2025.

As noted above in the OHL section, all approved and disclosed Masdar documentation for the Banka and Bilasuvar SPPs, which will be financed by and comply with the environmental and social standards of AIIB and EBRD, consider the Navahi SS-Banka SPP and Navahi SS-Bilasuvar SPPs OHLs as "associated facilities" under their environmental and social policies and note that the development of the OHL will require compliance with the World Bank's ESS5, even for the sections of the OHLs that will not receive financing from the World Bank. Based on this reliance, the OHLs have not been covered under Masdar, AIIB or EBRD's environmental and social documents.

5.2.2 Absheron-Garadagh Wind Power Plant

This WPP is an associated facility under the scope of this ESDD. The ESIA or other relevant documents for this component have not yet been received and are expected to be delivered in April 2025.

A supplementary ESDD report concerning this WPP will be issued when the environmental and social assessment and management documents are available.

The ESDD team visited the Absheron-Garadagh WPP site on 11 December 2024. The site for Absheron-Garadagh WPP have been allocated to Masdar by the Ministry of Energy on behalf of the Government of Azerbaijan from existing state land. The site is located on rolling mudflats not suitable for cultivating. There are also no structures on the site or villages in sight from the site. There was a herder with sheep and goats on the site, demonstrating that it is used for grazing from people from nearby villages. The environmental and social assessment would need to consider such livelihood uses at the site.

Site for Absheron-Garadagh WPP

6. Review of Navahi SS, Azerenerji OHLs & Absheron-Garadagh WPP Against the ESF

6.1 Navahi Substation

The sources of information concerning the Navahi substation include the ESIA and related documents, prepared for the PIU, and the ESMP which was more recently prepared by the contractor. The ESIA has been approved by the MENR. Therefore, outstanding issues and mitigation measures should be addressed by controls during the construction process. This will mainly involve ensuring that relevant issues are included in the review of the final designs and method statements, control of site performance and coordination between the agencies that are responsible for inspection and control.

Issues that are not fully aligned with the ESF and should be addressed to are noted below.

Table 12. Environmental and Social Issues not Aligned with the ESF

Requirement	Observations/Findings
ESS1: Assessment and Management of Environmental and Social Risks and Impacts	
C-ESMP	Ensure sufficient inspection of the implementation of mitigation measures. This will require coordinating the activities of the various agencies. The PIU should coordinate closely with Azerenerji's construction management team to ensure that E&S issues are included in the supervision protocols. The Azerenerji construction management team should also be able to enforce compliance with the C-ESMP. The PIU should coordinate site monitoring and management activities with the supervisor for the World Bank project, as soon as this company / individual is appointed.
Social Baseline	Under good international practice, the social baseline for surrounding communities would cover a more granular understanding of these communities, as well as an identification of disadvantaged and vulnerable groups in relation to project activities and direct impacts, based on focus group discussions.
Monitoring	The PIU should introduce checklists of E&S issues that need to be monitored during site inspections. These can be filled-in on site to ensure that all relevant subjects are covered. The checklists should be based on the C-ESMP and be shared with the Contractor, for use by the HSE manager. The format and content of the checklists should be agreed with the World Bank. The PIU should develop an integrated system for ES compliance monitoring, reporting and rectification in the event of non-compliance.

ESS2: Labor and Working Conditions	
Labor influx	The incoming work force (approximately 35 not local workers) will not have accommodation at the construction site but will be staying at Navahi village (population around 3000) during construction (about 18 months). An assessment on the availability and identification of lodging and attendant services in Navahi village would be appropriate.
Training for workers (On OHS, SEA/SH and other issues)	According to the LMP, contractor workers should go through training on OHS, Codes of Conduct, SEA/SH, worker grievance mechanism and emergency prevention and preparedness within a month after hiring. From December 13 to 18, Azerenerji delivered OHS and SEA/SH trainings virtually to Navahi and OHL contractors, and at Navahi and Bilasuvar villages to communities. Based on the commitments in the ESIA and the contractor's environmental and social management trainings, these trainings and training on other listed aspects should be delivered to Azconstruction workers before construction resumes. All workers should also sign the Code of Conduct before any construction work resumes.
Primary supply workers	Under good international practice and to comply with ESS2, there should be measures in the C-ESMP to conduct due diligence on primary suppliers to identify potential risks of child labor, forced labor and serious safety issues which may arise in relation to primary suppliers.
Grievance mechanism for workers	A grievance box or other intake mechanism has not been established for workers on site. Per the LMP and the contractor's LMP this will need to be established before construction works begin. Workers should be made aware of the grievance mechanism.
ESS3: Resource Efficiency and Pollution Prevention and Management	
Site and camp wastewater	The Contractor appears to be using a simple soakaway for sewage, although a septic tank is mentioned in the C-ESMP. The contractor should install watertight sewage tanks on all sites, with arrangements for regular collection of contents by tanker, by licensed operators, and disposal at licensed treatment facilities.
Firewater management	Water used for firefighting could be contaminated with both fire suppression chemicals and materials released from the electrical equipment, such as cooling oils. The design does not seem to include the necessary structural and drainage details to ensure that firewater is contained within the site and directed to flow to a storage lagoon, where it can be tested and managed. If a firewater lagoon is a requirement of the government agencies, it should be included in the design. In any case, it is good practice to include such facilities as environmental protection measures on industrial sites.
Stormwater management	According to the ESIA, stormwater is not considered to be a serious issue, either impacts on the site or off the site. It would be prudent for the contractor to confirm the likely precipitation and runoff calculations during construction, to ensure that the design of drainage ditches, culverts and any lagoons are adequate for the probable conditions.

	Firewater containment also needs to be considered. The ESIA identifies the need for oil and grease separators. This should apply to all surface water management.
Dust control	Dust suppression is addressed in the documents and the contractor has a program of atmospheric dust monitoring. This should be carried out on a daily basis, when works are active.
ESS4: Community Health and Safety	
Community safety	The most immediate risk to community health and safety is the lack of a perimeter fence after construction took place for a month. The site has dug in ditches and different types of construction material store, with no perimeter fence to ensure that anyone from the community, children from nearby residences are not able to access the area. A perimeter fence to secure the site should be constructed as first order of business as construction resumes.
SEA/SH	Currently, the ESIA has preventative measures for managing SEA/SH risks, such as Codes of Conduct. An assessment on the available service providers working on SEA/SH issues in Navahi would contribute to an assessment of how to manage SEA/SA risks once they have taken place. If a grievance on SEA/SH issues is received, Azconstruction should report to this to Azerenerji immediately upon receiving the grievance.
Damages to community assets	There should be a commitment for Azconstruction to pay any damages caused to community lands, crops or equipment in a prompt manner, and to protect topsoil on agricultural lands and restore top soil when construction ends, for example if such impacts occur when the access road to Navahi SS is being paved. This is especially important as during consultations, communities repeatedly brought up grievances on past contractors destroying crops and local roads with heavy equipment, with no compensation and no rehabilitation.
ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	
Due diligence on land	For any state-owned land a due diligence and a documentation of the due diligence would be required to ensure that the land is free of any informal users, grazers, squatters or anyone else who may be affected. Such due diligence was not conducted for Navahi SS where land clearance started in May 2025.
ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	
No key issues concerning ESS6 identified for Navahi SS.	
ESS8: Cultural Heritage	
No key issues concerning ESS8 identified for Navahi SS.	
ESS10: Stakeholder Engagement and Information Disclosure	
Coordination	The PIU will need to be aware of all inspections by government agencies and to receive results. If possible, PIU personnel should accompany the inspections to ensure first-hand acquisition of monitoring data. It would be beneficial for the PIU to coordinate these inspections, if possible.

Stakeholder engagement – responsible staff	The contractor ESMPs list environmental and social staff of the contractor as an Environmental Manager, an OHS Manager, a Social Risks Specialist, and a Stakeholder and Community Liaison Specialist. Currently, Azconstruction has planned for an Environmental Manager and an OHS Manager on site when construction resumes, and not for a Social Risks Specialist, and a Stakeholder and Community Liaison Specialist. The contractor should assign a Social Risk and Stakeholder Engagement staff to the Navahi SS site.
Grievance mechanism	A grievance box or other intake mechanism has not been established for community members on site; there are no informational signs or posters for community members either. Per the SEP and the contractor's Grievance Plan these will need to be established before construction works begin.
Monitoring and reporting	Parameters to be monitored (and reported to Azerenerji on a periodic basis) under the contractor ESMP should include records of contractor and community consultation meetings; awareness sessions or trainings delivered to the community by the contractor; and grievances received.

6.2 Overhead Transmission Lines

This section covers the Navahi SS – Banka SPP OHL, the Navahi SS – Bilasuvar SPP OHL, and the Navahi SS – Absheron-Garadagh SS OHL financed by the GoA. It does not cover OHLs that will be financed by the World Bank under the AZURE Project. The three OHLs covered here are not considered "associated facilities" to the AZURE Project. However, the agreed scope for the ESDD also includes an assessment of how the implementation of the GoA-funded OHLs align with good international practice, per the request of Azerenerji, and to inform the preparation and the implementation of environmental and social risk management measures for the OHLs that will be funded by the World Bank under the AZURE Project. Therefore, the table below is included to reflect the assessment of environmental and social issues that would need to be addressed for these three OHLs to be implemented in a manner consistent with the World Bank ESF. The comments may also apply to the similar EBRD, ADB and AIIB policies, if these institutions consider the three OHLs to be associated facilities for the Masdar components they are financing.

Table 13. Environmental and Social Issues not Aligned with the ESF

Requirement	Observations/Findings
ESS1: Assessment and Management of Environmental and Social Risks and Impacts	
Social Baseline	Under good international practice, the social baseline for affected and surrounding communities would cover a more granular understanding of these communities, as well as an identification of disadvantaged and vulnerable groups in relation to project activities and direct impacts, based on a census, sample household surveys, or focus group discussions.

Identification of disadvantaged and vulnerable groups	Under good international practice, the ESIA would include: - identification of specific disadvantaged and vulnerable groups in relation to specific project activities and direct impacts (such as people who farm on land informally without title or people without bank accounts who may have trouble managing compensation cash payments) - assessment of how risks and impacts from project activities may disproportionally affect such disadvantaged and vulnerable groups - differentiated measures by which the project will reach them, involve them and compensate them. This identification and assessment would be based on a census, sample household surveys, or focus group discussions.
Construction ESMP	Ensure sufficient inspection of the implementation of mitigation measures. This will require coordinating the activities of the various agencies. The PIU should coordinate closely with Azerenerji's construction management team to ensure that E&S issues are included in the supervision protocols. These should be based on the monitoring and assessment procedures in the C-ESMPs. The Azerenerji construction management team should also be able to enforce compliance with the ESMP. The PIU should coordinate site monitoring and management activities with the supervisor for the World Bank project, as soon as this company / individual is appointed.
Monitoring	The PIU should introduce checklists of E&S issues that need to be monitored during site inspections. These can be filled-in on site to ensure that all relevant subjects are covered. The checklists should be based on the ESMP and be shared with the Contractor, for use by the HSE manager. The format and content of the checklists should be agreed with the World Bank.
Contractor management plans	No contractors' management plans documents were initially available to the ESDD team for the OHL lines, for which construction has commenced [26 September 2024]. This temporary non-compliance was rectified by provision of undated copies (apparently drafts) the C-ESMPs for the OHLs shortly before submission of the ESDD report..
ESS2: Labor and Working Conditions	
Training for workers (On OHS, SEA/SH and other issues)	From December 13 to 18, Azerenerji delivered OHS and SEA/SH trainings to Navahi and OHL contractors and surrounding communities. Based on the commitments in the ESIA, these trainings should also be delivered to all OHL contractor workers. All OHL contractor workers should sign the Codes of Conduct.
Contractor management plans	No contractors' management plans documents (LMP, Codes of Conduct, Emergency Preparedness, Worker Health and Safety documents) were initially made available to the ESDD team for the OHL lines, for which construction commenced 26 September 2024. This temporary non-compliance was rectified by provision of undated copies (apparently

	drafts) the C-ESMPs for the OHLs shortly before submission of the ESDD report.
ESS3: Resource Efficiency and Pollution Prevention and Management	
Site and camp wastewater	The camps for workers were not checked in detail. However, as the Navahi camp is using a simple soakaway for sewage, it is possible that the same approach is used in other camps. The contractor should use watertight sewage tanks on all sites, as written in the ESMP, with arrangements for regular collection of contents by tanker, and disposal at treatment facilities. The PIU/supervisor will need to control this issue
Dust control	Dust suppression is addressed in the documents and the contractor has a program of atmospheric dust monitoring. This should be carried out on a daily basis, when works are active.
Restoration	Construction activities create disturbance of the ground surface along the corridor and access points, as well as the pylon sites. These can be short-term effects that recover with suitable restoration. The site supervision and monitoring should ensure that suitable restoration (such as filling ruts, replacing topsoil conservation, replanting trees) is carried out to an acceptable standard. The topsoil conservation measures are described in the ESIA and C-ESMPs.
ESS4: Community Health and Safety	
SEA/SH	Currently, the ESIA has preventative measures for managing SEA/SH risks, such as Codes of Conduct. An assessment on the available service providers working on SEA/SH issues along the OHL would contribute to an assessment of how to manage SEA/SA risks once they have taken place.
Damages to community assets	Management and mitigation measures should be in place for the OHL construction is the need for contractors to protect topsoil on agricultural lands and restore topsoil when construction ends, in cases where their access for OHL towers requires them to go through agricultural fields. This is especially important as during consultations, communities repeatedly brought up grievances on past contractors destroying crops and local roads with heavy equipment, with no compensation and no rehabilitation.
ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	
Resettlement planning	The ESIA has appropriately identified the relevant mitigation and management measures that need to be in place for addressing land acquisition impacts. However, currently the construction on the OHL lands have started without any such Resettlement Action Plans (RAPs) in place, which does not comply with World Bank's ESS5. There are no verifiable records that compensation has been paid to all landowners and leaseholders affected by installation of OHL towers prior to installation of OHL towers on their land. There are no verifiable records that compensation has been paid for crops or assets that may be affected.

	There is no clear budget for land acquisition and resettlement implementation.
Valuation of assets and census	No asset valuation or census has been conducted by those that are affected by land acquisition and land restrictions along the OHL corridor. For those who will be affected by land acquisition and expropriation, the social baseline would cover a full census and asset valuation of all of those that are expected to be affected, including an identification of informal or seasonal users of land.
- Identification of all affected households, including any informal users, grazers, squatters **- Identification and assessment of loss of assets, crops, livelihoods** **- Identification of disadvantaged and vulnerable groups**	Under international good practice and/or to comply with the requirements of ESS5, the ESIA should assess the actual adverse impacts of component activities, covering: - current crop use on the OHL tower bases - easement zones established around the OHL (how limitations may impact existing assets and crops, livelihoods, and property values) - households other than landowners, such as renters, informal users, grazers etc. - livelihood impacts that may necessitate livelihood restoration interventions - any community or other use on government-owned parcels - construction of access roads referred to in different parts of the ESIA The assessment of these impacts would need to be done through a full census, full asset valuation and full or sample-basis household survey of all of those that are expected to be affected, including an identification of informal or seasonal users of land.
Compensation for all losses	Compensation is being provided for land only, and only land under the footprints of OHL towers. Under international good practice, compensation would need to be provided for easements and restrictions on land use, crops, assets, livelihood losses. Additionally, transitional allowances and support disadvantaged and vulnerable persons should be considered.
Livelihood restoration	There are no assessment of livelihood losses and no plans to provide livelihood restoration measures.
Grievance Mechanism	It is not clear whether affected households in the OHL corridors have been informed on grievance mechanism.
Resettlement monitoring	There are no RAPs prepared for the OHL construction and therefore no monitoring indicators to monitor land acquisition impacts. Not having a baseline assessment of land, assets and affected households will make monitoring more challenging.
ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	
Shirvan Park	The section of affected park is currently used by local residents as farmland, and so the potential impacts of construction inside the park are reduced. However, some of the potential risks to wildlife from operations remain and should still be addressed.

	Whilst it seems to be unlikely, the intentions of the MENR concerning future inclusion of this land into the national park should be confirmed, in case additional procedures are necessary for this eventuality.
Mahmudchala wetland	It is recognized that the wetland is close to the OHL from Bilasuvar, and the general need for mitigation of impacts on birds is mentioned. The details of the mitigation measures should be coordinated with the Bilasuvar SPP project, which will be developing detailed proposals.
Tree cutting	The need for cutting trees should be confirmed and controlled, together with plans for mitigation
ESS8: Cultural Heritage	
Intangible cultural heritage	There is no assessment on whether there is any intangible cultural heritage along the OHL corridor. Focus group discussions or consultation meetings can also be used to elicit any issues relating to intangible cultural heritage.
ESS10: Stakeholder Engagement and Information Disclosure	
Stakeholder engagement	Sequencing: OHL installation and construction works may have started prior to engagement with affected households in the OHL corridor.
Grievance mechanism	It is not clear whether affected households in the OHL corridors have been informed on grievance mechanism.
Coordination	The PIU will need to be aware of all inspections by government agencies and to receive results. If possible, PIU personnel should accompany the inspections to ensure first-hand acquisition of monitoring data. It would be beneficial for the PIU to coordinate these inspections, if possible.

6.3 Absheron-Garadagh Wind Power Plant

[This section will be populated after project documents are available, expected April 2025.] Based on the site visit, civil engineering works have not yet started. Civil works will not start until the ESIA is approved, and the ESDD and CAP are adopted and completed for the Absheron-Garadagh WPP.

Table 14. Environmental and Social Issues not Aligned with the ESF

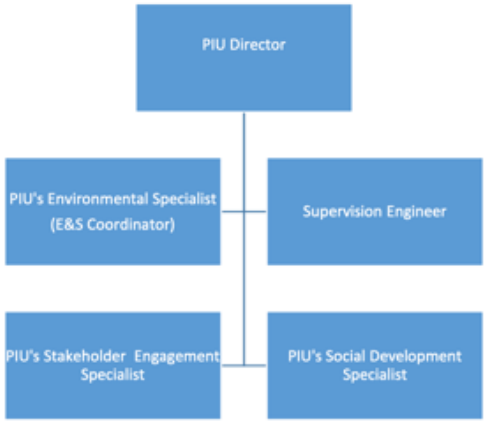
Requirement	Observations/Findings
ESS1: Assessment and Management of Environmental and Social Risks and Impacts	
ESS2: Labor and Working Conditions	
ESS3: Resource Efficiency and Pollution Prevention and Management	

ESS4: Community Health and Safety	
ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	
ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	
ESS8: Cultural Heritage	
ESS10: Stakeholder Engagement and Information Disclosure	

6. Azerenerji E&S Management

The AZURE PIU has been established in anticipation of the World Bank-funded AZURE Project and the implementation of its components. At the same time, it is now responsible for ensuring that the environmental and social performance under the Azerenerji components deemed “associated facilities” meet the requirements of the World Bank ESF. These components are the Navahi SS and the Absheron-Garadagh WPP.

According to the environmental and social management documents of the AZURE Project, the organizational chart of the PIU will be as follows:



According to the Environmental and Social Commitment Plan (ESCP) for the AZURE Project, which has not been finalized and adopted by Azerenerji, the PIU will hire and maintain qualified staff and resources to support management of environmental and social risks and impacts of the AZURE Project, including one environmental specialist, two social specialists, a stakeholder engagement specialist, and an OHS specialist prior to project effective date.

As of December 2024, the PIU Director, the PIU Environmental and Social Coordinator, and the PIU Stakeholder Engagement Specialist are in place. The remaining specialists (Social Development Specialist and Supervision Engineer) are yet to be recruited pending the approval of the AZURE Project. The PIU intends to appoint the Social Development Specialist in February 2025. The Supervision Engineer role will be taken by a consultancy company, and procurement is expected to be completed in May 2025. The PIU personnel and supervisory engineers from Azerenerji will also provide input, and the PIU has increased the number of site visits for this purpose.

The start of construction in the “associated facilities” (specifically Navahi SS) before the approval of the AZURE Project creates a challenge for the PIU’s ability to manage environmental and social risks and impacts related to Navahi SS. Especially the absence of the Supervision Engineer impacts the environmental and social supervision capacity of the PIU to oversee contractor performance in works that have already started.

In addition, the departments in Azerenerji Institute overseeing the design, procurement, contracting, land acquisition and supervision of Azerenerji components outside the AZURE Project are not familiar with World Bank’s environmental and social requirements that are different from the Azerbaijan national legislation and systems.

For effective environmental and social risk management, the key roles that the PIU needs to play in the environmental and social management of the project is to ensure that:

- There is a regular supervision of all relevant environmental and social aspects, including contractor environmental and social performance against the stated requirements in the environmental and social documents prepared.

- Full data are recorded from supervision and reported periodically to Azerenerji management and the World Bank.

- Environmental and social performance is reviewed after each supervision and reporting period.

- Recommendations for improvements are then included into contract responsibilities.

- Contract management is coordinated with environmental and social requirements, specifically, contractor invoice approvals from the procurement side are conditioned on satisfactory environmental and social performance of the contractor in addition construction completion milestones.

- There is regular communication with other teams within Azerenerji, such as the departments responsible for design, land acquisition and supervision in Azerenerji Institute, on World Bank environmental and social requirements applicable to the AZURE Project components, Navahi SS and Absheron-Garadagh WPP. This communication should ensure that there is coordination on the sequencing of

activities, such as the preparation and implementation of relevant environmental and social management measures before any construction activities take place.

- The PIU provides training and awareness raising to other teams within Azerenerji, such as the departments responsible for design, land acquisition and supervision in Azerenerji Institute, on World Bank environmental and social requirements applicable to the AZURE Project components, Navahi SS and Absheron-Garadagh WPP

- The PIU coordinates the activities of various other agencies and ministries to ensure that assessments and inspections are carried out on a regular basis, with participation of the PIU. The agencies may likely to set their own timetables, but the PIU will need to incorporate these into its monitoring plan.

- The PIU communicates directly with Masdar, and the associated international finance institutions supporting Masdar if needed, on a quarterly basis on the progress of civil works, as well as the status and implementation of environmental and social management plans and measures.

7. Corrective Action Plan

To ensure the completion and monitoring of the Corrective Action Plan outlined below, the AZURE PIU will visit the relevant construction sites at least once a month to ensure that contractors are implementing action items outlined in the Corrective Action Plan and implementing works in accordance with the stated requirements in the environmental and social documents prepared.

If any deficiencies are found with respect to contractor performance on environmental and social aspects, the PIU will record these observations and agree with the contractor on how these should be remedied, with a timeline. The AZURE PIU will include these findings and agreed actions in project monitoring reports that are submitted to the World Bank on a regular basis, as part of project implementation.

No.	Reference Standard & Key Requirement	Gap / Area for Improvement Identified	Corrective Action	Deadline	Completion Indicator	Responsibility	Estimated Cost
For Navahi SS							
1	**ESS4.** The Borrower will evaluate the risks and impacts of the project on the health and safety of the affected communities. The Borrower will propose mitigation measures.	Immediate risk to community health and safety is the lack of a perimeter fence after construction took place for a month. The site has dug in ditches and different types of construction material stored, with no perimeter fence to ensure that anyone from the community, children from nearby residences are not able to access the area.	Contractor to build perimeter fence around construction site and keep premises secure for community members	**Before construction resumes**	Perimeter fence built around entire construction site, sufficient enough to prevent outsider entry	Azconstruction	Part of contractor works
2	**ESS2.** Measures relating to occupational health and safety will be applied to the	According to the LMP, contractor workers should go through training on OHS, Codes of Conduct, SEA/SH,	Contractor to provide training on OHS, SEA/SH, and contents of the contractor EMPs	**Before construction resumes**	Training delivered to **all** workers; training records and attendance shared with Azerenerji	Azconstruction	Low

No.	Reference Standard & Key Requirement	Gap / Area for Improvement Identified	Corrective Action	Deadline	Completion Indicator	Responsibility	Estimated Cost
	project. The OHS measures will take into account appropriate, industry-specific environmental health and safety guidelines.	worker grievance mechanism and emergency prevention and preparedness within a month after hiring. This has not been done during previous construction period.	to **all** Azconstruction workers in Navahi SS				
3	**ESS2.** The Borrower will provide appropriate measures of protection and assistance to address the vulnerabilities of project workers, including specific groups of workers, such as women.	Azconstruction workers have not yet signed the Code of Conduct included in contractor E&S documents.	**All** Azconstruction workers at Navahi SS to sign contractor Code of Conduct	**Before construction resumes**	Signed Code of Conduct documents for **all** workers shared with Azerenerji	Azconstruction	None
4	**ESS2.** The Borrower will make reasonable efforts to ascertain that third parties who engage contracted workers are legitimate and reliable entities and have in place labor management procedures applicable to the project that will allow them to operate in accordance with the requirements of this ESS.	The contractor ESMP lists environmental and social staff of the contractor as an Environmental Manager, an OHS Manager, a Social Risks Specialist, and a Stakeholder and Community Liaison Specialist. Currently, Azconstruction has planned for an Environmental Manager and an OHS Manager on site when construction resumes, and not for a Social Risks Specialist, and a	Contractor to assign Social Risk and Stakeholder Engagement Specialist to site for management of and reporting on social risks	**Before construction resumes**	Contractor notifies Azerenerji of selected staff, qualifications, and responsibilities	Azconstruction	Part of contractor works (already included in their C-ESMP)

No.	Reference Standard & Key Requirement	Gap / Area for Improvement Identified	Corrective Action	Deadline	Completion Indicator	Responsibility	Estimated Cost
		Stakeholder and Community Liaison Specialist.					
5	**ESS2.** A grievance mechanism will be provided for all direct workers and contracted workers to raise workplace concerns. Such workers will be informed of the grievance mechanism at the time of recruitment and the measures put in place to protect them against any reprisal for its use Measures will be put in place to make the grievance mechanism easily accessible to all such project workers. **ESS10.** The Borrower will respond to concerns and grievances of project-affected parties related to the environmental and social performance of the project in a timely manner. For this purpose, the Borrower will propose and implement a	A grievance box or other intake mechanism has not been established for workers or community members on site; there are no informational signs or posters for workers or community members either.	Contractor to ensure that worker and stakeholder mechanisms are operational, with workers and stakeholders made aware of the grievance mechanism	**Before construction resumes**	Grievance boxes at construction site, grievance posters/sign at construction site and municipal offices	Azconstruction	Low

No.	Reference Standard & Key Requirement	Gap / Area for Improvement Identified	Corrective Action	Deadline	Completion Indicator	Responsibility	Estimated Cost
	grievance mechanism.						
6	**ESS4.** The Borrower will take measures to avoid or minimize impacts that may be associated with the influx of temporary or permanent project labor.	The incoming work force (approximately 35 not local workers) will not have accommodation at the construction site but will be staying at Navahi village (population around 3000) during construction (about 18 months). If not managed, this can create conflict between workers and community.	Contractor to conduct an assessment on the availability and identification of lodging and attendant services in Navahi villages that will be used by the incoming Azconstruction workers.	15 March 2025	Contractor reports to Azerenerji on accommodation arrangements for workers	Azconstruction	Low
7	**ESS2.** As part of the environmental and social assessment, the Borrower will identify potential risks of child labor, forced labor and serious safety issues which may arise in relation to primary suppliers. Where there is a significant risk of serious issues related to primary supply workers, the Borrower will require the relevant primary supplier to introduce procedures and mitigation measures to address such safety issues	Contractor has already procured construction materials from primary suppliers. Contractor has not conducted a due diligence of these primary suppliers.	Contractor to conduct due diligence of primary suppliers	31 March 2025	Contractor reports to Azerenerji on due diligence	Azconstruction	Low
8	ESS3. Insulate the septic tank in the camp area and	The septic tank has been organized by the Contractor without	An insulated septic tank to be installed by the Contractor.	15 March 2025	Copy of the contract for wastewater disposal services	Azconstruction	Medium

No.	Reference Standard & Key Requirement	Gap / Area for Improvement Identified	Corrective Action	Deadline	Completion Indicator	Responsibility	Estimated Cost
	ensure that it is pumped out and treated in appropriate facility for disposal.	insulation with a soakaway. This is in contravention to their own ESMP. No other arrangements have been made with regards to waste water disposal. This arrangement has the potential of groundwater and soil contamination.	The existing should be disposed of by pumping the wastewater from the septic tanks into tankers and transporting the wastewater to a designated sewage treatment facility for treatment and disposal. Post installation of the insulated septic tank, the wastewater should be disposed as per the procedure above at agreed intervals in compliance with the contractor's ESMP.				
For Absheron-Garadagh WPP [will be filled out after review of E&S documents, expected in April 2025]							
1							
2							
Azerenerji E&S Management							
1	**ESS1.** The Borrower will work with the Bank to identify measures and actions to address any capacity development issues pertaining to the Borrower, any relevant national, subnational or sectoral implementing institution, and any implementing agency.	Azerenerji departments outside the PIU responsible for design, supervision and land acquisition are not fully informed of World Bank E&S requirements	PIU to provide training to other teams within Azerenerji, such as the departments responsible for design, land acquisition and supervision in Azerenerji Institute, on World Bank E&S requirements applicable to the AZURE Project components, Navahi SS and Absheron-Garadagh WPP	15 March 2025	Training delivered	AZURE PIU	Low

No.	Reference Standard & Key Requirement	Gap / Area for Improvement Identified	Corrective Action	Deadline	Completion Indicator	Responsibility	Estimated Cost
2	**ESS1.** The Borrower will monitor the environmental and social performance of the project. The Borrower will ensure that adequate institutional arrangements, systems, resources and personnel are in place to carry out monitoring.	The start of construction at Navahi SS before the AZURE Project is approved and a supervision engineer is in place impacts capacity of PIU to oversee contractor E&S performance at Navahi SS.	PIU to establish a working relationship with the Azerenerji construction management team, with authority to ensure that E&S issues are addressed under the terms of the construction contracts. This may require the PIU to engage a full-time overseer for the contract management.	15 March 2025	Internal protocols to establish the link Minutes of meetings with the contractor to show involvement of the PIU Correspondence to the contractors concerning issues raised above	AZURE PIU	Low (if current staff used), moderate if additional staff required.
3	**ESS1.** The Borrower will monitor the environmental and social performance of the project. The Borrower will ensure that adequate institutional arrangements, systems, resources and personnel are in place to carry out monitoring.	The start of construction at Navahi SS before the AZURE Project is approved and a supervision engineer is in place impacts capacity of PIU to oversee contractor E&S performance at Navahi SS.	PIU to introduce a formal system of recording supervision inspections, based on checklists that can be filled in on site. This should be based on the procedures defied in the C-ESMPs and approved by the PIU. Reporting should be based on approved formats that will inform the PIU and provide a basis for intervention. The reporting should also flow to the WB, which will approve the system.	15 March 2025	Copies of completed forms	AZURE PIU	Low
4	**ESS1.** The Borrower will monitor the environmental and social performance of the project. The Borrower will ensure that adequate institutional	The PIU does not have a Social Specialist in place to oversee social risks and impacts, and their management.	PIU to hire a Social Specialist with sufficient qualification and experience to oversee social risks and impacts, and their management.	31 March 2025	Social Specialist hired and working at the PIU	AZURE PIU	Medium

No.	Reference Standard & Key Requirement	Gap / Area for Improvement Identified	Corrective Action	Deadline	Completion Indicator	Responsibility	Estimated Cost
	arrangements, systems, resources and personnel are in place to carry out monitoring.						

Annex A Form for Compensation for OHL Tower Footprints

_____ "___"_____2024

65 km long 500 kV Agreement to place the supports of the single-circuit Navahi YS – Absheron YS power transmission line and provide access to the land

1. I, _____
(name, surname),
Legal certificate of ownership with extract number _____
owned by me based on
on the plot of land located at (hereinafter the plot of land)
500 kV single-cycle Navahi YS – Absheron YS I agree to the placement of power line supports and access to the land.

2. I confirm that compensation in the amount of _____manats was paid by Azerenerji OJSC for laying the support of the power transmission line on the plot of land owned by me in the size of _____, and I am fully satisfied with the amount of compensation given.

3. I undertake the following obligations:
- of "Shirvan REŞ" LLC for the purposes of technical and operation, restoration and overhaul, or to prevent or eliminate accidents and their consequences , as well as to enable the delivery of necessary materials create; approval of the "Dimensions of protection zones of electrical networks and requirements for conducting economic work in those areas" approved by the decision of the Cabinet of Ministers of the Republic of Azerbaijan No. 261 dated May 16, 2024 to comply with the restrictions regarding the presence of a power transmission line protection zone in a part of the land area owned by me in accordance with the Requirements for making";
- Azerenerji OJSC to remove the power transmission line and supports from my land;
- to inform Azerenergy OJSC about the expropriation or lease of the land within 10 days from the date of conclusion of the relevant contract .

4. By signing this agreement, I confirm that I am familiar with the provisions of the Law of the Republic of Azerbaijan dated May 11, 2010 No. 998-IIIQ "On Personal Data" and the rights and duties in the field of personal data protection have been explained to me. I confirm my consent to the processing of the data specified in this agreement in electronic form, including the transmission in electronic form through open communication channels through the Internet .

5. day it is signed, and during its use, the plot of land is considered to be encumbered in favor of Azerenerji OJSC .

Identity document:

serial_____number _____issuing authority_____issued date_____

Address for sending correspondence:

Phone:

Owner/Tenant: _____
full name, signature (to be filled in manually)

Annex B List of People Met

Rustam Qasimov, Advisor to President of Azerenerji, Azerenerji

Nizami Ahmadov, Head of Mapping and Land Registration Department, State Property Committee

Mubariz, Deputy Head of State Expertise Division, MENR

Ayshat Ağayev, Head of Design Division, Azerenerji Institute

Alakbar Bakshaliyev, Head of Land Acquisition, Azerenerji Institute

Rais Bagiyev, SS Design Manager, Azerenerji Institute

Ilham Aliyev, Environmental Manager, Construction (Contractor for Navahi SS)

Semaye Ismayiloca, Mayor, Navahi Municipality