

**“Azerenerji” Joint-Stock Company  
Azerbaijan Scaling-Up Renewable Energy  
(AZURE) Project (P505208)**

**Draft**  
**ENVIRONMENTAL AND SOCIAL  
COMMITMENT PLAN (ESCP)**

**24 August 2024**

## ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. “Azerenerji” Joint-Stock Company (the Borrower) will implement the Azerbaijan Scaling-Up Renewable Energy Project (the Project) as set out in the Loan Agreement. The International Bank for Reconstruction and Development (the World Bank) has agreed to provide financing for the Project, as set out in the referred agreement.
2. The Borrower shall ensure that the Project is carried out in accordance with the Environmental and Social Standards (ESSs) and this Environmental and Social Commitment Plan (ESCP), in a manner acceptable to the World Bank. The ESCP is a part of the Loan Agreement. Unless otherwise defined in this ESCP, capitalized terms used in this ESCP have the meanings ascribed to them in the referred agreement.
3. Without limitation to the foregoing, this ESCP sets out material measures and actions that the Borrower shall carry out or cause to be carried out, including, as applicable, the timeframes of the actions and measures, institutional, staffing, training, monitoring, and reporting arrangements, and grievance management. The ESCP also sets out the environmental and social (E&S) instruments that shall be adopted and implemented under the Project, all of which shall be subject to prior consultation and disclosure, consistent with the ESS, and in form and substance, and in a manner acceptable to the World Bank. Once adopted, said E&S instruments may be revised from time to time with prior written agreement by the World Bank.
4. As agreed by the World Bank and the Borrower, this ESCP will be revised from time to time if necessary, during Project implementation, to reflect adaptive management of Project changes and unforeseen circumstances or in response to Project performance. In such circumstances, the Borrower and the World Bank agree to update the ESCP to reflect these changes through an exchange of letters signed between the World Bank and the Borrower. The Borrower shall promptly disclose the updated ESCP.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
<b>MONITORING AND REPORTING</b>			
A	<p><b>REGULAR REPORTING</b></p> <p>Prepare and submit to the World Bank regular monitoring reports on the environmental, social, health, and safety (ESHS) performance of the Project, including but not limited to the implementation of the ESCP, status of preparation and implementation of E&amp;S instruments required under the ESCP, stakeholder engagement activities, and functioning of the grievance mechanism(s).</p>	<p>Submit quarterly reports to the World Bank throughout Project implementation commencing after the Effective Date. Submit each report to the World Bank no later than 30 calendar days after the end of each reporting period.</p>	Azerenerji
B	<p><b>INCIDENTS AND ACCIDENTS</b></p> <p>Promptly notify the World Bank of any incident or accident related to the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, inter alia, cases of sexual exploitation and abuse (SEA), sexual harassment (SH), and accidents that result in death, serious or multiple injury [specify other examples of incidents and accidents, as appropriate for the type of operation]. Provide sufficient detail regarding the scope, severity, and possible causes of the incident or accident, indicating immediate measures taken or that are planned to be taken to address it, and any information provided by any contractor and/or supervising firm, as appropriate.</p> <p>Subsequently, at the World Bank’s request, prepare a report on the incident or accident and propose any measures to address it and prevent its recurrence.</p>	<p>Notify the World Bank no later than 48 hours after learning of the incident or accident.</p> <p>Provide subsequent report to the World Bank within a timeframe acceptable to the World Bank.</p>	Azerenerji
C	<p><b>CONTRACTORS’ MONTHLY REPORTS</b></p> <p>Require contractors and supervising firms to provide monthly monitoring reports on ESHS performance in accordance with the metrics specified in the respective bidding documents and contracts, and submit such reports to the World Bank.</p>	<p>Submit the monthly reports to the World Bank as annexes to the reports to be submitted under action A above.</p>	Azerenerji
<b>ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS</b>			
1.1	<p><b>ORGANIZATIONAL STRUCTURE</b></p> <p>Establish and maintain a Project Implementation Unit (PIU) with qualified staff and resources to support management of ESHS risks and impacts of the Project including one environmental specialist, two social specialists, a stakeholder engagement specialist, and an occupational health and safety (OHS) specialist.</p>	<p>Establish and maintain the PIU as set out in the loan agreement. Maintain one environmental specialist and one stakeholder engagement specialist and hire or appoint two social specialists, and an OHS specialist prior to the Project Effective Date and thereafter maintain these positions throughout Project implementation.</p>	Azerenerji
1.2	<p><b>ENVIRONMENTAL AND SOCIAL INSTRUMENTS</b></p>		Azerenerji

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<p><b>Component 1</b></p> <p>1. Prepare, disclose, and consult an Environmental and Social Impact Assessment (ESIA), and corresponding Environmental and Social Management Plan (ESMP) covering:</p> <ul style="list-style-type: none"> <li>• Construction and extension of high voltage substations including: (i) 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 Thermal Power Plant (TPP); and (iii) expanding 330 kV bays at Mingachevir Hydro Power Plant (HPP), and Alat substation (SS);</li> <li>• Construction of high voltage transmission lines including: (i) 235 km Overhead Line (OHL) 500 kV from Azerbaijan TPP to Navahi; (ii) 220 km, 330 kV OHL from Navahi to Mingachevir HPP (iii) 60 km, 330 kV OHL from Navahi to Absheron wWnd Power Plant (WPP); (iv) 20 km, 330 kV OHL from Absheron WPP to Gobu PPI (v) 20 km, 330 kV OHL from Navahi to Alat SS.</li> </ul> <p>2. Adopt and implement ESIA and ESMP.</p> <p><b>Components 2 and 3</b></p> <p>3. Ensure that the infrastructure under Component 2 and associated consultancies and studies under Components 3 related to the establishment and operation of the Battery Energy Storage System (BESS), Implementation of Wide Area Monitoring System (WAMS) and SCADA Upgrade, including feasibility studies, design, capacity building and training, are carried out in accordance with Terms of Reference (TORs), acceptable to the World Bank that are consistent with the ESSs and WBG EHSs. Thereafter ensure that the outputs of such activities comply with the TORs.</p> <p>4. Prepare, disclose, adopt and implement the ESMP addressing E&amp;S risks of the establishment and operation of the BESS.</p>	<p>1. Prepare, disclose, and consult the ESIA and ESMP prior to Negotiations, and thereafter adopt and implement the ESIA and ESMP throughout Project implementation.</p> <p>2. Adopt the ESIA/ESMP before launching the civil works. Once adopted, implement the respective ESMP throughout Project implementation.</p> <p>3. Incorporate inputs ensuring consistency with ESSs prior to finalization of respective TORs; ensure compliance of the outputs with TORs throughout Component 2 implementation.</p> <p>4. Adopt the ESMP prior to the finalization of the design; implement the ESMP throughout the implementation of Component 2.</p>	

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	5.Ensure incorporation of the BESS site-specific ESMP into the respective tender package.	5. Incorporate ESMP in the tender package prior to its finalization/commencement of tender.	
1.3	<p><b>MANAGEMENT OF CONTRACTORS</b></p> <p>a) Incorporate the relevant aspects of the ESCP, including, inter alia, the relevant E&amp;S instruments, the Labor Management Procedures, and code of conduct, into the ESHS specifications of the procurement documents and contracts with contractors and supervising firms.</p> <p>b) Ensure preparation, adoption and implementation of Contractor’s ESMP (C-ESMP).</p> <p>c) Thereafter ensure that the contractors and supervising firms comply and cause subcontractors to comply with the ESHS specifications of their respective contracts.</p>	<p>a) As part of the preparation of procurement documents and respective contracts.</p> <p>b) C-ESMP to be in place, endorsed by the PIU and Supervision Consultant, prior to commencement of civil works.</p> <p>c) Supervise contractors throughout Project implementation</p>	Azerenerji
1.4	<p><b>TECHNICAL ASSISTANCE</b></p> <p>Ensure that the consultancies, studies (including feasibility studies, if applicable), capacity building, training, and any other technical assistance activities under the Project are carried out in accordance with terms of reference acceptable to the World Bank that are consistent with the ESSs. Thereafter ensure that the outputs of such activities comply with the terms of reference.</p>	Throughout Project implementation.	Azerenerji
1.5	<p><b>ASSOCIATED FACILITIES</b></p> <p>1) Contract a third party and undertake an independent Environmental and Social Due Diligence (ESDD) of the Associated Facilities and Corrective Action Plan (CAP) on the Government funded OHLs from Bilasuvar and Banka SPPs to the Navahi and Absheron substations and the construction and operation of the Navahi substation and the Masdar funded Banka and Bilasuvar Solar Power Plants (SPPs) and Absheron WPP.</p> <p>2) Ensure that the construction and operation of the OHLs from Bilasuvar and Banka SPPs to the Navahi and Absheron substations and the construction and operation of the Navahi substation are carried out in accordance with the applicable requirements of this ESCP and the ESSs, including, inter alia, the ESDD, CAP, ESIA, ESMP, LMP, management of contractors, SEP, RPF, and RAP.</p> <p>3) Cause Masdar to ensure that development, construction, commission and operation of the Banka and Bilasuvar SPPs and Absheron WPP are carried out in accordance with</p>	<p>1)ESDD and CAP to be prepared in a manner acceptable to the World Bank prior to commencement of respective civil works.</p> <p>2) Compliance with the provisions of respective E&amp;S documents and CAP ensured throughout the construction and operation periods.</p> <p>3) Compliance with the provisions of respective E&amp;S documents and CAP ensured throughout the development,</p>	Azerenerji

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	the applicable requirements of this ESCP and the ESSs, including, inter alia, the ESDD, CAP, ESIA, ESMP, LMP, management of contractors, SEP, RPF and RAP.	construction, commission and operation of Banka and Bilasuvar SPPs and Absheron WPP.	
<b>ESS 2: LABOR AND WORKING CONDITIONS</b>			
2.1	<b>LABOR MANAGEMENT PROCEDURES</b> Adopt and implement the Labor Management Procedures (LMP) for the Project, including, inter alia, provisions on working conditions, management of workers relationships, occupational health and safety (including personal protective equipment, and emergency preparedness and response), code of conduct (including relating to SEA and SH), forced labor, child labor, grievance arrangements for Project workers, and applicable requirements for contractors, subcontractors, and supervising firms.	Adopt the LMP prior to engaging Project workers for World Bank funded infrastructure (1.2) as well as Associated Facilities (1.5) and thereafter implement the LMP throughout Project implementation.	Azerenerji
2.2	<b>GRIEVANCE MECHANISM FOR PROJECT WORKERS</b> Establish and operate a grievance mechanism for Project workers, as described in the LMP and consistent with ESS2.	Establish grievance mechanism prior to engaging Project workers for World Bank funded infrastructure (action 1.2) as well as Associated Facilities (action 1.5) and thereafter maintain and operate it throughout Project implementation.	Azerenerji
<b>ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b>			
3.1	<b>WASTE MANAGEMENT PLAN</b> Adopt and implement a Waste Management Plan (WMP) to be developed within the scope of the ESIA and ESMP for the management of wastes generated during construction and operation of the energy infrastructure supported under the Project, as consistent with ESS3 and in a manner acceptable to the World Bank.	Same timeframe as for the adoption and implementation of the ESIA and ESMP.	Azerenerji
3.2	<b>RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b> Incorporate resource efficiency in the ESMP to be prepared under action 1.2 above.  Adopt and implement a Pollution Prevention Plan to be developed within the scope of the ESIA and ESMP, as consistent with ESS3 and in a manner acceptable to the World Bank.	Same timeframe as for the adoption and implementation of the ESIA and ESMP.	Azerenerji
<b>ESS 4: COMMUNITY HEALTH AND SAFETY</b>			
4.1	<b>TRAFFIC AND ROAD SAFETY</b> Incorporate measures to manage traffic and road safety risks as required in the ESMPs to be prepared under action 1.2 above.	Same timeframe as for the preparation, adoption, and implementation of the ESIA and ESMP under action 1.2 above.	Azerenerji
4.2	<b>COMMUNITY HEALTH AND SAFETY</b>		Azerenerji

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	Assess risks and impacts to the community arising from Project activities including, inter alia, behaviour of Project workers, risks of labour influx, response to emergency situations, as part of the ESIA and include mitigation measures in the ESMPs.	Same timeframe as for the preparation, adoption, and implementation of the ESIA and ESMP under action 1.2 above.	
4.3	<b>SEA AND SH RISKS</b> Prepare, adopt, and implement a SEA/SH Action Plan to assess and manage the risks of SEA and SH.	Prepare the SEA/SH Action Plan prior to effectiveness and thereafter adopt and implement the SEA/SH Action Plan throughout Project implementation.	Azerenerji
4.4	<b>SECURITY MANAGEMENT</b> Assess and implement measures to manage the security risks of the Project, including the risks of engaging security personnel to safeguard project workers, sites, assets, and activities as set out in the ESMP guided by the principles of proportionality and GIIP, and by applicable law, in relation to hiring, rules of conduct, training, equipping, and monitoring of such personnel.	Same timeframe as for the preparation, adoption, and implementation of the ESIA and ESMP under action 1.2 above.	Azerenerji
<b>ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT</b>			
5.1	<b>RESETTLEMENT POLICY FRAMEWORK</b> Adopt and implement the consulted Resettlement Policy Framework (RPF) for the Project, consistent with ESS5.	Adopt the RPF prior to start of works for World Bank funded infrastructure (1.2) as well as Associated Facilities (1.5) and thereafter implement the RPF throughout Project implementation.	Azerenerji
5.2	<b>RESETTLEMENT ACTION PLANS</b> Prepare, disclose and consult resettlement action plan (RAP) for each activity under the Project for which the RPF requires such RAP, as set out in the RPF and consistent with ESS5, thereafter adopt and implement.	Prepare, disclose, and consult prior to signing of works contract for World Bank funded infrastructure and thereafter adopt and implement the respective RAP, including ensuring that before taking possession of the land and related assets, full compensation has been provided and displaced people have been resettled and moving allowances have been provided.	Azerenerji
5.3	<b>GRIEVANCE MECHANISM</b> The grievance mechanism (GM) to address resettlement related complaints shall be described in the RPF, RAPs and SEP.		Azerenerji

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
		Establish and operationalise the grievance mechanism prior to start of works for World Bank funded infrastructure (1.2) as well as Associated Facilities (1.5) and thereafter maintain and operate the mechanism throughout Project implementation.	
<b>ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES</b>			
6.1	<p><b>BIODIVERSITY RISKS AND IMPACTS</b></p> <p>1. Adopt and implement a Biodiversity Management Plan (BMP), as part of the ESMP, in accordance with the guidelines of the ESIA prepared for the Project, and consistent with ESS6.</p> <p>2. Undertake migratory bird assessment studies covering fall and spring migration seasons and update the BMP accordingly.</p> <p>3. Ensure the construction works planning being aligned with the availability of the bird assessment data and updated C-ESMP.</p>	<p>1. Prepare and adopt BMP under the same timeframe as for the preparation and adoption of the ESIA and ESMP under action 1.2 above, and thereafter implement the BMP throughout Project implementation.</p> <p>2. Update the BMP twice, by incorporating data from the fall (December 31, 2024) and spring (June 30, 2024) migratory seasonal observations.</p> <p>Update C-ESMP respectively, following the updates of the BMP.</p> <p>3. Prior to the start of civil works</p>	Azerenerji
<b>ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES</b>			
This Standard is considered not relevant to this Project.			
<b>ESS 8: CULTURAL HERITAGE</b>			
8.1	<p><b>CULTURAL HERITAGE RISKS AND IMPACTS</b></p> <p>Undertake an assessment of risks and impacts to cultural heritage as part of the ESIA and prepare Cultural Heritage Management Plan (CHMP) as part of the ESMP, in accordance with the guidelines of the ESIA prepared for the Project, and consistent with ESS8 and thereafter adopt and implement</p>	Same timeframe as for the preparation, adoption, and implementation of the ESIA and ESMP under action 1.2 above.	Azerenerji
8.2	<p><b>CHANCE FINDS</b></p> <p>Describe and implement the chance finds procedures as part of the CHMP of the Project.</p>		Azerenerji



MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
		Describe the chance find procedures in the CHMP. Implement the procedures throughout Project implementation, as needed.	
<b>ESS 9: FINANCIAL INTERMEDIARIES</b> [This standard is only relevant for Projects involving Financial Intermediaries (FIs).]			
This Standard is considered not relevant to this Project.			
<b>ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE</b>			
10.1	<p><b>STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION</b></p> <p>Adopt and implement the initial Stakeholder Engagement Plan (SEP) for the Project, consistent with ESS10, which shall include measures to, inter alia, provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.</p>	Adopt the SEP prior to start of works for World Bank funded infrastructure (1.2) as well as Associated Facilities (1.5) and thereafter implement the SEP throughout Project implementation.	Azerenerji
10.2	<p><b>UPDATE OF SEP AND IMPLEMENTATION</b></p> <p>Update the SEP for the Project in line with findings from the ESIA and ESMP, consistent with ESS10, which shall include measures to, inter alia, provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.</p>	Same timeframe as for the preparation, adoption, and implementation of the ESIA and ESMP under action 1.2 above.	Azerenerji
10.3	<p><b>PROJECT GRIEVANCE MECHANISM</b></p> <p>Establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances in relation to the Project, promptly and effectively, in a transparent manner that is culturally appropriate and readily accessible to all Project-affected parties, at no cost and without retribution, including concerns and grievances filed anonymously, in a manner consistent with ESS10.</p> <p>The grievance mechanism shall be equipped to receive, register, and facilitate the resolution of SEA/SH complaints, including through the referral of survivors to relevant gender-based violence service providers, all in a safe, confidential, and survivor-centred manner.</p>	Establish and operationalise the grievance mechanism prior to start of works for World Bank funded infrastructure (1.2) as well as Associated Facilities (1.5) and thereafter maintain and operate the mechanism throughout Project implementation.	Azerenerji
<b>CAPACITY SUPPORT</b>			
CS1	<p>Training for PIU staff and project workers on:</p> <ul style="list-style-type: none"> <li>• establishing a corporate environmental and social management system</li> <li>• environmental and social policies</li> <li>• specific aspects of environmental risk management, including risks on biodiversity, water courses and riverine ecosystems, waste management and pollution prevention</li> </ul>	Full training and awareness session within a month after hiring employees for World Bank funded infrastructure (1.2) as well as Associated Facilities (1.5) and thereafter as required.	Azerenerji

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<ul style="list-style-type: none"> <li>• social impact assessment and management of risks, including managing displacement</li> <li>• stakeholder engagement</li> <li>• grievance management</li> <li>• incident management and reporting</li> <li>• emergency preparedness and response</li> <li>• community health and safety</li> <li>• gender including SEA/SH</li> <li>• monitoring and reporting on environmental and social performance</li> </ul> <p>Awareness raising of communities on</p> <ul style="list-style-type: none"> <li>• grievance management</li> <li>• real and perceived impacts of electro-magnetic field</li> <li>• emergency prevention and preparedness and response arrangements to emergency situations</li> <li>• community health and safety including on SEA/SH</li> </ul>		
<p>CS2 Training for Project workers on</p> <ul style="list-style-type: none"> <li>• worker grievance mechanisms</li> <li>• occupational health and safety including, use of PPE, labour safety, use of electric equipment, life and fire safety procedures, observance of working hours, etc.</li> <li>• SEA/SH in the workplace and code of conduct</li> <li>• emergency prevention and preparedness and response arrangements to emergency situations.</li> </ul>	<p>Full training and awareness session within a month after hiring employees and thereafter as required.</p>	<p>Azerenerji</p>