

Banka 315 MW_{ac} Solar PV Project Azerbaijan

Draft Social Compliance Audit Report



October 2024

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CONTENTS

1	INTRODUCTION	1
1.1	Project Overview	1
1.2	Scope & Objectives of the SCA	2
2	METHODOLOGY OF THE AUDIT	4
2.1	Document Review	4
2.2	Site Visits	4
2.3	Compliance Review	4
2.3.1	Limitations	4
3	PROJECT SUMMARY	6
3.1	Project Location	6
3.2	Land Ownership and Use	9
3.3	Project Technology	12
3.3.1	Construction Phase Land Requirements	13
3.3.2	Operational Phase Land Requirements	14
3.3.3	Project Milestones	14
4	OVERHEAD TRANSMISSION LINE	15
4.1	Compliance Requirements	15
4.2	Details of the transmission line	16
4.3	Land Use	17
4.4	Conclusion	19
5	REGULATORY REVIEW	20
5.1	National Regulation	20
5.2	ADB Requirements	23
5.2.1	ADB Safeguards Policy Statement, 2009	23
5.2.2	ADB's Social Protection Strategy, 2001	24
5.2.3	ADB's Gender and Development Policy, 1998	25
5.2.4	ADB Access to Information Policy, 2018	25
5.3	Additional Relevant Standards & Guidelines	26
6	REVIEW OF THE LAND ACQUISITION PROCESS	34
6.1	Allocation of Land to the Project	34

6.2	Presence of Indigenous Peoples and vulnerable ethnic groups	34
6.3	Scope of Land Use for the Project	35
6.3.1	Identification of the PAPs	35
6.3.2	Azerbaijan Fish Farm	41
6.3.3	Asphalt Road	42
6.3.4	Military use of the land	43
6.3.5	Current land use	43
6.4	Economic Displacement Impacts	44
6.5	Vulnerability Assessment	44
6.6	Impacts before the Implementation of the LRP	45
6.7	Methodology for Acquiring Land and Determination of Compensation	46
6.8	Status of Land Acquisition and Compensation Payments	46
6.9	Stakeholder Engagement	47
6.9.1	Feedback from the affected persons and the AFF	47
6.9.2	Disclosure of entitlements to the PAPs	48
6.10	Grievance Redress Mechanism	49
7	PROJECT COMPLIANCE EVALUATION	51
8	CORRECTIVE ACTION PLAN	59

APPENDIX A– VALUATOR’S CERTIFICATE

LIST OF ABBREVIATIONS

ABBREVIATION	MEANING
ADB	Asian Development Bank
AFF	Azerbaijan Fish Farm
AIIB	Asian Infrastructure Investment Bank
CAP	Corrective Action Plan
EBRD	European Bank for Reconstruction & Development
ESDD	Environmental & Social Due Diligence
ESIA	Environmental & Social Impact Assessment
ESF	Environmental & Social Framework
ESS	Environmental & Social Standards
GRM	Grievance Redress Mechanism
LLA	Land Lease Agreement
LRP	Livelihood Restoration Plan
MENR	Ministry of Ecology and Natural Resources
MoE	Ministry of Energy
OHTL	Overhead Transmission Line
PAPs	Project Affected Persons
PV	Photovoltaic
RAS	Recirculatory Aquaculture System
SCA	Social Compliance Audit
SCAR	Social Compliance Audit Report
SEP	Stakeholder Engagement Plan
WGB	World Bank Group
5 Capitals	5 Capitals Environmental & Management Consultancy

1 INTRODUCTION

This Social Compliance Audit Report (SCA Report) has been prepared to assess the past and on-going land acquisition and resettlement impacts for the proposed Banka 315 MW_{ac} solar PV in Azerbaijan. It also includes proposed measures to mitigate and/or manage the impacts as part of a Corrective Action Plan on the project affected persons (PAPs) and their households in accordance with the Azerbaijan national requirements and those of the Asian Development Bank (ADB) - ADB's Safeguard Policy Statement (2009) and its Safeguard Requirement 2 on Involuntary Resettlement, and other relevant good industry practice guidelines and related documents, including the relevant ILO Core Labor Standards Conventions.

It is noted that the preparation of this SCAR has been undertaken parallel to the update of the initial draft Livelihood Restoration Plan based on the comments received from the lenders and the findings herein.

This SCA Report has been prepared by 5 Capitals Environmental and Management Consulting (5 Capitals), an environmental and social consultancy based in UAE, to meet the requirements set by ADB within the SCA terms of reference issued on August 13, following the initial ESDD site visit performed between 6th to 9th August 2024.

1.1 Project Overview

Masdar signed implementation agreements with Azerbaijan's Ministry of Energy in June 2022 to develop a renewable energy program on a bilateral basis, with a total capacity of 10 gigawatts (GW) across multiple technologies.

Subsequently, Masdar signed joint development agreements with the State Oil Company of the Republic of Azerbaijan (SOCAR) for onshore wind and solar projects, and integrated offshore wind and green hydrogen projects, with a total combined capacity of 4 GW.

The Ministry of Energy of the Republic of Azerbaijan and Masdar signed an Implementation Agreement relating to the assessment, development, and implementation of a 4 GW_{ac} pipeline of solar photovoltaic (PV) and onshore wind projects in the Republic of Azerbaijan starting with 2 GW_{ac} as the first phase.

The Banka Solar PV Plant (the Project) is one of three projects making up the first phase and is the focus of this report. On 26th October 2023, Masdar and the Ministry of Energy entered into an investment agreement for the Project. The Project will assist in achieving Azerbaijan's 2025 vision and beyond for the inclusion of renewable energy electricity within its generation mix, with Azerbaijan hosting the United Nations Climate Change Conference / Conference of the Parties (COP29) in November 2024.

Table 1-1 Key Project Information

PROJECT TITLE	Banka 315 MW _{ac} Solar PV Project
PROJECT COMPANY	Masdar and SOCAR Green LLC
EPC CONTRACTOR	North West Electric Power Design Institute (NWEPTDI) part of China Energy Group
O&M COMPANY	Masdar Specialised Technical Services (MSTS)
MASDAR REPRESENTATIVE	Murad Sadikhov Abu Dhabi Future Energy Company PJSC – Masdar Baku, Azerbaijan
SOCAR REPRESENTATIVES	Elmir Musayev and Alish Lemberanskiy SOCAR Green LLC Baku, Azerbaijan
ESIA CONSULTANT	5 Capitals Environmental and Management Consulting (5 Capitals) PO Box 119899, Dubai, UAE Tel: +971 (0) 4 343 5955, Fax: +971 (0) 4 343 9366 www.5capitals.com

1.2 Scope & Objectives of the SCA

This document applies to the Banka 315 MW_{ac} Solar PV Project (the Project) in the Neftchala district of Azerbaijan, approximately 120 km south of Baku. It covers the area affected and acquired/to be acquired for the project for permanent and temporary use. Including associated (except OHTLs), ancillary and support facilities such as access roads and laydown area.

The objectives of this SCA Report include:

- Assessment of the undertaken land acquisition and resettlement process of the project against the ADB Safeguard Requirements.
- Determination whether the activities and actions undertaken as part of the land acquisition are in line with the national and ADB Safeguard Requirements.
 - This will also include identification of any legacy issues.
- Assessment of the adequacy and effectiveness of the consultations undertaken and the grievance redress mechanism in relation to undertaken land acquisition and resettlement.
 - Identification of any landownership issues, cases, complaints filed in relation to the project area.
- Assessment of the extent to which the project's compensation and support aligns with the full replacement cost compensation principle.
- Development of a Corrective Action Plan (CAP) that will address any issues and gaps identified during this audit by specifying time bound actions to ensure compliance with Azeri and ADB requirements and which will be used to update the Livelihood Restoration Plan (LRP).

2 METHODOLOGY OF THE AUDIT

This chapter provides an overview of the methodology used to obtain the relevant information for the development of this SCA Report. It is noted that the audit has been developed through a document review of relevant project documents and information provided by the Government, Masdar, and other stakeholders such as the Project Affected Persons (PAPs).

2.1 Document Review

A review of existing project documentation has been undertaken to gain an understanding of the current situation in relation to the land acquisition and resettlement including legacy issues. The documents reviewed include:

- Draft ESIA report
- Draft Stakeholder Engagement Plan (SEP)
- Initial draft Livelihood Restoration Plan (LRP)
- OHTL scoping report and list of PAPs
- Various documents provided by the Government & Masdar that reflect the activities undertaken within the project site, lease agreement status etc.

2.2 Site Visits

Site visits have been undertaken for the draft ESIA and initial draft LRP to collect information that was subsequently used to prepare these reports. Additionally, site visits as part of this audit were undertaken between 21st and 23rd August, as well as between 28th and 31st August 2024. This included the engagement of different stakeholders including:

- Government agencies such as Neftchala district
- Herder and workers (PAPs) and their household members.
- Azerbaijan Fish Farm (AFF).

2.3 Compliance Review

5 Capitals has analysed the key gaps between the project's land acquisition and ADB requirements based on the outcome of the documentation review and the site visit. This has also informed the recommendations within the CAP (see table 8-1) to ensure compliance with the ADB requirements.

2.3.1 Limitations

The limitations to this audit include:

-
- There were no records of previous engagements, meetings undertaken between the Neftchala district and the herder (FH1) or his workers (W1 & W2). As such, this study relied on verbal accounts of the stakeholders engaged.
 - The PAPs account on certain issues kept changing during the two site visits undertaken as part of the audit which has made verification difficult.
 - For instance, the herder's statements about when he last cultivated the project site for animal fodder and the amount of land he cultivated were inconsistent.
 - Constraints in receiving feedback from the PAPs in a timely manner.

3 PROJECT SUMMARY

This section provides a brief overview of the Project and details relating to the land required for its development. Additional details relating to the Project and its components are provided in the standalone project specific draft ESIA, SEP and initial draft LRP documents.

3.1 Project Location

The Project is located in Banka village in the Neftchala District of Azerbaijan, approximately 120 km south of Baku. It is also located approximately 2 km from the coastline of the Caspian Sea and 500 m north of the Kura River.

Note: *The OHTL connecting the Project to the power transmission grid will be approximately 80 km and is subject to a separate ESIA and land acquisition process (ref. chapter 4 below).*

Figure 3-1 Local Project Context

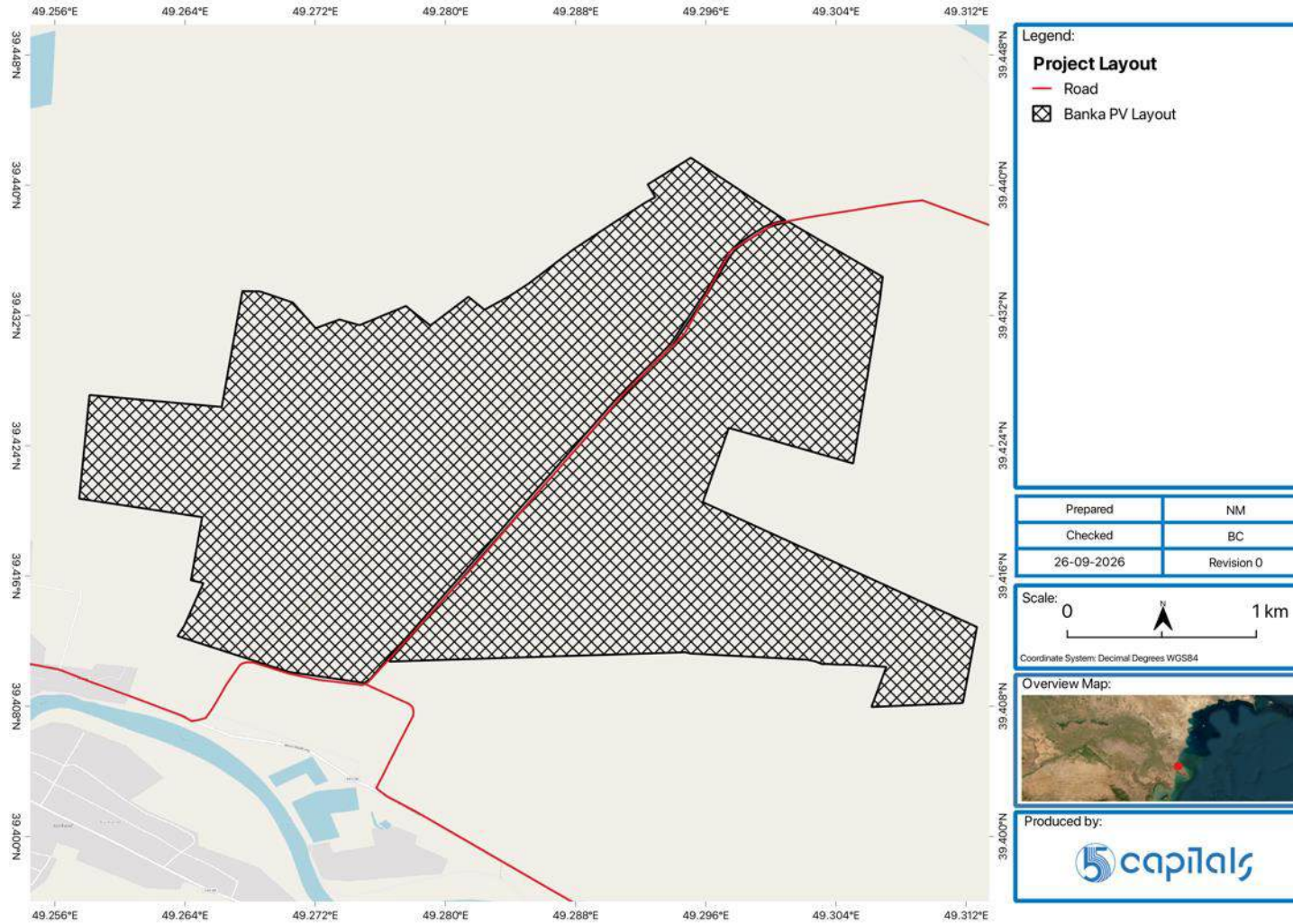


Figure 3-2 Indicative project layout



3.2 Land Ownership and Use

3.2.1.1 Land ownership

The Project land consist of three plots that are to be consolidated, and these include:

- 400 ha agricultural category in Yenikend municipal land.
- 50 ha agricultural category in Banka municipal land.
- 523 ha special category in Neftchala Executive Power land.

A decision was made by the Cabinet Ministers of the Republic of Azerbaijan on April 16th, 2024, to designate the state and municipal land above in Naftchala district as 'Renewable Energy Land Category'. This decision allows for the development of the project.

3.2.1.2 Site condition and land use

The land designated for the project is flat, homogeneous semi-desert, previously used for grazing. Additionally, an asphalt road cuts through the site; however, this will not be affected by the project, as indicated in the figure 3-3 below. It is noted that the project's design has avoided the asphalt road, ensuring continued access for existing road users including the Azerbaijan Fish Farm (AFF) LLC.

There are two OHTLs running through the project site that connect to AFF (refer to figure 3-4 below), and these include:

- 35kV OHTL which connects to the AFF Recirculatory Aquaculture System (RAS) facility which is located approximately 100m south of the Project site.
 - This OHTL will not require to be relocated and will therefore not be impacted by the project.
- 6kV OHTL that connects to the AFF Seaside Facility which is located approximately 3 km north of the project site.
 - Sections of this OHTL located within the project site will be realigned along the asphalt road.
 - The land required for the 6kV relocation is part of the 973ha allocated to the project and therefore no additional land will be required.

Additionally, the 523ha of land under Neftchala Executive Power was designated for military use by the Ministry of Defence under a special category. While the Ministry of Defence has no concerns about the Project using the land, there are unused structures in poor condition from the soviet era located within this area.

Figure 3-3 Distribution of structures & OHTLs within the site

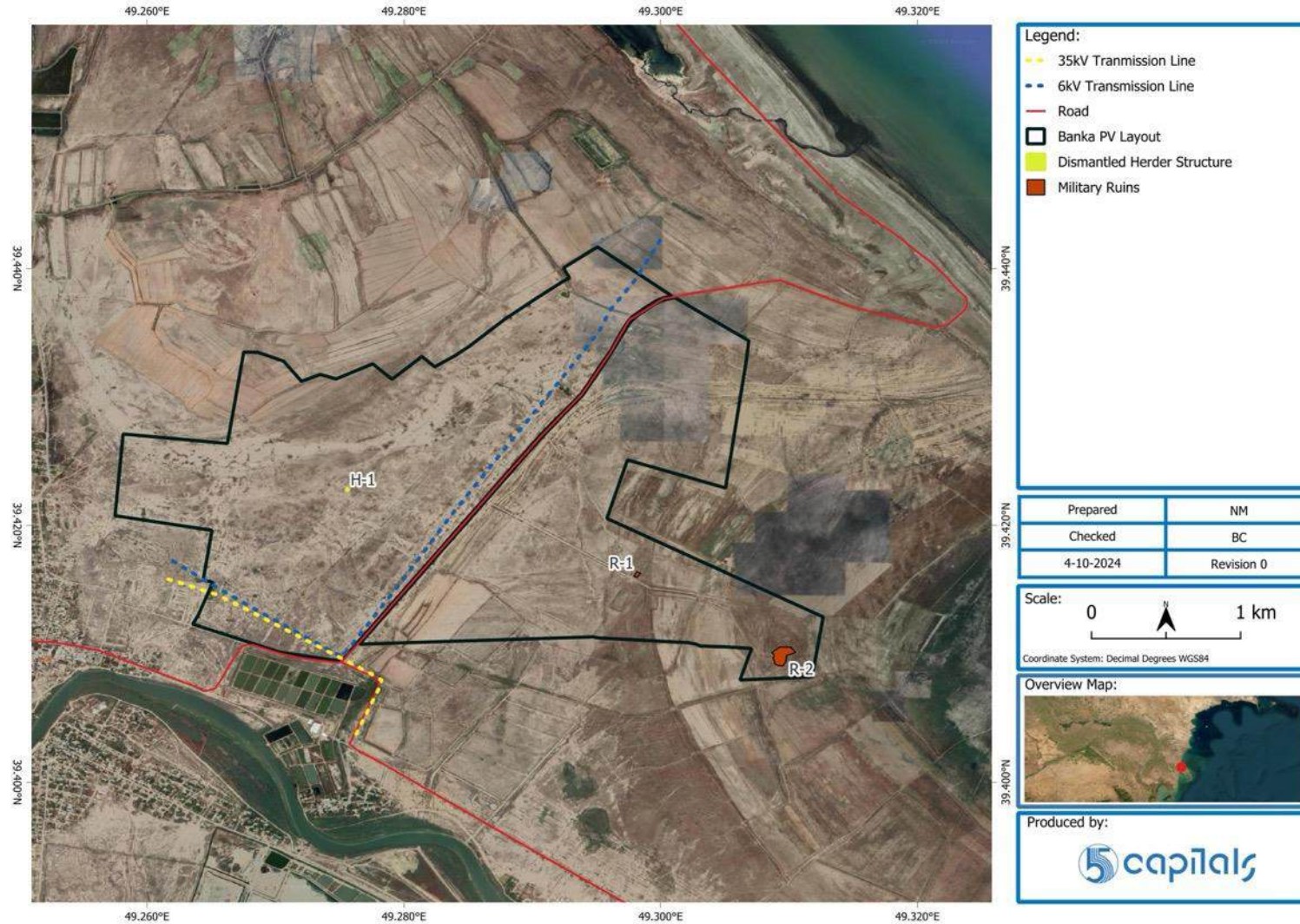


Figure 3-4 Surrounding land use

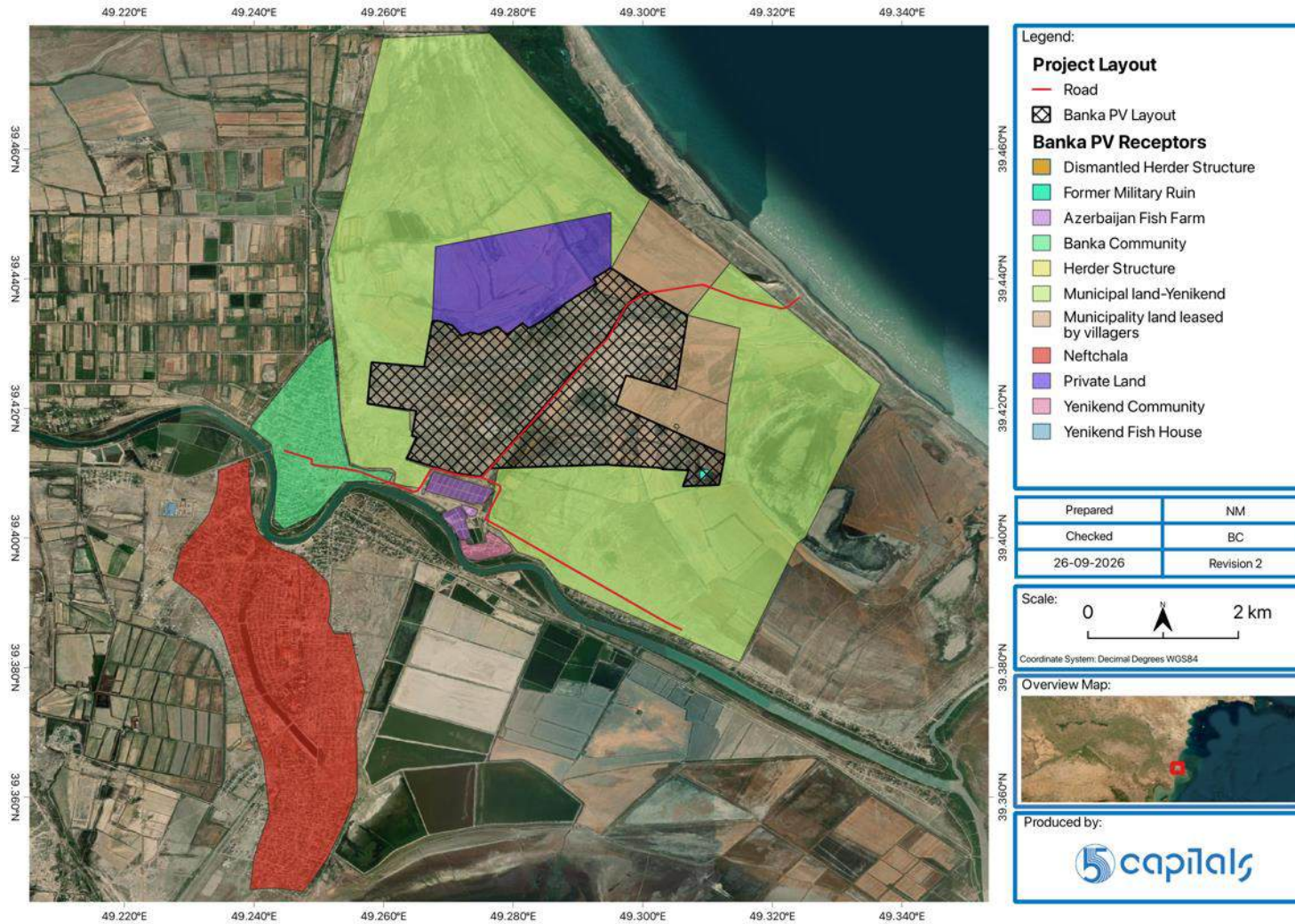


Figure 3-5 Asphalt road going through the site (not impacted by the project)



During consultations, the local communities queried whether the Project would use the village bridge, highlighting that it was constructed in 1982, and the Project vehicles may potentially damage it. Masdar responded that the village bridge will not be used due to concerns that it cannot support heavy loads.

3.2.1.3 Summary of land allocated to the project

The total extent of land-take and conversion is itemized in the summary table below. There will be permanent land take for the 973ha located within the project boundaries where construction phase and O&M facilities will be located.

Table 3-1 Land-take estimates for the project facilities

SN	PROJECT SITE	OVERALL AREA (HA)
1.	PV power plant (including all construction-phase and O&M facilities)	973
2.	Access road (along existing track)	0

At this stage, it is understood that the project will not require additional land beyond the 973ha that have been allocated. In the unlikely event that additional land is required, the Project Company will engage an E&S Consultant to assess any potential land-related impacts, in line with the principles outlined in the LRP. The results of this assessment will be submitted to and approved by the lenders prior to any displacement.

3.3 Project Technology

An overview of the project technology is provided in the table below and further details can be found in the project specific ESIA.

Table 3-2 Project details

PARAMETER	DETAILS
DC Capacity	Approximately 410 MWp
Module Type	N-type Bifacial Module
Inverter Type	String or Central Inverter
Mounting Structure Type	Single Axis, E-W tracking. Tracking range -55° to +55° or better
Maximum AC Export Capacity at Point of Connection	315 MW
Ground Coverage Ratio	20% – 30%
Interconnection Voltage	330 kV
Grid Compliance	According to Azerbaijan Grid Code
Project Design Lifetime	30 years

PROJECT COMPONENTS

The Project will have following main components:

- PV Modules
- Inverters
- Mounting Structures
- LV/MV Transformers
- PV Plant substation including Power Transformer and Switchgears
- Civil Infrastructure (Roads, Fences, drainage as required, etc.)
- Other balance of plant such as cables, protection, SCADA system etc.

Access to the project site will be through the existing asphalt road and therefore no additional land will be required.

3.3.1 Construction Phase Land Requirements

At this point it is understood that the temporary construction area will be within the project boundaries and therefore within the land already allocated to the project.

3.3.1.1 Accommodation facilities

It is understood that workers' accommodation may consist of either temporary on-site facilities or rented off-site accommodations. If the accommodation facility is constructed outside of the project boundaries, the Project Company will engage an E&S Consultant to assess any land-related impacts, in line with the principles outlined in the draft LRP. The results of this assessment will be submitted to and approved by the lenders prior to the commencement of accommodation facility construction.

3.3.2 Operational Phase Land Requirements

The project's operational phase will not require any additional land beyond what has already been allocated within the project boundaries. Furthermore, no land use restrictions will arise during this phase, as all operational and maintenance activities will take place within the fenced project site.

3.3.3 Project Milestones

Table 3-3 Project Milestones

MILESTONE	SCHEDULED DATE
PPA Signature	3 rd June 2024
Target Financial Close	November 2024
Site handover	1 st November 2024
Mobilisation & Early Works	Q1 2025
Main Construction Works Commencement	Q2 2025
Commercial Operation Date	January 2027

4 OVERHEAD TRANSMISSION LINE

The connection to the grid will be via an 80 km 330 kV double circuit line to the Navahi substation (Figure 4-1).

Enhancement of the grid network, including the construction and operation of the transmission lines, construction and enhancement of substations, investments in SCADA upgrades, control systems, and battery energy storage, are being jointly financed by the World Bank and by the Government of Azerbaijan, with the entities funding different assets.

The World Bank refer to the Project as Azerbaijan Scaling-Up Renewable Energy Project (AZURE) and the Concept Environmental and Social Review Summary¹ was published on the 26th of March 2024. The plan is for the transmission lines for Banka Solar PV (and Bilasuvar Solar PV) to be operational by April 2026.

4.1 Compliance Requirements

Although the Government of Azerbaijan is developing the transmission line which connects the Banka project 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.

Both Azerenerji and the World Bank have engaged environmental and social consultants to undertake ESIA's for their respective parts of the grid enhancement. The ESIA for the 330kV OHTL, which will connect the project to the Navahi substation, is being prepared on behalf of Azerenerji by the Azerbaijan Scientific-Research and Design-Prospecting Energy Institute. The scoping report for this ESIA has been prepared and is dated August 2024.

A meeting was conducted with the Ministry of Energy (MoE), the consultants preparing the ESIA on behalf of Azerenerji, the potential lenders for the Banka/Bilasuvar Project, and the lenders' environmental and social advisor, on the 9th August 2024. In this meeting, the consultants preparing the ESIA on behalf of Azerenerji outlined the status of the ESIA, what studies had been included as part of this ESIA, and the next steps. The process preparing and submitting the ESIA to the Ministry of Ecology and Natural Environment (MENR) for review and approval is currently ongoing.

1

https://documents1.worldbank.org/curated/en/099051524112523470/pdf/P505208113e2ec0201b79a13de9603dd3bf.pdf?_gl=1*11e0qxe*_gcl_au*MTQ1NzU2NDcyLjE3MTgyNjQwNDY.

LAND ACQUISITION

In relation to the land acquisition, Azerenerji has prepared and disclosed a Resettlement Policy Framework² (RPF) for the AZURE project, consistent with the requirements of the World Bank Environmental and Social Framework (ESF). It's stated that the fundamental purpose of the RPF is to establish the terms of agreement between relevant authorities in the Republic of Azerbaijan and the World Bank regarding principles and procedures to be used in subsequent preparation of a Resettlement Action Plan (RAP).

In addition, it is stated that the World Bank's approval of the RAP will be required before the project authorities can invite bids for any contracts in which works are expected to involve physical or economic displacement because of land acquisition or restrictions on access or use of natural resources.

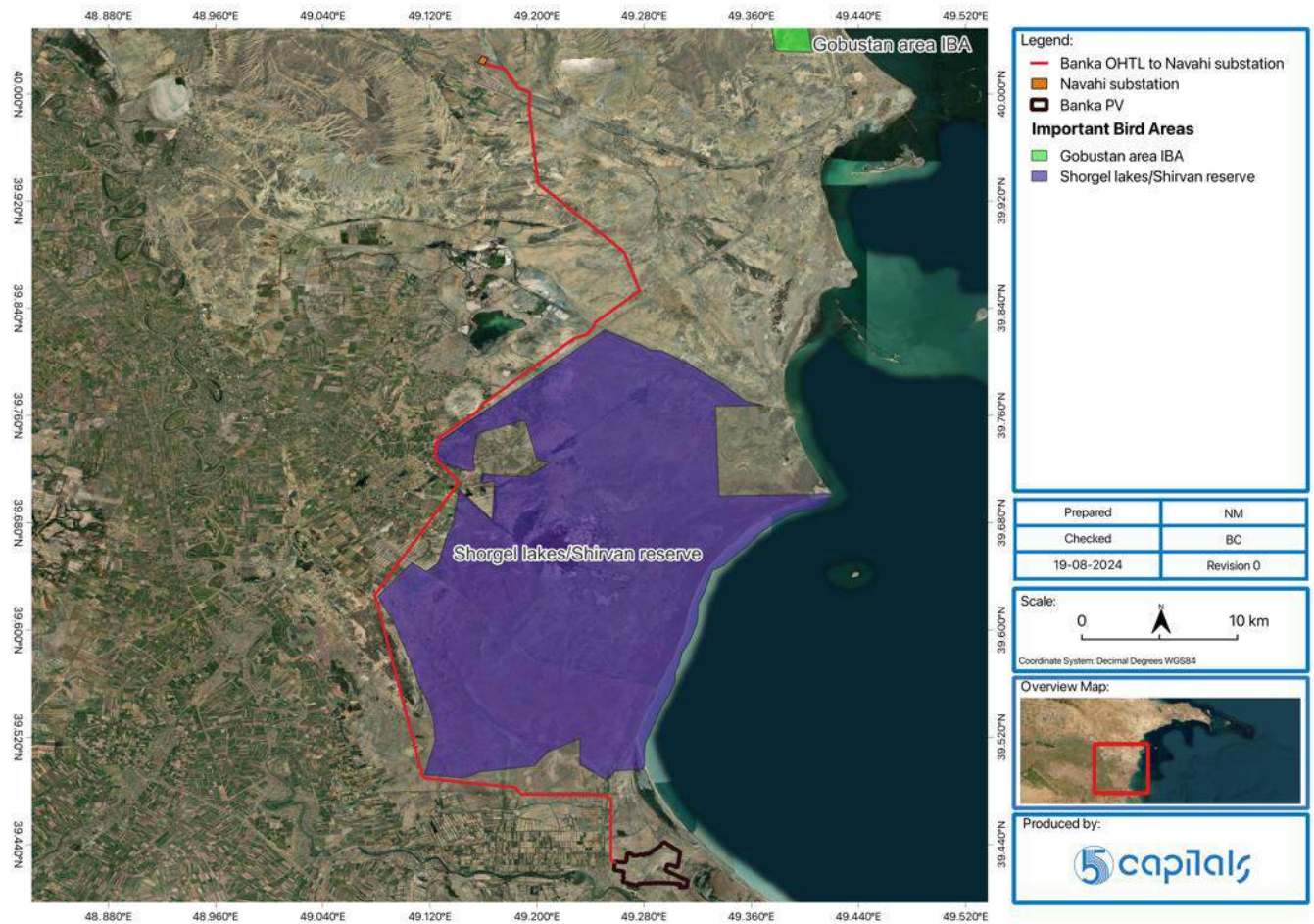
4.2 Details of the transmission line

The line is an 80 km 330 kV double circuit line to the Navahi substation, and its alignment is as shown in the figure below.

²

<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099080524100521639/p5052081847dfa04d18e6c107aa851a0dcc>

Figure 4-1 Transmission Line Connecting the Project to Navahi Substation



4.3 Land Use

One of the key risks associated with the development of the line includes:

- Land acquisition, where the transmission line route will require land which is currently being utilised.
 - The Scoping Report states that 'all land acquisition, either permanent or temporary will be undertaken in compliance with the relevant Azerbaijan legislation and international requirements (World Bank Environmental and Social Standards 5)'.

Based on the recognition of the above risk, the identification of the land ownership and use along the OHTL has been undertaken and is provided in the table below.

Table 4-1 Land ownership and use along the OHTL

No	REGION	VILLAGES	NUMBER OWNERS/TENANTS	TITLE TYPE	PROPERTY TYPE	DESIGNATION
1	Hacıqabul	Qızılburun village	6	Property	Private	cropland
		Navahi village	4	Property	Private	cropland
		Winter pastures no 11	Executive Power Office	Change of category	State	Cropland /pastural
		Navahi	Executive Power Office	Permanent use	State	other
2	Salyan	Hasanlı	1 legal person (AzFood LLC) 2 households	Property	Private	cropland
		Shakarlı	12 households	Property	Private	cropland
		Khalaj	5 households	Property	Private	cropland
		Abadkand	Khalaj Municipality	Property	Municipal	Cropland
Total number of owners			33	N/A	N/A	N/A
Data on leased land plots						
3	Hacıqabul	Hacıqabul Region State Land Fund (nameless)	1 tenant (individual)	Lease	State	cropland
		Hacıqabul Region Winter pasture No 11	Executive Power Office	Other	State	Other
		Navahi village	Executive Power Office	other	state	Other
4	Salyan	Winter pastures no 18 and 19	1 tenant	Lease	State	pastural
5	Neftchala	Shirvanlı village	1	Lease	Municipal	pastural
Total number of tenants			3	N/A	N/A	N/A

4.4 Conclusion

Based on the above information the development of the OHTL will require compliance with the World Banks ESS (specifically ESS5). This will be required even for the sections of the OHTL that will not receive financing from the WBG.

As such, the audit of the OHTL has been excluded from this SCA Report.

5 REGULATORY REVIEW

This chapter provides an overview of the relevant land acquisition and resettlement regulations applicable to the project. In addition, a gap analysis has been undertaken between the national and ADB requirements including details of the actions the project will implement to close these gaps.

5.1 National Regulation

The relevant land acquisition and resettlement in Azerbaijan are summarised in the table below.

Table 5-1 Key national regulation relating to land acquisition & resettlement

NATIONAL REGULATION	SUMMARY
The Constitution of the Azerbaijan Republic (1995 and as per the amendments in 2002, 2009 and 2016)	It recognises the right of citizens to own, use, and dispose of property. Article 13 recognises three types of property ownership: State, Municipality and Private.
Land Code (as adopted on June 25 th 1999 and as amended in February 24 th 2023)	<p>Article 16 states that common grazing sections are available for indefinite public use. Municipal reserve pastures, grazing fields, and meadows can be leased to entities and individuals for 10 to 15 years. Lease agreements can be extended based on land bids or tenders. If the livestock on leased pastures decreases significantly, or if there is a change in ownership, the lease and use agreements must be reconsidered as per legislative procedures.</p> <p>Article 58 states that unless otherwise stipulated in the legislation or the lease agreement, any temporary structures erected by the user must be demolished at their own expense after the lease period ends.</p> <p>Article 73, Clause 1: The rights of ownership, use, or lease of land may be terminated in the following cases:</p> <ul style="list-style-type: none"> • Voluntary relinquishment or expropriation of the land. • Expiration of the use or lease period. • Termination of a legal entity's operations. • Non-compliance with the land's intended purpose. • Termination of individual employment contracts related to temporarily used land. • Breach of use or lease agreement terms. • Non-payment of land tax and rent for one year without valid reason. • Unused agricultural land for two consecutive years or non-agricultural land for one year without a valid reason. • Deterioration of soil quality, contamination, or environmental harm during use. • Necessity for state acquisition of the land. • Transfer of ownership of buildings or facilities on the land. • Death of the landowner or user (lessee) without heirs. • Non-fulfilment of mortgage obligations. <p>Article 86: Specific regulations regarding land transactions:</p> <ul style="list-style-type: none"> • Clause 2: State lands, municipal agricultural lands for general use, and lands leased to legal entities and individuals cannot be bought or sold.

NATIONAL REGULATION	SUMMARY
	<ul style="list-style-type: none"> • Clause 3: Lands can be sold to state, municipal, and private ownership within the Azerbaijan Republic. • Clause 5: Ownership, use, and lease rights can be traded through land auctions or competitions, with the owner's or their representative's consent. • Clause 6: Municipal land transactions must align with development plans and are conducted via land auctions and competitions. • Clause 7: Direct sale of privately owned lands or lease rights requires notarized purchase agreements between the parties. • Clause 8: The purchase and sale of land are regulated by relevant Azerbaijani legislation. <p>Article 101 states that compensation for any damages caused by the acquisition of land, the temporary use of land, limits on the rights of owners, users & lessees, or any other deterioration in the quality of the soil, should be fully paid to the landowners, users and lessees of land in full. Costs incurred by owners in connection with an early termination of obligations taken before third parties shall also be compensated. The article also includes provisions for settling of land disputes. Additionally, it also covers the illegal use of land and stipulates that any damage caused by illegal occupation must be paid by the land user (Article 110 and 111).</p>
<p>Civil Code (adopted on December 28, 1999, and amended in July 12, 2023)</p>	<p>Articles 246, 247, 248 and 249 include the provisions for the acquisition of land for state needs, which is applicable for the proposed project. The code states that the relevant executive authority shall:</p> <ol style="list-style-type: none"> a) Give a written notice to the affected persons about the planned acquisition. b) Pay the compensation to the affected persons within 90 days after the land transaction agreement is made. c) Assist the affected people in the vacation of the land and move to a new place of residence in accordance with the law. d) Pay compensation for the affected assets. <p>Article 246 states that the compensation will be calculated using the market value and where this cannot be identified, replacement cost will be used instead.</p> <p>Article 247 also provides the forms of compensation to be provided for land which include land plot or living structure comparable to the forfeited land in quality, size, production, capacity etc, lump-sum cash payment, continuous provision of food, providing training etc.</p>
<p>Land Acquisition Law for State Needs of April 20th 2010 as amended in February 17th 2023</p>	<p>Addresses matters related to involuntary resettlement, including the process and institutional arrangement for land acquisition, compensation and valuation, consultation requirements, entitlements of various categories of displaced persons etc.</p> <p>Article 7 provides the details of the persons who are considered as being affected by land acquisition. These include:</p> <ol style="list-style-type: none"> a) Individual with state-registered ownership, use or lease rights to land, or lease rights confirmed by written documents. b) Individual with legally recognised but unregistered ownership, use, or lease rights, provided these are documented at the time or registration. c) Sub-lessees, third-party users or short-term land users provided their rights are supported by oral or written agreements.

NATIONAL REGULATION	SUMMARY
	<p>d) Individuals who have long-term land use recognized by law, giving rise to land rights.</p> <p>e) Individuals living on land without legal rights.</p> <p>All persons listed above, except those without legal rights to the land are entitled to compensation and assistance related to their lost land under this law. Those without legal rights are entitled only to relocation assistance and compensation for personal property damage incurred during relocation, excluding real estate.</p> <p>Article 58 requires for compensation prices to be based on the applicable market prices.</p> <p>Article 59 refers to the replacement price which includes expenses to construct a building or area of land in the same area, and the same size and production potential, and includes the applicable land registration fee.</p> <p>The rates are to be determined by an Independent Appraiser hired by the Valuation Commission established by a decree of the Cabinet Ministers.</p>
<p>Decision of the Cabinet of Ministers on approving the "Regulation on preparation of resettlement plan and resettlement instructions" (February 24, 2012)</p>	<p>This regulation stipulates the guidelines for preparation of a resettlement plan, as well as an example content of the plan and it provides general guidelines. A Resettlement Plan is only required when the total of displaced persons reaches 200, or more.</p> <p>This law is implemented to ensure compliance with the Presidential Decree of the Azerbaijan Republic of May 24, 2010, No. 263 "about withdrawal of lands for the state needs"</p>
<p>Law "On Land Lease" (December 11, 1998, as amended on February 24, 2023)</p>	<p>Governs the leasing of land within the country. It establishes the legal framework, rights, and obligations related to land leases, including procedures for obtaining leases, terms of lease agreements, and conditions for land use. The law aims to regulate and promote the effective utilization of land resources, ensuring sustainable development and economic efficiency in land management practices across Azerbaijan.</p> <p>Article 16 of this law states that when an area of leased land is acquired for state needs, a plot having the same size, and a same quality must be provided to the lessee. Any losses incurred during the process of changing areas will be paid in accordance with the Land Code.</p> <p>Article 31 states that settlement of disputes related to land lease, use, contract change, extension, premature cancellation and termination are resolved in court in accordance with the legislation of the Republic of Azerbaijan.</p>
<p>Law on Land Market (adopted on May 7, 1999, last amended on February 17, 2023)</p>	<p>This law establishes the general rules for land market relations in the Azerbaijan Republic and ensures the protection of property rights to land.</p>

In relation to the project site, article 16 of the Law on Land Lease applies because the affected herder FH1 was a formal land user. As such, he is entitled to a plot having the same size (70ha), and of the same quality. Based on this, Yenikend municipality has already identified replacement land for FH1 and obtained approval from the State Service on Property Issues. The process of allocating the land involves an auction stage which is currently on-going before a LLA can be signed (refer to section 6.3.1 for more details).

On the other hand, the herder (FH1) constructed a temporary structure on site to support with his herding activities on site. Article 58 of the Land Code states any temporary structures

erected by the user must be demolished at their own expense after the lease period ends. As such, FH1 is not eligible for compensation under the national law for the temporary structure he had established on site (now demolished).

The project will be required to close the gaps in the national law to align with the lenders requirements as provided in the sections below.

5.2 ADB Requirements

5.2.1 ADB Safeguards Policy Statement, 2009

ADB Safeguard Policy Statement (SPS) of 2009 sets out the policy, objectives, scope, triggers and principles for the following three key Safeguards Requirements:

- Environmental Safeguards: requires screening and assessment of projects according to type, location, scale, and sensitivity and the magnitude of their potential environmental impacts, including direct, indirect, induced, and cumulative impacts.
- Involuntary Resettlement Safeguards: include screening and assessment of projects impacts of land acquisition and involuntary resettlement and proposes measures to address the impact identified.
- Indigenous Peoples Safeguards: screen and assess projects on impacts on Indigenous Peoples according to magnitude of impact in terms of customary rights of use and access to land and natural resource, socio-economic status, cultural and communal integrity, health, education, livelihood, social security status, the recognition of indigenous knowledge, and the level of vulnerability of the affected Indigenous Peoples community.
 - This Safeguard is not applicable to the proposed project based on the assessment undertaken in section 6.2 of this report.

For each of the Safeguards Requirements, ADB uses a classification system to reflect the significance of a project's potential impacts. Based on this, projects are classified into four categories A, B, C or FI considering the significance of their impacts on the Environment, Involuntary Resettlement or Indigenous Peoples and with respect to Financial Intermediaries.

5.2.1.1 Involuntary resettlement safeguard

ADB's Involuntary Resettlement Safeguards Requirements (SR2) aims to avoid involuntary resettlement wherever possible; to minimise resettlement by exploring project and design alternatives; to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and to improve the standards of living of the displaced poor and other vulnerable groups.

SR2 also applies to full or partial, permanent or temporary physical and economic displacement resulting from (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.

ADB also requires that the client disseminates information to the affected persons and consult with them in a manner that commensurate with the anticipated project impacts on the PAPs. The client is required to inform and consult with the affected persons on resettlement and compensation options and to provide them with project-related information during resettlement planning and implementation. The information should be disclosed in a timely manner, in an accessible place, and in a form and language that the affected persons can understand.

According to ADB, a project's involuntary resettlement category is determined by the category of its most sensitive component in terms of involuntary resettlement impacts. It is considered that the proposed Project falls under Category B because less than 200 persons will experience significant impacts.

ADB requires Category B projects to have a resettlement/livelihood restoration plan and assess social impacts.

5.2.2 ADB's Social Protection Strategy, 2001

This is a set of policies and programmes designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks and enhancing their capacity to protect themselves against hazards and interruptions/loss of income. Social Protection consists of five major elements that include:

- Labour markets policies and programmes designed to facilitate and promote efficient operation of labour markets.
- Social insurance programs to cushion the risks associated with the unemployment, health, disability, work injury, and old age.
- Social assistance and welfare service programmes for the most vulnerable groups with no other means of adequate support.
- Micro and area-based schemes to address vulnerability at the community level.
- Child protection to ensure the health and productive development of future workforce.

The Social Protection Strategy requires the Borrower to comply with applicable national labour laws in relation to the project, and take the following measures to comply with the core labour standards for the ADB financed portion of the project:

- Carry out its activities in a manner consistent with the intent of ensuring legally permissible equal opportunity, fair treatment and non-discrimination in relation to recruitment and hiring, compensation, working conditions, and terms of employment for workers (including prohibition of any form of discrimination

against women during hiring and providing equal pay for men and women engaged by the Borrower).

- Not restrict workers from developing legally permissible means of expressing their grievances and protecting their rights regarding conditions and terms of employment.
- Engage contractors and their providers of goods and services.
 - Who do not employ child labour and forced labour.
 - Who have appropriate management systems that will allow them to operate in a manner which is consistent with the intent of (a) ensuring legally permissible equal opportunity and fair treatment and non-discrimination for their workers, and (b) not restricting their workers from developing legally permissible means of expressing their grievances and protecting their rights regarding working conditions and terms of employment.
 - Whose subcontracts contain provisions which are consistent with paragraphs (a) and (b) above.

5.2.3 ADB's Gender and Development Policy, 1998

ADB's policy on gender and development (GAD), approved in 1998, adopts gender mainstreaming as a key strategy for promoting gender equity. This requires gender concerns to be treated as a cross-cutting theme influencing all social and economic processes.

The GAD policy provides a policy framework; introduces institutional mechanisms to address gender concerns in ADB's programme of activities; and supports a greater emphasis on gender issues in all ADB operations. Specifically relevant to the projects are the following elements:

- Gender sensitivity: on how operations affect women and men, and to consider women's needs and perspectives in planning its operations.
- Gender analysis: to assess systematically the impact of a project on men and women, and on the economic and social relationship between them.
- Gender planning: to formulate specific strategies that aim to bring about equal opportunities for men and women.
- Mainstreaming: to consider gender issues in all aspects of project operations, accompanied by efforts to encourage women's participation in the decision-making process in development activities.

5.2.4 ADB Access to Information Policy, 2018

The objective of the Access to Information Policy is to promote stakeholder trust in ADB and to increase the development impact of ADB activities. The policy reflects ADB's commitment to transparency, accountability, and participation by stakeholders in ADB-supported development activities in Asia and the Pacific. It also recognises the right of people to seek, receive, and impart information about ADB's operations.

5.3 Additional Relevant Standards & Guidelines

The Proposed project is also expected to receive financing from other international lenders which include the European Bank for Reconstruction and Development (EBRD) and Asian Infrastructure Investment Bank (AIIB). As such, compliance is required in relation to:

- EBRD PR5: Land Acquisition, Involuntary Resettlement and Economic Displacement.
 - Including the EBRD PR5 Guidance Note.
- AIIB ESS 2 on Land Acquisition and Involuntary Resettlement

Other relevant international good practices are as briefly discussed below.

INTERNATIONAL LABOUR STANDARDS (ILO) CONVENTIONS

The International Labour Organisation (ILO) Governing Body fundamental conventions are as included in the table below.

Table 5-2 ILO conventions and ratification status by Azerbaijan

INSTRUMENT	DATE
Convention No 29 on Forced Labour adopted in 1930	19 th May 1992
Convention No 87 on Freedom of Association and Protection of the Right to Organise, adopted on 17 th of June 1948	19 th May 1992
Convention No 98 on the Right to Organise and Collective Bargaining adopted on 8 th of June 1949	19 th May 1992
Convention No 100 on Equal Remuneration adopted 6 th of June 1951	19 th May 1992
Abolition of Forced Labour Convention No.105, 1957	9 th August 2000
Convention 111 on Discrimination (Employment and Occupation) adopted 4 th of June 1958	19 th May 1992
Convention 138 on Minimum Age adopted 6 th of June 1973	19 th May 1992
Convention 182 on the Worst Forms of Child Labour adopted 17 th June 1999	30 th March 2004
Convention 155 Occupational Safety and Health Convention, 1981 (No.155)	29 th May 2023
Convention C187 Promotional Framework for Occupational Safety & Health Convention, 2006 (No. 187)	Not ratified
Protocol of 2014 to the Forced Labour Convention, 1930	Not ratified

It is noted that other good international practice guidelines are also considered in this SCA Report.

Table 5-3 Gap analysis between national regulation & ADB SPS Safeguards

ELEMENT	AZERBAIJAN LEGISLATION	ADB's SPS (2009) ADB's SOCIAL PROTECTION STRATEGY, 2001 ADB's GENDER & DEVELOPMENT POLICY, 1998 ADB ACCESS TO INFORMATION POLICY, 2018	GAPS & EXPECTED ACTIONS
Avoid or minimise displacement	<p>Any land required for state needs can be transferred to the state upon reaching an agreement with the owner.</p> <p>Avoidance and minimisation of displacement is not required by national law.</p>	<p>The Project will avoid involuntary resettlement whenever possible to minimise involuntary resettlement by exploring project design alternatives. Avoidance and minimisation are also done via design and optioneering.</p>	<p>The project site was allocated for the Project development through an Order of the Cabinet of Ministries in 2024 as such avoidance is not possible.</p> <p>However, the project design has ensured that there is no impact to the existing asphalt road that goes through the site and the 35kV OHTL will also remain within its current location, and it will not be moved.</p> <p>Preparation of the Project specific draft ESIA and initial draft LRP has also been undertaken to ensure that the impacts to the land users are minimised and appropriate entitlements and monitoring requirements implemented.</p>
Livelihood Restoration assessment, valuation of impacts	<p>Decision of the Cabinet of Ministers on approving the "Regulation on preparation of resettlement plan and resettlement instructions" (February 24, 2012) stipulates the guidelines for preparation of a resettlement plan, as well as an example content of the plan and it provides general guidelines. However, a Resettlement Plan is only required when the total of displaced persons reaches 200, or more. This means that the proposed project is not required to prepare the plan as there are less than 200 PAPs impacted.</p>	<p>LRP preparation includes (a) impacts assessment/census of project affected people; (b) definition of entitlements, income/livelihood restoration strategy, grievance redress mechanism, institutional arrangements; (c) consultation results; (d) monitoring and reporting; (e) budget and implementation schedule.</p>	<p>The project has prepared a draft LRP which is currently being updated based on the lenders' comments and the outcomes of this report.</p>

ELEMENT	AZERBAIJAN LEGISLATION	ADB's SPS (2009) ADB's SOCIAL PROTECTION STRATEGY, 2001 ADB's GENDER & DEVELOPMENT POLICY, 1998 ADB ACCESS TO INFORMATION POLICY, 2018	GAPS & EXPECTED ACTIONS
Compensation for formal agricultural land	<p>The national requirements provide for compensation arising from involuntary resettlement and considers various categories of displaced persons including those without state registration, informal long-term users of land, and persons who have no legal rights on the land that they live in.</p> <p>Compensation is calculated based on the replacement cost reflecting market valuations of assets, rather the broader principle of 'full replacement cost' which includes for example transaction costs and whereby physical depreciation of assets is not taken into consideration.</p>	<p>All compensation of assets at full replacement cost and assistance should be provided prior to displacement including provision of additional support.</p> <p>Compensation for losses at full replacement cost and transitional support will be provided prior to handing over the site for civil works.</p>	<p>The method of valuation under the national legislation refers to the 'replacement cost' which does not consider all the requirements under the principle of 'full replacement cost'. It is noted that the land within the Project site is owned by the government and as such compensation for lost agricultural land does not require to be provided.</p>
Compensation for non-land assets including informal structures (not registered)	<p>Land users with legal agreements/leases are eligible for compensation in accordance with the Acquisition of Lands for State Needs. It requires for compensation to be provided for non-land assets, lost business and income, transition allowance, and transportation support.</p> <p>Informal land users (without legal agreements/leases) are not recognised under the national law where they are losing land, although non-land assets are still eligible for compensation.</p>	<p>Compensation for non-land assets shall be compensated at full replacement cost.</p>	<p>The compensation for non-land assets to formal and informal land users will be at full replacement cost (without taking depreciation into account) as defined by ADB and other Lenders. This includes elements such as (i) fair market value; (ii) transaction costs; (iii) interest accrues, (iv) transitional and restoration costs; (v) other applicable payments, if any (Appendix 1 para 10).</p>
Loss of jobs	<p>The Acquisition of Lands for State Needs legislation includes compensation for loss of business and income.</p>	<p>ADB requires for the client to compensate for loss of income and help restore the income earning capacity of those affected. This should also include</p>	<p>The affected businesses and PAPs will be provided with compensation based on the entitlements in the draft LRP.</p>

ELEMENT	AZERBAIJAN LEGISLATION	ADB's SPS (2009) ADB's SOCIAL PROTECTION STRATEGY, 2001 ADB's GENDER & DEVELOPMENT POLICY, 1998 ADB ACCESS TO INFORMATION POLICY, 2018	GAPS & EXPECTED ACTIONS
		providing equal opportunities for women and men in accordance with the Gender Development Policy.	
Displacement	Article 29 of the Constitution states that nobody maybe deprived of his/her property without a court decision and that the outright confiscation of property is prohibited.	ADB requires project affected persons to be protected against forced evictions. This is to ensure that the rights of the non-titled land users are not violated.	The lease of the herder using the project site was terminated in June 2023 after which replacement land was allocated to him in April 2024. The herder also has access to additional land (see section 6.3.1.1) and Yenikend municipality has confirmed the new lease is in the process of being registered. It is also noted that the herder voluntary removed his structures on site and moved his livestock to another piece of land he rents in anticipation for the allocation of the replacement land. An assessment of the situation is provided in this SCA Report under section 6.6. Following the assessment and identified gaps, a Corrective Action Plan (CAP) has been provided in Table 8-1 of this report. The CAP and the draft LRP which is being updated outline provisions and actions to address the impact on herders due to the economic impact experienced since he moved from the project site in March 2024.
Vulnerable households	There is no requirement for vulnerable groups in relation to livelihood restoration	The client is required to pay particular attention to the need of disadvantaged or vulnerable groups, especially those	The project will provide support to vulnerable groups based on their needs. The support packages and

ELEMENT	AZERBAIJAN LEGISLATION	ADB's SPS (2009) ADB's SOCIAL PROTECTION STRATEGY, 2001 ADB's GENDER & DEVELOPMENT POLICY, 1998 ADB ACCESS TO INFORMATION POLICY, 2018	GAPS & EXPECTED ACTIONS
		<p>below the poverty line, the landless, the elderly, female headed households, women and children, and those without legal title to land. In addition, the established grievance mechanism is required to pay particular attention to the impacts on vulnerable groups.</p> <p>The Social protection strategy requires for social assistance and welfare service programs for the most vulnerable groups with no other means of adequate support.</p>	<p>applicable budget will be included in the draft LRP.</p>
<p>Gender considerations in the compensation process</p>	<p>There are no requirements for the project developer to consider gender issues during the implementation of the land acquisition process, payment of compensation, and resettlement etc.</p>	<p>Para 18 Appendix 2 of ADB safeguards states that the developer will pay adequate attention to gender concerns, including specific measures addressing the need of female headed households, gender-inclusive consultations, information disclosure, and grievance mechanism to ensure that both men and women receive adequate and appropriate compensation for their lost property and resettlement assistance, if required, as well as assistance to restore and improve their incomes and living standards.</p> <p>The Social Protection Strategy requires for special consideration of gender issues because women tend to receive less assistance than men do. This is because many programs are focused on households and do not consider</p>	<p>There are 14 PAPs affected by the project, 7 of whom are women.</p> <p>A female social expert to ensure that consultations and data collection from the women is culturally appropriate, outcomes of which will be included in the LRP.</p> <p>In addition, specific livelihood restoration (LR) packages will be developed in consultation with female and male PAPs to ensure gender balanced programmes are developed.</p>

ELEMENT	AZERBAIJAN LEGISLATION	ADB's SPS (2009) ADB's SOCIAL PROTECTION STRATEGY, 2001 ADB's GENDER & DEVELOPMENT POLICY, 1998 ADB ACCESS TO INFORMATION POLICY, 2018	GAPS & EXPECTED ACTIONS
		intrahousehold differences. In the context of the proposed Project, it will be important to ensure that the proposed approaches do not disadvantage the women including those who are engaged in project related activities. The Gender and Development Policy requires ADB to facilitate gender analysis of proposed projects, including program and sector loans, and ensure that gender issues are considered at all appropriate stages of the project cycle, including identification, preparation, appraisal, implementation, and evaluation.	
Stakeholder consultations	Public meetings are required to be held to disclose information to land users and owners on the land acquisition process. However, there is no specific requirement for the consideration of vulnerable groups during the consultation process.	The project is required to undertake meaningful consultations with the identified stakeholders including the PAPs. Particular attention should also be paid to vulnerable groups to ensure their participation in the consultation process. The ADB Access to Information Policy requires that project affected persons, and other stakeholders are provided with information in a meaningful way including in languages that they can understand. The Gender and Development Policy requires gender sensitivity, analysis, planning, mainstreaming, agenda setting as part of the project. Mainstreaming includes consideration of gender issues in all aspects accompanied by efforts to encourage women's participation in the	There were no explicit requirement for the consideration of vulnerable groups during the consultation process. To close this gap, the project will consult with the identified vulnerable groups in line with the ADB's requirements throughout the land acquisition, LRP implementation, construction, and operation processes. A stakeholder Engagement Plan (SEP) has also been developed for the project.

ELEMENT	AZERBAIJAN LEGISLATION	ADB's SPS (2009) ADB's SOCIAL PROTECTION STRATEGY, 2001 ADB's GENDER & DEVELOPMENT POLICY, 1998 ADB ACCESS TO INFORMATION POLICY, 2018	GAPS & EXPECTED ACTIONS
		decision-making process in development activities.	
Grievance redress mechanism (GRM)	Disputes relating to land related compensation can be resolved in a court of law based on the procedures established in the Land Code. Articles 110 and 111 covers the illegal use of land and stipulates that any damage caused by illegal occupation must be paid by the land user.	ADB requires a grievance mechanism to be established for the resolution of concerns, complaints, request for information etc by the PAPs in relation to physical and economic displacement. Particular attention should be paid to vulnerable groups.	The national requirements do not require a project level GRM to be established. A GRM has been established for the Project. It is noted that the Project level GRM is not a replacement of legal redress for the PAPs.
Disclosure of information	Public meetings are required to be held to disclose information to land users & owners on the land acquisition process. However, there is no explicit requirements that the RAP documentation or monitoring reports will be disclosed to the PAPs and other relevant stakeholders.	<p>The Client will provide relevant resettlement information, including information on the resettlement framework, resettlement plan and monitoring reports in a timely manner, in an accessible place and in a form and language(s) understandable to affected persons and other stakeholders. For illiterate people, other suitable methods will be used.</p> <p>The ADB Access to Information Policy states that information should be provided to project affected people and other stakeholders in a way that allows them and other stakeholders to provide meaningful inputs into project design and implementation.</p>	The disclosure of the LRP documentation and monitoring reports is not required under the national requirements. As such, the lenders' approved LRP and the subsequent monitoring reports will be disclosed by Masdar in line with ADB's (and other lenders) requirements.
Monitoring	There is no requirement for monitoring of the resettlement procedures and outcomes.	ADB requires monitoring & assessment of outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of a resettlement	It is noted that the project will not lead to physical displacement. The project will undertake internal and external monitoring in line with the

ELEMENT	AZERBAIJAN LEGISLATION	ADB's SPS (2009) ADB's SOCIAL PROTECTION STRATEGY, 2001 ADB's GENDER & DEVELOPMENT POLICY, 1998 ADB ACCESS TO INFORMATION POLICY, 2018	GAPS & EXPECTED ACTIONS
		<p>plan have been achieved by considering the baseline conditions & the results of resettlement monitoring.</p> <p>In addition, the Gender and Development Policy requires for monitoring and evaluation processes to systematically incorporate attention to gender in all activities.</p> <p>As part of this, the following reports are to be prepared for the Project:</p> <p>A Resettlement Plan Compliance Report – upon completion of compensation payments.</p> <p>Semi-annual social monitoring report throughout the construction period.</p> <p>A Resettlement Plan evaluation report upon completion of the Project.</p>	<p>requirements established in the SCAR CAP (see table 8-1) and draft LRP. This will also include the monitoring and taking of corrective actions for any unanticipated impacts identified during the project implementation. A LRP Completion Audit will also be required.</p>

6 REVIEW OF THE LAND ACQUISITION PROCESS

6.1 Allocation of Land to the Project

There are three land plots that are to be consolidated for the development of the proposed project. This includes land belonging to Yenikend municipality (400ha), Banka municipality (50ha) and Neftchala Executive Power (523ha). These land plots are all located in Neftchala district.

The State requires these agencies to transfer the land allocated to the project to the Ministry of Energy (MoE) to allow for the development of the project. This transfer is in line with the Cabinet of Ministers of the Republic of Azerbaijan Decision No.212 dated April 16, 2024, which designated the land to 'Renewable Energy Land Category'. Masdar will then sign a LLA with MoE before the start of the construction stage equivalent to the period of the project's implementation.

6.2 Presence of Indigenous Peoples and vulnerable ethnic groups

The social economic survey requested the herder previously using the project site about his ethnicity and that of his two workers was verified during the audit consultations. Based on this, it is noted that they are Azerbaijani.

According to the data reviewed from the International Work Group for Indigenous Affairs (IWGIA)³, there are no Indigenous Peoples or vulnerable ethnic groups in the region and the project area.

The assessment against ADB Safeguard Requirement 3 on Indigenous Peoples demonstrates that none of the four criteria are met, as shown in the table below.

Table 6-1 Indigenous peoples' evaluation of the PAPs

ADB'S SAFEGUARD REQUIREMENT 3: INDIGENOUS PEOPLE	CHARACTERISTIC OF THE PAPs	ADB'S CRITERIA IS TRIGGERED?
<i>Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others.</i>	The PAPs identify themselves as Azerbaijani. Approximately 92% ⁴ of the people in Azerbaijan identify as ethnically Azerbaijani and they are not considered as belonging to a distinct cultural group.	No

³ <https://iwgia.org/en/countries.html>

⁴ <https://www.worldatlas.com/articles/ethnic-groups-of-azerbaijan.html>

ADB's SAFEGUARD REQUIREMENT 3: INDIGENOUS PEOPLE	CHARACTERISTIC OF THE PAPs	ADB's CRITERIA IS TRIGGERED?
<i>Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories.</i>	The PAPs have no attachment to the land allocated to the proposed project. This land is designated for grazing purposes by the state and its use by the herder and his workers was through a lease agreement with Yenikend municipality. In addition, the characteristic of the land (habitat) allocated to the project is like majority of state land designated as grazing land in Azerbaijan. In addition, the herder and the two workers and their families live in Banka community which is outside of the project boundaries.	No
<i>Customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture.</i>	The PAPs identify as Azerbaijani and are therefore part of the mainstream cultural, economic, social and political institutions. As such, the PAPs are part of the dominant society and culture.	No
<i>A distinct language, often different from the official language of the country of region.</i>	The PAPs speak the Azerbaijani language which is considered as the official language in the Republic of Azerbaijan.	No

6.3 Scope of Land Use for the Project

6.3.1 Identification of the PAPs

The identification of the PAPs was undertaken through consultations with the Yenikend and Banka municipalities, the Neftchala Executive Power, the herder who previously used the site and his workers, and the Azerbaijan Fish Farm located approximately 100m south of the project.

The PAPs can be categorised as:

- One herder and two workers
- Members of the affected herder and workers households which includes women, children, the young, elderly etc.

Based on the above, the total number of the PAPs in the project is 14. Out of these, 7 are female and 7 are male.

It is also acknowledged that the owners of the AFF including their 125 workers (and other small businesses) may be potentially impacted by the construction activities resulting from the relocation of the 6kV OHTL, use of the asphalt road and during construction. The number of PAPs is, therefore, preliminary as an advanced assessment will be required once the relocation/construction methodologies have been determined, prior to impact. The outcome of this assessment will be updated as part of the final LRP.

6.3.1.1 Grazing activities at the project site

Consultations undertaken as part of the ESIA and LRP development process, including those undertaken between 21st and 23rd August, as well as between 28th and 31st August 2024, as part of this audit, revealed that there is one herder (FH1) who used the site until March 2024. FH1 employs two salaried informal workers who work on alternate days and used to graze their livestock on the site.

FH1 is from Banka and had leased 70ha of land in Yenikend, approximately 3km from his home. The LLA was signed on December 17, 2019, and was set to expire on December 17, 2034 (refer to section below on the termination). During his use of the land, the herder utilized it for grazing between December to June and constructed a temporary informal structure to support his grazing activities.

According to the herder, it is understood that he had not cultivated the 70ha land (or any part of it) for livestock feed for the past 3 years (since 2021). In addition, the cultivation of animal fodder was primarily carried out on 2-2.5ha of land within the project site. The cultivation of animal fodder, which last occurred three years ago, was carried out from the end of September to May.

In addition to the aforementioned land, the herder also has access to the following;

- **8ha of land that he owns in Neftchala district**, located approximately 7km from his home. He uses this land for grazing between October to November.
- **20ha of land that he has rented in Neftchala district**, also located approximately 7km from his home. He used this land for grazing between July and September. Consultations undertaken on 24th September 2024 revealed that FH1 has been sub-renting this farm from another herder for the past 6 years. He stated that he pays between 400 -600 AZN and in some cases, he pays 30AZN per day to buy water for his livestock.

FH1 has 150 sheep and 10 cows and his son supports him with livestock care when they are at home without payment, while the two hired workers handle herding activities at the grazing sites. His wife, who stays home is unemployed and is aware about the project.

6.3.1.2 Termination of Land Lease Agreement

The herder received a verbal notification at the beginning of June 2023 from Yenikend municipality, informing him that the project area, where his leased land was located, was being handed over to the Ministry of Energy for the development of a renewable project. Consequently, he would be provided with access to another piece of land. Following this notification, his LLA was terminated on a notarial contract signed on June 19, 2023 (refer to Appendix A).

Consultations with the herder revealed that he paid a yearly payment of 25AZN per ha (1,750 AZN for 70ha) as part of his lease agreement. This yearly payment of lease was not refunded upon the termination of his lease agreement in June 2023.

After the termination of the LLA, and in accordance with the Land Lease Law, the herder applied to the municipality for the allocation of replacement land. This application, requesting 70ha of replacement land, was submitted to the State Service on Property Issues under the Ministry of Economy on 24th June 2023, and approval obtained on April 9, 2024. The invoices provided by the herder show that he incurred approximately 692.95AZN in the administrative process of applying for the new land.

Following the above, the herder in March 2024 demolished the one temporary structure on site in anticipation for the allocation of the replacement land and moved his livestock to the 20ha rented piece of land in Neftchala district where they remain now. Additionally, he also transported the salvaged materials from his temporary structure to his home. It is noted that he did not receive support from the municipality during this process and he approximates that he spent 80AZN.

6.3.1.3 Allocation of Replacement Land

The approval of the 70ha land by the State Service on Property Issues on April 9, 2024, initiated the process of allocating a new LLA to the herder. This replacement land is located approximately 5km from his home.

The process involves an auction stage which is currently on-going and will result to the signing of a LLA. The process of obtaining a LLA for municipality pastoral land includes:

- Candidates must submit bids for auctions organized by relevant municipalities and the Centre for the Organization of Auctions under the State Service on Property Issues under the Ministry of Economy of the Republic of Azerbaijan.
- Thirty days prior to a planned auction, the relevant municipalities must issue a public notification on the on the website www.auksion.gov.az. The notification will indicate the date and venue of the upcoming auction event and provide a link to a posted catalogue of available land plots, with details on the size, location, leasehold or freehold allocation, rent and/or initial prices of the plots.
- At least two bidders are required for every auction event, and each bidder submits a documentary bid at the time and place of the auction. The bids are reviewed separately, and an award protocol is prepared and signed upon the selection of the winner. A certificate of land allocation is subsequently issued to the auction winner.
- Once the auction is completed, the successful candidate pays for the notarial administration fee for signing the new contract with the municipality.

Consultations undertaken with the municipality on 26th September 2024 revealed that the LLA signing is expected to be completed in October 2024. Once signed, the herder will have the

same land use rights as he previously had within the project site including being allowed to cultivate less than 3% of the allocated land.

While the allocation of the land must go through an auction process, it is understood from the municipality that they have approximately 1200ha of municipality land that is unused due to the lack of applicants. As such, they have stated that it is guaranteed that the 70ha land will be allocated to FH1 even if it goes through an auction process as is required by law.

According to the outcome of consultations undertaken with the herder, it was determined that while he finds the land suitable, the distance from his home poses a challenge. To address this, he plans to construct a temporary shelter on the site (permanent structures are not allowed).

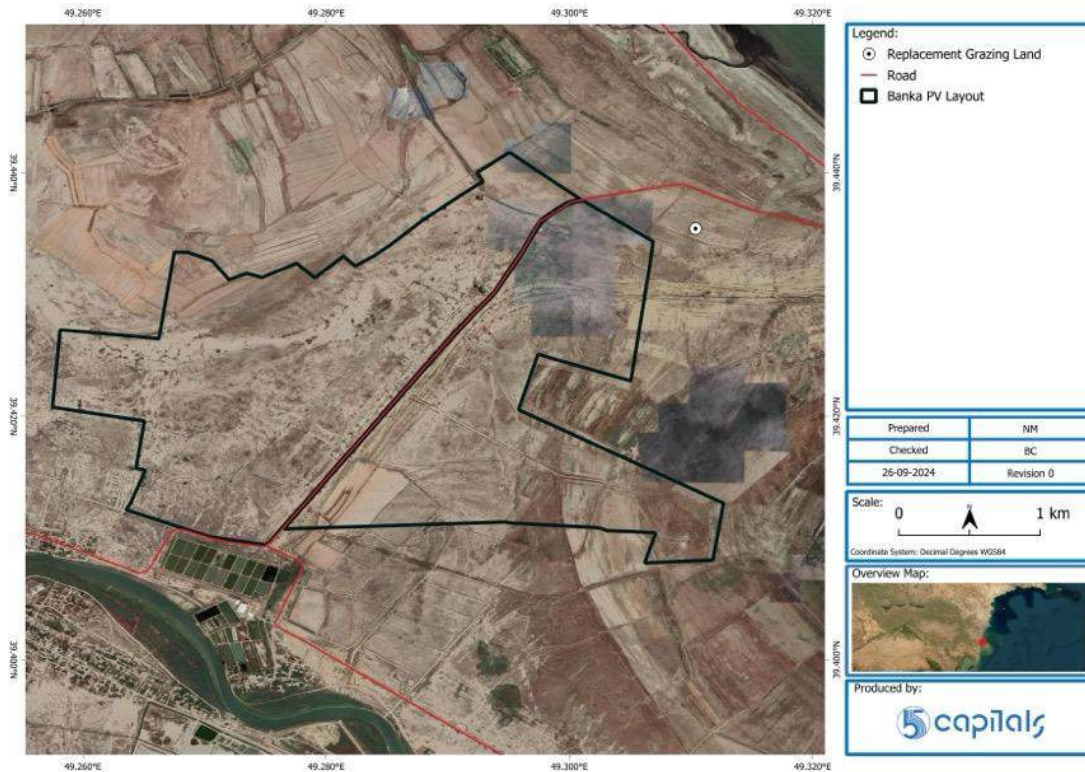
The concern raised by the herder in relation to the distance of the land to his home will require to be further addressed in the draft LRP. It was noted that the herder did not express concern about being limited to cultivating less than 3% of the land for animal fodder, as this was the same condition for the terminated leased land and he has access to other lands, as previously discussed above. Additionally, he stated he has not cultivated animal fodder at the project site for the past three years.

6.3.1.4 Suitability of the Replacement Land

The replacement land is located approximately 300m north-east of the project site. This land is owned by the Yenikend municipality, and it is classified as grazing land. Consultations with the head of the municipality confirmed that the proposed replacement land shares the same soil bonitet classification (4th category, with a score of 21-40) as the project site. This means that the soil fertility in the project site and the land within the replacement site is of low fertility and limited agricultural use and therefore more suitable for grazing activities.

The herder also confirmed his satisfaction with the land parcel, as it was deemed to be of equivalent productive potential in terms of pastoral growth, arable value for the cultivation of supplementary fodder (up to 3% of acreage) and surface water for livestock sustenance.

Figure 6-1 Location of the proposed replacement land (based on coordinate provided by the municipality)



Note: The municipality provided the coordinate of the replacement land to be provided to the herder. They also confirmed that the boundaries of this land are outside of the proposed project boundaries. This land does not have any existing land users.

6.3.1.5 Workers Employed by FH1

FH1 has employed two workers for the past 10 years who are salaried. The two workers work on alternate days and one worker (W1) has a government job while the other one (W2) is registered as unemployed with the local employment office though he does not receive any unemployment benefits.

In addition, both workers stated that they both own 10 sheep that they used to graze at the project site. These sheep are now grazing at FH1's 20ha rented land.

The two workers expressed concern that the 70ha replacement land is located further away from their home and they must commute daily. As such, the corresponding impacts and entitlements will be provided in the updated draft LRP.

The two workers have not experienced work stoppage, loss of employment or reduction in their salaries after FH1 left the project site in March 2024. In addition, FH1 intends to keep them in employment so that they can keep looking after his livestock.

6.3.1.6 Socio-economic profile of the herder and his two workers

The formal herder and his two informal workers have household⁵ members totalling to 14 project affected persons (PAPs). This includes household heads, their respective spouses, children (adults and minors), parents and extended family members. During the socio-economic survey, W2 opted to not participate in the survey, however, information collected during the consultations allowed for the project to undertake an assessment for his household. Based on this, the following was derived:

- FH1 and W2 rely on herding and livestock farming as their sole source of income. Their households do not have a secondary source of income, and both of their spouses are unemployed.
 - W2 is also listed as unemployed in the Local Employment Office of the Ministry of Labour and Social Protection.
- While W1 is employed by FH1 as a herder, he also has a part time job where he works for the government.
- FH1, W1 and W2 live in Banka with their families which is where their primary residences are located.

While the herders live in Banka village (approximately 3km from the project site), they sometimes used the now demolished structure for overnight stays during bad weather in winter. However, the use of the structure was temporary and only when needed due to bad weather condition as they all live in Banka.

6.3.1.7 Seasonal Land Users

Consultations undertaken with the municipality and the herder revealed that there are no seasonal herders who use the site.

No livestock routes were identified as intersecting the PV plant site to access grazing areas outside of the project boundaries. Likewise, no community roads cut across the site, except for the asphalt road that goes through the site. However, the PV plant fence will be constructed around the road as opposed to the establishment of a ring fence around the entire site. The asphalt road will therefore continue to provide uninterrupted access in the Project's construction and O&M operations.

⁵ A household is a broader classification than 'family' and it constitutes of a person or people living together in the same dwelling who share meals or joint provision of living conditions.

6.3.2 Azerbaijan Fish Farm

The Azerbaijan Fish Farm (AFF) LLC was founded in 2017 and includes the following facilities:

- The Recirculatory Aquaculture System (RAS) facility which is located about 100m south of the project site.
- The AFF Seaside Facility which is located approximately 3km north of the project site.

The two facilities are located outside the project boundaries; however, their connection to the grid is via two OHTLs that pass through the project site. The details of each facility are summarized in the table below.

Table 6-2 Summary of AFF Facilities

FACILITY	SUMMARY
RAS	<ul style="list-style-type: none"> • This facility connects to the grid through a 35kV OHTL line that goes through the site. It is understood that this 35kV line also supplies electricity to Yenikand village. As such, power disruptions could result affect more households beyond the fish farm. The AFF estimates that there are about 18 35kV towers within the project boundaries. • The RAS facility is equipped with four generators: one with a capacity of 800kVA, two with a capacity of 275kVA each, and one with a capacity of 430kVA. • The diesel fuel consumption is 2600lit per hour and the generators can run for 5-6hrs (maximum 12-16hrs) based on their capacity. • The capacity of this farm is 44 tonnes of fish.
AFF Seaside Facility	<ul style="list-style-type: none"> • This facility connects to the grid through a 6kV line that goes through the site. It is understood that this line does not connect to any other users. • The facility has 2 generators each with a capacity of 275kVA. However, the AFF management stated that these two generators are not meant for long term use. • The capacity of this farm is 50 tonnes.

Based on the information provided by the AFF management, the facilities operate throughout the year, and they have 125 workers who are contracted monthly. They also process fish and caviar which is sold locally and internationally. Some of the processes undertaken include harvesting, cleaning and sorting, salting, packing, quality control and storing.

Additionally, the following information was provided:

- Power outage would impact all the facilities as the processes are connected.
- Details on the business revenue and loans etc were not provided as these are considered confidential.
- The AFF requested to be provided with a notice of at least 50days before any of the power lines are relocated. Additionally, they would like to be engaged in the relocation process.
- Any power disruption would lead to the death of fish which would result into losses.
- The management of the AFF confirmed that they know about the project.

It is noted that the 35kV OHTL connecting to the RAS Facility will not be impacted as no relocation will be required. However, the 6kV OHTL line will be moved closer to the asphalt road within the 973ha of land allocated for the project.

To minimize any outage risks associated with the shutdown and relocation of the 6kV OHTL, the Management team representing the AFF has requested that the Operator (Azerenerji) completes the relocation and re-connection process as quickly as feasible, and at no cost to the fish farm facility. This is in addition to the 50 days prior notice. Failure to have this relocation process coordinated could potentially lead to disruption of the activities in the AFF Seaside Facility and result in losses in revenue. Additionally, any disruption in the operation of the AFF could negatively affect the workers employed at the facility, as they might potentially lose their wages during the period of interruption.

As such, the above impacts will require to be assessed and addressed in the final LRP so that the applicable entitlements and safeguards are implemented.

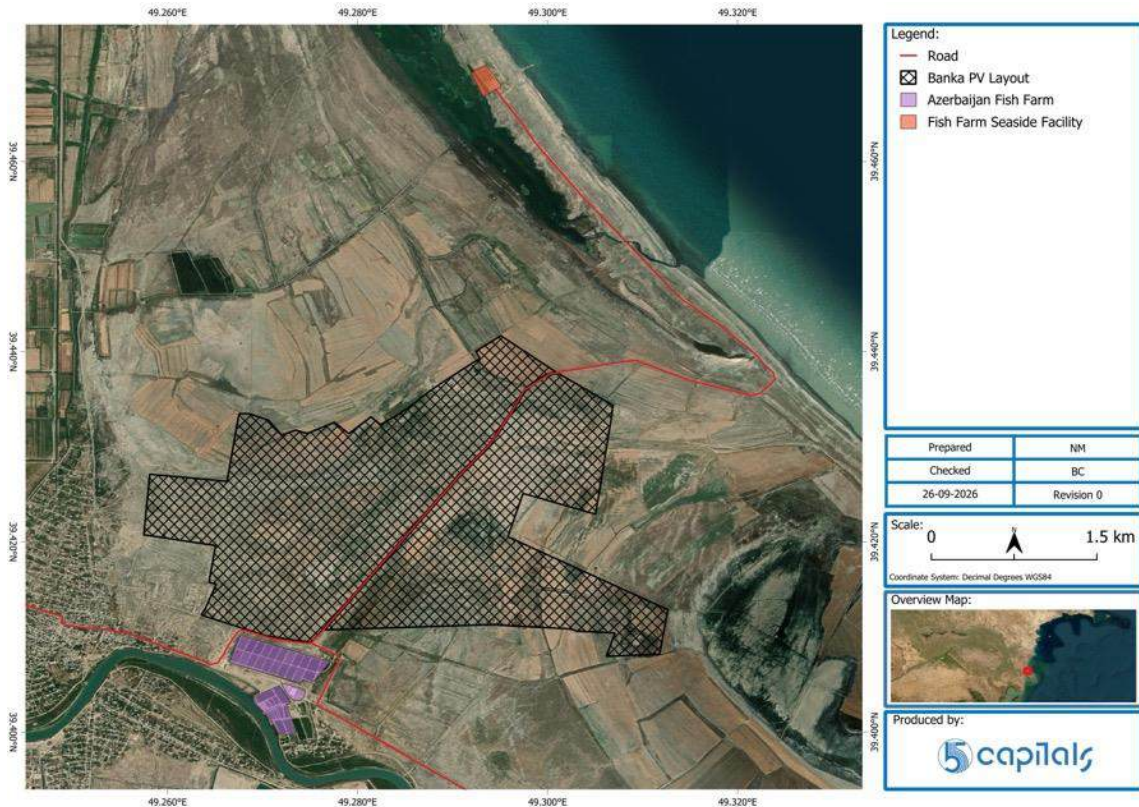
6.3.3 Asphalt Road

The asphalt road passing through the site was built by the State Agency of Azerbaijan Automobile Roads. It is utilised year-round by AFF, approximately 4-5 times a day, for transporting live fish using specialised trucks, the transportation of workers etc.

Consultations undertaken as part of this audit revealed that the local population mostly used the road during the summer season. However, the road does not connect directly to any seaside villages.

The AFF management has expressed concern that the road might be damaged if it is used by vehicles during the project's construction and operational phases, which could affect their business. Therefore, they would prefer that the project identifies an alternative route for its transportation needs. As such, consultations will require to be undertaken with the AFF during the preparation and implementation of the Traffic and Transportation Management Plan.

Figure 6-2 Location of the asphalt road connecting to the AFF



6.3.4 Military use of the land

The 523ha of land under Neftchala Executive Power was designated for military use under the Ministry of Defence under a special category. Consultations undertaken with the Ministry of Defence revealed that they have no concerns with the land being designated for the project development.

It is noted that the military has not used this land since the soviet era and includes unused structures in poor conditions. These structures will be removed from site by the Executive Power.

The project will require to meet all the regulatory requirements in the removal of the unused military structures in coordination with the MoE.

6.3.5 Current land use

As discussed in the section above, the project site is currently unused. This is because FH1 and his two workers demolished the structure on site in March 2024 and relocated the livestock to the herder's rented 20ha land. Additionally, the Ministry of Defence has not used their portion of the land since the soviet era, and there are no seasonal land users.

Based on the above, the type of past land users within the project site can be summarised as:

- One legal land user (Herder FH1)

- Two informal land users: this includes the two workers employed by FH1, who also used to graze their sheep on the project site.

Other impacted stakeholders include the AFF and its workers due to the relocation of the 6kV OHTL and the users of the asphalt road running through the site.

6.4 Economic Displacement Impacts

According to the outcome of the stakeholder engagement and site visits, FH1 held a LLA for 70ha with Yenikend municipality, which was terminated on 19th June 2023. However, his two informal workers also used to graze their livestock on the 70ha allocated to FH1, and they are therefore considered informal land users. FH1 had also constructed a temporary structure within the project site which he demolished in March 2024.

As a result, economic displacement has occurred, as FH1 and his workers are not using the project site and have relocated to another 20ha of land he rents. Additionally, AFF could potentially be economically impacted due to the relocation of the 6kV OHTL including the project use of the asphalt road. As such, an advanced assessment will be required once the relocation/construction methodologies have been determined and prior to any impact. The outcome of this assessment will be updated as part of the final LRP.

The above economic displacement impacts on the PAPs and their households are currently being assessed in the updated draft LRP based on the comments received from the lenders and the additional data collected during the site visits.

6.5 Vulnerability Assessment

A vulnerability assessment has been undertaken and is being incorporated in the draft LRP based on the criteria of those suffering from disabilities, the elderly, those without any land use rights and natural resource-based livelihoods (herding of livestock) being the main source of household income including those who have experienced impacts before the implementation of the LRP.

Based on this, all the 14 PAPs are considered vulnerable especially because of the impacts that have been experienced because of relocating from the site before the implementation of the LRP. In addition, the replacement land provided by the municipality is located approximately 5km away which increases the time and potential costs of commute to and from Banka (the previous land location was 3km). The herder has also incurred costs in registering for the 70ha replacement land and the LLA has not been signed yet.

The vulnerability above caused by the pre-existing social-economic elements and the impacts of displacement before the disbursement of entitlements is being assessed and will be reflected in the draft LRP.

6.6 Impacts before the Implementation of the LRP

Based on the consultations undertaken with the PAPs and site visits undertaken for the project, the following has been determined:

- FH1 was provided with a verbal notice from Yenikend municipality at the beginning of June 2023, informing him that the project area, where his leased land was located, was being handed over to the Ministry of Energy. Based on this notification, the LLA was cancelled on June 19, 2023, through a signed notarial contract.
- After the cancellation of the LLA, Yenikend municipality initiated the process of allocating replacement land to FH1 through an application to the State Service on Property Issues under the Ministry of Economy on June 24th, 2023, and the approval was obtained on April 9th, 2024.
- It is noted that FH1 continued using the land at the project site even after his LLA was terminated until he demolished his structure in March 2024 in anticipation for the allocation of the replacement land.
- Consultations with FH1 stated that he and his workers demolished the structure on site and paid for transportation cost to move the salvaged materials to his home in Banka.
- In addition, FH1 stated that no representative from the municipality or any government agency was present when he demolished his structure. The demolition occurred in anticipation for the allocation of the replacement land.
- Yenikend municipality have continued to engage FH1 in the allocation process of the replacement land as described in section 6.3.1.1 above and the signing of the LLA is expected to occur in October 2024.
- Consultations undertaken with Yenikend municipality in August and September 2024 revealed that they identify replacement land within the same area as the impacted land (approximately 300m from the project site) and with the same productivity as described in section 6.3.1.1 above.
- The herder and his workers have been able to continue their herding activities in the 20ha rented land and therefore their livelihoods have continued even after leaving the project site in March 2024.

It can be concluded that the herder and his workers experienced an involuntary economic displacement under the following conditions:

- The municipality gave prior notice to the herder before cancelling his LLA.
- In addition, he was provided with information stating that the land was going to be handed over to the MoE for the development of a renewable project.
- The municipality also allowed him to continue using the land even after termination of his LLA, identified and initiated the application process for replacement land.

- The municipality has maintained engagement with FH1 regarding the allocation of this replacement land, with the new LLA expected to be signed in October 2024.

It is noted that FH1 did not challenge the termination of his lease agreement in court as is provided in by the law on land lease.

6.7 Methodology for Acquiring Land and Determination of Compensation

As stated earlier, based on the review of the LLA document provided to the project, only FH1 had a LLA while two of his informal workers were grazing on his land informally. No seasonal herders or land users were identified. Additionally, the AFF facilities are connected to the grid through two OHLs, one of which, the 6kV, will need to be relocated because of the project.

To meet the ADB's and other lenders' requirements, surveys were conducted as part of the LRP development process, and additional data collection has been undertaken to address the comments received from the lenders. Some of the surveys undertaken included issuance of a cut-off date, inventory and valuation of the herder's assets, consultations with the workers and AFF etc. The valuation process was undertaken by a valuator from PRIVAT Co. Firm who has a registration with the Ministry of Justice of Azerbaijan dated February 1999 (see appendix B for the valuator's certificate). In addition, the entitlements for the affected assets have been determined using the 'full replacement cost'. The outcomes of these studies and assessments are currently being updated in the draft LRP among other entitlements.

Additionally, the entitlements have accounted for the costs incurred by the herder after March 2024, and these include:

- The cost of demolishing and transporting the salvaged materials from the project site.
- The cost of sub-renting the 20ha of land in Neftcahla district and accessing water for his livestock.
- Reimbursement of the yearly payment towards his lease agreement in 2023.
- Transportation stipend to cover the increased distance to the replacement land for the herder and his workers.
- Administrative costs incurred in the application of the new replacement land.
- PAPs will also be eligible for livelihood restoration activities that will be developed for the project.

6.8 Status of Land Acquisition and Compensation Payments

The Yenikend municipality identified replacement land for FH1 after the termination of his LLA in June 2023. The process of allocating this new land is still on-going and is expected to be

completed in October 2024. However, the municipality did not undertake any inventory or valuation of the temporary structure that FH1 had on site before it was demolished in March 2024.

Aside from the land identified, FH1 and his two workers confirmed that they have not received any form of compensation from the municipality. Compensation was also not provided to FH1 for the structure that he previously had on the project site.

Records show that FH1 has had to pay 692.95AZN as part of the administrative process of applying for the new land. Additionally, he also incurred costs when transporting the salvaged materials from the demolished structure estimated to be about 80AZN.

It is noted that no impact has occurred to the AFF as the relocation of the OHTLs has not occurred. However, AFF has not received any support from the municipality either.

Based on the above, FH1, his workers and AFF are eligible for certain entitlements based on the magnitude of the impacts. These are still being assessed and determined in the updated draft LRP. It is, therefore, essential that the applicable entitlements and livelihood restoration measures are finalised, disclosed and implemented as FH1 and his two workers have already left the site.

It is noted that no entitlements have been disclosed or disbursed to the PAPs as the draft LRP is currently being updated and these must first receive the approval of the lenders as part of the project financing requirements.

6.9 Stakeholder Engagement

The Yenikend and Banka municipalities including Neftchala Executive Power do not have a record of consultations undertaken in relation to the land proposed for the project. It is therefore difficult to know whether any of the engagements were undertaken, attendees, and the main outcomes.

However, the project has undertaken on-going consultations with the Neftchala district and the PAPs between February 2024 and September 2024. Additional consultations were also undertaken as part of this audit with the AFF, FH1 and W2. The spouses of the herder and workers were not available during the consultations, but they confirmed that they are aware about the development of the project. The PAPs and the AFF management were also provided with the project brochure which also includes information about the GRM.

6.9.1 Feedback from the affected persons and the AFF

The feedback received from the PAPs during the consultations as part of this audit include:

- Any power disruption to the AFF would cause the death of their fish and affect their business as their generators cannot run for a long time.

- The AFF would like to be provided with a notice of 50 days before the relocation of any of the power lines occurs.
- The AFF would prefer that the project does not utilise the asphalt road as this could result to its damage which will affect their business.
- FH1 and his workers stated that the 70ha replacement land that is to be provided is far from their homes which will make their commute difficult.

6.9.2 Disclosure of entitlements to the PAPs

Consultations were undertaken on 25th September 2024 to disclose the preliminary compensation packages to FH1, W1, W2 and the safeguards in place for any impacts that may be experienced by AFF.

The preliminary individual packages were translated to Azeri, and the project valuator provided details on the methodology used to arrive to the different compensation amounts. In addition, the project social experts (national and international) were present to provide details of the assessed impacts and corresponding entitlements for the PAPs.

During the disclosure, the PAPs were informed that this was the first phase of their entitlements (cash compensation) disclosure and additional meetings would be held to discuss the other entitlements and feedback sought on the same. Additionally, the PAPs will be engaged in finalising the livelihood restoration strategies to be implemented by the project.

After the disclosure process, the PAPs were provided with a period of one week to review and provide comments and/or request for additional information in relation to their packages via the GRM contacts below.

The outcome of the disclosure and subsequent feedback is as provided below:

- **FH1:** The preliminary disclosure happened at his home in Banka in the presence of his son on 25th September 2024.
 - FH1 did not have any immediate feedback but he later submitted a grievance asking for confirmation on whether he will be reimbursed for additional costs incurred in the on-going auction process for his replacement land. This was registered through the GRM and is currently being process. It is noted that the draft LRP entitlements have a provision for such reimbursements to be made to the PAPs and the same confirmation will be provided to FH1.
- **W1 & W2:** These two workers had first declined to meet the project team for the preliminary disclosure on 25th September 2024 as they were suspicious of the compensation being offered without any stings tied. As a result, the project social team requested their employer FH1 to mediate so that the disclosure could proceed.
 - Based on the above, the two workers agreed to meet the project social team at the home of FH1 where their preliminary individual packages were disclosed.
 - They did not provide any immediate feedback, and they were provided with the GRM details in case they have any questions or clarifications.

- **AFF:** Preliminary disclosure to the AFF management occurred on 25th September 2024 and they did not provide any comments.

Table 6-3 Grievance Mechanism Contact Details

COMPANY	CONTACT DETAILS
Masdar Yashar Godjayevev – Community Liaison Officer	E-mail: ygojayevev@masdar.ae Mob: +994 50 273 04 21
5 Capitals Sardar Huseynov – Social specialist	E-mail : sardarhuseyn@gmail.com Mob: +994 55 566 04 20
5 Capitals Vusala Rustamova – Social specialist	E-mail : vusala2013@gmail.com Mob: +994 50 485 0531

It is noted that a grievance has been received from the herder requesting for clarification on whether future costs relating to the replacement land would be covered by the project. This clarification is still being processed through the GRM and the confirmation will be provided stating that the administrative costs incurred during the application of the replacement land will be reimbursed to him as per the provisions of the entitlement matrix.

6.10 Grievance Redress Mechanism

There was no grievance redress mechanism (GRM) established by Yenikend or Banka municipalities including Neftchala Executive Power. However, Azeri citizens can submit their grievances as per the Law of Appeals of Citizens of Azerbaijan⁶. Citizens can submit their appeals in writing, verbally to their subjects or officials who must consider the matter directly.

It is also noted that the law provides for grievances relating to compensation to be resolved through the courts based on the Land Code, but no compensation has been issued to the FH1 to date, apart from the replacement land.

Consultations with the municipality did not reveal whether they had received any grievances from the PAPs, and if so, how these were addressed. This is because no records were provided to the project team.

During the consultations undertaken in August 2024, the herder and his workers confirmed that they are aware of the project grievance mechanism, and they have also received brochures providing details of the same. They also stated that they are aware they can submit their grievances directly to the municipality.

At the time of writing, there are no unresolved court cases in connection with the land proposed for the project or the process of taking back the land to State use. It is noted that

⁶ <https://president.az/az/letters/laws/2>

the project has received a grievance from FH1 as summarised in section 6.9.2 above and this is under processing in line with the project GRM.

7 PROJECT COMPLIANCE EVALUATION

This chapter provides the findings against the requirements of ADB's SPS 2009, including recommendations based on these findings. The findings have been defined as Compliant, Partially Compliant, Not Compliant, and Not Applicable as provided in the table below.

Table 7-1 Categorisation of findings

RATING	DESCRIPTION
Compliant	The information available indicates that the land acquisition and resettlement process meet ADB's requirements.
Partially Compliant	The information available indicates that the land acquisition process partially fulfils ADB's requirements.
Not Compliant	Information available indicates that the project does not fulfil ADB's requirements.
Not Applicable	The requirement does not apply to the project.

Table 7-2 ADB SPS 2009 compliance matrix

SAFEGUARD REF	ADB's SPS 2009 REQUIREMENTS	FINDINGS & OBSERVATIONS	COMPLIANCE	JUSTIFICATION	CORRECTIVE ACTION
Project alternatives to minimise resettlement					
Section A Para.1	The client will consider feasible alternative project designs to avoid or minimise physical and/or economic displacement, while balancing environmental, social and financial costs and benefits, paying particular attention to impacts on the poor and vulnerable.	<ul style="list-style-type: none"> The proposed project location was provided by the Government of Azerbaijan. The developer (Masdar) has worked to optimise the location of the project to avoid, and where avoidance is not possible, minimise impacts on people using the project area. For example, the project design will avoid the asphalt road cutting through the site, and the 35kV OHTL will not be relocated. Additionally, the 6kV OHTL will be relocated close to the asphalt road but within the 973ha of land allocated to the project. This means that no additional land will be required for the relocation of the 6kV OHTL. 	Partially Compliant	The impact assessment and determination of the PAPs entitlements and livelihood restoration measures is currently on-going, and some impacts have been experienced by the herder and his workers after leaving the site in March 2024. There will be potential impacts to the AFF due to the relocation of the 6kV OHTL.	<ul style="list-style-type: none"> Submission of the updated draft LRP to the ADB will include the assessment of the impacts experienced by the herder and the workers since they left the site. Timely and full implementation of the draft and final LRP.
Section D (1): Compensation, assistance, and benefits for displaced persons					
Para. 7	Displaced persons in a project area could be of three types: (i) persons with formal legal rights to land lost in its entirety or in part, (ii) persons who lost the land they occupy in its entirety or in part who have no formal legal rights to such land, but who have claims to such lands that are recognised or recognisable under national laws; and (iii) persons who lost the land they occupy in its entirety or in part who have neither formal legal rights nor recognised or recognizable claims to such land. The involuntary resettlement requirements apply to all three types of displaced persons.	<ul style="list-style-type: none"> While the government does not recognise the informal land users within the site, Masdar recognises all the land users including those without LLA. However, displacement of the herder and his workers has occurred before the provision of the appropriate entitlements beyond the identification of the replacement land. 	Partially Compliant	The project has identified legal and informal land users within the project site including the AFF. The updated draft LRP will require to include the assessment of the impacts from the herder and workers being economically displaced before the signing of the replacement land LLA.	<ul style="list-style-type: none"> The updated draft LRP will include the assessment of the relocation impacts on the herder and his workers and the determination of the interim support required before the signing of his LLA in October. 2024
Para. 8	The borrower/client will provide adequate and appropriate replacement land and structures or cash compensation at full replacement cost for lost land and structures, adequate compensation for partially damaged structures, and relocation assistance, if applicable, to those persons described in para. 7(i), and 7(ii) prior to their relocation.	<ul style="list-style-type: none"> Yenikend municipality has identified 70ha of replacement land for FH1 and the process of allocating this land has already started and it is expected to be completed in October 2024. Displacement has occurred for FH1 (and his workers) before the completion of the LRP and its implementation. It is noted that an inventory and valuation of the assets has already been undertaken at full replacement cost. 	Not Compliant	<ul style="list-style-type: none"> Displacement for FH1 and his two workers has occurred before the applicable compensation and entitlements can be disclosed and disbursed. The draft LRP is being updated to include the assessment of the outcome of the valuation which has been undertaken at full replacement cost. In addition, this will also include the determination of the interim support required while the herder is waiting for the LLA to be signed. 	<ul style="list-style-type: none"> Masdar's CLO will monitor the FH1 replacement land allocation process to ensure that it does not impact his land use between December to June. Submission of the updated draft LRP to ADB and other lenders will include the compensation packages and entitlements. This will also include the assessment of the impacts (if any) resulting from the herder and his workers leaving the site before the implementation of the draft LRP and the interim support required. The final LRP will also include an impact assessment for the AFF and its workers. Timely and full implementation of the LRP.
Para. 9	Preference will be given to land-based resettlement strategies for displaced persons whose livelihoods are land-based. These strategies may include resettlement on public land, or on private land acquired or purchased for resettlement. If land is	<ul style="list-style-type: none"> The Yenikend municipality is in the process of allocating replacement land to FH1. 	Partially Compliant	Suitable livelihood restoration measures will be identified for the herder and his workers.	<ul style="list-style-type: none"> Submission of the updated draft LRP to ADB for approval. Timely and full implementation of the LRP.

SAFEGUARD REF	ADB's SPS 2009 REQUIREMENTS	FINDINGS & OBSERVATIONS	COMPLIANCE	JUSTIFICATION	CORRECTIVE ACTION
	<p>not the preferred option of the displaced persons, or sufficient land is not available at a reasonable price, nonland- based options built around opportunities for employment or self-employment should be provided in addition to cash compensation for land and other assets lost. The lack of land will be demonstrated and documented to the satisfaction of ADB.</p>	<ul style="list-style-type: none"> No livelihood restoration measures have been implemented by the project as the finalisation of the draft LRP is still on-going. 			
<p>Para. 10</p>	<p>The rate of compensation for acquired housing, land and other assets will be calculated at full replacement costs. The calculation of full replacement cost will be based on the following elements: (i) fair market value; (ii) transaction costs; (iii) interest accrued, (iv) transitional and restoration costs; and (v) other applicable payments, if any.</p> <p>Where market conditions are absent or in a formative stage, the borrower/client will consult with the displaced persons and host populations to obtain adequate information about recent land transactions, land value by types, land titles, land use, cropping patterns and crop production, availability of land in the project area and region, and other related information. The borrower/client will also collect baseline data on housing, house types, and construction materials. Qualified and experienced experts will undertake the valuation of acquired assets. In applying this method of valuation, depreciation of structures and assets should not be taken into account.</p>	<ul style="list-style-type: none"> The herder demolished his structure from the project site before his entitlements and those of his workers were disbursed. This means that they experienced economic displacement before the finalisation of the draft LRP and disbursement of their entitlements. It is noted that the preliminary entitlements were disclosed to the PAPs on 25th September 2024 for their review. 	<p>Not Compliant</p>	<p>Economic displacement has occurred and FH1 and his workers have not received their entitlements yet. It is noted that the disclosure of the preliminary compensation packages has already occurred, and the project is waiting to receive feedback from the PAPs.</p>	<ul style="list-style-type: none"> Submission of the updated draft LRP to the lenders for approval. Address the feedback received from the PAPs upon their review of the preliminary compensation packages and disclose any updates to the packages based on the draft LRP approved by the lenders. Timely and full implementation of the LRP.
<p>Para. 11</p>	<p>In case of physically displaced persons, the borrower/client will provide (i) relocation assistance, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, and civic infrastructure and community services as required; (ii) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) opportunities to derive appropriate development benefits from the project.</p>	<ul style="list-style-type: none"> Not applicable as physical displacement is not expected to occur from the project as the herder and his workers reside in Banka village on a permanent basis and this is not impacted by the project. 	<p>Not Applicable</p>	<p>N/A</p>	<p>None</p>
<p>Para. 12</p>	<p>In the case of economically displaced persons, regardless of whether they are physically displaced, the borrower/client will promptly compensate for the loss of income or livelihood sources at full replacement cost. The borrower/client will also provide assistance such as credit facilities, training, and employment opportunities so that they can improve, or at least restore, their income earning capacity, production levels, and standards of living to pre-displacement levels. The borrower/client will also provide opportunities to displaced persons to derive appropriate development benefits from the project.</p>	<ul style="list-style-type: none"> Yenikend municipality has identified replacement land for FH1 and the process of signing the LLA has started. FH1 and his two workers stopped using the site in March 2024 before the finalisation, disclosure, and implementation of the draft LRP. This resulted to potential economic impacts now being assessed in the initial draft LRP. It is noted that no economic impacts have occurred to the AFF as the 6kV OHTL has not been relocated. Additionally, disruption of power supply to the AFF may impact the workers based on the period of disruption. The initial draft LRP is being updated with the details relating to livelihood restoration measures. 	<p>Not Compliant</p>	<ul style="list-style-type: none"> The initial draft LRP is being updated to include details of the compensation and implementation of livelihood restoration to ensure the PAPs are not worse off. The draft LRP will also assess the impacts of FH1 and his workers leaving the site before the implementation of the draft LRP. 	<ul style="list-style-type: none"> Updated draft LRP to be submitted to ADB and other lenders will include the applicable entitlements and livelihood restoration measures for the PAPs. Consultations will be undertaken with the AFF management in relation to the 50 day notice they require before the relocation of the 6kV OHTL. Timely and full implementation of the LRP.
<p>Para. 13</p>	<p>Involuntary resettlement should be conceived of and executed as part of a development project or program. In this regard, the best strategy is to provide displaced persons with opportunities to share project benefits in addition to providing compensation and resettlement assistance. Such</p>	<p>The construction of the project has not commenced and neither has the implementation of the draft LRP yet. However, it is noted that the disclosure of the some</p>	<p>Partially Compliant</p>	<p>The specific benefits of the PAPs are being updated in the draft LRP after recent consultations were conducted including with lenders' comments.</p>	<ul style="list-style-type: none"> Submission of the updated draft LRP to ADB and other lenders will include the additional opportunities that will be provided to the PAPs.

SAFEGUARD REF	ADB's SPS 2009 REQUIREMENTS	FINDINGS & OBSERVATIONS	COMPLIANCE	JUSTIFICATION	CORRECTIVE ACTION
	opportunities would help prevent impoverishment among affected persons, and help meet the ethical demand for development interventions to spread development benefits widely. Therefore borrowers/clients are encouraged to ascertain specific opportunities for engaging affected persons as project beneficiaries and to discuss how to spread such opportunities as widely as possible among affected persons in the resettlement plan.	entitlements to the PAPs occurred on 25 th September 2024.			<p>Consideration will be made to ensure that the opportunities provided to the female members of the households are appropriate.</p> <ul style="list-style-type: none"> Timely and full implementation of the LRP.
Para. 14	The borrower/client will ensure that no physical displacement or economic displacement will occur until (i) compensation at full replacement cost has been paid to each displaced person for project components or sections that are ready to be constructed; (ii) other entitlements listed in the resettlement plan have been provided to displaced persons; and (iii) a comprehensive income and livelihood rehabilitation program, supported by an adequate budget, is in place to help displaced persons improve, or at least restore, their incomes and livelihoods.	<ul style="list-style-type: none"> FH1 and his workers left the project site in March 2024 before the finalisation, disclosure, and implementation of the LRP. These impacts are currently being assessed in the LRP. The potential impacts on the AFF and its workers are currently being assessed in the updated LRP. It is noted that disclosure of the preliminary entitlement packages occurred on 25th September 2024 and the project has provided the PAPs with one week to provide their feedback or request for additional information. 	Not Compliant	<ul style="list-style-type: none"> Economic impact has occurred before the disbursement of compensation packages to PAPs including other entitlements. The potential impacts to the AFF are currently being assessed and will be presented in the final LRP. 	<ul style="list-style-type: none"> Masdar's CLO will monitor the FH1 replacement land allocation process to ensure that it does not impact his land use between December to June. Submission of the updated draft LRP to ADB and other lenders will include assessment of economic impacts that have already occurred to FH1 and his two workers. This will also include the assessment of potential impacts to the AFF and its workers. Address any concerns that will be potentially raised by the PAPs and the AFF. Timely and full implementation of the LRP.
Section D(2): Social Impact Assessment					
Para. 15	<p>The borrower/client will conduct socioeconomic survey(s) and a census, with appropriate socioeconomic baseline data to identify all persons who will be displaced by the project and to assess the project's socioeconomic impacts on them. For this purpose, normally a cut-off date will be established by the host government procedures. In absence of such procedures, the borrower/client will establish a cut-off date for eligibility. The information about the cutoff date will be documented and disseminated throughout the project area.</p> <p>The social Impact assessment (SIA) report will include (i) identified past, present and future potential social impacts, (ii) an inventory of displaced persons and their assets, (iii) an assessment of their income and livelihoods, and (iv) gender disaggregated information pertaining to the economic and sociocultural conditions of displaced persons.</p>	<ul style="list-style-type: none"> There is no evidence that the government undertook any socio-economic survey in relation to the land users. The Project initial draft LRP includes the socio-economic details of the FH1 and W1 and their households. However, W2 chose not to participate but the information collected during the consultation period allowed for a socio-economic profile of his household to be developed in the draft LRP. 	Compliant	The initial draft LRP includes a socio-economic chapter in relation to the PAPs and it is being further updated in line with the assessment process.	None.
Para. 16	As part of the social impact assessment, the borrower/client will identify individuals and groups who may be differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status. Where such individuals and groups are identified, the borrower/client will propose and implement targeted measures so that adverse impacts do not fall disproportionately on them, and they are not disadvantaged in relation to sharing the benefits and opportunities resulting from development.	The initial draft LRP includes a socio-economic chapter where the vulnerability of the PAPs is assessed.	Partially Compliant	The vulnerability assessment in the initial draft LRP is being updated to include the assessment of vulnerability based on the displacement that has already occurred. This will also assess the impacts of the replacement land being located further from the PAPs homes in Banka which may result to additional costs and time.	<ul style="list-style-type: none"> The updated draft LRP will include an assessment of vulnerability resulting from economic displacement before the implementation of the LRP. Masdar's CLO will monitor the FH1 replacement land allocation process to ensure that it does not impact his land use between December to June. Timely and full implementation of the LRP.

SAFEGUARD REF	ADB's SPS 2009 REQUIREMENTS	FINDINGS & OBSERVATIONS	COMPLIANCE	JUSTIFICATION	CORRECTIVE ACTION
Section D (3): Resettlement Planning					
Para 17.	The borrower/client will prepare a resettlement plan if the proposed project will have involuntary resettlement impacts. The objective of a resettlement plan is to ensure that livelihoods and standards of living of displaced persons are improved, or at least restored to pre-project (physical and/or economic) levels and that the standards of living of the displaced poor and other vulnerable groups are improved, not merely restored, by providing adequate housing, security of land tenure and steady income and livelihood sources.	<ul style="list-style-type: none"> The project has not caused physical displacement and therefore a Resettlement Plan (RP) is not required. The LRP document is currently being updated and Masdar has expressed commitment towards its implementation. 	Partially Compliant	The project initial draft LRP is currently being updated to align with ADB's and other lenders' requirements and the outcomes of this report.	Finalisation of the draft LRP.
Para. 18	A Resettlement Plan will be based on the social impact assessment and through meaningful consultation with the affected persons. The plan will include measures to ensure that the displaced persons are (i) informed about their options and entitlements pertaining to compensation, relocation, and rehabilitation; (ii) consulted on resettlement options and choices; and (iii) provided with resettlement alternatives. During the identification of the impacts of resettlement and resettlement planning, and implementation, the borrower/client will pay adequate attention to gender concerns, including specific measures addressing the need of female headed households, gender-inclusive consultation, information disclosure, and grievance mechanisms, to ensure that both men and women receive adequate and appropriate compensation for their lost property and resettlement assistance, if required, as well as assistance to restore and improve their incomes and living standards.	<ul style="list-style-type: none"> The draft LRP is being prepared and the preliminary entitlements have been disclosed to the PAPs to review and provide their feedback. Any responses provided by the PAPs will be addressed and incorporated in the final LRP and the same disclosed to them. The initial draft LRP will also be updated to include the outcome of the disclosure of the entitlements to the PAPs. 	Partially Compliant	The outcome of the consultations with the workers and AFF will be included in the updated draft LRP. Additionally, the draft LRP will include the details of the disclosure undertaken to date.	The updated draft LRP submitted to ADB and other lenders will include the outcome of consultations undertaken with the workers and AFF and the disclosure undertaken to date. This will also include the determination of the applicable entitlements and livelihood restoration measures based on the impacts identified.
Para. 19	The borrower/client will analyse and summarize national laws and regulations pertaining to land acquisition, compensation payment, and relocation of affected persons in the resettlement plan. The borrower/client will compare and contrast such laws and regulations with ADB's involuntary resettlement policy principles and requirements. If a gap between the two exists, the borrower/client will propose a suitable gap filling strategy in the resettlement plan in consultation with ADB.	The initial draft LRP includes a gap analysis of the lenders requirements vs the Azeri law and how these gaps will be closed	Compliant	A gap analysis on the national regulation vs ADB and other lenders' requirements is included in the initial draft LRP.	None.
Para. 20	All costs of compensation, relocation, and livelihood rehabilitation will be considered project costs.	<ul style="list-style-type: none"> The costs of compensation, support and livelihood restoration measures have been determined and they are being updated for the draft LRP. FH1 has incurred costs because of leaving the site in March 2024, and the administrative processes of applying for the 70ha replacement land. These costs have been incurred before the entitlements have been disbursed. These impacts are being assessed for the draft LRP including the impacts of commuting a longer distance to the replacement land. The disclosure of the preliminary entitlements to the PAPs was undertaken on 25th September 2024. 	Partially Compliant	<ul style="list-style-type: none"> The updated draft LRP to include the updated entitlements to the PAPs and outcome of the disclosure process. 	The initial draft RP will be updated to include all the entitlements and outcome of the disclosure process that has already occurred.
Para. 21	The borrower/client will include detailed measures for income restoration and livelihood improvement of displaced persons in	<ul style="list-style-type: none"> The LRP includes the initial vulnerability assessment for the herder and his workers. This 	Partially Compliant	The initial draft LRP is currently being updated with the lenders comments to	The updated draft LRP will include updates of details of the livelihood

SAFEGUARD REF	ADB's SPS 2009 REQUIREMENTS	FINDINGS & OBSERVATIONS	COMPLIANCE	JUSTIFICATION	CORRECTIVE ACTION
	the resettlement plan. Income sources and livelihoods affected by project activities will be restored to pre-project levels. For vulnerable persons and households affected, the resettlement plan will include measures to provide extra assistance so that they can improve their incomes in comparison with pre-project levels. The resettlement plan will specify the income and livelihoods restoration strategy, the institutional arrangements, the monitoring and reporting framework, the budget, and the time-bound implementation schedule.	<p>also includes the assessment of whether the economic impacts that have occurred have led to any vulnerabilities or made existing vulnerabilities worse. This includes the costs that will be potentially incurred to the replacement land.</p> <ul style="list-style-type: none"> The initial LRP includes the details of the preliminary livelihood strategies. These are currently being updated in line with ADB's and other lenders' comments. 		ensure that the livelihood restoration strategies are in line with their requirements.	restoration strategies, and the type of support provided to the vulnerable households including the workers (as applicable) based on the comments provided by the lenders.
Para. 22	The information contained in a resettlement plan may be tentative until a census of affected persons has been completed.	<ul style="list-style-type: none"> A census of the affected persons has been completed. 	Compliant	The impacted PAPs have been identified in the LRP and asset inventory of the demolished structure undertaken.	None.
Para. 23	Projects with significant involuntary resettlement impacts will need adequate contingency funds to address involuntary resettlement impacts that are identified during project implementation. The borrower/client will ensure that such funds are readily available.	<ul style="list-style-type: none"> The project will not lead to physical displacement. The initial draft LRP a provisional budget. 	Partially Compliant	The initial draft LRP include the budget that needs to be updated.	The updated draft LRP will include a commitment to the provision of a contingency budget for impacts identified during its implementation.
Para. 24	The borrower/client will use qualified and experienced experts to prepare the social impact assessment and the resettlement plan.	The draft ESIA and initial draft LRP are currently being updated to ensure compliance with the ADB's and other lenders' requirements.	Compliant	<p>Masdar has engaged international (5 Capitals) and national consultant to prepare the LRP and ensure compliance with the national and lenders requirements.</p> <p>Additionally, 5 Capital's team includes a Social Lead who will review the work undertaken for the project. Additionally, a female social specialist from Azerbaijan was used during the additional surveys undertaken to address the lenders' comments.</p>	None
Section D (4): Negotiated land acquisition					
Para. 25	Safeguard Requirements 2 does not apply to negotiated settlements, unless expropriation would result upon the failure of negotiations.	Not applicable	Not Applicable	Only applicable in the case of private ownership	None
Section D (5): Information disclosure					
Para. 26	The borrower/client will submit the resettlement plans and resettlement monitoring documents to ADB for disclosure on their website.	The initial draft LRP has been submitted to ADB (and other lenders) who has provided comments. In addition, the disclosure of preliminary entitlements to the PAPs occurred on 25 th September 2024.	Partially Compliant	The initial draft LRP is currently being updated for ADB's (and other lenders) approval, including the preliminary entitlements that have been disclosed to the PAPs.	<p>The project will address any comments received from the PAPs after the review of their preliminary compensation packages. Any updates will be reflected in the draft LRP.</p> <p>ADB and Masdar will disclose the updated draft LRP on their websites.</p>
Para. 27	The borrower/client will provide relevant resettlement information, including information from the documents in para.26 in a timely manner, in an accessible place and in a form and language(s) understandable to affected persons and other stakeholders. For illiterate people, suitable other communication methods will be used.	<ul style="list-style-type: none"> Any engagement undertaken by the government with the PAPs in relation to the project has not been documented. However, consultations have been undertaken as part of the LRP and ESIA development. 	Partially Compliant	The relevant project information, GRM and preliminary entitlements have been disclosed to the PAPs and the project is waiting to receive their feedback.	The comments/feedback provided to the PAPs will be addressed in the updated LRP and additional updates provided to the PAPs on the same.
Section D (6): Consultation and participation					

SAFEGUARD REF	ADB's SPS 2009 REQUIREMENTS	FINDINGS & OBSERVATIONS	COMPLIANCE	JUSTIFICATION	CORRECTIVE ACTION
Para. 28	<p>The borrower/client will conduct meaningful consultation with affected persons, their host communities, and civil society for every project identified as having involuntary resettlement impacts. Meaningful consultation is a process that (i) begins early in the project preparation stage and is carried out on an ongoing basis; (ii) provides timely disclosure of relevant and adequate information; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues.</p>	<ul style="list-style-type: none"> There is no documentation of the outcomes of the consultations that Yenikend municipality has undertaken with the herder or his workers. However, any consultations undertaken are likely to have occurred in line with the national requirements and not the lenders' (ADB) requirements. Consultations were undertaken as part of the update of the draft LRP (and ESIA) with the PAPs. The updated draft LRP to include the outcomes of the consultations undertaken with the PAPs including AFF. The project specific SEP is also being updated and includes the process of on-going information disclosure and consultation throughout the project lifetime. 	Partially Compliant	<p>The initial draft LRP will be updated with the lenders' comments and the outcome of the disclosure process that has been undertaken with the PAPs.</p>	<ul style="list-style-type: none"> The updated draft LRP will address the comments received from ADB and other lenders. Address the comments/feedback received from the PAPs (if any) in regard to the preliminary compensation packages disclosed to them.
	<p>Consultation will be carried out in a manner commensurate with the impacts on affected communities. The borrower/client will pay particular attention to the need of disadvantaged or vulnerable groups, especially those below the poverty line, the landless, the elderly, female headed households, women and children, Indigenous Peoples, and those without legal title to land.</p>	<ul style="list-style-type: none"> The LRP is being updated to include the vulnerability assessment of the informal workers including any vulnerabilities that may have occurred because of the economic displacement that has happened. The spouses of the herder and workers were not available for consultations during the audit consultations. However, the PAPs confirmed that their spouses were aware of the project. Brochures were also distributed to their households including details of the GRM. 	Partially Compliant	<p>The initial draft LRP is currently being updated with the comments from the lenders. The draft LRP to include an assessment of vulnerability of FH1, W1 & W2. This also includes the assessment of the PAPs who have already experienced economic impact (FH1 and his workers).</p>	<p>Update the initial draft LRP with the IADB's and other lenders' comments.</p>
Section D (7): Grievance redress mechanism					
Para. 29	<p>The borrower/client will establish a mechanism to receive and facilitate the resolution of affected persons' concerns and grievances about displacement and other project impacts, paying particular attention to the impacts on vulnerable groups. The grievance redress mechanism should be scaled to the risks and adverse impacts of the project. It should address affected persons' concerns and complaints promptly, using an understandable and transparent process that is gender responsive, culturally appropriate, and accessible to the affected persons at no costs and without retribution.</p> <p>The mechanism should not impede access to the country's judicial or administrative remedies. The borrower/client will inform affected persons about the mechanism.</p>	<ul style="list-style-type: none"> All the PAPs can submit their grievances to the Neftchala district as per the Law of Appeals of Citizens in Azerbaijan. However, it is not clear if Neftchala district has received any grievances and how these were addressed as no documentation was provided to the project social team. The PAPs have been provided with details of the project specific GRM during consultations and as part of the project leaflets distributed (in Azeri). One grievance has been received and is currently being resolved based on the GRM established under the initial draft LRP and draft SEP. The initial draft LRP and the draft SEP include details of the project GRM. 	Compliant	<ul style="list-style-type: none"> The implementation of the GRM established as part of the project is currently on-going. 	<ul style="list-style-type: none"> Continued implementation of the project GRM throughout the life of the project.
Section D (8): Monitoring & reporting					
Para. 30	<p>The borrower/client will monitor and measure the progress of implementation of the resettlement plan. The extent of monitoring activities will be commensurate with the project's risks and impacts. In addition to recording the progress in compensation payment and other resettlement activities, the borrower/client will prepare monitoring reports to ensure that</p>	<ul style="list-style-type: none"> The initial draft LRP includes a requirement for monitoring to be undertaken during the entire construction period and submission of quarterly monitoring reports to lenders. The initial draft LRP includes a requirement to undertake a LRP completion audit. 	Partially Compliant	<ul style="list-style-type: none"> The initial draft LRP establishes the monitoring requirements for the project but they will have to be updated for the final LRP. 	<ul style="list-style-type: none"> Update the LRP monitoring requirements in the draft and final versions.

SAFEGUARD REF	ADB's SPS 2009 REQUIREMENTS	FINDINGS & OBSERVATIONS	COMPLIANCE	JUSTIFICATION	CORRECTIVE ACTION
	the implementation of the resettlement plan has produced the desired outcomes.				
Para. 31	The borrower/client will prepare semi-annual monitoring reports that describe the progress of the implementation of resettlement activities and any compliance issues and corrective actions. These reports will closely follow the involuntary resettlement monitoring indicators agreed at the time of resettlement plan approval. The costs of internal and external resettlement monitoring requirements will be included in the project budget.	Masdar is committed to provide semi-annual monitoring reports on LRP implementation and this commitment is included in the initial draft LRP.	Compliant	None	None.
Section D (9): Unanticipated impacts					
Para. 32	If unanticipated involuntary resettlement impacts are found during project implementation, the borrower/client will conduct a social impact assessment and update the resettlement plan or formulate a new resettlement plan covering all applicable requirements specified in this document.	<ul style="list-style-type: none"> The initial draft LRP includes a requirement for the project to monitor unanticipated impacts and take corrective actions as applicable. 	Partially Compliant	The initial draft LRP is being updated to include the monitoring requirements of the unanticipated impacts resulting from the economic impacts that resulted from the herder and his workers leaving the site.	<ul style="list-style-type: none"> Masdar's CLO will monitor the FH1 replacement land allocation process to ensure that it does not impact his land use between December to June. Where applicable during the project implementation, the project will develop an addendum to the LRP to assess the unanticipated impacts in line with the LRP that will be approved by ADB and other lenders.
Section D (10): Special considerations for Indigenous Peoples					
Para. 33	The borrower/client will explore to the maximum extent possible alternative project designs to avoid physical relocation of Indigenous Peoples that will result in adverse impacts on their identity, culture, and customary livelihoods. If avoidance is impossible, in consultation with ADB, a combined Indigenous Peoples plan, and resettlement plan could be formulated to address both involuntary resettlement and Indigenous Peoples issues. Such a combined plan will also meet all relevant requirements specified under Safeguard Requirements 3.	Not applicable	Not Applicable	There are no Indigenous Peoples that will be impacted by the proposed project.	None

8 CORRECTIVE ACTION PLAN

This chapter provides a summary of the corrective actions that should be undertaken by the project to address the gaps identified above.

Table 8-1 Corrective Action Plan for the Project

No	CORRECTIVE ACTION	DELIVERABLE	RESPONSIBILITY	TIMELINE	INDICATIVE BUDGET/COSTS
1	<p>Undertake a desktop independent review, among other, to:</p> <ul style="list-style-type: none"> - Ascertain compliance of the process of notification and displacement undertaken by the government vis-a-vis the national laws and ADB requirements. - Confirm the number of affected people. - Confirm the number of vulnerable people. - Review adequacy of the interim compensation and proposed interim support options. - Review the grievance redress mechanism (GRM) in place at the governmental and project levels, including the collection and management of ongoing grievances from the PAPs. - Review available/Proposed interim and long-term solutions to address economic displacement impacts, including options and a process for securing alternative land for the herders and an auction process, if applicable. - Identify any adjustments and enhancements to the compensation packages required following the review, - Review the status of discharged compensation and on-going support. 	<p>Updated ESDD report. Updated SCAR corrective action plan (CAP) if necessary.</p>	<p>Lender E&S consultant</p>	<p>25 October</p>	<p>Third party hiring cost</p>
2	<p>Implement the updated CAP. Actions may include:</p> <ul style="list-style-type: none"> - Update and enactment of the compensation packages. - Implementation of additional interim support if required. - Agreed recommendations to ensure compliance with the national and ADB standards and compliance in the implementation of the RAP. 	<p>Evidence of implementation as specified in each updated CAP action.</p>	<p>Masdar</p>	<p>Per the updated CAP timeline</p>	<p>Internal costs to the project</p>
3	<p>Engage with affected people to communicate any changes, discuss and agree updates to the communication packages prior to enactment of the entitlements.</p>	<p>Input into weekly reporting as necessary, Stakeholder engagement plan, minutes of</p>	<p>Masdar</p>	<p>Per the updated CAP timeline</p>	<p>Internal costs to the project</p>

No	CORRECTIVE ACTION	DELIVERABLE	RESPONSIBILITY	TIMELINE	INDICATIVE BUDGET/COSTS
		meetings and associated records			
4	Monitoring and support in the application for and allocation of replacement land for affected people, including on-going consultations with the affected herder.	Records confirming FH1 has a LLA for the replacement land. Developed and up-to date plan of planned support. Evidence of provided support to include, evidence of regular engagement, minutes of meetings with governmental representatives and PAPs, evidence of applications for land submitted, grievance records, etc.	Masdar's CLO	On-going	Internal costs to the project
5	Provide the agreed and committed support to the affected herder and his two workers, assuring 'no worse-off' principle until sustainable solutions are secured. Committed interim support will include three years in which time the livelihood measures will be implemented. Masdar will also actively facilitate for the herder to secure the land.	Livelihood restoration program in the final LRP. Developed and up-to date plan of planned support. Evidence of provided support to include, evidence of regular engagement, minutes of meetings with governmental representatives and PAPs, evidence of application for land submitted, grievance records, etc.	Masdar	LRP with Livelihood restoration program disclosed prior to construction. End of October 2024– until permanent solutions are secured and an animal structure is built	Internal costs to the project
6	Advance Assessment: consult and assess potential economic impacts on AFF, including in relation to: - The relocation of the OHTL. - The project use of the asphalt road. - Potential impacts to the workers.	Assessment Note, update to the final LRP (to be disclosed prior to impact).	Masdar EPC Contractor	Before the start of the construction phase	Internal costs to the project.

No	CORRECTIVE ACTION	DELIVERABLE	RESPONSIBILITY	TIMELINE	INDICATIVE BUDGET/COSTS
	<ul style="list-style-type: none"> - Any other impacts to business. 	Monitoring and Engagement records, Progress reports	(Masdar to approve)	Updated final LRP. Immediately after on-going monitoring determines there has been potential impacts on the operation of the AFF and its workers. On-going	
7	Incidental assessment: monitor to determine if there are any material impacts on AFF and its workers, especially relating to critical impacts to business. If this occurs, an assessment will be undertaken immediately, and the appropriate entitlements established in line with the principles established in the LRP.	Notice to lenders, evidence of engagement with AFF. Assessment Note, LRP Addendum, records of engagement evidencing timely action.	Masdar EPC Contractor (Masdar to approve)	Immediate, as an incident (risk of impact) occurs. Records (LRP addendum etc) within 3 weeks of the incident having occurred.	Internal costs to the project
8	Provide 50 days of notice to the AFF before the relocation of the 6kV OHTL. Provide a timely notice (agreed with AFF in advance) on any of the disruptions related to the project activities.	Engagement records Consultations outcomes during the preparation, updates and implementation of the relevant construction ESMPs, e.g., Traffic	Masdar	On-going Notices timeline per agreed with AFF.	Internal costs to the project.

No	CORRECTIVE ACTION	DELIVERABLE	RESPONSIBILITY	TIMELINE	INDICATIVE BUDGET/COSTS
	Keep AFF informed about the steps to address the impacts.	& Transportation Management Plan. Updated project E&S plans, SOP, procedures as relevant.	EPC Contractor (Masdar to approve)	On-going	
9	Completion of regulatory requirements before the ruins belonging to the Ministry of Defence are removed from site.	Evidence of completion of all regulatory requirements and that ruins are removed from site	Masdar (and Ministry of Energy)	Before the military ruins are removed from the site.	Internal costs to the project or the MoE.
10	Update the initial draft LRP to include: <ul style="list-style-type: none"> - Initial assessment of potential impacts on the AFF - the assessment of the economic impacts that have been experienced by FH1 and the workers and determine the applicable entitlements in line with the ADB SPS 2009 (for example transitional allowance, administrative costs, increased cost of accessing the same economic opportunity due to greater distance etc) - the updated PAPs entitlements - Indicative compensation budgets at full replacement costs. - The livelihood restoration framework for PAPs. - The determination of livelihood strategies will be based on outcome of consultations with the PAPs and relevant stakeholders and in line with the lenders' comments. 	Updated draft LRP, Clearance by ADB.	5 Capitals (Masdar to approve)	Prior to ADB's disclosure of the draft LRP	Third party hiring cost Management time
11	Update the draft LRP to final to include: <ul style="list-style-type: none"> - valuation of assets - Related implementation budgets. The compensation will be at full replacement cost. - Outcome of consultations undertaken with the spouses of the PAPs and their level of engagement, concerns about the project etc including determination of 	Final LRP. Clearance by ADB.	5 Capitals (Masdar to approve)	Prior to ADB's disclosure of the final LRP.	Third party hiring cost Management time

No	CORRECTIVE ACTION	DELIVERABLE	RESPONSIBILITY	TIMELINE	INDICATIVE BUDGET/COSTS
	<p>whether there will be potential impacts to them and how these will be addressed.</p> <ul style="list-style-type: none"> - Livelihood restoration program for PAPs. 				
12	Update the LRP vulnerability criterion to include an assessment of the workers and those who have already experienced economic displacement. This will also include the assessment of the increased cost in accessing the replacement land.	Updated draft LRP	5 Capitals (Masdar to approve)	Prior to ADB's disclosure of the draft LRP.	Third party hiring cost Compensation costs Management time
13	Implementation of the GRM.	GRM logs, engagement records, evidence of grievance resolution	Masdar	On-going during the life of the project	Internal costs to the project
14	The PAPs will be provided with a minimum of 1 week to review their compensation packages and provide feedback (if any).	Disclosure of LRP and compensation packages to PAPs, records of engagement and feedback on packages.	5 Capitals (Masdar to approve)	Currently on-going	Third party hiring cost Management time
15	If the workers accommodation facilities are constructed outside of the project boundaries, the Project Company will engage an E&S Consultant to assess any land-related impacts in line with the principles outlined in the LRP.	Contract with the E&S consultant, LRP Addendum Evidence of mitigation, implemented prior to impact	Masdar	Before the construction of the workers' accommodation facilities if needed	Internal costs to the project
16	Conduct ongoing monitoring and evaluation on LRP implementation and livelihood restoration activities by competent specialists.	LRP monitoring report Project documentation, monitoring and evaluation records	Masdar	During the entire construction period and semi-annual monitoring reports to lenders.	Management time
17	Undertake completion audit on the LRP to determine that the objectives have been met.	Consultant TOR LRP completion audit report	Masdar	At the end of the LRP monitoring period	Third party hiring costs and

No	CORRECTIVE ACTION	DELIVERABLE	RESPONSIBILITY	TIMELINE	INDICATIVE BUDGET/COSTS
					management time.
18	Develop an addendum in line with the LRP if unanticipated impacts are recorded as part of the impact monitoring.	LRP Addendum	Masdar	As soon as unanticipated impacts are recorded	Third party hiring costs and management time.

APPENDIX A– VALUATOR’S CERTIFICATE



LİSENZIYA

Seriya AB

№ 048967

Qeydiyyat nömrəsi 13/2-27 " 13 " oktyabr 2000
199__ il

Azərbaycan Respublikası İqtisadiyyat Nazirliyi

(lisenziyanı verən orqanın adı)

QIYMƏTLƏNDİRMƏ (ƏMLAKIN QIYMƏTLƏNDİRİLMƏSİ) FƏALİYYƏTİNİ

(fəaliyyət növü)

həyata keçirməyə icazə verir

Lisenziya verilib "PRIVAT-Ko" firmasına

(hüquqi şəxslər üçün -lisenziyanı alan müəssisə,

Bakı ş., Yasamal r., İ. Səfərli küç. 12

təşkilat, idarənin adı və hüquqi ünvanı; fiziki şəxslər üçün - soyadı, adı,

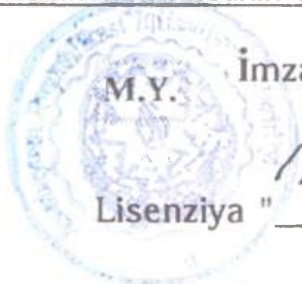
atasının adı, pasport məlumatları (seriya, nömrə, kim tərəfindən və nə vaxt

verilib), yaşayış yeri)

Lisenziyanın qüvvədə olduğu müddət 2 (iki) il

Göstərilən fəaliyyət növünün həyata keçirilməsi şərtləri

Nazirlər Kabinetinin 16.02. 1998-ci il 29N-li Qərarı ilə təsdiq olunmuş şərtlər



M.Y.

İmza

N.N.Nəsullayev

(soyadı, adı, atasının adı)

Lisenziya " " 199__ il tarixədək uzadılıb

M.Y.

İmza

(soyadı, adı, atasının adı)

Özünü tənzimləyən qeyri-kommersiya təşkilatı
“AZƏRBAYCAN QIYMƏTLƏNDİRİCİLƏR CƏMIYYƏTI”

*12 fevral 1999-cu ildə Azərbaycan Respublikası Ədliyyə Nazirliyində qeydiyyatdan keçmiş,
qiymətləndirmə sahəsinin hüquqi tənzimləyicisinə kömək edən peşakar bir birlikdir.*

ŞƏHADƏTNAMƏ

Özünü tənzimləyən təşkilata üzv olmaq barədə

№ 0007

Verilib: 02.09.2019

“PRIVAT K_o” MƏHDUD MƏSULIYYƏTLİ CƏMIYYƏTI

Qeydiyyat № (VÖEN) 1300357061

həqiqətən özünü tənzimləyən qeyri-kommersiya təşkilatı
“AZƏRBAYCAN QIYMƏTLƏNDİRİCİLƏR CƏMIYYƏTI”nin
həqiqi üzvüdür

Reyestirdə qeydiyyat alınma tarixi: 02.09.2019

Reyestirdə qeydiyyat nömrəsi: 0007

Etibarlılıq müddəti: 5 il

“AZƏRBAYCAN QIYMƏTLƏNDİRİCİLƏR
CƏMIYYƏTI”nin sədri:



N.R. İbrahimov