



Azerbaijan: Shah Deniz Stage II Gas Field Expansion Project

Project Name	Shah Deniz Stage II Gas Field Expansion Project		
Project Number	48330-001		
Borrower/Company	LUKOIL OVERSEAS SHAH DENIZ		
Country	Azerbaijan		
Location	Offshore facilities: South Caspian Sea, off the coast of Azerbaijan 70-90 km away from Baku; Onshore facilities: Sangachal approximately 60 km south west of Baku.		
Approval Number	7453/3270, BL-0081/73		
Type or Modality of Assistance	7453	Loan	USD 250.00 million Committed
	BL-0081	Complementary Financing Scheme	USD 225.00 million Committed
Strategic Agendas	Inclusive economic growth Regional integration		
Drivers of Change	Partnerships Private sector development		
Sector / Subsector	Energy - Oil and gas transmission and distribution		
Gender Equity and Mainstreaming	No gender elements		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Portfolio Management Division, PSOD		
Responsible ADB Officer	Singh, Samarendra		
Project Sponsor(s)	OAO Lukoil		
Description	The upstream project includes construction of 26 subsea wells, two offshore platforms, gas and condensate subsea pipelines, expansion of the Sangachal terminal, two 900 mmscfd gas compressors, and connection to the South Caucasus Pipeline.		
Objectives and Scope	(1) To increase the output of one of Azerbaijan's most important economic generators, (2) to establish Azerbaijan a peer in the regional economy in contributing to the promotion of value-added industries such as downstream processing, and (3) to generate substantial employment in Azerbaijan.		
Linkage to Country/Regional Strategy	The project is aligned with the draft Azerbaijan country partnership strategy (CPS) 2014-2018, specifically in the support of select downstream petrochemical investments. The project will help convince the international finance community on the bankability of large-scale financings in Azerbaijan.		

Safeguard Categories

Environment	A
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	URS was appointed to undertake the ESIA in November 2013 to comply with EBRD requirements. The main environmental issues are air quality, water and wastewater quality, noise and vibration level, marine and terrestrial biodiversity (flora and fauna), hazardous and non-hazardous wastes generation and occupational health and safety within the project's area of influence from gas condensate field development, construction works and operation of project facilities including associated infrastructure facilities.
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Involuntary Resettlement	The State Oil Company of Azerbaijan Republic (SOCAR) is responsible for land acquisition in connection with the project. The due diligence of the land acquisition process will confirm whether the actions are in accordance with EBRD's and ADB's safeguard principles and policy requirements. The Environmental and Social Compliance Audit report shall identify corrective actions, measures and recommendations to address the gaps identified, to comply with the Safeguard Requirements on Involuntary Resettlement.
Indigenous Peoples	The ESIA confirms that there are no indigenous communities in the project locations that will be impacted.
Stakeholder Communication, Participation, and Consultation	The audit will review the stakeholder engagement process adopted and propose corrective actions, as required, to ensure compliance with ADB requirements.

Timetable for assistance design, processing and implementation

Concept Clearance	-
Due Diligence	
Credit Committee Meeting	02 Jun 2015
Approval	05 Aug 2015
Last PDS Update	16 Feb 2015
Project Page	https://www.adb.org/projects/48330-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=48330-001
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