



Initial Poverty and Social Analysis

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Azerbaijan: Alat Solar Power Project

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
CSO	–	Civil Society Organization
TA	–	technical assistance

NOTE

- (i) In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Azerbaijan	Project Title:	Alat Solar Power Project
Lending/Financing Modality:	Project Finance	Department/ Division:	Private Sector Operations Department/ Infrastructure Finance Division 1

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The Asian Development Bank (ADB) is proposing \$35.7million senior loan to Masdar Azerbaijan Energy LLC to build, own, and operate a 230MWAC solar photovoltaic project (the Alat Solar Power Project or the Project),^a a site located 9-kilometer northwest of the Alat settlement in eastern Azerbaijan. The Project supports three operational priorities of the ADB's Strategy 2030: tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability.^b The Project also contributes to ADB's country partnership strategy, 2019-2023, for Azerbaijan to help reduce the country's dependency on oil exports and improve economic resilience by supporting non-oil private sector development and improving access to finance.^c

B. Poverty Targeting

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

As the Project is consistent with ADB's Strategy 2030 and with the Azerbaijan Country Partnership Strategy 2019–2023, it will help foster reliable energy supply to improve energy sustainability, affordability, and security to support economic development of the country and people's livelihoods, particularly those who are more vulnerable to economic shocks and have low income.

C. Poverty and Social Analysis

1. **Key issues and potential beneficiaries.** The Project is the first major utility-scale solar independent power project in Azerbaijan paving the way to the diversification of the energy supply that will support socio-economic resilience. This is particularly important in the context of societal and economic recovery from the COVID-19 pandemic and in light of Russia's invasion to Ukraine which is expected to impact the country's trade, particularly food security and inflation. Improved reliability and quality of electricity services will enable the population to use electricity appliances, and encourage them to set up businesses, both of which will raise living standards. The Project will directly benefit industries and households who will have access to the power generated from the Project. Improved energy services would benefit especially (i) the poorer households, who currently bear the high cost of energy substitutes, (ii) women who work or stay at home more often than men and suffer from light, energy and time poverty, (iii) kindergartens, schools and other educational institutions, and health facilities who will be able to use teaching materials and health equipment full time, and (iv) entrepreneurs having or wishing to set up businesses.
2. **Impact channels and expected systemic changes.** Reliable, clean, and affordable electricity supply will contribute indirectly to regional economic growth, an improved investment climate for the private sector, and enhanced job opportunities in productive sectors.
3. **Focus of (and resources allocated in) the transaction TA or due diligence.** The Project contributes to addressing key poverty and social issues by delivering renewable energy to the national grid. Due diligence will focus on identifying and mitigating impacts to livelihoods, generating gender-inclusive job opportunities, and supporting local economic growth in the program area.
4. **Specific analysis for policy-based lending.** Not applicable

II. GENDER AND DEVELOPMENT

1. Women's labor force participation rate is relatively high in Azerbaijan, though lower than that of men (it stands at 69% versus 74% for men).^d The Azerbaijani labor force is highly gender segregated; while men are highly concentrated in electricity, gas and steam production and distribution, transportation, and construction related activities, This distribution does not reflect the human capital accumulated by women in fields like physics and mathematics, economics, or technical studies. Women are also underrepresented in energy-related jobs; they comprise only 11.3% of those employed in electricity, gas, and steam production.^e Occupational stereotyping limits women's choices and their decisions concerning employment are strongly influenced by cultural norms, where gender-based acceptable jobs and fear of harassment represent constraining factors. Although sex discrimination

in hiring is illegal, women are legally restricted from working in certain occupations. As such, the Labor Code of Azerbaijan prohibits women's employment in labor intensive jobs (endnote d).

2. Does the proposed project or program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women access to and use of opportunities, services, resources, assets, and participation in decision-making? Yes No

The Project has a potential to promote gender equality. The Project has strong potential to enhance women's underrepresentation in the energy sector in Azerbaijan. Gender due diligence will look at gender design features that would enhance women's participation in technical jobs and thus contribute to addressing labor gender gaps, as well as encourage gender sensitive policies and human resources measures, leading to more gender inclusive work conditions.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No

4. Indicate the intended gender mainstreaming category:

GEN (gender equity) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERING THE POOR

1. Who are the main stakeholders of the project, including beneficiaries and affected people? General and potentially affected households, communities in the Project area, business community, community-based organizations, local governments, social institutions such as schools and hospitals.

2. Who are the key, active, and relevant CSOs in the project area? Village leaders, community-based organizations such as elderly committee and women's groups and youth organizations will play the role of liaison between the projects and civil society to disseminate Project information and collect any concerns, complaints, and grievances.

3. Are there issues during project design for which participation of the poor and vulnerable is important?

Yes No but poor and vulnerable households that maybe affected by the Project will be identified during due diligence to ensure their views and concerns are heard If yes, what are these issues?

4. How will the project ensure the participation of beneficiaries and affected people, particularly the poor and vulnerable and/or CSOs, during project design to address these issues?

Stakeholders' consultations through community meetings, discussions, and interviews will be conducted during the Project preparation and implementation. Strategies to encourage participation of poor women and other vulnerable groups and individuals will be encouraged. Among other, consultations will assure participation of the representatives of the Project company, regional and local government representatives to ensure that key Project stakeholders understand impacts and proposed mitigation in a comprehensive and accurate way. Information about the Project impacts and mitigation will be publicized and awareness will be raised of the Project's operation and benefits as this will be the first solar project in the country. Local community, specifically, potentially affected people will be involved in the implementation of the Project's Livelihood Restoration Plan.

5. What level of CSO participation is planned during the project design?

H Information generation and sharing H Consultation M Collaboration L Partnership

IV. SOCIAL SAFEGUARDS

- A. Involuntary Resettlement Category** A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No

The Project site is located in predominantly desert and semi-desert area. The land has been specifically allocated by the Ministry of Energy for the development of a Solar PV Plant and a land lease agreement will be signed on April 2022 between MoE and the company. The land is currently being used by local farmers and herders for animal grazing activities, predominantly during winter months. A further due diligence, based on the preliminary design, will be conducted to assess the impact on farmers, herders and their households. Should impacts on their livelihood or assets be identified a Resettlement and Livelihood Restoration Plan (RP) will be developed and implemented by the

<p>project. The RP will be implemented in accordance with national legislation and regulations and ADB's Safeguard Policy Statement (SPS) (2009).</p> <p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?</p> <p><input checked="" type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?</p> <p><input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p>V. OTHER SOCIAL ISSUES AND RISKS</p>
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input checked="" type="checkbox"/> Creating decent jobs and employment (H) <input checked="" type="checkbox"/> Adhering to core labor standards (H) <input type="checkbox"/> Labor retrenchment</p> <p><input checked="" type="checkbox"/> Spread of communicable diseases, including HIV/AIDS (L) <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability (L)</p> <p><input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability</p> <p><input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design?</p> <p>The Project will be required to comply with national labor laws and implement its environmental and social management system (ESMS) which will set out measures and procedures to comply with the internationally recognized core labor standards, pursuant to ADB's Social Protection Strategy (2018), to manage impact from labor influx and other health and safety impacts on community. The Project is expected to generate positive impacts on the local economy and livelihoods in terms of employment, skills enhancement, and local business opportunities through the procurement of goods and services. Direct job opportunities will be available during construction. Those hired to work on the solar power plant project will have an advantage when seeking jobs at similar projects in future because of the experience and any training received through this Project.</p>
<p>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</p>
<p>1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA or due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks? Are the relevant specialists identified?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis; and the participation plan during the transaction TA or due diligence? ADB will work closely with the client's consultants and independent consultants during due diligence process to review provided documentation and engage in discussions with relevant specialists.</p>

ADB = Asian Development Bank, CSO = civil society organization, IPSA = initial poverty and social analysis, TA = technical assistance.

^a The Project has been officially registered as the Garadagh Solar PV Plant.

^b Asian Development Bank (ADB). 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

^c ADB. 2021. [Country Partnership Strategy Azerbaijan, 2019–2023: —Promoting Diversified and Inclusive Growth](#). Manila.

^d World Economic Forum. 2020. [The Global Gender Gap Report](#). Geneva.

^e The State Statistical Committee of the Republic of Azerbaijan. Gender Indicators. [Women and Men in Azerbaijan 2021](#) (last accessed 19 March 2022).