



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Azerbaijan	EUROPE AND CENTRAL ASIA	P178125	
Project Name	SPF: Improved Livelihoods for Internally Displaced Persons in Azerbaijan		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Social Sustainability and Inclusion	Investment Project Financing		9/15/2022
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance	State Committee for Affairs of Refugees and Internally Displaced Persons		

Proposed Development Objective

To increase the skills, incomes, and civic engagement of vulnerable IDP households in Azerbaijan.

Financing (in USD Million)

Amount

Total Project Cost

2.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

This project will be implemented by the State Committee for IDPs and Refugees of Azerbaijan, building on a partnership with the Bank that goes back more than a decade in supporting IDPs in the country. It will enable the State Committee to renew and adapt its support to the skilling, employment, and livelihood activities for targeted IDPs which was implemented under the IDP Living Standards and Livelihood Project (LSLP). The LSLP Project was evaluated as highly successful by the World Bank’s Independent Evaluation Group (IEG) receiving High and Substantial ratings for relevance, efficiency, and efficacy. This Project identified 2,500 youth IDPs as potential beneficiaries of livelihood support, but only 833 individuals received support as of November 2019 in order to leave a significant “control group” for an impact evaluation. As such, there may be as many as 1,600 youth IDPs still interested and



eligible for support, only a portion of which would receive support under the proposed project. The most vulnerable youth IDPs would be targeted for support. The supported activities will follow the model of the LSLP and will be implemented with the support of local NGOs. They will target: (i) IDPs in rural and semi-urban areas who are in more vulnerable positions compared to IDPs in Baku; (ii) IDPs in regions closer to the conflict-affected area who would have been more affected by the conflict; (iii) vulnerable IDPs in selected settlements in and around Baku that would require a tailored approach to prepare them for livelihoods in the regions of origin that may be rural or semi-urban. The project activities are expected to target IDPs in the following regions: Agdam, Barda, Terter, Ganja, Goygol, Gabala, Fizuli, and vicinity of Baku. The project will include three components. Component 1: Skills development, will screen and select qualified IDPs and provide them with training in technical fields that are of interest to participants and in-demand in the labor market. Component 2: Business development support, will train participants to prepare business plans, provide financial support to purchase tools/equipment needed for their professions and provide additional business support to help participants to succeed in their endeavors. Component 3: Civic engagement, social cohesion and support, will train beneficiaries on civic engagement, community participation, establishment of community groups, trust-building and related techniques to support an eventual peaceful and cohesive transition of IDPs to a new living environment. This component would also include resources for project implementation, monitoring and evaluation and communications.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The population of Azerbaijan is about 9.9 million people of which 52.8 percent urban and 47.2 percent rural. Internally Displaced Persons (IDPs) comprise approximately seven percent of the population: about 650,000 persons were displaced in the early 1990s. An additional number of households fled their homes due to the conflict in 2020. The IDP households are concentrated in the regions bordering Nagorno Karabakh as well as the capital city area of Baku. Azerbaijan has enjoyed high oil-driven economic growth which has helped to achieve considerable progress in poverty reduction. The official national poverty rate dropped from 14.6 percent in 2010 to 4.8 percent in 2013, however, it gradually increased to 5.9 percent in 2016. Poverty in rural areas remains high, and considerable disparities exist across regions. The public administration is the largest employer for the urban population, followed by construction, manufacturing and services. In cities, the main income source is wages, whereas, in rural areas, it is self-employment and agricultural income. About 40 percent of the working population is employed in the agriculture sector. The oil sector is capital intensive and provides low employment. Since recent oil price shock resulted in slowing the oil-dependent growth and exposed about 60 percent of population to the poverty risk. Rural populations are the most vulnerable. There is a significant gap between rural and urban areas in level of educational attainment and lack of adequate access to basic services in rural areas.

The project will target vulnerable IDPs located in selected regions of Azerbaijan. The regions of intervention will be confirmed during preparation stage and are likely to include Agdam, Barda, Terter, Fizuli, Goygol, Gabala, Ganja and Baku. The project's activities will remain within the footprint of the LSLP. No project activities will take place in disputed areas nor include the financing of persons residing in internationally-disputed territories. Training programs will be identified to meet the technical needs of IDPs while also being in close proximity to their residence so that extensive travel is not needed to participate in training.



D. 2. Borrower’s Institutional Capacity

The State Committee for Refugees and IDPs (SCRI) will implement the proposed grant. SCRI was originally established in 1992 along with the passing of the law "On the Status of Refugees and Internally Displaced Persons." SCRI is responsible for working with the government and international agencies to reduce poverty, create conditions for IDPs to return to their places of origin, supervise the targeted delivery of monthly benefits and assistance to IDPs, construct and maintain housing and social facilities for IDPs. It engages in the formulation of government policy for the support of IDPs. The implementation agency for the LSLP, Social Fund for the Development of IDP (SFDI), reported directly to SCRI, so SCRI has played a central role in implementing of Bank-financed support for IDPs in Azerbaijan. For the purpose of the project, SCRI will establish a project implementation team, which will include experts from SFDI with experience in the LSLP particularly in financial management, procurement, monitoring and evaluation, and environmental and social management. Thus, while the main implementing agency was not the agency responsible for implementing of the proposed activities under the LSLP, many of the staff from that agency are now working for the State Committee and contribute to its institutional knowledge and implementation capacity.

The SCRI does not have prior experience with the World Bank's Environmental and Social Framework (ESF). Its experience with the LSLP has built a strong track record in certain areas of ESF – Screening for Environmental and Social (E&S) risk and impacts and risk management of community infrastructure and housing; strong community mobilization, information disclosure and stakeholder engagement; and a functional grievance mechanism. Other areas of the ESF will be new to the SCRI team, specifically, labor and working conditions, occupational health and safety (OHS), and provisions on the prevention and mitigation of sexual exploitation and abuse and sexual harassment (SEA/SH). SCRI will need to recruit a dedicated environmental and social specialist for the purposes of the project and undergo training on relevant aspects of the ESF at project initiation.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Low

Environmental Risk Rating

Low

The main focus of the proposed project is to increase skills and knowledge among vulnerable IDPs, to enable them generate income and sustain their livelihoods. This will be achieved through a series of trainings and capacity building activities under Components 1 and 2, with subsequent provision of tools and equipment necessary to establish new small-scale businesses or work under Component 2. These assets may include construction tools (i.e. saws, drills, etc.), hairdressing equipment (i.e. hairdryers, scissors, etc.), agricultural assets such as greenhouse materials, beehives, small machinery, etc., or other eligible equipment. No physical interventions will be supported within the scope of the proposed projects. The nature and scale of the activities the participants of skill development program will undertake after benefitting from the capacity building and receiving necessary assets, do not imply any notable adverse impacts on the human population and environment. Any potential minor risks of the implementation of such activities are easily avoidable and/or effectively manageable. Thus, the environmental risk of the proposed project is assessed as Low.

Social Risk Rating

Low

As the core of the project is to reduce the vulnerability of IDPs it should reduce the social risks faced by this group rather than exacerbating their challenging circumstances. The focus on building awareness and skills for social

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cohesion and conflict sensitivity will also help to mitigate social risks. The project envisions skills training and support for vulnerable IDPs to achieve improved employment and income generation capacity. The activities will not have a physical footprint; therefore, no risks or impacts are expected in relation to acquisition of or conversion of land, nor restriction of access. Adverse community health and safety impacts are also not anticipated. Individual consultants and trainers will travel to the project areas for the delivery of training and provision of assets and equipment. Some OHS related risks may arise from the handling of equipment related to specific vocational training. Training courses will include dedicated modules on the safety aspects of the respective professional field and on the handling of specific equipment. Risks related to social exclusion and the potential inability of some population groups to equally benefit from the project will be assessed at preparation and mitigated within project design and appropriate awareness and engagement activities.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The potential adverse environmental, health, and safety (EHS) risks and impacts associated with the project's training and employment support activities are expected to be either negligible or low in magnitude. If such impacts occur, they are expected to be site-specific, predictable, and of temporary nature. Project activities will be implemented in transformed urban and rural areas and, as such, do not pose risks to biodiversity. No civil works will be supported by the project. Minor adverse environmental impacts of the activities to be undertaken by the participants of the skill development program will be addressed within the scope of trainings and capacity building activities. References will be provided to the General EHS, Good International Industry Practices (GIIP), and relevant Industry Sector EHS Guidelines addressing specific industry sectors. Furthermore, the Project Operational Manual (POM) to be prepared prior to the project Effectiveness Date will specify screening criteria to ensure only low risk activities are eligible for support through the provision of assets under Component 2. Technical support envisaged through the project to help participants after they begin implementing new business activities will guide adequate management of associated environmental risks.

The project will ensure the adequacy of labor and working conditions, materially consistent with ESS2. The POM will include Labor Management Procedures describing the terms and conditions of employment for all project staff: SCRI staff and contracted workers. Direct workers will include SCRO staff engaged in project implementation. Contracted workers will include staff of contractor organizations (NGOs or consultancy firms) recruited to deliver skills training to project beneficiaries. The POM will also include guidance on the process for screening E&S risks and impacts of all project activities and associated training of relevant staff and community members to mitigate any potential environmental and social risks and to avoid threats to the health and safety of project beneficiaries, project workers, and the general public. The POM will describe incident reporting procedures and related obligations of all project parties to immediately report on project-related incidents, apply immediate mitigation measures, undertake root cause analysis, and a corrective action plan to prevent the re-occurrence of incidents. SCRI will apply due diligence by following procedures to be spelled out in the POM. The project implementation team in SCRI, which will include a dedicated Environmental and Social Specialist, will provide overall monitoring and oversight of E&S risk management under the project. Reporting from contractor organizations to the SCRI and from SCRI to the World Bank will be done



based on E&S monitoring forms to be included in the POM and in the contracts between SCRI and the contractor organizations. Labor and OHS provisions will also be specified in the individual agreements with beneficiaries prior to their participation in project training and receipt of project-financed equipment. The above commitments will be listed in the project Environmental and Social Commitment Plan (ESCP), which will be prepared, disclosed and consulted prior to the project Approval .

The ESCP will also include elements of a Stakeholder Engagement Plan (SEP), such as grievance mechanism sensitized to receiving and processing SEA/SH-related grievances and broader stakeholder engagement. Since this is a low-risk small grant project under the Recipient Executed Trust Fund (RETF), there is no need to prepare a standalone SEP document.

The project is expected to bring positive social benefits targeting vulnerable displaced populations. Social risks may be associated with insufficient information and outreach to allow all eligible beneficiaries to access the project-financed training and employment support. Additional risks and impacts can also be related to inclusive and non-discriminatory labor terms and conditions, minor occupational health and safety risks, and gender-related risks such as gender imbalance in the recruitment of beneficiaries, as well as SEA/SH concerns. Labor, health, and safety requirements, including the prohibition of SEA/SH, will be included in the contracts for all project beneficiaries .

Since there will be no significant changes to the project activities which are rated as low risk due to their nature and small scale, it is recommended that an Appraisal Environmental and Social Review Summary (ESRS) is not required.

COVID-19 prevention and mitigation measures will be undertaken throughout the project in line with national regulations and requirements, as well as good international guidelines of the WHO.

Areas where “Use of Borrower Framework” is being considered:

Borrower framework will not be used for the project or any of its parts.

ESS10 Stakeholder Engagement and Information Disclosure

Standalone SEP is not required for this project. Elements of stakeholder engagement will be included in the ESCP. Citizen engagement and stakeholder engagement is an important part of the project design as the project aims to provide support to IDPs in various forms. Key stakeholders include the state agencies and their employees, beneficiary IDPs, and IDP population in general. Other interested stakeholders include civil society, academic and professional associations, potential employers, business associations, commercial banks and micro-credit agencies.

Th project builds on the lessons of the prior LSLP which incorporated strong emphasis on community mobilization and consultation with beneficiaries to define the scope of activities. The same practice will be followed in the current project. SCRI will prepare the ESCP with elements of stakeholder engagement, which will be disclosed and consulted by project Approval. Stakeholder engagement activities will envision measures to ensure that disadvantaged and vulnerable groups have equal opportunity to obtain information and benefit from project activities, as well as have channels for grievance and redress if negatively affected. Such activities include tailored awareness and information campaigns, distributing information materials through multiple channels such as media, social media, and local municipality / community leaders, emphasizing the rules and principles of equity and non-discrimination, for example, in relation to employment opportunities in all training and consultation activities. While the project is



focused on a particularly vulnerable group of people, IDPs, there are additional sub-groups who face even more challenges, such as the elderly; women; poor households; and households involving persons with disability. These groups will be identified and differentiated measures will be proposed to ensure their participation. The Borrower, via the PIU, will establish a grievance mechanism for the project to ensure that citizens have an accessible mechanism to raise any questions, feedback, or complaints on project-related activities. The grievance mechanism will incorporate multiple intake channels and be widely communicated so that all interested parties and the general public can be informed on its existence and use.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

The project will include direct workers, employees of the Project Implementation Unit (PIU) at SCRI, as well as contracted workers. Community workers and primary suppliers will not be involved in this project. Labor Management Procedures (LMP) for the project will be integrated in the POM to be prepared before project's Effective date. These will include a description of the grievance mechanism available to all project workers to raise employment-related complaints in a safe and confidential manner. Contracted workers will comprise the facilitators and trainers to be engaged under the project. At the moment, it is not possible to estimate the total number of such workers. All contractors will be required to comply with LMP procedures specified in POM. This requirement will be included in bidding documents and contracts, and supervised by PIU staff. Labor and OHS risks are relatively low as the project will not involve construction, rehabilitation or work in a hazardous environment. The LMP will also include measures to address SEA/SH risks and COVID-19 protection measures for workers.

ESS3 Resource Efficiency and Pollution Prevention and Management

This standard is currently not relevant as project activities will not involve the use of resources such as water or energy. Good practices of resource efficiency and pollution prevention will be addressed through the skills development program and trainings, as relevant.

ESS4 Community Health and Safety

This standard is not relevant to the project. No project activities will pose risk to health and safety of the local community. Measures to address SEA/SH risks and OHS risks will be addressed via provisions described in ESS2.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This standard is not relevant to the project. The activities will not have a physical footprint and will not entail land or resettlement impacts.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources



This standard is not relevant to the project. Project activities are limited to training and self-employment support and are not expected to have any impact on biodiversity.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

This standard is not relevant to the project. There are no indigenous peoples residing in Azerbaijan.

ESS8 Cultural Heritage

This standard is not relevant to the project. The activities will not have a physical footprint and are not expected to pose any harm to cultural heritage.

ESS9 Financial Intermediaries

This standard is not relevant to the project. No financial intermediaries will be involved.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

N/A

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

- 1. Prepare and disclose ESCP prior to project Approval.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

- 1. Ensure that the PIU has one designated specialist for the implementation of ESCP and LMP throughout implementation;
- 2. Include LMP and relevant screening criteria in POM to be prepared by Effectiveness date and adhere to it throughout project implementation;
- 3. Include requirements of ESCP in TORs of all technical advisory contracts (including clauses of LMP, CoC, GM);

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4. Provide training and awareness sessions for all project workers and consultants prior to start of their respective activities on project ES requirements (including LMP, CoC, GM).

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Ministry of Finance

Implementing Agency(ies)

Implementing Agency: State Committee for Affairs of Refugees and Internally Displaced Persons

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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