



Additional Financing Appraisal Environmental and Social Review Summary Appraisal Stage **(AF ESRS Appraisal Stage)**

Date Prepared/Updated: 04/18/2024 | Report No: ESRSAFA710



I. BASIC INFORMATION

A. Basic Project Data

| | | | |
|--------------------------------|--|--------------------------|--------------------------|
| Country | Region | Borrower(s) | Implementing Agency(ies) |
| Azerbaijan | EUROPE AND CENTRAL ASIA | | |
| Project ID | Project Name | | |
| P181649 | Azerbaijan Employment Support Program II | | |
| Parent Project ID (if any) | Parent Project Name | | |
| P171250 | Employment Support Project | | |
| Practice Area (Lead) | Financing Instrument | Estimated Appraisal Date | Estimated Board Date |
| Social Protection & Jobs | Investment Project Financing | 4/30/2024 | 7/25/2024 |
| Estimated Decision Review Date | Total Project Cost | | |
| 4/29/2024 | 176,257,680 | | |

Public Disclosure

Proposed Development Objective

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

C. Summary Description of Proposed Project Activities

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

As of December 2023, the program received 57,868 applications, with 18,807 deemed eligible. A total of 17,093 beneficiaries completed business training, 13,067 had their business plans approved, and 10,390 received assets. The



trainings largely benefited vulnerable groups such as women, youth, internally displaced persons, and Targeted Social Assistance (TSA) recipients. Business activities in demand include tailoring, beauty salons, bakeries, car cleaning, and auto mechanics. An online platform for vocational training was launched, and follow-up visits were conducted for 6,498 beneficiaries, totalling 20,052 visits since February 2022. Additionally, the project is piloting matching grants and business awards.

The additional financing will expand coverage of the project activities to increase the number of beneficiaries as well as expanding the breadth of offered services and programs.

D.2 Overview of Borrower’s Institutional Capacity for Managing Environmental and Social Risks and Impacts

The parent project is implemented by the Ministry of Labour and Social Protection of the Population (MLSP). A Project Implementation Unit (PIU) has been established and will be maintained for the purposes of additional finance. It is responsible for the day-to-day project management, including environmental and social (E&S) management and addressing potential environmental and social risks. The current capacity of the implementing agency to manage E&S risks and impacts is adequate: the MLSP managed a World Bank-financed Category B project which ended four years ago and has gained certain experience in handling the requirements of the World Bank safeguard policies. The MLSP is successfully managing the implementation of the parent project, with ESF performance rated satisfactory, and has got full time E&S specialists who have received the WB Environmental and Social Framework (ESF) introductory and on-the-job training and are adequately qualified to ensure of E&S risk management and to integrate provisions of EHS Guidelines as part of the training programs and advisory services under the Project. The PIU and it E&S specialists will be maintained for the implementation of the Project.

Public Disclosure

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Moderate

A.1 Environmental Risk Rating

Moderate

The environmental risk of the parent project is rated as moderate and remains unchanged for the AF. The parent project and AF support the improvement of employment outcomes among vulnerable groups of job seekers by (i) scaling up and improving the effectiveness of the Self-Employment Program; (ii) strengthening program implementation capacity in the SES and capacity to provide a broader menu of activation and employment support program; and (iii) improving monitoring and evaluation practices of the SES. These are achieved through the transfer of in-kind assets in support of the activities eligible under (but not financed by) the Self-Employment Program and through the delivery of relevant training programs and advisory services. The environmental aspects considered for the parent project and AF are those associated with the introduction of the best environmental management practices and OHS standards through various training programs aimed at the development of specific skills to improve employability of job seekers, and through upscaling and diversifying vocational training. There are also certain environmental risks related to the activities of project beneficiaries which they are and will be undertaking using in-kind and in-cash transfers from the parent project and AF, and activities for which additional labor market measures will be supported through providing wage subsidies and apprenticeship to socially vulnerable groups. These include



small-scale manufacturing, livestock breeding, food processing and service delivery, where the risks include those associated with the some amounts of solid, liquid and organic waste, improper OHS, air pollution from the use of manufacturing equipment. While the parent project and AF do not finance any physical works, the environmental and social risks of such works/activities have been subject of the World Bank’s due diligence and are addressed in a set of environmental and social instruments which remain valid for the AF.

A.2 Social Risk Rating

Low

The social risk is classified as low. Overall the Project, including the Additional Finance, does not entail adverse social impacts as it aims to improve employment opportunities among vulnerable groups of job-seekers. Potential risks related to exclusion and inequity in the benefits still remain and very minor risks as they relate to labour and working conditions and community health and safety. The capacity and activities for outreach, engagement, sharing of information, and on grievance management has been significantly strengthened in the implementation of the Project to date as well as systems to capture the information beneficiary feedback.

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

B.1 Relevance of Environmental and Social Standards

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Relevant

Six of the ten environmental and social standards (ESSs) have been screened as relevant. The environmental risk is classified as moderate and the social risk as low.

The parent project ESMF is updated to accommodate the activities of the proposed Additional Financing (AF), including those supported by in-cash assets (matched grants) and those through the additional labor market measures. While supported through additional means, the nature and scale of activities under AF are same as under the parent project, thus the procedures for screening and managing the environmental and social risks will remain applicable. The ESMF carries specific references to the EHS Guidelines and, as appropriate, to the industry-specific EHS and the GIIP and the guidance on their incorporation in the design and scope of the training programs and advisory services to be supported by the project.

The Stakeholder Engagement Plan (SEP), Labor Management Procedures, and Environmental and Social Commitment Plan (ESCP) have been revised to take into consideration the activities under the Additional Finance.

ESS2 Labor and Working Conditions

Relevant

The LMP has been revised to include the activities covered under the Additional Finance, number of the different categories of workers, and now also includes the Code of Conduct for workers. It identifies main labour requirements and risks associated with the project, reviews national labour law and practices for consistency with the objectives of this Standard and helps the MLSP to determine the resources necessary to address labour issues. The categories of workers (direct, contracted and primary supply workers) will remain the same as the Parent Project. Due diligence will continue to be undertaken to identify any potential labour risks with supplier including those related to safety issues.

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A grievance mechanism for workers is in place and the Project GRM is used for beneficiaries including apprentices that will be supported as part of the Additional Finance.

ESS3 Resource Efficiency and Pollution Prevention and Management

Relevant

This standard is relevant because the implementation of subprojects for which the parent project and AF undertake in-kind and in-cash transfer of assets and supports additional labor market measures may be associated with generation of various types of wastes and the use of resources such as water or energy. Due to small scale of subprojects, the requirements of this standard are duly addressed by subproject-specific ESMPs/ESMP Checklists and application of the EHS Guidelines. Furthermore, energy efficiency and pollution prevention practices are presented where appropriate as part of the training programs and advisory services delivered under the parent project and AF.

ESS4 Community Health and Safety

Relevant

The standard is relevant because the implementation of subprojects for which the project will undertake in-kind transfer of assets may cause nuisance to local communities and/or carry minor risks to their health and safety. The requirements of this standard are addressed by inclusion of community health and safety provisions of the EHS Guidelines in the subproject-specific ESMPs/ESMP Checklists. Training programs and advisory services being delivered will continue to be delivered under the Additional Finance.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Not Currently Relevant

The standard is not currently relevant. Based on the information to date, no land acquisition has been undertaken under the Parent Project or expected to take place under the Additional Finance. Screening procedures for self-employment activities include verification that any land and property to be used by beneficiaries legally belongs to them, or that they have legal rights of use, as well as that activities do not cause any negative impacts of land, assets or livelihoods of other persons or households. Screening will continue to be undertaken where relevant.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Relevant

This standard is relevant because the implementation of subprojects for which the parent project and AF undertake in-kind and in-cash transfer of assets and support additional labor market measures may cause minor impacts on biodiversity and/or living natural resources, if implemented in rural areas. The requirements of this standard are duly addressed by introduction of principles of sustainable management of living natural resources into subproject-specific ESMPs/ESMP Checklists as well as to the training programs and advisory services delivered under the parent project and AF, especially those targeting poor rural population.

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

Not Currently Relevant

This standard is not relevant as there are no Indigenous Peoples who meet the definition of this Standard in Azerbaijan.

ESS8 Cultural Heritage

Not Currently Relevant



The standard is not relevant because the Project activities do not represent any risk to cultural heritage both tangible and intangible nor access to them.

ESS9 Financial Intermediaries

Not Currently Relevant

There is no co-financing for the Project.

ESS10 Stakeholder Engagement and Information Disclosure

Relevant

The SEP has been updated to reflect the new activities and engagement undertaken to date including in advance of the Additional Finance together with records of consultations. The legislative section of the SEP has also been updated with summaries of changes that have taken place recently.

The interested, affected and vulnerable stakeholder groups remain with beneficiaries targeted including unemployed people, women including female-headed households, youth, internally displaced people (IDPs), individuals with disabilities, war veterans, and unskilled people.

The SEP also now includes the worker grievance mechanism in addition to the Project GRM that has been widely communicated with guidelines have been developed to support the operationalisation of it.

B.2 Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

OP 7.60 Projects in Disputed Areas

B.3 Other Salient Features

Use of Borrower Framework

No

The Borrower’s framework will not be used and the Project will continue to will comply with all relevant national legal and regulatory requirements.

Use of Common Approach

No

There are no co-financing partners.

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required during implementation?

The following have been updated and disclosed:

Stakeholder Engagement Plan



Labor Management Procedures
Environmental and Social Commitment Plan

[Gulana to update on ESMF]

III. CONTACT POINTS

World Bank

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|---------------------------------|--------|-------------------------------------|
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IV. FOR MORE INFORMATION CONTACT

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V. APPROVAL

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|-------------------------------|--|
| Task Team Leader(s): | Mirey Ovadiya, Sirma Demir Seker |
| ADM Environmental Specialist: | Gulana Enar Hajiyeva |
| ADM Social Specialist: | Alkadevi Morarji Patel |
| Practice Manager (ENV/SOC) | Sanjay Srivastava Cleared on 19-Apr-2024 at 10:09:11 GMT-04:00 |

Public Disclosure