

Khizi - 3 Wind Farm Project  
Khizi Region  
Azerbaijan



Livelihood Restoration Plan  
(LRP)

Prepared for:



February 2023, V7

## DOCUMENT INFORMATION

PROJECT NAME	Khizi-3 Wind Farm Project, Khizi Region, Azerbaijan
5Cs PROJECT NUMBER	1305/001/088
DOCUMENT TITLE	Livelihood Restoration Plan (LRP)
CLIENT	ACWA Power
5Cs PROJECT MANAGER	Reem Jabr
5Cs PROJECT DIRECTOR	Ken Wade

## DOCUMENT CONTROL

VERSION	DATE	DESCRIPTION	AUTHOR	REVIEWER	APPROVER
1	05/02/2022	LRP	EFO	RMJ	KRW
1.1	16/02/2022	Revised LRP	EFO	RMJ	KRW
2.0	12/04/2022	Updated LRP	EFO	RMJ	KRW
3.0	26/04/2022	LRP for Public Disclosure	EFO	RMJ	KRW
4.0	12/07/2022	Final LRP	EFO/BK	RMJ	KRW
5.0	16/11/2022	Update based on LEA Comment	EFO	RMJ	KRW
6.0	09/01/2023	Final LRP	EFO	RMJ	KRW
7.0	23/02/2023	Update based on LEA Comment	EFO	RMJ	KRW



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## LIST OF ABBREVIATIONS

ABBREVIATION	MEANING
ADB	Asian Development Bank
AZN	Azerbaijani Manat
BOO	Build Own Operate
BoP	Balance of Plant
COVID-19	Coronavirus Disease
E&S	Environmental & Social
EBRD	European Bank for Reconstruction and Development
EIA	Environmental Impact Assessment
EPC	Engineering Procurement and Construction
ESIA	Environmental & Social Impact Assessment
ESMS	Environmental & Social Management Systems
GIP	Good International Practice
GRM	Grievance Redress Mechanism
Hectare	Ha
HHs	Households
IDPs	Internally Displaced People
IEA	International Energy Agency
IFC	International Finance Corporation
JE	Juru Energy
kV	Kilovolt
LLA	Land Lease Agreement
LRF	Livelihood Restoration Framework
LRP	Livelihood Restoration Plan
MoMs	Minutes of Meetings
MoE	Ministry of Energy
MW	Mega-Watt
NGOs	Non-Governmental Organisations
NOMAC	National Operations and Maintenance Company Ltd.
N/A	Not Applicable
OFID	OPEC Fund for International Development
OHTL	Overhead Transmission Lines
OPEC	Organization of the Petroleum Exporting Countries
PAPs	Project Affected Persons
PAHs	Project Affected Households
PPA	Power Purchase Agreement
PIC	Public Information Centre
PR	Performance Requirement
PS	Performance Standard
PV	Photovoltaic
SEP	Stakeholder Engagement Plan

ABBREVIATION	MEANING
SS	Substation
USD	United State Dollars
WFs	Wind Farms
WTG	Wind Turbine Generators
5 Capitals	5 Capitals Environmental and Management Consultancy

# 1 INTRODUCTION

## 1.1 The Project

Azerbaijan's National State Programme on the Use of Alternative and Renewable Energy Sources, aims to increase the share of alternative and renewable energy sources to 30% by 2030. The Programme has identified wind as the preferred source of alternative energy with an estimated annual wind power capacity of 800 MW, based on International Energy Agency (IEA). This is due to the unlimited wind availability in Azerbaijan and the lower costs of the technology (IEA, 2020). ACWA Power signed an implementation agreement with the Ministry of Energy (MoE) in Azerbaijan for developing, building and operating a 240 MW wind power project. The wind project is expected to operate for 25 years on a Build Own Operate (BOO) basis according to the Power Purchase Agreement (PPA). The 240 MW wind project will be split and built on two (2) locations as follows:

- Khizi 3: Capacity up to 162.5 MW and will be generated using 25 x 6.5 MW Wind Turbine Generators (WTG), located in Khizi region; and
- Area 1: Capacity up to 78 MW and will be generated using 12 x 6.5 MW WTGs, located at Absheron region.

ACWA Power is seeking project finance from international lenders such as the European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (ADB) and the OPEC Fund for International Development (OFID) who have their own defined Environmental and Social Policies and standards/requirements).

5 Capitals Environmental and Management Consulting (5 Capitals) has been engaged by ACWA Power to undertake the independent Environmental and Social Impact Assessment (ESIA), as well as other environmental and social related scope which also include the Livelihood Restoration Plan (LRP). 5 Capitals has partnered with Juru Energy (JE) and its locally based social team to undertake certain elements of the scope, which includes provision of support in addressing issues relating identification of affected land users, impact on livelihood, compensation, etc.

This document is the Livelihood Restoration Plan (LRP) prepared for the Project in parallel to the ESIA. The LRP has been informed by the Livelihood Restoration Framework (LRF). The LRP describes the objectives, principles and planned approach to livelihood restoration and compensation for economic displacement within the project site.

**It should be highlighted that the Project development will not result in physical displacement or resettlement of people. In addition, the Wind Farm (WF) project area is not leased or used under any formal agreement by the municipality or the government.**

**Access to the project areas will be temporarily restricted during the construction phase only for health and safety reasons. Such restriction will be limited to the project footprint (i.e. the turbine pad areas, access road, laydown areas, etc.) and for the duration of the construction period which is 18 months. However, during operation, the site will not be fenced and farmers and herders can access the areas. Therefore, the impact on livelihood is expected to be very minimal and limited to the construction phase only.**

## 1.2 Objectives of the Livelihood Restoration Plan

The main objectives of the LRP include:

- Gain a full understanding of the current situation concerning land use;
- Provide the guideline that sets out how the project will address economic displacement resulting from its development through livelihood restoration and ensuring the standards of living of the Project Affected Persons (PAPs) are not worse following project implementation;
- Identify the gaps between national law and lenders requirements and identify how to overcome such gaps;
- Ensure the PAPs without legal lease agreements or any recognisable legal rights to land are eligible for compensation or support for livelihood restoration;
- Determine the existence of vulnerable groups among the PAPs in order to ensure they are provided with applicable additional support;
- Ensure that the PAPs are informed and aware of the livelihood restoration processes;
- Ensure that the affected people are not impoverished as a consequence of loss of livelihood and their livelihood are improved or restored as a minimum;
- Outline the Grievance Mechanism that will be followed in order to address any concerns/complaints, request for additional information etc;
- Set out the monitoring requirements of the livelihood restoration outcomes to ensure the objectives of the Livelihood Restoration Plan (LRP) have been met; and
- Establish organisational arrangements and processes to monitor the implementation of the LRP and take corrective actions as necessary.

## 2 PROJECT OVERVIEW

### 2.1 Project Location

The Project is located on the hilltops of the Khizi region, approximately 55 km north west of Baku and 9.9 km south west of Sitalchay village. The proposed Project location is provided in the Figure below.

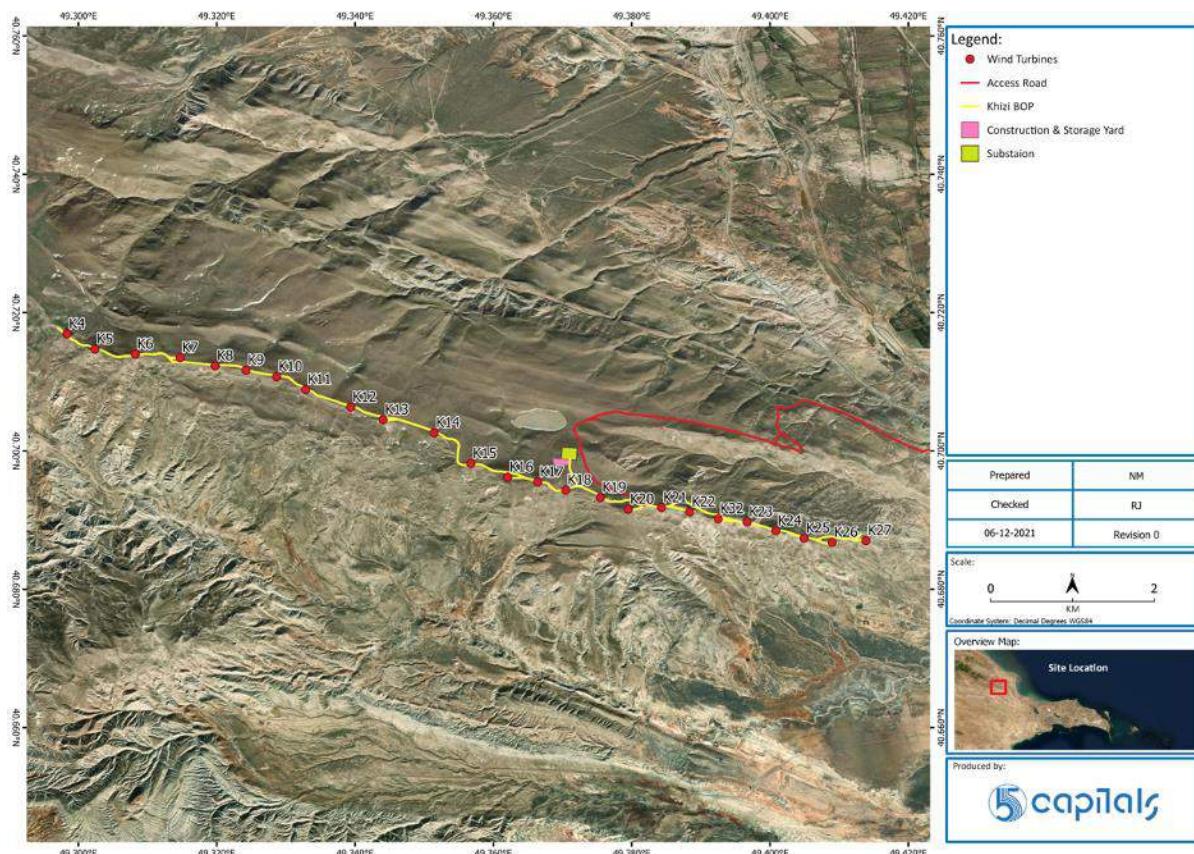
**Figure 2-1 Project Location**



The Project footprint will include the following:

- WTG platforms (this includes foundation and crane pad area);
- Substation and any storage facilities;
- Trenches for underground cables; and
- Access roads.

**Figure 2-2 Project Layout**



## 2.2 Project Description Summary

**Note:** the below description is a summary and includes applicable context only in relation to this LRP. Additional details about the Project design, technology, impacts and mitigation measures can be found in the Project specific ESIA, which has been disclosed on ACWA Power and EBRD websites on 20 May 2022.

The proposed Project will consist of 25 WTGs arranged in a specific arrangement across the proposed site to ensure the most efficient capture of the prevailing wind.

The WTG is the Envision Energy EN-171/6.5 Wind Turbine. This turbine has a rated power of 6.5 MW, 171m rotor diameter, and three (3) blades, horizontal axis, upwind direction, variable speed and pitch control. The Project will also include the following:

- Internal access roads;
- Access road connecting the Project to the existing road network;
- Substation; and
- Underground electrical connections between the Wind Farm and Substation.

## 2.2.1 Associated Facilities

Overhead transmission lines (OHTL) will connect both Wind Farms (Khizi 3 and Area 1 WFs) and to the national grid. The OHTL is split into three (3) lines as follows:

- 220 kV Khizi 3 - Yashma OHTL: This OHTL will connect the Khizi 3 WF substation (SS) to the existing Yashma SS and is approximately 20 km long (red line in Figure below) – assessed as part of Khizi 3 ESIA Report;
- 220 kV Khizi – Pirakashkul OHTL: The OHTL line that will connect Khizi 3 and Area 1 WFs SS and is approximately 30 km long (yellow line in Figure below) - assessed as part of Khizi 3 and Area 1 ESIA Report; and
- 220 kV Pirakashkul – Gobu OHTL: The OHTL line that will connect the Area 1 WF SS to the existing Gobu Power Station and is approximately 30 km long (Green line in Figure below)- assessed as part of Area 1 ESIA Report.

**Figure 2-3 OHTL Location Map**



The responsibility for developing, constructing, commissioning and operating the OHTL lies with the Project off-taker, Azerenergi Open Joint Stock Company (Azerenergi), and as such, the OHTL is considered an 'Associated Facility' to the Project; as it is not being directly funded under the loan agreement with lenders. Therefore, the scope of the LRP does not include the OHTL and is limited to Khizi 3 WF.

As the owner/developer of the OHTL associated facility, Azerenergi will comply with national requirements in order to ensure all E&S risks and impacts associated with the development of

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the OHTL are adequately assessed. Where impacts cannot be avoided, Azerenergi will implement applicable mitigation and management measures in order to minimise impacts.

**Appendix D** includes information on the OHTL in terms of land ownership, land use, social baseline data, public disclosure of ESIA, national regulations and commitments for the OHTL.

## 2.3 Project Construction & Commissioning Requirements

The duration of the construction phase is 18 months. Construction and commissioning will be the contractual responsibility of the EPC Contractor. One (1) area within the Project boundary is being considered as a temporary laydown area. This area will be required during the construction phase of the Project for the storage of materials by the Engineering Procurement and Construction (EPC contractor) as well as sub-contractors. This is currently planned on land adjacent to the sub-station plot.

At this stage it is understood that approximately 220 personnel will be present at the Wind Farm during peak construction periods. This will comprise a combination of Project Company, EPC Contractor and Sub-Contractor staff. The exact location of the workers accommodation for either the EPC contractor or sub-contractor are not confirmed.

Workforce recruited from the local community will not require dedicated accommodation. However, for migrant and/ or foreign workers, accommodation areas will be established either in Sumgait (not far from the project area) or Baku since both cities will have appropriate facilities and infrastructure.

## 2.4 Project Operational Requirements

The duration of the PPA is 25 years from the Project Commercial Operation Date and operations and maintenance activities of the Wind Farm will be undertaken by The First National Operations and Maintenance Company Ltd. (NOMAC), a wholly owned subsidiary of ACWA Power.

At this stage, it is understood that a workforce of about 10 staff will be engaged to carry out operation and maintenance activities of the wind farm. The workers will be required to make arrangements for their accommodation.

It should be noted that during operation the sites will not be fenced or restricted and farmers and herders can access the areas.

## 2.5 Project Milestones

The Project milestones are as provided in the table below.

**Table 2-1: Project Milestone**

MILESTONE	DATE
Financial Closing (FC)	1 <sup>st</sup> Quarter 2023
Start of site mobilisation	1-2 months after FC
Site preparation	2-4 months after FC
Earliest Connection Date	15 months after FC
Project Commercial Operation Date (PCOD)	18-20 months after FC

## 3 LEGAL FRAMEWORK AND COMPLIANCE OBLIGATIONS

### 3.1 National Regulations

The key legislation and regulations addressing land acquisition and resettlement in the Republic of Azerbaijan include the following: (ref; Asian Development Bank):

- The Constitution of the Republic of Azerbaijan (Adopted on 12 November 1995, revisions made on 18 March 2009);
- The Land Code (Adopted on 25 June 1999, last revisions made on 20 April 2012);
- The Civil Code (Adopted on 28 December 1999, revisions made on 20 April 2012 and amended on 09/07/2021);
- The Flat Code (Adopted on 15 November 2011, last revisions made on 20 April 2012);
- The Land Acquisition Law (April 2010);
- Law on valuation activity (25 June 1998, last revisions made on 20 April 2012);
- Law on "Land Lease" (11 December 1998, № 587-IQ);
- Decree of the President on additional activities regarding to implementation of the Law on "Acquisition of Lands for State Needs" (15 February 2011);
- Decree of the President on ensuring the execution of the law No. 506-3 QD dated 7 December 2007 on—Amendments and Additions to the Civil Code of the Azerbaijan Republic (26 December 2007);
- Resolution of the Cabinet of Ministers on approving of guidelines for preparation of Resettlement Plan and Resettlement Guideline No. 45 dated 24 February 2012;
- Resolution of the Cabinet of Ministers on approving the guidelines for selection of a person or entity to prepare Resettlement Plan or Resettlement Guideline No. 55 (21 April 2011);
- Resolution of the Cabinet of Ministers No. 110 (28 June 1999);
- Resolution of the Cabinet of Ministers No. 42 On Some Normative and Legal Acts Relating to the Land Code (15 March 2000);
- Law of Azerbaijan Republic on Municipality Area and Lands (07 December 1999, No: 771-IQ); and
- Law on Management of Municipality Lands (29 June 2001, No: 160-IIQ).

The applicable laws to this Project are summarised below sections.

#### 3.1.1 The Constitution of the Republic of Azerbaijan

Article 13 of the Constitution states that there are three (3) types of property ownership in Azerbaijan; State, Municipality and Private ownership. The Constitution also gives the citizens

the right to own, use and dispose of property. The Law ensures that no one is dispossessed of their property without their consent or decision by the court of law and that expropriation of private property for state needs will only be allowed after payment of fair compensation to the owner (Article 29). Article 19 of the Constitution regarding the right of property states the land ownership may be restricted by law for social and justice and purposes of efficient use of land.

### 3.1.2 Land Code

The Land Code of the Republic of Azerbaijan includes the land legislation and defines the status of participants in land relations such as State bodies, Municipalities, Citizens and Legal entities. Participants also includes foreigners and stateless persons, foreign legal entities, international associations and organizations, foreign states. The Land Code also states that there are three (3) types of land owners in the Republic and these are State, Municipal and Private types of land ownership. All types of property are equal and protected by the state.

The following applicable statements are provided in the Land Code:

- Sub-Sections 12.3 and 13.3 of the Land Code states that agricultural lands can be used for non-agricultural purposes only upon redesignation of those lands by the Cabinet of Ministers into another category in exceptional circumstances;
- Article 22, Clause 3: Landowners, users and lessees in whose territory the protection zone is established shall not be deprived of their rights on the land plot, except in cases when the regime established for the zone provides for the complete withdrawal of lands from economic use. Within the protection zone, landowners, users and lessees are obliged to follow the rules approved for these zones;
- Sub-Section 48.4 of the Land Code stipulates those lands can be provided for ownership, use or lease only in accordance with the designation of such lands;
- Articles 73, Clause 1: The right of ownership use or lease of a land plot or a part thereof shall be terminated in the following cases:
  - In case of voluntary renunciation of the land plot or expropriation of the land owner;
  - Upon expiration of the period of use or lease of the land plot;
  - In case of termination of the activity of legal entities;
  - If the land is not used for its intended purpose;
  - In case of termination of individual employment contracts of employees in connection with land plots temporarily used on the basis of labor relations;
  - In case of non-compliance with the terms of the use or lease agreement;
  - In case of non-payment of land tax and rent for 1 year without good reason
  - If the land plot allocated for agricultural production has not been used for 2 consecutive years and the land plot allocated for non-agricultural needs has not been used for 1 year without a valid reason;

- Deterioration and erosion of soil quality, chemical and radioactive contamination, swamping, re-salinization, violation of the rules of operation of land reclamation and irrigation systems, pollution of the environment during use;
- When it is necessary to acquire lands for state needs;
- In case of transfer of the right of ownership to the building and facility belonging to the owner of the land plot and located on that plot;
- In case of death of land owner, user (lessee) and absence of heirs; and
- In case of non-performance of the obligation secured by the mortgage during the mortgage of the land plot.

- Article 86, Clause 2: State lands provided for in this Code, agricultural lands of municipalities in general use as well as in the use and lease of legal entities and individuals may not be the object of purchase and sale;
- Article 86, Clause 3: Lands in the Azerbaijan Republic may be sold to state property, municipal property as well as property of citizens and legal entities of the Azerbaijan Republic;
- Article 86, Clause 5: Ownership, use and lease rights over land plots may be purchased and sold directly through land auctions or competitions by the decision (consent) of the owners or their proxies or bodies;
- Articles 86, Clause 6: Purchase and sale of lands owned by the municipality shall be planned on the basis of the development plans of the territory, land management, general plan of settlements and shall be carried out by the municipalities in accordance with the legislation. Purchase and sale of municipal lands, as well as lease rights on them are carried out through land auctions and competitions;
- Article 86, Clause 7: In case of direct sale of lands owned by citizens and legal entities, as well as the right of use and lease on them, the sale shall be carried out on the basis of purchase and sale agreements concluded between the parties and notarized; and
- Article 86, Clause 8: Rules of purchase and sale of land shall be regulated by the relevant legislation of the Azerbaijan Republic.

### 3.1.3 Land Acquisition Law

The Land Acquisition Law is another land legislation in Azerbaijan and It regulates the rules of acquisition of lands for state needs in the Republic of Azerbaijan, calculation and payment of the amount of compensation in this regard, as well as other relations between the parties involved in land acquisition. The Land Acquisition Law states the following:

- Article 4, Clause 4.1: Any land required for state needs or land in shared ownership shall be compulsorily transferred to the state on the basis of an agreement with the owner (owners);
- Article 4, Clause 4.2: The state is obliged to make every effort to reach an agreement with the affected persons and to pay the market price or replacement price for the land and may not exercise the relevant powers provided for in this Law until the fulfilment of this obligation;

- Article 5, Clause 5.1: The following land may be acquired for state needs in accordance with the law regardless of the restrictions imposed on the lease and use of the land plot;
  - Privately owned lands; and
  - Municipal Land.
- Article 7, Clause 7.2: The person affected by the acquisition shall have the right to receive compensation in accordance with the procedure established by this Law;

Article 7, Clause 7.3: the following persons shall be considered affected by the acquisition:

  - Persons who have state-registered property, use or lease rights to land, as well as legal use or lease rights that do not require state registration by law;
  - Persons who have legal but not state-registered ownership, use or lease rights to land, confirmed by written documents at the time of registration (the adoption or conclusion of a contract without complying with the requirements of the legislation cannot be a ground for declaring a person's land rights illegal);
  - The lessee as a sublease, the user as a lease to third parties, or persons who use the land for a short period of time on the basis of an agreement with the user, confirmed by oral or written evidence;
  - Persons living on land on the basis of long-term use recognized by law, which gave rise to the right to land; and
  - Persons who do not have legal rights to the land where they live.
- Article 7, Clause 7.4: Persons listed above with the exception of those who do not have legal rights to the land where they live shall be provided with compensation and other assistance related to the lost land in accordance with the provisions of this Law;
- Article 7, Clause 7.5. Persons who do not have legal rights to the land where they live except for real estate, shall be provided only with assistance related to their relocation and assistance aimed at compensating the damage caused to the personal property of those persons during relocation;
- Article 8, Clause 8.2.5. Ensure compensation is paid or resettlement has taken place in accordance with the Law before taking possession of the land of an affected person;
- Article 10, Clause 1: The receiving authority (i.e. the party acquiring land) shall collect all the information necessary to comply with the requirements of this Law during the preparation of the land acquisition proposal;
- Article 54, Clause 1: All persons affected by the acquisition shall be entitled to fair compensation in accordance with this Law in exchange for the acquisition of their land or other rights to land;
- Article 54, Clause 2: Compensation is paid to those affected by the acquisition through a project that necessitates the acquisition of land; and
- Article 56, Clause 1: The compensation to be paid to the plaintiffs should be based on:

- The principle that the property, livelihood, income, standard of living of all persons affected by the loss and violation of their land and resettlement should be reimbursed within a reasonable time after their loss or resettlement. To be restored from the conditions in which they were before the transfer, so as not to get into unfavorable conditions;
- Current inflation in assessing compensation payable; and

All costs and losses arising from such a move, if the person was forced to change their place of residence, business or place of work as a result of the acquisition.

## 3.2 Lender Requirements

At this stage, it is understood that the EBRD, ADB and OPEC Fund for International Development (OFID) are involved in discussions relating to provisions of finance. As a result, the Project will be required to adhere to the following lender requirements in regard to economic displacement:

### 3.2.1 EBRD

The European Bank for Reconstruction and Development (EBRD) has an internal Environmental and Social Policy (2019) and a set of specific Performance Requirement (PRs) covering key environmental and social components for consideration, assessment and management in their investments. The requirements specific to economic displacement include:

- PR 5-Land Acquisition, Restriction on Land Use and Involuntary Resettlement.
  - EBRD Guidance and Good Practice.

The objectives of PR 5 include:

- Avoid or when unavoidable, minimise, involuntary resettlement by exploring alternative project design.
- Avoid forced evictions.
- Mitigate adverse social and economic restrictions on affected persons and land by providing compensation for loss of assets at replacement cost and ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation and the informed participation of those affected.
- Restore or, where possible, improve the livelihoods and standards of living of displaced persons to pre-displaced levels.
- Improve living conditions among physically displaced persons through the provision of adequate housing, including security of tenure at resettlement sites.

**Note:** The proposed Project will only result into economic displacement and no physical displacement is expected as there are no residents living on the site.

### 3.2.2 ADB

ADB's involuntary resettlement safeguards aim 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.

The safeguard 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.

Where involuntary resettlement is unavoidable, the ADB Safeguard requires that the project meet all applicable specific requirements on compensation, assistance, benefit sharing, assessment of social impacts, resettlement planning, information disclosure, consultation, grievance redress mechanism, monitoring and reporting.

ADB also requires that the client disseminate information to the affected persons and consult with them in a manner that is commensurate with the anticipated project impacts on the PAPs. The client is required to inform and consult with the affected persons on compensation options and to provide them with project-related information. 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. The proposed ACWA Power Project falls under Category B because its involuntary settlement impacts are not deemed significant. ADB requires Category B projects to have a resettlement plan and assess social impacts.

**Note:** Given that the proposed Project will only result in economic displacement and no physical displacement of people is expected, the report is titled a Livelihood Restoration Plan to accommodate all lenders requirements for economic displacement.

### 3.2.3 OFID

OFID do not publicly disclose specific environmental & social policy, or other standard (or guideline) requirements.

### 3.2.4 Equator Principles

Equator Principles IV (2020) requires Projects to evaluate the specific risks of the project to determine the applicability of the IFC Performance Standards under Principle 3. Due to the economic displacement of the impacted farmers<sup>1</sup> as a result of the Project development, IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement requirements are applicable to the Project.

## 3.3 ACWA Power Requirements

**Note:** ACWA Power internal policy is to comply with the IFC Performance Standards. As such, this LRP will also utilise the IFC PS Guidance Note 5: Land Acquisition and Involuntary Resettlement and the IFC's Handbook on Preparing a Resettlement Action Plan.

### 3.3.1 IFC

Due to the economic displacement of the land users as a result of the Project development, IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement requirements are applicable to the Project.

PS 5 recognizes that Project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons that use this land. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood) as a result of Project-related land acquisition and/or restrictions on land use. Where involuntary resettlement is unavoidable, it should be minimized and appropriate measures to mitigate adverse impacts on displaced persons and host communities should be carefully planned and implemented.

IFC PSs require projects to undertake stakeholder engagement (either in the ESIA, or as part of the future ESMS) and therefore the project will require a level of engagement. In particular, IFC Performance Standard 1 on "Social and Environmental Assessment and Management Systems" states "Stakeholder engagement is the basis for building strong, constructive, and responsive relationships that are essential for the successful management of a project's environmental and social impacts.

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<sup>1</sup> The term 'Farmer' in this report refers to a person that grazes livestock (cattle, sheep, goat). They are not involved in crop cultivation of any kind.

### 3.4 Gap Analysis between National and Lenders Requirements

Table 3-1: Gaps between Azerbaijan Legislation, EBRD Policies, ADB and IFC PS on Livelihood Restoration and Compensation

ELEMENT	EBRD PR5	ADB'S SAFEGUARD INVOLUNTARY RESETTLEMENT	IFC PS 5	AZERBAIJAN LEGISLATION	MEASURES TO BRIDGE THE GAP
Avoid or minimise displacement	The client will avoid or at least minimise physical and/or economic displacement	The Project will avoid involuntary resettlement whenever possible to minimise involuntary resettlement by exploring project design alternatives.	The client will avoid, and when avoidance is not possible, minimise displacement by exploring alternative project designs.	Any land required for state needs can be transferred to the state upon reaching an agreement with the owner Avoidance and minimisation of displacement is not required by national law.	The project site has been allocated for the Project development through a Presidential Order in 2020 and an Order from the Cabinet of Ministers and as such the lenders requirements have been implemented in order to mitigate the expected impacts relating to economic displacement on the PAPs. Details of the Project Alternative and mitigation & management measures for other E&S aspects are detailed in the Project specific ESIA.
Planning process	The client must prepare a Livelihood Restoration Plan including a socio-economic baseline assessment within the defined Project area.	The client will prepare a resettlement plan if the proposed project has involuntary resettlement impacts including collection of census data of the affected persons.	Requires that a Client prepares a LRP in case of Projects involving economic displacement including collection of appropriate socio-economic baseline data of the PAPs.	There is no requirement for preparing a livelihood restoration plan. However, there is a requirement for socio-economic data collection during land	A detailed Livelihood Restoration Plan (LRP) has been developed for the Project including a socio-economic survey for the PAPs (ref. Chapter 6 for the socio-economic survey)

ELEMENT	EBRD PR5	ADB'S SAFEGUARD INVOLUNTARY RESETTLEMENT	IFC PS 5	AZERBAIJAN LEGISLATION	MEASURES TO BRIDGE THE GAP
				acquisition process.	
<b>Eligibility for compensation</b>	<p>PR5 identifies 3 main categories of PAPs:</p> <ul style="list-style-type: none"> <li>Those who have formal legal rights to the land (including customary &amp; traditional rights recognised under national laws).</li> <li>Those who do not have formal legal rights to land at the time of the census, but who have a claim to land that is recognised or recognisable under the national laws.</li> <li>Those who have no recognisable legal right to claim the land that they occupy.</li> </ul>	<p>ADB identifies 3 categories of PAPs:</p> <ul style="list-style-type: none"> <li>Persons with formal legal rights to land lost in its entirety or in part.</li> <li>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 claim of such lands that are recognizable under national laws.</li> <li>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.</li> </ul>	<p>PS 5 identifies 3 main categories of PAPs:</p> <ul style="list-style-type: none"> <li>Those who have formal legal rights to the land or assets they occupy or use.</li> <li>Those who do not have formal legal rights to land or assets, but have a claim to land that is recognised or recognisable under national law.</li> <li>Those who have no recognizable legal right or claim to the land or assets that they occupy or use.</li> </ul>	<p>The Azerbaijan Land Acquisition Law recognises four (4) groups of persons eligible for compensation as a result of land loss and one (1) group entitled to only receive assistance.</p> <p>According to Article 7(7.4) of the Azerbaijan Land Acquisition Law, persons who have legal rights to the land where they live are eligible for compensation while those without legal rights will be provided with assistance.</p> <p>Article 7, Clause 7.3: the following persons shall be considered affected by the acquisition:</p>	<p>The eligibility for compensation and scope of the LRP includes all PAPs including those without any recognisable legal rights to the land that they are using for grazing and herb collection purposes. Ref. Chapter 8 for details on the eligibility and entitlements.</p>

ELEMENT	EBRD PR5	ADB'S SAFEGUARD INVOLUNTARY RESETTLEMENT	IFC PS 5	AZERBAIJAN LEGISLATION	MEASURES TO BRIDGE THE GAP
				<ul style="list-style-type: none"> <li>- Persons who have state-registered property, use or lease rights to land, as well as legal use or lease rights that do not require state registration by law;</li> <li>- Persons who have legal but not state-registered ownership, use or lease rights to land, confirmed by written documents at the time of registration (the adoption or conclusion of a contract without complying with the requirements of the legislation cannot be a ground for declaring a person's land rights illegal);</li> <li>- The lessee as a sublease, the user as a lease to third parties, or persons who use the land for a short period of time on the basis of an agreement with</li> </ul>	

ELEMENT	EBRD PR5	ADB'S SAFEGUARD INVOLUNTARY RESETTLEMENT	IFC PS 5	AZERBAIJAN LEGISLATION	MEASURES TO BRIDGE THE GAP
				<p>the user, confirmed by oral or written evidence;</p> <ul style="list-style-type: none"> <li>- Persons living on land on the basis of long-term use recognized by law, which gave rise to the right to land; and</li> <li>- Persons who do not have legal rights to the land where they live</li> </ul>	
<b>Establishment of a cut-off date</b>	The client shall establish a cut-off date for eligibility either (i) as foreseen in applicable legislation; or (ii) using the end date of the census or of the inventory (whichever is the latest).	The client will establish a cut-off date for eligibility. Information regarding the cut-off date will be documented & disseminated throughout the project area.	The client will establish a cut-off date for eligibility information of which will be documented and disseminated throughout the project area.	The compensation methodology requires for the client to carry out inventory. However, this does not include any specific requirement for the establishment of a cut-off date.	The cut-off date for the project was disclosed to all the PAPs in accordance to IFC, EBRD & ADB requirements.
<b>Grievance mechanism</b>	The client is required to establish a grievance mechanism consistent with PR5 and PR10 in order to receive and address concerns regarding the Project in a timely manner. The GM will include a recourse mechanism designed to	The client is required to establish a mechanism to receive and facilitate the resolution of affected persons' concerns and grievances about physical and economic displacement and other project impacts, paying particular attention to the	The client is required to establish a grievance mechanism in accordance with the requirements set out in PS1 in order to be able to address any specific project concerns about the	Following land acquisition, the receiving authority is required to establish a land acquisition group that will accept, respond to and attempt to resolve	A grievance mechanism and a project information centre has been set up as part of the SEP and LRP for the Project in order to allow the PAPs to submit their grievances.

ELEMENT	EBRD PR5	ADB'S SAFEGUARD INVOLUNTARY RESETTLEMENT	IFC PS 5	AZERBAIJAN LEGISLATION	MEASURES TO BRIDGE THE GAP
	resolve disputes and complaints in an impartial manner.	impacts on vulnerable groups	compensation process. The GM will include a recourse mechanism designed to resolve disputes and complaints in an impartial manner.	any complaints made by PAPs.  There is no requirement to establish a land acquisition group for compensation purposes.	
Information disclosure	The client should summarise the information for public disclosure to ensure that the affected people understand the compensation procedures and know what to expect at the various stages of the project (for example, when an offer will be made to them, how long they will have to respond, grievance procedures, legal procedures to be followed if negotiations fall).	The Client will consult with the affected persons on resettlement and compensation options and provide them with project-related information during resettlement planning and implementation.  All relevant information must be disclosed 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 communication methods will be used including pictorial messages and announcement in public places.	Disclosure of relevant information and participation of Affected Communities and persons will continue during planning, implementation, monitoring, and evaluation of compensation payments, livelihood restoration activities, and resettlement to achieve outcomes that are consistent with objectives of PS5.	Public meetings are required to be held to disclose information to land users & owners on the land acquisition process.  However, no requirement for information disclosure exists in regard to livelihood restoration.	PAPs will be provided with relevant information throughout the implementation of the LRP as per the EBRD PR5, ADB and IFC PS 5 requirements.

ELEMENT	EBRD PR5	ADB'S SAFEGUARD INVOLUNTARY RESETTLEMENT	IFC PS 5	AZERBAIJAN LEGISLATION	MEASURES TO BRIDGE THE GAP
<b>Stakeholder consultation</b>	Following disclosure of all relevant information, the client is required to consult with affected persons and communities and facilitate their early informed participation in decision making process.	The client will conduct meaningful consultation with affected persons, their host communities, and civil society for every project and subproject identified as having involuntary resettlement impacts.	Consultations shall be conducted to allow informed participation of those affected by the project.	Public meetings are required to be held to disclose information to land users and owners on the land acquisition process.	To be reconciled through the consultations with the PAPs and other relevant stakeholders and agencies throughout the implementation of the LRP.
<b>Vulnerable groups</b>	PR 5 requires special attention to be paid to vulnerable groups and ensure that they are not disadvantaged in the compensation process and are fully aware of their entitlements and rights.	The client will identify individuals and groups who may be differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status. The client will ensure that the standards of living of the displaced poor and other vulnerable groups are improved and not merely restored.	PS 5 requires that special attention is provided to the needs of the poor and vulnerable to assist in restoring/improving their pre-project livelihoods.	There is no requirement for vulnerable groups in relation to livelihood restoration.	Vulnerable groups identified will be provided assistance in accordance with EBRD, ADB and IFC PS requirements.
<b>Compensation</b>	The client will offer PAPs compensation for loss of assets at full replacement cost and any other required transitional support.	Compensation and other entitlements should be paid before economic displacement.	When displacement cannot be avoided, the client will offer displaced communities and persons compensation for loss of assets at full replacement cost and other assistance/transitional support to help them	All persons affected by acquisition are entitled to fair compensation in accordance with the Land Acquisition Law  Article 4 (4.2) of Azerbaijan Land Law	All PAPs will be compensated for the losses incurred at full replacement cost will be provided (Ref. Chapter 8 of this LRP).

ELEMENT	EBRD PR5	ADB'S SAFEGUARD INVOLUNTARY RESETTLEMENT	IFC PS 5	AZERBAIJAN LEGISLATION	MEASURES TO BRIDGE THE GAP
			improve or restore their standards of living.	states that "The state is obliged to make every effort to reach an agreement with the affected persons and to pay the market price or replacement price for the land"	
<b>Monitoring of LRP implementation</b>	PR 5 requires consultations to continue during the implementation, monitoring, and evaluation of compensation payment and resettlement so as to achieve outcomes consistent with the objectives of the PR.	ADB requires monitoring & assessment of outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions & the results of resettlement monitoring.	The client will establish procedures to monitor and evaluate the implementation of a LRP and take corrective actions as necessary.	No provision for monitoring in provided in the Azerbaijan Land Code or Land Acquisition Law.	The client will establish procedures to monitor and evaluate the implementation of the LRP.

## 4 BACKGROUND AND CONTEXT

### 4.1 Land Ownership and Land Lease

The land is municipality (Sitalchay Municipality) and state owned (Khizi District Executive Power) and has been assigned to the Ministry of Energy for leasing by a Presidential Order No. 2366 of 2020 and Cabinet of Ministers Order No. 720 of 2020. The Presidential and cabinet of Ministers Orders instruct the government to lease the state/public lands to the 240.5 MW Wind Projects, which Khizi 3 WF Project is part of. For the state lands, Land lease Agreement (LLA) signed on 31 March 2022 between the Ministry of the Republic of Azerbaijan and ACWA for both Area 1 and Khizi 3 WFs.

According to the Land Lease Agreements (LLA) signed with the Sitalchay Municipality and the Ministry of Energy of the Republic of Azerbaijan on 19<sup>th</sup> March 2022 and 31<sup>st</sup> March 2022, the total area of land leased by the project is 22.59 ha and this covers the WTG footprints, substation and laydown areas. The lease agreements are for 30 years.

### 4.2 Land Acquisition Process

Consultations were undertaken in September 2020 with the Government of Azerbaijan in order to establish the land acquisition process undertaken by the Government. The land ownership and allocation process undertaken by the Government of Azerbaijan for the Project is summarised below:

- Land allocated for the Project is mainly owned by the Sitalchay Municipality;
- The Ministry of Energy first clarified the encumbrance of project boundary required for the Project with relevant government entities (municipalities, etc.) as follows:
  - Project boundary allocated for the project was revised to avoid impact on any long-term lease holders.
  - Short-term lease agreements within project boundary were not renewed;
  - Ministry informed municipalities and Local Executive Power authorities to not lease these areas until Land Lease Agreement (LLA) is signed with ACWA Power; and
  - After finalising project boundary and LLA, the areas outside project boundary will be available for leasing by any third party.
  - The land use status for the project boundary has been changed from Agricultural to Industrial.

Based on consultations undertaken with Government of Azerbaijan, Municipality, local community and affected PAPs, it has been confirmed that the land acquisition process did not involve any physical resettlement, land expropriation or forced evictions for this project.

#### 4.2.1 Types of Land Users at the Project Site

Based on consultations undertaken, two (2) types of land users have been identified at the Khizi 3 Wind Farm Project site. These include:

- The **farmers** of who graze livestock at the project site – These farmers are informal land users as they do not have valid land lease agreement with the Municipality. This also includes the **herders**<sup>2</sup> who are hired by the farmers to assist in grazing - informal land users; and
- **Herb collectors** who obtain herbs from the project site – These herb collectors are informal land users as they do not have permits/agreement with the Municipality to obtain herbs from the site. As communicated to the survey team by the Sitalchay Municipality, herb collectors are not required to secure permits/license or sign agreement with Municipality.

**Note:**

- a) In November 2021, nomadic herders were identified outside the project boundary and they were interviewed by the local subconsultant (Ecoenergy) to verify if they use the project site and it was revealed that these herders do not use the Project site for livestock grazing neither do they pass through the project site when moving to and from the highlands
- b) Also, in November 2021, one of the farmers indicated that he hunts for rabbits and ducks occasionally at the project site but during consultation and survey in March 2022 he did not indicate that he does not hunt at the project site.

The table below provides a summary of the land users within the Project site.

**Table 4-1 Summary of Land Users within the Project Site**

Type of Land Users	Nature of Land Use	Farm ID	ID	Gender	Legal Validity of Lease
Farmers and hired herders	Grazing within project area	Farm 1	Farmer 1	Male	No lease agreement (expired in 2019)
		Farm 3	Farmer 2	Male	
		Farm 4	Farmer 3	Male	
		Farm 6	Farmer 4	Male	
Herb collectors	Herb collection	NA	Herb Collector 1	Male	No lease agreement
		NA	Herb Collector 2	Male	
		NA	Herb Collector 3	Male	

<sup>2</sup> The term 'Farmer' in this report refers to a person that grazes livestock (cattle, sheep, goat) while herders refer to workers hired by the Farmers to graze farmer's livestock.

TYPE OF LAND USERS	NATURE OF LAND USE	FARM ID	ID	GENDER	LEGAL VALIDITY OF LEASE
		NA	Herb Collector 4	Male	
		NA	Herb Collector 5	Male	
		NA	Herb Collector 6	Male	

## 5 STAKEHOLDER CONSULTATIONS

### 5.1 General Overview

Stakeholder identification and consultations were initially conducted during the Scoping and ESIA Stage. The stakeholder identification process identified impact based, interest based and decision-making stakeholders as detailed in the Project ESIA and Stakeholder Engagement Plan (SEP) developed for the project. Public consultations and meetings were also held with local communities between June 2020 and April 2022 as below:

Sitalchay Village:

- Public consultation meeting held on 25<sup>th</sup> June 2020 with members of the community of Sitalchay village. A total of 10 participants attended (maximum number of people allowed due to COVID-19 restrictions at that time); and
- Letters introducing the Project including contact details of the local consultant to receive any feedback and questions from the local community were distributed in May 2020 in Sitalchay Village (houses and supermarkets) and the announcement office of the Municipality as part of the Consultation during the Scoping phase.
- Women from Sitalchay Village: The meeting was held on 24<sup>th</sup> September 2021 and was attended by five (5) participants and targeted women.
- Elderly from Sitalchay Village: The meeting was held on 24th September 2021 and was attended by 13 participants and targeted elderly people.
- Public disclosure meetings for the ESIA and Draft LRP:
  - Two (2) public disclosure meetings were undertaken on 8<sup>th</sup> and 10<sup>th</sup> January 2022 at Sitalchay village. The objective of the meetings were to present the outcomes of the ESIA process and to present the key impacts, mitigation and management measures, including key elements of the SEP such as the Public Information Centre (PIC) and the grievance mechanism and how it can be accessed. The meetings were attended by 88 participants; and
  - An additional public disclosure meeting was carried out on 2<sup>nd</sup> of July 2022 at Sitalchay village to disclose the draft LRP and the ESIA updates undertaken since it was published on EBRD and ACWA Power websites on 20<sup>th</sup> May 2022. Community leaflets were also distributed in the meetings and the community. Copy of the leaflet is provided in Appendix C of this Report. No concerns or questions were raised during the meeting on LRP or livelihood impacts. Main issued raised include employment opportunities and social support to the village.
- Consultation with farmers using project area for grazing:
  - Surrounding farms/ farmers: Interviews/consultations were held in February and August 2021 and March 2022 with the nearby farmers who occasionally use the project area for grazing;

- Informal interviews held with nomadic herders in November and December 2021; and
- Herders survey undertaken in May and November 2021.
- Meeting with one of the farmers who presented a land lease document (Farm 3): A meeting was held on 17th August 2021 and was attended by the Ministry of Energy and ACWA Power representatives and local consultant's Community Liaison Officer. The purpose of the meeting was to clarify and confirm land use status of Farmer/ herders. The meeting was held in the PIC in Sitalchay Village.
- Additional consultation and survey undertaken in March 2022 with farmers confirmed to graze livestock at the site.
- Consultations with herb collectors using the project site:
  - Interviews were undertaken with three (3) herb collectors from Sitalchay village from 27th to 28th December 2021. Two (2) meeting were held face to face and one was carried out over the phone; and
  - Additional consultation with the other herb collectors was undertaken between March 12th and 16th 2022.
- Consultations with the Municipality on Land Use:
  - Consultation meetings held on 17th August 2021, 4th February 2021, November 2021 and 12th March 2022.
- Consultations with Local representative of The Executive power of Khizi region:
  - Letter sent 29th June 2021 to receive feedback or comments in regard to the Project including land use. Response was received 27 August 2021.
  - Additional consultation held May 2022;

In order to confirm land use at the project site, consultation were undertaken with the Municipality of Sitalchay and the Executive Power of Khizi Region in February and June 2021 to confirm the land use at the project site. In addition, key informant interviews were held with farmers from surrounding farms in February, August 2021 and in March 2022. A summary of the consultations is provided in the ESIA Report (Volume 2).

## 5.2 Consultations as Part of the LRP

As demonstrated above, consultations were conducted at various stages of the ESIA process for the Project site. In addition to public consultation as part of the overall ESIA process, additional consultations with the PAPs were undertaken as part of the LRP socio-economic survey. Consultations with PAPs will be on-going during the LEP implementation process.

### 5.2.1 Identification of Stakeholders and Methods of Consultations

A systematic approach was used to identify the PAPs and those who may have interest in the Project. The key stakeholders identified for the Project are listed in the Table below.

**Table 5-1 Stakeholder Engaged During the LRP**

STAKEHOLDER GROUP	STAKEHOLDER BODIES	RELEVANCE TO PROJECT: IMPACT-BASED (A), INTEREST-BASED (I), OR DECISION MAKER (D)	AGENDA FOR CONSULTATIONS AND METHODS
<b>Land Users</b>	Farmers using the site	<b>A:</b> Direct impact due to loss of grazing land (economic displacement) and land use restriction.	Issues regarding the land use, issues regarding loss of grazing land, economic displacement and compensation process.  <b>Bi-Lateral meetings and Phone Calls</b>
	Herb Collectors		
<b>Workers/Herders</b>	Permanent and Temporary workers employed by farmers	<b>A:</b> Herding activities will potentially be disrupted during construction phase of the project	Issues regarding disruption of herding activities, any impacts relating to their income and compensation process  <b>Bi-Lateral meetings and Phone Calls</b>
<b>Local Governmental Authorities</b>	Sitalchay Municipality	<b>D:</b> The Project is located within the jurisdiction of the municipality	Issues regarding land use, land lease agreement, provision of alternative grazing area, compensation, etc.  <b>Formal Meetings / Letter Correspondence / Phone Calls</b>
<b>Government Body</b>	Local representative of the Executive power of Khizi region	<b>D:</b> Part of the Regulatory body overseeing land ownership and land use	Requesting information and discussion of the issues regarding the land use, land lease agreement, provision of alternative grazing area, compensation, etc.  <b>Formal Meetings / Letter Correspondence / Phone Calls</b>
<b>State Land Agency</b>	Khizi Region State Land Agency	<b>D:</b> Research on land ownership and users	Requesting information and discussion of the issues regarding registration of land lease.  <b>Formal Meetings / Letter Correspondence / Phone Calls (If necessary)</b>

STAKEHOLDER GROUP	STAKEHOLDER BODIES	RELEVANCE TO PROJECT: IMPACT-BASED (A), INTEREST-BASED (I), OR DECISION MAKER (D)	AGENDA FOR CONSULTATIONS AND METHODS
Financial institutions	EBRD and other potential Lenders (e.g., ADB)	<b>D:</b> Providing finance for the Project and interest in ensuring that the livelihood restoration process is conducted in accordance with their requirements	Ensuring that the livelihood restoration is conducted in line with EBRD requirements and conducting consultations in any upcoming issues. <b>Official Correspondence, Calls, emails</b>

## 5.3 Summary of Consultations as part of LRP

### 5.3.1 Consultations with Government Bodies

#### SITALCHAY MUNICIPALITY

During the preparation of the LRP, a meeting was held with the Sitalchay Municipality on 12<sup>th</sup> March 2022 to discuss the following:

- Alternative land, terms of use, availability of water sources;
- Confirming list of PAPs; and
- Vulnerable groups with particular focus to the “refugees” and “IDPs”.

A summary of this meeting is provided below.

DATE OF CONSULTATION	12 <sup>th</sup> March 2022
TIME	13:20 – 15:00
STAKEHOLDER GROUP	Local Government Authorities
VENUE	Municipality Office
LANGUAGE	Russian
PARTICIPANTS	Head of Sitalchay Municipality and Local Consultant

#### MAIN DISCUSSIONS

The head of Sitalchay Municipality stated the following:

- The Municipality confirmed the availability of alternative land for herb collectors and farmers. The municipality has a total of 11,318 ha of land across the district of which only 1,138 ha has been leased.
- The Municipality stated that the alternative land is suitable for grazing and available for use. The Takhtakupru canal is used by farmers as a source of water for their livestock. However, when farmers and herders are far from the water canal, they dig pits to collect rain water. This approach is used at all municipality owned lands.
- Quantity of herbs at a given site/land is dependent on the amount of rain received on that year and this will be the same for other areas within Sitalchay Municipality.
- Current land users at the project site include: five (5) herb collectors and four (4) farmers.

- The land lease agreement for three (3) farmers with Sitalchay Municipality expired in 2019 and the municipality allows the farmers to use the land pending arrangement of new land auction and renew agreement. The fourth farmer had a land lease agreement with Khizi Executive District which also expired in 2019.
- Land lease agreements will be renewed as soon as the land lease agreement with ACWA Power is signed.
- The municipality will provide necessary assistance required to conduct socio-economic surveys/interviews with local villagers.
- The refugees present at Sitalchay village escaped from Armenia in 1989 and the Internally Displaced People (IDs) moved from Karabag region in 1993. However, these group of people have been assimilated with the locals and have been given citizenship according to the Azerbaijan Law on Citizenship. None of these formerly identified refugees or IDPs use the project site.

**PHOTOS <sup>3</sup>**



<sup>3</sup> All permissions were obtained from the people before photos were taken.

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## KHIZI DISTRICT EXECUTIVE POWER

An official consultation letter was issued to Khizi District Executive Power on 14<sup>th</sup> May 2022 to request feedback and verify land use status of one of the farmers and availability of alternative land that can be provided to the affected PAP (Farm 1)<sup>4</sup>.

Outcome: A response letter was provided on 23 May 2022 which confirmed that the project site is not any under any land lease agreement including affected PAP. The agency does not have any data regarding herb collection within the project area.

### 5.3.2 Consultations with Farmers

Face to face meetings were carried out with the farmers from March 16<sup>th</sup> to 10<sup>th</sup> April 2022 to confirm land use at the project site. In addition, a socio-economic survey was undertaken as part of the LRP between 12 March to 30 April 2022 and included 14 participants; six (6) herb collectors, four (4) farmers and four (4) herders that work with the farmer to collect information on the livelihood and household status.

Based on the consultations carried out with the farmers, the following has been concluded:

- Livestock grazing is the main source of income for three (3) of these farmers (Farmer 1, Farmer 2 and Farmer 3);
- All farmers indicated their lease agreement expired in 2019 but they are still allowed by the municipality to graze livestock at the project site pending renewal of lease agreements which is on-going;
- All farmers graze livestock during all seasons (all year round) with the exception of one (1) farmer;
- Three (3) farmers (Farmer 1, Farmer 2 & Farmer 4) employ workers/herders based on verbal agreement who are responsible of managing the grazing activities and other works associated with livestock grazing.

During the consultations the farmers expressed the following concerns:

- Restriction of access to current grazing land;
- The allocation/provision of new land for their grazing activities if they will be restricted from grazing at the project site during construction;
- Suitability and productivity of any new land provided in terms of if the land will have enough vegetation to feed a livestock;

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<sup>4</sup> Khizi District Executive Power is consulted on the availability of alternative land for the affected PAP at Farm 1 because this is the only farmer that had a land lease agreement with Khizi Executive District. Other three (3) farmers had agreement with Sitalchay Municipality. Please refer to MoM in section 5.3.1

- Distance to the new land and availability of water for livestock watering.

### Plate 5-1 Consultations with Farmers



### 5.3.3 Consultations with Herb Collectors

Consultations with herb collectors commenced in December 2021. As part of the LRP, consultations were held from March 12<sup>th</sup> to April 10<sup>th</sup> 2022.

The project site is used for collecting herbs such as thyme, spinacia and adonis by six (6) households from Sitalchay village. These households collect herbs for selling purposes. Collected herbs are sold in Sumgayit, which is 30 km away from village and Baku around 60 km away in the bazaars. All herb collectors use knife and scissors while collecting herbs. Considering that the majority of them have permanent jobs (3 out of 6) they collect and sell herbs during weekends and public holidays. None of the herb collectors employ workers to assist them in herb collection. Herbs are collected at least twice a month during the herb season (March to September).

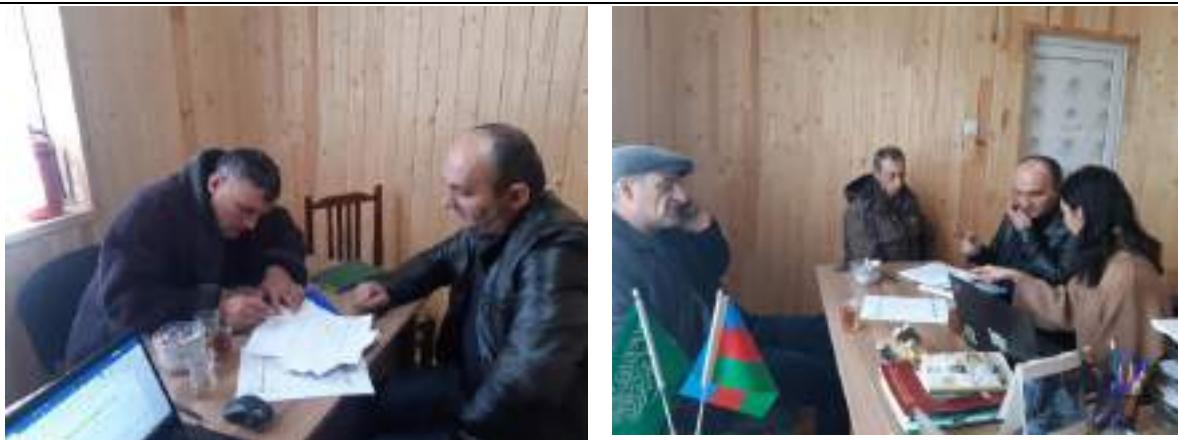
Herb collectors do not require any permits/licenses or agreements with the Municipality. This was confirmed by the Head of Sitalchay Municipality during the meeting carried out on 12<sup>th</sup> March 2022. The type of herbs collected varies by season.

When asked about whether they had previously received information about the Project, all herb collectors stated they had heard about it from other members of the community. They all expressed positive feedback towards the construction of Project and they demonstrated high sense of trust to local municipality in providing an alternative land.

The main concerns of the herb collectors are:

- Restriction of access to herb collecting area and;
- The quantity of herbs available on alternative lands.

### Plate 5-2 Consultation with Herb Collectors



### 5.3.4 Consultations with Workers/Herders

Consultations and survey with the workers/herders engaged by farmers were held from April 4<sup>th</sup> 2022 to April 10<sup>th</sup> 2022. Overall, four (4) out of the 15 workers/herders were available for the consultation. During the meetings, it was determined that all herders engaged to graze livestock do not have written contracts as agreement with the farmers were made verbally and herding is the only source of income for the herders' households.

## 5.4 Project Affected Persons

Based on the project boundary, the Project was allocated 1,759.4 ha of land. However, it is understood from the Client that the Project footprint which includes the WTG footprint, substation, Balance of Plant (BoP) areas and laydown area will only occupy 31.85 ha of land within the Project boundary. On 19<sup>th</sup> March 2022 the Sitalchay Municipality and the Ministry of Energy of the Republic of Azerbaijan signed the Land Lease Agreement (LLA) with ACWA Power to develop on 22.59 ha of land (see Appendix A for the translated version of one of the 32 signed LLA).

Based on the LLA, The Project footprint will affect the grazing land of the four (4) farmers who currently graze at the project site without legal lease agreements. However only a small section of the grazing land will be affected by the project. These farmers engage the services of workers (also known as herders) to graze livestock at the project site. These herders who graze the farmers livestock along with personal livestock will also be impacted due to the development of the Project. It is understood that all four (4) farmers hire a total of 15 workers<sup>5</sup>. There are no independent herders at the site. The wages of these workers/herders will be temporarily impacted by the construction of the project.

<sup>5</sup> Two of these workers are family members of Farmer 1 and are not paid for working, therefore, they are not considered as "hired workers".

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In addition, the project footprint will also affect six (6) herb collectors who collect herbs from the project site. Unlike the farmers, these herb collectors do not employ workers to assist them in collecting herbs.

Based on the above, a total of 25 Project Affected Persons (PAPs) will be affected by the project (4 farmers +15 hired workers + 6 herb collectors). Additional information on the socio-economic profile of the PAPs and the magnitude of impact on the PAPs are described in Chapter 6 and Chapter 7 of this report.

## 5.5 Public Information Centre (PIC)

A PIC was established by ACWA Power on 15<sup>th</sup> June 2021 at Sitalchay Village to provide information on the Project to the members of the community, receive grievances and facilitate local recruitment for the Project. The main functions of the PIC can be summarised as follows:

- Inform local community of the project status and any new developments;
- Disseminate project related announcements by placing posters within the community;
- Receive and process public grievances:
  - Register grievances and send it to project management
  - Track the grievances until it is closed
  - Keep the log of grievances
- Facilitate the local recruitment for the project:
  - Place Job Announcements;
  - Organise job interviews by engaging project company/contractors' representatives
  - Document and keep record of interview results;
- Organise public meetings by engaging local authorities and project management;
- Generate project proposals from communities for financing by the Project Developer; and
- Document and keep the records of all communication with community.

### Plate 5-3 Public Information Centre at Sitalchay Village



## 5.6 Grievance Redress Mechanism

EBRD, ADB and the IFC require the client to establish a Project specific grievance redress mechanism with suitable grievance redress procedure to receive and facilitate resolutions of affected people's concerns, complaints and grievances. As a result, a Project level grievance mechanism has been established to allow the PAPs to submit their grievances arising from the livelihood restoration and any other issues in relation to the Project impacts. The established grievance mechanism allows for the following:

- PAPs to submit their complaints/concerns in written or verbal form; and
- ACWA Power as well as the PIC representative and in coordination with the local consultant (Juru Energy - within their authority be responsible for resolving submitted grievances).

The following details have been provided to the PAPs in order to submit their grievances or comments regarding the on-going valuation and compensation process.

**Table 5-2 Grievance Mechanism Contact Details**

COMPANY	CONTACT DETAILS
Project Company	ACVA POWER AZERBAYCAN RENEVABLE ENERGY
Grievance Manager/In-Charge	Javid Alifli Phone: M + 994 50 241 80 30 Email: JAlifli@acwapower.com
PIC	Vusal Safarov Phone: +99455 260 08 09 Email: vusal.safarovv@gmail.com

The Project specific GRM grievance mechanism as provided in the Project specific Stakeholder Engagement Plan (SEP) uses an understandable and transparent process that is culturally appropriate and readily accessible at no cost; so, all affected parties will have the opportunity to raise a complaint.

The process flow and timeline below is being followed as part of the grievance mechanism (in line with Project SEP). Where complex grievances, or other factors are extending the

investigation time, the grievant is informed of this delay and advised of an updated expected timeline for response.

**Table 5-3 Grievance Process and Timeline**

STAGE	TIMELINE
Grievance Received/Submitted	-
Grievance logged and acknowledged	Within 1 week of grievance being submitted
Grievance investigated	Within 2 to 3 weeks of grievance being submitted*
Proposed resolution conveyed to grievant	Within 30 days of grievance being submitted
<b>IF APPLICABLE FOLLOWING DISSATISFACTION OF RESOLUTION BY GRIEVANT</b>	
Actions to re-assess grievance/propose new solution/inform Grievant of final decision	Within 2 weeks of notification of dissatisfaction by Grievant
In the event that a grievance cannot be resolved between the two parties a mediator will be involved i.e. local leaders who understand the culture and practices within the Project site.	Within 2 weeks of notification of dissatisfaction by the Grievant.
Grievances that are not resolved at the project level - a grievance committee involving senior management from ACWA Power, municipality and any other relevant authorities (if required).	Within 30 days of notification of dissatisfaction by the Grievant.
* Where complex grievances, or other factors are extending the investigation time, the grievant will be informed of this delay and advised of an updated expected timeline for response.	

#### **PUBLICISING THE GRIEVANCE MECHANISM**

All the PAPs identified in this LRP have been fully informed of the grievance mechanism and of the procedures for submitting a grievance through the PIC, verbally or in writing in accordance with the Project specific SEP.

Information about the availability and accessibility of the grievance mechanism has been communicated to the PAPs during on-going consultations and surveys.

##### **5.6.1 Grievances Received**

Seventeen (17) grievances were received by the PIC as of 28th June 2022. All received grievances are related to job requests.

## 6 SOCIO-ECONOMIC PROFILE OF THE PROJECT AFFECTED PERSONS

This chapter presents the findings on the main socio-economic characteristics of the PAPs. The chapter is based on information collected during the socio-economic surveys undertaken in order to understand the existing socio-economic situation and vulnerability of the PAPs.

### 6.1 Site Survey and Cut-Off Date

Site visits were carried out at the project area between 12<sup>th</sup> and 16<sup>th</sup> March 2022 by the local consultant (JE) to check for the presence of any structures, property or assets that may have been constructed by the farmers after the preparation of the Draft LRP. This also included checking for non-moveable objects such as trees, crops, water wells, etc. The outcome of the site visit confirmed that none of these structures or assets were found within the project site.

The cut off date established for the LRP was based on the last day of the socio-economic survey undertaken with the PAPs from 4<sup>th</sup> to 10<sup>th</sup> April 2022.

The table below presents the cut-off dates established for the targeted PAPs which was communicated to PAPs during the socio-economic survey. The cut-off date includes the presence of any asset at the project site.

One of the herb collectors could not be reached by the cut-off date and so the socio-economic survey with this herder was undertaken on 30<sup>th</sup> April when he was available. Some of the herders employed by the farmers could not be reached by the cut-off date despite all efforts made by the local team.

**Table 6-1 Cut off Dates**

TARGETED PAPs	CUT-OFF DATE ISSUED	TARGETED ASSETS	COMMENTS
Farmers	10 <sup>th</sup> April 2022	No Assets on the project site	-
Herders	10 <sup>th</sup> April 2022 – extended to 25 <sup>th</sup> April 2022	No Assets on the project site	Only few herders working for farmers could be surveyed. Other herders were absent from the project site and could not be reached after multiple efforts which exceeded the cut-off date
Herb Collectors	10 <sup>th</sup> April 2022 – extended to 30 <sup>th</sup> April 2022 for one herb collectors	No Assets on the project site	-

## 6.2 Socio-economic Survey

A socio-economic survey was undertaken as part of the LRP between 12<sup>th</sup> March to 30<sup>th</sup> April 2022 and included 14 participants; six (6) herb collectors, four (4) farmers and four (4) herders that work with the farmers. Copy of the questionnaire used during survey is provided in Appendix B.

It should be noted that 13 herders were not surveyed during the socio-economic survey. Several efforts were made with the farmers to survey the workers however, after multiple efforts (even after cut-off period), the survey team was not able to reach or interview the workers.

### 6.2.1 Affected People participating in Survey

The table below provides an overview of the affected households due to the development of the Khizi 3 WF Project.

**Table 6-2 Number of PAPs Participating in Survey**

PAPs	NUMBER OF HOUSEHOLDS THAT WILL EXPERIENCE PERMANENT IMPACT	NUMBER OF HOUSEHOLDS THAT WILL EXPERIENCE TEMPORARY IMPACT	TOTAL
Herb collectors	0	6	<b>6</b>
Farmers	0	4	<b>4</b>
Herders	0	4	<b>4</b>

The total number of household members for each PAP group include the following:

- Six (6) herb collectors household: 21 members;
- Four (4) farmers household: 21 members; and
- Four (4) herder households - 30 members.

It is important to note that among the surveyed 14 respondents, ten (10) are heads of the households while the remaining three (3) respondents are family members (sons). There is only one female led household. She is the mother of one of the farmers and as the eldest household member, she is considered head of household. However, it should be noted that her position as head of household is only minimal as she only takes part in decision making process. All other household issues are managed by the farmer.

## 6.2.2 Gender, Ethnicity and Religion

According to the socio-economic survey, 12 out of the 14 households are male headed households (HHs) and one (1) household is led by female. All households are Azerbaijani ethnicity.

None of surveyed households are refugees or internally displaced people. No ethnic minority groups were identified among surveyed PAPs households.

The question of religion was not included in the socio-economic survey due to its sensitivity in the Project area which includes the PAPs.

## 6.2.3 Age and Marital Status

The age structure of the HHs is as provided in the table below. Majority of the surveyed farmer and herb collector households were aged between 40 to 59 years. According to the survey, all herders, farmers and herb collectors are married with the exception of one (1) herb collectors who recorded to be single.

**Table 6-3 Age Structure of the HHs**

PAPs	20-29	30-39	40-49	50-59	60-69
Herb collectors	1	1	2	2	
Farmers	0	0	2	1	1
Herders	0	1	1	2	0

**Table 6-4 Marital Status of Affected Households**

PAPs	MARRIED	SINGLE	DIVORCED	WIDOW/WIDOWER	TOTAL
Herb collectors	5	1	0	0	6
Farmers	4	-	-	-	4
Herders	4	-	-	-	4

## 6.2.4 Education

The table below shows a high literacy among the households. The majority of the herb collectors have high school level education (80%) while 20% have secondary specialised education. 50% of farmers have high school education and 50% have university level education (higher education). All herders have high school education. None of the PAPs were recorded as being illiterate.

**Table 6-5 Education Level of Surveyed HHs**

EDUCATION STATUS	HERB COLLECTORS		FARMERS		HERDERS	
	NUMBER	%	NUMBER	%	NUMBER	%
Illiterate	0	-	0	-	0	-
Primary School	0	-	0	-	0	-
High School	5	80	2	50	4	100
Special school Education/ Technical/College Education	1	20	0	-	0	-
University	0	-	2	50	0	-
<b>Total</b>	<b>6</b>	<b>100</b>	<b>4</b>	<b>100</b>	<b>4</b>	<b>100</b>

### 6.2.5 Health

The socio-economic survey recorded two (2) herb collectors and one (1) farmer who suffer from chronic illnesses. One (1) herb collector and one (1) farmer also reported having family members who suffer from chronic illness or disability and provide support. None of these farmer or herb collectors' households were recorded to receive disability allowance from the government.

None of herders/workers surveyed reported to suffer from any chronic illness or disability. However, two (2) herders stated that they have family members who are ill. The reported illnesses include:

- Cardiovascular disease;
- Tuberculosis;
- Poor vision (III grade of disability);
- Chest cancer;
- Hepatitis (chronic illness);
- II grade of disability (due to the injuries during army service).

### 6.2.6 Employment and Income Sources

Employment and income data were collected for herb collectors, farmers and herders' households including their family members.

Two (2) of the six (6) herb collectors indicated that selling herbs is the only source of income while three (3) herb collectors reported to have permanently employment and indicated that although supplementary, the sale of herb serves as their main source of income as they earn more than their monthly salary from the sale of herbs. The remaining one herb collector is a farmer and grazes livestock in a location not within the project site. Collection of herbs for this herb collector is solely for household consumption.

Three (3) of the four (4) farmers (75%) rely on livestock husbandry as its only source of income. One (1) of the farmers works in custom service and receives monthly salary. As such, livestock husbandry is not his only source of income. This farmer manages his farm over the weekends. One of the farmers also collects herbs from time to time at the project site. He indicated that herb collection is undertaken rarely and it is only for his own consumption during periods of long grazing activities at the farm.

All herders rely on grazing activity as their only source of employment and income. These herders only have verbal agreement with the farmers and do not have written employment agreement. Two (2) of the 4 herders are sons of one (1) farmer, as such they assist in grazing livestock and all income received from grazing are used for household. The remaining two herders are temporary workers do not receive salary for grazing farmer's livestock. Instead, they are allowed to graze their own livestock at the farmer's land for free.

**Note:** Although the farmers LLA have expired, they still have their respective designated areas and are still allowed to graze at the site.

**Table 6-6 Employment Status of PAPs and their Family Members**

TYPE OF EMPLOYMENT	HERB COLLECTORS		FARMERS		HERDERS	
	HERB COLLECTOR	FAMILY MEMBERS	FARMER	FAMILY MEMBERS	HERDER	FAMILY MEMBERS
Working as Herders	-	-	-	2	2	2
Self-employed	1	1	4	-	-	-
Civil servant	3	-	1	2	0	0
Pensioner	0	1	1	2	0	0
Private sector	0	1	-	-	-	-
Seasonal worker	-	-	-	-	-	-
Housewife	-	7	1	6	0	5
Unemployed	2	3	0	1	0	0

**Note:** the term housewife refers to spouses and other female members of the household

As shown in the table above, majority of the spouses and mothers of HHs are housewives.

The average monthly income of the PAPs household is provided in the table below. In summary, the average monthly income from the sale of herbs is 272 AZN (160 USD<sup>6</sup>) and the average monthly income from sale of livestock is 4167 AZN (245 USD).

<sup>6</sup> Exchange Rate: 1 USD is 1.7 AZN

The approximated amount for herders' salary is about 625 AZN (368 USD). However, it should be noted that some workers are not paid at all and only allowed to freely graze their livestock at the farmers land at no extra cost.

**Table 6-7 Source of Income**

SOURCE	HERB COLLECTORS		FARMERS		HERDERS	
	MONTHLY INCOME IN AZN	USD	MONTHLY INCOME IN AZN	USD	MONTHLY INCOME IN AZN	USD
Salary for employment	221.00	130.00	N/A	N/A	N/A	N/A
Selling herbs	272.00	160	N/A	N/A	N/A	N/A
Selling livestock <sup>7</sup>	5,000	2,941	4,167.00	2,451.00	625.00	368.00
Pensions	16.00	9.41	506.00	298.00	N/A	N/A
Disability pensions	82.00	48.24	N/A	N/A	N/A	N/A
Social assistance	72.00	42.00	N/A	N/A	N/A	N/A
Other (seasonal worker, aliment, taxi driver etc.)	N/A	N/A	N/A	N/A	N/A	N/A

**Note:** The farmer that works in custom service refused to disclose information about his income.

### 6.2.7 Expenditure

The main source of expenditure in the herb collectors and farmers households is food while in the herder's household, the main source of expenditure is livestock. Overall, the survey shows that herb collectors and farmers household have more expenditures than the herders/workers HHs. The average household's expenditure in 2021 is provided in the table below. One of the farmers (Farmer 4) have taken loan from the bank however, he refused to disclose information about the loan.

**Table 6-8 Average Household Expenditure**

EXPENSES	HERB COLLECTORS		FARMERS		HERDERS	
	MONTHLY EXPENSES IN AZN	USD	MONTHLY/ANNUAL EXPENSES IN AZN	USD	MONTHLY EXPENSES IN AZN	USD
Utilities	80	47	150	88	180	106
Food	600	353	1000	588	212	124
Education	42	25	2,650*	1,558	52	31
Medical	130	76	566*	332	62	36
Special medical	N/A	N/A	66	38	100	59

<sup>7</sup> Livestock is mainly sold at the livestock market

EXPENSES	HERB COLLECTORS		FARMERS		HERDERS	
	MONTHLY EXPENSES IN AZN	USD	MONTHLY/ANNUAL EXPENSES IN AZN	USD	MONTHLY EXPENSES IN AZN	USD
treatment for members with disabilities						
Loan repayment	180	106	N/A	N/A	N/A	N/A
Livestock	N/A	N/A	5,800*	3,411	322	189
Herb collection	20	12	N/A	N/A	N/A	N/A
Transport	55	32	2,307*	1,357	50	29
Other	150	88	83 <sup>8</sup>	48	N/A	N/A

**Note:**

(\*) - Annual expenses

### 6.2.8 Accommodation and Living Condition

The socio-economic survey shows that none of 13 PAPs have structures at the Project site. All surveyed households own private houses in their village where they reside all year round with their family members. Only one herb collector lives in house given by his relative. He lives there free of charge. All PAPs houses are built from stone.

### 6.2.9 Household Amenities

Household items the herb collectors, farmers and herders own are provided in the table below.

**Table 6-9 Household Items in PAPs HHs**

EQUIPMENT	HERB COLLECTORS		FARMERS		HERDERS	
	✓	✗	✓	✗	✓	✗
Car	1	5	4	0	2	0
Motorcycle	0	5	0	4	0	4
TV	6	0	4	0	4	0
Satellite dish	6	0	4	0	2	2
Washing machine	6	0	4	0	4	0
Refrigerator	6	0	4	0	4	0
Air conditioner	1	4	3	1	2	2
Greenhouse	0	5	0	4	0	4
Personal computer	3	2	3	1	1	3

<sup>8</sup> Payment for Land taxes

EQUIPMENT	HERB COLLECTORS		FARMERS		HERDERS	
	✓	✗	✓	✗	✓	✗
Mobile Phone	6	0	4	0	4	0

## 6.2.10 Access to Utilities and Services

### ACCESS TO UTILITIES

All 13 surveyed households have stable electricity supplied to their household and potable water. All surveyed PAPs reported that they are satisfied with a quality of water and do not face shortage.

Almost all surveyed households reported that they have stable heating system, and all of them use gas for heating house and cooking. Only two (2) households among herders stated that they do not have stable gas supply and so they use manure or liquid gas to cook and heat their homes.

Almost all surveyed households stated that they do not have stable wastewater management (centralized/or decentralized system) in the village. Sewage is discharged into artificial wells or ditches. All households burn waste in areas away from the homes.

Only two farmers who live in cities Guba and Sumgayit have proper waste management. Because these farmers live in cities, they can easily access food and clothes.

The majority of households have to travel to neighboring cities to buy food and clothes, i.e., to Sumgayit (30 km) and Baku (60 km) whereas the farmers that reside in Guba and Sumgayit do not travel long distances to purchase food & clothing.

### ACCESS TO SERVICES

Herb collectors as well as 2 farmers and 2 herders (that live in Khizi district) visit hospitals in Sumgayit city (30 km) or Baku city (60 km). The remaining two (2) farmers and two (2) herders visit hospital in Guba district which is located 30 minutes away from their homes.

**Table 6-10 Frequency of Visits to Hospital/Medical Centre**

FREQUENCY	HERB COLLECTORS	FARMERS	HERDERS
Once in month	1	0	2
Once in 2 months	1	0	0
Once in 3 months	0	0	0
Once in 6 months	1	1	0
Once in a year	3	3	2
Do not know	0	0	0

All surveyed households reported that they have no challenges with accessing loans from the bank. Sumgayit, Baku and Guba cities have commercial banks where PAPs can access loan service.

Amongst the 14 PAPs only two (2) have taken loan from the bank. Both PAPs took this loan to repair their homes.

- Herb collector 4 took a loan from Kapital bank in amount of 5,000 AZN in February 2021. He pays monthly payment in amount of 180 AZN. He should pay back till January 2023.
- Farmer 4 took a loan which should be repaid back in 2024. (He refused to share any other details).

It is necessary to note that all villages in Azerbaijan have schools and kindergartens. Therefore, all PAPs have an access for secondary education in their villages. However, there are no colleges, or higher education institutions/training centres. The nearest colleges or higher education institutions are located in Sumgayit (30 km), Baku (60 km) and in Guba district.

All PAPs indicated that there are no challenges associated with access to public transportation, although some of them do not use it. The table below demonstrates use of public transport by PAPs

**Table 6-11 Public Transportation Use by PAPs**

TYPE OF TRANSPORT	HERB COLLECTORS		FARMERS		HERDERS	
	Bus	TAXI	Bus	TAXI	Bus	TAXI
Every 2 days	1	0	0	0	0	0
2-3 times in a week	1	0	1	0	1	1
2-3 times in a month	2	0	0	0	1	1
More than 5 times in a month	1	0	0	0	0	0
As required	0	5	0	0	0	0
Do not use public transport	1	0	3	0	2	0

### 6.2.11 Grazing Activities

All farmers as well as their workers/herders are involved in livestock grazing. Details of the grazing activities of each farmer is presented in the table below.

**Table 6-12 Details of Farmers Grazing Activities**

FARMER	NUMBER OF LIVESTOCK OWNED			NO. OF HIRED HERDERS	GRAZING PERIOD	LLA	WATERING LIVESTOCK	TRANSPORTATION OF LIVESTOCK	EXPENSES FOR LIVESTOCK IN AZN
	Cows	SHEEP	GOAT						
Farmer 1	30	450	0	5 herders (2 out of 5 are his sons)	May-September	Expired in 2019	Buys water from water delivery tankers and it gets delivered to his farm	Uses an oversized car that he owns (KAMAZ)	6,000 annually
Farmer 2	55	600	50	2 herders	All around the year	Expired in 2019	Use water from canal	Uses a medium sized car that he owns (GAZEL)	600-700 monthly
Farmer 3	140	2,000	200	8 herders	All around the year	Expired in 2019	Use water from canal	Pays for transporting - hires a heavy-duty vehicle	3,500 annually
Farmer 4	0	750	0	3 herders (his relatives)	May-September	Expired in 2019	Use water from canal	Pays for transporting - hires a heavy-duty vehicle	Not provided by herder

**Note:** The canal is located approximately 2.4 km from the western boundary of the project site

Herders are hired by farmers to graze livestock and these herders also graze their own livestock alongside farmers livestock for free (i.e., the herders do not pay for grazing their livestock on farmers land). Two (2) herders are relatives (sons) of farmer 1 and as household members, they provide assistance to their father and are not paid for the work they do. The remaining two (2) herders are not paid salary by farmers that hire them.

Ownership and employment conditions of hired herders are provided in the table below.

**Table 6-13 Livestock Ownership and Employment Conditions of Herders**

HERDER	NUMBER OF OWNED LIVESTOCK			EMPLOYMENT AGREEMENT	WORKING PERIOD	SALARY
	Cows	SHEEP	GOAT			
Herder 1	Number of livestock the same as for farmer 1 (they do not separate livestock, as he lives together with father)			No	Daily basis (every day)	Not paid
Herder 2	Number of livestock the same as for farmer 1 (they do not separate livestock, as he lives together with father)			No	Daily basis (every day)	Not paid
Herder 3	5	120	0	No	Daily basis (every day)	Not paid
Herder 4	5	280	0	No	Daily basis (every day)	Not paid

All farmers and herders use livestock for meat and milk and they all indicated that meat and milk from livestock is sufficient for their respective household needs. Three (3) of the four (4) farmers rely on livestock husbandry for their income.

Farmers use state veterinary services in Khizi district and Baku city a minimum of two (2) times a year and maximum of four (4) times in a year. As indicated by farmers, veterinarians visit their farms as per request and examine livestock. The farmers spend 4,000 AZN annually for veterinary services while herders spend 15 AZN annually.

**Table 6-14 Use of Veterinary Services**

FREQUENCY	FARMERS	HERDERS
1 – 2 times in a year	2	2
3 – 4 times in a year in a year	1	0
5 – 6 times in a year	0	0
6+ in a year	0	0
Every month	1	0
Do not use	0	0

## 6.2.12 Herb Collection

Project site is used for collecting herbs such as thyme, spinacia and adonis by six (6) households from Sitalchay village. These households collect herbs for selling purposes.

HERB COLLECTOR	TYPE OF COLLECTED HERBS AND SEASONS	QUANTITY OF HERB COLLECTED		HIRED WORKERS	PURPOSE OF HERB COLLECTION
		PER VISIT (KG)	PER SEASON (KG)		
Herb Collector 1	<b>May – August:</b> Thyme and spinacia	3	40	N/A	Selling
Herb Collector 2	<b>May – August:</b> Thyme and spinacia	30-50	200	N/A	Selling
Herb Collector 3	<b>March-April:</b> Spinacia <b>July-August:</b> Thyme <b>September – October:</b> adonis	10	200	N/A	Selling
Herb Collector 4	<b>March-April:</b> Spinacia <b>July-August:</b> Thyme <b>September – October:</b> adonis	10	150	N/A	Selling
Herb Collector 5	<b>March-April:</b> Spinacia <b>July-August:</b> Thyme <b>September – October:</b> adonis	20	100	N/A	Selling
Herb Collector 6	<b>July-August:</b> Thyme	-	2	N/A	For Household Consumption Only

Collected herbs are sold in bazaars of Sumgayit (30 km away from the village) and Baku (60 km away). All herb collectors use knife and scissors while collecting herbs. Given that 60 % of the herb collectors have permanent jobs, they collect and sell herbs during weekends and public holidays. As indicated in the table above, only herb collector 6 collects herb for household consumption. He doesn't hire workers, or makes additional income from collecting herbs.

Income from selling herbs per month varies between 100 AZN and 450, as well as 500 AZN and 2,400 per season (From March till October).

## 6.2.13 Households Assessment and Losses

When respondents were asked how they assess their household income, three (3) of the 13 respondents indicated that their income is sufficient for purchasing all household needs. Four (4) respondent mentioned that his income is sufficient for only basic needs (i.e., food, clothes and utilities), while the remaining six (6) respondents mentioned that their income is only sufficient to purchase food.

**Table 6-15 Household Income Assessment**

ASSESSMENT LEVEL	HERB COLLECTORS	FARMERS	HERDERS
Income is enough for purchasing all needs	0	3	0
Income is enough for food, clothes, and other daily needs	0	0	0
Income is enough for basic/essential needs – food, clothing, utility bills	1	1	3
Income is enough only for food	5	0	1
Income is not even enough for food	0	0	0

The table below shows how the COVID-19 quarantine affected the household income of PAPs. Majority of the PAPs indicated that their profits decreased and this decrease was as a result of restriction of movement, transportation, attending bazaars for a limited time.

**Table 6-16 Quarantine Effects**

LEVEL	HERB COLLECTORS	FARMERS	HERDERS
It did not affect	2	0	0
Profits decreased	4	4	4
We lost all income sources	0	0	0
Profits increased	0	0	0

In addition to quarantine effects, other factors that can result in decrease of income and profits for PAPs include:

- Precipitation level: This affects the quantity of herbs that grow and can be harvested for sale
- Decrease in water level at canal
- High price of consumer goods, etc.

**Table 6-17 Other Factors Affecting Income/Profit**

RISK	HERB COLLECTORS	FARMERS	HERDERS
Price reduction for agricultural products	5	4	4
Low level of irrigation water (i.e., in nearest canal to the Project site)	0	3	0
Precipitation level (rainy seasons)	5	0	0
High prices for consumer goods	6	4	4
Quarantine extension	4	4	0
Unemployment	2	0	0

#### 6.2.14 Women Impacted by the Project

Based on the data obtained during the socio-economic surveys with the PAPs, there is only one female led household. This female is mother of affected farmer and as the eldest household member, she is considered head of household. However, it should be noted that her position as head of household is only minimal as she only takes part in decision making process. All other household issues are managed by the farmer (Farmer 4)

#### 6.2.15 Vulnerable Households

The household survey identified the following vulnerable groups as provided in the table below. These vulnerable groups/people may require additional support more than other PAPs because they are less able to cope with economic displacement.

**Table 6-18 Number of Vulnerable People Impacted by the Project**

PAPs	CHRONIC ILLNESSES	DISABILITY	ELDERLY (60 YEARS AND ABOVE)	REFUGEES/IDPS	LIVESTOCK ACTIVITIES IS THE MAIN INCOME/ONLY SOURCE OF INCOME	INFORMAL LAND USERS	OBTAINED LOANS
Herb collectors (Six)	One herb collector's stepmother suffers from chest cancer.	One herder's father has grade II disability (due to the injuries).	-	-	One herb collector's household is considered as low-income family. Therefore, they receive social assistance as monthly basis.	6 <sup>9</sup>	1
	One herb collector suffers from tuberculosis.				Only source of income of the household of 2 herb collectors		

<sup>9</sup> All herb collectors do not have legal agreement

PAPs	CHRONIC ILLNESSES	DISABILITY	ELDERLY (60 YEARS AND ABOVE)	REFUGEES/IDPs	LIVESTOCK ACTIVITIES IS THE MAIN INCOME/ONLY SOURCE OF INCOME	INFORMAL LAND USERS	OBTAINED LOANS
					and main source of income of 3 herb collectors' household		
Farmers (Four)	-	-	-	-	Only source of income of the households for 2 farmers.	4	1
					Main source of income for 1 farmer.		
Herder (Two)	-	One herder's daughter has low eye vision (Grade I <sup>10</sup> of disability)	-	-	Livestock activity is only source of income of the Herder households.	2 <sup>11</sup>	-

The table above provides a general overview of PAPs that are likely to be more vulnerable. Based on this, a vulnerability analysis has been undertaken to identify more context specific groups of vulnerable people affected by the Project. This is as described below:

- **Chronic illnesses:**

- One herb collector's stepmother suffers from chest cancer; and
- One herb collector has tuberculosis and required regular treatment.

The disruption of PAPs activities could potentially affect the income of herb collectors, farmer and wages of herder that have chronic illness and/or support family members with medical expenses thereby affecting their ability to pay for their own medical treatment or support family members medical treatment.

- **PAPs with disabilities:**

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<sup>10</sup> Disability is divided into three (3) categories or grades, where grade I is considered a severe form of a disability, grade II is moderate form of a disability and grade III is low form of a disability.

<sup>11</sup> All herders do not have legal agreement

- One herb collector's father who got many injuries during his military service (Grade II of disability);
- One herder's daughter has low eye vision and needs constant treatment. Due to the low eye vision, she has a first-grade disability status.

In case the livelihood of the herb collector and herder supporting their family members with disability is impacted due to loss of grazing land, their ability to meet medical expenses may be slightly impacted.

- **Elderly:**

- There is one farmer that is over 60 yrs. In the event that his livelihood is slightly impacted due to loss of partial grazing land, it may be potentially difficult to transition to other income generating livelihoods.

- **Herding/ herb collection is the main/only source of income:**

- Herding is the only source of income for one (1) herb collector, two (2) farmers and two (2) herders. Herding is the main source of income for one (1) farmer and three (3) herb collectors. These vulnerable PAPs do not have any other source of income and as such any impact on their grazing, herding and/or herb collecting activities through loss of land will negatively impact their livelihood and income.

- **Loans:**

- One Herb collector took a loan to repair his house.
- One farmer took a loan for repairing work in his house. However, he refused to provide any numbers regarding his loan, income and expenses.

The PAPs with loan from the bank may find the disruption of their work during the construction phase affecting their income and consequently affecting their ability to pay back the loan as per the loan contract.

- **Informal land users (without legal agreement with municipality):**

- All farmers that use the project site for grazing do not have formal lease agreement with.

The table below presents the total number of vulnerable PAPs for each category of vulnerability.

**Table 6-19 Total Number of Vulnerable PAPs for Each Vulnerability Category**

PAPs	CHRONIC ILLNESSES	DISABILITY	ELDERLY (60 YEARS AND ABOVE)	REFUGEES/IDPs	LIVESTOCK ACTIVITIES /HERB COLLECTION) IS THE MAIN INCOME/ONLY SOURCE OF INCOME	Informal Land Users	OBTAINED LOANS
Herb Collectors	2	1	N/A	N/A	5	6	1
Farmers	N/A	N/A	1	N/A	3	4	1
Herders	N/A	1	N/A	N/A	2	2	N/A

The overall total number of vulnerable PAPs are 6 herb collectors, 4 farmers and 2 herders.

#### 6.2.16 Impacts of the Project as Perceived by the PAPs

The table below indicates main impacts of the project as perceived by PAPs.

**Table 6-20 Main Impacts Perceived by PAPs**

IMPACT	HERB COLLECTORS	FARMERS	HERDERS
Availability of herbs at alternative land	5	0	0
Decrease of grazing area	0	4	4
Long distance to alternative area	0	4	4
No impact	1	0	0

Farmers as well as herders stated that decrease in grazing land due to the construction of the Project will result in an increase in livestock feed purchase as the livestock will not have sufficient grazing area. In case if municipality provides alternative land which in a long distance it will lead to the increase for transportation expenses.

Herb collectors concerns are mainly on the distance and suitability of the alternative land. Herb collectors stated that thyme is the main herb which has a high demand in the market and its quantity may not be the same in surrounding areas of the Project.

## 6.2.17 PAPs Expectations on Livelihood Restoration Measures and/or Support

Herb collectors' expectation is that municipality will be able to provide an alternative land with high thyme quantity.

All farmers expressed their concerns about land lease agreement. Since their LLA expired in 2019, they expect the Sitalchay Municipality and Khizi Executive District to extend the agreements for another 15 years. In addition, farmers expectations from the Project are as follows:

- Support in receiving solar Photovoltaic (PV) or another source of renewable energy;
- Construction of OHTL facility to get an electricity supply for their farms;
- Provision of alternative grazing land with the same conditions and quality as it is in project site
- Provision of some compensation if no alternative land provided

Herders were worried about increase of expenses for feeding of livestock in case of decreasing a size of land where they graze due to the construction of the Project. Herders' expectations from Project are that they will receive a support for:

- Feeding of livestock;
- Provision of alternative land.

## 7 SCOPE OF ECONOMIC DISPLACEMENT

### 7.1 Land Requirements

Based on the Project boundary, the total area of land is 1,759.4 ha. However, it is understood from the Client that the construction and operational phase of the project will only require the land under the Project footprint (i.e., areas where the Project facilities will be sited such as the turbine pads, substation, access roads, laydown areas, storage area etc). As such, it is expected that the total land take for the project will be for less than 1,759.4 ha as further demonstrated below.

According to the LLA signed with the Sitalchay Municipality and the Ministry of Energy of the Republic of Azerbaijan on 19<sup>th</sup> March 2022, 22.59 ha of land will be leased for the Project and this will cover the WTG footprint area, substation and laydown areas.

### 7.2 Impact on Land

The total area of land allocated to the Project and the estimated land needs for the project is presented in the table below.

**Table 7-1 Project Land Needs**

SUBJECT	AREA (KM <sup>2</sup> )	AREA (HA)
<b>Total Land Allocated</b> (Project Boundary)	17.594	1,759.4
<b>Land Impacted by Project (construction and operations)</b> Project Footprint including all project elements (WTG pad area, substation, BoP, access road and laydown area)	0.3508	35.08
<b>Project Land subject to land lease</b> (i.e. WTG pad area, substation, and laydown area)	0.2080	20.80
<b>Project footprint + Buffer*</b>	0.9148	91.48

\* Buffer for BoP and access road = 5 m, Buffer for WTG = 30 m and Buffer for Substation = 30 m.

Based on the above the total area of land required for the construction phase of the project is 91.48 ha including the buffer zones. As such a total of 1,670.8 ha of land within the project boundary will not be affected by project facilities.

It should be noted that out of the 91.48 ha required for the construction phase of the project, the LLA for the Project will only be for the project footprint area subjected to land leasing of 20.80 ha (this is well within the 22.59 ha that will be leased to the Project) while a land easement will be issued for remaining areas (i.e., access roads, buffer, etc.).

Given that the project land subject to land lease only occupies 20.80 ha of the assigned 22.59 ha. It is understood from the client that the remaining 1.76 ha may be used for additional project needs in the future.

### 7.2.1 Impact to Farmers

The total area used for grazing within the Project site is 1,391 ha. According to the Balance of Plant (BoP), not all Project facilities will be located within grazing areas used by the farmers (refer to the figure below). It is estimated that the Project facilities including buffer, BoP and access roads will impact a total of 41.70 ha of farmers grazing land as shown in the table 7-2 below. This accounts for approximately 3% of the total area used for grazing (see table 7-3 below).

**Table 7-2 Project Facilities within Farmer Grazing Land**

PROJECT FACILITIES	HA	TYPE OF IMPACT
WTG Base	11.99	Permanent
Substation	1.40	Permanent
Laydown Area	4.76	Temporary
BoP and Access Road	9.49	Permanent
Buffer Zone*	14.06	Temporary
<b>Total</b>	<b>41.70</b>	<b>N/A</b>

\* Buffer for BoP and access road = 5 m, Buffer for WTG = 30 m and Buffer for Substation = 30 m.

**Note:** The project footprint in the tables above has been calculated based on the BoP as provided by ACWA Power in November 2021.

It is understood from the client that the project footprint will be cordoned off during construction for health and safety reasons. Therefore, these areas cannot be accessed during construction and grazing will not be allowed. However, access to other areas outside the project footprint will not be restricted and can be accessed by the farmers and herders.

During the operational phase of the Project, grazing outside the project footprint i.e., WTG pads, switching station area etc. will still be allowed.

**Note:** To ensure all health and safety risks to PAPs are mitigated and managed during the construction phase, the Community H&S plan will include the necessary procedures for all project activities and measures to avoid risks and impacts to the PAPs.

The table below presents the permanent impact of the project footprint on the farmers grazing land.

**Table 7-3 Impact on Farmers Grazing Land**

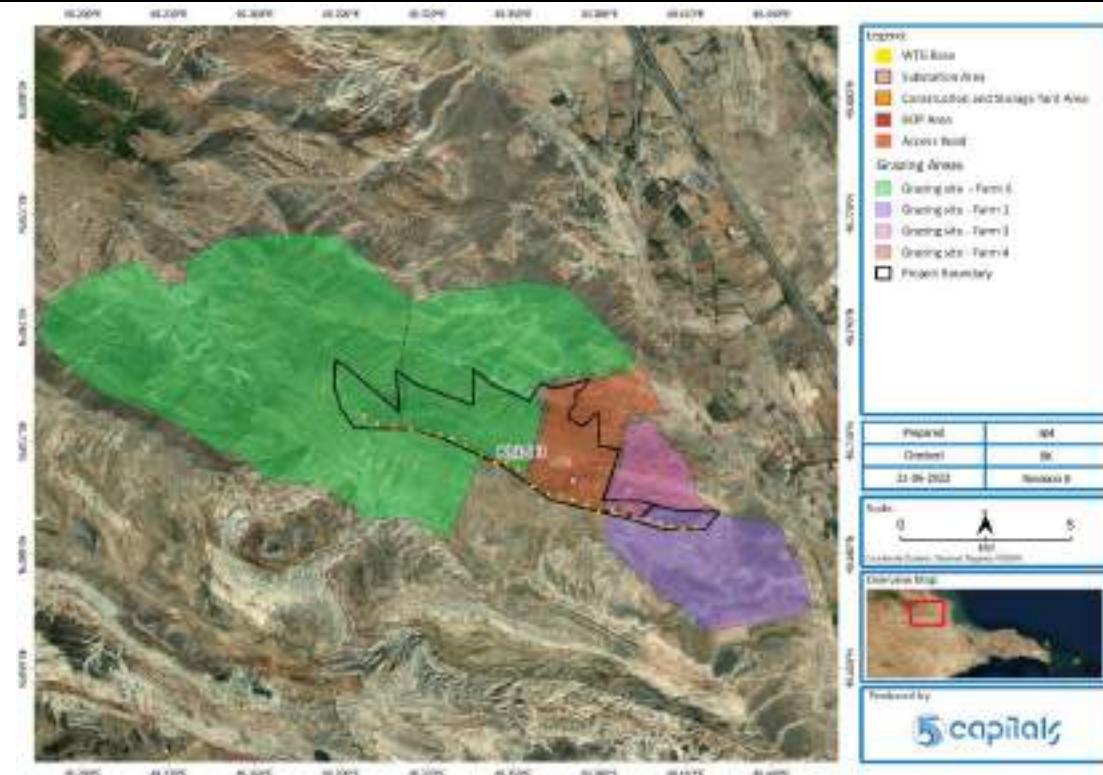
FARMERS ID	TOTAL AREA OF GRAZING LAND (HA)	TOTAL GRAZING AREA WITHIN PROJECT SITE (HA)	LAND PERMANENTLY IMPACTED BY PROJECT FOOTPRINT – BoP (HA)	% OF LAND PERMANENTLY IMPACTED BY PROJECT FOOTPRINT	GRAZING LAND OUTSIDE PROJECT FOOTPRINT (HA)	AVAILABLE GRAZING LAND OUTSIDE PROJECT BOUNDARY (HA)
Farmer 1	1,470.15	110.3	5.7210.9	5.1 %	104.58	1,359.8
Farmer 2	511.55	54.8	7.989.7	14.5 %	46.82	457.0
Farmer 3	928.64	567.4	15.8321.7	2.7 %	551.57	360.7
Farmer 4	2,346.27	658.4	12.086.2	1.8 %	646.32	1,687.8

**Note:** The calculations in the table above have been estimated based on the BoP provided by ACWA Power in November 2021 and the grazing areas estimates provided by the farmers.

Based on the table above, Farmers 1, 3 and 4 will lose less than 10% of their grazing land while Farmer 2 will lose more than 10 % of his grazing land to the Project footprint. As such all farmers will still have sufficient land to graze within and outside the project site. It should be noted that the quality/productivity of affected land is the same as the remainder of the site that will be accessible.

Due to restrictions on the EPC from encroaching on land outside the project footprint and assigned land lease area, it is expected that the farmers will be able to continue grazing outside the project footprint and away from active construction areas during the construction phase. As mentioned earlier, the project footprint will be cordoned off to avoid health and safety impacts to farmers and their livestock. Livestock grazing during the operational phase will also continue outside the project footprint.

**Figure 7-1 Overlay of Project Facilities over Approximate Farmers Grazing Areas**



## 7.2.2 Impact to Herb Collectors

It is estimated that the Project facilities will impact a total of 20.66ha of herb collection area as shown in the table below. This accounts for approximately 1.80% of the total area of herb collection area (see table 7-5 below).

**Table 7-4 Project Facilities within Herb Collection Area**

PROJECT FACILITIES	HA	TYPE OF IMPACT
WTG Base	5.59	Permanent
Substation	1.40	Permanent
Laydown Area	4.76	Temporary
BoP and Access Road	3.79	Permanent
Buffer zone	5.12	Temporary
<b>Total</b>	<b>20.66</b>	<b>N/A</b>

\* Buffer for BoP and access road = 5 m, Buffer for WTG = 30 m and Buffer for Substation = 30 m.

**Note:** The project footprint in the tables above has been calculated based on the BoP as provided by ACWA Power in November 2021.

The table below presents the impact of the project footprint on the herb collection area.

**Table 7-5 Impact on Herb Collection Area**

HERB COLLECTORS ID	TOTAL HERB COLLECTION AREA (HA)	TOTAL HERB COLLECTION AREA WITHIN PROJECT SITE (HA)	HERB COLLECTION AREA PERMANENTLY IMPACTED BY PROJECT FOOTPRINT – BoP (HA)	% OF LAND PERMANENTLY IMPACTED BY PROJECT BoP	TOTAL HERB COLLECTION AREA OUTSIDE PROJECT FOOTPRINT AREA (HA)
Herb Collector 1					
Herb Collector 2					
Herb Collector 3					
Herb Collector 4					
Herb Collector 5					
Herb Collector 6					
	1,149.86	1,025.74	10.78	1.05 %	1,129

**Note:**

1. The Herb Collectors do not have separate herb collection areas as they all obtain herbs in the area provided by the Municipality
2. The calculations in the table above have been approximated based on the BoP provided by ACWA Power in November 2021 and the approximated herb collection area provided by Sitalchay Municipality.

Based on the table above, the herb collectors will lose approximately 1.05% of the total herb collection area to the Project footprint during the construction phase. Due to restrictions on the EPC from encroaching on land outside the assigned land lease area, it is expected that the herb collectors will be able to keep obtaining herbs outside the project footprint and away from active construction areas during the construction phase. Herb collection during the operational phase will also continue outside the project footprint.

**Figure 7-2 Overlay of Project Facilities over Approximate Herb Collection Area**



### 7.3 Impact to Herders/Workers

The wages of workers hired by farmers will be impacted by the development of the wind farm. It should be noted that some of these workers do not receive salary for grazing farmer's livestock. Instead, they are allowed to graze their own livestock at the farmer's land for free. As such, the income they make from sale of livestock will be impact.

Although the project will only impact less than 10% of Farmers 1, 3 and 4 grazing land and more than 10% of Farmer 2 grazing land, alternative land has been provided by the Sitalchay Municipality and Khizi District Executive Power.

Based on the responses from the authorities, it is confirmed that (i) there are no land users who have LLA in Khizi District and near the Project area and (ii) proposed land is confirmed as an alternative grazing area by the Sitalchay Municipality. Since the proposed alternative land is considered land for public needs, complimentary access is granted. The confirmed grazing area by Sitalchay Municipality is shown in the Figure 8-1.

Given that there is available land at the present grazing area and alternative land has also been proposed, it is highly unlikely that any of the herders hired by farmers will lose their jobs as grazing land is available.

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## 8 ELIGIBILITY AND ENTITLEMENT

### 8.1 Eligibility

The Project Affected Persons (PAPs) eligible for compensation or support under the Project are:

- All farmers using the project site;
- All herb collectors that use the project site, and
- Herders hired by the affected farmers.

### 8.2 Determination of Entitlements

The compensation of the PAPs will be based on the eligibility and entitlements as provided in the table below. These entitlements have considered both national and lender standards.

**Table 8-1 Entitlement Matrix**

ASSET	SPECIFICATIONS	AFFECTED PERSONS	COMPENSATION ENTITLEMENT
Land	Grazing land within the Project footprint	All farmers who use the project site for grazing	<ul style="list-style-type: none"> <li>Provision of alternative grazing land in consultation with Sitalchay Municipality and Khizi Executive District.</li> <li>Cash compensation for percentage of grazing land lost (within the project footprint) in accordance with the Azerbaijan Land Acquisition Law.</li> <li>Support farmers in updating their current land lease agreement with Sitalchay and Khizi Executive District as applicable by ensuring the lease agreement is updated based on the new grazing land size (based on land lost to the project) and by providing them with application fee and other costs related to the update of the lease agreement.</li> <li>Support farmers in registering the updated land lease agreement with the State Land Agency by providing them with official registration fee and ensuring their agreement is validated.</li> </ul> <p>The following will apply for farmers that prefer to keep grazing within the project boundary but outside the project footprint:</p> <ul style="list-style-type: none"> <li>Demarcating the project footprint to ensure farmers and their livestock grazing outside the footprint do not encroach or trespass into active construction areas.</li> <li>Allocation of temporary access routes for farmers and their livestock to areas outside project footprint where grazing can still occur.</li> </ul>
Herbs	Loss of herbs (as a result of permanent land take within turbine pad, substation, laydown areas)	All herb collectors	<ul style="list-style-type: none"> <li>Notify the herb collectors on the construction schedule and how it overlaps with their seasonal herb collection.</li> <li>Right to collect herbs from the project footprint area before the commencement of construction works. In the event that construction begins before the herbs are harvested, compensation for lost harvest from</li> </ul>

ASSET	SPECIFICATIONS	AFFECTED PERSONS	COMPENSATION ENTITLEMENT
			<p>the project footprint will be provided at full replacement value<sup>12</sup> (based on the monthly income gained from herb collection)</p> <ul style="list-style-type: none"> <li>• Demarcate areas that are not accessible during construction phase so herb collectors can collect herbs in other areas of the project site.</li> <li>• Allocation of temporary access routes for herb collectors to areas outside project footprint where herbs can still be obtained.</li> <li>• Provision of additional assistance to find alternative employment opportunities i.e., priority employment at the project site particularly for the unemployed herb collector etc. ensuring that this does not impact herb collection activities.</li> </ul>
Employment	Loss of employment	Workers/Herders employed by farmers	<p>The following are only applicable during period of transition to alternative grazing area</p> <ul style="list-style-type: none"> <li>• Cash compensation for lost income (based on their monthly wages or Azerbaijan minimum wage whichever is higher) for the period of transition which is expected to be three (3) months (maximum).</li> <li>• Livelihood restoration assistance such as: <ul style="list-style-type: none"> <li>– Access to project employment or assistance in accessing or registering at local employment agencies.</li> <li>– Career training to those herders who may want to transition to new areas of employment.</li> </ul> </li> </ul>
Vulnerable groups	-	PAPs without official lease agreement, PAPs with chronic illness, disabilities, loans, PAPs over 60, PAPs receiving government support and PAPs	<ul style="list-style-type: none"> <li>• Vulnerable groups will be entitled to additional support which will be intended to improve their standard of living. This will be based on the needs of each household (see Section 8.6 on Support to Vulnerable Groups).</li> </ul>

<sup>12</sup> According to IFC PS 5 Replacement cost is defined as the market value of the assets plus transaction costs. In applying this method of valuation, depreciation of assets should not be taken into account. Market value is defined as the value required to allow Affected Communities and persons to replace lost assets with assets of similar value.

ASSET	SPECIFICATIONS	AFFECTED PERSONS	COMPENSATION ENTITLEMENT
		with that have chronic illness or whose family members have chronic illnesses, disability, PAPs with loans and the farmers with herding as main/only source of income.	<ul style="list-style-type: none"> <li>Provision of the cash allowance. Minimum one (1) month Azerbaijan minimum wage for 2023 (345 AZN) for each vulnerable PAP (one-time payment). In addition to that, support to vulnerable HHs, where additional support is required for their needs such as treatment, tuition fees etc.</li> <li>Priority employment in Project related jobs, training opportunities etc. ensuring that this does not impact livestock breeding or herb collection activities.</li> <li>If needed, support vulnerable groups in opening bank accounts process such as identifying the closest branch, payment of any fee associated with bank opening etc.</li> </ul>

## 8.3 Valuation Methodology

The valuation of the affected land impacted by the Project will be made in accordance with EBRD PR5, IFC PS 5 and ADB Involuntary Settlement Safeguards including the Azerbaijan legislative requirements. Further information about the relevant legal requirements is provided in Chapter 3 Legal Framework & Compliance Obligation.

This section describes the valuation methodology adopted for the Project compensation which has been applied for all impacted PAPs.

### 8.3.1 Compensation for Loss of Grazing Land

Compensation for land loss is calculated according to Article 55 and 58 of the Azerbaijan Land Acquisition Law. This law requires that the amount of compensation for acquired land shall be calculated by determination of market price of acquired land. The market price of the land will be determined based on the average value of top three (3) prices specified in land transactions which were registered in notary within three (3) months prior to census date. For determination of land price on the basis of its market price, then market price for acquired land shall be based on price of acquired land within the territory with the coverage of 100 meters from acquired land, in case of absence of land market in this territory - the territory with coverage of 250 meters from acquired land, in case of absence in this territory of land market - in the territory with coverage of 500 meters from acquired land.

It is noted that the Law requires for all compensation to be paid will be based on principle that all affected persons shall have their livelihoods, income, living standards and conditions restored so that they are not worse off. As such, compensation will be provided to all PAPs before the commencement of any site work.

In the Project, **compensation for loss of grazing land is to be done by providing alternative land of equal quality, size and potential productivity to the PAPs and payment of land lease by the Project**. Therefore, there is no cash compensation required to be paid to Municipality by the Project company.

#### **ADDITIONAL LENDERS REQUIREMENTS FOR THE PROJECT**

In-kind compensation i.e., land for land will be provided to the PAPs in the form of replacement land based on their preference. This land will be of equal size, productivity etc., as what has been lost by the PAPs. Where this is not available, cash compensation will be provided. Additional support will also be provided in line with the entitlement matrix.

### 8.3.2 Compensation for Lost Income of Workers/Herders

Calculating compensation proposed in the Labour Code of Azerbaijan (Chapter VI) suggests the average amount by considering the number of worked days and months. However, it is

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suggested to apply the best which is to consider a minimum wage for three (3) months, as these herders do not have agreements.

The calculations will be based on their current salaries but the Azerbaijan minimum wage for 2023 which is 345 AZN<sup>13</sup> will be used if their salaries are lower.

#### **ADDITIONAL LENDERS REQUIREMENTS FOR THE PROJECT**

According to PR5, Guidance Note under Valuation of Business “Where the enterprise cannot be re-established for whatever reason, providing employees for six months of lost income is generally adequate. Assistance to re-employment, including training, can also be proposed.”

The same principle will be applied to the workers within the Project site with compensation for lost income provided for three months as they are temporary workers.

#### **8.3.3 Compensation for Vulnerable Groups**

The Azerbaijan law does not provide any requirements for the support or assistance of vulnerable groups in relation to livelihood restoration as a result of Project development. However, the Project will be required to provide support to vulnerable groups in order to meet EBRD, and ADB requirements. The vulnerable PAPs have been identified in the socio-economic survey details of which are provided in Section 6.3.16.

### **8.4 Valuation Verification**

The valuation process has been conducted by an assigned evaluator from PRIVAT Co Firm who is registered on the February of 1999 at the Ministry of Justice of Azerbaijan. Evaluator has prepared (i) compensation for calculating land loss based on legal requirements and best practices, and (ii) calculation of compensation for affected land plots.

### **8.5 Compensation Entitlements**

The compensation costs for each category are presented in the tables below as follows:

- Compensation for farmer workers
  - The compensation for farmer workers will be paid to 15 farmer workers.

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<sup>13</sup> [https://www.sosial.gov.az/post\\_509945](https://www.sosial.gov.az/post_509945)

**Table 8-2 Calculation for Loss of Income for Farmers Workers**

NUMBER OF WORKERS	TOTAL SALARY (AZN) <sup>14</sup>	TOTAL COMPENSATION FOR THREE MONTHS
15	$345*15 = 4,500.00$	$5,175*3=15,525.00$

**Note:** As such, the compensation packages above have been provided in case any workers are impacted by the project leading to loss of employment. However, it is highly unlikely that any workers will lose their jobs due to the development of the project.

## 8.6 Support to Vulnerable Households

Support provided to vulnerable households will vary based on the consultations held with each PAP and assessment of their needs. This has been broken down per household as provided in the table below. Total amount of the minimum support to vulnerable groups will be 4,695.00 AZN.

<sup>14</sup> The minimum wage in Azerbaijan has been used to calculate the compensation for workers' salaries are lower than the national requirements.

**Table 8-3 Support to Vulnerable Households – Farmers**

PAP CODE	REQUESTED SUPPORT	NOTES	SUPPORT TO BE PROVIDED	BUDGET ALLOCATED (AZN)	EXPLANATION
Farmer 1	Request assistance in finding alternative grazing land.	N/A	Alternative land will be provided.  One month minimum Azerbaijan wage (One-time payment).	345 (One-time payment)	N/A
Farmer 2	Request assistance in finding alternative grazing land.  Request solar PV or other sources of renewable energy to support his farm with electricity	N/A	Alternative land will be provided.  One month minimum Azerbaijan wage (One-time payment).	345 (One-time payment)	The request for Solar PV or other sources of renewable energy support is not an area that Project could support. This request should be consulted to relevant authority by PAPs. Because the request is not relevant to Project impact, no additional support will be provided.
Farmer 3	Request assistance in finding alternative grazing land.	N/A	Alternative land will be provided.  One month minimum Azerbaijan wage (One-time payment).	345 (One-time payment))	N/A
Farmer 4	Request assistance in finding alternative grazing land.  Request installation of permanent electricity line at the territory of his farm to supply with stable electricity	N/A	Alternative land will be provided.  One month minimum Azerbaijan wage (One-time payment).	345 (One-time payment)	The request for installation of permanent electricity line at the territory support is not an area that Project could support. This request should be consulted to relevant authority by PAPs. Because the request is not relevant to Project impact, no additional support will be provided.

**Table 8-4 Support to Vulnerable Households – Herb Collectors**

PAP CODE	REQUESTED SUPPORT	NOTES	SUPPORT TO BE PROVIDED	BUDGET ALLOCATED (AZN)	EXPLANATION
HC 1	Request assistance in finding alternative land for herb collection.	N/A	Alternative land will be provided.  One month minimum Azerbaijan wage (One-time payment).	345 (One-time payment)	N/A
HC 2	Request assistance in finding alternative land plot for collection herbs.	Provision of financial support for medical treatment of his stepmother with chronic illness (chest cancer) and father who is considered 2nd group disabled person.	Alternative land will be provided.  One month minimum Azerbaijan wage (One-time payment).  Additional support for the medical treatment.	645 (One-time payment)	Additional support (300 AZN) is to be paid for medical treatment (one-time payment).
HC 3	Request assistance in finding alternative land for herb collection.	N/A	Alternative land will be provided.  One month minimum Azerbaijan wage (One-time payment).	345 (One-time payment)	N/A
HC 4	Request assistance in finding alternative land for herb collection.	N/A	Alternative land will be provided.  One month minimum Azerbaijan wage (One-time payment).	345 (One-time payment)	N/A
HC 5	Request assistance in finding alternative land plot for collection herbs	N/A	Alternative land will be provided.  One month minimum Azerbaijan wage (One-time payment).	345 (One-time payment)	N/A
HC 6	Request assistance in finding alternative land plot for collection herbs	Provision of financial support for medical treatment of tuberculosis	Alternative land will be provided.  One month minimum Azerbaijan wage (One-time payment).	645 (One-time payment)	Additional support (300 AZN) is to be paid for medical

PAP CODE	REQUESTED SUPPORT	NOTES	SUPPORT TO BE PROVIDED	BUDGET ALLOCATED (AZN)	EXPLANATION
	Requires support in treatment of tuberculosis		Additional support for the medical treatment.		treatment (one-time payment).

HC = Herb Collector

**Table 8-5 Support to Vulnerable Households – Herders**

PAP CODE	REQUESTED SUPPORT	NOTES	SUPPORT TO BE PROVIDED	BUDGET ALLOCATED (AZN)	EXPLANATION
Herder 1	Request assistance in finding alternative grazing land. Request assistance with feed supply for his livestock.	N/A	Alternative land will be provided. One month minimum Azerbaijan wage (One-time payment). Additional support for the feed supply for the livestock.	645 (One-time payment)	Additional support (300 AZN) is to be paid for feed supply (one-time payment).

H = Herder

**Note:** Herder 2 was not available to be interviewed

**Table 8-6 Total Support to Vulnerable Households**

VULNERABLE GROUP	BUDGET ALLOCATED (AZN)
<b>Farmers</b>	1,380.00
<b>Herb Collector</b>	2,670.00
<b>Herders</b>	645.00
<b>TOTAL</b>	<b>4,695.00</b>

## 8.7 Available Land for Grazing and Herb Collection

The land allocated for grazing and herb collection by the Municipality for PAPs was assessed based on (i) engagement with the relevant authorities and (ii) a site visit and consultations with the participation of authorities and the vulnerable PAPs.

Availability of the alternative grazing land is officially confirmed by both Sitalchay Municipality and Khizi Executive District.

Based on the official response of Sitalchay Municipality, the available land is available for public needs and complimentary access will be granted. The available land provided by Municipality for grazing and herb collection is shown in the figure below.

**Figure 8-1 Location of Proposed Grazing and Herb Collection Area by Sitalchay Municipality**



In relation to the Khizi district, the Deputy Head of Khizi District Executive Power provided an official response which states there is no land tenant in the territory of the state fund lands located in the administrative territory of the Khizi region in the Project area.

In addition to all official information request from the aforementioned authorities, a site visit was organised on 29<sup>th</sup> of June 2022 with a representative of Sitalchay Municipality, farmer, and herb collectors in order to visit the proposed available grazing land area. The aim of the site visit was to confirm (i) the status of ownership of the available land, (ii) availability of the land, and (iii) suitability of the alternative land as pasture and herb collection. The details of the site visit conducted on 29<sup>th</sup> of June is provided in the table below.

<b>DATE</b>	29 <sup>th</sup> June 2022
<b>TIME</b>	10:00 AM
<b>STAKEHOLDER GROUP</b>	Local Government Authorities – Sitalchay Municipality, herder, and herb collector
<b>VENUE</b>	Alternative Grazing Land
<b>LANGUAGE</b>	Azerbaijani
<b>PARTICIPANTS</b>	Municipality Chair, farmer, herb collector, local consultant
<b>MAIN DISCUSSIONS</b>	
The summary of site visit discussion for alternative land site visit with municipality:	
<ul style="list-style-type: none"> <li>One (1) farmer, one (1) herb collector and one (1) municipality chair attended to the site visit. Consultations with other PAPs were carried out over the phone. All PAPs have confirmed suitability of the alternative including the location.</li> <li>It has been confirmed that legal owner of the proposal land is Sitalchay Municipality.</li> <li>Municipality has confirmed that the alternative land is not leased to legal or physical entities, and it is free and available for use by the PAPs.</li> <li>It has been stated that alternative land is suitable for herb collection as well.</li> </ul>	
<b>PHOTOS</b>	
 	

Further consultations were carried out via phone calls with PAPs who could not attend the site visit. All PAPs accepted the proposed grazing land, with the exception of one (1) farmer who claims he has a valid land lease agreement with the municipality (Farmer 2), however no

official documents were provided to support his claim. As stated earlier, several consultations were undertaken with the municipality to request feedback and verify land use status and it has been confirmed that the project site is not any under any land lease agreement including affected PAP. One (1) farmer has requested not to be contacted at all by the Project at all times and refused to participate in the socio-economic survey and any further consultations.

### **Additional Consultation with Farmer**

Given that Farmer 2 rejected the proposed alternative grazing land, additional consultation was conducted to discuss the suitability of the alternative land and understand the Farmer's concerns regarding alternative grazing land. A summary of the meeting outcome is presented below.

<b>DATE OF CONSULTATION</b>	9 <sup>th</sup> September 2022
<b>TIME</b>	12:00 – 12:40
<b>STAKEHOLDER GROUP</b>	Farmer 2 at Khizi 3
<b>VENUE</b>	Municipality Office
<b>LANGUAGE</b>	Azerbaijani
<b>PARTICIPANTS</b>	Head of Sitalchay Municipality; Farmer 2; Representative of Local Consultant (JE) and; Representative of ACWA Power.
<b>MAIN DISCUSSIONS</b>	
<ul style="list-style-type: none"> <li>During the meeting the farmer indicated that the reason for rejecting alternative land was because he was not sure that the land was not leased to another farmer or farmers as no proof was provided on the availability of the alternative land.</li> <li>The Head of the Municipality confirmed the land is not leased and owned by the Municipality. Location of available land was shown on a map.</li> <li>Based on Municipality's confirmation of the availability of the land, the Farmer had no more concerns and requested the project to supply his farm with electricity. This request is being considered by ACWA Power.</li> </ul>	

### **BENEFITS OF AVAILABLE LAND FOR GRAZING AND HERB COLLECTION**

- Productivity: The quality/productivity of the land is the same as the existing grazing/herb collection area.
- Quality of land - all land that is allocated by government of Azerbaijan to Sitalchay Municipality has the same type and quality. No concern related to the quality of proposed alternative land was received from PAPs.
- Distance: The available land is located next to Project site. All PAPs used to reach project site from different locations, i.e., herb collectors from Sitalchay village, farmers used to keep their livestock on their farms, herder use to work and graze owned livestock at the farm as well.
- Access route - the same access route is going to be used as for the Project site.
- Water resources - The nearest canal to the Project site and alternative land plot is Takhtakupru (located app 3km away from project site). There is no surface water sources in

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all land belonging to Sitalchay municipality. Land users use to dig holes to fill it with rain water to water livestock. During the site visit it was confirmed by head of Sitalchay municipality that at alternative land the same approach can be used.

## 8.8 Livelihood Restoration Programme

Livelihood restoration programmes are not required under Azerbaijan law, but this is a lenders requirement and therefore applicable to the Project. The main objective of the livelihood restoration programme is to ensure that the PAPs are better off as a result of the Project, or not left worse-off than they were before the Project development. It is also meant to ensure that the standard of living for the vulnerable PAPs is improved.

The consideration for the livelihood restoration programmes is based on consultations with PAPs.

**Table 8-7 Livelihood Restoration Programme**

LAND USE TYPE	PROGRAM	TARGETED PAPs	NO OF ELIGIBLE PAPs	DETAILS
Grazing Land	Livestock Breeding and Management	All farmers including their workers/herders	6 (4 farmers and 2 herders)	<p>All herders will receive training from qualified livestock expert(s) on the following aspects as a minimum:</p> <ul style="list-style-type: none"> <li>• Training on livestock breeding i.e., potential artificial insemination, how to improve their livestock breeds etc.</li> <li>• Pasture management including pasture rotation to allow for pasture regrowth, reseeding etc.</li> <li>• How to reduce death of livestock during lambing season.</li> <li>• Livestock disease prevention and management.</li> <li>• Analysis of local markets and identification of buyers for their private livestock.</li> </ul> <p>In addition, the herders (and workers with livestock) will be provided with one year (two times) of veterinary professional access who will check up on their livestock and provide medication as appropriate. Where needed, veterinary professional access can be extended for one more year.</p>
N/A	Access to Project Employment	Impacted herders	2 herders between 30-49	<p>Providing employment to permanent workers who may lose their jobs will offer short term benefits such as providing a regular source of income for the duration of the construction phase of the Project. In the long-term, this will provide certain opportunities for training and skill enhancement. The LRP implementation team will be required to:</p> <ul style="list-style-type: none"> <li>• Coordinate with the EPC Contractor and sub-contractors on the employment screening and recruitment procedures which must be met before the PAPs are provided with a job.</li> <li>• Employment opportunities will be communicated to the PAPs including the recruitment requirements and deadlines.</li> </ul> <p>Where employment opportunities are not available the PAPs will be provided support in:</p> <ul style="list-style-type: none"> <li>• Registering in local employment agencies (where they exist)</li> </ul>

LAND USE TYPE	PROGRAM	TARGETED PAPs	NO OF ELIGIBLE PAPs	DETAILS
				<ul style="list-style-type: none"> <li>Facilitation in job placement (where possible and based on the skills of the workers.)</li> <li>Support to access and register with national/local social support programmes.</li> </ul>

## 9 INSTITUTIONAL RESPONSIBILITY

The planning, preparation and implementation of the LRP will involve distinct processes and different parties/stakeholders with different roles and responsibilities. Various Agencies and Institutions are responsible for the different functions in the LRP process and implementation.

### 9.1 Government Agency

#### 9.1.1 Sitalchay Municipality

- Allocation of land to the Project;
- Identification and allocation of alternative land to PAPs;
- Support farmers in the land auction process by registering the new grazing land size (based on land lost to the project) with the State Registry and ensuring auction/bidding is undertaken by the Auction Centre;
- Provision of new land lease agreement and signing the lease agreement with the farmers; and
- Providing assistance in conducting communication between PAPs and Project Developer.

#### 9.1.2 Khizi District Executive Power

- Allocation of land to the Project;
- Identification and allocation of alternative land to the farmer;
- Support farmer in the land auction process with the Auction Centre so as to register the new grazing land size (based on land lost to the project) with the State Registry;
- Provision of new land lease agreement and signing the lease agreement with the farmer (Farmer 1); and
- Providing assistance in conducting communication between PAP and Project Developer.

### 9.2 ACWA Power

ACWA Power as the Project Developer will play a vital role in the development and implementation of the LRP. The costs for implementation of the LRP and monitoring the implementation of the LRP will be internal costs to ACWA Power and will be provided at the implementation stage.

Some of its roles and responsibilities will include:

### 9.2.1 Deputy CEO (Project Company)

- Understand the need and implementation requirements of the LRP;
- Support the implementation of the LRP;
- Ensure that the human and financial resources are provided to allow for the implementation of the LRP; and
- Ensure that an independent E&S consultant is appointed for the monitoring and auditing of the implementation of the LRP.

### 9.2.2 Business Development Team (Azerbaijan Team)

- Disclosure of the final entitlements and livelihood restoration packages to the PAPs once the LRP has been prepared and finalised;
- Setting up the Livelihood Restoration implementation team including qualified livelihood/social experts and the committee that will be in charge of the cash compensation (the compensation committee will be selected from the ACWA Power staff outlined herein);
- Appointment of the personnel required to provide support to the farmers in securing new LLA with the municipality, registering the LLA with the State Land Agency, etc;
- Appointment of the experts required to provide livelihood support programs e.g. livestock breeding technician to provide livestock breeding training to farmers & herders (if applicable); and
- Ensure that the EPC Contractor and O&M Company (if applicable) is aware of the compensation policies and are monitored to avoid any violations of such policies.

### 9.2.3 Financial Department

- Disbursement of the cash compensation package into the PAPs personal bank accounts and any other additional support in accordance with the LRP timeline; and
- Ensure timely payment of income tax on top of all the PAPs compensation packages.

### 9.2.4 E&S Implementation Manager

- Oversee the implementation of the LRP
- Notify the PAPs on the information required to prove eligibility of the compensation entitlements including transitional support.
- Notify the PAPs on the LRP implementations timelines and how this relates to the project schedule, relocation requirements etc.
- Address any grievances received through the established LRP grievance mechanism and PIC in coordination with the LRP implementation team including allocation of necessary resources;

- It is noted that once the LRP is completed the grievance mechanism and PIC will be handed over to ACWA Power/Project Company.
- Inform the relevant government agencies (in Section 9.1 above) about the grievance mechanism, its importance, how grievances are resolved etc. These agencies will also be encouraged to submit any grievances received to the Project so that their resolution is ensured.
- Coordinate with the construction and operational phase Community Liaison Officer to track and resolve any grievances received relating to LRP including distribution of information to the PAPs within the specified timelines;
- Coordinate the timely provision of transitional support and livelihood restoration programmes;
- Monitoring and reporting on the status of implementing the LRP; and
- Submit monitoring and audit reports to the lenders in coordination with the Business Development Team.

#### 9.2.5 HR Manager

- Prepare the individual PAPs compensation package agreements in coordination with the Business Development Team & Financial Department;
- Keep a record of all agreements between the Project Company and the PAPs including those signed with the various experts supporting the PAPs.

#### 9.2.6 Grievance Manager

- Ensure that the Community Liaison Officer (CLO) has the necessary resources required to monitor the implementation of the LRP and meet other responsibilities and commitments described below and, in the SEP;
- Engage with PAPs and raise awareness about the grievance mechanism and support the resolution of grievances; and
- Approve all external communications prepared by the CLO before their release to PAPs.

#### 9.2.7 Community Liaison Officer

- Monitor the implementation of the LRP
- Ensure eligible PAPs sign written agreement once compensation has been received
- Prepare external communications associated with the LRP
- Engage with PAPs and raise awareness about the grievance mechanism and support in the resolution of grievances.

The Business Development Team will be responsible for setting up the LRP implementation team which will comprise of the E&S Implementation Manager, qualified livelihood/social expert,

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livestock breeding technician and other delivery partners. that will be engaged to ensure effective implementation of the LRP

The general/key hiring criteria that will be considered by the Business Development Team is outlined below:

- Previous experience in implementing livelihood restoration plans and/or activities;
- Previous experience working on similar development project type involving involuntary resettlement and livelihood restoration either locally or internationally;
- Relevant experience working with international requirements including EBRD PR5, IFC PS 5, ADB Safeguard Requirement 2 and other best practice standards;
- Familiarity with the local Azeri laws and regulations on land acquisition, economic displacement and compensation payment;
- Demonstrated ability to disseminate information through different communication channels suitable to both literate and illiterate PAPs;
- Knowledge and experience in working and coordinating with government agencies and development partners; and
- Experience in monitoring and reporting on the livelihood restoration plan implementation.

### **9.3 Independent E&S Consultant**

In order to meet the monitoring requirements provided herein, ACWA Power/Project Company will appoint an Independent E&S Consultant to:

- Monitor the implementation process of the LRP and prepare monitoring reports on LRP implementation to be submitted to the lenders;
- Inform ACWA Power of any arising issues during the valuation process and the implementation and monitoring of the LRP;
- Provide feedback on any non-compliance with the implementation of the LRP and corrective action in the monitoring reports submitted to the lenders; and
- Provide recommendations on issues that require corrective actions in accordance with the lender's requirements.

It is noted that the lenders will appoint an Independent E&S Consultant to conduct the LRP close out audit.

### **9.4 Project Lenders**

Project lenders' will be involved in the review of the LRP and their disclosure on their website. In addition, the lenders will periodically review the Project and implementation of the LRP to ensure compliance with their requirements.

## 10 IMPLEMENTATION SCHEDULE AND BUDGET

Implementation of the LRP will include the compensation to be paid to all the PAPs as well as the monitoring of this process. Compensation of the PAPs will be undertaken before the commencement of any construction works. In addition, construction works will not commence until disclosure and consultation with PAPs have been completed.

The implementation of this LRP will need to be scheduled as per the overall Project implementation schedule. ACWA Power will therefore ensure that:

- Compensation is paid in full to all eligible PAP;
- All the other entitlements listed in this LRP are provided to the PAPs; and
- On-going consultations take place, the grievance redress mechanism remains implemented and monitoring during the implementation of the LRP continues.

### 10.1 Livelihood Restoration Plan - Schedule

The intended implementation schedule for the livelihood restoration plan is presented below. It is noted that the sequence may change or delays may occur due to unforeseen circumstances leading to adjustment in the implementation period. However, during the implementation stage, the PAPs will be notified immediately in case of any delays and reasons for such delays provided.

**Table 10-1 LRP Preparation & Implementation Schedule**

ACTIVITY	RESPONSIBILITY	TENTATIVE TIMELINE
Identification of PAPs	Sitalchay Municipality, ACWA Power, 5 Capitals & Juru Energy	February, August, November 2021 and March 2022
Stakeholder Engagement	ACWA Power, 5 Capitals & Juru Energy	Consultations with PAPs and relevant stakeholders started in February 2021 and will continue throughout the Project implementation.
Preparation of the Draft Livelihood Restoration Plan	5 Capitals and Juru Energy	1 <sup>st</sup> submission – 16 <sup>th</sup> February 2022 2 <sup>nd</sup> & 3 <sup>rd</sup> Submission following updates – April 2022 4 <sup>th</sup> submission following updates – May 2022
Socio-economic surveys of the PAPs	5 Capitals and Juru Energy	12 <sup>th</sup> March to 30 <sup>th</sup> April 2022
Issuance of cut-off date	5 Capitals and Juru Energy	12 <sup>th</sup> March to 10 <sup>th</sup> April 2022
Submission of the Draft LRP	5 Capitals, Juru Energy	16 May 2022

ACTIVITY	RESPONSIBILITY	TENTATIVE TIMELINE
Online public disclosure of the draft LRP	EBRD & ACWA Power's websites	May 2022
Preparation of the draft LRP (including site visits & meetings on alternative grazing lands)	5 Capitals, Juru Energy	April - June 2022
Valuation of grazing land	Valuation Officer	Mid -May 2022
Online public disclosure of the Draft LRP	EBRD & ACWA Power's websites	May 2022
Preparation of the compensation package (excludes transitional support & livelihood restoration programs)	Valuation Officer, 5 Capitals, Juru Energy	July 2022
Presentation of the initial compensation package to the lenders	EBRD & ADB	August 2022
Lenders engagement on review of the LRP and the implementation schedule	EBRD & ADB	August - December 2022
Disclosure of the compensation package to the PAPs	ACWA Power, 5 Capitals & Juru Energy	Once LRP Report have been approved by lenders and finalised
<b>LRP Implementation</b>		
Signing of individual compensation agreements between ACWA Power & the PAPs	ACWA Power, PAPs	To start one month before Limited Noticed to Proceed (LNTP) and construction works
Payment of compensation to PAPs	ACWA Power	
Implementation of the livelihood restoration programs, hiring of experts, and provision of transitional support	ACWA Power	
Grievance redress	ACWA Power, 5 Capitals & Juru Energy	Ongoing
<b>Monitoring</b>		
Submission of quarterly and annual monitoring reports to the lenders	ACWA Power, Independent E&S consultant	1 <sup>st</sup> monitoring report to be submitted to the lenders in by FC + 3 months and FC+12 months for annual report
External 3 <sup>rd</sup> party close-out audit	Independent E&S consultant	To be determined based on the agreement between ACWA Power & lenders on the required monitoring period

**Table 10-2 LRP Implementation Schedule**

Task	Feb	Aug	Nov	2021			2022												2023											
	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec							
Identification of PAPs																														
Stakeholder Engagement																														
Preparation of the Draft Livelihood Restoration Plan																														
Socio-economic survey of the PAPs																														
Issuance of cut-off date																														
Submission of the Draft LRP																														
Online public disclosure of the draft LRP																														
Preparation of the Final LRP (including site visits & meetings on alternative grazing lands)																														
Valuation of grazing land)																														
Preparation of the compensation package (excludes transitional support & livelihood restoration programs)																														
Presentation of the initial compensation package to the lenders																														
Lenders engagement on review of the LRP and the implementation schedule																														
Disclosure of the compensation package to the PAPs	Once LRP Report approved by lenders and finalised																													
<b>LRP Implementation</b>																														
Signing of individual compensation agreements between ACWA Power & the PAPs	One month before Limited Notice to Proceed (LNTP) and construction works																													
Payment of compensation to PAPs																														

TASK	FEB	AUG	Nov	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	Nov	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	Nov	DEC		
	2021				2022												2023											
Implementation of the livelihood restoration programs, hiring of experts, and provision of transitional support																												
Grievance Redress (during the project lifecycle)																												
<b>Monitoring</b>																												
Submission of first quarterly monitoring reports to the lenders																												
Submission of first annual monitoring reports to the lenders																												
External 3 <sup>rd</sup> party close-out audit																												

## 10.2 LRP Implementation Cost

ACWA Power has advised that the costs for the implementation of the LRP and monitoring the implementation of the LRP will be provided at the implementation stage. These additional costs will include:

- Independent E&S Consultant to conduct monitoring and auditing and;
- Any other administrative costs.

These costs will be captured in the first monitoring report submitted to the lenders and will be internal costs to ACWA Power.

## 10.3 LRP Contingency Fund

ACWA Power has a Corporate Social Responsibility (CSR) budget of 50,000 USD across both Khizi 3 and Area 1 WF Projects. A portion of the CSR budget will be allocated as a contingency sum to cater for additional future costs that may arise during the implementation of the LRP.

## 10.4 Payment of Compensation to the PAPs

The summary of the total costs associated with the implementation of the LRP is provided in the table below.

**Table 10-3 Summary of Total Costs Associated with LRP**

ITEM	AMOUNT IN AZN
Potential compensation to farmers workers	15,525.00
Vulnerable households	4,695.00
Contingency fund	A portion of the CSR budget of 50,000 USD will be allocated as the contingency fund.
Transitional support	Internal costs to ACWA Power
Hiring of experts	TBC
Administrative costs	To be Determined
Monitoring costs	To be Determined
Livelihood Restoration Programme	To be Determined - Internal costs to ACWA Power
<b>Total</b>	20,220.00 + the other cost to be determined by ACWA
<b>Note:</b> The total amount will be updated once the administrative and monitoring costs have been confirmed.	

After the completion of the compensation packages, additional consultations will be held with the PAPs to disclose the methodologies, payment timelines, additional support etc. Thereafter, agreements (provided in Azeri) will be signed between ACWA Power and the PAPs. The agreements will clearly state the total compensation amounts both in cash or in-kind and the specific payment timelines. Any disputes will be addressed through the grievance mechanism.

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ACWA Power LRP implementation team will be responsible for contacting all the PAPs on the compensation payment requirements such as submission of legal identification details, bank accounts etc.

## 11 MONITORING AND REPORTING

Monitoring and reporting will form an integral component in the implementations of actions discussed herein and subsequently in the implementation of the LRP. The main objective for monitoring will be to assess the progress of implementing the LRP in regards to livelihood restoration outcomes, their impacts on the standards of living of the PAPs and whether the objectives of the LRP have been achieved and/or if any corrective actions are required. Key monitoring indicators will include the following as a minimum:

- Implementation of the LRP objectives and whether all the inputs committed in the LRP have been delivered;
- Number and agenda of public discussions and consultations scheduled and held on the LRP.
  - This must include the Minutes of Meeting (MoMs) and signed attendance sheets.
- Assessment of the implementation of mitigation measures and their effectiveness and whether it is in accordance with Azerbaijan and lenders requirements;
- Number of compensation agreements;
- Number of PAPs who have received cash compensation and how the funds have been disbursed;
- The socio-economic status of PAPs measured against the baseline conditions before the economic displacement;
- Total area of grazing land reinstated at the Project site following construction phase i.e., for laydown areas, storage yards, etc.;
- Effectiveness of the PIC and/ grievance mechanism
  - All PAPs are aware of the PIC/grievance mechanism and have received notice on its availability and how to access it.
  - Total number of grievances received and logged, cases resolved at Project level, how long it took to resolve them through the defined process as accepted by lenders.
  - Number of grievances received and why.
  - Number of grievances taken to court and the timeline taken to resolve the matter in court etc.
- Satisfaction level of PAPs.
  - Outcome of satisfaction survey conducted on all PAPs and their level of satisfaction with their compensation entitlements.

**Note:** ACWA Power/Project Company will appoint an Independent E&S Consultant to monitor the implementation process of the LRP and prepare monitoring reports on LRP implementation to be submitted to the lenders.

Once engaged, the Independent E&S Consultant will determine the process of monitoring and how results and corrective actions will be reported on.

Additionally, the outcome of measures implemented to demonstrate effective restoration of livelihoods will be tracked against the data collected during the socio-economic surveys. In particular, effort will be made to determine whether vulnerable PAPs have been able to effectively restore their livelihoods. The outcome indicators to monitor livelihood restoration will include:

- Number and % of PAPs with improved household income;
- Number and % of PAPs with improved housing conditions for example if households lacking personal computer, air conditioner, washing machine, satellite dish, etc. based on the survey conducted now have these amenities;
- Number and % of PAPs with increased monthly expenditure level;
- Number of received open and closed grievances within the LRP implementation period

## Auditing

### 11.1.1 Internal Audit

The Project Company will conduct audits during LRP implementation. The objectives of the audits will include as a minimum:

- Review of the totality of mitigation measures implemented;
- A comparison of the implementation outcomes against the LRP objectives;
- Review of information disclosure and ongoing consultations with the PAPs;
- Review of the grievance mechanism;
- Status of compensation payments including implementation of livelihood restoration programs; and
- Corrective Action Plan listing outstanding actions necessary to meet the objectives (if required) including the budget and timeline.

### 11.1.2 Third Party Audit/Completion Audit

The Project Company will engage an independent organisation with expertise in livelihood restoration and compensation to undertake a completion/close out audit to verify that the implementation of the LRP has been effective in restoring the PAPs livelihood, standards of living and whether the objectives of the LRP has been achieved throughout implementation. The period when the completion/close-out audit will be undertaken will be determined between the lenders and the Project Company.

Prior to conducting the independent consultant and the lenders will agree on the terms of reference. The external auditing will establish the robustness of the internal monitoring and auditing and will include the following as a minimum:

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- Reviewing and verifying of internal monitoring reports;
- Comparison of the implementation outcomes against the LRP objectives;
- Review the effectiveness of the grievance mechanism and verify that all grievances have been addressed;
- Verifying that all compensation and entitlements in the LRP have been delivered to the PAPs
- Verifying whether PAPs livelihoods have been restored to pre-Project levels or have been enhanced; and
- Corrective Action Plan listing outstanding actions necessary to meet the objectives (if required) and the timeline.

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## APPENDIX A – TRANSLATED VERSION OF ONE OF THE SIGNED LLA



APPROVED BY:

The State Service on Property Issues within the  
Ministry of Economy of the Republic of Azerbaijan

Nigar Alimova \_\_\_\_\_  
Chairman of the Management Board of the State  
Real Estate Cadastre and Registry Public Corporation

" \_\_\_\_\_ " \_\_\_\_\_ 2022

THE STATE SERVICE ON PROPERTY ISSUES WITHIN THE MINISTRY OF  
ECONOMY OF THE REPUBLIC OF AZERBAIJAN

THE STATE REAL ESTATE CADASTRE AND REGISTRY PUBLIC CORPORATION  
THE CADASTRE AND LAND MANAGEMENT DESIGN AND RESEARCH CENTER

LAND MANAGEMENT PLAN OF THE 225958 SQUARE METER LOCATION AREA FOR THE WIND TURBINES, SUBSTATIONS AND  
UNLOADING AREA TO BE TRANSFERRED FROM THE CATEGORY OF THE LANDS SPECIFIED FOR AGRICULTURAL USE TO THE  
CATEGORY OF LANDS SPECIFIED FOR INDUSTRY, TRANSPORTATION, COMMUNICATION, DEFENSE AND OTHER USES OUT OF THE  
LAND PLOTS, LOCATED AT THE ADMINISTRATIVE TERRITORY OF KHIZI REGION THAT HAVE BEEN ENTERED INTO THE REGISTRY AS  
THE MUNICIPAL LAND UNDER THE NUMBER 306012000619 AND AS THE STATE PROPERTY LAND UNDER THE NUMBER  
306011002053

Basis: The letter No. 2101308255 of the Department on Organization of the State Management of Lands and  
Geodesy, dated 16.11.2021

BAKU - 2022

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## APPENDIX B - SAMPLE OF HOUSEHOLD QUESTIONNAIRE

*No questionnaire* \_\_\_\_\_

**SURVEY OF Affected Households – FARM WORKERS*****Short information about Project:***

Azerbaijan's National State Programme on the Use of Alternative and Renewable Energy Sources, 2016-2020, aims to increase the share of alternative and renewable energy sources to 20%. The Programme has identified wind as the preferred source of alternative energy with an estimated annual wind power capacity of 800 MW, based on International Energy Agency (IEA). This is due to the unlimited wind availability in Azerbaijan and the lower costs of the technology (IEA, 2020). ACWA Power signed an implementation agreement with the Ministry of Energy (MoE) in Azerbaijan for developing, building and operating a 240 MW wind power project. The wind project is expected to operate for 25 years on a Build Own Operate (BOO) basis according to the Power Purchase Agreement (PPA). The 240 MW wind project will be split and built on two (2) locations as follows:

- Khizi 3: Capacity up to 162.5 MW and will be generated using 25 x 6.5 MW Wind Turbine Generators (WTG), located in Khizi region; and
- Area 1: Capacity up to 78 MW and will be generated using 12 x 6.5 MW WTGs, located at Absheron region

5 Capitals has appointed Juru Energy to conduct household survey to establish socio economic profile of potentially affected persons at the Khizi 3 project area and to assess level of impact on their livelihoods. Therefore, we would like to invite you to take part in this survey.

The survey will take approximately 20 minutes of your time and you will be guided by a member of our team. All information provided by you will be strictly confidential and will not be shared with any third party.

You have the freedom to participate or decline taking part in this survey.

If you have any follow up questions or concerns, please let us know through:

Juru Energy	Elnur Mammadov: Email: <a href="mailto:mammadov_e@yahoo.com">mammadov_e@yahoo.com</a> Mob:
Grievance Manager/In-Charge	Javid Alifli Phone: M + 994 50 241 80 30 Email: <a href="mailto:JAlifli@acwapower.com">JAlifli@acwapower.com</a>
PIC	Vusal Safarov Phone: +99455 260 08 09 Email: <a href="mailto:vusal.safarovv@gmail.com">vusal.safarovv@gmail.com</a>

## QUESTIONNAIRE

### I. General information

<b>Project location</b>	Khizi 3
<b>Name of affected person/worker</b>	
<b>Are you head of household? (if yes, indicate here)</b>	
<b>Name of household head</b>	
<b>General information about household and its head</b>	
<b>Region/district</b>	
<b>Street</b>	
<b>Age</b>	
<b>Gender</b>	
<b>Nationality</b>	
<b>Vulnerability: disability/from low income family (if applicable)</b>	
<b>Does head of household suffer from any chronic illness?</b>	
<b>Does head of household receive any financial or social assistance?</b>	
<b>Marital status of household head</b>	
<b>Current employment status of household head</b>	
<b>Other sources of income (if applicable)</b>	
<b>Education of household head</b>	
<b>Contact details of household head</b>	

<b>General information about affected person</b>	
<b>Region/district</b>	
<b>Street</b>	
<b>Age</b>	
<b>Gender</b>	
<b>Nationality</b>	
<b>Vulnerability:</b> <b>disability/from low income family/ refugee/internally displaced people (if applicable)</b>	
<b>Do you have / suffer from any chronic illness?</b>	
<b>Do you receive any financial or social assistance?</b>	
<b>What is your marital status?</b>	
<b>What is your current employment status?</b>	
<b>Other sources of income (if applicable)</b>	
<b>What is your education?</b>	
<b>Contact details of affected person household</b>	

**Information about households members**

No	Household member	Age	Education	Occupation	Any known disabilities (if applicable indicate the type)	Notes
<u>1</u>						
<u>2</u>						
<u>3</u>						
<u>4</u>						
<u>5</u>						
<u>6</u>						
<u>7</u>						
<u>8</u>						
<u>9</u>						
<u>10</u>						

AZE - ACWA POWER Khizi 3 Wind Project – Khizi Region Azerbaijan\_ Socio-economic survey of PAPs households

<u>11</u>						
<u>12</u>						
<u>13</u>						
<u>14</u>						
<u>15</u>						

## II. Accommodation and living conditions

### 2.1. Type of house you live in and its ownership?

Private house/ Lifetime rental (for private home)	
Rental house	
Other (please specify)	
Temporary accommodation	
Allocated housing by work	

### 2.2. What are houses built out of?

Clay (stone mixture)	
Brick	
Concrete slabs	
Reeds	
Other (please specify)	

**2.3. Household utilities**

#	Utilities	Yes	No	Notes
1.	Does your household have stable gas supply			
2.	Does your household have stable Supply with electricity			
3.	Does your household have stable Wastewater management (centralized/or decentralized system)			
4.	Do you experience a shortage of potable water?			
5.	Are you satisfied with the quality of local drinking water?			
6.	Does your household have an access to potable water supply (centralized/or decentralized) /quality of potable water			
7.	How do you manage a waste in your household?			
8.	Does your household have a stable heating system ?			
9.	What kind of fuel do you use for heating your home and cooking?			

**2.4. Does your houseould has a following:**

#	Equipment	Yes	No	Notes
1.	Car			
2.	Motorcycle			
3.	TV			
4.	Satellite dish			
5.	Washing machine			
6.	Refrigerator			
7.	Air conditioner			
8.	Greenhouse			
9.	Personal computer			
10.	Mobile Phone			

**III. Access to Public Services****3.1. Transportation:****Do you use public transport?**

Yes \_\_\_\_\_ No \_\_\_\_\_

Other, please specify \_\_\_\_\_

**3.1.1. If yes, how often do you use public transport? What type of public transport do you usually use?**


**3.1.2. What type of transport do you use and how often?**


**3.3.3. Do you graze your own livestock together with your employer's livestock?**

Yes \_\_\_\_\_ No \_\_\_\_\_

**3.3.4. Do you own a car for transportation of your livestock for annual use?**

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please specify the type \_\_\_\_\_

**3.2. Education****3.2.1. Do you have school/pre-schools in your living community/district? How long it takes to reach this place?**


**3.2.2. Do you have higher education institutions in your living community/district? How long it takes to reach this place?**


--

**3.2.3. Do you have secondary specialized institutions (academic lyceums/colleges) in your living community/district? How long it takes to reach this place?**


**3.2.4. Do you have any other training/educational centers in your living community/district? How long it takes to reach this place?**


### **3.3. Healthcare**

**3.3.1. Do you have any public hospital/medical centers in your living community/district? How long it takes to reach this place?**


**3.3.2. How often do you go to hospital/medical centre?**

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**3.3.3. Do you have any private hospital/medical centers in your living community/district? How long it takes to reach this place?**


**3.3.4. If you have household members who need regular or special treatment do you use local medical centers or you need to go to another specialized ones?**


### **3.4. Food supply**

**3.4.1.** If you are not head of household, please indicate the followings:

- who is responsible for food supply in your household?

---

- Where food for household is bought?

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- How often food for household is bought

---

**3.4.2.** If you are not head of household, please indicate the followings:

- Who is responsible for supplying with clothes your household members?

---

- Where clothes for household is bought?

---

- How often clothes for household is bought

---

**Please answer to the questions if you are head of household**

**3.4.3. Where do you usually buy food for household?**


**3.4.4. How often do you buy food for household?**


**3.4.5. Where do you usually buy clothes for your household members?**


**3.5. Acces to loans****3.5.1. If you are not head of household, please indicate the followings:**

- Have you taken a loan? If yes, please specify

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- a) Why did you take a loan? \_\_\_\_\_
- b) When did you take it? \_\_\_\_\_
- c) Who took a loan from your family members? \_\_\_\_\_
- d) For which purposes you took a loan? \_\_\_\_\_
- e) What is the schedule of repaying a loan? \_\_\_\_\_
- f) When do you expect the completion of repayment of loan? \_\_\_\_\_

**3.5.2. Do you have banks in your community/district How long it takes to reach this place?**


**3.5.3. Have you taken a loan from banks?**

Yes \_\_\_\_\_

No \_\_\_\_\_

**If yes, please respond to the following:**

- g) What is the size of loan? \_\_\_\_\_
- h) When did you take it? \_\_\_\_\_
- i) Who took a loan from your family members? \_\_\_\_\_
- j) For which purposes you took a loan? \_\_\_\_\_
- k) What is the schedule of repaying a loan? \_\_\_\_\_
- l) When do you expect the completion of repayment of loan? \_\_\_\_\_

**3.5.4. Are there any challenges, in particular gender based, associated with an access to the loan?**


**IV. Grazing activities**

**4.1. How long have you been involved for grazing activities? \_\_\_\_\_**

**4.1.1. Do you graze your own livestock as well?**

If yes, please indicate number of livestock you are grazing by filling the table below:

No	Type of livestock	Number		Size of grazing area (approximately)
		Private (farmers' livestock)	Owned	
	Cows			
	Sheep			
	....			

**4.1.2. Please specify type of your employment?**

Official (by employment agreement) \_\_\_\_\_

Unofficial (without any agreement) \_\_\_\_\_

**4.1.3. What is your working schedule? (e.g. by shifts, hourly involvement, seasonal etc)**

\_\_\_\_\_

**4.1.4. What is your average salary for grazing livestock?**

\_\_\_\_\_

**4.1.5. How do you usually receive payment?**

Monthly \_\_\_\_\_

Daily \_\_\_\_\_

Seasonally \_\_\_\_\_

V. **Income and expenses**

## 5.1. Please fill the table below regarding your incomes

No	Source of income	Amount (in AZN)	Notes (please indicate here if this type of income monthly or seasonally)	% from overall income
1.	Salary for employment			
2.	Selling herbs			
3.	Selling livestock			
4.	Social assistance (if you receive any payments as low income family or for another reasons)			
5.	Pensions (applicable for old members of family), if applicable			
6.	Disability pensions, if applicable			
7.	Support received as refugee/IDP			
8.	Other types of income, please specify			

**5.2. Please share overall monthly expenses**

No	Source of expenses	Amount (in AZN)	Notes (please indicate here if this type of income monthly/annually/seasonaly)	% from overall expenses
1.	Taxes (payment) for public utilities			
2.	Expenses for food			
3.	Education expenses			
4.	Medical treatment			
5.	Special medical treatment for members with disabilities			
6.	Loan payment, (if applicable)			
7.	Transportation expenses			
8.	Other			

**VI. Household assessment**
**6.1. How do you assess your household income?**

Options	Response
Income is enough for purchasing all needs	
Income is enough for food, clothes and other daily needs	
Income is enough for essential needs – food, clothing, utility bills	
Income is enough only for food	
Income is not even enough for food	
Not able to assess	

**6.2. How the recent quarantine affected your household income?**

Options	Response
It didn't affect	
Profits decreased	
We lost all income sources	
Profits increased	

**6.3. What are other risks that can negatively affect your family's income?**

Options	Response
There are no risks	
Price reduction for agricultural products	
Low level of irrigation water	
High prices for consumer goods	
Low water level in the canal	
Quarantine extention	
Unemployment	
Difficult to answer	
Other (please specify)	

**VII. Loses****7.1. If the land farmer, whom you are working for, will be affected by the project, what type of difficulties are associated with your further activities?**

- A) Limited movement to other parts of land;
- B) Difficulties in grazing livestock
- C) Access to other places (farms, roads, other facilities);
- D) Payments associated with land loans (if ny)
- E) There are no associated difficulties
- F) Other (please specify) \_\_\_\_\_

**7.2. Do you think changing/limiting grazing area will impact to your job and affect household income?**

Yes \_\_\_\_\_

No \_\_\_\_\_

If yes please specify to what extent (e.g., distance, water resources, etc)

**Please provide us with any other information or concerns you may have regarding the project*****Thank you very much for your participation in the survey!***

Interviewee \_\_\_\_\_

Interviewer \_\_\_\_\_

Date: \_\_\_\_\_

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## APPENDIX C – COMMUNITY LEAFLETS



# AZERBAIJAN 240 MW WIND PROJECTS KEY UPDATES

# ESIA - KEY UPDATES

## Introduction

Azerbaijan 240MW Wind Farm incorporating wind turbines at two sites (Area 1 and Khizi 3) is being developed by ACWA Power. The Project Environmental and Social Impact Assessment (ESIA), which has been prepared over the past 2 years, has been undertaken by 5 Capitals (headquartered in Dubai) in association with local consultant EcoEnergy and Azerbaijani experts in ecology, archaeology and social issues relating to the community and land uses.

The purpose of the meetings is to disclose any updates to the ESIA since it was published on EBRD and ACWA Power websites on 20<sup>th</sup> May 2022. Here are some frequently asked questions.

## **Question 1: What are the key updates made to the Environmental and Social Impact Assessment (ESIA) Studies developed for the project and disclosed during the Public Disclosure meetings held in January 2022?**

The project is seeking project finance from the European Bank for Reconstruction and Development (EBRD). To obtain financing, the ESIA reports have been submitted for review and approval by EBRD. Therefore, the ESIA Reports along with the other environmental and social (E&S) Management Plans have been updated to address feedback and comments received from EBRD and their technical advisors.

Key updates include the following:

### **a. Environment - Biodiversity:** The following have been updated in ESIA reports:

- (i) A commitment to implement upfront shut down of the turbines when raptors including eagles, vultures and falcons are flying towards a wind turbine (the process is called "Shut-down on Demand").
- (ii) There is also a commitment to stop wind turbines during peak activity when the wind speed is slow (known as "Curtailment" – this will allow data to be collected to analyze the most effective measures to protect bats).
- (iii) Critical Habitat Analysis has been updated in relation to No Net Loss and Net Gain for qualifying species.

**b. Environment – Batching Plant:** A concrete batching plant may be located at the wind farm if ready mix concrete will not be sourced for the project. Exact location of plant is unknown at this stage however; will be located at a minimum distance of 500 m from any sensitive receptors in line with EBRD requirements. The key impacts, management and monitoring measures to reduce impacts from the operation of the batching plant have been included in the updated ESIA reports. – Across ESIA Report

**c. Environment – Water Assessment:** A quantitative assessment of water demand during the construction phase have been included. A water management plan will be developed for the construction and operational phases of the project which will include management controls to ensure limited impact on water resources used for the project. – Chapter 9 in ESIA

**d. Social - Supply Chain:** A supply chain risk assessment is being undertaken by Envision (wind turbine Supplier) for all suppliers that will be engaged in the Azerbaijan Wind Project. The assessment is to ensure the Project complies with EBRD requirements on supply chain and none of the companies are engaged in human right violations such as forced and child labour in their operations. The preliminary findings of the assessment have been included in the ESIA reports, which showed that none of the suppliers are engaged in child and forced labour violations. A Supply Chain Management Plan will be developed by Project Company to ensure its core suppliers will implement the recommendations from the Supply Chain audit assessment. – Chapter 16

**e. Social – Human Rights:** Human rights impacts have been integrated into the Labour and Working Conditions Chapter of the ESIA which includes assessment of forced labour, child labour, and other human rights violations. Also, more information on human rights in Azerbaijan have been included. – Chapter 19 in ESIA

**f. Social – Livelihood Restoration Plan:** The Project will not result in any physical displacement or resettlement of people. The consultations and surveys undertaken as part of the ESIA and LRP have identified project areas are informally used for grazing and herb collection activities. Since the project will only involve economic displacement, a draft Livelihood Restoration Plan (LRP) has been developed for the project which outlines the objectives, principles and planned approach to livelihood restoration and compensation for economic displacement within the two project sites. ESIA have been updated to include the identified potentially affected people (PAP) and their socio-economic profile. – Chapter 16 of ESIA

**g. Social – Overhead Transmission Line (OHTL):** The OHTL is considered an ‘Associated Facility’ to the Project; as it is not being directly funded under the loan agreement with lenders. Land users along the OHTL have been identified based on a socio-economic survey undertaken by the local consultant. The ESIA assessment has been updated to include the landownership and land use status of the land along the route. A Public Disclosure meeting will also be undertaken to disclosure key information on OHTL and project. – Chapter 16 of ESIA

Azerenergi is the owner/developer of the OHTL, and will comply with national and applicable lenders requirements in order to ensure all E&S risks and impacts associated with the development of the OHTL are adequately assessed.

**e. Regulatory Requirements:** The ESIA studies have been updated to include Asian Development Bank (ADB) E&S requirements as a prospective Lender. – Across ESIA Report

## **Question 2: Where can I find copies of the updated documents?**

The updated Environmental and Social Impact Assessment (ESIA) studies as well as supplementary ESIA package, inclusive of the updated Non-Technical Summary, Stakeholder Engagement Plan (SEP), Draft LRP and the Environmental and Social Action Plan (ESAP) have been disclosed on ACWA Power's and EBRD's websites on 20 May 2022 and can be access using the below links (in both English and Azerbaijani languages):

### **Websites:**

EBRD: <https://www.ebrd.com/work-with-us/projects/esia/azerbaijan-absheronkhizi-wpp.html>

ACWA Power: <https://acwapower.com/en/projects/azerbaijan-wind-ipp/>

### **Hardcopies:**

Hard copies are available at the Public Information Centres (PICs) established for the Projects at the following locations:

- Khizi 3 Wind Farm Project - Location of PIC Office: - Sitalchay village, Khizi region, Elekberov Elabbas street
- Area 1 Wind Farm Project - Location of PIC Office: Pirakashkul village of Absheron district, Mamedamin Rasulzade Street

### **Question 3: Did the projects obtain the national environmental approval from the Ministry of Ecology and Natural Resources?**

Yes, the Projects have obtained the Environmental approval on 19 May 2022 from the Ministry of Ecology and Natural Resources (MENR). Updates made to the ESIA reports will be shared with MENR.

### **Contacts for Feedback**

For any feedback or more information please contact the following:

COMPANY	CONTACT DETAILS
Project Company	ACVA POVER AZERBAYCAN RENEVABLE ENERGY
Grievance Manager/In-Charge	Javid Alifli Phone: M + 994 12 465 99 38 Email: JAlifli@acwapower.com
PIC	Vusal Safarov Phone: +99455 260 08 09 Email: vusal.safarovv@gmail.com
<b>Feedback forms are also available at the PIC offices.</b>	

# Livelihood Restoration Plan (PLAN) - Updates

## **Question 4: What has been updated since the first disclosure of ESIA in January 2022?**

A draft livelihood Restoration Plan (LRP) has been developed for each project which outlines the principles and planned approach to livelihood restoration and compensation to be provided to affected people to ensure no one is worse off. The draft LRP has been disclosed on EBRD and ACWA website as shown above.

## **Question 5: Who owns the land?**

Khizi 3 WF project area: The land is municipality (Sitalchay Municipality) and state owned (Khizi District Executive Power). The total area of land that will be leased by the project is 22.59 ha and this covers the WTG footprints, substation and laydown area. The lease agreement is for 30 years.

Area 1 WF project area: The project area is municipality (Gobustan and Pirekeshkul Municipality) and state owned (Absheron District Executive Power). The total area of land that will be leased by the projects is 14.18 ha. The lease agreement is for 30 years.

The project areas have been assigned to the Ministry of Energy for leasing by a Presidential Order No. 2366 of 2020 and Cabinet of Ministers Order No. 720 of 2020. The Presidential and cabinet of Ministers Orders instruct the government to lease the state/public lands to the 240 MW Wind Projects.

## **Question 6: Who are the potentially affected people (PAP)?**

The project sites are used for grazing and herb collection activities. The activities are informal and not carried out under any formal agreement with the Municipalities or Government. The identified PAPs include:

- Area 1: Project Affected Households (PAHs) from Pirekeshkul Village .
- Khizi 3: Farmers who currently graze at the project site
- The workers (herders) who are engaged by the farmers and household herders to graze livestock at the project site on their behalf (both projects)
- Herb collectors (both projects)

## **Question 7: Have consultations been undertaken with potentially affected people (PAPS)?**

Yes consultations and surveys have been undertaken with PAPs as part of the LRP from April to May 2022. Further consultations will be undertaken to assess suitability of alternative land that will be provided during the construction phase and to disclose the entitlement and compensation packages that will be provided by the Project.

**Question 8: Will the project involve any physical resettlement?**

The Project development will not result in any physical displacement or resettlement of people.

**Question 9: Can project areas be accessed during the construction and operational phases?**

Access to the project areas will be temporarily restricted during the construction phase only for health and safety reasons. Such restriction will be limited to the project footprint (i.e. the turbine pad areas, access road, laydown areas, etc.) and for the duration of the construction period which is 18 months. Therefore, the impact on livelihood is expected to be very minimal and limited to the construction phase only.

**Question 10: Will the project areas be fenced during operation?**

During operation, the site will not be fenced and farmers and herders can access the areas.

# Other Frequently Asked Questions

## **Question 12: Will the project provide job opportunities?**

A Local Recruitment Plan will be developed for the Projects to ensure equal opportunities are provided to men and women from the local communities where possible. Project Company will liaison with the Employment Department of State Employment Agency who has offered to provide trainings required to enhance skill sets required for jobs required for the project.

## **Question 13: Employment- how many jobs will be available during construction-operation- and how they can apply for jobs? When/where?**

Approximately 300 people will be employed by project company, main contractor and subcontractors during construction phase. During operation phase approximately 25-30 people will be hired by project company and its service providers.

All job openings will be published on relevant websites and in Project Information Centres. Also job announcements will be posted in public places in villages.

## **Question 14: Will the project provide social support to the local communities?**

Yes the project will provide social support. The Project Company will consult with the local communities and municipalities to determine and agree the priority projects/ support required by the communities and the company can support with.

## **Question 15: How will the Project engage with the local communities and NGOs and how are complaints addressed?**

The projects have established Public Information Centres (PIC) in the local communities to provide information about the Project to the members of the community, receive grievances and facilitate local recruitment for the Project. The PICs were established on 15 June 2021. The PIC also includes a grievance box, where complaints and feedback can also be received through this box.

The project has zero-tolerance policy to reprisals which will be reflected in the Code of Conduct and company policies once developed. We encourage all stakeholders to express their opinions without fear of retaliation.

## **Question 16: Any additional measures for disclosure to vulnerable groups?**

Copies of the Non-Technical Summaries (NTSs), Stakeholder Engagement Plans (SEPs) and these leaflets have been distributed to vulnerable households in both local communities. Feedback and concerns can be also addressed to the contacts provided above.

# Key project Information – Wind Farms Refresher

## **Project Rationale:**

Azerbaijan aims to increase the share of alternative and renewable energy sources to 30% by 2030. Wind has been identified as the one of the preferred source of alternative energy with an estimated annual wind power capacity of 800 MW (based on International Energy Agency (IEA)).

## **Background to Projects:**

ACWA Power signed an implementation agreement with the Ministry of Energy (MoE) in Azerbaijan for developing, building and operating a 240 MW wind power project. The wind project is expected to operate for 25 years on a Build Own Operate (BOO) basis according to the Power Purchase Agreement (PPA).

## **Project Locations:**

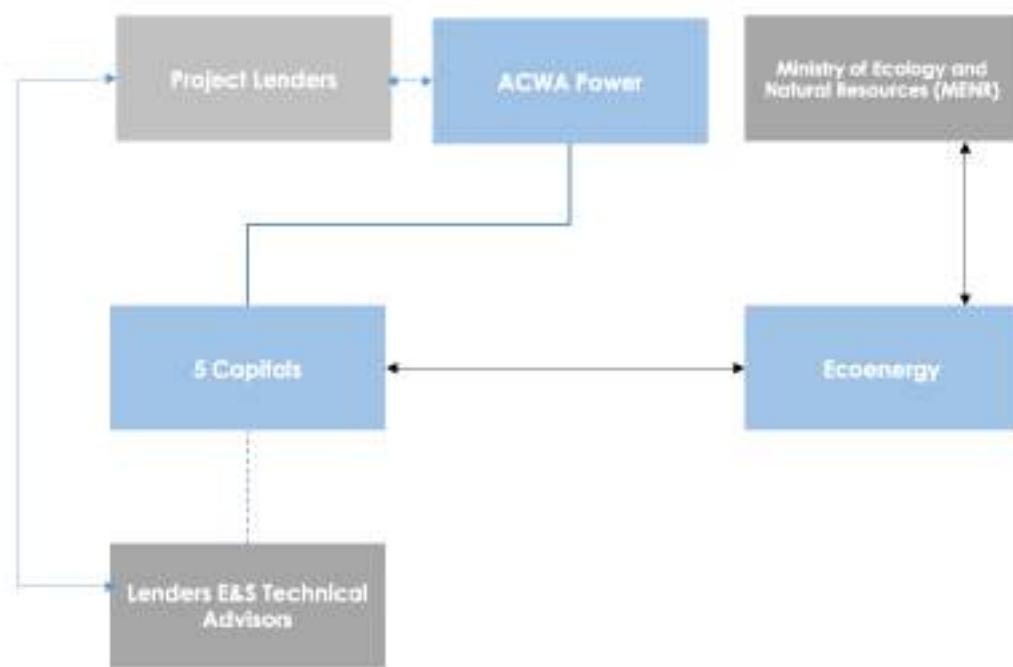
The 240 MW wind project will be split and built on two (2) locations as follows.

- Khizi 3: Capacity up to 162.5 MW and will be generated using 25 x 6.5 MW Wind Turbine Generators (WTG), located in Khizi region; and
- Area 1: Capacity up to 78 MW and will be generated using 12 x 6.5 MW WTGs, located at Absheron region.



## ESIA Team and National Approval

ACWA Power appointed 5 Capitals Environmental & Management Consultancy (5 Capitals) to prepare the ESIA for the Project and they have appointed a local consultant Ecoenergy Ltd to undertake baseline surveys and consultations with the authorities and local communities and to obtain the relevant National regulatory permits. The ESIA have been submitted to the Ministry of Ecology and Natural Resources (MENR) and have been approved on 19 May 2022.



## Regulatory Compliance

The Environmental and Social Impact Assessment (ESIA) report has been prepared in accordance with the following:

- Azerbaijan national environmental regulations and standards;
- E&S requirements of prospective Lenders which includes the following:
- European Bank for Reconstruction and Development (EBRD) Environmental and Social Policy (2019) and Performance Requirements;
- European Union (EU) Directives (as relevant);
- Japan International Cooperation Agency (JICA) Guidelines for Environmental and Social Considerations (ESC);
- IFC Performance Standards (2012);
- IFC Wind farm Guidelines (2015);
- IFC EHS General Guidelines (2007); and
- Equator Principles IV (2020).

ACWA Power policy, which is to implement IFC E&S requirements on all its projects, including the Khizi 3 Wind Project.

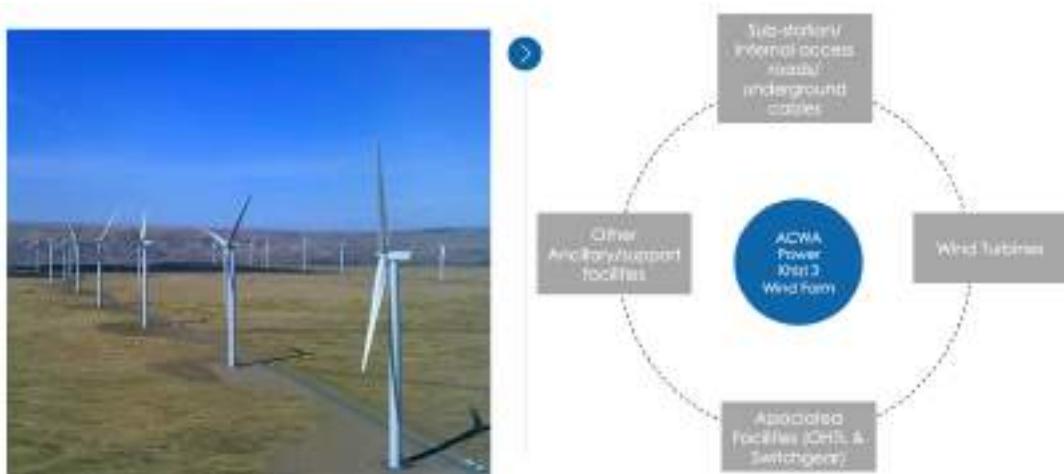
## Project Components:

The Project footprint will include the following:

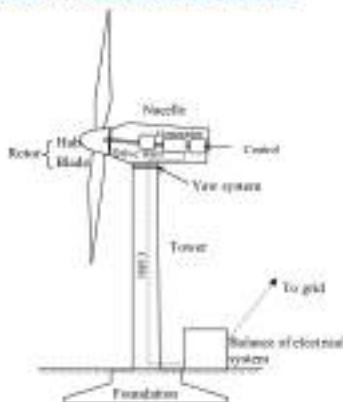
- Wind Turbine Generator (WTG) platforms (this includes foundation and crane pad area);
- Substation and any storage facilities;
- Trenches for underground cables; and
- Access roads.

The proposed WTG for both Wind Farms is the Envision Energy EN-171/6.5 Wind Turbine model. The EN-171/6.5 WTG has a rated power of 6.5 MW, hub height of 100m, 171m rotor diameter, and three (3) blades, horizontal axis, upwind direction, variable speed and pitch control.

Auxiliary facilities for the Project will include site entrance and security building; administration building, offices and amenities; central control room, warehouse and stores, security, lighting; other mobile plant and vehicles; access roads; and electrical connections (underground) and substation.



Schematic Illustration of a wind turbine



Source: [https://www.researchgate.net/figure/5-Wind-components-of-a-horizontal-axis-wind-turbine\\_8g0\\_235340138](https://www.researchgate.net/figure/5-Wind-components-of-a-horizontal-axis-wind-turbine_8g0_235340138)

The basic components of a wind turbine include the following components:

- Blades: The blade is made of glass fibre reinforced polymer (GFRP) and it is equipped with a lightning protection system.
- Pitch system, the pitch bearings are used between the hub and blades to transfer loads from blades to the hub.
- Hub, which is the central point of which the three blades are connected to the nacelle.
- Nacelle, houses the generator and gearbox.
- Brake system, which the primary braking method for the WTG is aerodynamic braking which is realized by three-blade pitch control.
- Tower, main supporting structure of wind turbine.
- Electrical system, comprises of generator, converter, transformer, electrical cabinet, power cable, pitch control, etc:
  - Generator, which converts mechanical energy into electricity;
  - Converter;
  - Transformer, each wind turbine will be provided with one transformer to connect to the grid

## Associated Facilities

An Overhead Transmission Line (OHTL) will connect both Wind Farms (Khizi 3 and Area 1 WFs) and to the national grid. The responsibility for developing the OHTL lies with Azerenergi Open Joint Stock Company (Azerenergi), the Project off-taker and as such, the OHTL is considered an 'Associated Facility' to the Project; as it is not being directly funded under the loan agreement with lenders.

The OHTL is split into three (3) lines as follows:

- 220 kv Khizi 3 - Yashma OHTL: This OHTL will connect the Khizi 3 WF substation (SS) to the existing Yashma SS and is approximately 20 km long (red line in Figure below) – assessed as part of Khizi 3 ESIA report;
- 220 kv Khizi – Pirakashkul OHTL: The OHTL line that will connect Khizi 3 and Area 1 WFs SS and is approximately 30 km long (yellow line in Figure below) - assessed as part of Khizi 3 and Area 1 ESIA report; and
- 220 kv Pirakashkul – Gobu OHTL: The OHTL line that will connect the Area 1 WF SS to the existing Gobu Power Station and is approximately 30 km long (Green line in Figure below)- assessed as part of Area 1 ESIA report.



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## APPENDIX D – SUMMARY ON OHTL

## OHTL Addendum

It was agreed with EBRD on 28 June 2021 that a high-level assessment of potential OHTL impacts to be included as part of the ESIA studies carried out for the Azerbaijan Wind Projects (Khizi 3 and Area 1 WFs), therefore, 5 Capitals carried out the necessary environmental and social baseline surveys required to establish any risks associated with the development of the OHTL as part of the ESIA studies and a preliminary assessment has been included in the ESIA Report. The surveys completed and included in this ESIA include:

- Noise;
- Soil and Water Quality;
- Terrestrial Ecology;
- Socio-economic survey;
- Bird Surveys:
  - Surveying Existing OHTL to Record Dead Birds;
  - Breeding Survey; and
  - Autumn Breeding Report.
- Bat Survey; and
- Archaeology Survey.

Outcome of the surveys and assessment is provided in the ESIA reports. A summary of the socio-economic survey and land use conditions are provided below.

## OHTL Location

OHTL will connect both Wind Farms (Khizi 3 and Area 1 WFs) and to the national grid. The responsibility for developing the OHTL lies with Azerenergi Open Joint Stock Company (Azerenergi), the Project off-taker and as such, the OHTL is considered an 'Associated Facility' to the Project; as it is not being directly funded under the loan agreement with lenders.

The OHTL is split into three (3) lines as follows:

- 220 kv Khizi 3 - Yashma OHTL: This OHTL will connect the Khizi 3 WF substation (SS) to the existing Yashma SS and is approximately 20 km long (red line in Figure below) – assessed as part of Khizi 3 ESIA report;
- 220 kv Khizi – Pirakashkul OHTL: The OHTL line that will connect Khizi 3 and Area 1 WFs SS and is approximately 30 km long (yellow line in Figure below) - assessed as part of Khizi 3 and Area 1 ESIA report; and
- 220 kv Pirakashkul – Gobu OHTL: The OHTL line that will connect the Area 1 WF SS to the existing Gobu Power Station and is approximately 30 km long (Green line in Figure below)- assessed as part of Area 1 ESIA report.

**Figure 1 OHTL Location Map**



The OHTL routes and proposed coordinates are shown in the tables below.

**Table 1 220 kv Khizi 3 - Yashma OHTL**

No	X	Y
1	360709.00	4507503.00
2	362219.00	4508389.05
3	367852.00	4505699.00
4	370677.00	4504712.00
5	371403.00	4503357.00
6	372086.00	4503189.00

**Table 2 220 kv Khizi – Pirakashkul OHTL**

No	X	Y
1	372431.00	4490635.00
2	372889.00	4491095.00
3	373287.00	4495853.00
4	368789.00	4505046.00
5	364862.00	4507040.00
6	360855.00	4507521.00

**Table 3 220 kv Pirakashkul – Gobu OHTL**

No	X	Y
1	386910.00	4474746.00
2	386609.00	4474792.00
3	386282.00	4475416.00
4	385269.00	4476276.00
5	384478.00	4477650.00
6	379471.00	4479483.00
7	376238.00	4479090.00
8	375868.00	4479367.00
9	374326.00	4485825.00
10	375122.00	4487324.00
11	375586.00	4490640.00
12	372458.00	4490614.00

## Land Ownership

Based on information provided by Azerenergi, 'in accordance with the requirements of the "Rules for the protection of electrical networks with a voltage of more than 1000 volts" approved by the Resolution of the Cabinet of Ministers of the Republic of Azerbaijan dated 10.06.2005, No 103, "Land plots included in the protection zones of electricity networks remain in the use of the land owner or user and can be used by them for agricultural and other purposes in compliance with the requirements of these Rules".

Based on the socio-economic survey undertaken for the OHTL, 66% of land crossed by the OHTL is State owned and 34% is Municipality owned. This is based on consultations undertaken by local consultant with representatives of state regional agencies including Absheron Regional Agency, Khizi Committee for Property Issues, Sumgayit City Committee for Property Issues, and local municipalities of Cayli and Sitalchay villages. None of the plots crossed by the OHTL are privately owned. The table below provides a summary of land ownership status along the OHTL route. At this stage the development of the OHTL will not involve expropriation of land for the OHTL sites.

**Table 4 Land Ownership Status along OHTL Route**

ID	LAND OWNERSHIP	OHTL STRETCH	LENGTH (APPROXIMATE IN LENGTH, KM)	OWNER ENTITY	LAND STATUS	LAND USE
1	Municipal	1	0.33	Gobu settlement	Land rented by state camel farm for grazing	Land provides grazing for livestock <sup>1</sup>
2	Municipal	1	4.38	Gobu settlement	No land lease	Land provides grazing for livestock
3	State	1	4.90	Absheron region Executive Power	No land lease	Land provides grazing for livestock
4	State	1	2.93	Absheron region Executive Power	No land lease	Land provides grazing for livestock
5	State	1	1.50	Absheron region Executive Power	No land lease	Land provides grazing for livestock
6	State	1	1.65	Absheron region Executive Power	No land lease	Land provides grazing for livestock
7	Municipal	1	1.25	Pireshkul village	No land lease	Land provides grazing for livestock
8	State	1	0.04	Absheron region Executive Power	Land rented by Farmer/Private enterprise	Adult pine trees
9	State	1	0.32	Absheron region Executive Power	Land rented by Farmer/Private enterprise	Almond orchard A
10	Municipal	1	0.10	Pireshkul village	Land rented by Farmer/Private enterprise	Almond orchard B <sup>2</sup>
11	Municipal	1	2.60	Pireshkul village	Land rented by Farmer/Private enterprise	Almond orchard C

<sup>1</sup> Generally, in Azerbaijan, Municipal lands not in use are open for household members to graze their livestock. Livestock grazing on Municipal land can be undertaken by members of a community in proximity to the Municipal land. This is applicable for all lands that provide grazing for livestock.

<sup>2</sup> Almond Orchard B and C are owned by the same farmer/Private enterprise. While Almond orchard A & D are owned by 2 different farmers/private enterprises.

ID	LAND OWNERSHIP	OHTL STRETCH	LENGTH (APPROXIMATE IN LENGTH, KM)	OWNER ENTITY	LAND STATUS	LAND USE
12	Municipal	1	0.13	Pireshkul village	Land rented by Farmer/Private enterprise	Almond orchard D
13	Municipal	1	0.11	Pireshkul village	Land rented by Farmer/Private enterprise	No development or use; land provides grazing for livestock
14	Municipal	1	1.65	Pireshkul village	Not applicable	Land provides grazing for livestock
15	Municipal	1	0.28	Pireshkul village	Land rented by Farmer/Private enterprise	Land provides grazing for livestock
16	Municipal	1	5.10	Pireshkul village	Not applicable	Land provides grazing for livestock
17	State	2	12.30	Absheron region Executive Power	Not applicable	Land provides grazing for livestock
18	State	2	0.87	State Land Fund	Land rented by Farmer/Private enterprise	Partially cultivated grazing land
19	State	2	0.10	State Land Fund	Land allocated to Baku - Mozdok gas pipeline	Pipeline safety zone for its right of way; Land provides grazing for livestock
20	State	2	0.95	State Land Fund	Land rented by Farmer/Private enterprise	Land provides grazing for livestock
21	State	2	1.78	State Land Fund	Not applicable	Land provides grazing for livestock
22	State	2	0.65	State Land Fund	Land rented by Baku State University (BSU)	No development or use by BSU; Land provides grazing for livestock
23	State	2	1.10	State Land Fund	Land rented by "PERM" Company – by Farmer/Private enterprise	No development or use by Company; Land provides grazing for livestock
24	State	2	4.43	State Land Fund	No land lease	Land provides grazing for livestock
25	Municipal	2	2.90	Sitalchay village	No land lease	Land provides grazing for livestock

ID	LAND OWNERSHIP	OHTL STRETCH	LENGTH (APPROXIMATE IN LENGTH, KM)	OWNER ENTITY	LAND STATUS	LAND USE
26	Municipal	3	2.90	Sitalchay village	No land lease	Land provides grazing for livestock
27	State	3	6.14	State Land Fund	No land lease	Land provides grazing for livestock
28	State	3	0.87	State Land Fund	No land lease	Land provides grazing for livestock
29	State	3	0.35	State Land Fund	Land allocated to Military Base	Occupied by military personnel & buildings
30	State	3	1.00	State Land Fund	No land lease	Land provides grazing for livestock

**Note**

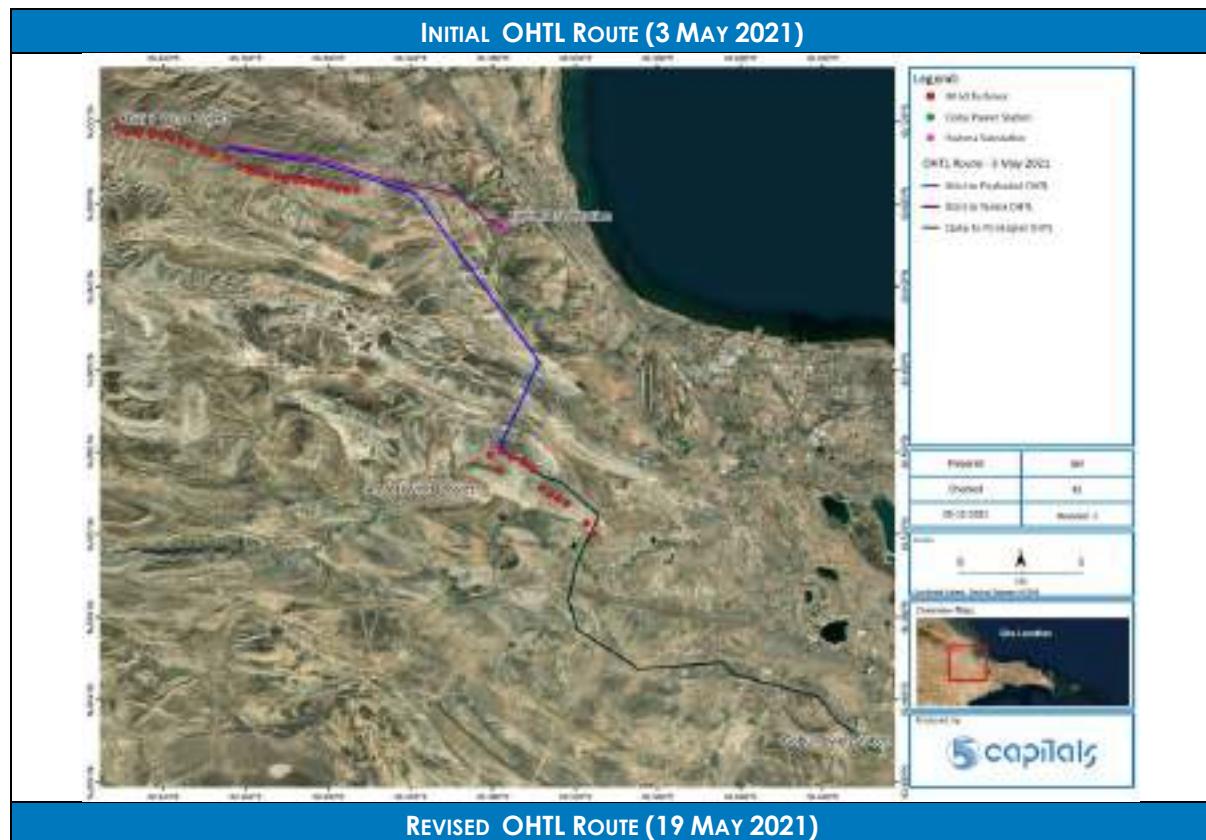
- **Stretch 1** = Perekeshkul -Gobu OHTL route
- **Stretch 2** = Khizi – Pirakashkul OHTL route
- **Stretch 3** = Khizi – Yashma OHTL route
- Any land user identified on the land with 'No Land Lease' land status are informal land users

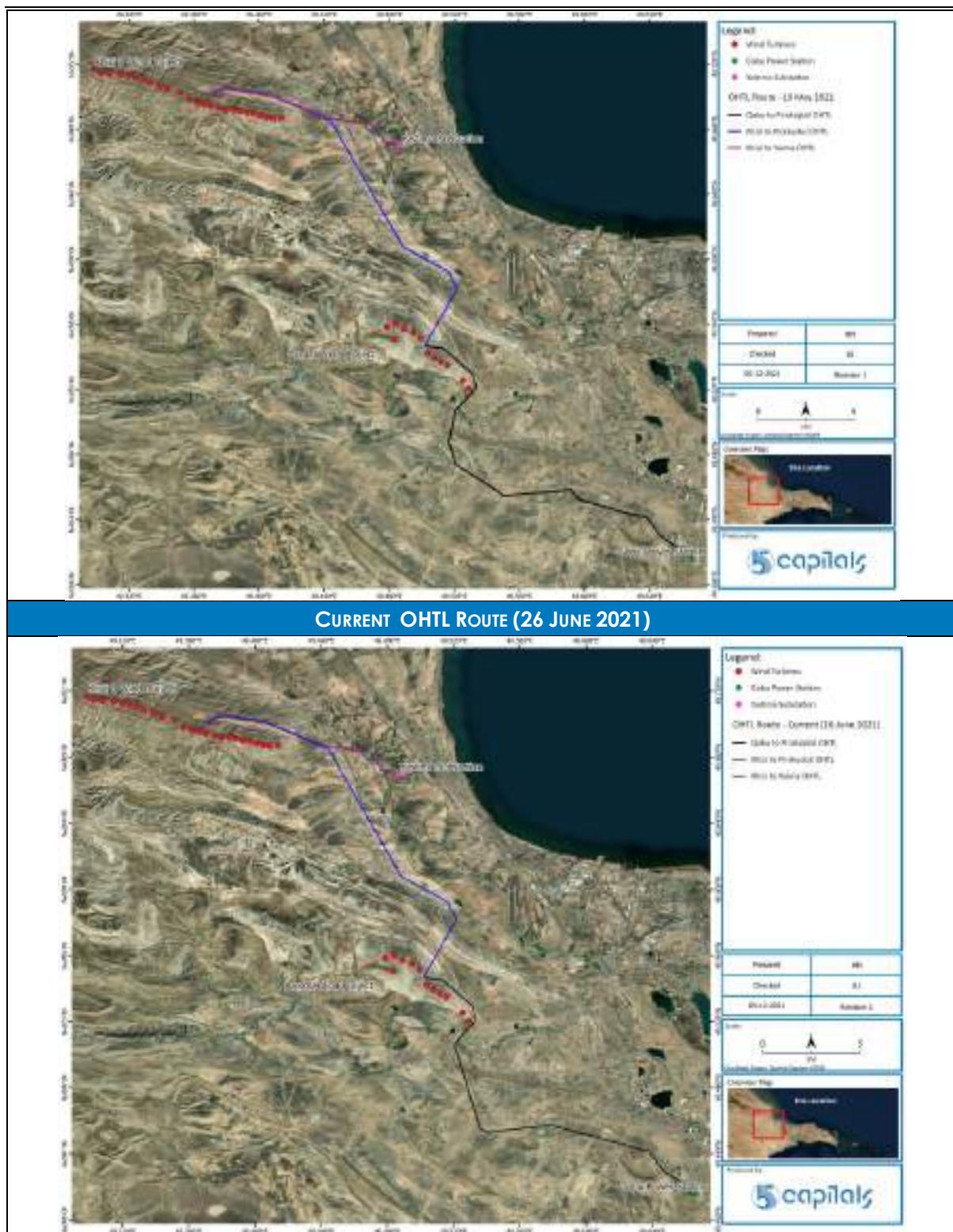
The 330/220/110 kV "Gobu" Power Plant and 330/220/110 kV "Yashma" substations are located on land owned by "Azerenergy" OJSC. This will include installation of one (1) additional unit of 220 kV slot in the 220 kV open switchgear of 330/220/110 kV "Gobu" Power Plant and one (1)

## Changes in OHTL Route

Figure below shows the changes in the OHTL route.

**Figure 2 Changes in WTG Layout**





The changes were based on the following:

## 1- Initial Identification of Key Environmental Risks

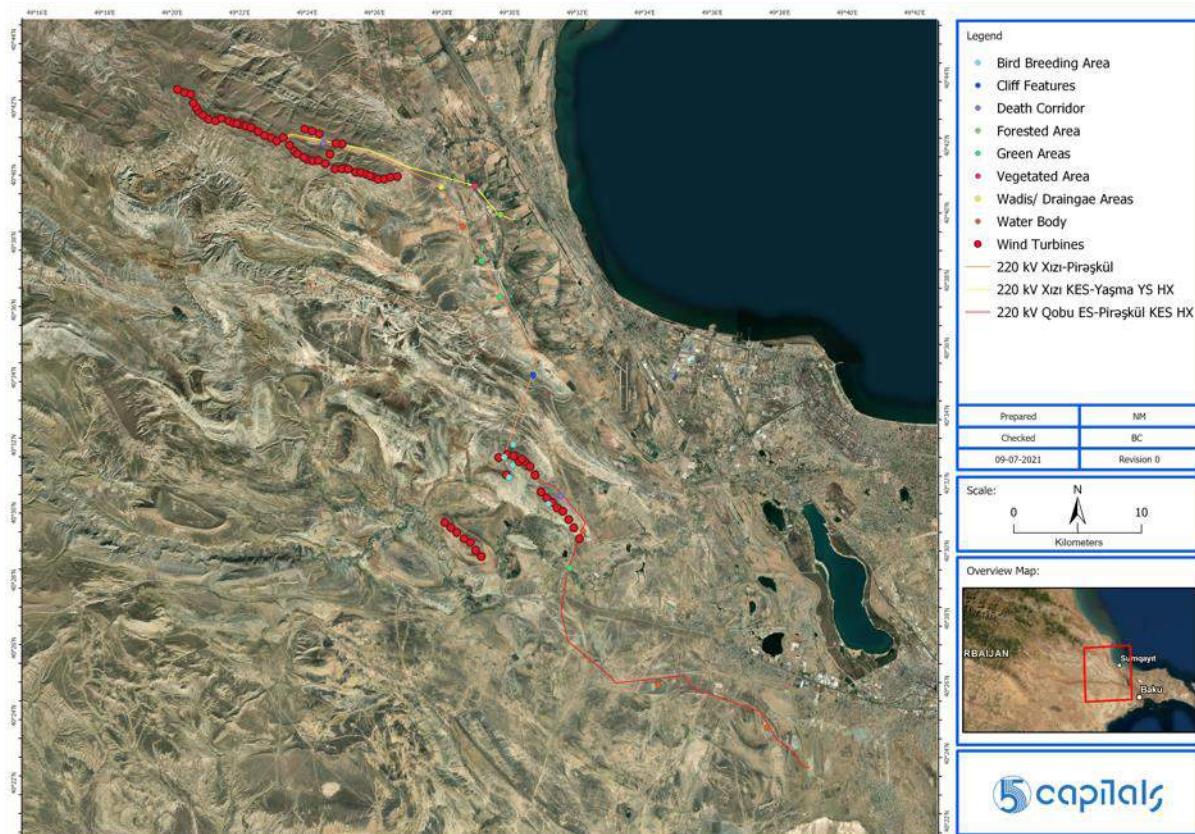
A review of the preliminary OHTL route and surrounding areas was carried out by 5 Capitals using satellite imagery. Table and Figure below present the initial risks identified along the route. The key risk areas identified along the OHTL route can be summarised as follows:

- Drainage, green and water features: More bird flight activity;
- Valley or wadi between cliffs: Potential paths for migrating birds;
- On top of cliffs: Raptors and other soaring birds getting thermals; and
- Cliff area: Could have nesting birds especially Raptors.

**Table 5 Key Risks Identified along the preliminary OHTL route (provided 3 May 2021)**

POINT	OHTL	RISKS
A	Over dry Lake – two lines	Two lines increases risk of electrocution and collision (creates Death corridor) – also includes the WTGs
B	Crossing over green/ agriculture fields	More bird flight activity: Increases potential of Collision and Electrocution with Birds. Open agriculture fields are usually used by Raptors
C	Forested area (trees)	More bird flight activity and : Increases potential of Collision and Electrocution with Birds
D	Wadi/ Drainage	More bird flight activity and Potential paths for migrating birds.
E	Water Canal	Canal might not have much bird life.
F	Green Area	More bird flight activity: Increases potential of Collision and Electrocution with Birds
G	Cliff Features	Requires survey this area to estimate risk. Cliff areas could have nesting areas esp. Raptors.
H	OHTL Line and WTGs	Cumulative risk increases with OHTL and WTGS
I	Water bodies	More bird flight activity: Avoid water bodies
J	Bird Breeding/ Colonies based on Breeding Surveys carried out for Khizi 3 and Area 1 Wind Farms	More bird activity

**Figure 3 Initial Risks Identified along the Preliminary Route**



**Note:** Map includes the previous WTG layout (April 2021).

Based on the initial / desk study review, Azerenergi revised the OHTL to avoid where possible the risks identified above.

## 2- Site Reconnaissance Survey

After, a site reconnaissance was carried out between 6 and 12 May 2021 along the OHTL route (provided 19 May 2021) and immediate surroundings. The key tasks included:

- Review of satellite imagery of OHTL route and surrounding areas;
- Site visit of representative areas along the OHTL route; and
- Preliminary identification of environmental and social conditions and any constraints along the route and immediate surrounding.

The site reconnaissance survey identified key environmental and social receptors along the route (outcome of the survey is provided in Section 2.5.2 above). Based on the outcome of the survey, Azerenergi revised the route to avoid, where possible farms and any other identified human and ecological receptors.

## 3- Outcome of Baseline Surveys

The outcome of the baseline surveys will also influence the final layout and route of OHTL by Azerenergi.

## Outcome of Socio-economic Survey along the OHTL Route

### BACKGROUND

Based on site visits undertaken along the OHTL routes in May and November 2021 and review of satellite imagery, various land users were identified within 1km of the OHTL route. Land users include farms, local businesses (including a greenhouse farm, almond orchard and state dog shelter) and military base.

A socio-economic survey was undertaken from 28<sup>th</sup> to 30<sup>th</sup> November 2021 and included representatives of the local farms, greenhouse farms, almond orchard and dog shelter. A total of eight (8) representatives were interviewed during the socio-economic survey.

The table below provides a summary of the land users identified within 1km of the route and the number of land users surveyed.

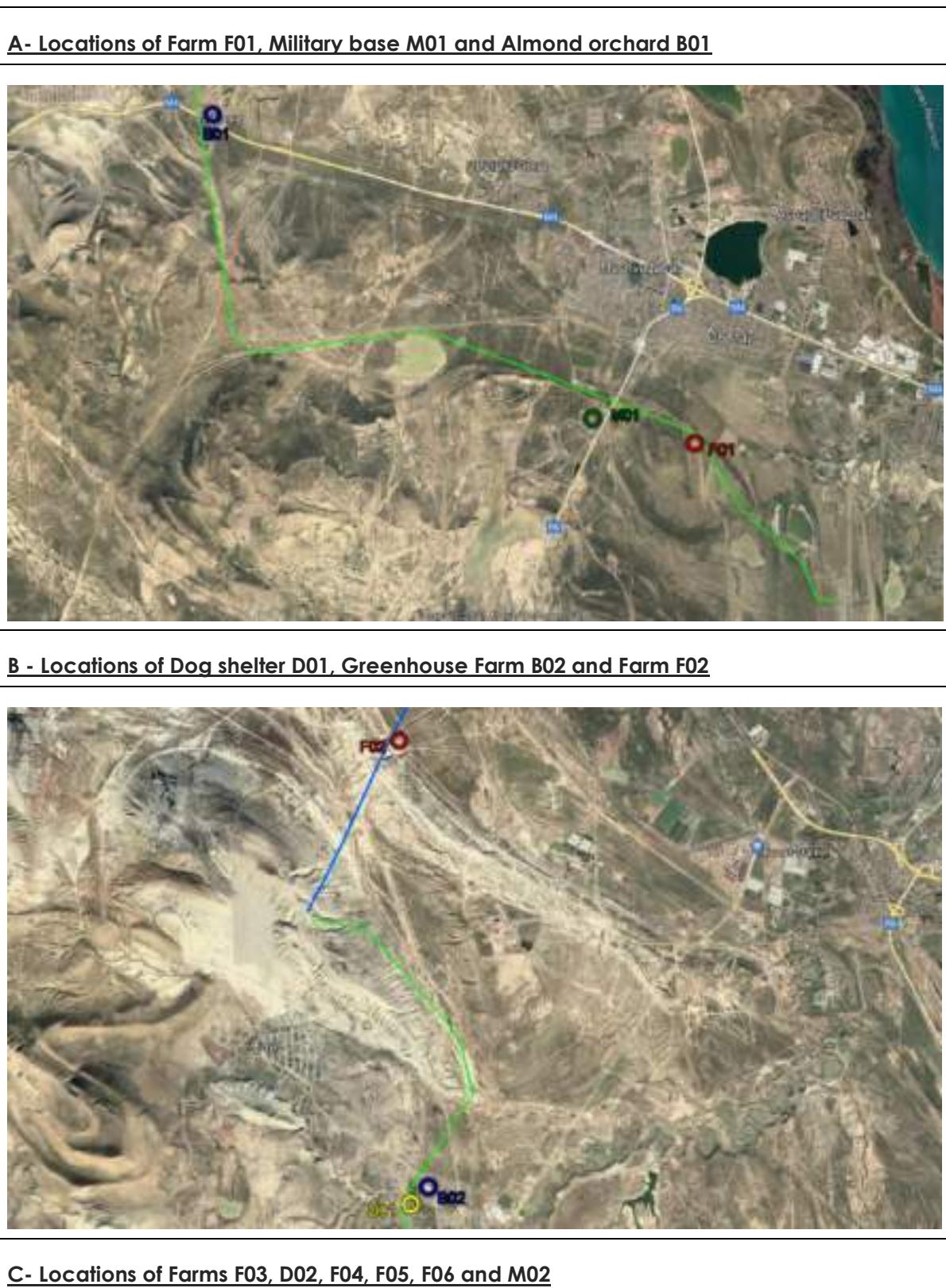
**Table 6 Land Users Surveyed along the OHTL Route**

LAND USER	OVERALL NO. OF LAND USERS ALONG THE ROUTE	NUMBER OF SURVEYED LAND USERS
<b>Farms</b>	6	5
<b>Local Business</b>	<b>Almond Orchard</b>	1
	<b>Dog Shelter</b>	1
	<b>Greenhouse Farm</b>	1
	<b>Abandoned workshop</b>	0
<b>Military Base</b>	2	0

**Note:** representatives of the military base and one of the farms were approached for the survey but they expressed no interest to participate in the interview

During the survey, information on the economic status, infrastructure and services, traffic and transportation, income and the presence/absence of vulnerable groups were obtained from the land users. The figure below shows the location of land users along the OHTL route.

**Figure 4 Land Users Along OHTL Route**





It should be noted that the socio-economic survey only focused on land users within 1km of the OHTL as the location of the pylon/tower is unknown at this stage. Based on this, the survey did not include all land owners along the OHTL route as identified in Table 4 above as some of these land owners/users are not within 1km of the OHTL.

**Table 7 Land Users within 1km of the OHTL**

ID	LAND USE TYPE	APPROXIMATE DISTANCE TO THE OHTL
F01	Farm	110m from the Perekeshkul -Gobu OHTL route
M01	Military Base	180m from the Perekeshkul -Gobu OHTL route
B01	Almond orchard	The Perekeshkul -Gobu OHTL route crosses this almond orchard for about 0.5km and runs at a distance of approximately 50m from closest boundary of the orchard with productive almond trees.
D01	Dog shelter (State owned)	80m from the Perekeshkul -Gobu OHTL route
B02	Greenhouse farm	80m from the Perekeshkul -Gobu OHTL route
F02	Farmstead	110m from the Khizi – Perekeshkul OHTL
B03	Abandoned workshop	70m from the Khizi – Perekeshkul OHTL
F03	Farmstead	50m from the Khizi – Perekeshkul I OHTL
D02	Baku-Mozdok Gas Pipeline	The Khizi – Perekeshkul OHTL crosses operational gas pipeline owned by State Oil Company of Republic of Azerbaijan (SOCAR)
F04	Farm	110m from the Khizi – Perekeshkul OHTL
M02	Military Base	The Khizi – Yashma OHTL route crosses the eastern plot of the military base
F05	Farm	15-20m from the Khizi – Yashma OHTL
F06	Farm	80m from the Khizi – Yashma OHTL

**Plate 1 Compilation of Photographs during OHTL Socio-economic Survey**

	
Dog Shelter	Representatives of one of the Farmstead

#### POPULATION

According to the socio-economic survey undertaken, a total of 50 people are living in the five (5) farms surveyed and 16 workers are working for the three (3) local businesses surveyed (almond orchard, dog shelter and greenhouse farm). None of the residents of the farms are refugees, IDPs, or chronically sick/disabled. There is however one elderly family member residing in one of the farms (F06) and this person is a pensioner.

Of the 16 workers working for the local businesses, four (4) work at the almond orchard, six (6) work at the dog shelter and another six (6) work at the greenhouse farm. Two (2) of the almond orchard workers are Internally Displaced Persons (IDPs) that got displaced as a result of conflict with Armenia in Karabakh region of the Republic of Azerbaijan. All the six (6) workers at the greenhouse farm are refugees who fled Armenia after 1988 and now residing in Perekeshkul village.

The tables below show the distribution of persons living in the farms and number of individuals working for the local businesses.

**Table 8 Family Size in the Farms**

ID	NUMBER OF INDIVIDUALS IN FAMILY	ADULTS		CHILDREN	
		MALE	FEMALE	MALE	FEMALE
F02	5 families comprising 10 adults and 5 children	4	6	2	3
F03	1 family comprising 4 adults and 2 children	2	2	2	-
F04	2 families comprising 11 adults and 2 school children	6	5	1	1
F05	2 family comprising 7 adults and 3 children	4	3	2	1
F06	1 family comprising 1 elderly, 3 adults and 2 children	2	2	-	2

**Note:** the owner of F01 declined to participate in the interview as he had no interest in the socio-economic process hence the reason why only five (5) farms were surveyed as opposed to six (6) farms as outlined in Table 7 above

**Table 9 Number of Individuals Working for Local Businesses**

ID	DESCRIPTION OF STAKEHOLDER	NUMBER OF WORKERS
B01	Almond orchard	4
D01	State dog shelter	6
B02	Greenhouse farm	6

#### ECONOMIC STATUS

According to the survey, all the representatives of the farm reported that livestock farming or selling of livestock and dairy products is their primary income with only one farmstead representative (F04) indicating that he has a secondary source of income which is from raising livestock owned by other individuals. The monthly income of the representatives of the farm ranged from 300AZN to 2500AZN. The representatives of the farm did not indicate they hire workers to support them in livestock farming or sale of livestock and diary products.

The table below provides a summary of the economic activities of the farms.

**Table 10 Economic Activities and Monthly Income of the Farms**

ID	SCALE OF ACTIVITIES	SOURCE OF INCOME	INCOME (MONTHLY IN AZN)
F02	Livestock farming: approximately 100 cows and 2000 sheep	Primary income from raising livestock owned by other individual.	300
F03	Livestock farming: approximately 20 cows, 400 sheep and 100 goats.	Primary income from selling livestock owned by family and dairy products. Secondary source of income from raising livestock owned by other individual.	1000
F04	Livestock farming: approximately 50 cows and 800 sheep; Municipal land for cultivation rented: 200ha	Primary income from selling of livestock and dairy products, and cultivation. No secondary income.	2500
F05	Livestock farming: approximately 22 cows, 500 sheep and 120 goats; Municipal pasture land sized for 700 livestock is rented	Primary income from selling of livestock and dairy products. No secondary income.	300
F06	Livestock farming: approximately 20 cows and 124 sheep; Municipal pasture land rented: 120ha in Surabad located approximately 5km east of Sitalchay	Primary income from selling of livestock and dairy products No secondary income.	1000

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A worker at the almond orchard indicated that his monthly income is between 500AZN and 600AZN, the manager of the greenhouse reported that his monthly income is between 700AZN and 800AZN while a worker of the dog shelter indicated that his monthly income is 400AZN.

#### **ACCESS TO HEALTHCARE/ HEALTH SERVICES**

Based on responses received during the survey, there are no health care centres or medical facilities in the OHTL area. Representatives of the farm indicated they go to Mushfigabad (farms F02 and F03) or Sumgayit city (farms F04, F05 and F06) if they require medical assistance.

#### **PUBLIC SERVICES**

All interviewed persons from the farm and local businesses indicated that they have access to electricity which is supplied through the existing national grid.

For the farm, water is purchased and supplied by tankers to the farms F02, F04, F05 and F06 while farm F03 is supplied with water from the Semur-Absheron irrigation channels.

The local businesses (dog shelter, almond orchard and greenhouse) are supplied with water from the water distribution network.

There is no municipal sewage system. Sewage waste from toilets, shower and washing is collected in a sump and/or directly discharged into open drainage ditches. There is also no solid waste management system near or at the farm and local businesses as open burning of waste is undertaken to reduce the quantity of dumped waste and odour emanating from the waste.

#### **TRAFFIC AND TRANSPORTATION**

The OHTL route crosses the Baku-Shamakhi highway that passes to the south of Perekeshkul village. This section of road is one of main highways in Azerbaijan. It is part of the main transportation route northwest from Baku to Shamakhi and to Balakan at the Georgian border and west-northwest from Baku to Boyuk Kesik at the Georgian border.

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## Preliminary Assessment

Based on the data collected during the socioeconomic survey, the land along the OHTL is mainly state and municipality owned. None of the land is privately owned. Azerenergi will follow the national requirements during the development of the OHTL. Based on "Rules for the protection of electrical networks with a voltage of more than 1000 volts" approved by the Resolution of the Cabinet of Ministers of the Republic of Azerbaijan dated 10.06.2005, No 103, *"Land plots included in the protection zones of electricity networks remain in the use of the land owner or user and can be used by them for agricultural and other purposes in compliance with the requirements of these Rules"*. Therefore, the development of the OHTL will not involve any land expropriation in line with local regulations.

Farming, herding and military activities were identified along the route and may experience short term disruption during tower/pylon installation at the impacted receptors.

At this stage, the exact location of the pylons is not known as the design of the OHTL has not been finalised. If pylons are located within the Almond, Military and any grazing areas, it is anticipated that any disruption in their activities will be temporary and will be for a short period.

It should be noted that the design and route provided for the OHTL has not been finalised, therefore, the outcome of the ESIA and socio-economic survey will influence the final layout and route of OHTL by Azerenergi to minimise temporary restrictions on land use and livelihood impacts.

## Mitigation Measures

### OHTL

- Azerenergi to review OHTL alignment and avoid identified receptors based on the outcome of the ESIA and socioeconomic survey where possible to minimise temporary restrictions on land use and livelihood impacts.
- Where this cannot be avoided, Azerenergi to provide compensation based on national laws and requirements with appropriate consultation
- ACWA Power to encourage Azerenergi to adopt EBRD requirements on Land Acquisition, Involuntary Resettlement and Economic Displacement.
- Prior to construction, Azerenergi shall engage with identified user to inform them of the start of construction and the specific locations
- Azerenergi to avoid where possible almond orchard, military base and other identified land users. Where possible, the OHTL developer will seek to install OHTL towers outside the almond orchard and avoid identified receptors.

- Where OHTL towers are installed at the almond orchard, the OHTL developer will ensure that construction areas are clearly demarcated and signs put in place so farmers and other orchard users/workers do not trespass into active construction areas.
- Where OHTL towers are installed at the almond orchard, farmers and other users/workers at the almond farm will have access to a grievance mechanism.
- Where possible, ACWA Power will monitor progress during the development of the OHTL.

## Public Disclosure Meeting undertaken for OHTL

As requested by EBRD, a public disclosure meetings was undertaken on 30 June 2022 at Perekeshkul Village - office of the Project Information Centre (PIC) to disclose the high level environmental and social assessment undertaken for the OHTL as part of the ESIA Wind Projects. The objectives of the meetings were to:

- Publicly disclose the results of preliminary assessment undertaken for the development of the OHTL as part of the ESIA studies for Azerbaijan Wind projects;
- Give an opportunity for affected Stakeholders/ land users and interested parties to comment on the ESIA findings; and
- To provide project information on:
  - Purpose, nature, and scale of the project;
  - Duration of proposed project activities (construction and operation);
  - Risks, impacts and relevant mitigation measures and benefits; and
  - Public feedback forms and grievance mechanism.

Meeting announcement and invitations were sent out prior to meetings and announced in the press. Invitations were also issued to identified land users along the OHTL route. Feedback forms were distributed during the meeting.

**Table 11 Public Disclosure Meeting – Participants**

	DETAILS
Dates	30 June
Venue	Perekeshkul Village - PIC
No. of Participants (Total)	15
Breakdown by Gender	Women: 3 Men: 12
Participants	- 5 Capitals ESIA team - Ecoenergy team (local consultant)

	DETAILS
	<ul style="list-style-type: none"> <li>- Land users (farmers and representative of Baku State University)</li> <li>- Representative of Azerenegi (oftaker)</li> </ul>

## Plate 2 Public Disclosure Meeting – Compilation of Photographs

PHOTOGRAPHS


Feedback received included the following:

Question	Answer
The OHTL will cross a 90 Ha plot that is leased by the Baku State University (BSU). This may reduce the value of this land and also have other adverse impacts. Is there an action plan in place in this regard?	Project Company: The construction of electricity transmission lines is financed entirely by the state, more precisely by "AzerEnergy". The location of the towers have not been finalised yet. A final document is being prepared in this regard. Another meeting will be planned with BSU once this document is ready. Only after that meeting will the impacts be assessed and risk mitigation measures disclosed.

The above feedback will be shared with Azerenergi to discuss land impacts and land acquisition process with land users.

## National Laws

Based on the above, the following national laws apply for compensation with regards to loss of land.

### 1.1.1 Land Acquisition Law

The Land Acquisition Law is another land legislation in Azerbaijan and It regulates the rules of acquisition of lands for state needs in the Republic of Azerbaijan, calculation and payment of the amount of compensation in this regard, as well as other relations between the parties involved in land acquisition. The Land Acquisition Law states the following:

- Article 4, Clause 4.1: Any land required for state needs or land in shared ownership shall be compulsorily transferred to the state on the basis of an agreement with the owner (owners);
- Article 4, Clause 4.2: The state is obliged to make every effort to reach an agreement with the affected persons and to pay the market price or replacement price for the land and may not exercise the relevant powers provided for in this Law until the fulfilment of this obligation;
- Article 5, Clause 5.1: The following land may be acquired for state needs in accordance with the law regardless of the restrictions imposed on the lease and use of the land plot:
  - Privately owned lands; and
  - Municipal Land.
- Article 7.1: An affected person by an acquisition is a person who is resettled from his land and/or loses rights to live on it and use the land, becomes incapable to continue its business activity (partially or entirely), loses work place and loses opportunities to get benefit from public areas, undergoes any other losses and depreciation of living facilities as a result of acquisition.
- Article 7, Clause 7.2: The person affected by the acquisition shall have the right to receive compensation in accordance with the procedure established by this Law;
- Article 7, Clause 7.3: the following persons shall be considered affected by the acquisition:
  - Persons who have state-registered property, use or lease rights to land, as well as legal use or lease rights that do not require state registration by law;
  - Persons who have legal but not state-registered ownership, use or lease rights to land, confirmed by written documents at the time of registration (the adoption or conclusion of a contract without complying with the requirements of the legislation cannot be a ground for declaring a person's land rights illegal);
  - The lessee as a sublease, the user as a lease to third parties, or persons who use the land for a short period of time on the basis of an agreement with the user, confirmed by oral or written evidence;
  - Persons living on land on the basis of long-term use recognized by law, which gave rise to the right to land; and
  - Persons who do not have legal rights to the land where they live.
- Article 7, Clause 7.4: Persons listed above with the exception of those who do not have legal rights to the land where they live shall be provided with compensation and other assistance related to the lost land in accordance with the provisions of this Law;
- Article 7, Clause 7.5. Persons who do not have legal rights to the land where they live except for real estate, shall be provided only with assistance related to their relocation

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and assistance aimed at compensating the damage caused to the personal property of those persons during relocation;

- Article 7.6.: Family members of any person considered in article 7.1 who live on the land shall be taken to be affected persons by land acquisition;
- Article 8, Clause 8.2.5. Ensure compensation is paid or resettlement has taken place in accordance with the Law before taking possession of the land of an affected person;
- Article 10, Clause 1: The receiving authority (i.e. the party acquiring land) shall collect all the information necessary to comply with the requirements of this Law during the preparation of the land acquisition proposal;
- Article 43 and 44: Includes the criteria for assessing cost and implementation of resettlement plan or guidelines.
- Article 49: Specifies the acquisition process for part of a leased state or municipal owned land.
- Article 54, Clause 1: All persons affected by the acquisition shall be entitled to fair compensation in accordance with this Law in exchange for the acquisition of their land or other rights to land;
- Article 54, Clause 2: Compensation is paid to those affected by the acquisition through a project that necessitates the acquisition of land; and
- Article 56, Clause 1: The compensation to be paid to the plaintiffs should be based on:
  - The principle that the property, livelihood, income, standard of living of all persons affected by the loss and violation of their land and resettlement should be reimbursed within a reasonable time after their loss or resettlement. To be restored from the conditions in which they were before the transfer, so as not to get into unfavorable conditions;
  - Current inflation in assessing compensation payable; and
  - All costs and losses arising from such a move, if the person was forced to change their place of residence, business or place of work as a result of the acquisition.

## Additional commitments

ACWA will make all reasonable effort to liaise with Azerenergi to achieve a successful outcome in terms of identifying PAPs and advising Azerenergi of equivalent compensation that similar to PAPs on the Wind Farms. A letter has been issued by ACWA Power to Azerenergi to request commitment on the following:

- The final design/route of OHTL will take into consideration the outcome of the socio-economic survey and ESIA study. Where possible Azerenergi will avoid or minimise impact on land users and receptors as identified in ESIA;
- Azerenergi will minimise any temporary restrictions on land use and livelihood impacts. Where this cannot be avoided, Azerenergi will provide compensation based on national laws and requirements with appropriate consultation including informal users;

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- Azerenergi will implement a grievance mechanism throughout the development of the OHTL; and
- The outcome of the ESIA will be implemented and incorporated into the design, construction and operation of the OHTL this includes the mitigation and management measures included in the ESIA.

A response letter was issued by Azerenergi on 1st of June 2022 stating that the project will follow the national requirements and guarantees 'the fulfillment of its obligations under the legislation of the Republic in respect to the "agreements" and ETL construction projects' stated in ACWA's letter.