

# **RESETTLEMENT POLICY FRAMEWORK**

Resettlement Policy Framework (RPF)  
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## **Azerbaijan: Scaling-Up Renewable Energy Project (AZURE Project)**

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## ABBREVIATIONS

AERA	–	Azerbaijan Energy Regulator Agency
AREA	–	Azerbaijan Renewable Energy Agency
BPL	–	Below Poverty Line
CDM	–	Clean Mechanism Development
CMF	–	Consulting Management Firm
DMS	–	Detailed Measurement Survey
EA	–	Executing Agency
ED	–	Ecology Department
ESF	--	Environmental Social Framework
ESS	--	Environmental and Social Standard
GoA	–	Government of Azerbaijan
GRC	–	Grievance Redress Committee
GRM	–	Grievance Redress Mechanism
IA	–	Implementing Agency
IR	–	Involuntary Resettlement
LAG	–	Land Acquisition Group
LAL	–	Land Acquisition Law
LAR	–	Land Acquisition and Resettlement
MENR	–	Ministry of Ecology and Natural Resources
MOF	–	Ministry of Finance
MWac	–	Megawatt Alternating Current
NGO	–	Non-Government Organization
PAP	–	Project Affected Person
PIU	–	Project Management Unit
RAP	-	Resettlement Action Plan
RC	–	Resettlement Commission
ROW	–	Right of Way
RLARC	–	Rayon Land Acquisition and Resettlement Commission
RPF	-	Resettlement Policy Framework
SCPI	–	State Committee on Property Issues
SPS WB	–	Safeguard Policy Statement World Bank
VRE	–	Variable Renewable Energy
WPP		Wind Power Plant

**DEFINITION OF TERMS**

**Affected Household:** All persons residing under one roof and operating as a single economic unit, who are adversely affected by the Project or any of its components. It may consist of a single nuclear family or an extended family group.

**Associated Facilities:** Means facilities or activities that are not funded as part of the project and, in the judgment of the Bank, are: (a) directly and significantly related to the project; and (b) carried out, or planned to be carried out, contemporaneously with the project; and (c) necessary for the project to be viable and would not have been constructed, expanded or conducted if the project did not exist

**Compensation:** Payment in cash or in kind of the replacement cost of the acquired assets.

**Project Affected Person (PAP):** Any person who experience full or partial, permanent or temporary physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) resulting from involuntary acquisition of land, or involuntary restriction on land use or access to legally designated parks and protected areas.

**Easement:** An easement is a legal right to use another person's land for a specific limited purpose. It does not confer ownership of the land.

**Entitlement:** Range of measures comprising compensation, income restoration, transitional assistance, income substitution, and relocation which are due to PAPs, depending on the nature of their losses, to restore their economic and social base.

**Cut-off-date:** The date for eligibility for resettlement assistance. For this Project the commencement of the census of PAPs in the project/subproject area will be considered as the cut-off date.

**Land Acquisition:** The process whereby a government agency compulsorily alienates all or part of the land and other assets a person owns or possesses and transfer the ownership and possession to the government agency for state needs subject to provision of compensation at replacement cost.

**Rehabilitation:** Compensatory measures provided under the Land Acquisition and Resettlement Framework other than payment of the replacement cost of acquired assets.

**Relocation:** The physical relocation of a PAP from her/his pre-Project place of residence.

**Replacement Value:** The amount required by the PAP to replace/reconstruct the assets acquired or damaged by the project calculated based the following elements: fair market value, transaction costs, interest accrued, transitional and restoration costs and other applicable payments.

**Resettlement:** All measures taken to mitigate any and all adverse impacts of the Project on PAP's property and/or livelihood, including compensation, relocation (where relevant), and rehabilitation.

**Right of Way:** A right of way is a type of easement that specifically grants the holder the right to travel across another's land. Examples include paths for walking, driving, or cycling across private property.

**Below Poverty Line (BPL) Households:** Households whose monthly income is less than the official designated poverty line at the time of the census as determined by the Government of Azerbaijan based on the household budget surveys conducted by the State Statistical Committee<sup>1</sup>.

**Vulnerable Households:** Households who may be more likely to be disadvantaged or impoverished by the process of resettlement.

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<sup>1</sup> In 2023, official poverty line in Azerbaijan is placed at 246 AZN.

## 1. INTRODUCTION

This document constitutes a Resettlement Policy Framework (RPF) prepared for AZURE Project, consistent with requirements of the World Bank Environmental and Social Framework<sup>2</sup> (ESF). Its fundamental purpose is to establish terms of agreement between relevant authorities in the Republic of Azerbaijan and the World Bank regarding principles and procedures to be used in subsequent preparation of a Resettlement Action Plan (RAP) or Resettlement Action Plans (RAPs)<sup>3</sup>. World Bank approval of a RAP (or RAPs) is required before project authorities invite bids for any contracts in which works are expected to involve physical or economic displacement as a result of land acquisition or restrictions on access or use of natural resources.

The RPF is intended to avoid or minimize any adverse impacts associated with physical or economic displacement, and to ensure arrangements are in place to mitigate any adverse impacts that may occur. Azerenerji JSC hereby agrees to apply the principles, procedures, and standards incorporated in ESS5 of the World Bank ESF if obtaining any sites for project use would cause economic displacement<sup>4</sup> or physical displacement<sup>5</sup>.

This RPF is intended to utilize the existing legal and policy framework of the Republic of Azerbaijan, incorporating any supplementary measures necessary to achieve consistency with ESS5 principles and standards<sup>6</sup>.

## 2. PROJECT OBJECTIVES AND DESCRIPTION

The AZURE project aims to enable renewable energy development and ensure grid stability for variable renewable energy (VRE) integration in Azerbaijan. More specifically, the project will connect the Absheron-Garadagh Wind Power Plant (WPP) to the 330 kV grid, and strengthen the transmission network for: (i) the reliable evacuation of 1 GW of VRE connected to the Navahi substation and (ii) the enhanced fluctuation management of 1.8 GW of VRE capacity in the system to ensure grid stability.

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<sup>2</sup> Specifically, Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement (ESS5), Annex 1B. The basis of this template is primarily intended for use in projects initially classified as Low or Moderate Risk. It may also be appropriate for use in projects with a Substantial Risk classification if risks identified as substantial do not relate directly to ESS5. The document, while using the template has been modified to reflect specific project conditions.

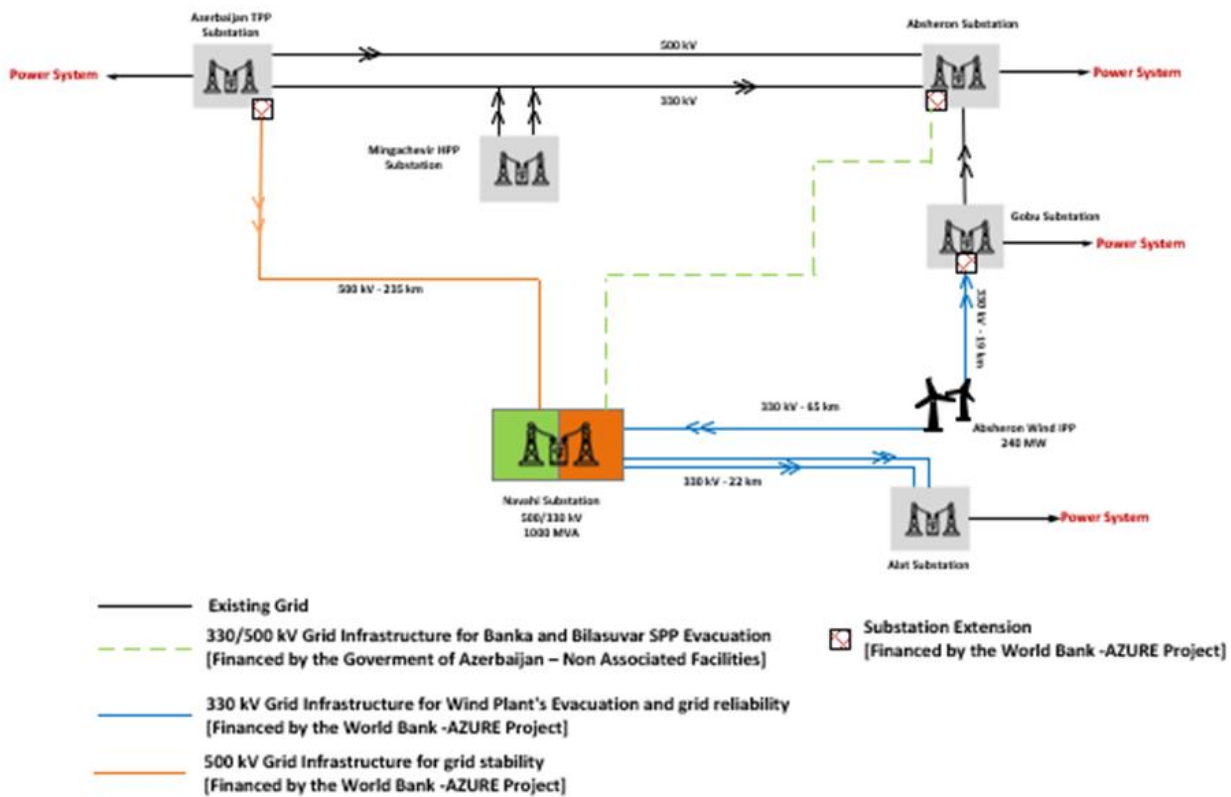
<sup>3</sup> To ensure that the relevant authority is aware of its obligations, it is recommended that the RPF be accompanied by a provision of a transmittal letter, signed by the chief executive (or similar relevant authority) of the implementing agency.

<sup>4</sup> As described in ESS5, Paras. 33–36.

<sup>5</sup> As described in ESS5, Paras. 26–32.

<sup>6</sup> The RPF does not supersede provisions of ESS5 or the ESF, and the World Bank remains solely responsible for determining what is required to achieve consistency with those requirements throughout the course of project implementation.

Figure 1 – Overview of the AZURE Project scope



**The AZURE project financed by the World Bank**

The AZURE project will have two main components:

**Component 1: Absheron-Garadagh WPP Connection and Transmission Network Strengthening.**

This component will support (i) the construction of a 330 kV transmission connection to evacuate power from the 240 MWac Absheron-Garadagh WPPP and (ii) the 500 kV upgrade of Navahi Substation and related infrastructure for (i) the reliable N-1 evacuation of 1 GW of variable renewable energy connected to the Navahi substation, and (ii) the enhanced fluctuation management of 1.8 GW of VRE capacity in the system to ensure grid stability.

This component comprises the following:

- Subcomponent 1.1: Connection of Absheron-Garadagh WPP– 330 kV Grid, including: (i) 65 km OHL single circuit 330 kV from Absheron-Garadagh Wind Power Plant substation to Navahi substation (ii) 19 km OHL single circuit 330 kV from Absheron-Garadagh WPP substation to Gobu PP substation and (iii) 22 km OHL double circuit 330 kV from Navahi substation to Alat substation and (iv) expanding 330 kV bays at Gobu PP substation.
- Subcomponent 1.2: 500 kV Strengthening, including: (i) 235 km single circuit OHL 500 kV from Azerbaijan TPP substation to Navahi substation (ii) supply and installation of equipment for 500 kV part of Navahi (2x 500 MVA) substation (ii) expanding the 500 kV bays at Absheron and Azerbaijan TPP substations.

**Component 2: Project implementation support.** This component will finance consulting, capacity building and auditing services to support the PIU in project implementation. The consulting services will comprise a Supervision engineer to assist the PIU with the implementation of component 1 and relevant technical consultants to support the achievement of project objectives. In addition, the component will comprise the expenses of the project’s external auditor and capacity building to create an enabling environment to enhance the skills and career prospects of women in the energy sector.

**Associated facilities.** The 330 kV part of the Navahi substation financed by the Government of Azerbaijan and the Absheron-Garadagh Wind Power Plant financed by Masdar are associated facilities to the AZURE project; accordingly, they would be required to comply with the World Bank Environmental and Social Framework (ESF).

Table 1 below provides detailed information about the scope of AZURE project Component 1, including substations that will be rehabilitated under the Project:

**Table 1: List of Subprojects to be implemented under the Project**

AZURE project to be financed by the World Bank	
Measures for connecting wind power plant to the grid and strengthening network	
1.1	Supply and Installation of equipment for 500 kV part of Navahi Substation
1.2	Construction of 500 kV single-circuit Azerbaijan TPP SS - Navahi SS OHL - 235 km
1.3	Construction of 330 kV single-circuit Absheron-Garadagh WPP – Navahi SS OHL – 65 km
1.4	Construction of 330 kV single-circuit Absheron WPP – Gobu ES OHL – 19 km
1.5	Construction of double circuit 330 kV from Navahi substation to Alat substation – 22 km
1.6	Expansion of the 500 kV bays of Azerbaijan TPP SS
1.7	Expansion of the 500 kV bays of Absheron TPP SS
1.8	Expansion of the 330 kV bays of Gobu PP SS

This Resettlement Policy Framework (RPF) is prepared to address Land Acquisition and Resettlement (LAR) issues if and when they occur in the course of planning and implementation of projects/subprojects financed under the Project, and as necessary, the associated facilities. It establishes the principles and procedures for the compensation of possible loss of land, houses, buildings, crops, and livelihoods during the Project implementation in line with the *World Bank ESS5* and relevant policies and guidelines on land acquisition of the Government of Azerbaijan (in case of conflict, the provisions of ESS5 will prevail). Subproject specific Resettlement Action Plans (RAP), will be prepared in accordance with this RPF. This document has been prepared by Azerenerji, the Project Implementing Agency (IA).

### 3. RAP APPROVAL PROCESS

Resettlement Action Plans will be developed by SRM Danismanlik, an independent consultant firm engaged by Azerenerji. Some site base information such as cadastral data, and scope of impact including number of impacted households will be provided by the Real Estate Cadastre and Registry Service. In the further stage of RAP development numerous trainings will be provided by the SRM Danismanlik to facilitate intime and accurate conduction of the census and household surveys for determination of the PAP, impact scope and compensation budget. The RAP drafted by the Consultant (SRM Danismanlik) will be first reviewed/endorsed by by the PIU and submitted to WB. The Supervision Engineer (SE) hired by Azerenerji for the duration of the Project's development and implementation as well as land acquisition and resettlement activities will assist in monitoring its implementation and help to report its completion and compliance with the RPF. The SE will have appropriate land acquisition and resettlement capacity sufficient to cover all required land acquisition and resettlement planning and implementation needs throughout the Project implementation, as per its mandate. Azerenerji will implement the RAP in collaboration with the Real Estate Cadastre and Registry Service.

### 4. LEGAL AND POLICY BACKGROUND

#### A. Azerbaijan Laws and Regulations on Land Acquisition and Resettlement

Legislation in Azerbaijan on land acquisition and resettlement consists of the Constitution of the Republic of Azerbaijan, Land Code, Civil Code, the Law on Land Acquisition for State Needs, and other normative-legal acts and international contracts supported by the Republic of Azerbaijan.

**The Constitution.** Recognizes the citizens' right to own, use and dispose property. It also recognizes three type of property ownership in Azerbaijan - state, municipal and private (Article 13). It guarantees that no one will be dispossessed of their property without their consent or decision by the court of law and that alienation of private property for state needs will be allowed only after payment of fair compensation to the owner (Article 29).

**The Land Code.** Article 101 states that, all damages caused by acquisition of land (compulsory purchase) or temporary detention, as well as limiting the rights of owners, users and lessees or deterioration of the quality of soil should be fully paid to land owners or users. In addition, costs derived from early termination of its obligations against third parties should also be paid to the affected person. Disputes relating to compensation, is being considered in a court in accordance with the procedure established by the legislation. Articles 110 and 111 describe willful occupation of land plots, implementation of illegal construction on land plots as violations of the land legislation, and state that these are prohibited acts. Such land plots will be returned to the relevant authorities without reimbursement of the expenses incurred during the illegal utilization. Rehabilitation of the lands should also be carried out by the illegal occupants, at their own expense.

**The Civil Code.** Articles 246, 247, 248 and 249 state that, provisions for acquisition of lands for state needs. The Code requires the Decree on acquisition of lands for state needs should be registered in state real estate registration. It also states that Executive Agency should; a) send official notifications to all affected persons about land acquisition; b) pay full compensation to the affected persons within 90 days after the transaction agreement made; c) assist relocated people; and, d) pay compensation for affected assets on the market rates (in case it is not possible to identify market rates, replacement prices are used).

The Civil Code states that affected person can select one or more type of compensations. It also states that any rights to real estate must be registered with the State, and that land may be acquired from owners for state needs as approved by the relevant courts.

**The Flat Code.** The Code states that acquisition of residential lands and residential building on the



land should be acquired by the provisions of the Land Acquisition Law.

**The Land Expropriation Law for State Needs or LELSN (April 20, 2010 No. 987)** Specifically address matters related to involuntary resettlement (IR), including the process and institutional arrangement for land acquisition, compensation and valuation, consultation requirements, entitlements of various categories of displaced persons and grievance mechanism. Pursuant to Article 6.1 of the Law, the authority acquiring land for state needs is determined by a decision on the existence of a state need requiring the acquisition of land, adopted in accordance with Article 9.1 of the Law, and the acquisition of land for state needs is actually carried out on behalf of the state. The law considers various categories of displaced persons, including those without state registration, renters, non-formal long-term users of land, and persons who have no legal rights on the land that they live in. The law entitles persons who have no legal rights on the land to resettlement assistance and compensation for their non-land assets. It includes provision of compensation for loss of business/income, transition allowance and transportation support, and compensation for loss assets based on replacement cost. As per the LAL, in case of physical displacement, the acquiring authority needs to send notification to PAPs at least 60 days before resettlement.

**Decree of the President** on additional activities regarding to implementation of the Land Expropriation Law for State Needs of 15 February 2011: The Decree stipulates additional provisions for the implementation of the Land Expropriation Law. It also assigns government agencies for each case of relevant executive body.

**Law on Land Lease:** The law states that (Article 16) when the leased land is acquired for state needs, another land plot having a same size and a same quality can be provided to lessee. Losses incurred in this land shall be paid in accordance with the legislation.

**Law on valuation activity:** The law states that valuation of the real estate is mandatory in the cases of land acquisition for state needs and the results of the valuation are to be reflected in a valuation report.

**Law of Azerbaijan Republic on Electricity (№ 858-VIQ, 11 April 2023).** The Law applies to subjects of electric energy, consumers and state bodies (institutions) operating in the field of production, storage, transmission, distribution, supply, import, export and consumption of electric energy in accordance with Article 94, Part I, item 11 of the Constitution of the Republic of Azerbaijan. It regulates the relations between them and determines the legal, economic and organisational bases of the electric energy sector.

**Decree of the President No. 506-3 QD dated 7 December 2007:** It requires the provision of 20% additional compensation to the calculated market price of the acquired property.

**Cabinet of Ministers' Resolution No.45 24 February 2012:** It stipulates guidelines for preparation of resettlement plan, as well as shows sample content of a resettlement plan and resettlement guideline.

**Cabinet of Ministers' Resolution (No. 55 21 April 2011):** It reflects guidelines and criteria for the selection of a planner (person or entity who prepares resettlement plan or guideline).

**Cabinet of Ministers' Decree No 216 dated 16 May 2024.** It includes description of the width of protection corridor along electric lines, as well as shows restricted activities within the protection corridor. The right of way and restricted activities within the area is summarized in the Table 2 below.

**Table 2: Details of RoW defined by Decree-103 and Restricted Activities**

Right of Way	Less than 1000 watt voltage	More than 1000 watt voltage
Overhead lines	2 meters from each side lines	<20 kw : 10 m from each side 35 kw: 15 m from each side 110 kw: 20 m from each side 150 kw: 25m from each side 220 kw: 25m from each side 330-500 kw: 30m from each side
Underground lines	1 meter from each side cable	1 meter from each side cable
Restricted Activity	Less than 1000 watt voltage	More than 1000 watt voltage
Underground lines	Construction, installation, explosion, irrigation activities, plant or cut trees, construction of sport grounds, collection of fuel, fertilizer and other materials.  In case of underground cables, digging of ground with machinery for more than 0.3 m deep is prohibited	Construction, installation, rehabilitation and destructing of buildings; mining activities; soil digging; explosion; amelioration activities; planting and cutting of trees and bushes; fencing; placing of piles for vineyards and gardens.  In case of underground cables, digging of ground with machinery for more than 0.3 m deep is prohibited. If the land is agricultural then till 0.45 m is allowed.

**B. Rationale for application of Easement on the Project affected Lands**

Under the Law of the Republic of Azerbaijan on Electricity<sup>7</sup>, rights to land can be obtained in accordance with the requirements of land legislation for the purpose of constructing, expanding, reconstructing, repairing and operating electricity facilities. Land Code as a major legislative tool regulating land issues in Azerbaijan refers to application of Easements on land and stipulates main regulations and provisions of its application<sup>8</sup>. As per definition provided in the Land Code Easement is the right to use one or more neighbouring (other) parcels of land for a limited period of time. It can be established by agreement between landowners, users and tenants, or by a court decision. The law requires that easements be exercised in such a way as to impose as few restrictions as possible on the land on which they are designated. Easements may be granted for a permanent or temporary term, and may be paid for. In the event of a transfer of ownership of the land to another person, the right of easement will be preserved in accordance with the provisions of the law. The easement may be terminated at the request of the landowner if the basis for the easement is subsequently removed.

Further to this the Law contain cases allowing the application of the easement to land areas. They are listed below:

- The use of the land for the construction and repair of private, municipal, engineering, electrical and other lines and networks;
- The use of the land to drain or dewater the land;
- Extraction of water from the land for drinking (cattle drinking);
- Removing livestock from the land;
- Mowing grass and grazing cattle on a stranger's land in accordance with local conditions and customs;
- The temporary use of the land area for the purpose of exploration, research and other work;
- The construction of buildings and installations that have a support in the neighbouring area or that have a transition into the neighbouring area at a certain height;
- The prohibition of the construction of buildings and installations exceeding a certain height in the adjacent area;
- The planting of protective forest plantations and strips on the land area and the creation of

<sup>7</sup> Law of the Republic of Azerbaijan on Electricity, Chapter 5 (Use of natural resources in the Power sector); Clause 30. Land Use

<sup>8</sup> Land Code, Chapter 54. Easements on land

other nature protection facilities;

### C. Compensation Valuation Methods in Azerbaijan

**Land.** Land compensation prices must be based on market rate<sup>9</sup>. In cases where market price cannot be determined replacement cost<sup>10</sup> is used. These rates are determined by a Valuation Commission established by a decree of the Cabinet of Ministers. An independent appraiser should be involved in valuation process by the Valuation Commission. If both market and replacement price are available, the higher one is used. Market price of land is the average of three highest land transaction prices, which were sold and bought in the same area for recent three months. Replacement price of land is calculated price including expenses with respect to enrichment of productivity, provision of basic facilities, as well as registration costs.

The bulk of the land impacted will be traversed by the OHL and an easement will be registered against the land and to Azerenerji as per provisions of the Land Code<sup>11</sup> but land will not be transferred from the current landholders. Currently no compensation is paid for the registration of an easement. An easement is accompanied by a restriction on land use that does not allow for structures to be built or for trees above a certain height<sup>12</sup>. The principle is that where no rights are diminished or impacted then compensation would not be due. This would apply to land gazetted as agricultural under which no current or future development rights of use is impacted. However, where an easement is registered where restrictions on land rights result in diminished value then compensation would be due.

Since land plots are not transferred to the ownership of "Azerenerji" JSC (they are transferred for permanent use), the use of new land plots for the implementation of projects related to the construction of OHLs is regulated by the relevant articles of the Civil Code and Land Code of the Republic of Azerbaijan on the basis of mutual agreement with the owners. Thus, in the projects implemented by Azerenerji JSC, Azerenerji JSC cooperates with the owners in accordance with the Decision of the Cabinet of Ministers of the Republic of Azerbaijan dated 16 May 2024<sup>1</sup> 261 on the approval of "Dimensions of protection zones of electric networks and requirements for carrying out economic works in these areas" and the corresponding provisions of the Land Code, which establish the conditions and terms of application of easements on land for, inter alia, "construction and repair of private, municipal, engineering, electric and other lines and networks". It obtains the permit for the installation of supports and laying of the line based on the consent (payment of compensation, notarised application for non-objection, obtaining the permit, concluding the contract).

As for the current projects for construction of the OHLS the routes will be agreed with the respective local Executive Power authorities. Subsequently, an agreement will be reached with the landowners concerned regarding the installation of pylons in the area (for compensation, etc.). Subsequently, a permit for the long-term use of the land will be obtained through a notarial procedure (annual payment or one-off payment according to the contract).

The amount of compensation is calculated on the basis of market prices according to the productivity and category of the land and the income indicator of the crops that can be grown in each region.

Currently the Project OHLs it is not planned to cross land belonging to residential areas. If such a situation is unavoidable, permission will be obtained in exchange for compensation for the use of the

<sup>9</sup> **Land market value** is determined on the basis of mean value of the three highest recorded land sales in past 3 months from the census date. "Article 58: Market Value" of Law of the Republic of Azerbaijan on the Acquisition of Lands for State Needs, April 2010.

<sup>10</sup> The **replacement price** is determined based in 'Article 59: Replacement Price' of Law of the Republic of Azerbaijan on the Acquisition of Lands for State Needs, April 2010. This replacement price include expenses with respect to bringing the land or building the structure in same area and same size and production potential up to standard of acquired land/structure, and registration fee.

<sup>11</sup> Land Code, Chapter 54. Easements on land

<sup>12</sup> An exception is the construction of buildings and installations that have a support in the adjacent area or that have a transition into the adjacent area at a certain height (Land Code, Chapter 54).

land areas necessary for the installation of the pylons, or, through local executive authorities and municipalities, land compensation will be provided to those owners in exchange for the dimensions of the affected land in the state or municipal fund.

Compensation will be paid in advance to landowners who have been granted permission to use their land for the project.

**Annual Crops.** Compensation payable for loss of annual crops is determined by the Valuation Commission in coordination with land acquisition group(s) based on certified data on the productivity of crops and the average price of produce issued by the district Department of Statistics.

**Perennial Crops (Trees, Shrubs and Vines).** Compensation for trees and shrubs (not included in the Forestry Fund of Azerbaijan Republic) expected to be cut or replanted within the project activity has to be conducted in agreement with the Rules for Use, Protection and Preservation of Trees and Bushes (19 September 2005). Perennial crops such as fruit trees, grape vines, and blackberry bushes growing on private yards and orchards are valued on a per tree or per shrub basis by applying a standard formula.

**Compensation for Immovable Assets and Land Attachments.** This covers a range of items such as fences, walls, animal enclosures, small irrigation channels, drains, wells, hand pumps, artesian bores, water pumps, hay sheds, animal shelters and roads. These items must be valued at full replacement cost by the Independent Appraiser hired by Azerenerji.

**Compensation for Temporary Land Acquisition.** Upon the completion of works, the land must be restored to its pre-project condition and returned to the owner/user with compensation for the following items:

- Loss of annual crop production
- Potential crop yield reduction for three years
- Loss of any trees or perennial crops
- Loss of use of grazing land
- Loss of immovable assets and land attachments.

**Compensation for Loss of Residence.** In the event of loss of residences in the process of project planning and execution, the owner/user will be compensated additionally besides compensation for land, which include following items:

- Property owned by claimant;
- Possible expenses associated with execution of any juridical services, survey, assessment and other such compulsory measures with respect to land acquisition;
- Expenses related to safe and sound transportation of cattle of person affected by expropriation from their place to the place where person will be resettled;
- loss of income associated with the expropriation of lands. Payments will be provided to these persons, till the income they get from new place of residence or land be equaled to the income from his previous place and residence;
- Expenses associated with required training in order the persons affected by expropriation be able to work in new place of residence according to its condition;
- If foodstuffs is provided from the land to fully or partially satisfy the needs of family of persons affected by expropriation, expenses for regular provision of the same type and expense food stuffs till they will get these food stuffs from the land in new place of residence or work in new place of residence;
- Other matters to be considered for fairness of paid compensation.

## **B. Comparison of Azeri Laws and Regulations Relevant to Land Acquisition and Resettlement and World Bank's ESS5 requirements**

Many provisions of the World Bank’s ESS5 requirements are covered under national legislation of Azerbaijan but there remain differences, as presented in Table 2, as below. **In all cases of conflict, the provisions of ESS5 prevail over the provisions of Azerbaijan laws and regulations.**

**Table 3: Comparison of Azerbaijan Laws on Land Acquisition & Involuntary Resettlement and WB’s ESS5\***

No	Azerbaijan Laws and Regulations	WB ESS5 (will always prevail in case of differences with Azerbaijan laws and regulations)
	Compensation to title holders; tenant with legal rights; legal long-term occupants including renters. Resettlement assistance for non-title holders	Lack of title should not be a bar to compensation and/or rehabilitation. Non- titled landowners or land users receive rehabilitation and assistance.
	Compensation to be determined based on market value as well as replacement value. In case both principles are applicable, t h e one that provides larger compensation will be applied. (Article 55.2, 58 & 59 of LALSN, 2010). No compensation for easements and loss of rights over land use.	Compensation for lost or damaged structures should be based on replacement value. Depreciation is not considered in the valuation of structures.  Loss of rights as per easement would typically result in compensation.
	Under the national legislation (LALSN, 2010), in cases where the number of people to be relocated 100 meters away from their land exceeds 200, a resettlement plan is to be prepared. In other cases, only a resettlement manual will be prepared.	RAPs will be prepared in line with the provisions of the World Bank’s ESS5. In particular, a census, socio-economic survey and consultation with PAP will be conducted while preparing a RAP and its implementation will be monitored and reported, irrespective of numbers of people affected.
	Grievance Commission (Article 75 of LALSN, 2010) to be appointed in large scale projects in case of necessity. The Executive Agency, Land Acquisition Group, Control Agency, local Executive Power, municipalities are able to receive, consider, and solve grievances and complaints.	Complaints & grievances will be resolved through community participation in the Grievance Redress Committees (GRC),
	No additional provisions for income rehabilitation, allowances for severely affected or vulnerable PAPs considered.	WB policy requires rehabilitation for income/livelihood, severe losses, and for expenses incurred by the PAPs during the relocation process.
	Public meetings are to be conducted to discuss land expropriation proposal at the preparatory stage.	Public consultation and participation is the integral part of WB’s policy which is a continuous process at conception, preparation, implementation and post implementation period.

\*Instances where there are discrepancies between the two – gaps as identified, the project will follow the World Bank Policy and Standards.

## 5. THE PROJECT COMPENSATION ELIGIBILITY AND ENTITLEMENTS

The land acquisition and resettlement tasks under the project will be carried out according to the compensation eligibility and entitlement provisions developed in line with the Azeri laws and the World Bank's ESS5 as detailed in the next chapter.

### A. Eligibility and Entitlements

Under the Project RPF the following categories of PAPs will be entitled to compensation and/or rehabilitation benefits:

- PAPs losing land and or/structures (fixed assets) irrespective of whether land is held under valid legal rights or customary rights with or without legal status;
- Tenants and sharecroppers whether registered or not;
- Owners of buildings, crops, trees or other objects attached to the land; and
- PAPs losing business or income/employment opportunities.

PAPs and affected assets will be identified through a Detailed Measurement Survey (DMS). The DMS end date will be the cut-off date for compensation eligibility. PAPs settling in affected areas after this date will not be eligible for compensation. They, however, will be given sufficient advance notice to vacate and dismantle the affected land/structures. Their dismantled structures will not be confiscated nor will they be fined or sanctioned.

The compensation and rehabilitation entitlements for each affected item established for the Project is detailed below on **Table 4**. This matrix has been developed based on assessed impacts that will accrue to the envisaged project sub-components. The entitlements are based on legal requirements as well as precedent developed in previous similar projects in Azerbaijan. Entitlement Matrixes developed by individual RAPS may differ but need to be consistent in terms of application across sub-projects.

**Table 4: Entitlement Matrix**

Loss	Impact	Displaced People	Entitlement
Permanent loss of agricultural land – land is transferred to Azerenerji	All land losses regardless of severity of impact	Owner/ titleholder	<ul style="list-style-type: none"> <li>Where feasible, land for land compensation with plots of equal value and productivity to the plots lost, and acceptable to the PAP;</li> <li>OR (based on PAP’s preference)</li> <li>Cash compensation at replacement cost based on market rate free of taxes, registration costs and transfer charges. Unaffected portions of a plot will also be compensated if they become unusable after acquisition of affected portion.</li> </ul>
		Leaseholder (regardless if registered or not)	<ul style="list-style-type: none"> <li>Where feasible transfer of lease to other plots of equal value or productivity of plots lost; OR (based on PAP’s preference)</li> <li>Cash equivalent to the net income from the land calculated on the basis of the market value of annual production of affected land for the remaining lease years (up to maximum 10 years).</li> </ul>
		Sharecroppers (regardless if registered or not)	<ul style="list-style-type: none"> <li>Cash compensation equal to market value of the lost harvest share (1 x for temporary impact and 2 x for permanent impact)</li> </ul>
		Agricultural workers losing their job	<ul style="list-style-type: none"> <li>Cash compensation equivalent to their salary/wage in cash and kind for the remaining part of the agricultural season.</li> </ul>
		Non-titled cultivators	<ul style="list-style-type: none"> <li>Rehabilitation allowance equal to 1 year’s net income from the affected land (in addition to crop compensation) for land use loss.</li> </ul>
Permanent loss of agricultural land - land is transferred to Azerenerji	Severe/significant impact (loss of >10% of productive land, incremental to the entitlements listed above)	Owner/titleholder	<ul style="list-style-type: none"> <li>Severe impact allowance equal to the net income from three years of crop production (inclusive of winter and summer crop and addition to standing crop compensation) and the waiving of taxes and fees</li> </ul>
		Sharecroppers (regardless if registered or not)	<ul style="list-style-type: none"> <li>Severe impact allowance equal to the net income from their annual share of harvest lost (additional to standard crop compensation)</li> </ul>
		Non-titled cultivators and land users	<ul style="list-style-type: none"> <li>Severe impact allowance equal to the net annual income from the affected land (additional to standard crop compensation)</li> </ul>
Land registered under easement but remaining with original landholders	Land has easement registered in name of Azerenerji and potential for loss of rights due to restriction	Holder of land under easement	<ul style="list-style-type: none"> <li>Rights to land are registered as an easement and notarized in agreement with the land holder</li> <li>Where no rights are diminished or impacted then compensation would not be due. This would apply to land gazetted as agricultural under which no current or future development rights of use is impacted.</li> <li>Where an easement is registered where restrictions on land rights result in diminished value then compensation would be due.</li> </ul>

## RESETTLEMENT POLICY FRAMEWORK

Loss	Impact	Displaced People	Entitlement
Temporary loss of land	Disturbances during construction or installation of transmission lines	All PAPs including non-titled users and squatters	<ul style="list-style-type: none"> <li>Affected land/communal infrastructure will be restored or reconstructed to pre-project conditions.</li> <li>Rent shall be negotiated between landowner and contractor, but will not be less than equal to the revenue lost at market value (e.g. compensation for harvests lost at average yield/hectare).</li> </ul>
Residential/ Commercial Land (Permanent loss)	All land losses regardless of severity of impact	Titleholder	<ul style="list-style-type: none"> <li>Land for land compensation with plots of equal value and productivity to the plots lost, and acceptable to the APs; or</li> <li>Cash compensation for affected land at full replacement cost free of taxes, registration and transfer costs</li> </ul>
		Non-titled users	<ul style="list-style-type: none"> <li>Self-relocation allowance equal to 1 year at minimum salary.</li> </ul>
Houses, buildings and structures	Full/partial loss of structures located within safety corridor	Owners (regardless if building registered or not or whether owns land or not)	<ul style="list-style-type: none"> <li>Cash compensation at replacement rate for affected structure/ fixed assets without depreciation and transaction cost or</li> <li>Replacement structures where vulnerability thresholds are demonstrated and choice is made,</li> <li>Free salvage of materials, depreciation and transaction costs.</li> <li>For partial impacts, full cash assistance to restore remaining structure.</li> <li>Cost of lost water and electricity connections will be included in the compensation.</li> </ul>
		Renter/Leaseholder	<ul style="list-style-type: none"> <li>An allowance equal to 3 months rent</li> </ul>
Standing crops	Removal of crops from pole footprint/foundation area or other permanent land take	All PAPs (including non-titled land users)	<ul style="list-style-type: none"> <li>Cash compensation equivalent to the gross income from the crop computed as the market value of the total annual produce from affected land.</li> <li>To be paid both to landowners and tenants based on their specific sharecropping agreements.</li> </ul>
Trees	Trees removed from safety corridor or pole footprint or other land take or restriction areas	All PAPs (including non-titled land users)	<ul style="list-style-type: none"> <li>Cash compensation shall reflect income replacement.</li> <li>Fruit trees will be valued at market value of 1 year's produce X number of years needed to grow a tree of the same productivity.</li> </ul>
Livelihoods	Loss of livelihoods or resources that support livelihoods as a result of displacement or acquisition rights/assets	All PAPS subject to livelihoods loss	<ul style="list-style-type: none"> <li>Appropriate support in the form of a project feasible package of restoration options to those economically displaced persons who derive their livelihood from sources other than wages and where these are impacted.</li> </ul>
Business/ employment	Temporary or permanent loss of business or employment	All PAPs (including non-titled land users)	<ul style="list-style-type: none"> <li>Business owner: (i) Cash compensation equal to 1 year's income, if loss is permanent; (ii) cash compensation for the period of business interruption, if loss is temporary. Compensations based on tax declaration or official minimum salary</li> <li>Worker/employees: Indemnity for lost wages for the period of business interruption up to a maximum period of 3 months.</li> </ul>



## RESETTLEMENT POLICY FRAMEWORK

Loss	Impact	Displaced People	Entitlement
Vulnerability Assistance	Any impact affecting vulnerable people	Vulnerable PAP (potentially including households below poverty line, and women headed families, or as identified by the socio-economic survey)	<ul style="list-style-type: none"> <li>• 1 additional allowance equal to 3 months of minimum salary.</li> <li>• Priority for employment in project-related jobs, training opportunities, self-employment and wage-employment assistance (to be determined in more details in RAPs, based on the actual situation and needs of any identified vulnerable PAPs).</li> <li>• Counseling as to n kind compensation options promoted, as appropriate, as a preference</li> </ul>
Relocation Assistance	Relocation (physical displacement)	All PAPs affected by relocation	<ul style="list-style-type: none"> <li>• Transport/ transitional livelihood costs:</li> <li>• Provision of cash compensation to cover transport expenses and livelihood expenses for at least one month.</li> <li>• If a person residing in place for at least 5 years, an extra compensation between 5- 10% will be paid for loss of residential houses as per Article 66 of Expropriation Law, 2010.</li> <li>• The relocation sites should have public infrastructure facilities and utilities similar to original site from where a person is relocated.</li> </ul>
Community assets or resources	Loss or damage to public infrastructure or natural resources	All PAPs	<ul style="list-style-type: none"> <li>• Rehabilitation/replacement of affected structures/utilities (i.e. mosques, footbridges, roads, schools, health centres, grazing lands etc.)</li> </ul>

### B. Assessment of Compensation Unit Values

The methodology for assessing minimum compensation rates of different items is as follows:

- Land will be valued at **replacement cost** based on market rates derived from a survey of land sales three months before the impact survey. No deductions for taxes or transaction costs will be applied.
- Houses/buildings will be valued at replacement value based on market value, cost of materials, type of construction, labor, transport and other construction costs. No deductions will be applied for depreciation, salvaged materials and transaction costs.
- Annual crops will be valued at full market rate at the farm gate.
- Fruit trees will be valued based on age category (a. seedling; b. not yet productive; c. productive). Productive trees will be valued at market value of 1 year produce x the number of years needed to grow a new tree with the same productive potential of the lost tree.

Valuation of asset will be done by a suitable qualified and a licensed appraiser to be hired by Azerenerji in case of land acquisition and resettlement impacts. The valuation will be used as the basis of agreement between the owners and Azerenerji.

### C. Disturbance and Temporary Impacts During Construction

During construction, there may be some temporary disturbance caused by subproject contractors while constructing overhead transmission lines and substation, dump sites, storage areas and similar other activities. These temporary impacts cannot be assessed at this stage and will only be known during subproject implementation.

As appropriate Azerenerji, OE and Social Safeguard Specialist (RAP Consultant) will address such issues through appropriate conditions in the civil works contract. The civil works contracts will require contractors to negotiate and reach an agreement with the owners/users of any land before it is used

temporarily for the installation/rehabilitation activities. Proofs of such agreements will also be submitted to Azerenerji for review to ensure that all appropriate provisions in the RPF are complied with.

Such agreements will be based on the following principles:

- Rent shall be negotiated between contractor and the land owner, but will not be less than equal to the revenue lost at market value by the land owner/land user during the period of its use by the contractor;
- Affected land and/or attachments on the land will be restored to its pre- subproject condition. Permanent damages to improvements/structures, if any, will be compensated in cash following the provisions in the entitlements matrix.

Upon the completion of works, the land that was temporarily used must be restored to its pre-project condition and returned to the owner/user with compensation for the following items, if applicable:

- Loss of annual crop production
- Potential crop yield reduction for three years
- Loss of any trees or perennial crops
- Loss of use of grazing land
- Loss of immovable assets and land attachments.

One of the conditions for release of final payment to the civil works contractors is the submission of proof that all temporarily used lands have been fully restored to their pre-project conditions and that there are no pending compensation issues related to the temporary use of land.

## 6. PROVISION OF LAND FOR LAND COMPENSATION

If “land for land” is chosen as the compensation option, the Azerenerji will identify a possible relocation site / replacement plots, and agree with Rayon Executive Power and related Municipality, from which the PAPs can choose.<sup>13</sup> They will also identify the associated infrastructure requirements (service roads, drainage, sanitation, water supply and electricity facilities) and site-preparation costs. All relocation activities will be carried out with the consent and cooperation of the PAPs. The specific project RAPs will identify the feasibility of the “land for land” options and develop a detailed course of action to be followed for the realization of these options where this is feasible. PAPS will be counselled on the merits of the options available to them including “land for land”. This will be specifically, although not exclusively, applied to those deemed to be vulnerable.

## 7. LIVELIHOOD RESTORATION

Livelihood restoration is the most critical element of involuntary resettlement. Although the use of the easement for land access will result in marginal impacts for livelihood loss this needs to be confirmed in the socio-economic survey. Planning for livelihood restoration will be conducted with the participation of those directly affected and will include a number of options where feasible. Azerenerji will ensure that all economically displaced persons are given an adequate opportunity to fully restore or improve their livelihoods. Azerenerji, and its Social Safeguard Specialist (RAP Consultant) will primarily play a co-ordination role in livelihood restoration, ensuring that other government entities are able to fulfil their duties, boosting capacity where necessary. Azerenerji, and its Social Safeguard Specialist (RAP Consultant) will also identify where additional services or interventions are needed. Specifically, Azerenerji, and its Social Safeguard Specialist (RAP Consultant) will coordinate with the relevant ministries and government agencies to produce a comprehensive plan for ensuring that additional resources to support the displaced persons are put in place. These plans will account for the disruption due to the resettlement and be based on a thorough understanding of the impacts drawing on the analysis of the surveys undertaken for the preparation of the RAP.

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<sup>13</sup> This requirement as well as feasibility will be established in the individual RAPS  
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RAP(s) will contain the livelihood restoration plan addressing the following principles:

- Livelihood restoration measures will be developed taking into account not only those impacted but also community sustainable development.
- The detailed livelihood restoration measures will be developed in consultation with PAPs and community members.
- The livelihood restoration measures will be implemented prior to the start of resettlement process for avoiding of period when resettlement or economical displacement have been done but the livelihood restoration measures not provided yet.

During implementation of livelihood restoration proposed activities will take into account women`s needs and preferences.

## 8. GENDER IMPACT AND MITIGATION MEASURES

Women have important economic roles and engage in a very wide range of income making activities in the agricultural and marketing sector. The Project will pay particular attention to ensure that women are the recipients of the compensation pertaining to their activities and to ensure that women who are de-facto household heads are clearly listed as beneficiaries of compensation and rehabilitation proceedings under the loan. In order to ensure the above the following actions will be considered:

- Impact assessment and census will disaggregate the PAPs gender-wise and will clearly indicate the number of affected women-headed households and their pre-Project socioeconomic status.
- Women will be encouraged to actively participate in all land acquisition and resettlement-related consultations and negotiations.
- RAP monitoring/evaluation will pay special attention on the impact of resettlement on women and other vulnerable groups.

## 9. PUBLIC PARTICIPATION AND DOCUMENTS DISCLOSURE

All land acquisition and resettlement activities will be carried out with the cooperation and assistance of affected people and the local administrative agencies. More specifically:

- Officials of district (*Rayon*) and municipal towns (*Baladiya*) will be informed about the Project and their assistance will be solicited in the supervision of the PAP census and the inventory of affected assets;
- The Land Acquisition Group (LAG) will carry out the DMS with the cooperation of PAPs and will inform them of the results of the survey and the inventory prior to the finalization of the RAP and its submission to Azerenerji.
- The preference of PAPs related to compensation and other resettlement assistance will be given due consideration during the planning process.
- Specific mechanisms for ensuring the active involvement of PAPs and other stakeholders will be detailed in subproject RAPs, which also will include an appendix with date, list of participants, and minutes of consultation meetings. Depending on the risk profile of the project a Stakeholder Engagement Plan specifically for managing resettlement may be required.

This RPF in Azerbaijani will be made available to the general public at the relevant Azerenerji regional center and *baladiya* offices after approval by the World Bank. The English version of the draft RPF will be disclosed on the WB and Azerenerji's website after EA's endorsement. The Azeri version of the draft RPF also will be disclosed in Azerenerji's website.

Public consultations will be held with potential PAPs, non-governmental organizations, local government public officials, and other interested stakeholders after the draft RPF's disclosure to inform them regarding the project and its potential resettlement impacts, seek their opinions, and respond to any questions. Consultations will be organized in Baku and in two additional regions, where the project will be implemented. The minutes of these consultations will be recorded and the RPF will be amended as necessary. The minutes and the final version of the RPF will then be sent to the World Bank for final approval. Upon obtaining such approval, the final RPF will be re-disclosed in Azerenerji offices, on Azerenerji's website, and on the World Bank's website.

Draft RAPs for project components will be prepared as needed by Azerenerji, and sent for the World Bank's approval. Upon obtaining such approval the draft RAPs in Azeri will be disclosed to the affected communities and a pamphlet in Azeri, summarizing compensation eligibility and entitlement provisions, will be sent to all PAPs. The English translations of the RAPs and pamphlets will be disclosed on the WB's website. As discussed below consultations with PAPs, non-governmental organizations, public officials, and any other interested stakeholders will then be organized by

Azerenerji in each of the relevant rayons, to inform participants of RAP preparations, seek their opinions, and respond to any questions. The minutes of these consultations will be recorded and the revised RAP will be sent for the World Bank's approval. The final versions of the RAP will then be redisclosed in Azerbaijani in local communities and on Azerenerji's website, and in English on the World Bank's website.

## 10. INSTITUTIONAL ARRANGEMENTS

Based on the Land Acquisition Act of 2010, the main institutions that need to be involved in land acquisition and resettlement activities are Azerenerji, Ministry of Finance (MOF), State Committee on Property Issues (SCPI), Ministry of Ecology and Natural Resources (MENR) and Rayon (district) and Baladiya (municipal towns) authorities. Moreover, the following institutions will be created: (a) Land Acquisition Group(s) (LAG), (b) Resettlement Commission(s) (RC), and (d) Grievance Redress Committee(s) (GRC) in subprojects or sections with land acquisition and resettlement impacts.

However, in case impacts are limited which involve only temporary losses of crops and marginal structure, these will be addressed through a streamlined process with the participation from the rayon offices of local level key government agencies.

### 1) Azerenerji

Azerenerji has overall responsibility for all aspects of the Project. For the implementation of the proposed project, Azerenerji, the project has established a Project Management Unit (PIU) at headquarter level by hiring a pool of consultants. The PIU is headed by a Project Director (PD) and is supported by technical and administrative staff, which will be expanded further as per project requirement requirements. .

Azerenerji is in the process of recruiting a full time Environmental and full time Social t and Stakeholder experts, who will look after environmental and social aspects respectively during project implementation. Azerenerji will act as the executor and custodian of the resettlement process, bringing the various government ministries and agencies together and ensuring the mitigation of impacts, restoration and enhancement of livelihoods and standards of living. In particular Azerenerji will:

- Coordinate land acquisition and resettlement related tasks among all involved state agencies and stakeholders, liaise with Lenders on LA related issues.
- Make decisions on the number of required RAPs to be prepared depending on design progress, number of affected land plots and land area to be acquired, its geographical location.
- Make high-level decisions related to the land acquisition and compensation of affected people.
- Ensure availability of sufficient budget for compensation and other land acquisition and resettlement activities.
- Ensure overall compliance of land acquisition and resettlement activities with the approved RAP(s).
- Review and approve RAP(s), ensure disclosure of approved RAP(s).
- Ensure that Grievance Redress Mechanism (GRM) is established and operational.
- Where required, ensure engagement of the RAP Consultant to carry out RAP(s) preparation and provide support during RAP implementation.
- Ensure proper implementation of monitoring activities, as well as preparation of RAP Compliance Report(s).
- Ensure proper implementation of stakeholder engagement activities and disclosure of RPF, RAP(s) and other relevant land acquisition documents.

Further it is the responsibility of Azerenerji to ensure that each government department and the project developer:

- Understand the risks associated with resettlement.
- Understand their responsibilities and why their role is important to the project.
- Understand why mitigating the negative impacts is necessary.

Azerenerji will hold government entities to account if their responsibilities are not carried out. Azerenerji will also apply the necessary measures so that the displaced people and host areas are aware of their responsibilities, are suitably capacitated to such that they can participate in the process.

## 2) Other Key Government Agencies

The following are the roles of other key government agencies in land acquisition and resettlement planning and implementation:

- Ministry of Finance (MOF): Controls the entire land acquisition process from consultation, valuation, RAP preparation and compensation payments.
- State Committee on Property Issues (SCPI): Provides cadastral maps, land registration data and list of PAPs, participates in the LAG, and updates land documents after acquisition.
- Ministry of Ecology and Natural Resources (MENR); Provides maps and landowners details
- Local Governments (Rayon Executive Powers and Municipalities)

Local governments agencies involved in RAP preparation are the Rayon Executive Powers, and Municipalities. Local governments (a) provide detailed information on current land use and land users of the affected land, (b) identify unregistered/informal PAPs, and (c) participate in the relevant commissions to be formed for the project.

## 3) RAP-related Commissions

To comply with the requirements of the Land Acquisition Act (201), Azerenerji will facilitate the creation of the following commissions to perform specific tasks as follows:

- Land Acquisition Group (LAG): Will be constituted by Azerenerji with representatives from MOF, SCPI and MENR to (a) deliver and explain the notification to the PAPs; (b) meet with PAPs to explain about the compensation entitlements, valuation methods and compensation process; (c) receive and refer complaints to the grievance redress commission; (d) assist in the preparation of the RAP; and (e) collect necessary documents from the PAPs.
- Resettlement Commission (RC): Composed of 3-20 representatives from PAPs, the RC is involved in the preparation of the RAP, public consultations and refers complaints from PAPs to LAG.
- Grievance Redress Committee (GRC): The rayon executive power will create the GRC wherever a land acquisition and resettlement issue involves, receiving and resolving complaints from PAPs and other stakeholders. If the complaint is not resolved, the GRC refers the complaint to the MOF.

## 4) Social Development Specialist

Social Development Specialist will be hired to assist in implementation of RAP for the Project. The RAP Consultant will have sufficient expertise on social assessment and resettlement. The SE and RAP Consultant will monitor RAP implementation and, where this does not constitute a conflict of interest, report its completion.

## 11. RAP DEVELOPMENT

**The RAPs must be developed to conform to the requirements of the ESS5. The Report will be set out as per Annex 2. Key aspects that will be covered in the development of the RAP are as follows:**

### 1) Stakeholder Engagement

Project-Affected-Persons are to be considered as key stakeholders where the Project proponent should emphasize factors such as transparency and equity. Engagement of key stakeholders such as affected community members, households and authorities is vital for the success resettlement of persons affected by the project. As such, Azerenerji and/or the RAP Consultant will be required to implement an inclusive stakeholder engagement program, where the key focus will be on the participation of people directly affected by the Project components and their local authorities in the resettlement program. Azerenerji and/or the RAP Consultant will be expected to prepare a stakeholder engagement plan early in the assignment which will:

- Identify and describe stakeholders.
- Describe information disclosure and consultation mechanisms to be used.
- Describe the organizational arrangements for the implementation and management of the stakeholder engagement program.
- Provide an implementation program.

Azerenerji and/or the RAP Consultant must implement the stakeholder engagement program through appropriately trained field staff. The program will ensure that:

- Affected people are kept fully informed of their rights and responsibilities by having easy access to understandable information.
- Affected households and communities are placed in a position to contribute to the assessment and planning of compensation and relocation proposals.
- The outcome of the consultation process is properly recorded and incorporated into the decision-making process.

Azerenerji and/or the RAP Consultant will be expected to implement measures for the monitoring of the stakeholder engagement program, and to report on this in progress reports and at progress meetings.

With the roll out of the stakeholder engagement program, the team must ensure that the stakeholders' views on the following key aspects relating to compensation and resettlement are received and incorporated into the overall RAP:

- Resettlement options, such as cash versus in-kind assistance.
- Potential relocation sites, where necessary.
- Compensation standards and valuation methods to be used particularly aspects related to replacement value.
- Identification of potentially vulnerable groupings.

### 2) Data Generation

For all land acquisition and involuntary resettlement projects managed and coordinated by Azerenerji and/or the RAP Consultant and as part of the development of the RAP, several surveys will be carried out prior to resettlement to inform eligibility, entitlements and resettlement planning. These include:

- Survey planning and scoping: All surveys will be thoroughly planned before they are carried out. Where possible, survey planning will take place before government approval and the initial disclosure of the project to the public. The scope, schedule and methods of survey will

be clearly defined to ensure that no affected community members are omitted, and all key impacts are identified and evaluated.

- Census: Land Acquisition Law requires that a census be conducted of all displaced individuals and households occupying the area to be acquired. Azerenerji and/or the RAP Consultant will ensure data is collected and stored in a dedicated project database.
- Land and asset surveys: The land, census and asset surveys are required by LAL and will be carried out by relevant committees as per the law. Azerenerji and/or the RAP Consultant will ensure these committees are aware of the other surveys being conducted by Azerenerji and align their approach where necessary. Azerenerji and/or the RAP Consultant will guide and support the committees performing land and asset surveys to ensure there is alignment between the socio-economic and other surveys as necessary.
- Cut-off date: As per the LAL, following government approval of the project, there must be a moratorium on further development within the project area. Azerenerji and/or the RAP Consultant will conduct a risk assessment regarding the disclosure of the moratorium and determine the most suitable approach for the context.
- Socio-economic survey: A comprehensive socio-economic survey of project affected people will be conducted.<sup>14</sup> The survey shall include basic demographic data for the individuals in each household, enterprise or rental household (e.g., age, gender, relationship to head of household, primary and secondary occupations, sources of income and vulnerability (i.e., the Azerbaijan definition of vulnerability or other agreed measures of such, disability, etc.) and the nature of the impacts (e.g., loss of residence, loss of business premises, loss of garden, crops or trees, etc.). At a minimum, data collected will include: identification of PAPs by name (with spelling consistent with national ID card/voter ID card or other form of identification), address, ID number (or note that there is no ID), bank account number or account information (if one exists), mobile telephone number, age, marital status, names and ages of spouses and dependents, occupations, and other livelihood data, number and type of employees where pertinent, vulnerability status and information concerning access to electricity. The survey will employ both quantitative and qualitative methods including representative focus group discussions with displaced persons and key informant interviews with relevant stakeholders.
- Identification and analysis of impacts: Identification and analysis of impacts, including the types of displacement, and other impacts will be conducted by Azerenerji and/or the RAP Consultant during in the screening phase, using secondary data, and during planning, using the results of the surveys. This process will be focused on the types of impacts associated with the land acquisition and resettlement process rather than a duplication of the Environmental & Social Impact Assessment.

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<sup>14</sup> Annex 1 is an outline of the types of information that could be generated but, based on the risk profile of the RAP being developed, this would be expanded to cover additional indicators required for a full baseline for analysis and monitoring purposes.

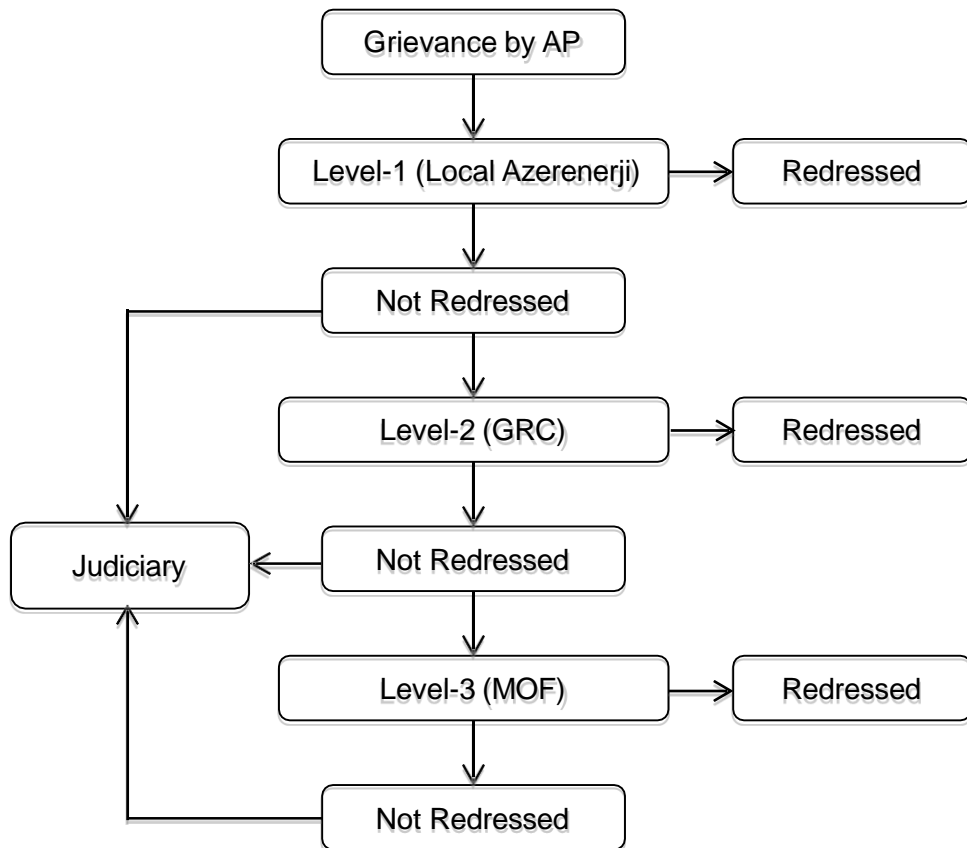


**12.COMPLAINTS AND GRIEVANCES**

A grievance redress mechanism will be established to allow appeals against contested decisions, practice or activity arising from land or other assets compensation. PAPs will be fully informed of their rights and of the procedures for addressing complaints whether verbally or in writing during consultation, survey, and time of disclosure of compensation.

Care will be taken to prevent grievances rather than going through a redress process by ensuring active consultation with and participation of PAPs during the LAR planning and implementation process. If grievances still arise, all attempts will be made to resolve those informally at the local level of Azerenerji. If this attempt fails, PAPs will have the option of taking their complaint to the formal mechanism of addressing grievances described in **Figure-1**.

**Figure 1: Grievance Resolution Mechanism**



The 1st level of GRM is the local Azerenerji office at Rayon level which deals in land acquisition and resettlement planning and implementation. At the 2nd level, there will be Grievance Redress Committee (GRC) constituted with representatives from Executive Power, Municipality, PIU and representative of APs. At the 3rd level of GRM, the MoF will be the focal agency which may involve representatives from SCPI, RC, MENR and PIU.

Alternatively, PAPs can also use Azerenerji 186 Hotline Service to register their complaints. This is a centralized online service, in which complainants and inquirers can dial 186 and register their complaints. Azerenerji will ensure that complaints are responded to within 24 hours from registering the complaints.

### 13. MONITORING AND EVALUATION

All land acquisition and resettlement tasks under the Project will be monitored by the CSE (Construction Supervision Engineer) and reported to Azerenerji via the PIU and to the WB.

Monitoring and evaluation (M&E) play a critical role in determining the effectiveness of Azerenerji's own processes and its efforts to address the impacts of involuntary resettlement on those affected. M&E will determine when the resettlement project has achieved the full and effective implementation of its planned activities. For these purposes periodic (semiannual) monitoring reports shall be prepared that would describe the progress on the implementation of land acquisition and resettlement activities, including any compliance issues and necessary corrective measures. The reports shall follow the land acquisition and resettlement indicators set during the RAP approval.

Internal social safeguard monitoring will be carried out by the Project Supervision Consultant (PSC) and supervised by PIU to assess the progress and results of RAP implementation and adjust the work program, if necessary. The social safeguard monitoring reports will cover the progress/results on RAP implementation and safeguards activities including activities on past and future social impacts mitigation. Moreover, PIU will prepare and submit to the Bank a RAP Completion after the RAP implementation.

The final evaluation will be when an independent completion audit, if required, has been done and any corrective actions that the audit identifies, are fully implemented.

All monitoring and evaluation activities will be conducted in terms of the M&E plan that is an essential component of the RAPs. The M&E plan in the RAPs will contain a number of appropriate indicators to evaluate performance of the resettlement programme and the impacts on communities. The M&E plan will contain the processes to be employed during monitoring, responsibilities and a schedule. The M&E team should produce regular reports on its work and findings, conducting surveys where necessary, as outlined in the RAPs. These will also identify all corrective actions required to be carried out in order to address any aspects that are not working adequately and that are not on track to be achieved. In the first instance, this team reports into the resettlement project management structure and through it up to the steering committee and development project management team.

#### **Performance Monitoring**

The M&E plan in the RAP will contain a number of appropriate indicators to evaluate performance of the resettlement programme. These indicators will allow Azerenerji and necessary external stakeholders to measure physical progress against milestones detailed in the RAPs.

The performance indicators should include the following indicative themes (to be adjusted for each context):

- Number of individuals / households surveyed.
- Number of engagements vs planned engagements.
- Number of surveys completed/Number of households surveyed.
- Status of compensation payments (number of pay-outs completed vs numbers pending).
- Status of replacement structures and land (number of replacements issued vs numbers pending).
- Number of people relocated.
- Number of livelihood restoration initiatives implemented.
- Number of training sessions held and attendance.
- Status of services that need to be re-instated.
- Number of complaints (including the number of complaints open and the number resolved).
- Average / maximum time taken to respond to and resolve complaints.
- Actual cost vs. budget.
- Actual timeline vs. schedule.

## Impact Monitoring

The M&E plan in the RAP will also contain a number of appropriate indicators to evaluate the impacts on displaced and host communities during and after resettlement. These indicators will be compared to the baseline data gathered as part of the socio-economic survey and census to get a comparison between before and after resettlement.

The impact indicators should include the following indicative focus areas (to be adjusted for each context):

- Perceptions of living standards of physically displaced persons (quality of new housing and new location) vs. baseline.
- Livelihood status of economically displaced persons (number of income sources, income level, job satisfaction) vs. baseline.
- Number of people employed vs baseline.
- Number of people in education vs baseline.
- Production from agricultural land vs baseline.
- Number and types of health issues vs baseline.
- Mortality rate vs baseline.
- Socio-economic status of displaced persons vs baseline.
- Access to healthcare vs. baseline.
- Access to education vs. baseline.
- Access to services and infrastructure vs baseline.

The Monitoring will also assess the status of vulnerable groups such as female-headed households or families below the poverty line. The following will be considered as the basis for indicators in monitoring and evaluation of the Project:

- Socio-economic conditions of the PAPs in the post-resettlement period;
- Communications and reactions from PAPs on entitlements, compensation, options, alternative developments and relocation timetables etc.;
- Changes in housing and income levels;
- Rehabilitation of informal settlers;
- Valuation of property;
- Grievance procedures;
- Disbursement of compensation and
- Level of satisfaction of PAPs in the post resettlement period.

A final external evaluation of RAP implementation will be carried out about a year after completion of its implementation. The compelling reason for this study is to find out if the objectives of the RAP have been attained or not. The benchmark data of socioeconomic survey of severely affected PAPs conducted during the preparation of the RAP will be used to compare the pre and post Project conditions. The evaluation will recommend appropriate supplemental assistance for the PAPs should the outcome of the study shows that the objectives of the RAP have not been achieved.

## 14. TRAINING IN RAP IMPLEMENTATION

Staff from the Azerenerji, PIU, and regional agencies involved in land acquisition and resettlement activities will undergo a week-long orientation and training in the World Bank's ESS5, the Land Acquisition Law and the RPF. The training will be undertaken by a competent service provider. and will cover the following topics:

- Principles and procedures of land acquisition;
- Public consultation and participation;
- Understanding the World Bank's ESS5.
- Entitlements and compensation and assistance disbursement mechanisms;
- Grievance resolution; and
- Monitoring of resettlement operations.

## **15. RESETTLEMENT BUDGET AND FINANCING**

All RAP preparation and implementation costs including cost of compensation and land acquisition and resettlement administration will be considered as an integral part of the Project cost. Each RAP will include a budget section indicating: (i) unit compensation rates for all affected items and allowances; (ii) methodology followed for the computation of unit compensation rates; and (iii) a cost table for all compensation expenses including administrative costs and contingencies.

Finances for compensation, allowances, and administration of RAP preparation and implementation will be provided by the Government. In order to ensure that sufficient funds are available for land acquisition and resettlement tasks, the PIU will have to allocate 100% of the cost of compensation at replacement cost and expected allowances estimated in each RAP plus 15% of contingencies before RAP implementation. Being the Project owner, Azerenerji is responsible for the timely allocation of the funds needed to implement the RAPs.

## **16. RAP IMPLEMENTATION PROCESS**

The PIU will establish and announce the cut-off-date based on the date of census for the proposed subproject based on the eligibility criteria defined in this RPF. The PAPs of affected structures/assets will be paid their due compensations well prior to demolition of the structures from the corridor of impact and in time for them to find alternative accommodation. This timeframe will also allow them to dismantle and remove all salvageable material for rebuilding of houses and re-establishment of businesses. However, Azerenerji through the PIU reserves the right of demolishing unauthorized structures without paying any compensation by serving a notice of eviction for a maximum of two weeks, provided it is established that those structures were constructed after the “cut-off” date.

The basic RAP-related steps for the preparation and implementation of Project, subprojects are summarized in Table 5 below.

**Table 5: RAP Tasks Schedule**

<b>Step</b>	<b>Action</b>	<b>Responsibility</b>
1	Identify subprojects	PIU and OE
2	Review and update RPF	PIU, WB
3	Prepare activities plan detailing RAP tasks and schedules	PIU
	<b>RAP PREPARATION</b>	
1	Assess the project's poverty and social Impacts	RAP Consultant/OE
	<b>PROJECT PREPARATION</b>	
1	Identify subprojects	PIU and CMF
2	Review and update RPF	PIU, WB
3	Prepare activities plan detailing RAP tasks and schedules	PIU
<b>B)</b>	<b>RAP PREPARATION</b>	
1	Prepare surveys forms for Census and DMS, train local Census and DMS teams, and coordinate with relevant local government agencies.	PIU
2	Collect cadastral and parcel maps of the Project area	LAG
3	Verify land records in affected areas, update cadastral maps and carry out impacts and valuation surveys – Detailed Measurement Survey (DMS)	LAG
4	Conduct first notification of PAPs	Azerenerji
5	Conduct public consultations	Azerenerji
6	Compute compensation	VC
7	Notify PAPs for negotiation	LAG
8	Negotiate with PAPs	VC/LAG
9	Prepare and submit RAP to PIU, and WB for approval.	PIU
<b>C)</b>	<b>RAP IMPLEMENTATION</b>	
1	RAP disclosure: distribute RAP and information pamphlets in Azeri in the affected communities; post RAP in English on the WB website	PIU/WB
2	Approve contract awards	WB
4	Award checks for compensation	Azerenerji
7	Submit RAP completion report	LAR/Consultant/CMF/Appointed external auditor
8	If RAP Implementation found satisfactory, Notice to proceed for Civil works is issued	WB World Bank`s ESS5 requirements
3	Grievances Redress/Law Suites	GRC/MoF/ Court
4	Inter-agency coordination and Communication with PAP	PIU/LAG
1	RAP disclosure: distribute RAP and information pamphlets in Azeri in the affected communities; post RAP in English on the WB website	PIU/WB

**Annex 1: LAR SCREENING FORM**

<b>LAND ACQUISITION AND SOCIAL IMPACT ASSESSMENT CHECKLIST</b>			
Rayon:			
City/Town:			
Settlement/Village:			
Brief Description of Site and Proposed Works:			
<b>1. Screening Questions for Land Acquisition &amp; Resettlement</b>			
<b>Likely Impacts</b>	<b>Yes</b>	<b>No</b>	<b>Description</b>
Is land used by individuals or families (homestead, agriculture or garden land) likely to be affected?			
Is the ownership status and current usage of the land known?			
Will there be loss of housing?			
Will there be loss of agricultural plots?			
Will there be loss of crops or trees?			
Will there be loss of business or enterprise?			
Will there be loss of incomes and livelihoods?			
Will people lose access to facilities, services?			
Is traditional or customary land affected?			
Are there non-titled people who live or earn their livelihood at the site or within the easement/right of way?			
<b>Potential Magnitude of Impacts</b>	<b>No.</b>	<b>Area (m2)</b>	<b>Description</b>
Approximate loss of Housing			
Approximate loss of agricultural plots			
Approximate loss of crops and/or trees			
Approximate loss of business or enterprise			
Approximate loss of income or livelihoods			
<b>2. Information on Affected Persons</b>			
What is the estimate of total number of households likely to be affected? _____			
What is the estimate of total number of people likely to be affected? _____			

What is the estimated number of households affected by loss of income and livelihoods? _____	
Briefly describe the types of income or livelihoods to be affected and nature of impacts:	
Are any households poor, refugees, internally displaced people (IPAPs), headed by women, headed by elderly or vulnerable to poverty risks? No [        ] Yes [        ]	
If yes, briefly describe their situation:	
<b>3. Project Categorization for resettlement and Type of Plan Requirements</b>	
Based on the definition of impacts in World Bank’s ESS5 Requirement: Involuntary Resettlement, what is the conclusion? [    ] Land acquisition and resettlement is required, a Resettlement Plan is required  [        ] Land acquisition and resettlement is not required, a resettlement Due Diligence Report is required	
The forgoing has been reviewed and agreed by:	
Name & Signature	Date:

## **Annex 2 OUTLINE OF A LAND ACQUISITION AND RESETTLEMENT PLAN**

### **1. LAR issues for the section/subproject**

This chapter describes the scheme activities and items requiring LAR; alternative options, if any, considered to minimize land acquisition effects; and why remaining effects are unavoidable.

### **2. Socioeconomic Background of the Section/Subproject Area**

This chapter describes the socioeconomic profile and living conditions of displaced persons and identifies vulnerable groups that may require special attention.

### **3. Scope of land acquisition and resettlement**

This chapter describes the preparation of the impacts (who carried it out and when it was initiated) and provides a full assessment of each type of impact and a census of affected peoples. The chapter also includes a description of the methodology followed to determine unit-compensation rates for each affected item and subsidy/allowance.

### **4. Objectives, policy framework, and entitlements**

This chapter outlines the eligibility and compensation framework for the scheme.

### **5. Consultation and grievance redress participation**

This chapter summarizes procedures for redress of grievances by people affected and describes the consultation/participation process and grievance redress that occurred in the subproject at hand.

### **6. Institutional framework**

This chapter outlines the institutional arrangements. It includes the following issues: responsibilities for main tasks and for planning, negotiating, consulting, approving, coordinating, implementing, financing, monitoring, and evaluating land acquisition and resettlement.

### **7. Compensation, relocation, and income restoration**

This chapter outlines the income restoration measures to be implemented.

### **8. Resettlement budget and financing**

This chapter provides the unit compensation rate for each affected item and assesses the LAR budget for the scheme. The LAR budget will include land acquisition and eventual land acquisition costs, amounts due for crop compensation and for the subsidies and allowances, monitoring and evaluation costs, and administrative costs and will be adjusted for inflation and applicable taxes.

### **9. Implementation schedule**

This chapter provides a time schedule showing the LAR process and linking LAR tasks with civil works implementation.

### **10. Monitoring and evaluation**

This chapter specifies arrangements for routine and independent monitoring and evaluation activities.