



Project Summary Information

Date of Document Preparation: October 29, 2024

Project Name	Banka and Bilasuvar 760 MW Solar PV Power Project (the Project)
Project Number	P000888
AIIB member	Republic of Azerbaijan (Azerbaijan)
Sector/Subsector	Energy/Renewable energy generation (solar)
Alignment with AIIB's thematic priorities	Green infrastructure; Technology-enabled Infrastructure; and Private Capital Mobilization.
Status of Financing	Under Preparation
Objective	The objective of the project is to support Azerbaijan's energy transition through expansion of renewable electricity generation.
Project Description	The Project involves financing the development, construction, operation, and maintenance of two solar photovoltaic (PV) power plants in Azerbaijan – (i) 315 MWac Banka solar PV power plant (Banka Solar); and (ii) 445 MWac Bilasuvar solar PV power plant (Bilasuvar Solar).
Expected Results	The results of the Project will be measured through: (i) renewable energy generation (GWh per year); and (ii) greenhouse gas emissions avoidance (thousand tons of CO2 equivalent per year).
Environmental and Social Category	EBRD Category B (which is equivalent to Category B if AIIB's ESP were applicable)
Environmental and Social Information	Applicable Policy and Categorization. The Project is co-financed with EBRD, and its environmental and social (ES) risks and impacts have been assessed in accordance with EBRD's Environmental and Social Policy (EBRD's ESP) and related Performance Requirements (PRs). To ensure a harmonized approach in addressing the E&S risks and impacts of the Project, and as permitted under AIIB's Environmental and Social Policy (AIIB's ESP), EBRD's ESP and relevant PRs will apply to the Project in lieu of AIIB's ESP. AIIB has reviewed the EBRD's ESP and PRs and is satisfied that: (a) they are consistent with AIIB's Articles of Agreement and materially consistent with the provisions of AIIB's ESP, including AIIB's Environmental and Social Exclusion List (ESEL) and the relevant Environmental and Social Standards (ESSs); and (b) the monitoring procedures that are in place are appropriate for the Projects. EBRD has categorized the ES risks of the Projects as Category B, which is equivalent to Category B if AIIB's ESP were applicable.

Environmental and Social Instruments. The Sponsor has prepared the environmental and social impact assessment (ESIA) including the management plans, non-technical summary of the ESIA (NTS), stakeholder engagement plan (SEP) and social compliance audit report (SCAR) for each one of two Solar PV projects and Livelihood Restoration Plan (LRP) for Banka Solar and Resettlement Action Plan (RAP) for Bilasuvar Solar. Critical Habitat Assessment (CHA) for both projects have been carried out, and the Biodiversity Management Plans (BMPs) have also been prepared. Lenders' Environmental and Social Advisor (LESA) hired by the Project carried out environmental and social due diligence (ESDD) and reviewed the project ES documents as well as the Sponsors' ES management capacity and management systems. The ESDD report and environmental and social action plan (ESAP) have been prepared.

Environmental Aspects. The environmental impacts associated with construction phase of the Project include generation of wastewater, noise and vibration, air quality deterioration due to gaseous emissions and dust, generation of solid waste and hazardous waste including the waste generated from broken/damaged solar panels and accidental spills and leaks. There are a few old structures at the sites, which might have material containing asbestos. Proper management measures will be included in the site-specific hazardous waste management plan, and only licensed and certified contractors will engage on the Project to handle such hazardous waste. Procedures will be developed and implemented for the storage, reuse, recycling, or disposal of damaged or unused solar PV panels. With respect to the impacts on biodiversity, the Banka Solar area partly overlaps an internationally recognized key biodiversity area (KBA), specifically the Kura Delta Important Bird Area (IBA). During the ESIA study, it was assessed that the portion of the Project area that overlaps the IBA consists purely of modified habitat, and there were no wetlands or waterbodies present within the area. CHA concluded that the development of Banka Solar will not adversely affect bird priority biodiversity features (PBFs), and no net loss will result from development of the Banka Solar to these PBFs. The Bilasuvar Solar area comes within 1 km of an internationally recognized KBA, specifically the Lake Mahmudchala IBA. The ESIA study and CHA concluded that the Project area is ecologically isolated, and effectively separated from this IBA, therefore, the Project is considered unlikely to generate a significant impact on the Lake Mahmudchala IBA, or the bird species that utilize it, and no net loss will result from development of the Bilasuvar Solar. The environmental impacts associated with the operation phase of the Project include generation of waste, occupational health and safety and disturbance to fauna. Operational phase environmental, health and safety management plans will be developed prior to the start of operation phase. Additionally, an 80-km 330-kV overhead transmission line (OHTL) which will connect the Banka Solar Project to the Navahi substation and a 90-km 330kV OHTL which will connect the Bilasuvar Solar Project to the Navahi substation are part of the AZURE Project. Both OHTLs are considered as associated facilities to the Project but those will be financed by the World Bank and an ESIA for that is under preparation. Although the GoA is responsible for developing the OHTL connecting the Project to the Navahi substation within the AZURE

Project and since it is an associated facility to the AZURE Project, the World Bank's Environmental and Social Standards will apply to the OHTLs.

Social aspects. The ESIA reports have identified resettlement and livelihood impacts created by the Project. The LRP has been developed to mitigate the economic displacement impacts that will be created for Banka Solar. The RAP has been developed to mitigate the potential physical and economic displacement impacts that will be created for Bilasuvar Solar. Also, Social Compliance Audit Report (SCAR) for Banka Solar and Bilasuvar Solar separately has been prepared to provide compensation packages for Project-affected peoples who faced past displacement impacts including proposed measures to mitigate and/or manage the impacts as part of a Corrective Action Plan on the Project-affected peoples and their households. The Banka Solar is located near the Caspian Sea, approximately 2 km from the coastline and 500 meters north of the Kura River. The Project site covers three separate land plots totaling approximately 973 hectares. These lands will be reclassified as "Renewable Energy Land Category" under the Ministry of Energy by a decree from the Prime Minister. The Bilasuvar Solar is located in the Bilasuvar district of the Shirvan-Salyan region in Azerbaijan, about 140 km south of Baku. The Project site covers one land plot of approximately 1,454 hectares, categorized as agricultural land and owned by the Bilasuvar Executive Power. The LRP studies have identified 14 Project-affected people, comprising 3 households (one formal herder and two workers) and part of the Project site was previously used for grazing by a herder and his two workers. The RAP studies have identified 12 project-affected households (PAHs). Of these, 11 households are informal users of the land, while only one household is a formal user. The LRP and RAP have been developed in consultation with affected households and local authorities to provide appropriate compensation and livelihood restoration as per EBRD PR5.

Occupational Health and Safety (OHS) and Labor and Working Condition. The OHS risks associated with construction activities include transportation and delivery of equipment and materials, use of heavy machinery, excavation works on the site, handling of chemicals, and works undertaken at height. A framework for construction stage OHS and environmental plan has been prepared. Site specific OHS management plans for the construction and operation phases of the Project will be developed and implemented by the EPC contractors. As the Project will be co-financed with EBRD and EBRD's PRs AIIB will be followed in addressing potential issues regarding labor and working conditions. Enhanced supply chain due diligence has been conducted for the solar components, and compliance with EBRD ESP (including PR2) has been confirmed. The Sponsor has provided evidence of a functioning supply chain management system, including several policies and position statements stating that the Sponsor has a zero tolerance for labor violations. The supply chain for the Project up to Metallurgical Grade Silicon (MGS) (tier 5) has been confirmed through bills of materials and verified by an independent consultant. The finance documents and ESAP, once prepared, will require the Sponsor and the Borrower to maintain due diligence and management procedures for the sourcing of solar components in accordance with Good International Practice

	<p>(GIP). Representations and warranties on labor and working conditions will be provided by Project contractors and suppliers and incorporated in key project agreements and contracts.</p> <p>Stakeholder Engagement, Information Disclosure and Project Grievance Redress Mechanism. Stakeholder mapping and consultations were conducted during the preparation of the ESIA. The draft ESIA and associated documents, including NTS, SEPs, SCARs, RAP and LRP in English and NTS and SEP in Azerbaijani have been disclosed by the Masdar for Banka Solar and Bilasuvar Solar on its website. The E&S documents have also been disclosed on the Bank's website. The Borrowers will establish two separate Grievance Redress Mechanism (GRMs) for each project, one for internal parties, i.e., construction and commissioning personnel, workers, and Project staff (including subcontractors); and the other for external parties, i.e., Project-affected peoples. The Borrowers will publish information on GRMs at the PV power plant-level for related stakeholders and Project-affected peoples including local communities in accordance with EBRD's PR10 (Information Disclosure and Stakeholder Engagement) requirements. The EPC contractors will also be required to establish its GRM, and the contacts to access this GRM as well as the GRM at each one of two project-level and EBRD's independent accountability mechanism will be disclosed in a timely and appropriate manner.</p> <p>Monitoring and Supervision Arrangements. Two Borrowers have been established in Azerbaijan and will be responsible for the implementation of the Project. The Borrowers will hire qualified ES staff to monitor the implementation of ES management plans. EPC contractors will also deploy ES staff to implement the ES management plans at the Project sites. LESA will be engaged to monitor the ESAP implementation during the construction and operation stages of the Project. Monitoring report will be prepared based on agreed format quarterly during construction, semi-annually during the first two years of operation and annually afterwards and that will be submitted to AIIB for review by the Borrower and LESA. The Bank's ES Specialists will join the lenders' group's field-based ES monitoring missions, as necessary.</p>		
Cost and Financing Plan	The total Project cost is approximately USD666 million, of which the proposed AIIB loan is up to USD170 million. The remaining Project cost will be funded by the Sponsors and other financial institutions including EBRD.		
Borrower	Banka Solar SPV LLC; and Bilasuvar Solar SPV LLC.		
Sponsor	Abu Dhabi Future Energy Company PJSC – Masdar; and SOCAR Green Limited Liability Company.		
Estimated date of last disbursement	Q4 2026		
Contact Points:	AIIB		
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Date of Concept Decision	August 15, 2024			
Date of Appraisal Decision	October 28, 2024			
Estimated Date of Financing Approval	November 2024			

Independent Accountability Mechanism	Pursuant to AIIB's agreement with EBRD, EBRD's independent accountability mechanism, the Independent Project Accountability Mechanism (IPAM), will review, in accordance with the EBRD Project Accountability Policy, all requests regarding ES issues that may arise under the Project. Consequently, in accordance with AIIB's Policy on the Project-affected People's Mechanism (PPM), submissions to the PPM under the Project will not be eligible for consideration by the PPM. Information on EBRD's IPAM is available at https://www.ebrd.com/ipam.html .
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