



Initial Poverty and Social Assessment

Project Number: 43931
February 2010

**AZE: Garadagh Cement Expansion and
Efficiency Upgrade**

INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title:	AZE: Garadagh Cement Expansion and Efficiency Upgrade		
Lending/Financing Modality:	Direct loan	Department/ Division:	PSOD/PSIF1

I. POVERTY ISSUES
<p>A. Linkages to the National Poverty Reduction Strategy and Country Partnership Strategy³</p> <p>1. Based on the country poverty assessment, the country partnership strategy and the sector analysis describe how the project would directly or indirectly contribute to poverty reduction and how it is linked to the poverty reduction strategy of the partner country. The Project is consistent with ADB's Country Strategy and Program (CSP) for Azerbaijan (last updated in 2006), which emphasizes promoting economic growth in industries/sectors outside of the oil and gas sector¹.</p>
<p>B. Targeting Classification</p> <p>1. Select the targeting classification of the project: <input checked="" type="checkbox"/> General Intervention <input type="checkbox"/> Individual or Household (TI-H); <input type="checkbox"/> Geographic (TI-G); <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</p> <p>2. Explain the basis for the targeting classification: By producing locally-produced cost-effective cement to local industries, the Project is expected to sustain infrastructure development for roads, urban transport and tourism and help strengthen private sector activities in associated industries in the country through employment generation and the promotion of related businesses.</p>
<p>C. Poverty Analysis</p> <p>1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed? N/A</p> <p>2. What resources are allocated in the PPTA/due diligence? N/A</p> <p>3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)? No. The loan will finance the expansion of a commercial cement manufacturer.</p>
II. SOCIAL DEVELOPMENT ISSUES
<p>A. Initial Social Analysis</p> <p>Based on existing information:</p> <p>1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project? Garadagh Cement has more than 580 employees of which some 470 are directly involved in cement production. A large percentage of GC's employees are from two settlements within the vicinity of the cement plant and the quarries. Expansion of the cement plant will sustain jobs and opportunities for the local people in these two settlements.</p> <p>2. What are the potential needs of beneficiaries in relation to the proposed project? Information on available employment opportunities at the cement plant.</p> <p>3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them? Garadagh is regularly communicating with the local people living in Sahil and Umid settlements.</p>
<p>B. Consultation and Participation</p> <p>1. Indicate the potential initial stakeholders. Key stakeholders include Holcim and EBRD, Azerbaijan Investment Company, the plant's workforce, the local people living in Sahil and Umid settlements, district and local authorities and administrations, Azeri state regulatory bodies, NGOs and other interest groups,</p> <p>2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of non-government organizations and community-based organizations, etc.)? An extensive public consultation and disclosure process has been carried out under EBRD as the lead lender. Project information was provided to key stakeholders and the general public was notified through the local newspaper. A two-day open room event was held in Sahil Village to explain and address questions from the public.</p> <p>3. What level of participation is envisaged for project design? <input checked="" type="checkbox"/> Information sharing <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaborative decision making <input type="checkbox"/> Empowerment</p>
<p>4. Will a C&P plan be prepared? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please explain. In June 2008, public meetings were held in the neighboring settlements of Sahil and Umid where attendees expressed enthusiasm for energy efficiency upgrades but expressed concern about future plant borne air pollution due to the increase in</p>

¹ ADB. 2006. *Country Strategy and Program Update: Azerbaijan (2006)*. Manila.

production capacity and the fuels switch from natural gas to coal.. Garadagh has an established public consultation and disclosure plan (PCDP) and have made project documents and grievance forms available to stakeholders and the public. The PCDP is available in Azeri and English from <http://www.garadagh.com/view.php?lang=en&menu=3&submenu=23>

C. Gender and Development

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program? None.
2. Does the proposed project/program have the potential to promote gender equality and/ or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making?
 Yes No Please explain.
3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality?
 Yes No Please explain

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required ¹³
Involuntary Resettlement	All land necessary for the Project is owned by Garadagh. The new kiln and associated facilities will be built within the existing premises. The reopening of the Shakhgaya-West limestone quarry results in no land use impacts, since the area is arid which is neither under permanent nor temporary use. The rehabilitation of the railway between the plant and the quarry are in the same alignment and no additional land will be acquired.	No Impact	<input type="checkbox"/> Full Plan <input type="checkbox"/> Short Plan <input type="checkbox"/> Resettlement Framework <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Indigenous Peoples	None.	No impact.	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> Indigenous Peoples Framework <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Labor <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards	Expansion of the cement plant may generate some jobs for the local people in the Sahil and Umid settlements	Limited.	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability	None.	No impact.	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input type="checkbox"/> Others (conflict, political instability, etc.), please specify	None.	No impact.	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain

IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the TOR for the PPTA (or other due diligence) include poverty, social and gender analysis and the relevant specialist/s?
 Yes No If no, please explain why.
 EBRD has already conducted environmental and social due diligence and approved the loan.
2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&P during the PPTA/due diligence? Yes No If no, please explain why.
 The Environmental and Social Impact Assessment, which was prepared under EBRD's supervision, was posted on EBRD website in November 2008 and on ADB website in December 2009.