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Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 09-Nov-2023 | Report No: PIDISDSA36888



BASIC INFORMATION

A. Basic Project Data

Country Central Asia	Project ID P181416	Project Name Digital CASA Additional Financing	Parent Project ID (if any) P160230
Parent Project Name Digital CASA - Kyrgyz Republic	Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 09-Nov-2023	Estimated Board Date 08-Dec-2023
Practice Area (Lead) Digital Development	Financing Instrument Investment Project Financing	Borrower(s) Kyrgyz Republic	Implementing Agency Ministry of Digital Development

Proposed Development Objective(s) Parent

Digital CASA - Regional Program PDO: The proposed regional program PDO is to increase access to more affordable internet, crowd-in private investment in the ICT sector, and improve participating governments' capacity to deliver digital government services in Central Asia and parts of South Asia, through the development of a regionally integrated digital infrastructure and enabling environment.

Digital CASA - Kyrgyz Rep. PDO: The proposed country-specific PDO for the Kyrgyz Republic is to increase access to more affordable internet, crowd-in private investment in the ICT sector, and improve the government's capacity to deliver digital government services in the Kyrgyz Republic, by contributing to the development of a regionally integrated digital infrastructure and enabling environment.

Components

Regional Digital Connectivity Infrastructure
Regional Datacenters, Digital Platforms, and Smart Solutions
Enabling Environment for Digital Economy
Project Management

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	7.00
Total Financing	7.00
of which IBRD/IDA	7.00
Financing Gap	0.00



DETAILS

World Bank Group Financing

International Development Association (IDA)	7.00
IDA Credit	7.00

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. The Kyrgyz Republic experienced two decades of steady poverty reduction and social welfare gains before a reversal due to the pandemic and economic shocks of 2020. From 2000 to 2020, the national poverty headcount ratio more than halved, from 62.6 to 25 percent, and extreme poverty was almost eliminated. However, the trend was reversed in 2020, with the headline poverty rate increasing by more than five percentage points. The rise in poverty was due to the combined effects of the COVID-19 pandemic and related lower earnings, as well as underemployment, that trapped many households in poverty, especially among the most vulnerable. Shared prosperity has also experienced a reversal in recent years, pre-dating recent shocks: income growth among households from the bottom 40 percent has lagged the growth rate of the median family since 2015. The situation has been exacerbated by the COVID-19 shock, which also affected the transition of households into and out of poverty – the probability of a household escaping poverty fell from 40 percent in 2018-19 to 24 percent in 2020.
2. After decades of solid but volatile growth, economic performance weakened even prior to the recent shocks. The 10-year moving average growth rate slowed from 4.8 percent during the 2000s to 3.1 percent in the 2010s, before contracting sharply (by 7.1 percent) amidst the COVID-19 pandemic and internal political conflict in 2020. Like other countries in the region, the Kyrgyz Republic started to recover in 2021, supported by growth in industry, trade, transport and other services. Growth is projected at 3.5 percent in 2023 due to a slowdown in agriculture and contraction in manufacturing.



Sectoral and Institutional Context

3. Digital development has been identified as a priority sector by the Government of the Kyrgyz Republic (GoKR) and is expected to be a cornerstone of the country's long-term economic recovery. Developed in 2021, the Government's Development Program to 2026 prioritizes digital development as a key development principle, with a focus on creating an environment that encourages investment in digital infrastructure so that no region of the country is left without adequate connectivity and access, and promoting digitalization in public administration.
4. At the end of 2019, meanwhile, the GoKr reported that over 99% (2,106 of 2,118) of schools were connected to the internet, compared to 67% at end-2018. Furthermore, the GoKz indicated it reached a target of connecting all 453 village administration institutions by 2020, having reported that '80% of health, education and social development facilities' were already online by mid-2020. The overall goal of 'high-quality' internet access for every village is steadily nearing completion through 3G/4G mobile rollouts, with 96% of all officially registered settlements having access to 4G services, according to GoKz reporting¹.
5. At present, the Kyrgyz Republic lags comparator countries in fixed broadband adoption and speed, with limited use of fiber optic broadband services. The national fixed broadband total climbed to an estimated 351,100 at end-June 2023, equating to household penetration of 21.4%, which is below the Asian regional average of 52.1%². Private sector investment is low. Any constraints to private investment will hamper efforts to introduce innovative services such as fifth generation (5G) mobile broadband services, or to expand broadband services to rural areas.

C. Proposed Development Objective(s)

Original PDO

6. Digital CASA - Regional Program PDO: The proposed regional program PDO is to increase access to more affordable internet, crowd-in private investment in the ICT sector, and improve participating governments' capacity to deliver digital government services in Central Asia and parts of South Asia, through the development of a regionally integrated digital infrastructure and enabling environment.
7. Digital CASA - Kyrgyz Rep. PDO: The proposed country-specific PDO for the Kyrgyz Republic is to increase access to more affordable internet, crowd-in private investment in the ICT sector, and improve the government's capacity to deliver digital government services in the Kyrgyz Republic, by contributing to the development of a regionally integrated digital infrastructure and enabling environment.

Current PDO

8. No changes in PDO.

¹ TeleGeography. GlobalComms Database. Kyrgyzstan. June 2023.

² TeleGeography, *ibid*.



Key Results

9. **The results framework will be revised to reflect the focus on improving regional connectivity and the G-Cloud infrastructure and cancellation and/or discontinuation of other activities.** At the same time, two new Intermediate Results Indicators aimed to better address the citizen engagement and gender aspects are as follows: (i) % of beneficiaries that feel the citizen engagement activities (roundtables) planned under this project reflected their concerns/views; (b) birth centers provided with Internet access.

D. Project Description

10. The parent project's current financing amount is US\$46.1 million equivalent, which is a US\$3.9 million decrease from the parent project's original financing at approval of US\$50 million equivalent due to US\$/SDR exchange rate fluctuations. US\$31 million equivalent of the Credit/Grant proceeds have been committed to this day, of which US\$9.9 million has been disbursed against the IDA Grant. The remaining uncommitted financing available therefore amounts to US\$15 million equivalent. After earmarking US\$3 million to cover project management and the remaining small contracts under the parent Project, only US\$12 million is left to finance Component 2: G-Cloud Infrastructure. This amount falls US\$7 million short of the revised cost estimate (US\$19 million) of the G-Cloud contract.
11. The US\$7 million Additional Financing (AF) responds to the Government of the Kyrgyz Republic request in 2023 in connection with the (i) US\$4 million reduction of the original amount of committed IDA Credit/Grant financing from US\$50 million to US\$46 million, due to unfavorable US\$/Special Drawing Rights (SDR) exchange rate fluctuations, and (ii) the need for an increased capacity in the amount of US\$3 million of the G-Cloud infrastructure. The G-Cloud is the critical digital infrastructure that is providing the storage, processing power and computing capacity needed to handle large amounts of data – resources that are needed to run e-government services.
12. Thus, the changes proposed for the AF entail: (i) providing AF in the amount of US\$7.0 million to close a financing gap and cover the cost increase associated to the contracts for increased capacity of the G-Cloud; and (ii) cancellation and/or discontinuation of activities to allow the GoKR to concentrate all its efforts on the Project's key foundational activities needed to achieve the PDO.
13. **Procurement.** Procurement under the AF will be carried out in accordance the World Bank's Procurement Regulations for IPF Recipients-Procurement in Investment Project Financing Goods, Works, Non-Consulting and Consulting Services, dated September 2023 (Procurement Regulations). The AF will also be subject to the WB's Anti-Corruption Guidelines, dated July 1, 2016. The client will process procurement through the World Bank's online procurement planning and tracking tool, Systematic Tracking of Exchanges in Procurement, as is being done under the parent project.
14. **Change in disbursement estimates.** The disbursement estimate by year is updated to reflect the new project cost and align with the newly established closing date.



E. Implementation

Institutional and Implementation Arrangements

15. The implementation arrangements will be revised on the basis of changes introduced by the Resolution of the Cabinet of Ministers of the Kyrgyz Republic, dated June 1, 2021 No. 17 about the establishment of the Ministry of Digital Development. In accordance with this Resolution, the Recipient shall carry out the Project through the Ministry of Digital Development instead of State Committee of Information (SCITC). All other institutional arrangements provisions remain intact.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

This project is the first phase of the Digital Central and South Asia Regional Program and is being implemented multiple locations in the Kyrgyz Republic. It provides domestic fiber optic backbone of this country with other countries in the region and will also further develop the domestic fiber optic backbone. The exact locations are being finalized at this stage, and the project tries to maximize the use of existing rights of way of the Government including roads and power transmission lines for fiber optic networks. The environmental and social adverse impacts of this project will be insignificant, minor and reversible in nature. While both environmental and social safeguards issues will be managed through a framework approach, the ESMF contains requirement for the site-specific ESMPs and provides the procedure for environmental screening.

G. Environmental and Social Safeguards Specialists on the Team

Gernot Brodnig, Social Specialist
Gaurav Dilipkumar Joshi, Environmental Specialist
Almaz Asipjanov, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	No	



Forests OP/BP 4.36	No
Pest Management OP 4.09	No
Physical Cultural Resources OP/BP 4.11	No
Indigenous Peoples OP/BP 4.10	No
Involuntary Resettlement OP/BP 4.12	Yes
Safety of Dams OP/BP 4.37	No
Projects on International Waterways OP/BP 7.50	No
Projects in Disputed Areas OP/BP 7.60	No

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The Digital CASA project includes physical works that may lead to adverse environmental and social impacts including occupational health and safety issues. Such works include but are not limited to: (1) completion of the regional backbone consisting of the existing regional fiber optic networks, newly laid backbone and newly established cross-border fiber-optic links; 2) construction of additional infrastructure such as data center (which includes servers, data storage equipment, power and conditioning/cooling systems), junction centers and hub stations. The risks associated with this kind of activities are usually low and include dust and noise from construction activities, transportation risks, disposal of construction waste. In addition, laying of new backbone may cause the disturbance of land, including some tree cutting, in case existing right of way which is being preferred, is not available in exceptional cases.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
Indirect and long term impacts are not anticipated. All potential impacts are short lived and limited to the construction sites. This is also being confirmed for the activities

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
As the project will cover multiple locations which are not confirmed at this stage, the project alternative sites will be considered at the later stages.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
The Client prepared an Environmental and Social Management Framework and a Resettlement Policy Framework. The ESMF includes preliminary environmental and social assessment of impacts and typical mitigation measures. In addition, it provides the guidance for the development of the environmental management plans for specific construction sites that will be identified at the later stages. The Client has hired an independent consulting company who has an experience implementing environmental impact assessment process for the project financed by the IFIs. This Company is guided by the World Bank environmental and social specialists. The initial draft assessments prepared



for the identified stretches indicate minimal adverse impacts requiring no tree cutting or land take. The current project performance of the parent project is considered Moderately Satisfactory.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Key stakeholders include people of the Kyrgyz Republic who will benefit from the better digital connectivity. As regards the civil works, the stakeholders will include local communities who reside next to the project sites and relevant NGOs and CSOs. The public consultations were conducted on July 13, 2017 in Bishkek following disclosure of the draft ESMF in June 2017. In addition, consultation meetings are planned for specific sites.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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"In country" Disclosure

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission for disclosure
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"In country" Disclosure

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)



CONTACT POINT

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APPROVAL

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