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Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 26-Jul-2017 | Report No: PIDISDSC21370



BASIC INFORMATION

A. Basic Project Data

Country Kyrgyz Republic	Project ID P162635	Parent Project ID (if any)	Project Name Enhancing Resilience in Kyrgyzstan (P162635)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Feb 15, 2018	Estimated Board Date May 07, 2018	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) Government of the Kyrgyz Republic	Implementing Agency Ministry of Emergency Situations	

Proposed Development Objective(s)

The Project Development Objectives are to support the recipient in strengthening its capacity to respond to disasters, in providing safer and improved learning environment for children, and in reducing adverse financial impacts of natural hazards on the government budget and population.

Financing (in USD Million)

Financing Source	Amount
International Development Association (IDA)	10.00
IDA Grant	10.00
Total Project Cost	20.00

Environmental Assessment Category B-Partial Assessment	Concept Review Decision Track II-The review did authorize the preparation to continue
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Other Decision (as needed)



B. Introduction and Context

Country Context

After gaining its independence, the Kyrgyz Republic still strives to reduce social and economic vulnerability of its population. Despite significant efforts and overall downward trend of poverty, according to the World Bank estimations, the poverty rate (measured at US\$2.5 per day, 2005 PPP terms) in the Kyrgyz Republic remains high and above most countries in the ECA region at 32.9% of the total population in 2015 and the rate is projected to stagnate. Gross domestic product (GDP) has also decreased from US\$ 7.5 billion in 2014 to US\$ 6.6 billion in 2015, following deterioration in the external environment (including fall in exports and remittances, decline in gold output and other factors)¹. Being a landlocked mountainous country with a climate varying from low dry continental, subtropical to 'polar' climate in the highly elevated areas², the Kyrgyz Republic has only 7% of territory suitable for arable agriculture³. Further, urban population constitutes 35.7% of total population⁴, while income distribution shows a significant gap with seven out of 10 poor persons inhabiting rural areas⁵.

Sectoral and Institutional Context

Adverse natural events are undermining hard-won development gains, exacerbating poverty in vulnerable groups and preventing economic growth of the Kyrgyz Republic. Not only low intensity-high frequency events (more than 200 emergencies take place each year according to the Ministry of Emergency Situations (MoES)) such as floods, landslides, mudflows, among others, have an accumulative impact in the economy, infrastructure and population. The country is also exposed at catastrophic damages and losses from high intensity-low frequency events such as earthquakes. Earthquakes of moment magnitude $M_w \geq 5$ occur on the order of once per month in the area, and potentially devastating earthquakes of magnitude $M_w \geq 7$ occur with return periods of several decades. A recent probabilistic risk assessment supported by the Bank estimates that a magnitude 7.3Mw earthquake generated by the Issyk-Ata fault can result in maximum direct expected losses in the education sector of up to US\$ 230 million and 4,100 fatalities in Bishkek and surrounding areas. Conversely, a magnitude 7.5Mw earthquake generated by the Fergana Valley fault can result in maximum direct expected losses in the education sector of up to US\$ 330 million and 8,200 fatalities in Jalal-Abad, Osh and surrounding areas.

Disaster risks in the country are exacerbated primarily by weak capacity of the government in: reducing risks in existing infrastructure and building stock, due to lack of proper maintenance, mechanism and financing; and in integrating risk reduction policies and measures into new urban development and infrastructure, due to lack of normative enforcement and outdated building norms with, for instance, considerable amount of public buildings not corresponding to seismic safety norms⁶.

In spite of the considerable efforts that allowed putting human fatalities from disasters on a downward trend, many improvements remain to be made. Three policy areas have been prioritized by the Government: (i) improvement of disaster preparedness and response capacities; (ii) implementation of the State Program on Safe Schools and Preschools; and (iii) operationalization and improvement of the mandatory catastrophe insurance system.

¹ World Bank ECA Economic Update April 2016

² http://www.preventionweb.net/files/14436_14436INDEPTHREVIEWOFDRRINKRfinal1.pdf

³ <http://www.fao.org/ag/agp/agpc/doc/counprof/kyrgi.htm>

⁴ <http://data.un.org/CountryProfile.aspx?crName=Kyrgyzstan>

⁵ World Bank, Kyrgyz Republic Poverty Infographic, February 2016

⁶ UNICEF found out that 89 percent of preschool and 81 percent of school buildings and structures were unsafe and did not meet the legislative requirements (Assessment of Safety in School and Pre-school Education Institutions in the Kyrgyz Republic: Summary Report, 2013)



First, disaster preparedness and response capacities require further strengthening through expanding the crisis management systems (e.g. emergency call and dispatch services, emergency warning and notification, etc.) to cover the whole country, building on the previous recipient-executed trust fund activity to establish the crisis management center headquarters in Bishkek and Osh and a supporting center in Karakol. In addition, the expansion of the crisis management systems need to be supplemented by strengthened search and rescue teams with new equipment and training.

Second, implementation of the State Program on Safe Schools and Preschools of the Kyrgyz Republic for the period of 2015 – 2024 lacks further financial and technical capacity to be implemented nationwide. The target of this Program is to improve the safety of all schools (2,222 schools and 806 pre-schools) by 2024. While this Program provides a framework for seismic risk reduction and education on seismic safety, further strengthening is required through designing of affordable engineering solutions to be implemented at scale, implementing comprehensive solutions that consider not only safety but also energy-efficiency and functional conditions of schools (e.g. heating, water and sanitation, roofing, etc.), and ensuring sustainability through a proper maintenance program based on school community engagement.

Third, until 2016, the Kyrgyz government, similarly to other countries of the region, had been compensating people affected by disasters by providing post disaster subsidies from the governmental budget. However, in 2016, due to financial difficulties, the government decided to discontinue these payments. To provide an alternative source of post-disaster funding for the population, in 2015, the government established the State Insurance Organization (SIO) to provide mandatory catastrophe insurance to homeowners against a bouquet of 10 different perils, including fire. As of 2017, catastrophe insurance has also become compulsory by law for all homeowners. These policy measures, however, so far failed to address the problem of access to alternative post-disaster funding for the population, as the SIO lacks the necessary capital and technical capabilities to adequately address insurance claims, while the requirement for compulsory insurance has not been properly enforced thus resulting in a very low level of insurance penetration (about 1-2%). In 2017, the Organization's combined insurance liabilities assumed from over 11 thousand insurance contracts have reached over 7 billion som (or nearly US\$ 100 million), while the overall capital provided by the state for the capitalization and working capital of the company was 100 million som (or about US\$ 1.5 million). The overall gross premium written was only 8 million som (or little over US\$ 110 thousand). In the current context, the financial viability of the company and its ability to fulfil its obligations to policyholders needs to be strengthened through technical support in such key areas as insurance product design, insurance operations and supporting them IT systems as well as reinsurance. In addition, extensive assistance to the government will be provided in overhauling the current legal and regulatory framework in support of compulsory catastrophe insurance and in raising awareness among the population and different levels of government about benefits of catastrophe insurance.

Relationship to CPF

The National Sustainable Development Strategy of the Kyrgyz Republic 2014-2017 indicates the need to ensure comprehensive safety of the population and the territory from natural hazards and catastrophes. The Country Partnership Strategy (CPS) for Kyrgyz Republic FY14-17 recognizes the country's susceptibility to natural hazards such as droughts, earthquakes, and landslides, and the need for strengthened risk reduction and response capacity, and recommends to mainstream climate adaptation and disaster risk management measures, including proper land planning, enforcement of disaster resilient building codes, critical infrastructure retrofitting, disaster response, and post-disaster reconstruction support. The proposed project will directly address critical infrastructure retrofitting and disaster response.



C. Proposed Development Objective(s)

Note to Task Teams: The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

The Project Development Objectives are to support the recipient in strengthening its capacity to respond to disasters, in providing safer and improved learning environment for children, and in reducing adverse financial impacts of natural hazards on the government budget and population.

Key Results (From PCN)

The achievement of the objectives will be measured by the following anticipated results:

- Disaster response capacity is strengthened;
- Learning environment for children is safer and improved; and,
- Adverse financial impacts of natural hazards on the government budget and population are reduced.

D. Concept Description

The proposed components of the ERIK Project are: (i) strengthening disaster preparedness and response systems; (ii) improving safety and functionality of schools and preschool education facilities as part of the State Program on Safer School and Pre-School of the Kyrgyz Republic (2015-2024); (iii) strengthening catastrophe risk insurance and financial protection against natural hazards; (iv) project management and monitoring and evaluation; and, (v) the Contingent Emergency Response Component (CERC)⁷ to provide immediate and effective response in the event of an Eligible Crisis or Emergency. The proposed components are in line with the request letter from the Ministry of Finance (MoF) for project financing on disaster risk management, dated December 8, 2015. To facilitate project preparation, a GFDRR technical assistance (TA) grant of US\$ 1.8 million has been mobilized under the “Japan-World Bank Program for Mainstreaming Disaster Risk Management in Developing Countries”.

Component 1: Strengthening Disaster Preparedness and Response Systems (US\$ 3-4 million)

The objective of this component is to strengthen the disaster preparedness and response systems of the MoES. Some investment activities proposed by the MoES during the mission include:

- *Crisis Management Systems:* expansion of the existing crisis management systems to cover the whole country, including functions of unified disaster information management, warning and notification, and emergency call and dispatch services.
- *Department of Hazard Monitoring and Forecasting:* establishment of a core monitoring unit to compile and monitor hazard information, primarily focusing on landslide hazards.
- *Fire and Rescue Services:* Equipping the fire and rescue units with relevant search and rescue equipment and gears.
- *Training and Re-Training Center:* improvement of training quality and outreach by introducing new training bases and distant learning system.

⁷ To compensate for the absence of a fast-disbursing instrument for IDA countries, the World Bank recently launched the IRM initiative, which encourages the introduction of CERC in all IDA operations. The Immediate Response Mechanism (IRM) augments the resources that can be mobilized quickly for emergency response by allowing 5% of an undisbursed IDA portfolio in an affected country to be channeled through any CERC. A CERC is a zero-dollar component within a project that allows for funds to be quickly reallocated to emergency recovery activities in the event of a disaster. These avert the need for time-consuming project restructuring because the budget line is already there (albeit empty).



Component 2: Improving Safety and Functionality of School Infrastructure (US\$ 12-13 million)

The objective of this component is to improve the safety and functionality of school infrastructure by implementing the State Program on Safer Schools. An integrated approach will be used to prioritize and optimize investments while ensuring safer and quality learning environments. This will be achieved by:

- i. Planning and implementing reconstruction and retrofitting interventions to reduce the risk of prioritized educational facilities to earthquakes;
- ii. Enhancing energy efficiency of the prioritized educational facilities;
- iii. Enhancing functionality (water and sanitation, heating, among others) and learning environment of the prioritized educational facilities; and
- iv. Establishing a management information system for systematic asset and infrastructure management, and monitoring of the program's implementation.

Component 3: Enhancing Financial Protection (US\$ 3 million)

The overall goal of Component 3 of the Project is to support the catastrophe insurance in the Kyrgyz Republic. It will be done through a two-fold objective to increase insurance penetration and improve the capacity of the SIO to operate without reliance on government funding by means of improving its insurance operations and risk transfer to the global reinsurance markets – both will lead to reducing the fiscal burden of the government in the aftermath of natural hazards through reducing homeowners' dependence on the governmental financial aid. To attain this objective, this component will be also supported through the ongoing Technical Assistance (TA).

The main activities will be grouped under the following four subcomponents:

- *Insurance product design and pricing.* This sub-component aims at redesigning the current compulsory catastrophe insurance product sold by the SIO with the view to achieving actuarially sound risk pricing. It includes development of risk models for the Kyrgyz Republic.
- *Operations of the State Insurance Organization.* This sub-component aims at improving the internal insurance operations of the SIO through investment in modern risk management technology, IT system, operationalization of risk models in pricing and risk management processes, claims management and training of core technical staff. It will also assist the company with developing a reinsurance strategy.
- *Legal and regulatory framework (including population awareness).* This sub-component will cover technical work on the improvement of the current legal and regulatory framework of the catastrophe insurance and will be supported mainly through the TA.
- *Claims paying capacity.* This sub-component will support the increase in the SIO's capacity to meet its insurance obligations from catastrophic events, which currently is well below minimum risk-based capital requirements. The activities under this sub-component will be also mainly supported by the TA.

Component 4: Project Management and Monitoring & Evaluation (US\$ 1 million)

The objective of this component is to support the PIU and the respective agencies in the implementation of the project activities in efficient and transparent manner, and build the institutional capacity to sustain the implementation of the project beyond the life of the project. The component will cover technical, safeguards and fiduciary support for project implementation, and project management support, including monitoring and evaluation and reporting.



Component 5: Contingent Emergency Response Component (CERC) (US\$ 0)

This component will allow for a reallocation of credit proceeds from other components to provide emergency recovery and reconstruction support following an eligible crisis or emergency. Once triggered, the contingent funds can be mobilized following procedures on World Bank’s Policies on Rapid Response to Crises and Emergencies, which minimize upfront processing steps and the fiduciary and the safeguards requirements.

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SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Schools are going to be renovated/ rebuilt in several regions in Kyrgyzstan in rural areas and cities. Many schools (in particular in Osh Oblast) in the rural areas are located in the limited space in the narrow valleys. They are situated along the roads, which are, in many cases, the only access route to the region. These factors should be taken into consideration when developing traffic safety plans, allocating areas for temporary waste storage and disposal, planning for construction camps, and deciding on the seasonality/ timing of the civil works.

As the project includes a CERC, which is triggered in case of a disaster, an Immediate Response Mechanism Operations Manual (OM) should be prepared with provisions for activating and implementing the CERC as well as the requirements for the preparation of safeguards instruments applicable to the activities under the component.

B. Borrower’s Institutional Capacity for Safeguard Policies

MoES PIU staff to handle tasks related to social and environmental safeguards cannot be assessed at this point due to the fact that it is currently understaffed- the relevant experts will need to be hired. Requirements for their training, as well as the level of support needed in safeguards implementation and monitoring will be identified after these experts are on board. A continuous support from the Bank team would be required to build the PIU safeguards capacity to adequately cope with the scope of responsibilities.

C. Environmental and Social Safeguards Specialists on the Team

Kristine Schwebach, Social Safeguards Specialist
Svetlana K. Sharipova, Social Safeguards Specialist
Rustam Arstanov, Environmental Safeguards Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Project Component 2 will include reconstruction and/or retrofitting of the educational facilities identified from each structural typology from



		<p>geographical areas at greatest disaster risk. It will also include civil works aimed at energy efficiency improvement. These activities usually include replacement of doors and windows, retrofitting of walls, foundations and roofing with additional structural elements, replacement of roofs. Such activities are associated with certain health, safety and environment risks including dust, noise, and vibration, generation of construction waste including hazardous waste (asbestos containing materials), occupational health and safety hazards such as works at height and in confined spaces. Not all the sites might be known at the time of the project Appraisal by the Bank. Therefore, the proposed instrument is an Environmental and Social Management Framework, and site-specific Environmental and Social Management Plans (ESMPs) will be prepared for those sites that are known prior to Appraisal. In addition, ESMF will include safeguard requirements for the CERC with an indicative list of activities related to the likely emergencies.</p> <p>The Social Assessment to be conducted in potential project sites will consider social impacts, risks and mitigation measures associated with project activities.</p>
Natural Habitats OP/BP 4.04	No	The existing foot print and access roads will be used for civil work purposes. None of the sites is located near the natural habitats.
Forests OP/BP 4.36	No	The project will not involve any activities related to forestry. None of the sites is located close to the forests.
Pest Management OP 4.09	No	Project interventions will not include those related to agriculture or transportation and purchase of agricultural chemicals.
Physical Cultural Resources OP/BP 4.11	No	The existing footprint will be used for construction purposes. Schools were built in 1960s, 70s and 80s and are not an architectural heritage.
Indigenous Peoples OP/BP 4.10	No	Not applicable for the Kyrgyz Republic.
Involuntary Resettlement OP/BP 4.12	Yes	The reconstruction/retrofitting of educational facilities is anticipated to be done within existing footprints without any particular need for land acquisition. Nevertheless, OP 4.12 on Involuntary Resettlement is triggered as a precautionary measure in case some temporary minor land acquisition and structure relocation will occur in the future out of necessity for access roads or other works. The Resettlement Policy



Framework (RPF) would be prepared by the client to address potential adverse social impacts due to involuntary acquisition of assets and changes in land use. Findings of the Social Assessment that will be conducted to evaluate the current socio-economic situation in the potential project sites is expected to feed into the RPF as well as the outline of the project’s citizen engagement strategy, its grievance redress mechanisms (GRM) and targeted interventions for women and vulnerable groups with due attention to the multi-ethnic composition of communities residing at school locations.

Should the final sub-project designs determine that the land acquisition with impacts on the livelihood and economic activity of local communities would be required, the site-specific Resettlement Action Plans (RAPs) (based on the RPF) will be prepared. No reconstruction/ retrofitting at such sites would commence until the RAPs are duly implemented including consultations with project affected people and payments of compensations. The GRM developed for the RPF will be wide enough to be applied to all project-related grievances.

Some of the schools are located in the river valleys and hence there might be small dams upstream that can affect the safety of schools. This should be confirmed during the project preparation.

Safety of Dams OP/BP 4.37 TBD

Projects on International Waterways OP/BP 7.50 No

The project will not affect any rivers.

Projects in Disputed Areas OP/BP 7.60 No

Not applicable for Kyrgyz Republic.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Jan 19, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

Most probably the project will require the preparation of the EMF and RPF. However, if there are sites which are known at the time of Appraisal, site-specific EMPs will be prepared and disclosed for those sites. Should the final sub-project designs determine that the land acquisition with impacts on the livelihood and economic activity of local communities would be required, the site-specific Resettlement Action Plans (RAPs) (based on the RPF) will be prepared. Approximate time frame for launching the document preparation depends on when the PIU hires the safeguards consultant. Approximate date for the completion and disclosure of the safeguards document is Feb 1, 2018.



Timeline:

- Draft TORs for the Social Assessment (SA), RPF, EMF and identification of a consultant/firm to undertake the SA and Environmental Assessment (EA) and develop the RPF and EMF - September 25-October 4, 2017
- Development of the SA and EA instruments - October 20, 2017
- Field surveys, analysis of data, draft SA and EA reports - October 25- December 15, 2017
- Finalization of the SA, EMF and RPF following the public consultations - January 19, 2018
- Consultations on the SA, RPF and EMF will be held during January 5-12, 2018 in advance of the project appraisal.

CONTACT POINT

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APPROVAL

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