



# Appraisal Environmental and Social Review Summary

## Appraisal Stage

### **(ESRS Appraisal Stage)**

Date Prepared/Updated: 06/22/2020 | Report No: ERSRA00906



**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Kyrgyz Republic	EUROPE AND CENTRAL ASIA	P174072	
Project Name	Social Protection Emergency Response and Delivery Systems Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Social Protection & Jobs	Investment Project Financing	6/15/2020	7/30/2020
Borrower(s)	Implementing Agency(ies)		
The Government of the Kyrgyz Republic	Ministry of Labor and Social Development		

Proposed Development Objective(s)

The project objectives are to mitigate the effect of, and contribute to the recovery from, economic impacts of the COVID19 pandemic on the poor and vulnerable, and to strengthen the country’s social protection system.

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>50.00</b>

**B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

Yes

**C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

The project will achieve its development objectives on the basis of three components intended to: (i) mitigate the immediate emergency caused by the COVID-19 pandemic and affecting the income of households, (ii) support the recovery stage by providing households with income generation opportunities until economic growth and labor demand accelerate again, and (iii) promote structural interventions to strengthen the social protection delivery systems to better support the intended population in a timely manner. Overall, the proposed project will support the Government to develop a social protection system with the capacity to more efficiently and effectively cope with future crises impacting the income of poor and vulnerable households.



The project is being processed under paragraph 12 of Section III of the Bank Policy: Investment Project Financing, referring to projects in situations of urgent need of assistance or capacity constraints. The rationale for processing the project under the condensed procedures is the urgent need for assistance to support the Government's efforts to respond to the COVID-19 pandemic impacts in terms of incomes, employment, and welfare of its poor and vulnerable groups.

#### D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The Kyrgyz Republic is a landlocked, mountainous, lower middle income country with a population of 6.2 million and a per capital gross national income of US\$ 1220. It is one of the poorest countries in Europe and Central Asia with the economy dominated by minerals extraction, agriculture, and reliance on remittances from citizens working abroad. Incomes in the recent years have decreased substantially due to fall in gold prices and deterioration of Russian economy.

The Kyrgyz Republic's human development index (HDI) value for 2018 is 0.674— which puts the country in the medium human development category—positioning it at 122 out of 189 countries and territories. Multi-Dimensional Poverty Index (MPI) which identifies multiple overlapping deprivations suffered by individuals in 3 dimensions- health, education and standard of living- indicate that: 2.3 percent of the population (138 thousand people) are multidimensionally poor while an additional 8.3 percent are classified as vulnerable to multidimensional poverty (502 thousand people). The breadth of deprivation (intensity) in the Kyrgyz Republic, which is the average deprivation score experienced by people in multidimensional poverty, is 36.3 percent. Thus, vulnerability remains widespread with a large majority of the population being clustered near the poverty line.

Working-age individuals in Kyrgyz Republic confront three major risks: unemployment, informality and emigration. For female workers, withdrawal from the labour market represents a fourth risk: less than 50% of the female population over age 15 was economically active in the recent years. The unemployment rate has averaged around 8.5% over the past decade, while 20% of employed workers are working fewer hours than they would like, 26% earn low pay and over 40% are working excessive hours. Informality is rising fast, accounting for 60% of total employment. The rate is higher among men than among women and higher in rural areas than in urban areas. The unemployment rate would probably be higher (or wages much lower) were it not for high levels of emigration. However, migrants (and the families they support) are highly vulnerable, and emigration is associated with various social problems within Kyrgyz Republic .

Social differences in the country include: the urban/rural divide and continuing regional disparities – e.g., between the richer north (that looks outward towards China, Kazakhstan, and Russia) and the south, which is a part of the Ferghana Valley. These divisions are exacerbated by other sub-national risks and induced by Covid crisis such as: urban overpopulation; youth unemployment; higher inflation leading to reduced household purchasing power, specially for poor and vulnerable households as well as the self-employed; high rates of job loss and marginalization, history of social tensions along ethnic lines along with the growing specter of religious radicalization. Against this backdrop, long-term stability and growth thus depends upon meaningful inter-ethnic reconciliations and policies to accelerate inclusion, especially through stimulating growth, faster job creation and significant improvements in public service delivery. The impact of social protection measures – such as subsidized utility tariffs and generous co-payment



exemptions in health – has been blunted by poor targeting, with benefits reaching only a fraction of the poor while deepening the structural deficit.

The COVID-19 crisis is likely to cause a prolonged economic slowdown resulting in sudden job and income losses which will impact severely, especially the poor and vulnerable households. The poor will experience significantly lower labor incomes due to closure of trade, construction, other services and overall slowdown of economic activities. This assumes significance in the context of labor income accounting for 70% of income in poor households, and 68% of income in all households. The expected high rate of job loss as a result of Covid-19 has the potential to increase the prevalence and depth of poverty. In the Kyrgyz Republic, these effects are likely to be exacerbated by high rates of informality (60 percent of total employment), self-employment (35 percent of total employment), and limited access to social insurance.

Furthermore, COVID-19 has led to a sudden and sharp reduction in remittances, (remittances are equivalent to over 30 percent of the GDP in 2018), and a higher inflation has resulted in eroding households' purchasing power. In addition, domestic businesses' reliance on the supply of external raw materials will also face supply constraints resulting in lower output and incomes. In such a context, the social protection system plays a crucial role in providing immediate social assistance, while building on medium- and long-term investments to strengthen the country's social protection delivery system capacity to provide ongoing support to the poor and vulnerable population beyond the emergency.

As of date, some 2000 coronavirus cases have been confirmed in the country. The country's health system is not sufficiently equipped to contain the spread of diseases and provide necessary and timely treatment. All activities aimed at containing the spread of infectious diseases are funded through the Epidemic Fund of the Ministry of Health, but funding is extremely limited. Both designated hospitals for confirmed COVID-19 cases have limited capacity in managing severe acute respiratory infections, rooms ventilation systems, proper medical waste management systems and incinerators are not available. Despite significant progress in the development of the system of multilateral epidemiological, environmental and infection control, the systemic gaps remain in the organization of public health, which keep up environmental, sanitary, health and occupational risks at all stages of the process of identifying and treating diseases. Bacteriological laboratories are weakly equipped, and medical waste is not recorded at primary level in rural areas and in many cities.

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Towards this, the World Bank, apart from providing financial assistance in managing COVID crisis directly, has drawn three pronged strategies: (i) strengthening social assistance to the individuals; (ii) support individuals who has lost their job as a result of the crisis; ; and (iii) strengthening social fund systems and policies. This project aims to mitigate the immediate impact of the COVID crisis and economic slowdown on incomes and employment of those most affected in the short-run; and Support productive inclusion of poor and vulnerable HH's over the medium-term.

#### D. 2. Borrower's Institutional Capacity



The implementing agencies for the proposed project will be the Ministry of Labor and Social Development (MLSD) and the Social Fund. The MLSD is the central agency responsible for the implementation of social assistance and labor programs in the Kyrgyz Republic. Therefore, both the Social Assistance and Labor Markets are under its domain. The Social Fund, a separate Ministry Level Institute, is responsible for the administration of social insurance programs in the country. Though the MSLD has implemented other World Bank projects in the past, they do not have much experience in managing environmental and social aspects. Hence, capacity needs to be put in place, especially to manage the ESF requirements. Component 2 related to Income Generation Activities (IGA) will be managed by the Ministry of Labor and Social Development through Financial Intermediaries (FI) viz., Commercial Banks contracted to manage the funds for the financial support of this component. To steer the overall implementation of the project, a Project Implementation Unit (PIU) will be established in the MLSD. The PIU will support both MLSD and SF to implement their respective activities and be responsible for the fiduciary as well as social and environmental aspects of the entire project. The PIU being newly established is unlikely to have experiences of environmental and social aspects, specially ESF. So, MLSD will recruit two specialists - one, Social Development; and other, an Outreach Specialist, to ensure adequate capacity.

**II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS**

**A. Environmental and Social Risk Classification (ESRC)**

Moderate

**Environmental Risk Rating**

Low

The project will provide support to social protection systems through direct payments to beneficiaries. The environmental risk is low since there will be no civil work or construction financed by the project. The main environmental risk is Occupational Health and Safety (OHS) issues particularly related to COVID-19 including appropriate preventive and protective measures such as handwashing stations and PPE for personnel of PIU and benefitting social protection agencies or organizations. Major environmental risks associated with the project, though not directly as a result of the project interventions, relate chiefly to the risks of contamination from Covid infected persons/patients, handling tests, managing medical waste. These include: (a) occupational health and safety, especially of, medical staff, laboratory staff and communities in due course of detection, transportation of patients/tests/chemicals and reagents, and treatment stages of the COVID-19 cycle; (b) occupational health and safety related to collection, transportation and disposal of medical waste management; and (c) temporary environmental risks associated with occupational health and safety of construction workers, medical staff at hospitals and border posts and surrounding communities..

**Social Risk Rating**

Moderate

Social Risk is rated: Moderate. Project is aimed chiefly at providing: (i) Emergency cash assistance to poor and vulnerable households whose income has been affected by the economic impact of the COVID-19 crisis; (ii) Temporary allowance for poor unemployed groups, to support poor individuals and households who have been laid off because of the lockdown, low demand in the firms they work for, or the physical distance restrictions; (iii) assistance to sustainable income generating activities; and (iii) contributions to social insurance. Of these interventions, SI No (ii) will be made available through Commercial Banks viz., Financial Intermediaries (FI).

While the activities per-se are not risk-ridden, their implementation, specially SI Nos (i), (ii) and (iii) will need to be crafted such as to minimize the risks that those falling into or remain in poverty due to COVID-19, in particular

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vulnerable groups, are excluded from project support. The vulnerable include: (i) poor households in the rural areas, in general, and those in mountainous and border areas, in particular; (ii) women headed households; (iii) laid-off workers; (iv) returning migrant laborers; and (v) MSME workers whose wage labor is affected, partially or completely. The country has a relatively well laid out social protection system which has three main pillars: Social Assistance, Labor Markets and Social Insurance. Social assistance programs and social care services, dominated by the Uy Bulogo Komok (or UBK) a monthly child grant for poor families. Labor market programs include public works, vocational training, and unemployment assistance. Social insurance programs including contributory pensions to workers, the self-employed and farmers. The country has a single social registry which lays bare the 'universal' as regards prospective beneficiaries/ targets. This, however, will need to be updated as number of poor or near poor would have increased due to covid crisis.. Apart from this, the project needs to re-visit the three social protection programs and make some adjustments including: (i) defining an eligibility criteria for individuals/ households to receive the benefits; and (ii) service delivery. In addition, in respect of SI No (ii), as the service delivery will be through the FIs, not only care should be taken in drafting appropriately the eligibility criteria for participation, but, needs to be sensitized fully to meet with the project objectives. Finally, the project also need to ensure that the project has an effective out-reach program so all the stakeholders and prospective beneficiaries are fully aware of the project's stipulations . All these can be addressed as a part of the project designing. Hence risk is rated Moderate.

**B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered**

**B.1. General Assessment**

**ESS1 Assessment and Management of Environmental and Social Risks and Impacts**

**Overview of the relevance of the Standard for the Project:**

The project is being processed applying paragraph 12 of Section III of the Investment Project Financing (IPF) Policy due to the situation of a natural disaster caused by the COVID-19 pandemic. The project is processed under condensed procedures, pursuant to the Bank’s procedure “Preparation of Investment Project Financing – Situations of Urgent Needs of Assistance or Capacity Constraints”.

The project will have overall positive social impacts as the interventions will help to strengthen social protection systems to mitigate emergency of and support recovery from economic impacts of the COVID-19 pandemic on poor and vulnerable populations in the Kyrgyz Republic as well as to build resilience against future shock.

Environmental risks/ imprints are negligible as project will not finance any civil works. However, the project will have to take due note of the Covid related environmental risks, especially OHS, listed in section A. On the social front, the following issues assume significance: (i) managing exclusion/ inclusion errors and ensuring that poor and vulnerable groups receive project benefits; (ii) addressing the limited E&S capacity of PIU; ; and (iii) outreach - through an effective and inclusive Information, Education, and Communication Campaign (IEC). To achieve the above mentioned positive environmental and social impacts, the aforementioned areas of risks must be addressed and mitigated as discussed below.

The project's risks are covered by ESS 1, ESS 2, ESS 4, ESS 9 and ESS 10.

Social Risks emanate from and are managed within the contours of, the country’s existing Social Protection setup.

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Kyrgyzstan Republic's existing programs in the country span the three pillars of the Social Protection (SP) system – Social Assistance, Labor Markets and Social Insurance, The priority target groups for SP include: children and families in difficult life circumstances, people with disabilities, elderly and the unemployed. The main pillars of SP include: (i) Social assistance programs and social care services, dominated by the Uy Bulogo Komok (or UBK) a monthly child grant for poor families; (ii) Labor market programs such as public works, vocational training, and unemployment assistance; and (iii) Social insurance programs including contributory pensions to workers, the self-employed and farmers. The Social Assistance consists of several programs including a lump-sum birth grant, cash transfer for children in poor households, categorical monthly social benefits (targeting families with disabled members), energy subsidies and compensations for vulnerable groups.

An analytical assessment of these programs viz., the Due Diligence, was undertaken by the Task Team based on library research as well as Bank's extensive involvement in the country in the recent times. Two major references to this effect are:

(i) Social Protection System Review of Kyrgyzstan by OECD Development Pathways, 2018

[https://www.oecd.org/countries/kyrgyzstan/Social\\_Protection\\_System\\_Review\\_Kyrgyzstan.pdf](https://www.oecd.org/countries/kyrgyzstan/Social_Protection_System_Review_Kyrgyzstan.pdf)

(ii) THE KYRGYZ REPUBLIC: ACTIVATION AND GRADUATION POLICIES AND PROGRAMS by The World Bank, 2019.

Key issues thus identified are as follows.

(i) The Social Assistance program is well targeted. It is intended to mitigate the effects of extreme poverty among families with children, and is of utmost importance given that almost half of the poor population is under 18 years of age. However, overall coverage remains low at 8.5 percent of the population (significantly less than the poverty rate) and exclusion errors remain high. This is in part due to limited budgetary resources and a very low-income eligibility threshold.

(ii) Social assistance program has a provision to provide lumpsum advance to set up small business, but, uptake on this is quite low for want of appropriate and adequate technical assistance.

(iii) On the labor market, while unemployment allowance program does exist, the strict eligibility criteria including minimum frequency of social insurance contributions and proof of job-seeking activities combined with the low benefit levels have resulted in low take-up rates.

(iv) The pension system is the social insurance pillar which provides benefits in the event of old age, disability or death of a contributor, but faces multiple challenges rendering increased poverty among the elderly in future. The number of beneficiaries is increasing much faster than the number of contributors, partly due to high levels of informality and emigration.

(v) COVID IMPACTS – number of persons/ households requiring social protection assistance would have increased substantially in the recent times warranting updating of the data base.

(vi) The Project Preparation has identified certain sections as vulnerable (elaborated in SEP) reaching out to whom would require special efforts.

(vii) The MoLSD is undermined by low capacity and a lack of clear roles and responsibilities at local level.

The proposed project is premised on furthering the existing three pillars through the following measures and to address the key social risk of inclusion/ exclusion:



- (i) A guidance note encompassing: eligibility criteria for participation and derive benefits, updating the national registry , firming up of the extent of assistance a particular household can expect and the duration thereof; vulnerable inclusion, and delivery methods as well as transparency and accountability mechanisms;
- (ii) An inclusive and effective IEC to ensure country wide outreach so as to ensure fuller understanding of the project provisions among all the stakeholders; and
- (iii) A Stakeholder Engagement Plan (SEP) including an inclusive and effective IEC for ensuring a country wide outreach and the participation of stakeholders in the project implementation.

While SI No (i) and (ii)\_ will form a part of the overall project designing and shall find a place in the POM, SEP has been designed and implemented as a standalone document. All three documents will follow relevant parts of the ESF.

The three measures listed above will enable addressing exclusion risks through the following paths:

- (i) Improve targeting methodology of and registration in social assistance programs;
- (ii) Further simplifying registration in social assistance programs by streamlining the application for newly eligible families, facilitating (or temporarily suspending) the re-application process for existing families during the period of extraordinary support, and simplify procedures for assessment and decision regarding new applicants to ensure that needy households can register as program beneficiaries rapidly;
- (iii) Improve coordination between the Ministry and local authorities in enrolling beneficiaries, leveraging new technologies; and
- (iv) Adequate and safe channels to quickly disburse the assistance including transitioning to cashless payments).

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**Component 2: Recovery support -Productive Inclusion**

This component is meant to provide poor and jobless individuals an opportunity to be engaged in sustainable income generating activities (IGA). The productive inclusion program includes: (a) orientation to potential beneficiaries on existing options (based on the local/regional market) (b) applied training for selected beneficiaries and technical assistance to prepare business plans, (c) financial support to implement the income generating activity in the form of a reimbursable financial assistance (RFA), and (d) technical assistance. MOSLD will contract FIs (Commercial Banks) for managing RFA funds and hence the following provisions of ESS 9 shall be met with.

Each selected FI shall have in place or develop, implement and maintain an ESMS satisfactory to the World Bank to manage the E&S risks of the Project’s IGA portfolio. PIU shall cause each FI to prepare and accord approval to the ESMS. Prior to approving financial assistance, each beneficiary’s IGA will be assessed for E&S risks and impacts in accordance with the FI’s ESMS approved by the PIU. The Project will finance only those beneficiaries whose activities involve moderate or low environment and social risks classified in accordance with the ESS9. As part of the finance approval procedure, E&S due diligence will be conducted by each FI for each applicant for project support. The PIU and FIs must establish labor management procedures to demonstrate that they provide a safe and healthy work environment for their workers to be in compliance with the World Bank Exclusion List , World Bank Group Environmental Health and Safety guidelines and other good international industry practice (GIIP). During implementation, the Bank will perform its due diligence to ensure that the FIs’ ESMS effectively monitors and manages the environmental and social and impacts in its portfolio.



Gender. This component is likely to have many women aspirants. Towards ensuring their participation, the following special steps will be undertaken: (i) Each FI shall have a special window for ‘women’; (ii) separate consultations will be held treating them as a separate sub group; (iii) encourage local NGOs/ CSOs to enthuse women participation; and (iv) separate training programs will be held for women in each of the districts. All these will find a place in the POM.

CERC Component. The CERC shall rely on the Original Project’s E&S assessments and the instruments thereof, in addressing risks and management measures for the emergency response. For this, a section on the CERC will be included in the Guidance Note / POM based on an indicative list of activities related to the likely emergencies. This way, the Guidance Note/POM shall indicate which kinds of emergency response actions can proceed with no additional environmental or social assessments. And which ones would require prior assessments.

### **ESS10 Stakeholder Engagement and Information Disclosure**

The project recognizes the need for an effective and inclusive engagement with all of the relevant stakeholders and the beneficiaries at large. Meaningful consultations and disclosure of appropriate information assume huge significance to ensure that the most deserving are indeed ‘included’. However, given the COVID-19 situation, it may not be possible to hold large face to face engagements and so reaching to stakeholders through out the country , especially entrepreneurs in the rural areas, will be a serious challenge to the project. Against this backdrop, the project has prepared a SEP which serves the following purposes: (i) stakeholder identification and analysis; (ii) planning engagement modalities viz., effective communication tool for consultations and disclosure particularly in the context of COVID-19; and (iii) enabling platforms for influencing decisions; (iv) defining roles and responsibilities of different actors in implementing the SEP; and (iv) a grievance mechanism (GM) for project activities, as well as outlining the broader communications the project will support as part of project design.

Stakeholder engagement during COVID-19 pandemic will rely mostly on virtual means, and face to face meetings or public gathering will be avoided to the extent possible. The Bank’s Technical Note: Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings March 20, 2020 will be followed.

Project preparation has included a preliminary mapping of the stakeholders. Individuals and groups likely to be affected (direct beneficiariesProject affected parties) have been identified. Risk-hot spots – rural areas, mountainous regions, women , and physically disabled persons -- have been delineated . Mapping of other interested parties such as government agencies/authorities, NGOs and CSOs, and other international agencies have also been completed. Drawing upon their expectations and concerns, as reflected through consultations, a SEP has been prepared by the client and disclosed publicly. The SEP will be updated within 30 days of project effectiveness and, as necessary, during implementation. The client will develop and put in place a GM for stakeholders to lodge their concerns/ grievances/ comments/ suggestions, if any, for each of the key project interventions, and for the project to address in line with the POM and the ESF. The SEP will also describe GM that PIU should establish o respond to inquiries/ comments/ grievances concerning the project activities.

### **B.2. Specific Risks and Impacts**



**A brief description of the potential environmental and social risks and impacts relevant to the Project.**

**ESS2 Labor and Working Conditions**

The project shall be carried out in accordance with the applicable requirements of ESS 2, in a manner acceptable to the World Bank, including through, inter alia, implementing adequate occupational health and safety measures (including emergency preparedness and response measures), fair and transparent labor management including non-discrimination, setting out grievance arrangements for project workers and incorporating labor requirements into the ESHS specifications. These measures will be documented in labor management procedures (LMP) that will be included in the POM.

The project can visualize workers at four spheres: (i) one, at PIU; (ii) workers at the Social Fund ; (iii) FIs; and (iv) other government entities such as akimats. This would mean almost all the that workers will be mostly the direct workers. No civil construction is envisaged and hence project will not have contractors and civil work laborers. No labor influx or GBV risks related to construction is therefore anticipated. Direct workers include civil servants, and other workers in PIU staff, other government departments and consultants. Direct workers will be governed by a either the services code or, for consultants, mutually agreed contracts. No community workers or primary supply workers are expected to be hired under the project.

Given the COVID-19 situation, a guidance note will be prepared (as a part of the LMP/POM) for governing the conduct of all workers to ensure health and safety. This note will elaborate on: EHS checklists, codes of conduct that include measures to prevent Gender Based Violence/ Sexual Exploitation and Abuse/ Sexual Harassments (GBV/SEA/SH); safety training etc. All workers will have access to the project specific GRM.

**ESS3 Resource Efficiency and Pollution Prevention and Management**

ESS 3 is not considered relevant for this project.

**ESS4 Community Health and Safety**

ESS 4 is relevant and covered under ESS 9

**ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

Since civil construction activities are not envisaged, no involuntary acquisition of lands is expected. Nor will there be any restrictions on land use and accesses. Hence, ESS 5 is not relevant.

**ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

ESS 6 is not considered relevant for this project.

**ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

ESS 7 is not relevant as there are no indigenous peoples as described under the Standard in Kyrgyzstan.



### ESS8 Cultural Heritage

ESS 8 is not considered relevant for this project

### ESS9 Financial Intermediaries

ESS 9 is relevant as Component 2 relates to Income Generation Activities through FIs.

The PIU will oversee the implementation of the IGA financing by FIs. All eligible FIs will be required to establish and maintain an ESMS, satisfactory to the Bank, to identify, classify, assess, manage, and monitor the environmental and social risks and impacts of guarantees provided to beneficiary MSMEs. The Project will finance only those beneficiaries whose activities involve moderate or low environment and social risks classified in accordance with the ESS9. The ESMS, commensurate to its lending activity shall include a simplified process with the following key elements:

- (i) An overall strategy and policy commitment;
- (ii) Environmental and Social Procedures with respect to the principles below:
  - a. Screening all subprojects under the Project against any exclusions in the legal agreement.
  - b. Screen, review, and categorize the subprojects under the Project according to their potential environmental and social risks and impacts.
  - c. Requiring that all subprojects under the Project are assessed, prepared, and implemented to meet national law, the World Bank Group Exclusion List and the relevant requirements of the ESSs are applied.
  - d. Ensure that the measures needed to satisfy the requirements of (c) above are set out in the legal agreement between the PFIs and the beneficiaries.
  - e. Monitor, keep, and regularly update environmental and social information on the subprojects under the scope of the Project.
  - f. Monitor the environmental and social risk of the World Bank portfolio.

The ESMS should also allow for screening of IGA activities against the World Bank's PIU's exclusion list and compliance with national laws. The Project will finance only those sub-projects with Moderate or Low E&S risks. All relevant aspects of ESS 2 will apply to the PFIs including maintaining appropriate labor management procedures. This will include: EHS checklists, codes of conduct that include measures to prevent GBV/SEA/SH; safety training etc. All the beneficiaries and their workers will have an access to the project's GM.

Each FI shall prepare, seek approval from PIU and implement a SEP in accordance with the ESS 10 provisions. All relevant elements of ESSs 3-8 will be addressed under this ESS. Each FI shall open a special window to cater to 'women' as discussed in ESS 1.

All FI's ESMS will be shared with the Bank for approval before allowing said FI to participate in the project. PIU shall ensure that all the approved ESMS and the progress reports as well as the SEP proceedings are disclosed on the websites of the FI as well as PIU.



C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No

OP 7.60 Projects in Disputed Areas

No

III. BORROWER’S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

DELIVERABLES against MEASURES AND ACTIONs IDENTIFIED	TIMELINE
<b>ESS 1 Assessment and Management of Environmental and Social Risks and Impacts</b>	
ORGANIZATIONAL STRUCTURE: Establish an organizational structure with qualified staff to support management of E&S risks including environment and social specialists responsible for ensuring full compliance with the ESF and relevant instruments, which shall include a Social Development and Communication Specialists at the PIU	09/2020
Enhance and maintain the capacity of the Project Implementation Unit (PIU) with full-time qualified staff and resources to support management and monitoring of E&S risks by appointing; two technical staff - one social development and one communication expert. Ensure that above-mentioned staff remain on assigned duty until the end of Project implementation	09/2020
Prepare, disclose and adopt, a guidance note, as a part of POM, encompassing: eligibility criteria for participation – to derive benefits, updating the national registry , firming up of the extent of assistance a particular household can expect and the duration thereof; and delivery methods, especially reaching out to the vulnerable households, as well as transparency and accountability mechanisms	09/2020
Develop and start implementing an inclusive and effective IEC to ensure country wide outreach so as to ensure fuller understanding of the project provisions among all the stakeholders.	09/2020
ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS): PIU will prepare a guidance note and a template to enable all FIs to develop and implement an ESMS in line World Bank ESF requirements.	09/2020
The PIU shall ensure that each selected FI shall develop, maintain and implement a satisfactory ESMS in line with the requirements of ESS9, that is acceptable to the Bank. The ESMS shall include documents and procedures to ensure that the financing activities under the project are compliant with the WBG Exclusion List, the applicable national laws and the Environmental and Social Standards.  Share all the ESMS with the Bank for review and approval before approving FI participation.	12/2020

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As part of their finance approval process, the PIU shall ensure that each FI conducts E&S due diligence assessments for each sub-borrower in accordance with the approved ESMS	09/2024
<b>ESS 10 Stakeholder Engagement and Information Disclosure</b>	
Prepare, disclose, maintain and implement SEP in a manner acceptable to the Bank. Assign staff to manage, respond to and monitor project grievances.	06/2020
SEP IMPLEMENTATION: Implement the SEP throughout project implementation. As necessary, update and re-disclose updated SEP throughout Project Implementation	09/2024
PROJECT GRIEVANCE MECHANISM (GRM): Develop, adopt, maintain and operate a grievance mechanism, as described in the SEP.  Assign staff to manage, respond to and monitor project grievances	09/2020
<b>ESS 2 Labor and Working Conditions</b>	
Maintain and implement human resources (HR) policies and procedures consistent with requirements under national law and ESS2 and ensure that Project workers are informed of and have access to these policies. Preparation of LMP as part of the POM	09/2020
GRIEVANCE MECHANISM FOR PROJECT WORKERS: Establish, maintain, and operate an accessible grievance mechanism (GM) for Project workers as described in the HR policies and procedures, consistent with requirements under the national law and ESS2.	09/2020
OHS MEASURES: Maintain and implement occupational health and safety (OHS) procedures consistent with requirements under national law and ESS2, and ensure that Project workers are informed of and have access to these procedures.	09/2020
<b>ESS 3 Resource Efficiency and Pollution Prevention and Management</b>	
<b>ESS 4 Community Health and Safety</b>	
FIs to ensure managing risks related to GBV/SEA/SH as per the approved ESMs	09/2024
<b>ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement</b>	
<b>ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources</b>	
<b>ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities</b>	
<b>ESS 8 Cultural Heritage</b>	
<b>ESS 9 Financial Intermediaries</b>	

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Fls to prepare, disclose and implement an E&S management system (ESMS) that is acceptable to the Bank	12/2020
Fl to Prepare a plan to track, monitor and report on a quarterly basis.	12/2024

**B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts**

**Is this project being prepared for use of Borrower Framework?** No

**Areas where “Use of Borrower Framework” is being considered:**

None

**IV. CONTACT POINTS**

**World Bank**

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**Borrower/Client/Recipient**

Borrower: The Government of the Kyrgyz Republic

**Implementing Agency(ies)**

Implementing Agency: Ministry of Labor and Social Development

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**VI. APPROVAL**

Task Team Leader(s): Manuel Salazar, Oleksiy Sluchynskyy

Public Disclosure



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Kevin Tomlinson Cleared on 18-Jun-2020 at 13:15:59 EDT

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