Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 05/20/2020 | Report No: ESRSC01373
## BASIC INFORMATION

### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tajikistan</td>
<td>EUROPE AND CENTRAL ASIA</td>
<td>P173802</td>
<td></td>
</tr>
</tbody>
</table>

| Project Name                                                                 |
| Tajikistan EITI Implementation support Project                                |

<table>
<thead>
<tr>
<th>Practice Area (Lead)</th>
<th>Financing Instrument</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy &amp; Extractives</td>
<td>Investment Project Financing</td>
<td>4/30/2020</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Borrower(s)</th>
<th>Implementing Agency(ies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of Tajikistan</td>
<td>State Investment Committee Government of Tajikistan</td>
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### Proposed Development Objective(s)

To enhance the capacity of the EITI National Secretariat and Multi-Stakeholder Group in Tajikistan to implement the EITI Standards.

### Financing (in USD Million)

<table>
<thead>
<tr>
<th>Amount</th>
<th>Total Project Cost</th>
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<tbody>
<tr>
<td>0.50</td>
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### B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

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

The proposed project will provide continued implementation support to the Government of Tajikistan to build on the EITI process as a platform for continued improvements in natural resource governance and public financial management systems as they relate to extractive revenues, with the goal of achieving Satisfactory progress by the deadline established by the EITI Board. The Project will cover production and publication of annual TEITI reports, communication and outreach activities, capacity building programs for TEITI council and National Secretariat, identifying mainstreaming opportunities/systematic disclosure and operation support for efficient TEITI implementation, etc.
D. Environmental and Social Overview

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

Tajikistan is a small low-income land-locked mountainous country in the heart of Central Asia, bordering Afghanistan, China, the Kyrgyz Republic, and Uzbekistan, with an area of 143,100 km². The country has 4 administrative divisions, which in turn houses 58 districts and 367 sub-districts (jamoats). Tajikistan has mountains covering more than 90% of the country rendering livelihoods and accessibility extremely difficult. Natural hazards such as floods, earthquakes, landslides, mud-flows, avalanches and heavy snowfalls are quite common resulting in significant economic losses and human casualties. Population growth, urbanization, and climate change continue to exacerbate the impact of disasters, which are expected to occur more frequently and intensively and to affect more people in the future. The project will be implemented nation-wide.

The country has a population estimated at around 9 million, of which 72% live in rural areas characterized by a fragile and vulnerable environment. The lack of jobs led to increased labor migration, approximately 30% of the labor force has opted to leave the country for jobs and/or better pay. Growing remittances have led to a sharp drop in poverty, which fell from about 65% in 2003 to 29.5% in 2017. Today, remittances account for about 40% of GDP and make Tajikistan the most remittance-dependent country in the world. This, in addition to a narrow exports base, make the economy vulnerable to external shocks, in particular developments in the Russian Federation. Moreover, a sharp depreciation of the Russian ruble and greater restrictions on migration since January 2015 have contributed to the decline in remittances. Returning migrants are likely to add pressure to an already tight labor market. According to the Tajik Agency on Statistics, the share of employment in the mining industry is 8% of total employment in the national economy, with more than 80.9 thousand people employed.

Rich in natural resources, Tajikistan’s extractive sector is relatively undeveloped. The country places hopes on future development of extractive industries and uses Extractive Industries Transparency Initiative (EITI) to attract foreign investment. The 2016 EITI Report shows more than 600 deposits explored with some of them ready for industrial development. Besides considerable reserves of coal and gold in Zeravshan, South Hissor, Darvaz and South Fergana areas, the country hosts one of the largest silver deposits in the world – the Bolshoi Konemansur deposit. There are also reserves of lead, zinc, copper, bismuth, antimony, mercury, gold, silver, iron and wolframium.

Tajikistan’s mineral production is currently limited. The country’s key production areas are coal, gold, silver, oil and gas extraction. The information on precious metals is considered to be a state secret, however, the government disclosed gold production volume and value data for the purpose of EITI reporting. The 2016 EITI disclosures show that the Government of Tajikistan received 108 million USD, which is 7.5% of state budget revenues from taxes, non-tax revenues and grants. The sector represented 5% of the government budget in 2016, the extractive sector was responsible for 34% of that year’s exports.

The EITI is the widely-accepted international framework for strengthening transparency and accountability in the extractive sector. The initiative allows to monitor extraction and exploration, as well as to standardize, with the help of a multi-stakeholder group (MSG), all the revenues in the sector. Adherence to and implementation of EITI is crucial for Tajikistan’s economic and social development. Tajikistan joined the EITI in February 2013 with the objective to be more transparent for foreign investors. The MSG, the EITI Council, represented by the government, CSO and
extractive company representatives was established. The country is in the process of developing the second Validation Assessment Report commenced in 2018.

D. 2. Borrower’s Institutional Capacity

The Technical Assistance will be financed through a 500,000 USD Recipient-executed grant and 50,000 USD Bank supervisory budget. The beneficiary of the proposed project is the Government of Tajikistan. The existing Project Implementation Unit (PIU) at the State Investment Committee (SIC) will serve as the Implementation Agency. It will work in close coordination with EITI National Secretariat and the Tajikistan EITI Council.

The SIC/PIU will hold administrative, fiduciary, procurement, communication, and monitoring responsibilities. The institutional capacity to perform communication activities of the SIC at this stage of project development is not known – this will be assessed during the project design and capacity building activities to be supported under the project. Communication capacity building activities will be supported under the project, as needed. This is the first project with SIC prepared under the Bank’s new Environmental and Social Framework (ESF), the client’s capacity to deliver an ESF based project is limited; therefore, ESF capacity building for the client will be included in the POM and implemented accordingly.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Environmental Risk Rating

The project supports transparency initiative that does not involve any physical activity concerning extraction. Moreover, implementing the EITI standard is seen as a useful tool to stimulate public dialogue on transparency and governance in the extractive industries sector. The initiative promotes understanding of natural resource management and the sharing of data for greater accountability in the sector, continued improvements in natural resource governance, and public financial management systems as they relate to extractives revenues. The environmental risk is rated Low.

Social Risk Rating

Social risks emanate chiefly due to capacity building and communication activities to improve the quality of EITI reporting and compliance with the EITI Standards and Requirements. The first risk is associated with conservative attitude and pessimism of pertinent officials and policy makers towards the government commitments to EITI requirements and standards, the other is related to unwillingness of private and state-owned extractive companies to disclose financial and production data; and final one is due to low advocacy capacity of CSOs and poor awareness about the EITI activities and processes among the public at large.

Conservative government officials and policy makers do not understand the EITI implications of attracting viable foreign investments and create bureaucratic barriers to demonstrate their compliance with the state secret legal provisions. In response, the project will support beneficial ownership transparency, through exchanging experience with other EITI countries and enhancing the policy makers capacity to leverage EITI for broader extractive sector reforms, including legal amendments on state secret data and developing an efficient reporting process. Transparency and accountability are not common features of the private sector operations in Tajikistan, in particular when it relates to the production of precious metals. The private and state-owned extractive companies are reluctant
to open their data and participate in public auditing exercise. The project will actively engage with these target groups to expose them to experience and benefits gained by other companies already involved in EITI activities. The project will also promote transparent and clear licensing procedures, and make sure technical and financial criteria are publicly accessible and license cadaster is available online, which will serve as good incentives for them. Sector-relevant updates and lessons learned from the EITI process in Tajikistan will be shared regularly and on an ongoing basis.

Majority of Tajik CSOs and citizen groups are not interested and/or are not aware of the EITI activities. Only a limited number of CSOs (20 NGO members of Transparency for Development Coalition) are engaged in EITI activities in Tajikistan. Limited advocacy tools, lack of access to open data and poor communication channels used by the National EITI Secretariat contribute to inactive participation of citizens in policy-making processes at national and local. Taking these three risks together, the project will develop and implement the Communication Strategy for 2020-2021 that will be used to sensitize governmental officials, private companies and citizen groups about and support EITI processes in the country. These stakeholder engagement and wide public outreach activities will be outlined in the SEP, which will set out mechanisms to identify and engage with stakeholders to generate wide and active public debate on extractive sector transparency issues.

Finally, as no civil works or rehabilitation activities are envisioned, no involuntary acquisition of lands is expected. No land use and access restrictions are anticipated. Other risks such as labor influx and forced/child labor are low. Overall, the social 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 environmental risk is rated Low and the social risk is rated Moderate, making the overall risk Moderate. The project recognizes the following standards as relevant: ESS 1; ESS 2; and ESS 10.

The project involves the preparation of reconciliation report and mainstreaming feasibility study; communication and outreach activities; training and capacity building; support on launching of online cadaster portal; and support in demonstrating progress against the 2019 EITI Standard. The project will have no direct or indirect environmental impacts. The project capacity-building and awareness-raising program for project stakeholders (in particular the one to help stakeholders understand the impact and local implication of extractive industries through targeted dissemination of EITI reports, activities that bolster joint work and the active participation of civil society and CSOs) will consider the inclusion of environmental and social dimensions related to extractive industry consistent with the provisions of the EITI standards and national law.

The EITI encourages multi-stakeholder groups to explore innovative approaches to make the EITI more relevant and useful. EITI reporting remains the sole source of information on the extractive industries in the country. EITI opens space for civil society voicing their concerns on the natural resource governance with the government and companies. The key EITI promotion challenges are low interest of extractive companies to open up their production and financial data, unwillingness of government bodies to disclosure extractive contracts and extractive sites cadaster
data, complicated licensing procedures, bureaucratic and administrative barriers in accessing sectoral data, insufficient reporting capacity and limited public outreach and awareness.

Social risks are mainly associated with communication channels and approaches to promote the innovative initiative to make the extractive sector more transparent. The anticipated risks are: 1) conservative attitude and pessimism of pertinent officials and policy makers towards the government commitments to EITI requirements and standards, as they do not understand the implications of open data, and comply with the state secret legal provisions; 2) unwillingness of private and state-owned extractive companies to disclose financial and production data; and 3) poor awareness of the EITI activities and processes among the public at large.

Towards addressing the social risks, the Stakeholder Engagement Plan (SEP) will be prepared. The SEP will be publicly consulted on with all stakeholders and interested parties and, once acceptable to the Bank, disclosed both nationally and on the World Bank’s external website.

REFERENCE MATERIALS:
2. Country Partnership Framework, 2019;
3. Tajikistan EITI Report, 2016;
5. www.eiti.org/tajikistan
6. Second Validation of Tajikistan, Final Assessment, 2019; and

Areas where “Use of Borrower Framework” is being considered:
Given the newness of the ESF for the SIC, which is implementing the project, the Borrower's framework will not be used for the Project as a whole or for any of its parts.

ESS10 Stakeholder Engagement and Information Disclosure
In order to ensure that an inclusive and coordinated approach to engaging a diverse range of stakeholders throughout the country, the State Investment Committee (SIC) will prepare a Stakeholder Engagement Plan (SEP). The SEP will lay out a strategy to identify and map key stakeholders. SIC will also ensure that consultations are inclusive and accessible to all the stakeholders and interested parties. SEP will be prepared and disclosed as early as possible during the project preparation. It will be updated during implementation. A grievance redress mechanism (GRM), as part of SEP, will be operationalized for the project to enable stakeholders to air their concerns.

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 labor risks are considered limited because all project workers, other than civil servants assigned for project implementation at the PIU, will be hired per the Bank’s procurement guidelines which will help reduce labor risks to a
manageable level. It is expected that the following types of workers will be involved: (i) direct workers (i.e. Government civil servants and consultants hired for project implementation); and (ii) contracted workers (i.e. consultants hired for analytical works, online cadaster portal development, capacity development, and other specific tasks). Primary supply workers and community workers are not relevant to the project.

Labor risks will be addressed through the Recipient’s commitment in the ESCP to comply with the ESS 2 requirements and the Labor Management Procedures (LMP) to be described in the POM. LMP will include measures to be taken by SIC/PIU to prevent Gender Based Violence/Sexual Exploitation and Abuse (GBV/SEA), establish and implement grievance redress mechanism (GRM) for project workers, and submit regular reports and notifications on incidents and accidents.

The use of forced or child labor is very unlikely given the nature of the project, however, it will also be prohibited in the project in line with ESS 2 and the Tajik law.

ESS3 Resource Efficiency and Pollution Prevention and Management
This standard is not relevant as the project does not involve any physical intervention. However, capacity building activities should be informed by this standard as may be relevant in developing the workshops and training.

ESS4 Community Health and Safety
This standard is not relevant. No direct or indirect impact on community health and safety is expected as the project does not involve any physical intervention.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
Since no civil works or rehabilitation activities are envisioned, no involuntary acquisition of lands is expected. No land use and access restrictions are anticipated. Hence, this ESS is not relevant.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources
This standard is not relevant as the project does not involve any physical intervention.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
This standard is not relevant as there are no indigenous peoples in Tajikistan.

ESS8 Cultural Heritage
This standard is not relevant as the project does not involve any physical intervention.

ESS9 Financial Intermediaries
This standard is not relevant as no financial intermediaries are party to the project implementation modality.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways
No

OP 7.60 Projects in Disputed Areas
No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners
N/A

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:
1. The Borrower will develop a Stakeholder Engagement Plan (SEP) and begin implementation as soon as possible.
2. Borrower and the Bank's Environment and Social Team will jointly prepare an Environmental and Social Commitment Plan (ESCP).

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):
1. Prepare a Project Operations Manual acceptable to the Bank that includes Labor Management Procedures;
2. Ensure that qualified communication specialist or consultant is employed as needed to support the Project Implementation Unit during implementation;
3. Apply Labor Management Procedures;
4. Continued stakeholder engagement throughout project implementation and beyond project closure; and
5. Regular review and updating, as necessary, of the ESCP.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 05-Jun-2020

IV. CONTACT POINTS

World Bank
Contact: Ehsanullah Shamsi  Title: Operations Officer
Borrower/Client/Recipient
Borrower: Republic of Tajikistan

Implementing Agency(ies)
Implementing Agency: State Investment Committee Government of Tajikistan

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VI. APPROVAL
Task Team Leader(s): Ehsanullah Shamsi
Practice Manager (ENR/Social) Satoshi Ishihara Recommended on 20-May-2020 at 06:59:54 EDT