Environmental and Social Review Summary
Concept Stage
(ESRS Concept Stage)

Date Prepared/Updated: 05/02/2019 | Report No: ESRSC00391
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>Kyrgyz Republic</td>
<td>EUROPE AND CENTRAL ASIA</td>
<td>P167428</td>
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</tbody>
</table>

Project Name: Local Integrated Development Project

Practice Area (Lead): Social, Urban, Rural and Resilience Global Practice

Financing Instrument: Investment Project Financing

Borrower(s): Implementing Agency(ies)

Proposed Development Objective(s)

The PDO is to support the GoKR to improve local and regional infrastructure and assets, strengthen market linkages and enhance institutional capacity in the participating regions and cities.

Financing (in USD Million)

<table>
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<th>Amount</th>
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<tbody>
<tr>
<td>Total Project Cost</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 is envisioned as a multi-sectorial project and will include core investments in local and territorial development as well as support to agriculture, transport, water, and private sector development as relevant. The project will focus support on two pilot regions, Osh and Batken regions and include Osh city as well as potentially other identified growth poles within the two regions. The proposed project components are: (i) Supporting regional accessibility, infrastructure and basic services, (ii) Catalytic investments to improve economic competitiveness of selected urban centers or clusters, and (iii) Institutional and capacity strengthening for long-term sustainability.

D. Environmental and Social Overview
D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]

At this preparation stage, the project activities are defined only in general terms and their locations are not known, - it is known only that they will be implemented in two pilot regions – Osh and Batken. The project will support growth poles such as Isfana, Batken, and Kadamjay in Batken region, and Osh, Uzgen, Kara-Suu, and Sary-Tash in Osh region. These pilot regions and their cities are the key lagging ones and share common challenges in terms of low GDP per capita, low skilled labor, low market accessibility and low level of infrastructure and services. In 2016, the poverty rates in Batken and Osh regions increased by 16.6% and 14.3% respectively, based only on income without considering remittances. Poverty rates for Jalal-Abad and Osh city are nearly 40% and 30%, respectively. The main commercial route between China and the Kyrgyzstan passes through the Osh region. Diversity of the regions’ ecosystems offers possibilities for various activities, such as the production of rice, fruits, and vegetables in the Ferghana Valley. Both regions stand out with their extensive pastures. The main activity here is livestock breeding. The Osh and Batken regions are the most densely populated areas and characterized by large ethnic diversity. The population of these two pilot regions is about 2,166,500 which makes 34% of the total country. The rural-urban distribution is about 77% and 23% respectively. Osh city is the second largest city in the country has nearly 300,000 people. The major ethnic composition of the Osh region is as following: Kyrgyzs-68.6%, Uzbeks-28%, and other groups-3.4%; whereas in Batken region: Kyrgyzs-76.5%, Uzbeks-14.7%, Tajiks-6.9%, and other groups-1.8%. Both regions experienced inter-ethnic conflicts, the recent (March 2019) inter-ethnic transboundary tension between Kyrgyzs and Tajiks again occurred in Batken region. Overall the terrain of Kyrgyzstan and of pilot regions is dominated by the Tian Shan and Pamir mountain systems, which together occupy about 65% of the national territory. The Alay range portion of the Tian Shan system dominates the southwestern crescent of the country, and, to the east, the main Tian Shan range runs along the boundary between southern Kyrgyzstan and China before extending farther east into China's Xinjiang Uygur Autonomous Region. Kyrgyzstan’s average elevation is 2,750 m, ranging from 7,439 m at Peak Jengish Chokusu to 394 m in the Ferghana Valley near Osh. Almost 90% of the country lies more than 1,500 m above sea level. Most of the population of Osh oblast lives in the flat northern part of the Oblast, on the edge of the Ferghana Valley. The land gradually rises southward to the crest of the Alay Mountains, drops into the Alay Valley and rises to the Trans-Alai Range which forms the border with Tajikistan. In the east, the land rises to the Ferghana Range which is roughly parallel to the Naryn border. This area is drained by the Kara Darya which flows northwest to join the Naryn River to form the Syrdarya in the Ferghana Valley. The Batken region is bounded on the east by Osh region, on the south, west, and north by Tajikistan, and on the northeast by Uzbekistan. The northern part of the region is part of the flat, agricultural Ferghana Valley. The land rises southward to the mountains on the southern border: the Alay Mountains in the east, and the Turkestan Range in the west. As these regions are in mountain areas they are periodically affected by natural disasters. Overgrazing and deforestation of steep mountain slopes have increased the occurrence of mudslides and avalanches, which occasionally have swallowed entire villages. In August 1992, a severe earthquake left several thousand people homeless in the southwestern city of Jalal-Abad. Furthermore, major flooding may occur during the snowmelt.

D. 2. Borrower’s Institutional Capacity

The implementing agency (IA) identified for the project is the Ministry of Economy which lacks hands-on project preparation and implementation experience, and this will be their first IPF with the World Bank. In this regard, the Community Development and Investment Agency (or ARIS) has been assigned to support the project preparation on fiduciary, safeguards and technical aspects. ARIS has had extensive experience working with the World Bank as well as multiple development partners to prepare and implement projects. ARIS has been responsible for management of multiple Bank projects and has in its staff highly experienced environmental and social safeguards specialists, which have participated in the past in organized WB safeguards training, including training on the new WB ESF. Based on the results of the WB supervision missions on last projects under ARIS implementation (Third Rural Water Supply and
Sanitation Project, and the Urban Development Project) specified projects, the IRIS ARIS environmental management performance was always qualified as satisfactory. Its team currently is managing the Urban Development Project (UDP) and will be supplemented with additional capacity to take on the preparation of the LiDP.

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

A. Environmental and Social Risk Classification (ESRC) Substantial

**Environmental Risk Rating** Substantial

As specified, the project will support infrastructure and public buildings construction and rehabilitation, which may involve civil works in street upgrading, recreational services like parks and other public spaces improvements, such as: intra city transport, social, drainage, water supply, solid waste management, schools, hospitals upgrading; etc. All these types of activities might generate site specific, and temporary impacts such as noise, dust, increased pollution with solid wastes, air and water pollution, potential impacts of physical cultural heritage resources, etc., as well as entail health hazards and labor safety risks. Some indirect environmental impacts might be generated under the proposed Component 1 targeted at investments prioritization and Component 3 (Institutional and capacity strengthening for long-term sustainability) related to integrated and sustainable urban and spatial planning, or “Green growth” and resilience to reduce climate change impacts, as during the implementation phase, if the designed urban development and/or business development planning documents, didn’t integrate the safeguards requirements, can generate a series of adverse environmental impacts and risks. Considering: (a) the project will support urban development investments which are complex by nature and can generate medium to low probability of serious adverse effects to human health and/or the environment and a series of environmental risks; (b) the potential environmental impacts and risks are mostly temporary, predictable and/or reversible, and the nature of the project does not preclude the possibility of avoiding or reversing them (although substantial investment and time may be required); (c) potential environmental impacts and risks are medium in magnitude and/or in spatial extent (the geographical area and size of the population likely to be affected are medium to large; (d) the experience of the Borrower in developing and implementing such type of complex projects is relatively limited; - the project environmental risks might be qualified as substantial.

**Social Risk Rating** Substantial

Social Risk Rating is Substantial as project areas are intrinsically diverse regions and are exposed to conflict and fragility risks which will have a bearing on the project outcomes. Two pilot areas, Osh and Batken regions are border areas and inter-ethnic conflicts have occurred in the past. The border vulnerability and the absence of sustainable job opportunities and income-generating activities have led to youth unemployment and marginalization along with the growing specter of religious radicalization. Certain vulnerable groups are particularly exposed to such risks – poor households, women, and youth. The project areas are thus characterized by (i) inter-ethnic relations – inter-regional and international/cross border risks; (ii) geographical – certain sections could get excluded due to wide disparities within the regions – 95% of the territory is covered by mountains and valleys, making it difficult for better connectivity, delivering infrastructure and basic public services; (iii) economic risks – high rate of unemployment in particular among youth and significant dependency of household income on remittances which is vulnerable to external economic conditions and fluctuations; (iv) institutional risks – local governments and communities are still limited in their capacity to undertake participatory approaches to governance and development. This weak state-
society relationship has been a trigger for conflicts, due to poor management and inequitable distribution of public services, resources, and employment opportunities.

Under the proposed Component 1 and 2 the project will finance civil works that could necessitate some temporary and/or permanent physical and economic displacement or induce changes in land use or land access in the areas of certain activities. For example, these could include sewerage, water supply, drainage system, roads, and transport linkage improvements and other type of transformative investments in improving livability, tourism, and agro-industry. However, the nature and extent of interventions and the impacts thereof are currently not known and will become clearer when investment activities are chosen.

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:

ESS1 applies to the project due to the environmental risks associated with project activities, - more specifically improving economic development and cities infrastructure through planned rehabilitation, reconstruction and extension of infrastructure and public buildings and improvements to touristic sights and clusters under component 2. The location of these investments will not be confirmed prior to the project appraisal. Potential environmental risks and impacts are generally predictable, expected to be temporary and reversible, mostly low in magnitude, and site specific. These impacts will be associated with the civil works and most commonly include: (a) dust and noise due to excavation, demolition and construction; (b) management of demolition and construction wastes and accidental spillage of machine oil, lubricants, etc., (c) possible management of small amount of hazardous materials like asbestos or lead containing paints and varnishes; (d) traffic disturbance; e) small scale surface or ground water pollution; (f) soil pollution and/or erosion; g) workers health and safety risks; and, (h) in some cases, although quite unlikely cultural heritage impacts and chance finds. The environment and social risks are both rated as substantial. The risk will be reassessed at appraisal once activities are better defined. Towards addressing the risks, following instruments will need to be prepared: (i) Environment and Social Management Framework (ESMF); (ii) Social Assessment (SA) including Inclusion Plan; (iii) Stakeholder Engagement Plan (SEP); (iv) Resettlement Policy Framework (RPF); and (v) Labor Management Procedures (LMP). Given that concrete types of investments and their location will not be known before the project appraisal, the ARIS will prepare an Environmental and Social Management Framework (ESMF) to guide the preparation of site specific ESMPs and prepare template ESMP checklists, as well as of the ESIA in the case of new constructions (no subprojects with High Risks will be supported under the project and respectively it is not expected they will require full scale ESIA and ESMP). Overall the main goal of the ESMF document will be to avoid, minimize or mitigate, potential negative environmental and related social impacts caused by the project implementation. The ESMF will provide the following: (a) the national and WB safeguards rules and procedures; (b) environmental and social impacts associated with the proposed investments and generic mitigation measures; (c) guidelines on conducting sub projects environmental screening, as well as ESIA, including defining mitigation measures and monitoring activities for different types of activities; (d) guidance on preparing a cultural heritage management plan, for subprojects targeted at rehabilitation of cultural heritage sites, including chance finds procedures; (e) roles and responsibilities in SEA process and in supervision and reporting; (f) ESMP and ESMP Checklist to be applied within the SEA process; and (g) capacity building activities to ensure an efficient ESMF implementation. Under the Component 3 the proposed institutional strengthening and capacity building activities will
include special training on identifying and addressing environmental safeguards issues and integrating environmental requirements in (i) sustainable urban and spatial planning; and (ii) in “Green growth” and resilience to reduce climate change impacts. Furthermore, under given situation, the client will need to prepare a SA as part of SEA process that includes: (i) stakeholder identification/mapping; (ii) stakeholder analysis of expectations, concerns, and issues; (iii) assessments of positive and negative impacts; and (iv) a social management plan to mitigate the negative impacts and enhance positive benefits. The TORs for these activities under Component 3 will include the ESSs requirements, as relevant. The GoK created a favorable legal framework for environmental assessment in the country which is overall in line with the international best practice and WB OPs. The two most significant pieces of legislation specifying the national EA rules and procedures is the Law on Environmental Protection and Law on Ecological Expert’s Review (No. 54 of June 16, 1999). The Law on Environmental Protection requires that in the process of designing, placing, construction, re-construction, putting into operation facilities, and other activities having a direct or indirect impact on environment, the actions for protection, use and restoration of the environment and natural resources shall be identified and undertaken “according to ecological norms”. The Law also requires that an EIA be prepared for a planned activity (Article 17). The Law on Ecological Expert’s Review states that EIA means the identification, analyses, assessment, and taking into consideration possible impacts of development activities (Article 1). Article 10 defines the activities that require EIA and the process for the project proponent to undertake the EIA. According to the Temporary Instruction for Procedure for Performance of Environmental Impact Assessment of Planned Economic and Other Activities (Instruction 1 as approved by the Minister of Environmental Protection of the Kyrgyz Republic (June 27, 1997), the documentation prepared must reflect the full extent of the project and meet the specified requirements for EIA, while to ensure consistency of EIA reports, the Instruction on Procedure for Performance of Environmental Impact Assessment of Planned Activity should be fully consulted (Instruction 2 No. 386 as registered by the Ministry of Justice (July 04 1997)). Once prepared the EIA is reviewed by the authorized government body on environmental protection (Agency on Environment Protection and Forestry – Department of Ecological Expertise. The final EIA shall be the statement on ecological consequences of a project or planned activity and contain guarantees for adoption of the actions to ensure protection of the environment and ecological safety throughout the implementation of the project or planned activity. The supervision of ESMP implementation is the responsibility of the State Inspection on environmental and technical safety of the KR. This body has its regional branches which are responsible for state control in the areas of: labor safety, construction, exploitation of mineral resources, radiation and environmental protection, including on land and biological resources. The ESMF document will provide a detailed comparative analysis of National and WB safeguards requirements and provide recommendations on how to proceed in the case of identified discrepancies.

Areas where reliance on the Borrower’s E&S Framework may be considered:

Given the differences between WB and National ESA requirements and due to the fact that the National legal framework does not clearly require preparing site-specific ESMP, Borrower's E&S Framework will not be used for the Project as a whole or for any of its parts.

ESS10 Stakeholder Engagement and Information Disclosure

ESS10 is highly relevant for the Project. Full and continuous participation of all population of participating cities and of all interested parties is crucial in urban development in these two pilot regions. As indicated, during project preparation, all relevant stakeholders will be identified, mapped and analyzed but key stakeholders appear to be residents (including women, youth, farmers, local communities, traders, workers, transporters) of two pilot regions, Osh and Batken including Osh city. Mapping of other interested parties such as government agencies/authorities,
local civil society groups will need to be undertaken and have their voice heard in designing project activities. Stakeholder analysis and mapping will be part of consultancy work the ARIS will hire to prepare Social Assessment under Environmental and Social Management Framework (ESMF) document which will cover all applicable ESF Standards for the Project. A Stakeholder Engagement Plan (SEP) will be developed by the client, disclosed publicly as early as possible (but not later project appraisal) and begin implementation during the project preparation itself. SEP is a living document and will be updated as preparation and implementation advances. The client will also develop and put in place a Grievance Redressal Mechanism (GRM) to enable stakeholders to air their concerns/ comments/suggestions if any.

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 would include direct workers (employees of ARIS and of participating municipal agencies) as well as contracted workers (employees of civil works contractors). Community workers might be also be involved in the project; this will be confirmed during preparation. Primary suppliers are likely to include suppliers of materials to implement various construction and rehabilitation activities. A process for screening of primary suppliers particularly to ensure no history significant labor, environmental and social violations will be conducted. The ARIS will prepare a Labor Management Procedure (LMP) for the project, prior to Appraisal, describing the types of workers, key elements of the national labor policy and regulations and gaps with ESS2, as well as labor management tools to be adopted during the project. Bidders for civil work contracts would be required to express commitment to develop Contractor’s LMP when selected and prior to start of civil works. All civil works contracts will include industry standard Codes of Conduct that include measures to prevent Gender Based Violence/Sexual Exploitation and Abuse (GBV/SEA). Grievance redress mechanisms for all project workers will be established, or – where one exists – will be assessed and strengthened to comply with the objectives of ESS2. The Project and Contractor’s LMP will also include Occupational Health and Safety (OHS) measures. These would have a special focus on handling potentially dangerous or toxic materials, such as asbestos, lead containing paints, etc.

ESS3 Resource Efficiency and Pollution Prevention and Management

The ESS3 is relevant to the project. Project activities will contribute to improved local and regional infrastructure and assets, strengthen market linkages and enhance institutional capacity in the participating regions and cities which would contribute to better resource efficiency. The ESMF will include sections on Pollution Prevention and Management, - with a focus on those issues which might arise while conducting civil works for facilities construction and rehabilitation activities. Assessment of associated with civil works risks and impacts and proposed mitigation measures related to relevant requirements of ESS3, including raw materials, water use, air pollution, hazardous materials, and hazardous waste will be also clearly specified in the ESMF and requested to be included ESMPs as relevant. Though the measures in ESMF, site specific ESMPs and ESMP checklist, MoES will avoid or minimize the release of pollutants like asbestos, lubricants, paints, etc. These would especially relate to air pollution like dust suppression, noise management related to works and equipment, organized waste management (predominately construction waste), management of hazardous substances like paint and varnishes, all typically associated with small
scale construction. Furthermore, the curricular for TA activities under the Component 3 will have a strong focus, among others, on various aspects of resources efficient use in urban development sector.

ESS4 Community Health and Safety

ESS4 is also relevant to the project. To address environmental risks and impacts that might affect community Health and Safety, the ESMF will include assessment of work-related health risks; works and road safety; excessive noise and dust levels, site safety awareness and access restrictions; and labor influx, - all these issues will be required to be included in the site specific environmental and social assessment documents to be prepared once the investments are identified. The ESMF document will require specifically that fencing should be installed around all construction sites and areas where there is a risk to community health and safety. Since the project’s civil works will mainly be undertaken in urban areas, maintaining the health and safety of local populations and nearby communities throughout the construction/rehabilitation phase is critical. Movement of heavy goods vehicles can lead to accidents. Construction and/or rehabilitation activities in such premises can also disrupt economic and social activities through dust emission, noise, increased generation of solid waste, etc. Potential threats to people and communities may be posed by uncovered or barricaded or not signage spots such as excavated sites, trenches, open holes, open electric cables, etc. The project will ensure safety of local population during the construction and rehabilitation works by identifying relevant measures in ESMF and adopting adequate OHS protocols following WBG EHS Guidelines. Those will be reflected in site specific ESMP documents. Partition of construction area by putting in place fences, signaling, mitigation measures to control excessive noise and dust levels, and secure access to the area in the infrastructure sites and public buildings for the public use will be ensured through a robust mitigation and management plan in the proposed ESMPs or site-specific ESMP Checklists. No risk with labor influx, gender-based violence (GBV) or security forces are expected under the project activities because the scale of civil works will be small and most workers will be hired locally.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This ESS5 is considered relevant due to the potential investments under Component 1 and 2 which could necessitate some temporary and/or permanent physical and economic displacement or induce changes in land use or land access in the areas of certain activities. For example, these could include sewerage, water supply, drainage system, roads, and transport linkage improvements and other type of transformative investments in improving livability, tourism, and agro-industry. However, the nature and extent of interventions and the impacts thereof are currently not known and will become clearer when investment activities are chosen. An RPF will be prepared and disclosed prior to Appraisal. In case designs of and investments for subprojects are identified, RAP(s) to be also prepared by Appraisal.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The activities envisaged by the project are small in scale and expected to be carried out in participating cities, therefore, the standard is not currently relevant; however, it will be reassessed during preparation as a clearer picture of potential project activities is developed. All project located on natural habitats will be ineligible for the project financing and the ESMF will provide guidance and criteria on avoiding project activities in natural habitats and any other protected lands.
ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
The Republic of Kyrgyzstan does not have such groups of people/communities and thus this ESS is not relevant.

ESS8 Cultural Heritage
While most of the proposed construction and rehabilitation activities are not expected to impact cultural heritage resources, financing integrated package of improvements to touristic sights and clusters might include rehabilitation of cultural heritage sites. To address potential impacts on such sites the ESMF will include a section on protection of Cultural Heritage as well as proper "chance find" procedures to be included in site specific ESIA/ESMPs and checklists.

ESS9 Financial Intermediaries
The ESS 9 is not relevant since no financial intermediaries will be party in the project implementation.

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
No common approach has been considered and the World Bank will be the only financing partner for the Project.

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

Actions to be completed prior to Bank Board Approval:

1. Develop and disclose an Environmental and Social Management Framework (ESMF).
3. Establish Grievance Redress Mechanism at Project Level and Grievance Mechanism for all Direct and Contracted Workers.
4. Conduct a Social Assessment which will include Inclusion plan.
5. Develop and disclose a Resettlement Policy Framework (RPF).
6. Develop, disclose and implement a Stakeholder Engagement Plan (SEP).
7. Hire or assign within the ARIS an Environmental Specialist, responsible for coordinating all environmental safeguards activities;
8. Hire or assign within the ARIS a Social Specialist to prepare, implement and monitor activities related to community engagement, labor management, grievance redress, gender and social inclusion, land acquisition and involuntary resettlement (as per ESMF, RPF, LMP, SEP).

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

1. Civil work contractors prepare and implement environmental and social management plans with satisfactory quality to the World Bank. The plans will include, among others, Contractor’s Labor Management Plan (including OHS issues and workers’ GRM), Stakeholder (Community) Engagement Plan, Environmental, Health and Safety Plan.
2. ARIS conducts environmental and social screening for all project activities via ESMP/ESMP Checklist covering the above aspects.
3. ARIS conducts a Social Assessment for any new identified subproject.
4. ARIS reports on environmental and social performance of all activities on a [quarterly/biannual] reports;
5. Ensure transparency in providing project environmental safeguards and ensuring all ESIA and/or ESMPs are disclosed and publicly consulted with all interested parties.
6. Maintain through the whole period of project implementation human capacity to ensure project activities ESIA and ESMP supervision and monitoring and providing adequate reporting to the implementing agency and to the WB.
7. ARIS implements and reports on SEP.
8. ARIS implements and reports on GRM.
9. Application of the RPF to project activities, including the need to prepare site specific Resettlement Action Plans.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 20-Sep-2019

IV. CONTACT POINTS

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Borrower/Client/Recipient

Implementing Agency(ies)
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VI. APPROVAL

Task Team Leader(s): Tengiz Gogotishvili, David Tuchschneider, Tengiz Gogotishvili, Chyi-Yun Huang

Safeguards Advisor ESSA Nina Chee (SAESSA) Cleared on 02-May-2019 at 20:22:45