

INTEGRATED SAFEGUARDS DATA SHEET

RESTRUCTURING STAGE

Note: This ISDS will be considered effective only upon approval of the project restructuring

Report No.: ISDSR13434

Date ISDS Prepared/Updated: 26-May-2015

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I. BASIC INFORMATION

1. Basic Project Data

Country:	Kazakhstan	Project ID:	P099270
Project Name:	SOUTH-WEST ROADS: WESTERN EUROPE-WESTERN CHINA INTERNATIONAL TRANSIT CORRIDOR (CAREC 1B & 6B) (P099270)		
Task Team Leader(s):	Jacques Bure		
Estimated Appraisal Date:	21-Jul-2008	Estimated Board Date:	30-Apr-2009
Managing Unit:	GTIDR	Lending Instrument:	Specific Investment Loan
Sector:	Rural and Inter-Urban Roads and Highways (99%), Public administration-Transportation (1%)		
Theme:	Trade facilitation and market access (85%), Regional integration (15%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (in USD Million)			
Total Project Cost:	2500.00	Total Bank Financing:	2125.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			375.00
International Bank for Reconstruction and Development			2125.00
Total			2500.00
Environmental Category:	A - Full Assessment		
Is this a Repeater project?	No		

2. Current Project Development Objectives

3. Project Description

The overall goal of the Government's Western Europe to Western China (WE-WC) Corridor development program is to improve transport efficiency and safety, and promote development along one of Kazakhstan's main strategic road transport corridors. Transport and trade efficiency will be improved through provision of better infrastructure and services along the entire corridor to reduce transport costs, and through gradual reform of the entities responsible for all categories of roads. In the original Project the Bank finances the portion of the Corridor from Shymkent to Aktobe/Kyzylorda oblast border (1,065 km) as a Specific Investment Loan, whereas other International Financial Institutions (ADB, EBRD and IDB) will finance other sections of the same corridor.

The proposed Project restructuring is a second restructuring. The first restructuring was prepared in response to a request from the Government of Kazakhstan to reallocate project savings to finance an additional 80 km of the Western Europe-Western China Transit Corridor beyond the original Project location. The original Loan was approved on April 30, 2009, and became effective on December 9, 2009, with a closing date of December 31, 2013. The proposed restructuring is also following a request from the Government dated December 30, 2014 to reallocate US\$217 million of project savings to finance an additional 85km of the road section north of Almaty, connecting Almaty with Karaganda and the capital city Astana. The restructuring entails (i) an extension of the loan closing date, (ii) creation of an additional financing category and reallocation of funds among financing categories, (iii) modification of the Project Development Objective (PDO) to reflect the location of the additional works, and revision of target values of corresponding Intermediate Outcome Indicators, (iv) modification of project description, and (v) revision of disbursement estimates. The restructuring does not modify the safeguard category nor trigger new safeguard policies.

The proposed restructuring adds a new road section which extends into Almaty Oblast and which was not captured under the current PDO. The proposed revised PDO includes this addition. The Project Development Objective (PDO) will be adjusted to reflect the proposed expansion of Project scope. The new PDO will read as follows: "The objective of the Project is to improve transport efficiency along road sections in Kyzylorda, South Kazakhstan and Almaty Oblasts, improve road management and increase traffic safety in Kazakhstan". The aim is to support local and regional socio-economic development. Benefits will include transport efficiency gains and traffic safety improvement.

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

The proposed restructuring adds upgrade and reconstruction of a new road section which extends into Almaty Oblast. It specifically refers to about 85km of Kurty-Buribaital road section. The estimated cost of additional civil works is approximately US\$276 million. This will be component six of the project, thus the project will have the following components:

Component 1: Upgrade and reconstruction of road sections within Kyzylorda Oblast, excluding the bypass to Kyzylorda. This component finances the upgrade and reconstruction of road sections in Kyzylorda oblast totaling about 834 km with a design oriented towards increased road safety, and includes the costs of consultant services for supervision. Preparation and design costs have been financed by the Borrower's own funds. The reconstruction once completed will improve riding quality leading to lower operating costs for road users, guarantee road structural soundness for a prolonged period, and prevent collapse, leading to lower life-cycle cost for the road asset. Communities living along the Corridor would also benefit from improved access to markets.

Component 2: Upgrade and reconstruction of road sections within South Kazakhstan Oblast (from

Kyzylorda Oblast border to Zhambyl Oblast border, including the bypasses to Kyzylorda and Shymkent). . Preparation and design costs are financed through the Borrower's own funds.

Component 3: Project Management Consultants. The consultant services assist the Committee with the management of all activities associated with the Projects as part of a joint effort by all IFIs and the Government to ensure efficient and transparent implementation of the WE–WC Corridor program. Monitoring of the implementation of safeguards instruments, especially EMPs and section-specific RAPs, is also be part of the responsibility of the Project Management Consultants.

Component 4: Institutional Development and Improvement of Road Safety and Road Services. The component comprises consulting services, technical studies, the provision of equipment, and training to strengthen the internal management and operations of the Committee, particularly to improve road sector planning, programming, budgeting, and implementation, and to improve the efficiency of road management and maintenance practices, including environmental management. This component also includes technical

studies to prepare actions plans for road safety improvements, and implementation of an action plan to facilitate private sector investments in the provision of services to transporters along the corridor.

Component 5: Supervision of Civil Works. This includes review of detailed engineering designs and supervision of the implementation of Environment Management Plans prepared for each road section.

Component 6: Upgrade and reconstruction of road sections within Almaty Oblast. This new project component is proposed to finance civil works to support the upgrade and reconstruction of road sections within Almaty Oblast. It specifically refers to about 85km of Kurty-Buribaital road section. The estimated cost of additional civil works is US\$276 million.

In addition to component six, the the restructuring also suggest to expand the implementation of the Project by three years.

5. Environmental and Social Safeguards Specialists

Alexei Slenzak (GENDR)

Lola Ibragimova (GSURR)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Remains triggered as per original project.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/ BP 4.10	No	

Involuntary Resettlement OP/BP 4.12	Yes	Remains triggered as per original project.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the Restructured project.

Identify and describe any potential large scale, significant and/or irreversible impacts:

The salient points regarding social, land acquisition and environment are similar to the original project and can be summarized as follows:

Environment:

The generic baseline data (land use, vegetation, soils, fauna and flora, climate, surface and groundwater, etc), the impacts expected from the project, and the related mitigation measures are consistent with the existing Environment Management Framework (EMF). The Environmental and Social Impact Assessment (ESIA) was prepared by the RC for Kurty-Burybaital road section and it will remain unchanged in impact analysis and mitigation since the new section of road is not raising any environmental issues not already covered in the existing ESIA. It will be used by the RC to prepare site specific EMPs that will be included in the bidding documents, following the pattern already used for the ongoing civil works on other road sections of the project.

Environmental impacts of the additional road section appear to be standard for road widening and newly constructed alignment. The steppe vegetation is predominant with patches of grassland. Both physical-geographical situation and geotechnical conditions are expected to be very similar to conditions found under SWRP broadly. Mitigation measures to address the potential negative impacts will be listed in the contract requirements.

Land acquisition and Resettlement:

Under the original project, the Borrower prepared a Resettlement Policy Framework (RPF) prior to Appraisal providing detailed information about procedures and standards set in Kazakhstan for the acquisition of private land and rights-of-way. The RPF also identifies any additional provisions that will be undertaken to assure compliance with OP 4.12. The RPF was disclosed in country in August 2008. In parallel to the environmental and social impact assessment (ESIA) consultants hired by the Borrower prepared an Expanded RPF, which will be transformed into a RAP once the final design is completed and additional socio-economic analysis is carried out of project affected persons. The Expanded RPF was disclosed both in-country and in InfoShop in March 2009. RAPs have been prepared for all sections of the the project requiring land acquisition. The draft RAP for the section Kurty -Burybaital section has also been prepared by the Committee for Roads under Ministry of Investments and Development. The survey identified 30

<p>properties, mainly commercial and leased farm land and includes 8 state owned properties. The land acquisition will not have impacts on any private houses or other residential structures.</p>
<p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</p>
<p>Environmental and Social Impact Assessment: The major part of construction works will be confined to the existing right-of-way. The corridor of the ROW is generously dimensioned, thus no significant / major impact on local population's health, safety or quality of life is expected. The alignment will not affect sensitive habitats or protected areas. During the recent (April 17) field visit conducted by the Bank safeguards specialist, it was verified that the impacts localized and manageable with readily available standard mitigation measures. The impact of the works on soils and vegetation is expected to be minor, if managed diligently. Rehabilitated road sections show natural re-vegetation only 2-3 years after works, despite the arid climatic conditions. The extraction of fill and aggregate materials will be restricted to non-river sources in the project area. Extraction procedures are well regulated under Kazakh environmental laws, rehabilitation is compulsory and noncompliance is prosecuted. Nonetheless, the ESIA sets the requirements for extraction of the material that will be used for the constructions financed under the project. An increased amount of traffic (which is desirable from the economic perspective) is expected to result in higher emissions of exhaust gases and noise. The ESIA addresses and investigates the impact of this issue and for emissions concludes that the gaseous limit values set by Kazakh authorities will continue to be respected. Regarding noise the ESIA presents a number of mitigation and management measures, such as buffer zones, sound barriers, tree plantations and, most effectively, the re-routing of the alignment around settlements via bypasses. These measures will be incorporated in the design. The possible development of new activities or the extensions of existing activities along the corridor is not considered to be a significant issue and will consist mainly of additional services to the road users. Any induced and indirect impacts will take effect over a longer period and over a larger area than affected by the Project. These include increases in traffic volumes, economic activities, better connectivity and further development along the roads corridor. However, as the project deals with rehabilitation of a road, which during the Soviet Era used to be a technically sound, functioning transport corridor and still performs this function albeit impacted by the deteriorated physical state of the road, no radical, rapid development is likely to occur. Instead long term, gradual processes are expected, which will allow the synchronous development of appropriate institutional and regulatory instruments for monitoring and control. Several implementation issues regarding land acquisition and resettlement have arisen during the implementation of the ongoing Project. One common factor appears to be poor coordination between CR and local akimats, who are responsible for many aspects of land acquisition. This has caused problems when akimats are unaware of, or lack commitment to implement special RAP measures that differ from normal domestic practice. To diminish the likelihood that similar problems may arise for the additional road section under the restructuring, the Bank team will work with the CR and the PMC in presenting a workshop informing akimat officials about RAP requirements, and confirmation of akimat acceptance of all RAP requirements will be sought. Overall, the social social impacts of the additional civil works under under the Restructuring are expected to be limited.</p>
<p>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</p>
<p>The bulk of the Project location is defined by the existing alignment, which will largely remain unchanged and will be rehabilitated and reconstructed. The alignment sections will be constructed based on: (i) assessments of negative impacts and nuisance for local populations, and (ii) the need to avoid any significant negative environmental impacts.</p>

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

In the course of original Project preparation the Borrower with assistance from the Bank and other IFIs prepared the following safeguards documents, covering environmental and social issues along the road alignment: (a) a preliminary Environmental Assessment prepared for the Committee by a Kazakh Design Institute (2007); (b) an Environmental Assessment Review Framework (2008); (c) a Resettlement Policy Framework (2008); and (d) an Environmental and Social Impact Assessment report (2009) and an Expanded Resettlement Policy Framework (2009). All of these documents have been subject to public consultation and disclosed at the World Bank InfoShop and in Kazakhstan. In 2015 the ESIA and RAP for Kurty-Burybaital have also been prepared.

The project will be implemented by the same implementing agency - Roads Committee (RC) of the Ministry of Investments and Development (Ministry) through its national road operator, JSC KazAvtoZhol (KAZ). Kazakhstan has made good progress with reforming and strengthening its road sector institutions. The Bank supported the Government in the reform aimed to introduce more efficient and commercially oriented management practices. In 2013 creation of the KAZ aimed at the following results, which were aligned with best global practices and supported by the Bank through the ongoing SWRP and EWRP:

- Improved institutional structure with decision making level and sector policy at the Ministry, road sub-sector policy management at the RC, and operational implementation of the road policy at KAZ
- Separation of the client and supplier functions/organizations
- Better management of road assets by a new commercialized organization KAZ

KAZ has built its capacity through implementing projects financed by the World Bank and other international development institutions such as ADB and EBRD. In particular, environmental and social safeguards has become an integral part of the requirements stipulated in the tender documentation for the civil works contractors. Each contractor employs environmental specialists responsible for environmental control, monitoring and reporting. There are two people in KAZ Department for Roads Network Development and Investment Projects responsible for the implementation of the environmental safeguards. KAZ has also benefitted from the safeguards trainings provided by the ADB and the World Bank during last 2 years. Significant progress is observed in relation to the public participation and consultation regarding the road construction works during the project preparation as well as the project implementation and completion. Safeguards related documents are publically disclosed on the existing projects website with the opportunity for the public feedback and discussion.

Nonetheless, the capacity -building efforts will still be required, particularly with regards to the implementation of the land acquisition and the robust grievance redress and monitoring of social impacts around resettlement and land acquisition practices of the client. This is due to the recent the land code changes introduced in 2011, designating the responsibility for resettlement and land acquisition implementation to the local authorities. The local administration has limited knowledge and skills around application of international practices for resettlement and land acquisition

KAZ is now operational with local departments in 14 oblasts, and as a result of their work in

2013-2014 the overall institutional set up and local technical capacity has improved. However, changes in the Government of Kazakhstan structure in autumn of 2014, including in the top positions, led to a lack of coordination and overall understanding between the RC and KAZ. The transfer of implementation of construction and maintenance projects from RC to KAZ, as planned earlier by end 2014, so that the company becomes an operator for the entire republican roads network, has not yet materialized.

As of February 2014, the KAZ has become a part of the JSC Kazakhstan Temir Zholy, a national railway company. At the same time the Ministry remains to be a sole shareholder of the KAZ, which gives grounds for solid involvement of KAZ in the project implementation. TBC

Institutional Framework: The current institutional capacity of the borrower to implement the described measures relies on four main entities currently in charge of country based environmental and social safeguards. Those entities are responsible for: (a) environment; (b) water resources; (c) forestry and hunting; and (d) land management. Construction works are supervised by the Ministry for Environmental Protection (MoEP) and its subordinate agencies. Local units of the MoEP, Environmental Expertise and Nature Use Regulation Department are structured into thematic groups, which at Oblast level include among others (i) environmental expertise, (ii) permitting, (iii) supervision and monitoring, (iv) environmental laboratories. At the Rayon level each of these thematic units is represented by one inspector. The capacity of KAZ to supervise and monitor social impacts is moderate and will require additional capacity building measures.

Projects and operations where negative impacts may occur are usually inspected once per year and carried out by the MoEP staff and/or Oblast and Rayon representatives. During construction works Oblast and Rayon level staff monitor the sites and play a key role in commissioning the finalized project, thereby checking environmental compliance with design and final implementation of all required environmental restoration and recultivation measures. The MoEP regional staff usually contacts the project developers, the contractor's environmental staff and the unit on site, which is a mandatory requirement (called "production control" under the Kazakh legislation). At the same time, the MoEP and other regulatory bodies have limited resources for the permanent inspections and monitoring of the civil contractors and, in particular, small size limited duration works subcontractors. The capacity of the KAZ, therefore, should be strengthened in order to monitor day to day environmental and health and safety performance of the subcontractors. There have been changes to the expropriation laws in the country. Particularly, the land code introduced in March 2011, introduced new changes around methodology and the compensation rates in addition to designating local administration to be responsible for the land acquisition process. Various legal clarifications have also been issued to date. CR has proposed the possibility to ensure that the legal documents reflect the expanding role and obligations of the Akimats to carry out land acquisition.

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

The key stakeholders are the population of the project area, businesses, economic sectors and countries using the corridor, The Roads Committee and the PMC will disclose the ESIA and conduct public consultations in the project area. The consultations on draft RAP have taken place in Almaty region and Akshy village of Kurty rural district in spring 2015.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	11-Mar-2015
Date of submission to InfoShop	30-Apr-2015
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	30-Apr-2014
"In country" Disclosure	
<i>Comments:</i>	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	11-Mar-2015
Date of submission to InfoShop	27-May-2015
"In country" Disclosure	
Kazakhstan	30-Mar-2015
<i>Comments:</i> Draft RAP disclosed in local Akimats of Almaty District and Akshy village on March 30, 2015	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment			
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.12 - Involuntary Resettlement			
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
The World Bank Policy on Disclosure of Information			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
All Safeguard Policies			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]

Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

III. APPROVALS

Task Team Leader(s):	Name: Jacques Bure	
<i>Approved By</i>		
Safeguards Advisor:	Name: Qays Hamad (SA)	Date: 27-May-2015
Practice Manager/ Manager:	Name: Juan Gaviria (PMGR)	Date: 27-May-2015