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

Date Prepared/Updated: 12/22/2020 | Report No: ESRSA01213
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>
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<tbody>
<tr>
<td>Turkey</td>
<td>EUROPE AND CENTRAL ASIA</td>
<td>P171645</td>
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Project Name: Turkey Organized Industrial Zones Project

Practice Area (Lead): Finance, Competitiveness and Innovation

Financing Instrument: Investment Project Financing

Estimated Appraisal Date: 11/2/2020

Estimated Board Date: 1/25/2021

Borrower(s): Republic of Turkey

Implementing Agency(ies): Ministry of Industry and Technology

Proposed Development Objective

The PDO is to increase the efficiency, environmental sustainability and competitiveness of select Organized Industrial Zones (OIZs) in Turkey.

Financing (in USD Million)

<table>
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<tr>
<th>Total Project Cost</th>
<th>Amount</th>
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<td>300.00</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]

32. The Project has two main components: (i) Component 1: Supporting infrastructure and the enabling environment for OIZ sustainability, competitiveness, and efficiency; and (ii) Component 2. Technical assistance, capacity building and project management. Each component consists of several sub-components.

Under the first component the project will: (i) support investments in basic OIZ infrastructure, utilizing “green” technologies; (ii) support investments in innovative green infrastructure in OIZ (such as improved energy and water efficiency, renewable energy investments, advanced water and wastewater treatment facilities, LED lighting and using waste/by-products as productive inputs (e.g., steam highways)); and (iii) support investments in OIZ innovation
centers, including model factories to demonstrate new technologies and new practices, skills upgrading, standards and testing services for SMEs, and programs, which would help link firms in the OIZs to local universities and research institutes to help them introduce or commercialize innovative ideas.

Under the second component the project will (i) provide technical assistance and capacity building for MoIT and OIZs; and (ii) provide project management and support to the Project Implementation Unit (PIU) to be established in MoIT.

D. Environmental and Social Overview

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

Turkey is geographically located between Asia and Europe, a crossroad of the Balkans, Caucasus, Middle East, and eastern Mediterranean with a population of 83 million and 783,356 km² area. Located in Eurasia, the country is between the Black, Mediterranean, Marmara and Aegean Seas, bordering with Bulgaria, Greece, Syria, Iraq, Iran, Armenia and Georgia. 75 percent of its population lives in urban areas and they are all divided into 81 provinces across the country. Turkey is an upper-middle income country, with the world’s 19th largest economy with a Gross Domestic Production that reached US$753.7 billion in 2019 according to the TurkStat.

OIZs in Turkey have important role for the sustainable development by directing private sector investments to specific regions, and/or by providing monetary or physical incentives to increase existing investment opportunities. OIZ are designed as organized, orderly approach. With this intention, OIZs provide spatial planning and serve as instruments of development, efficiently directing industry to less-developed regions and activating regional development potential. OIZ also provide opportunities for potential investments to cover land requirements and facilitate in joint industrial production within the framework of a specific program, consequently generating an external economy. The project will be implemented in Turkey without any limitations to any geographic areas. At present, there are 341 OIZs in located 80 provinces in Turkey. It is estimated that industries which are operating over approximately 54,764 businesses parcels, are employing more than 2,000,000 workers at the OIZs. OIZs are also the planning authority which brings important advantages in terms of issues that also form the basis of environmental permits such as construction permits and building utilization certificates, besides economic benefits. These advantages are mainly site selection; plans and permits required for environmental permits such as master plan approvals, building permit, operational permit and common facilities required for environmental permit such as wastewater treatment plants. The site selection of OIZs are performed in accordance with the OIZ Site Selection Regulation (February 2, 2019) which ensures that the site selection works are carried out by taking environmental and socioeconomic factors into consideration in addition to the participation of the relevant public institutions in the process. Site selection process of OIZs is a detailed study in which candidate sites are examined in a constraint analysis including environmental and social constraints such as protected areas, land use patterns, location of settlements etc. This provides significant advantages in terms of site selection impacts in the Environmental Impact Assessment studies to be carried out in later stages. The OIZ managements are also autonomous with respect to construction licenses, occupancy permit and operational licenses, meaning that OIZ managements are responsible for inspection and permitting process for such licenses and permits. Furthermore, the OIZ managements are also responsible to provide utility services including electricity, water, sewerage, natural gas, treatment plant, treatment sludge storage, drying and incineration facilities and communication, through appropriate infrastructure and service facilities to be established by the OIZ management itself or supplied from public or private entities.
The project will be implemented in Turkey without any limitations to any geographic area. In general, the OIZs in Turkey are usually built and located outside the urban centers, more towards the peripheries of the cities which may sometimes be counted as rural or semi-rural areas. Investments selected for the project will be located within existing OIZs with proper E&S conditions set by national laws and regulations.

The proposed project aims to support both infrastructure and the enabling environment for Organized Industrial Zones (OIZ) sustainability and competitiveness. OIZs are the goods and services production zones formed by allocating land parcels with approved borders, for the industrial sector. OIZs in Turkey are structured in a planned manner and within a specified framework such land parcels equipped with the necessary administrative, social, and technical infrastructure areas and repair, trade, education, and health areas as well as technology development regions within the ratios included in zoning plans and which are operated in compliance with the provisions of the Law no 4562. This arrangement ensures that the industrial zones gets structured in approved areas to prevent unplanned industrialization and environmental problems; to guide urbanization; to utilize resources rationally; to benefit from information and informatics technologies; and to ensure that industry types situated and developed within the framework of approved plan. Some of the advantages of OIZs include VAT and municipal exemptions and the offer of shared infrastructure which ultimately reduces their management and operational costs. Investors in OIZs can also benefit from investment and employment incentives and R&D support.

The Project scope covers two components with multiple sub-components namely. Component 1 includes the following sub-components, (i) Supporting basic OIZ infrastructure investments, utilizing green technologies, especially in less developed OIZs and/or regions of Turkey. Some of these are roads, storm water/wastewater infrastructures, power water/gas supply, communications networks and administrative buildings: (ii) supporting green infrastructure investments such as energy supply from renewable sources (e.g. rooftop solar photovoltaic, bio gas, solar-wall), LED street lighting, advanced wastewater treatment, improved energy efficiency of administrative buildings and recycling/reusing waste materials for production inputs (e.g. steam highways). Green infrastructure investments could also include investments to facilitate industrial symbiosis between two or more firms, e.g., pipes to share heat or steam that is a by-product of one industrial process and is needed as input into another production process; and (iii) Supporting investments innovation centers. This includes model factories to demonstrate new technologies and new practices, skills upgrading, standards and testing services for Small and Medium Enterprises (SMEs), and programs which would link firms in the OIZs to local universities and research institutions to help them introduce or commercialize innovative ideas. . Component 2 on technical assistance and capacity building includes the following sub components (i) Technical assistance and capacity building for MoIT and OIZs. This involves the development of the institutional and regulatory frameworks for OIZs (including innovation centers) and setting forth key performance indicators for Green OIZs, technical assistance needed for upgrading OIZs and certification as Green OIZs; and. (ii) project management and support to the PIU to undertake the following activities: technical supervision of the Project activities, including procurement and financial management, technical supervision of project activities, monitoring progress implementation, undertaking environmental and social due diligence, and developing and implementing a project results monitoring system.

D. 2. Borrower’s Institutional Capacity

The Ministry of Industry and Technology (MoIT) is the primary public agency responsible for the implementation of the project. OIZs in Turkey are subject to a specified law for conducting their activities. MoIT is the governmental agency that set out and which is responsible of implementing the regulation numbered 30674 (OIZ Implementation regulation). MoIT also approves of the establishment of all OIZs and is responsible for allocating and managing the budget for their establishment. MoIT has historically supported the OIZ investments under its own credit mechanism
for basic infrastructure such as road and power as well as wastewater treatment and administrative buildings. MoIT has a recently improved Enterprise Information System (EIS) which will serve as an asset for the Project.

The project will use a demand-driven approach to identify investments during the implementation phase. In other words, OIZ management will submit investment proposals, which will then be evaluated by the MoIT using pre-determined criteria. To operate the credit mechanism and related functions of MoIT, the MoIT Directorate General of OIZs employs 87 staff across 12 units to undertake the following activities: supervision and monitoring of infrastructure projects, construction works, environmental management and treatment projects, topography and geographical information systems, tendering, zoning, financial affairs, industrial zones establishment & monitoring, utilities, site selection, national plan & strategies, and investment programs. This staff composition includes 47 engineers (civil, geomatics, agriculture, mining, industrial, environmental, electrical), 7 urban planners, 3 economists, 1 statistician, and 1 computer programmer.

The Ministry has gained experience in implementation of projects supported by various development partners, including IFC and World Bank. However, this will be the first Bank-funded project led by the Directorate General of Industrial Zones Development in MoIT. Therefore, MoIT still requires capacity building from the Bank to manage implementation of the components as it has no experience in IBRD lending nor implementing the new ESF. The Bank E&S team will provide ESF training and ESF related guidance to MoIT and the candidate/selected OIZs, continuously as needed.

The Directorate General of Industrial Zones in MoIT will be responsible for implementation and monitoring of the Project, as well as coordination with other government ministries and agencies. A dedicated Project Implementation Unit (PIU) will be established within MoIT and tasked with day-to-day project implementation, including technical supervision, financial management and procurement functions, environmental and social support, results monitoring and evaluation, and public relations management. The PIU team will work closely with the relevant Deputy Minister and other MoIT departments, as needed. Main departments of the MoIT to be engaged for specific tasks related to the project includes; Industrial Zones Directorate for technical issues, the MoIT Accounting and Financial Department for financial management and procurement functions, and the Public Relations Department and Legal Department of the Ministry. The PIU will be strengthened with one environmental, one social, one OHS specialist and one stakeholder engagement specialist (who will also handle labor issues) qualified in the identification, assessment, management and monitoring of the anticipated environmental and social risks and who are knowledgeable in IFI standards and policies, in particular IBRD policies. Bank team will support these experts in introducing the new ESF requirements, through training. During project implementation the Bank will continue to provide guidance and advice to the PIU E&S specialist on the ESF requirements.

MoIT will be responsible for the release of funds to the OIZs through a commercial bank from the Treasury single account managed by the Ministry of Treasury and Finance (MoTF). The bank will simply serve as a conduit for the sub-loans for a fee, without taking any credit risk and the sub-loans will be guaranteed by MoTF. All sub-loan credit decisions will be made jointly by MoIT, MoTF and Strategy and Budget Office of the Presidency. For Bank-funded sub-projects, sub-loans will be issued in line with the OIZ and sub-project eligibility criteria outlined in the PAD. These E&S criteria will also be specified in the ESMF and the Project Operation Manual. All sub-projects approved will be subject to World Bank’s No-Objection criteria.
II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) Substantial

Environmental Risk Rating Substantial

The project’s environmental risk is anticipated to be substantial. The potential investments to be financed in the project cover basic infrastructure (e.g. road networks with storm water drainage, water pipelines/networks, storm water pipelines, wastewater pipelines, telecommunication/internet lines, natural gas networks, electricity networks, HV/LV electricity lines, management buildings, wastewater treatment plants, environment laboratory, etc.) as well as green investments (e.g. construction of advanced treatment plant for process water, advanced treatment units for WWTPs, rainwater/storm water harvesting plants, sludge management units, waste recycling facility, heat exchange lines, solar plant, wind power plant, biomass power plant, etc.) as well as sub-projects that will improve the social capacity of the OIZs such as building college and high schools, sports facilities and that will improve competitiveness of the OIZs such as logistics facilities, trade centers, innovation centers, model factories etc. On overall, all of the potential sub-projects are anticipated to have positive environmental and social impacts. Although the sub-project’s adverse impacts are not expected to be complex as the locations of the sub-projects will be in OIZs where the governmental counterpart’s approval is sought in consideration of several E&S aspects, there will be adverse environmental impacts related to construction activities as well as operation of the planned investments. The anticipated impacts are mostly temporary, predictable and reversible in nature. Although, the sub-projects will be implemented in highly industrialized areas where dangerous sectors also exist, it is expected that the probability of incidents and accidents can be prevented/reduced by designing mitigation measures based on industrial best practices. The environmental risks associated with the proposed types of activities can be listed as: (i) noise, dust, wastewater generation etc., (ii) occupational health and safety such as accidents and injuries, chemical exposure, noise and vibration exposure, (iii) hazardous and non-hazardous waste generation, (iv) community health and safety impacts such as increased traffic, odor, noise and air emissions; (v) sludge and solids generation from wastewater treatment plants; (vi) spills and releases of wastes; (vii) fire and explosion risks as well as (ix) life and fire safety risks associated with access to the public buildings etc.

Since the exact locations, footprint and technical details of the sub-projects that will be supported by the project are not identified at this stage, an Environmental and Social Management Framework (ESMF) has been prepared to address the potential environmental and social risks and impacts and also point out appropriate mitigation measures to eliminate/minimize such impacts, identify implementation arrangements to clarify the roles and responsibilities to manage the risks. The anticipated risk and impacts associated with the sub-projects described above will be addressed through appropriate sub-project specific Environmental and Social Assessment (ESA) instruments including ESIs and ESMPs, depending on the scale of the potential investments and respective impacts. Those will be taking into consideration the national regulatory requirements, the ESSs as well as the general and sector specific World Bank Group (WBG) Environmental, Health and Safety (EHS) Guidelines. Sub-projects having adverse impacts on critical and natural habitats and cultural heritage as well as High risk sub-projects will not be eligible for financing, as per the ESMF.
As the PIU has no previous experience working with the World Bank and the ESF requirements, the PIU currently does not have the capacity to manage the E&S risks of the Project. This will be addressed through hiring qualified staff and through E&S capacity building initiatives.

**Social Risk Rating**

The social risks associated with the project are considered to be Substantial, as the sub projects may entail legacy risks, although the sub project specific investments are to take place within defined organized industrial zones that are confined and less likely to have severe impacts on nearby social receptors. The anticipated social risks and impacts related to the project activities will include legacy issues due to previous land take arrangements, labor and working conditions related risks, and occupational / community health and safety issues. Though sub-project investments will try to avoid investments with land take requirements, the project has also considered potential impacts on land and land based livelihoods.

The project will support the construction works within existing OIZ which are located in ring-fenced areas. Labor influx risks are low since the majority of the workforce will be engaged from the nearby communities; only a small number will come from other parts of the country. Sexual exploitation and abuse and sexual harassment (SEA/SH) risks are assessed as low, but the project includes measures to monitor the risk and address issues as they arise. MoIT has prepared a detailed LMP, which addresses key terms and working conditions, as well as the grievance process.

The project does not anticipate land acquisition related impacts since proposed sub-projects will be utilizing existing and already acquired land within the OIZ to expand investments. However, although low, there may be sub-projects that require additional land to be acquired outside of the OIZ or in some cases potential legacy issues of recently acquired land that may need to be assessed through a social due diligence. In order to manage any potential land acquisition related social impacts, including temporary use of land, access restrictions during constructions, as well as potential economic displacement due to loss of land-based livelihoods, a Resettlement Framework (RF) has been prepared. Proposed investments that require large and additional land take will not be eligible for project financing unless their value added towards project objectives prove otherwise.

Despite the above social risks and impacts which are largely construction induced, the project is expected to generate positive impacts as it will create employment opportunities within the investments financed under the Project. The Project will also increase the technical and managerial capacity of existing OIZs through developing management models that will enable OIZ managements to be more competitive and sustainable. Although no significant labor influx issues are anticipated and only construction induced impacts that are mostly temporary and mitigated through site action plans, given that the client has no previous working experience working under previous Bank polices or the ESF and the possibility of legacy issues remaining from former land acquisition works, the overall social risk of the project is rated ‘substantial’.

**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:*

Dec 23, 2020
The project will include investments facilitating sustainability and competitiveness of OIZ activities which have primarily positive environmental impacts such as increased energy efficiency, reduced electricity and water and raw material consumption, and as well as reduced waste expenditures for OIZ management and resident firms. However, these sub-projects are also expected to have some adverse environmental and social impacts which are mainly considered to be (i) noise, dust, wastewater generation etc., (ii) OHS impacts such as accidents and injuries, chemical exposure, noise and vibration exposure, (iii) hazardous and non-hazardous waste generation, (iv) community health and safety impacts such as increased traffic, odor and noise, air emissions; (v) sludge and solids generation from wastewater treatment plants; (vi) spills and releases of wastes; (vii) fire and explosion risks, (viii) discharge of treated wastewater to receiving bodies, as well as (ix) life and fire safety risks associated with access to the public buildings.

Exact locations, footprint and technical details of the sub-projects are not known at this stage. The projects will include advance wastewater treatment systems, waste management systems, renewable energy generation projects, basic infrastructure projects of which the impacts are not likely to be complex. The footprint size of proposed sub-projects are expected to be small to medium in scale. Sub-project sites will be located in the OIZ areas, where anthropogenic activities already exist. Adverse environmental impacts that have substantial or moderate risks are mainly associated with the sub-projects regarding wastewater treatment, waste management (sludge drying, composting, temporary waste storage and waste recycling) and renewable energy generation projects (solar, wind and biomass projects). These proposed sub-projects will require site-specific environmental and social risk management tools to mitigate those risks. The scale and capacity in addition to the ecological or physical environmental and social characteristics of the project location will be considered in making this determination.

Selection matrices to screen the most suitable sub-projects in accordance with the Project eligibility criteria have been outlined in the PAD and the ESMF. Prior to commencement of sub-project activities, all approved sub-projects will be subject to World Bank’s No-Objection. As the locations of the sub-projects are envisaged to be situated in existing OIZs, no impacts on culturally or naturally sensitive areas are anticipated and those having adverse impacts on such protected areas as well as high risk sub-projects will be screened out from the project scope as per the ESMF requirements and eligibility criteria. Land take will be avoided in sub projects, however an RF is prepared for potential legacy issues and additional land use requirements that may be needed outside of the OIZ areas.

The environmental and social impact assessment of the activities in the OIZs follows the Environmental Law and corresponding regulations (e.g. EIA Regulation). However, the OIZ managements are autonomous with respect to construction licenses, occupancy permits and operational licenses for the occupants in the OIZ area. For issuing operational licenses, the OIZ management requires all the official permits and letters from local authorities such as EIA decision, wastewater discharge permit, fire report and conducts an assessment of the facility with respect to local regulations and standards. The OIZ managements are also responsible for providing utility services such as electricity, water, sewerage, natural gas, treatment plant and communication, through appropriate infrastructure and service facilities. Water use is regulated by the OIZs; users cannot exceed the limit amounts. For wastewater management, the OIZs provide sewerage services that end up with wastewater treatment plants or discharge to the Municipality sewerage system. The OIZ management identifies the discharge standards that must be compatible with the relevant regulation and issues wastewater discharge permits after appropriate analyses are reviewed by the OIZ management. If needed, the OIZ requests the facilities to establish pre-treatment plants to ensure that discharge standards are met. For waste management practices (for solid wastes and construction debris), the OIZs establish a Waste Control Procedure to be followed by the facilities.
The ESMF which is the governing document for managing environmental and social risks and impacts of the project has been prepared by MoIT and approved by the Bank. The draft framework documents; ESMF, Stakeholder Engagement Plan (SEP) and RF are disclosed prior to end of appraisal. These ES documents are subject to additional consultations and the final versions of ESMF, RF and SEP to be disclosed before the Board date (January 25, 2021) For the sub-projects, relevant environmental and social risks and impacts associated with the construction and operation phases of potential investments have been elaborated in this ESMF and RF. The ESMF lays out E&S management procedures and guiding measures to avoid, mitigate and compensate sub-project specific risks and impacts through project and/or site specific environmental and social assessment (ESA) documents such as ESIsAs and ESMPs. The associated facilities of the sub-projects as well as cumulative impacts will also be taken into consideration through preparation of site-specific ESA documents. The relevant requirements of WBG’s General and Sector Specific EHS Guidelines will be applied to the sub-projects in addition to national requirements and the most stringent discharge and emission standards will be applied. The ESMF will be implemented throughout the project to screen and categorize the sub-projects, and accordingly guide the preparation of the sub-project-specific ESA documents to be implemented, monitored and reported. The Bank will provide no-objection for the screening and categorization, as well as the site-specific ESA documents of each sub-project. Based on the results of the screening for the OIZ concerned, and where required by the Bank, the MoIT will undertake Environmental and Social Due Diligence for the respective investment or subproject. The Environmental and Social Due Diligence will include a systematic review and assessment of the respective OIZ’s performance in addressing environmental and social risks and impacts, and ensure that any issues that may negatively affect the natural environment, habitats, communities within the scope of the investment or subproject are avoided, minimized or remedied/mitigated through appropriate actions. Where significant residual impacts remain, the MoIT will compensate for or offset them where technically and financially feasible. The MoIT will submit to the Bank the review or assessment undertaken by the Environmental and Social Due Diligence process for the Bank’s prior review. The MoIT will approve of the related investment or subproject only after receiving the Bank’s no-objection. Where the Bank concludes, based on the results of the Environmental and Social Due Diligence, that the environmental and social risks and impacts cannot be remedied or mitigated in an OIZ in a manner acceptable to the Bank, the Bank will not finance activities in that OIZ.

Possible potential investments will be located in existing OIZs where land acquisition process is already completed. Hence, there will be no need for land acquisition for the works envisaged in the existing OIZs. Nevertheless, some sub-projects such as construction of wastewater treatment plants, sludge drying facilities or other project components such as access roads or energy transmission lines may necessitate borrower OIZs to acquire additional land. Or in other cases recently completed land take works may have pending and unresolved issues that may require additional assessments to be carried out. The RF outlines potential land based impacts and mitigation measures for the restoration of land based livelihoods and loss of land including applicable legislation and institutional arrangements.

Additionally, a Labor Management Procedure (LMP) has been prepared by MoIT to set ground for the management of labor and working conditions) and OHS issues across the project. Labor influx risk is low since the majority of the workforce will be Turkish. OHS risks are related to construction works and community health and safety risks and impacts expected to be associated with increased traffic, dust and noise in the vicinity of settlements. Sexual exploitation and abuse (SEA) and sexual harassment (SH) risks assessed as low. The SEP which has been prepared by the MoIT identifies all stakeholders in the Project, outlines modalities for information dissemination and stakeholder
Engagement activities, elaborates on the blueprint for a functional grievance redress/beneficiary feedback mechanism and defines the roles and responsibilities of different actors to implement and monitor stakeholder engagement activities. However, during the implementation phase, the project may need to further analyze the vulnerable/disadvantaged groups and consider focusing on vulnerable and poor worker communities such as migrant or refugee groups in providing employment opportunities. For the technical assistance studies within the scope of the project (such as feasibility studies of resource efficiency and industrial symbiosis investments), the requirements of the ESF will be integrated into ToRs to be prepared for each feasibility study and these will be subject to the Bank’s approval. The whole ESA process described in the ESMF, RF, SEP and the LMP will be implemented by MoIT with supervision of the World Bank team.

**ESS10 Stakeholder Engagement and Information Disclosure**

The Borrower prepared a SEP for the Project as per ESS10 requirements and will carry out the stakeholder engagement activities in line with the SEP throughout project life. The SEP will guide the engagement with local communities and other stakeholders. The project affected parties are expected to include existing OIZ managements and investors and their workers in the targeted provinces, local population in the areas of targeted OIZs, public administrations (both central and local level), relevant organizations and unions, other businesses (suppliers, clients etc. of the OIZs including international ones.) The SEP prepared outlines the process, procedures and methods of consultations with various stakeholders in order to design, plan and implement the project activities of MoIT throughout the project life. The effective project implementation will require the involvement of key actors such as other ministries and public agencies, local authorities as well as managements of existing OIZs, existing and potential investors, commercial banks, relevant associations (in the trade and industry sector) and private sector consultants who may be interested in the operations of the Project. Based on the SEP guidelines, the MoIT will define its stakeholders prior to project implementation of specific investments and consult with them as required to ensure continuous and accurate information flow during implementation. Depending on the type of investment, project documents such as management plans may need to be communicated with surrounding settlements and communities. SEP will include the method and tools for dissemination of information to all relevant stakeholders.

The MoIT has conducted a series of consultations with OIZs management in order to get their views and preferences in implementing the project with environment and social due diligence systems in place. The project management funds will be used to organize additional training and capacity building for the OIZs to plan and implement ES mitigation measures during the project.

MoIT will be responsible of implementing the SEP in a comprehensive manner in each of the selected investments. As other E&S requirements, the progress of engagement activities and any documents or tools produced under the SEP will be disclosed publicly and regularly reported to the Bank via project progress reports. The SEP prepared also considered the potential virtual consultation methods and approach under the COVID-19 public emergency situation. The SEP will be publicly disclosed prior to the appraisal.

No any specific vulnerable and disadvantaged groups identified as most of the investments are confined to OIZs boundaries. The project may need to consider focusing vulnerable and poor communities in providing employment opportunities. Such groups may include persons with disabilities, elderly, single-parent households, internally displaced persons, refugees and socially vulnerable households. However, such investments are not yet known and therefore its difficult to assess the level of involvement of such poor and vulnerable worker groups in the project. The
SEP process requires to consult and disseminate project related investments and social and environment risks and impacts with the neighboring and surrounding settlements of OIZs where and when necessary. In instances when any stakeholders (internal or external) that may be considered vulnerable (in terms of gender, disability, age etc.) are identified during the project implementation, the SEP shall needs to be updated and other ESA documents should define the tools and method to engage with and include measures to avoid impacts to these groups.

MoIT has a website to obtain public views and also an operational call center where general grievances or inquiries can be collected. The Ministry also utilizes the national GRM system to resolve any received grievances, however in line with the SEP, a project specific GM will be made available prior to project start to allow for timely management of complaints and concerns as well as to provide information on inquiries made regarding the project.

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 workers include the direct workers, contracted workers, and primary supply workers. Community workers are not expected to be engaged under the project. Direct workers are the PIU staff from the MoIT, and personnel of relevant OIZ management. MoIT staff are civil servants. Civil servants involved in project operations, regardless of whether they work full time or part time, will continue to work under terms and conditions of their existing contracts or appointments in the public sector. ESS2 provisions on Occupational Health and Safety (OHS), and prohibition of child and forced labor shall apply to civil servants engaged in the project through LMP. The personnel of OIZ management is subject to the Turkish Labor Code. Contracted workers shall include construction contractors and their sub-contractors, as well as experts and consultants, hired under both project components. Primary supply workers are expected to be workers of firms who will provide construction materials on an ongoing basis.

The MoIT prepared labor management procedure (LMP) which includes policies and procures to address identified labor and OHS risks, and which will be applicable to all project workers. Key project labor risks are expected to be associated with health and safety risks related to the construction activities of the sub-projects such as exposure to physical, chemical and biological hazards during construction activities. Risks of child and forced labor are not expected. The Project SEA/SH risks are assessed as low. It is anticipated that the project will engage local workers from nearby settlements for unskilled labor and workers from other parts of Turkey. The estimated number of workers for the construction of sub-projects is approximately 100-250 per sub-project. It is anticipated that construction workers shall stay at small construction camp sites within the OIZs’ territory. The workers’ accommodation will meet the requirements of labor and OHS legislation of Turkey, and of ESS 2.

LMP includes a set of measures such as OHS procedures, equal opportunity and non-discrimination, working hours, rest time, and COVID-19 related measures. The minimum age for the project workers is 18 years. The LMP includes the workers’ grievance mechanism (GM) which will be established and managed by both MoIT and the OIZs. The GM will be applicable to direct and contracted workers. The GM will be adapted to receive SH/SEA complaints. Civil servants of the MoIT have the right to submit a complaints in accordance with the Civil Servant Law (No. 657). The
The World Bank
Turkey Organized Industrial Zones Project (P171645)

project will implement Code of Conduct, and SH/SEA sensitization training will be carried out for the project workers and affected communities. The contractors will be responsible to prepare and implement their LMP and OHS plans. Both MoIT and Borrowing OIZ managements will be responsible for the implementation and monitoring the project’s Labor Management Procedure. The MoIT will ensure that the contractors develop an Occupational Health and Safety Plan which will include risk assessment, procedures on safety, training, monitoring, incident investigation and reporting. Contractors will be contractually required to monitor and enforce OHS plans.

Turkish Labor Code (No. 4857) is to large extent consistent with the ESS 2. Turkey ratified all the four Core ILO Conventions and OHS ILO Conventions. The main gap with ESS2 is related to the requirement for the grievance mechanism for workers. While the national legislation provides for Labor Courts to raise labor rights concerns, the Labor Code does not include specific requirements for workplace grievance mechanism. The law prohibits persons below the age of 18 years to work in hazardous occupations. Forced labor is prohibited by the Turkish Constitution. The Labor Code includes provisions for the minimum wage and sets maximum weekly hours as 45 hours, not exceeding 11 hours daily. The annual limit for overtime work is 270 hours. Overtime hours are paid 1.5 times the normal hourly rate, or 1.25 times for part-time employees. Employees may choose to receive 1.5 times the amount of overtime work as time off in lieu of financial compensation for overtime. Workers are entitled to one paid rest day per week. The law provides for the prohibition of discrimination in employment based on language, race, sex, political opinion, philosophical belief, and religion. Employment may not be terminated on the grounds of race, color, sex, marital status, family responsibilities, pregnancy, birth, religion and political opinion.

Law on OHS (No. 6331) governs workplace environments and industries (both public and private) and all categories of employees including part-time workers, interns, and apprentices. The legislation is comprehensive and is generally applicable across all sectors and many industries. Law is consistent with the requirements of the ESS 2. The partial gap exists in the requirement for the provisions of facilities – the law only requires provisions of canteens. The OHS law does not require an employer to prepare and overarching OHS plan. The Labor Inspectorate under the Ministry of Labor, Family and Social Services has a mandate to enforce labor and OHS laws, and conducts regular OHS and labor audits, including unannounced audits. The construction contractors shall be subject to national OHS legislation and ESS2 requirements.

ESS3 Resource Efficiency and Pollution Prevention and Management

Assessment of risks and impacts as well as associated mitigation measures related to ESS3 requirements, including raw materials, water use, air pollution, waste management, hazardous materials, hazardous wastes etc. have been included within the scope of the ESMF. The sub-projects’ main target will be increasing energy, water and resource efficiency and hence making necessary modifications in the infrastructural services of the OIZs and supporting green infrastructure and competitiveness infrastructure and related services which might also help zones obtain a “Green OIZ” certification.

Based on the ESMF provisions, energy and resource efficient equipment will be used during the project design studies. In this respect, the potential issues may be related to waste management due to change of equipment with energy efficient ones and switching to industrial symbiosis practices such as construction of heat exchange lines or district cooling systems that will be supported by the project. Some of the sub-project will be directly energy
efficiency projects that will involve supply of equipment, machines or devices for resource efficiency or construction of other units or facilities for the same purpose. These together with the basic infrastructure constructions such as road networks, storm water and wastewater pipelines, natural gas and electricity networks will pose typical construction risks such as noise and dust formation, waste generation, wastewater management etc. which can be addressed through site-specific ESMPs.

Effluent wastewater quality of the OIZs will be improved due to advance wastewater treatment techniques that will be applied within the scope of the Project and it will also be in line with Turkish legislation and WBG’s EHS Guidelines. The risks associated with the wastewater treatment plants and advance treatment techniques may pose risks such as wastewater discharge, hazardous materials management, energy consumption etc. These will be duly addressed through the site-specific ESA documents (e.g. ESIAs and ESMPs).

Some of the sub-projects will also support waste management capacities of the OIZs such as construction of sludge disposal units for WWTP, temporary storage facilities of waste or waste recycling facility. Biomass sub-projects have potential air quality impact in terms of air emissions where PM10, PM2.5, NOx and CO emissions are environmental considerations together with potential PAH and dioxin emissions depending on source of the scrap wood (i.e. furniture industry). All of the above mentioned environmental impacts including noise, air pollution, odor, hazardous materials and wastes, use of raw materials and resources will be evaluated in details in the sub-project specific ESA documents (e.g. ESIAs or ESMPs).

The project will also support renewable energy investments such as solar and wind power plants which may have risks associated with construction such as noise, dust and air emissions formation, waste and wastewater management as well as operational phase impacts such as water use, noise etc. Those will be addressed through the site-specific ESA documents (e.g. ESIAs or ESMPs) to be prepared.

GHG emissions will arise from the construction works but this will be limited spatially and quantitatively. More significant GHG can arise from the wastewater sludge dryer and biomass energy units. Regarding biomass however, with proper technologies, the GHGs can be collected and managed in the most efficient way and also can be used as an energy generating resource. The environmental impacts due to industrial symbiosis practices will also be evaluated within the scope of the site-specific ESA documents in accordance with the sectors involved. The assessment will be implemented considering the relevant sector specific WBG EHS Guidelines.

The Regulatory framework for waste management in Turkey is consistent with the EU regulation and WBG EHS Guidelines to a large extent. The excavation wastes will be reused to the extent possible in the construction works and excessive wastes will be disposed in the landfills permitted by the respective local authorities. Solid wastes will be separately collected for recycling/processing/final disposal in line with the national regulation. The hazardous wastes originating from the project activities will be separately collected and stored in appropriate conditions until a licensed company will collect those for final disposal, as required by the local regulation. Dust, air emissions and noise generation will be minimized by applying GIIPs such as covering the trucks for transporting the materials, applying water spraying, use of mufflers, periodical controls of the project vehicles and equipment. The mitigation measures will be considered starting from the siting of the facilities.
ESS4 Community Health and Safety

The sub-project locations will be in the pre-defined OIZ areas established according to the zoning plans which are approved by MoIT. The OIZ areas are closed/fenced-off areas allocated only for approved industries and the OIZ administrative buildings will generally be monitored with day and night guards designated for security purposes with interactions with the community anticipated as low. All security related risks in selected investments will be assessed during ESA. Nevertheless, depending on the presence of different sectors in the OIZs, precautions against emergencies will be taken into consideration during the ESA document preparation and implementation. The emergency preparedness and response plans will be prepared considering the OIZs sectors (e.g. neighboring facilities, nearby residential areas and other sensitive receptors) and drills should be implemented in collaboration with the OIZ management. The construction sites for all sub-projects should be surrounded with appropriate fencing for avoiding community access to the project sites. The design and construction of investments that require new buildings and facilities to be constructed will consider the universal access concept. Traffic generated by civil works will be one of the issues since transportation of equipment, wastes and other construction related materials to and from the OIZs is anticipated. Safe transportation of hazardous materials and wastes to designated disposal site will be discussed in traffic management plans that will be prepared for all the sub-projects and will be integrated into the ESA documents. Specific measures related to site integrity against floods, land slides, earthquakes, have been integrated into the ESMF and will also be integrated to the site-specific ESA documents. Depending on the location of the OIZ, being in an urban, semi-urban or rural environment, surrounding communities, settlements or businesses will be informed of any project related activity or impact prior to implementation as defined in the project SEP and other E&S documents such as management plans. The design of new public access buildings and facilities such as high school or college, day nursey, health units or health clinics, sport facilities, conference hall, etc. will consider life & fire safety design requirements as specified by the WBG General EHS guidelines and are integrated into the ESMF. These will be specified in the respective ESA documents to be prepared at the sub-project level. The cumulative impacts related to community health and safety arising from construction phases of several OIZ infrastructure projects (or similar public goods projects) will be assessed in the sub-project specific ESA documents.

Labor influx risks are expected to be low as the project will mainly engage workers from Turkey who will be accommodated in the worker camps within OIZ’s territory. The use of security personnel is not expected under the project. SEA risk was assessed as low. The project will implement the Code of Conduct for workers, and SH/SEA sensitization training will be carried out for the project workers and affected communities.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

It is envisaged that possible potential investments will be located in existing OIZs where land acquisition process is already completed. MoIT in its selection of sub projects, will consider investments that do not necessitate land take. Hence, it is anticipated that land acquisition will be avoided for the works envisaged in the existing OIZs. Nevertheless, some sub-projects such as construction of a wastewater plants, sludge drying facilities, renewable energy projects or other project components such as access roads or energy transmission lines (ETLs) may necessitate borrower OIZ’s to acquire additional land. Although low, the possibility of having any legacy issues from former land take activities of OIZs may require ex-post social assessments to be carried out. In the case that MoIT decides to support investments that are outside of OIZ boundaries or in areas where an OIZ is newly being established, land take may also be necessary. However, land acquisition impacts will also be considered within the scope of the feasibility
studies of the new zones to be established. MoIT’s primary approach will be to avoid investments with legacy issues or ones that require land acquisition. However, in order to have the option of including favorable investments with broad benefits or ones utilizing green technology that may result in minor land take, MoIT has prepared a RF for investing OIZs. In any case, MoIT will aim to avoid or minimize any impact on land privately owned, MoIT will and ensure that alternative options (i.e. Treasury state land with no ownership or user issues) are considered for the location of the investments. All sub projects will be screened by MoIT for environmental and social risks. Should the screening conclude that there are legacy issues due to past land take, MoIT will further conduct an Ex-post social assessment that outlines the details to former acquisition process and current status of impacted PAPs and settlements including any open grievances. Borrowing OIZs will be responsible of implementing any actions deemed necessary as the output of the Ex Post social assessment. Both the social screening and due diligence processes led by MoIT will be approved by the Bank. For investments/sub projects with unavoidable land take requirements MoIT will prepare a Land Acquisition Plan (LAP) or a Resettlement Action Plan (RAP) in line with the RF which will be subject to Bank review and approval. Both RPs and Ex-post social assessments will be submitted for the Bank approval and will be disclosed prior to any civil works. Land-based social impacts of the construction and operation phases of potential investment and corresponding entitlement and mitigation measures are elaborated in RF prepared by MoIT. Due to COVID-19, the consultations on the RF prior to Appraisal have been limited to primary stakeholders; additional consultations are ongoing to ensure that there is ample opportunity for all concerned stakeholders to raise and address environmental and social issues prior to the Board date (25, January 2021) Sub-project-specific RPs and Ex-post Social assessments (if any) will be prepared once investments are selected and prior to commencement of any civil works.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is relevant since the project includes new construction sites. Since the sub-project locations will be within the OIZs, no disturbance to natural habitats are expected however, sub-project operational activities could have potential impact on the Biodiversity of their locations. Sub-project activities such as wind turbines could have potential impacts on the flora and fauna species around their ecological habitat. The site-specific ESA documents for such sub-projects will include a detailed analysis of flora and fauna species, habitats and the significance of impacts on those, as specified in the ESMF, and will identify adequate mitigation measures. Furthermore, sub-projects having adverse impacts on critical and natural habitats as described in ESS6 and/or having significant impacts on protected species will be screened out from the project scope as per the ESMF.

If any sub-project requires additional land outside of the existing OIZ boundaries due to nature of the sub-project such as a wastewater plant due to topographical conditions or its discharge locations, sludge drying facility or renewable energy projects due to availability of land or other sub-project components such as access roads or energy transmission lines, these sub-project sites will be screened for their overlap with the Key Biodiversity Areas, Important Bird Area, nationally protected areas, critical and natural habitats (as described in ESS6) and IUCN lists, and the eligible ones will be assessed in the site-specific ESA documents as specified in the ESMF.

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

This standard is not relevant since there are no indigenous peoples in Turkey.
ESS8 Cultural Heritage
This standard is not relevant. Since the sub-project locations will be within the OIZs designated by the governmental authorities, no cultural heritage impact is expected. In addition, the ESMF is designed to screen out any sub-projects that will have adverse impacts on cultural heritage. Nevertheless, the sub-project specific ESA documents will need to include chance find procedures as a minimum.

ESS9 Financial Intermediaries
This standard is not relevant since the project does not involve a Financial Intermediary.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways
No

OP 7.60 Projects in Disputed Areas
No

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:
Given the substantial environmental and social risk rating of the project, and the lack of a full and formalized ESMS and lack of experience in implementing the ESF in the implementing agency, the Borrower's E&S framework will not be used.

IV. CONTACT POINTS

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Implementing Agency(ies)
Implementing Agency: Ministry of Industry and Technology

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VI. APPROVAL

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Practice Manager (ENR/Social) Abdoulaye Gadiere Cleared on 18-Dec-2020 at 02:13:43 GMT-05:00

Safeguards Advisor ESSA Agnes I. Kiss (SAESSA) Concurred on 22-Dec-2020 at 23:01:51 GMT-05:00