



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 05-Apr-2019 | Report No: PIDISDSA26665

**BASIC INFORMATION****A. Basic Project Data**

Country Turkey	Project ID P170612	Project Name Sustainable Cities Project 2 - Additional Financing	Parent Project ID (if any) P161915
Parent Project Name Sustainable Cities Project 2	Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 10-Apr-2019	Estimated Board Date 23-May-2019
Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice	Financing Instrument Investment Project Financing	Borrower(s) ILLER BANKASI ANONIM SIRKETI	Implementing Agency Ilbank

Proposed Development Objective(s) Parent

The Project Development Objective is to improve the access to targeted municipal services in participating municipalities and utilities.

Components

Component A: Municipal Investments
Component B: Project Management

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	336.00
Total Financing	336.00
of which IBRD/IDA	336.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	336.00
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Environmental Assessment Category

F-Financial Intermediary Assessment



Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

In Turkey, cities have made major contributions to the country's substantial economic growth and development over recent decades. They have helped boost economic productivity, and today contribute over 92% of the country's value added. With the rapid urbanization after 1980, cities in Turkey now host over 90 percent of the country's population, compared to only 25% in 1950.

Yet cities are also large consumers of natural resources. Besides a growing urban population, Turkey also has a growing number of cities with a population over 300,000 – the number is expected to increase from 27 in 2018 to 33 by 2050. How Turkish cities continue to grow will have implications on how they consume natural resources. A city without a strong planning framework can sprawl and consume large areas of land with infrastructure needs that can be costly and inefficient to deliver. Construction that is not compliant with building code regulations face significant risks in a country like Turkey which has a high seismic and flood risk profile. Moreover, cities with weak public transit systems force citizens to use private vehicles that cause congestion, air pollution and carbon emissions, with negative impacts on environment and human health. Water supply systems with high losses can represent a serious cost to the country's dwindling water sources, and untreated wastewater can contaminate land and water sources, making them a risk to environmental health. Cities are also a major consumer of electricity, which presents a critical challenge given Turkey's energy dependence and reliance on energy imports.

Sectoral and Institutional Context

The overall Sustainable Cities program aims to support municipalities to improve urban planning, infrastructure and capital investment planning, and to strengthen municipal financial capacity (including creditworthiness). This program also enables the WBG to expand its support to cities, including in frontier and underserved regions, with the goal of enabling them to secure IBRD financing as well as building capacity to directly access financing from capital markets for priority infrastructure needs in the medium-to-long term.

As such, the Sustainable Cities Program aims to support improved environmental, financial, and social sustainability of Turkish cities and improve access to targeted municipal services in participating municipalities and utilities.

The emergence of the Sustainable Cities Project (SCP) II - Additional Financing (AF) is a response to ongoing technical assistance for sustainable urban development and capital investment planning being provided under Component A of SCP 1. This exceptional demand includes identification of investments to improve public transport, water and sanitation, solid waste management, energy, environment, disaster and climate resilience and social infrastructure. The proposed AF will allow ILBANK to support municipalities in financing priority projects in the immediate term. It will also support ILBANK, the Government of Turkey and the World Bank to expand the sustainable cities approach both sectorally and spatially which will increase SCP's impact and



development effectiveness.

C. Proposed Development Objective(s)

Original PDO

The Project Development Objective is to improve the access to targeted municipal services in participating municipalities and utilities.

Current PDO

The Project Development Objective is to improve the access to targeted municipal services in participating municipalities and utilities.

Key Results

D. Project Description

The AF will follow the same structure as SCP II:

Component A – Municipal Finance to support demand-driven municipal infrastructure investments to improve public transport, water and sanitation, solid waste management, energy, environment, disaster and climate resilience and social infrastructure. The component would finance goods, works, and non-consulting and consultant services, including the hiring of local technical consultants for engineering design and construction supervision.

Component B – Project Management

SCP II AF will be very similar to SCP II in terms of nature of the sub-projects (investments). The target of each potential investment area is described as follows:

- Improved Water and Sanitation will be promoted through integrated and sustainable management of water resources, to improve the quality of water and wastewater service delivery, increase access to safe drinking water and protect water services as well as improving storm water services.
- Affordable and Accessible Public Transport with reduced air pollution and improved road safety will be achieved through investments aimed at improving the quality and performance of urban transport infrastructure.
- Promoting Sustainable, Safe and Environmental Management of Solid Waste through investment in integrated waste management systems.
- Reduction in Green House Gas Emissions through development of renewable and environmentally sustainable energy sources, and improved energy efficiency of municipal service infrastructure and models.
- Improving social inclusion and quality of life of residents through investments in social services.



- Building Disaster and Climate Resilience through investment in Municipal Fire and Emergency Services. Municipal fire and emergency services are critical for managing emergencies (traffic accidents, building fires etc) and then reducing the impacts of natural disasters through rapid and professional response. Investments in the modernization and resilience of fire station and first response buildings is critical, especially given that these buildings may themselves be damaged or collapse in a disaster, especially earthquake. Moreover, there is a strong possibility that electricity, water and communications may be cut off in a disaster affecting response efforts, unless there are sufficient backup services are in place. Finally, municipal fire services do not have access to modern equipment commensurate with their response area and functions.
- Improving municipal environments and reducing pollution. This will be achieved through marine litter management, reduction in plastic waste and investments need for implementing clean air compliance action (CAP) plans.
- Improved institutional capacity and efficiency at municipal levels for investment in sustainable development. To ensure long-term investment planning and sustained management of urban infrastructure and services.

The potential investments that are anticipated within the scope of the project objectives are as follows:

Field	Anticipated Investments
Water and Sanitation	Upgrades and rehabilitation of critical infrastructure, water leak detection and management systems, energy management systems, procurement of goods critical for quality management of water and waste water services
Public Transport	Transit orientated development, promotion of public transport services and alternative transport such as cycling, efficiency in municipal and city buses, smart transport system solutions and traffic flow optimization
Solid Waste Management	Recycling, reuse, compost etc, modern waste transfer stations, solid waste incineration plants, waste to energy systems and procurement of goods for quality and sustainable management of solid waste
Reduction in Greenhouse Gas Emissions (GHG)	Renewable energy sources (solar, wind), harnessing biogas for energy from waste water treatment plans and solid waste facilities and energy efficiency projects across municipal buildings and infrastructure
Social Inclusion	Development of recreational infrastructure and services, development of community centers including those providing specialized social services for youth, elderly, women and disabled, shelters and homes for elderly and women, and care for the very young through creches and kindergartens
Building Disaster and Climate Resilience	Retrofitting or reconstruction of fire station buildings and purchase of modern equipment for response to flood, fire, earthquake, storm and technological emergencies
Pollution Prevention	Marine litter management, reduction in plastic waste and investments need for implementing clean air compliance action (CAP) plans
Institutional Capacity	Consultancy services in project supervision; capacity development of authorities; planning, feasibility and technical designs and environmental and



	social assessments; IT and data management systems including city data, management systems, geospatial information systems (GIS) etc. to support technical and planning capacity at the municipal level
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E. Implementation

Institutional and Implementation Arrangements

Key actors in the implementation of this framework are ILBANK Project Management Unit (PMU) which is already established under the International Relations Department and project proponent municipalities. ILBANK has already designated one environmental and one social specialist who will continue to manage safeguard issues in SCP I, SCP II and AF projects. ILBANK’s environmental and social team has been actively attending Bank safeguards and ESF trainings in recent years and are considered to be well-managing safeguards issues.

During SCP I and II, the environmental and social categorization of the sub-projects were agreed upon between ILBANK team and World Bank team. The final categorization was approved by the World Bank. All category A type projects safeguard documents were subject to prior review of the World Bank. Similar to previous SCPs, the World Bank will provide prior review and approval to all "Category A" and "Category B" projects of the AF in accordance with WB procedures before a final decision to fund the subproject can be taken by ILBANK.

Since ILBANK will be acting as the FI in SCP II AF, it is expected from the ILBANK environmental and social team be more involved in reviewing safeguard documents at the sub-project level when compared to implementation of the previous SCPs. At this time the number of municipalities and the sub-projects are not known. However, it is inevitable that the sub-projects under SCP II AF will bring additional workload to the ILBANK team who currently handles the existing SCP I and II projects.

Ilbank’s International Affairs department has experienced staff in technical, procurement, environmental, social and FM related procedures of the WB. Ilbank staff received numerous trainings related to WB’s safeguard operational policies including recent ESF as a part of the ESF Borrower Training roll out program. Ilbank’s safeguards team consists of 2 technical experts - one acting as the environmental focal point and the other as the social development/land acquisition focal point. For each sub-project’s environmental and social risk identification and monitoring, Ilbank and WB safeguards teams conduct regular meetings, informal discussions and joint meetings with the sub-borrowers as necessary. Ilbank team gained significant experience during the implementation of previous Municipal Services 1-2 and SCP 1-2 projects financed by the Bank.

At the sub-project level, the municipalities are also encouraged to identify dedicated staff for managing environmental and social issues during project implementation, as requested by the World Bank in previous SCPs. In short, although existing SCP I and II are ongoing with the existing and sufficient environmental and social capacity of ILBANK with minor areas for improvement, it is recommended that the institutional capacity of ILBANK for managing environmental and social aspects of the sub-projects under SCP II AF, together with SCP I and II, be augmented for the expected increase in work load. Ilbank has regional offices which can be used effectively for the supervision of sub-projects. Dedicated staff from regional offices can support the sub-borrower municipalities regarding the finalization of the safeguard documents and for the supervision of the sub-project with respect to safeguard commitments after appropriate training and support provided by Ilbank HQ.



F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Different than the parent project, the AF will be implemented as an FI project with sub-projects not identified at the appraisal stage. ILBANK will be implementing the project as an FI and identifying the sub-projects during implementation stage. After screening by Ilbank, the sub-project's feasibilities, designs and environmental and social impact assessment procedures will be completed before subsequent bidding processes. Although the physical characteristics of the sub-projects remain unknown, experience from previous SCPs have shown that some sub-projects may require land acquisition. Subject lands can be of private or public status. Some of the sub projects financed under in SCP-I and SCP-II have avoided land acquisition through using existing rights of way, public roads or municipality owned land for the improvement or construction of infrastructure facilities. However there has been 2 sub-projects so far that required involuntary land take which required LARAPs.

G. Environmental and Social Safeguards Specialists on the Team

Sanjay Agarwal, Social Specialist
Arzu Uraz Yavas, Social Specialist
Esra Arikan, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	Yes	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	Yes	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	Yes	
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

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The proposed additional financing is expected to contribute to the achievement of the PDO of the original project by supporting additional investments falling under the existing components of the original project including public transport, water and sanitation, solid waste management, access to renewable energy, energy efficiency of buildings and infrastructure, environmental protection, disaster and climate resilience and enhanced social infrastructure that will strengthen the municipalities' service capacity at local level. The safeguard category remains unchanged when compared to the original project and the sub-projects are expected to vary between Category A to C. Therefore, in this AF project, the safeguard policies will apply similar to the previous projects, instead of the new ESF.

Since the exact sub- project locations are not known and no engineering designs will be available by appraisal, the Project will have two framework safeguards documents: 1) environmental and social management framework (ESMF) including a Stakeholder Engagement Framework (SEF) and 2) the land acquisition and resettlement framework (LARPF) are the key documents to be prepared by the borrower ILBANK and shared with stakeholders prior to the start of implementation. The ESMF and LARPF has been consulted with the relevant stakeholders on March 26, 2019 and the final ESMF and LARPF has been disclosed on IB's and WB's external websites on March 29,2019. The ESMF, LARPF and relevant WB requirements will also be conveyed to the relevant municipalities by IB as soon as the sub-projects are identified.

The ESMF provides the scope of a comprehensive environmental and social management approach for acknowledging the potential environmental and social impacts of the project. Furthermore, it provides technical inputs and guidance for the project from an environmental and social management perspective. Therefore, the application and implementation of the ESMF will guide the integration of social and environmental aspects into the decision-making process of all stages related to planning, design, execution, operation and maintenance of sub-projects, by identifying, preventing and/or minimizing adverse social and environmental impacts early in the project cycle. As part of the ESMF, the Stakeholder Engagement Framework will also provide guidance for the sub-borrower municipalities on stakeholder management, stakeholder engagement activities and grievance redress management depending on the needs and risks of the sub-projects.

World Bank Operational Policies triggered for the project include Environmental Assessment (OP 4.01), Physical Cultural Resources (OP 4.11), Involuntary Resettlement (OP 4.12) and Natural Habitats (OP 4.04). The ESMF guides the sub-borrowers on the requirements for meeting the WB safeguards standards which were triggered during appraisal stage. The policy on Natural Habitats (OP 4.04) is triggered in order to allow for an opportunity to assess the biodiversity and proposed activities in proximity to or in natural habitats. The ESMF states clearly that activities will be ineligible if they are assessed to have impacts on critical natural habitats. Projects on International Waterways that will trigger OP 7.50, are also described as ineligible in the ESMF.

Within the scope of the new potential investment areas, social inclusion projects as well as reduction of GHG projects



might be considered as the major difference compared to SCP II investment areas. However, no major differences in environmental and social risks are anticipated for social inclusion projects as those are mostly associated with construction of public buildings. Therefore, the major risks are considered as the basic construction risks. On the other hand, wind and solar power projects as new renewable energy projects foreseen in SCP II AF may pose risks associated with land selection and biodiversity impacts. This is due to the fact that solar power projects are land sensitive and may require considerable amount of land. Wind power projects are also location sensitive due to potential impacts on the biodiversity values – especially bird and bat species. As a consequence, the land selection process for both of the project types shall be implemented in a delicate manner considering the land requirements and biodiversity values.

Construction works of the abovementioned project types can cause accidents that may threaten the health and safety of workers if measures are not taken. Thus, IB and the municipalities are required to provide safe and healthy work environment to the workers. The workers shall be informed about job descriptions, responsibilities and risks about occupational health and safety. The workers shall be provided with the necessary personal protective equipment and information on works and occupational safety through regular trainings. Before the construction works starts, a Risk Assessment Report shall be prepared for all works to be carried out and necessary measures shall be taken to avoid related risks. "Emergency Response Plans" shall be prepared for a possible accident and emergency and emergency teams shall be established and drills and training shall be carried out in line with the emergency scenarios.

Social: The AF Project will also be implemented as an FI project. ILBANK is expected to screen and appraise the subprojects based on the eligibility criteria which is detailed in the operations manual of the project. The subprojects are expected to have the following range of potential social impacts during construction but not limited to- interruption of daily activities and services, community safety issues caused by construction activities, possible economic resettlement and livelihood impacts due to involuntary land acquisition, labor influx, employment and nuisance related to odors and discharge of treated wastewater. Not all sub-projects may have labor influx issues. Labor influx pertains to social risks that might be encountered from long term accommodation of workers on camp sites established on site for the construction of investments. In addition, due to civil works the sub projects will identify and address gender gaps, if any. Any information on identification of the initial risks for GBV, corresponding service providers and shelters as well as channels of reporting GBV complaints will be reported in project specific ESIA/ESMPs and SEPs. Based on findings, sub project GRMs will be established accordingly to allow for cases of GBV to be recorded and addressed. Anticipated social impacts and mitigation measures are addressed in the ESMF as per OP 4.01 and land acquisition related issues are addressed in the Land Acquisition and Resettlement Policy Framework (LARPF) as per OP 4.12. In the parent project SCP II, there are no sub-projects so far that required involuntary land take, however there are 2 sub-projects under SCP I that require involuntary land take from private parcels. One sub-project from Mugla, has impacted around 4 parcels owned by 10 title-holders and 1 tenant. A Bank-satisfactory LARAP is in place and under monitoring. The second sub-project under SCP I is in DESKI where mostly easement rights will need to be established for clean water and sewage collector lines, a LARAP is under preparation with the supervision support of IB and WB teams.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: Since the sub-investments are not known at appraisal stage, the environmental and social impacts will be assessed during the sub-project's environmental and social assessment stage, as detailed in the ESMF document. For land acquisition related issues, the Land Acquisition and Resettlement Policy Framework (LARPF) and site specific Land Acquisition and Resettlement Action Plans (LARAPs) - if needed - will be used.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts. Project location and technical (process) alternatives will be detailed in sub-project specific environmental and social



assessment documents.

Social: All sub projects that will be selected among project alternatives will avoid or have minimum requirements of land take.

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.

Ilbank is subject to Turkish national laws and regulations and has adopted international standards and policies for the management of environmental and social issues through working with IFIs. Albeit, Ilbank does not have a separate Environmental and Social Management System (ESMS) or set of procedures for ESMS, projects that Ilbank finances through international financing are governed by E&S framework documents based on these international standards.

Furthermore, Ilbank has established a department namely; International Affairs department which oversees and administers all internationally financed projects. This department utilizes key procedural documents for internationally financed investments. These documents managing the project's environmental and social screening, review and monitoring procedures for sub-projects are the ESMF and LARPF/RPF which are implemented throughout the lifetime of the international funded projects. For WB financed projects, these framework documents are integrated into the PAD and Operational Manual of the project and the core elements are referred in the Loan Agreements. Therefore, Ilbank becomes fully responsible for the satisfactory implementation of the safeguard framework documents.

The ESMF and LARPF have been reviewed by the Bank and were found to be satisfactory. Both of these documents were consulted with stakeholders and the final versions were publicly disclosed both in-country and on Bank website. These documents are also integrated into the Project Operations Manual. In accordance with this ESMF, IB will be responsible for screening sub- projects based on the WB's environmental categories of A, B, and C. The municipalities will be responsible for carrying out the environmental assessments. Based on the magnitude of impacts due to involuntary resettlement, municipalities will be responsible for preparing an abbreviated LARAP or LARAP. They will send these documents to IB for review and clearance. IB will then send these documents to the WB for approval. IB has improved their safeguards management capacity since this is their fourth project with WB. They have assigned staff both for environment and social safeguards management. IB consults with WB safeguard specialists for guidance when necessary. At the sub-project level, the municipalities are also encouraged to identify dedicated staff for managing environmental and social issues during project implementation, as requested by the World Bank in previous SCPs. Environmental and social management support is also delivered to Municipalities under the supervision consultancy contracts. In short, although existing SCP I and II are ongoing with the sufficient environmental and social capacity of ILBANK with minor deficiencies, it is recommended to discuss increasing the institutional capacity of ILBANK for managing environmental and social aspects of the sub-projects under SCP II AF together with SCP I and II.

A detailed grievance mechanism system is discussed in both LARPF and ESMF including SEF. The Municipalities have a grievance redress mechanism in place, called "White Table". Some municipalities are advanced in utilizing different social media channels and/or mobile solutions (apps) for outreach and also collecting grievances in order to be more responsive and effective. The appropriate consultation and grievance mechanism will be utilized depending on the risk, stakeholders and magnitude of the sub-projects. Whichever mechanism will be utilized for the sub-project, IB and the municipality will ensure that the project specific grievances are recorded and responded in the stipulated time frame. In addition, project GRMs will be established accordingly to allow for cases of GBV to be recorded and addressed.

Similar to its parent project, SCP 2 AF will also be governed by the WB operational policies however in order to meet



best practice standards, Ilbank’s labor and working conditions including its OHS approach was assessed. As for the environmental and social issues, Ilbank is subject to national legislations for labor related issues. In this context, Turkey is party to a multitude of ILO conventions, including but not limited to conventions on: equal treatment of employees, gender equality, child labor, forced labor, OHS, right of association and minimum wage. Accordingly, the current Turkish Labor Law (No.4857) is in compliance with international labor standards. Ilbank has a separate Occupational Health and Safety Policy, however it lacks detailed procedures. As government agency Ilbank is subject to national law on OHS of the Ministry of Family, Labor and Social Security. According to the national OHS Law, all employers must notify the Ministry in 3 work days after OHS related incidents. The time period and conditions for Ilbank to notify WB has been defined and agreed as detailed in relevant sections of the ESMF document.

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 include the Ministry of Treasury and Finance, Ministry of Environment and Urbanization, IB, potential municipalities that will benefit from the project and corresponding municipal residents. The parent project’s ESMF was disclosed first in December 2017 and then ESMF and LARPF was consulted upon on January 2018 and re-disclosed on client's World Bank's external websites. For the AF, the updated ESMF and LARPF was consulted with stakeholders on March 26, 2019 and the disclosure of the document was done on March 29, 2019 on Ilbank and WB external websites respectively.

As soon as the sub-projects are identified, the stakeholder consultation and disclosures will be done in accordance with the WB safeguard requirements as described in the ESMF. The SEF of ESMF describes the public consultation and stakeholder engagement requirements, the ways of announcement, timing of disclosure of draft safeguard documents and recording details of these consultation meetings. The ESMF also states that the project specific environmental and social assessment documents can only be finalized after the feedback received during the public consultation meetings were integrated into the safeguard documents. The final versions of the site specific ESIA/ESMPs and LARAPs (if needed) will also be posted on World Bank's external website.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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"In country" Disclosure

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission for disclosure
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"In country" Disclosure

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

CONTACT POINT

World Bank

Joanna Mclean Masic
Sr Urban Spec.

Borrower/Client/Recipient

ILLER BANKASI ANONIM SIRKETI
Sevket Altug Tasdemir
Project Manager
stasdemir@ilbank.gov.tr



Implementing Agencies

Ilbank
Sevket Altug Tasdemir
Project Manager
stasdemir@ilbank.gov.tr

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Joanna Mclean Masic
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Approved By

Safeguards Advisor:	Nina Chee	08-Apr-2019
Practice Manager/Manager:	David N. Sislen	08-Apr-2019
Country Director:	Mariam J. Sherman	08-Apr-2019