



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

Appraisal Stage | Date Prepared/Updated: 26-Mar-2018 | Report No: PIDISDSA24365



**BASIC INFORMATION**

**A. Basic Project Data**

Country Turkey	Project ID P161915	Project Name Sustainable Cities Project 2	Parent Project ID (if any)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 29-Jan-2018	Estimated Board Date 12-Apr-2018	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)

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

**Financing (in USD Million)**

Financing Source	Amount
Borrower	1.00
IBRD-88430	91.54
<b>Total Project Cost</b>	<b>92.54</b>

Environmental Assessment Category

F - Financial Intermediary Assessment

Decision

The review did authorize the preparation to continue



Other Decision (as needed)

## **B. Introduction and Context**

### Country Context

The Government continues to implement its 10th Development Plan (2014-2018) for which ownership remains strong and long-standing. The Government is committed to continued structural reforms to ease constraints on productivity, tackle a low female labor force participation rate that hampers sustained growth, and build the skills of its population to reap the benefits of greater global integration. Turkey's macroeconomic and fiscal frameworks remain robust despite political, security and economic challenges, many of which are external. The continued difficult geopolitical environment in the region, stemming from the Syrian crisis amongst other issues, has had a negative impact. Weak growth in the EU has impacted FDI to Turkey, though exports to the EU – Turkey's largest export market – remained robust. In response to these challenges, the Government has executed a successful fiscal stimulus since mid-2016 that has underpinned the strong growth rate in 2017; the Government expects 5.5 percent growth per year in its medium term program for 2018 – 2020. Turkey's development foundations remain sound and should bolster its ability to continue to face challenges and carry out needed reforms.

### Sectoral and Institutional Context

To address urbanization challenges, Turkey has revised national policy frameworks and legislation. Leveraging them, and addressing planning gaps, is the next step in operationalizing the sustainability agenda. In response, a proposed program, aimed at supporting the sustainability of Turkish cities, and financed through a series of projects (SOP) was designed. The Program's framework recognizes three dimensions of sustainability (environmental, economic/financial, and social) and also identifies spatial, environmental, and financial planning instruments that are part of a comprehensive and integrated planning process that would move cities along a sustainability spectrum from planned to healthy, and finally to smart cities. The SOP instrument is suitable as it will allow for the provision of financing to a single borrower (Ilbank) for sub-national lending to a gradual number of municipalities/utilities that are interested in a sustainable cities project approach to municipal development. It also allows all municipalities/utilities to access financing for prioritized investments for sustainable urban development on a phased-in basis and at a pace consistent with their readiness and ability to meet eligibility requirements. A first project in the series has been approved by the World Bank Board on December 20, 2016. Sustainable Cities 2, is the second in the series of this SOP.

## **C. Proposed Development Objective(s)**

### Development Objective(s) (From PAD)

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



## Key Results

### D. Project Description

The Municipalities and Utilities targeted for intervention in this second project in the series of projects (SOP) would have already developed sustainable urban development plans linked to capital investment plans, or are in the process of receiving assistance in planning for sustainable urban development and in subsequently developing a capital investment plan. (Note that this could have been supported under Sustainable Cities Project (SCP 1): Component A or by a different Donor or self-financed by the municipality). Consequently, although the first project in the SOP consisted of three Components, this second consists of two Components.

**Component A – Municipal Investments:** This component will finance demand-driven municipal infrastructure investments. Sectors eligible for investment include but are not restricted to public transport, water and sanitation, solid waste management, and energy. In the water sector, it is anticipated that the sub-borrower will be the utility company, with a guarantee provided by the municipality. The component will finance goods, works, non-consulting and consultant services. At the time of appraisal, it is expected that Antalya MM and Mugla MM will participate in the second of the SOP, and an expected program of investments in these cities has been identified based on preliminary feasibility studies prepared by the cities and submitted to Ilbank for assessment of their eligibility to participate based on Turkey's public finance legal and regulatory framework.

**Component B – Project Management (Borrower Financed):** This component will finance goods, non-consulting and consultancy services for project management, monitoring and evaluation, outreach and communication and hiring of local technical consultants for the engineering supervision of Component A.

### E. Implementation

#### Institutional and Implementation Arrangements

A Project Management Unit (PMU) was established under the International Relations Department of Ilbank for the implementation of the SCP1, MSP and the MSP-AF and this PMU will continue to implement SCP2. The PMU is led by the project director and has staff capacity in procurement, financial management, and technical sectors particularly for water and wastewater and transport.

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

For the submitted list of sub-projects, feasibilities, designs and environmental and social impact assessment procedures will be completed before subsequent bidding process. Although the physical characteristics of the sub-projects remain unknown, information provided by interested municipalities show that some sub



projects may require land acquisition. Subject lands can be of private or public status. The majority of the sub projects financed under in SCP-I have avoided land acquisition through using existing rights of way, public roads or municipality owned land for the improvement or construction of infrastructure facilities.

**G. Environmental and Social Safeguards Specialists on the Team**

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

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The project will include municipal investments for the delivery of public goods, such as water, wastewater, solid waste, urban transport, energy. The impact of these investments will be largely positive. However, temporary environmental impacts (wastewater discharge, generation of dust and noise, etc.) are expected during construction and operation phases. Relevant environmental issues associated with the construction and operation of each type of subproject are elaborated in the ESMF document which was prepared by Ilker Bank and approved by the World Bank. The existing ESMF prepared for SCP-I was used as a basis for the preparation of the ESMF for this Project. The ESMF was updated and further elaborated during project preparation, by taking into account the expected environmental and social impacts and mitigation measures related to sub-project investments proposed under SCP II.</p> <p>SCP II includes Category A and B type of sub-projects. Site-specific issues/impacts will be determined by borrowing municipality/utility (in agreement with Ilbank and WB) during the screening process, as described in the ESMF. Sub-project ESIA's, partial ESIA's, and ESMPs will be prepared by the</p>



municipalities and will be included in the construction bidding documents (for all Cat A and B investments).

For SCP 2, social impacts are expected to be minor and may include temporary and permanent land acquisition that may lead to economic displacement. No physical displacement is expected. Subject to the final detailed engineering designs, and the preparation of site specific environmental and social assessments, and land acquisition related documents, municipalities/utilities will take measures to minimize potential negative social impacts in compliance with the World Bank's safeguards policies.

Like in SCP-I, which is still in early implementation phase, a grievance redress and feedback mechanism will be set up to ensure that beneficiary feedback and grievances are addressed by a three-level in-country mechanism consisted of municipalities/utilities, Ilbank and its PMU, and Responsible Court of First Instance and that the actions taken are reported publically to ensure transparency and accountability. All the municipalities/utilities have their own active GRMs called 'White Tables' that tracking grievances, both online and through a toll-free number. As in SCP-I, SCP-II, will continue with the current 'White Table' mechanism in the municipalities/utilities by identifying grievances/feedback related to the sub-investments under SCP.

Although most of the sub-projects will be implemented in urban areas, the policy is triggered in the event that a project site is selected in a natural habitat as defined by the policy. The ESMF states clearly that any investment which has significant impacts on natural habitats (including critical habitats) will be ineligible for financing. The ESMF also stipulates that any impact on other natural habitats should be identified in the respective ESIA/partial ESIA/ESMP of the sub-project.

Natural Habitats OP/BP 4.04

Yes



Forests OP/BP 4.36	No	The proposed project will not involve any activities which would require triggering the policy. Any activity which may lead triggering this policy will be ineligible for financing and this issue will be made clear in the ESMF document to be prepared.
Pest Management OP 4.09	No	The proposed project will not involve any activities which would require triggering the policy. Any activity which may lead triggering this policy will be ineligible for financing and this issue will be made clear in the ESMF document to be prepared.
Physical Cultural Resources OP/BP 4.11	Yes	Sub-projects have yet to be identified however, the policy is triggered. The ESMF addresses the national laws and regulations concerning investments in culturally sensitive areas and will identify measures if any gaps are observed between national regulations and OP 4.11. All construction contracts with excavation works will have chance find provisions as a requirement of the contractor. Chance find procedures will also be addressed in the sub-project environmental and social assessment documents.
Indigenous Peoples OP/BP 4.10	No	The Project will not trigger OP/BP 4.10 since there are no indigenous peoples in Turkey.
Involuntary Resettlement OP/BP 4.12	Yes	<p>Sub-projects are not yet identified. However social impacts are expected to be similar to those identified in SCP I. Relevant social impacts associated with the construction and operation phase of each subproject and corresponding entitlement and mitigation measures have been elaborated in the updated LARPF produced by Iller Bank and approved by the World Bank. The LARPF will also clearly detail the institutional implementation arrangements between Iller Bank and the municipalities, and revise the reporting format for monitoring as necessary.</p> <p>The municipal investments may have cases with temporary and permanent land acquisition, thus potential but minor economic displacement issues. Physical displacement is not anticipated in any of the subprojects. Site-specific impacts will be determined by Iller Bank and the municipalities, and sub-project LARAPs will be prepared and implemented by the municipalities. Iller Bank will provide close support to municipalities during LARAP preparation and to supervise the implementation of LARAPs. Since few</p>



LARAPs are expected to be prepared, Ilbank will review all and then send to Bank for no-objection. No subproject will be initiated unless physical and economical losses are compensated, PAPs are properly informed of the project(s) and their entitlements as well as their rights to lodge grievances. In addition, Iller Bank will ensure that vulnerable groups are identified and informed as well as ensuring that relevant stakeholders are addressed and involved throughout the project life.

Lessons Learnt from previous projects: There were two LARPFs for MSP I and the MSP AF, and sub-borrower municipalities prepared safeguards documents such as Land Acquisition Reports and Land Progress Reports in accordance with the disclosed RPFs. The sub-projects under the original financing and additional financing were primarily constructed on public land that had no social issues. In MSP AF, there were only minor land acquisition impacts necessitating private land acquisitions in Mersin and Denizli municipality sub-projects. Land acquisition and compensation processes were completed in compliance with the requirements. There was no physical resettlement in sub-projects. Iller Bank improved its safeguards implementation throughout the project and through attending various safeguards training offered by the Bank staff.

The policy was triggered in the previous version of the PID ISDS and de-triggered during negotiations with the borrower. Ilbank confirmed that any sub-project triggering the Safety of Dams policy will be ineligible for financing under SCP 2. Reason and decision on de-triggering the policy was recorded in the Minutes of Negotiations. The PAD was also revised accordingly.

The policy on international waterways is not triggered, and there will be a positive list of hydrological basins in Turkey in the ESMF document. This will guide Iller Bank and the municipalities for the eligible locations of the municipal activities.

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:

Since the exact sub- project locations are not known and engineering designs not finalized at the time of appraisal, the ESMF is the key document to be shared with stakeholders prior to the start of implementation. Ilker Bank (IB) has prepared the ESMF and disclosed it on the IB's website on November 6, 2017. The ESMF was also disclosed on WB's external website and sent to WB Board on November 9, 2017. ESMF was later consulted with stakeholders on January 12, 2018 and revised with consultation meeting minutes. The revised ESMF was re-disclosed in country and sent for WB external website disclosure on January 19, 2018.

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.

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 significant impacts on critical natural habitats.

Social: The subprojects are expected to have the following range of potential social impacts during construction - interruption of daily activities and services, community safety issues caused by construction activities and possible livelihood impacts on agricultural land and fisheries due to the construction of deep sea outfall and nuisance related to odors and discharge of treated wastewater. Details of social impacts are integrated into the ESMF and land acquisition related issues are addressed in the Land Acquisition and Resettlement Policy Framework (LARPF). The LARPF was consulted with stakeholders on January 12, 2018 and finalized with consultation meeting minutes. The LARPF was disclosed in country and sent for WB external website disclosure on January 19, 2018.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: Since the final designs of the sub-investments are not complete and the exact locations of the sub- projects are not known at appraisal stage, the environmental impacts will be assessed during the sub-project's ESIA/ESMP 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.

The ESMF and LARPF have been reviewed by the Bank and were found to be satisfactory. Both of these documents have been consulted with stakeholders and the final versions are publicly disclosed. 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, 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. And one of the sub-borrower of SCP 2 is Antalya Water and Sewerage Utility which has a full time consultancy company on board providing support on E&S safeguards, procurement, and technical aspects. Antalya Utility was one of the most successful sub-borrowers regarding compliance with all WB requirements in the Municipal Services Project as well. Other sub-borrower Mugla Water and Sewerage Utility has been working with WB safeguard policies since Municipal Services Project. Mugla Utility is also a sub-borrower under SCP 1 project, and therefore has experience with WB policies. In addition, WB safeguard specialists will continue providing support both to IB and Antalya Utility for the implementation of the ESMF and LARPF.

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 Treasury, IB, Antalya Water and Sewerage Utility, Mugla Water and Sewerage Utility, and municipal residents. The 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. During the consultation meeting stakeholders asked questions on (i) differences between E&S risk categories (A, B, C) and the requirements according to OP 4.01 (ii) WB requirements for compensation of PAPs and especially informal users (iii) site specific public consultation content. Moreover, participants from Government agencies provided valuable feedback and suggestions regarding closing the gaps between Turkish land acquisition related issues and OP 4.12 requirements. All issues discussed were already addressed in the ESMF and LARPF therefore a significant change was not necessary.

The ESMF also guides the borrower and sub-borrower municipality regarding site specific public consultation meetings.. The announcement ways, timing of disclosure of draft safeguard documents and recording details of these consultation meetings were detailed in the ESMF document. 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**

**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
07-Nov-2017	08-Nov-2017	09-Nov-2017

**"In country" Disclosure**

Turkey  
19-Jan-2018

Comments

**Resettlement Action Plan/Framework/Policy Process**

Date of receipt by the Bank	Date of submission for disclosure
12-Jan-2018	19-Jan-2018

**"In country" Disclosure**

Turkey  
19-Jan-2018

Comments

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?

No



If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

Yes

#### **OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

#### **OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

#### **The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

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

#### **All Safeguard Policies**

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes



## CONTACT POINT

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### Borrower/Client/Recipient

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## APPROVAL

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### Approved By

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Practice Manager/Manager:	David N. Sislen	02-Mar-2018



Country Director:	Johannes Zutt	04-Apr-2018
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