



## Integrated Safeguards Data Sheet Appraisal Stage

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Appraisal Stage | Date ISDS Prepared/Updated: 26-Jan-2018 | Report No: ISDSA24156

|                                  |                          |
|----------------------------------|--------------------------|
| Regional Vice President:         | Cyril E Muller           |
| Country Director:                | Lilia Burunciuc          |
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| Task Team Leader:                | Holly Welborn Benner     |



## I. BASIC INFORMATION

### 1. BASIC PROJECT DATA

|                      |   |
|----------------------|---|
| Project ID           | Project Name                                    |
| P165286              | Livelihoods for Youth Community Support Project |
| Task Team Leader(s)  | Country   |
| Holly Welborn Benner | Kyrgyz Republic                                 |
| Approval Date        | Environmental Category                          |
| 31-May-2018          | B-Partial Assessment                            |
| Managing Unit        | Is this a Repeater project?                     |
| GSU03                | No  |

### PROJECT FINANCING DATA (US\$, Millions)

#### SUMMARY

|                           |      |
|---------------------------|------|
| <b>Total Project Cost</b> | 2.73 |
| <b>Total Financing</b>    | 2.73 |
| <b>Financing Gap</b>      | 0.00 |

#### DETAILS

##### Non-World Bank Group Financing

|                               |      |
|-------------------------------|------|
| Trust Funds                   | 2.73 |
| Japan Social Development Fund | 2.73 |

### 2. PROJECT DEVELOPMENT OBJECTIVE

#### Project Development Objective

The PDO is to support innovative livelihoods development and the employability of an estimated 4,000 young women and men in about 20 target communities in order to improve socio-economic opportunity and inclusion.



### 3. PROJECT DESCRIPTION

#### **Context/Rationale**

Youth (defined by the law as those aged 14-281) remain amongst the most vulnerable groups in the Kyrgyz Republic. They account for 35 percent of the total population of the country. In spite of a relatively high per capita investment in the education sector (4 percent of GDP), and a public education system that is mandatory through 9th grade, and free through to 11th grade, the country's schools have done little to equip young people with the tools to find meaningful and secure employment. The system also fails to provide opportunities for young people to contribute to innovative and constructive solutions to societal challenges. The IMF estimates that youth make up 50 percent of the country's unemployed population, and more than 60 percent of youth live in rural areas that lack not only infrastructure and services, but also economic opportunity. The national youth unemployment rate in 2015 was 15 percent, and youth not in employment, education or training (NEET) was 21.4%.<sup>2</sup> Facing limited opportunities, many young people, particularly men, seek employment in urban areas or abroad – typically in the Russian Federation. This is also an area where communities themselves articulate concerns regarding risk taking behavior such as drugs or alcoholism fueled by idleness, or the allure of more extreme political ideologies.

The Kyrgyz economy is changing, and with it the demand for skills is changing. The Youth and Livelihoods Study revealed the potential for non-traditional investments that are focused on developing e-businesses. The ICT sector is expanding rapidly in the Kyrgyz Republic. While only 7 percent of households have access to the internet in their homes, 28 percent of the population uses it. As of 2015, mobile broadband penetration was estimated at 68.5 percent.<sup>3</sup> The landscape is rapidly changing as the government makes substantial investments in the ICT sector. To enable universal access, the government is launching Taza Koom, a national project that aims by the year 2020 to connect every village to the internet via fiber optic cable. The World Bank is supporting a complementary initiative, Digital CASA, which aims to support a regional cross-border approach to improve broadband internet connectivity by catalyzing investment in infrastructure and modernizing relevant policies and regulatory frameworks, with the ultimate aim of bringing reliable and affordable internet service to citizens, and fostering innovation in public services. The benefits of ICT improvements can potentially yield multiple dividends. Neither of these initiatives however, support the development of e-enterprises, or youth to use ICT to improve economic opportunities. This proposed grant would bring the opportunity created by better infrastructure and a more digital environment to the economic development of youth.

In this context, the proposed L4Y project, submitted for consideration to the Japan Social Development Fund (JSDF), will pilot an approach to improving economic opportunities for youth and leveraging new opportunities in the Kyrgyz economy – in the context of community-driven development model in the Kyrgyz Republic. While the project applies lessons from a number of sector-specific support programs globally, the project aims to introduce and pilot innovative ways of working with vulnerable groups in a fragile region and country where youth-centered and community driven economic development support has not been provided in the past.

#### **Project Development Objective**

*To support innovative livelihoods development and the employability of an estimated 4,000 young women and men in about 20 target communities in order to improve socio-economic opportunity and inclusion.*

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<sup>1</sup> In this project, youth project beneficiaries are limited to adults, that is, above 18 years old as per national legislation.

<sup>2</sup> International Labor Organization. 2015. *Country Profile: Kyrgyz Republic*.

<sup>3</sup> Asian Development Bank, Digital Economy Study in Central and West Asia (Unleashing the Potential of the Internet in Central Asia, South Asia, the Caucasus and Beyond), 2015.



This JSDF grant will leverage links to the planned CASA-1000 Community Support Project (CASA1000-CSP). This JSDF grant will support technical assistance, capacity building and private sector engagement that will support and expand economic infrastructure investments targeting youth.

### **Overview – Project Components**

The project comprises three components. The first component will prepare young women and men for the labor market by promoting entrepreneurship and job skills linked to local labor market needs. The second will increase opportunities for young people in the marketplace by working with youth-centric value chains, facilitating local value addition, and creating new opportunities for micro and small enterprises within the AAs traversed by the CASA-1000 transmission line. Both components will support traditional value chains as well as promote access to e-services and the digital economy, and expand opportunities by fostering innovation in the labor market. The third component relates to the management and administration of the project, as well as its monitoring and evaluation and strategies for disseminating learning from the project.

#### ***Component 1 - Preparing youth for jobs***

Component 1 will support the supply side of the market system and prepare youth for the labor market. It will be disaggregated into two subcomponents: (i) assisting youth to join the traditional economy; (ii) assisting youth to join the e-economy. Through participatory assessments and provision of skills development for employment, the component aims at preparing youth to become active actors in the traditional and e-economies.

Opportunities for skills development will be identified using a combination of participatory and technical assessments, cognizant of the differing needs of women and men. Areas of youth interest in the target areas have been researched through the consultative gender-sensitive Youth Needs Assessment carried out during preparation and will be further established through the participatory Youth Development Plans that will be developed in the CASA-1000 CSP. This grant will finance technical and market assessments to further triangulate results in order to identify promising trades for skills development. The project will identify appropriate training providers relevant to the target sectors, partner with local technical and vocational education and training (TVET) centers, and strengthen their capacity to deliver relevant skills development programs and better prepare youth to enter the labor market.

#### ***Component 2 - Creating market opportunities for youth***

The interventions under this component will complement supply side skills building for youth under Component 1 with demand side interventions to increase opportunities for youth in the labor force. This will include promoting and enhancing youth-centric value chains and livelihoods opportunities in traditional sectors and in the digital economy and e-services.

In the first subcomponent, the project will conduct a detailed value chain analysis to identify potential investment opportunities for micro and small enterprises, such as in processing, packaging, marketing, and transportation, as well as the constraints that prevent the market from reaching its full potential. With this analysis in hand, the project will pilot enhanced opportunities for young women and men in the marketplace by facilitating local value-addition and creating new opportunities for micro and small enterprises in target areas. The pilot will form and mentor about 30 common interest groups, provide support to 20 entrepreneurs/enterprises already in the value chain in the form of small-grants (estimated 20 sub-grants valued at USD 5,000 each), and provide business acceleration services to those supported entrepreneurs.

In the second subcomponent, the project will support new technologies that have the potential to support the development of the agricultural service, and industrial sectors in the target areas and for local MSMEs. In order to



foster ICT-related innovation in enterprise, the project will provide financial (estimated 20 sub-grants valued at USD 5,000 each) and technical support to a limited number of youth-led e-enterprises that foster IT/innovation to reduce transaction costs and bring more efficiency by linking producers with input suppliers or end markets. Grantees will be selected using a competitive process for e-innovation amongst MSMEs and the most promising applications will be supported. Technical assistance will be provided by a local enterprise acceleration firm. MSDSP will use its internal co-financing to provide small investments to these MSMEs.

**Component 3 - Project Management and Administration, M&E and Knowledge Dissemination**

This component will finance the incremental costs for project management, specifically coordination and supervision of implementation, financial management, annual audits, citizen engagement mechanisms and monitoring and evaluation. The implementing agency will be responsible for preparing work plans and operational manuals, managing the budget, managing relations with local authorities and communities, and developing terms of reference for the necessary consultancies. In addition, the IA will be responsible for tracking the progress of the project, carrying out semi-annual assessments of outcomes and results, and communicating and reporting regularly on the progress of the project. The project will not purchase new vehicles, but will provide travel allowances and/or apportion costs for the use of existing vehicles.

The project will be implemented by a Kyrgyz-registered NGO, the Public Foundation Kyrgyzstan Mountain Societies Development Support Programme (MSDSP). MSDSP is a legal entity established by Aga Khan Foundation (AKF), Switzerland. MSDSP is active in 15 districts of Osh, Naryn, Jalal-abad, and Batken oblasts and has offices in five locations. It takes a long-term approach to reducing poverty, using a multi-input area development approach that weaves together diverse community-based inputs addressing basic education, health, governance, environmental and livelihoods needs to lift up an entire areas’ development. Over the past 10 years, in order to improve livelihoods, MSDSP has implemented horticulture and livestock value-chain development projects, in addition to providing youth with the skills, attitudes and knowledge for integrating into the labor market or for starting their own business. MSDSP can leverage support from sister agencies in the Aga Khan Development Network (including Kyrgyzstan branch of Aga Khan Foundation (AKFK)).

**4. PROJECT LOCATION AND SALIENT PHYSICAL CHARACTERISTICS RELEVANT TO THE SAFEGUARD ANALYSIS (IF KNOWN)**

Rural agricultural areas in Osh, Jalal-Abad and Batken Oblasts in the Kyrgyz Republic.

**5. ENVIRONMENTAL AND SOCIAL SAFEGUARDS SPECIALISTS ON THE TEAM**

Kristine Schwebach, Social Safeguards Specialist  
Rustam Arstanov, Environmental Safeguards Specialist

**6. SAFEGUARD POLICIES TRIGGERED**

| Safeguard Policies | Triggered | Explanation |
|--------------------|-----------|-------------|
|--------------------|-----------|-------------|



|  |     |   |
|--|-----|---|
| Environmental Assessment OP/BP 4.01    | Yes | <p>Component 2 of the project will finance the introduction of new technologies to improve productivity. Prior to this, grant applicants may have to do small renovation. Environmental impacts will include those typically associated with small construction works such as generation of dust, noise, vibration, generation of small amount of construction waste, temporary disruption of community transport system due to a transportation of goods to the construction site, small discharge of the wastewater, hazards associated with asbestos management.</p> <p>Additionally, there might be occupational health and safety risks associated with the operation of equipment. Such hazards include slips and trips, caught-in or – between, falls from heights, being struck by falling, swinging, rolling or flying objects, respiratory issues due to the presence of dust at the work place, exposure to occupational noise. Minor anticipated environmental issues would include spills of lubricants and fuel from machinery and equipment, generation of production food and packaging waste, dust, increase in traffic pollution due to transportation of goods to and from the facilities.</p> |
| Natural Habitats OP/BP 4.04            | No  | <p>Project activities will be implemented in the developed agricultural areas. No impact on natural habitats or areas adjacent to natural habitats is expected.</p>   |
| Forests OP/BP 4.36                     | No  | <p>No forestry activities will be supported. No purchase of timber is expected. No projects activities will be conducted in the forests or areas adjacent to them</p>   |
| Pest Management OP 4.09                | Yes | <p>Support will be provided to CIG for the provision agricultural inputs (seeds, fertilizers, pesticides, etc.) that are needed to help them to establish long-term business relationship with the lead entrepreneurs. This pose certain risks associated with the type of pesticides fertilizers and pesticides to be procured and their proper handling and application.</p>  |
| Physical Cultural Resources OP/BP 4.11 | No  | <p>No PCR are located in the project area</p>   |
| Indigenous Peoples OP/BP 4.10          | No  | <p>not applicable</p>   |
| Involuntary Resettlement OP/BP 4.12    | No  | <p>Project activities do not trigger the Involuntary Resettlement policy as the project will not require involuntary acquisition of land, impact on assets, or</p>  |



cause a negative impact on livelihoods. Project activities will have overall positive social impacts. If any negative impacts occur, they will be temporary and easily mitigated through the environmental and social instruments (frameworks and plans) prepared for the project. The project has incorporated a grievance redress mechanism for any person who feels they have been negatively impacted without proper remediation measures taken. Additionally, the project will actively engage with stakeholders to ensure active participation and improve project success with target populations.

|  |    |   |
|--|----|---|
| Safety of Dams OP/BP 4.37                      | No | no project activities will depend on existing or new dams. no activities on dams are expected |
| Projects on International Waterways OP/BP 7.50 | No | no project activities will be conducted on the rivers or areas adjacent to rivers             |
| Projects in Disputed Areas OP/BP 7.60          | No | not applicable  |

## II. KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

### A. SUMMARY OF KEY SAFEGUARD ISSUES

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

Project investments will be small and no large scale, significant and/or irreversible impacts. Under Component 2, the project will provide matching grants to private lead entrepreneurs and community interest groups (CIG) (producer groups) to finance introduction of new technologies, such as upgrade of existing equipment, to improve productivity and value-addition. Prior to the installation of these equipment, grant applicants may have to do small renovation to their current facilities. Environmental impacts will include those typically associated with small construction works such as generation of dust, noise, vibration, generation of small amount of construction waste, temporary disruption of community transport system due to a transportation of goods to the construction site, small discharge of the wastewater, hazards associated with asbestos management.

Additionally, there might be occupational health and safety risks associated with the operation of equipment. Such hazards include slips and trips, caught-in or – between, falls from heights, being struck by falling, swinging, rolling or flying objects, respiratory issues due to the presence of dust at the work place, exposure to occupational noise. Minor anticipated environmental issues would include spills of lubricants and fuel from machinery and equipment, generation of production food and packaging waste, dust, increase in traffic pollution due to transportation of goods to and from the facilities.

Support will be provided to CIG for the provision agricultural inputs (seeds, fertilizers, pesticides, etc.) that are needed to help them to establish long-term business relationship with the lead entrepreneurs. This pose certain risks associated with the type of pesticides fertilizers and pesticides to be procured and their proper handling and application. In particular, pesticides have a potential to contaminate soil, water and other vegetation. In addition to



killing insects or weeds, pesticides can be toxic to a host of other organisms including birds, fish, beneficial insects, and non-target plants. Fertilizers may deplete the quality of soil, lead to eutrophication in and contaminate the nearest water bodies. In addition, persons who deal with pesticides in the day-to-day operations may develop acute and chronic adverse health conditions.

All anticipated environmental and social impacts under the project are expected to be minor, short lived and localized and can be easily managed with generally accepted good agriculture and construction practices. To control the risks mentioned above, they will be identified based on the sub-project specifics, assessed in terms of probability and severity of harm. Mitigation measures will be defined and included into the site-specific ESMPs.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area.

Successful agricultural enterprises may eventually change the landscape of the areas. Though no land acquisition is expected under the current project, economic output of small enterprises will contribute to the development of local communities. Potential long term effects include increase in population, conversion of natural lands into agricultural lands, changes in special planning and increase in pressure on natural environment.

3. Describe any potential alternatives (if relevant) considered to help avoid or minimize adverse impacts.

No alternatives were considered under the project. No investment alternative would further deteriorate the economic situation in the country.

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 Borrower has developed a comprehensive framework level Environmental and Social Management Plan. It describes anticipated environmental impacts and procedure for assessing risks associated with each hazard (namely ESMP Checklist for minor civil works, ESMP template for the operation and maintenance of equipment, Pest Management Plan for operations that would involve a purchase and use of pesticides) and requirements for environmental and social supervision and reporting for subprojects. The generic ESMP checklist-type format ("ESMP Checklist") will be used to cover typical preventive and mitigation approaches to sub-grants level civil works contracts with localized impacts and the use of processing equipment. The ESMP Checklists will be included in grant applications from each lead entrepreneurs and CIG, should there be any renovation works, purchase of processing equipment and procurement of pesticides and fertilizers, both in specifications and bills of quantities. The ESMP Checklists will be verified and used for environmental screening by specialized staff within MSDSP charged with determining eligibility of micro-grants to ensure that 1) no high-risk activities that could be assigned Category A in accordance with the OP 4.01 Environmental Assessment are financed under the project; 2) all environmental risks are identified and assessed; 3) proper mitigation measures are defined and budgeted for.

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

Key stakeholders would include young entrepreneurs involved in agriculture sectors in target geographical areas, local rural communities, parties involved in the targeted value chains, retailers, ecosystem users.



**B. DISCLOSURE REQUIREMENTS**

**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank

20-Apr-2018

Date of submission for disclosure

23-Apr-2018

For Category 'A' projects, date of distributing the Executive Summary of the EA to the Executive Directors

"In country" Disclosure

Country

Kyrgyz Republic

Date of Disclosure

26-Apr-2018

Comments

disclosed at <http://infoik.net.kg/index.php/item/518-plan-upravleniya-okruzhayushchej-i-sotsialnoj-sredoj-dlya-proekta-zanyatost-dlya-molodezhi>

**Pest Management Plan**

Date of receipt by the Bank

20-Apr-2018

Date of submission for disclosure

23-Apr-2018

"In country" Disclosure

Country

Kyrgyz Republic

Date of Disclosure

26-Apr-2018

Comments

**C. COMPLIANCE MONITORING INDICATORS AT THE CORPORATE LEVEL**

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

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

Yes



|   |                      |
|---|----------------------|
| 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                  |
| <b>OP 4.09 - Pest Management</b>  |                      |
| Does the EA adequately address the pest management issues?  | Yes                  |
| Is a separate PMP required?   | No                   |
| If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist? | NA                   |
| <b>The World Bank Policy on Disclosure of Information</b>   |                      |
| 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                  |
| <b>All Safeguard Policies</b>   |                      |
| 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                  |
| <b>III. APPROVALS</b>   |                      |
| Task Team Leader(s)   | Holly Welborn Benner |



|                          |                 |             |
|--------------------------|-----------------|-------------|
|                          | Janelle Plummer |             |
| Approved By              |                 |             |
| Safeguards Advisor       |                 |             |
| Practice Manager/Manager | Jorge A. Munoz  | 04-Jun-2018 |

**Note to Task Teams:** End of system generated content