



Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 04/15/2019 | Report No: ESRSC00342



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Tajikistan	EUROPE AND CENTRAL ASIA	P168326	
Project Name	Rural Economy Development Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Finance, Competitiveness and Innovation	Investment Project Financing	5/6/2019	6/24/2019
Borrower(s)	Implementing Agency(ies)		
The Ministry of Finance of the Republic of Tajikistan			

Proposed Development Objective(s)

The Project Development Objective is to create income-generation opportunities in tourism and agribusiness in Khatlon and GBAO.

Financing (in USD Million)	Amount
Total Project Cost	30.00

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]

The REDP’s development objective is to create income-generation opportunities in tourism and agribusiness in Khatlon and GBAO. The REDP is focused on these two most vulnerable regions in Tajikistan that are subject to regional tensions around border security and natural resource sharing. Creating jobs and economic opportunities will require leveraging agriculture in Khatlon and tourism in GBAO as the regions’ predominant economic activities. Of Khatlon’s formal workforce, 62 percent work in agriculture. Khatlon accounts for half of the country’s agricultural land and pastures and produces half of the country’s agricultural output. GBAO contains 17 percent of the agricultural land in the country, but due to the mountainous nature of its territory, productivity remains low and production is mostly for self-consumption. On the other hand, the tourism value chain employs approximately 20,000 people (about 1 percent

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of total employment in Tajikistan). Women account for about 60 percent of workers in the sector. Tourism arrivals have doubled every year since 2014, reaching a record high of 100,100 in 2017. GBAO, in particular, already receives more than ten thousand foreign tourists per year. Although not as attractive as GBAO for international tourists on a stand-alone basis, Khatlon, too, could develop its tourism assets to cater to foreign tourists who are visiting the country as part of a tour package as well as to domestic tourists.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social] The project focuses on development of agri-business and community-based tourism in Khatlon and GBAO regions. The former relates to improving capacities in agricultural processing, storage and markets with emphasis in mobilizing local communities for group action. The latter focuses on investment in tourist assets, chiefly in site protection and conservation. Detailed scope of the works and the impacts will be determined over the course of preparation. Issues having a bearing on these interventions include the following - 1) the project regions are mountainous and on the border of Afghanistan, rendering access extremely difficult. 2) Both Khatlon and GBOA, are home to interesting endemic flora and fauna, including some protected species like the snow leopard; protected areas, like the Tajik National Park in GBAO's Pamir Mountains (a UNESCO World Heritage Site); and a rich cultural tradition. 3) Khatlon is known for cotton production and related medium sized industry. 4) The majority belong to the Tajik ethnic group, however, GBAO, despite its sparse population, has a linguistic diversity. 5) Nearly a third of the Tajik population is poor with GBAO and Khatlon having larger proportions of poor. 6) The economy is predominantly dependent on remittances. 7) Unemployment of the youth and vulnerable peoples is quite high, which represents a source of instability that has resulted in extremism and clashes with the authorities. 8) The regions share a porous border of 1,300 with Afghanistan, a hotspot for drug trafficking. The project areas are fragile and conflict-ridden owing to both internal as well as external forces. Thus, salient social characteristics for the project include: 1) high degree of diversity in terms of linguistic as well as political orientations; 2) interregional disparities; 3) cross border illicit trade and skirmishes; and 4) low income and employment opportunities. All these will have a bearing on project's outreach efforts.

D. 2. Borrower's Institutional Capacity

The Project Management Unit (PMU) is expected to be placed in an existing central government agency - either Ministry of Agriculture (MOA) or Ministry of Economic Development and Trade (MEDT). While the exact implementation arrangement is still to be developed based on the continued discussion with the government, implementing units/agencies may directly plan and implement social and environmental risk management, possibly with guidance support from the PMU. PMU will develop an Operations Manual which will include provisions for social and environmental risk management based on the Environmental and Social Management Framework to be prepared. Ministry of Agriculture is currently managing an agri-business project. Yet, as this is the first combined agriculture- tourism project, and this is one of the first Tajik projects prepared under the Bank's Environment and Social Framework (ESF), the client's capacity to deliver an ESF based project is limited; therefore capacity building for the client (including agency(ies), PMU, and PIUs as well as local communities and contractors) will be included in the ESMF as well other safeguards instruments to be prepared during preparation and implementation.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial



Environmental Risk Rating

Substantial

The Environmental Risk Rating is Substantial. Physical works envisaged under the project are of a medium scale and the expected environmental impacts associated with the proposed construction are expected to be easily mitigated. These impacts may include increased pollution due to improper care, handling and storage of construction material and waste, generation of excessive noise and dust levels, and, possibly, health impacts related to inadequate disposal of asbestos containing material. Developing community-based tourism will also deal with Tajikistan’s unique natural environment and cultural heritage. Although construction works will not have direct irreversible physical impacts on the heritage monuments, indirect impacts from the movement of construction machinery, presence of work force, etc. as well as permanent impact on the visual/aesthetic view and tourist experience during visitation of these sites are included in the potential environmental impacts. The project environmental risk is rated Substantial not because of the nature of proposed works and associated environmental risks, but because of remote and potentially fragile areas where the project activities are planned, the large number of expected small works, and the limited capacity of the Ministry of Agriculture and the Ministry of Economic Development and Trade in the understanding and application of Bank's ESF, and relevant Standards.

Social Risk Rating

Substantial

Social risks are substantial due to the inherent fragile and conflict situation which could impact on the project’s efforts at reaching and working, especially, with poor and vulnerable sections. This is compounded by weak integration of youth (and women) and their participation in the institutions and limited prospects for employment. Further, as the project interventions are likely to be based on competitive grants, it could be extremely difficult for the poor farmers in the interior rural areas as well as in the remote Afghanistan border areas to participate and derive the benefits. Hence the risk of exclusion looms large. Other key risks, land acquisition and resettlement as well as labor management risks are expected to be low given that: (i) project activities need not resort to involuntary resettlement; and (ii) no major civil works/ labor involvement is envisaged.

Elaborating further, the project areas are intrinsically diverse. Khatlon is a densely populated hosting a third of Tajikistan’s population on 17.2 percent land and is predominantly agrarian. GBAO, on the other hand, is a sparsely populated highly mountainous region (3 percent of population but 44.5 % landmass). Its economy relies strongly on agriculture but also on tourism. The border vulnerability and the absence of sustainable job and income-generating activities has led to unemployment and poverty which has proven to be a key push factor incentivizing individuals to join extremist groups. Thus, project areas are characterized by: (i) region and cross border risks; (ii) economic risks- predominantly dependent on remittances; and (iii) social risks - exclusion of women and youth – weak connect between youth and state structures. While the regional and border risks remain external, social and economic risks can be (and need to be) addressed by the project. Project’s key risk relates to ‘exclusion’ which has four dimensions. One, mountainous terrain rendering difficult reaching out to distant communities; two, making it interesting for youth to be involved; three, exploring new vistas for ensuring participation of women (as men migrate out for employment) in the project. . Further, elite capture could be high in tourism stream.

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:

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The environment and social risks are both rated as substantial. The risk level is substantial due to the fragile social and environmental conditions, the remoteness of planned activities, and inexperience of the client delivering ESF. Risk will be reassessed at appraisal once activities are better defined. Towards addressing the risks, following instruments will need to be prepared: (i) Environment and Social Management Framework (ESMF); (ii) Social Assessment based Inclusion Plan; (iii) Stakeholder Engagement Plan (SEP); and (iv) Labor Management Procedures (LMP). Client will prepare and disclose an ESMF since project is financing a broad range of small and medium scale activities, most of which will not be identified until implementation begins. The ESMF will cover applicable ESF Standards and the World Bank Group's Environmental Health and Safety Guidelines. The ESMF will have checklists for determining where and when site specific Environment and Social Impact Assessments (ESIAs)/Management Plans (ESMPs) will be necessary. The agri-processing component may also involve some use of pesticides; therefore, the ESMF will specify when activities will require pest management plans. Activities for tourism will follow national guidelines on cultural resources preservation and contractors selected will need to have relevant skills. Project areas are fragile, and conflict ridden, yet also fertile (Khatlon) and attractive to visit (GBAO). The people are an asset and both regions share a rich cultural heritage that if commercialized could create economic benefits and enhance self-identity. The positive impacts are joined by risks that will need to be mitigated. During preparation a Social Assessment will be prepared that includes: 1) stakeholder identification/mapping; 2) stakeholder analysis of expectations, concerns, and issues; 3) assessments of positive and negative impacts; 4) institutional capacity assessments; and 5) a social management plan to mitigate the negative impacts and enhance positive benefits. Essentially, the SA will provide inputs into designing institutional and implementation arrangements to ensure effective 'inclusion'. It will also assess risks related to any change, on ecosystem services that may affect income of local population and intangible culture. Agriculture processing and tourism facilities may require securing lands, though, details about the location and extent are not yet known, a Resettlement Policy Framework (RPF) will also be developed during the preparation. Documentation and information available and reviewed as part of E&S screening are as follows: 1. "Tajikistan: Country Economic Update, Spring 2018." World Bank, Washington, DC. 2. OECD State of Fragility Report, 2018. 3. Tajikistan Risk and Resilience Assessment, World Bank, Washington, DC, 2017. 4. Jobs Diagnostic Tajikistan, World Bank, Washington, DC, 2017. 5. Dodwell, Brian, Daniel Milton, and Don Rassler. The Caliphates Global Workforce: An Inside Look at the Islamic States Foreign Fighter Paper Trail. United States Military Academy Combating Terrorism Center West Point United States, 2016. Toktomushev, Kemel. "Promoting Social Cohesion and Conflict Mitigation: Understanding Conflict in the Cross-Border Areas of Kyrgyzstan and Tajikistan." (2017). 10. National Gender Profile of Agricultural and Rural Livelihoods – Tajikistan, FAO, 2016. 11. Project Appraisal Document, ESMF, RPF, CASA-1000 Community Support Project, unpublished working draft. 12. World Bank, Remittance Inflows to GDP for Tajikistan [DDOI11TJA156NWDB], <https://fred.stlouisfed.org/series/DDOI11TJA156NWDB>, November 7, 2018. 13. United Nations Development Programme (UNDP). 2017. Journey to extremism in Africa: drivers, incentives and the tipping point for recruitment. New York: UNDP Regional Bureau for Africa. 14. "Why do people join terrorist organizations?" (n.d.). Retrieved from <http://eip.org/en/news-events/why-do-people-join-terrorist-organisations> 15. Botha, A., and Abdile, M. 2014. "Radicalisation and al-Shabaab recruitment in Somalia," Institute for Security Studies Paper No. 266. Pretoria. 16. Anton, S. G., and Bostan, I. 2017. "The Role of Access to Finance in Explaining Cross-National Variation in Entrepreneurial Activity: A Panel Data Approach," Sustainability 9(11), 1947. 17. Devarajan, S., Mottaghi, L., Do, Q.T., Brockmeyer, A., Joubert, C., Bhatia, K., Abdel-Jelil, M., Shaban, R., Chaal-Dabi, I., and Lenoble, N. 2016. Economic and social inclusion to prevent violent extremism. Washington, DC: World Bank. FAO. 2011. "Crop and Food Security Assessment Mission Report Tajikistan 2011." Dushanbe: FAO. 18. Smith, V. L., ed. 2012. Hosts and guests: The anthropology of tourism. University of Pennsylvania Press. 19. WTTC. 2016. "Tourism as a Driver of Peace,"



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Areas where reliance on the Borrower’s E&S Framework may be considered:

Given the substantial social risk of the project, Borrower's E&S Framework will not be used for the Project as a whole or for any of its parts. On the environment side, borrower's E&S Framework will partially be used in link with local regulations and standards concerning the EIA process.

ESS10 Stakeholder Engagement and Information Disclosure

Project preparation has made preliminary attempts at mapping the stakeholders. Individuals and groups likely to be affected (direct beneficiaries) have been identified. They include: (i) on the agricultural front- farmers, farming community, women, youth, traders, transporters etc., and (ii) on the tourism- tour operators, tour guides, home stay providers, hotels, transporters, cultural NGOs, and potential tourists. Mapping of other interested parties such as government agencies/ authorities, rival / extremist groups, security personnel, NGOs and CSOs needs to be done fully. International agencies like UNESCO and international vendors also need to be considered. Given the highly diverse stakeholder profile and that their expectations and orientation as well as capacity to interface with the project are different, a Stakeholder Engagement Plan (SEP) will need to be developed. This Plan will enable the project to identify elaborately different stakeholders and provide an approach towards reaching each of the sub groups. SEP will also identify impediments, if any, to reaching out to stakeholders as well as reflect/ build capacity of the client in engaging with stakeholders. Results of the Social Assessment, especially, on the impacts likely to occur as a result of the project interventions as well as the institutional analysis, will also be made use of in defining the agenda for stakeholder engagement and the institutional responsibilities. The A draft of the SEP will be prepared by the client, disclosed publicly as early as possible and begin implementation during the project preparation itself. SEP will be updated from time to time as deemed appropriate. The client will also develop and put in place a Grievance Redressal Mechanism (GRM) to enable stakeholders air their concerns/ comments/ suggestions, if any.

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

Project could encompass the following categories of workers: direct workers, contracted workers, community workers, and primary supply workers. Direct workers could be either government civil servants or those deployed as ‘technical consultants’ by the project. The former will be governed by a set of civil services code, the latter by mutually agreed contracts. Community workers are quite likely as there could be community based civil works, details will be identified during preparation. Primary supply workers also need to be identified. And contract workers

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will be employed as deemed appropriate by contractors, sub-contractors, and other intermediaries, details of which will be known as and when activities' implementation begins. The project proposes some medium-scale operations which could be community based while others might involve higher technologies (for example cold storage) and be in the hands of private operators. The expectation is that the majority of labor will be locally hired with the exception of a few skilled workers. The client will prepare a Labor Management Procedure which will set out details for preparing the labor management plans. Provisions will be made to train and hire as many as possible from local communities where the activities are taking place. Once agreed by the Bank, the Labor Management Procedure will be annexed to the ESMF. The ESMF will also include sections on Environment Health and Safety (EHS) including specific instruments that will need to be prepared either by the client or the contractor prior to commencement of works (ESH checklists, codes of conduct; safety training etc.). Civil works contracts will incorporate social and environmental mitigation measures based on the WBG EHS Guidelines and the ESMF; other referenced plans e.g. Stakeholder Engagement Plan (SEP), RPF etc. as well as specific language referencing the prioritization of the hiring of unskilled local labor. All civil works contracts will include industry standard Codes of Conduct that include measures to prevent Gender Based Violence/Sexual Exploitation and Abuse (GBV/SEA).

ESS3 Resource Efficiency and Pollution Prevention and Management

The ESMF will include sections on resource efficiency, Pollution Prevention and Management, and Pest Management. Assessment of risks and impacts and proposed mitigation measures related to relevant requirements of ESS3, including raw materials, water use, air pollution, hazardous materials, and hazardous waste will be included within scope of the ESMF and ESMPs as relevant. The pest management section of the ESMF will include guidelines for pesticide use in agri-processing activities, including types of acceptable pesticides and when such activities might require an Integrated Pest Management Plan (IPMP). During preparation, the client will identify any potential financing and use of pesticides in project financed activities and determine, in consultation with the Bank, if separate IPMP(s) is/are required.

ESS4 Community Health and Safety

The ESMF will include assessment of work related health risks; works and road safety; HIV/AIDS and sexually transmitted diseases; excessive noise and dust levels, site safety awareness and access restrictions; GBV/SEA; and labor influx. Fencing will be installed around all construction sites and areas where there is a risk to community health and safety. If workers camp need to be built, the contractor will be required to employ measures to control labor influx risks based on Bank requirements, as well as the IFC/EBRD Good Practice Note. A GRM for the public will be prepared and consulted on with local communities during project preparation.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The project does require lands, for establishing agricultural processing units and probably while repairing and restoring some cultural properties. Scale of operations in agriculture are quite low- each processing unit may require about half a hectare of land. Current plans are to either capitalize on the existing infrastructure (such as Markets, bus shelters) and / or secure unused public lands. Hence, the project, in principle, may not resort to involuntary acquisition for agriculture stream. However, there could be some isolated instances wherein lands may have to be acquired. But, currently details about the requirements of land for agriculture- number, area, location etc—are not



known. It will become known only during the implementation. Further, nature and extent of lands required on the culture front are yet to be gauged. Given this scenario, towards managing involuntary land acquisition, the client will prepare a Resettlement Policy Framework (RPF), seek approval from the Bank and will be disclosed. The framework shall clarify resettlement principles, organizational arrangements, and design criteria to be applied to subprojects or project components to be prepared during project implementation. Once the subproject or individual project components are defined and the necessary information becomes available, such a framework will be expanded into a specific resettlement action. Project activities that will cause physical and/or economic displacement will not commence until such specific plans have been finalized and approved by the Bank.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Community-based tourism is likely to involve interaction with protected areas, potential critical habitats, and endangered species, particularly in some of the remote mountainous areas of Tajikistan. As the specific locations of project activities are not yet known, the ESMF will contain check-lists and guidance to help the client deal with biodiversity issues for the different types of activities being financed. For activities involving nature based tourism, the ESMF will require environmental and social impact assessments that identify potential critical habitats and species. Additionally, ESMF criteria for working near protected areas and potential critical habitats will include requirements for detailed mapping and, where necessary, identification of species and habitats. Specific issues will include instructions for necessary sections in any site specific ESIA/ESMPs to be prepared and provision for protecting biodiversity in community-based tourism.

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

Based on the screening against ESS 7, this ESS is not considered relevant to the project.

ESS8 Cultural Heritage

Tajikistan is home to one UNESCO World Heritage Site (the Tajik National Park in the Pamir Mountains in the GBAO) as well as nine candidate sites; therefore, it is clear that developing community-based tourism will also deal with Tajikistan's unique cultural heritage. The Ministry of Culture oversees national programs and activities and will be important partner and stakeholder in implementing the project's activities. SA will explore and ensure, as deemed appropriate, that the benefits of community-based tourism are shared equitably among local communities especially among vulnerable and disadvantaged people within local communities. This may entail preparation of a Cultural Heritage Management Plan or other appropriate means. Although construction works will not have direct physical impact on the heritage monuments, indirect impacts from the movement of construction machinery, presence of work force, etc. as well as permanent impact on the visual/aesthetic view and tourist experience during visitation of these sites will be closely looked at and mitigation measures provided during the preparation of ESMF. The ESMF will include a section on protection of Cultural Heritage including check-lists to help decide if a separate Cultural Heritage Management Plan is needed; and "chance find" procedures to be included in site specific ESIA/ESMPs and Cultural Heritage Management Plans. The Social Assessment (SA) will also assess if the project financed physical outputs may have impact on intangible cultural heritage, and develop measures to mitigate such impacts, if relevant.



ESS9 Financial Intermediaries

This standard is not currently relevant as no financial intermediaries are party to the project implementation modality.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

There are no other financing partners

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

Prior to appraisal, the client will:

1. Prepare an Environment and Social Management Framework (ESMF) acceptable to the Bank that includes relevant Environment and Social Standards as well as information on Tajikistan’s unique flora, fauna, and cultural heritage;
2. Conduct a Social Assessment and inform the project design so as to draw mitigatory measures to manage social risks, chiefly of exclusion, minimize adverse impacts and enhance positive benefits;
3. Prepare a Stakeholder Engagement Plan (SEP) and start implementing as early as possible during the preparation.
4. Prepare a Labor Management Procedure for deploying labor in the project.
5. Develop a Resettlement Policy Framework (RPF).

All of these instruments will be consulted on with stakeholders prior to finalization, reviewed and approved by the Bank, and publicly disclosed.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

1. Environment and social screening of project activities based on the ESMF, including need to prepare site specific ESIA/ESMPs;
2. Application of the RPF to project activities, including the need to prepare site specific Resettlement Action Plans; and
3. Continued stakeholder engagement throughout project implementation and beyond project closure.
4. Adoption of LMP and preparation, as well as implementation, of site/ contractor specific labor management plans.



C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

29-Mar-2019

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: The Ministry of Finance of the Republic of Tajikistan

Implementing Agency(ies)

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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