



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

Appraisal Stage | Date Prepared/Updated: 11-Jan-2018 | Report No: PIDISDSA21643



BASIC INFORMATION

A. Basic Project Data

| | | | |
|--|---|--|---|
| Country Kyrgyz Republic | Project ID P163592 | Project Name CASA1000 Community Support Program - Kyrgyz Republic | Parent Project ID (if any) |
| Region EUROPE AND CENTRAL ASIA | Estimated Appraisal Date 08-Dec-2017 | Estimated Board Date 14-Mar-2018 | Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice |
| Financing Instrument Investment Project Financing | Borrower(s) Ministry of Finance | Implementing Agency Community Development and Investment Agency | |

Proposed Development Objective(s)

To engage communities in the development of social and economic infrastructure in order to enhance services, livelihoods and inclusion in target villages near the CASA1000 Transmission Line.

Components

Support for community-led investments in social and economic infrastructure
Support for community mobilization, youth engagement and communications
Project management, and monitoring and evaluation

Financing (in USD Million)

| Financing Source | Amount |
|--|--------------|
| Community and Capacity Development Support Program | 1.00 |
| International Development Association (IDA) | 5.00 |
| IDA Grant | 5.00 |
| Total Project Cost | 11.00 |

Environmental Assessment Category

B - Partial Assessment

Decision

The review did authorize the preparation to continue



B. Introduction and Context

Country Context

1. The Kyrgyz Republic is a landlocked, mountainous country in Central Asia with a multi-ethnic population of about six million. Despite inheriting well-developed infrastructure, the country has seen a significant decline in living standards since the break-up of the Soviet Union as a result of disruption in established trade and broader relations with other former Soviet republics. It is also prone to exogenous geographic and economic shocks, and has suffered from social disturbance over the last decade. While there has been a substantial decrease in the poverty rate (from 40% of the population living below the national poverty line in 2006 to 30% in 2014), the Kyrgyz Republic remains one of the poorest economies in the Europe and Central Asia (ECA) region, with a GNI per capita of US\$1,170 in 2015 (Atlas methodology).
2. Almost two-thirds of the Kyrgyz population live in isolated, rural and mountainous areas. Many of the traditional providers of social and economic services (mostly collective or state enterprises) no longer function. The disappearance of these structures has left significant voids in the provision of basic services and infrastructure maintenance, especially in rural areas. While living conditions have improved in some areas due to significant donor investment, progress has been affected by frequent changes in government, a region-wide economic slowdown and currency depreciations.
3. The country has experienced a number of conflicts since independence, and faces a broad array of interlinked risk factors, be they social, ethnic, economic, demographic, political, institutional or environmental. The long-term stability and growth of the country will depend on inclusion efforts in southern Kyrgyz Republic, alongside progress on anti-corruption and governance challenges. The Fergana Valley is one of the most unstable regions in Central Asia due to its multi-ethnic and interspersed populations, complex and intertwined borders, and dwindling natural resources.

Sectoral and Institutional Context

4. Over the last decade, the Government of the Kyrgyz Republic has worked closely with donors to begin to address the many and varied issues that shape the energy sector and affect the delivery of reliable electricity services to the country's citizens. The country has abundant hydropower, which would cater for over 90 percent of domestic energy needs, but there is an imbalance relative to demand — surplus power and wastage in summer and perennial power shortages in winter. This seasonality of electricity supply, combined with low tariffs and under-maintenance of energy assets, has caused severe economic disruption, affecting productivity and the welfare of the population. As a critical step to resolve this issue, the Government committed to investment in the construction and rehabilitation of aging hydropower plants. Export of the country's relatively low cost, clean, surplus summer electricity would help the country generate the revenue needed to finance fuel resources for winter energy needs, promote energy efficiency programs, thereby creating a sustainable and efficient solution to the needs of the country's energy sector.
5. To leverage its excess summer energy supply, the Kyrgyz Republic entered into a regional agreement with Tajikistan, Afghanistan and Pakistan in 2006 to create a regional electricity market—the Central Asia South Asia Regional Electricity Market. As part of this agreement, summer surplus electricity resources from Central Asia will be supplied to meet unmet demand in South Asia. Approved by the Bank in March 2014, the first phase of this agreement is the Central Asia South Asia Electricity Transmission and Trade Project (CASA1000) which aims to establish the commercial and institutional arrangements and the construction of transmission infrastructure to enable a trade of roughly 1,300 megawatts of electricity from Kyrgyz Republic and Tajikistan to Afghanistan and Pakistan. At an estimated cost of US\$200 million, the Kyrgyz Republic portion of CASA1000 is a 450 km transmission line that will extend from the Datka substation (Jalal-Abad region) to the border with Tajikistan. The 3 km-wide corridor surrounding the transmission line (referred to



as the “Corridor of Impact” or “Col”) follows the Kyrgyz-Uzbek border in the Fergana Valley, and includes communities in seven or eight districts in Jalal-Abad, Osh and Batken Oblasts that are economically and socially vulnerable, have limited access to public infrastructure and services, and suffer from winter energy shortages. However, the 500 kV high-voltage CASA1000 transmission line will not directly provide electricity to communities located nearby.

6. In all four countries in this regional initiative, to improve the livelihoods of the “corridor” communities and increase the shared prosperity associated with the transmission line, a Community Support Program (CSP) was included as Component 3 in the Board-approved CASA1000 project appraisal document. Specifically, the CSPs will be predicated on a community-driven approach to ensure local investments are tailored to community needs, actively engage communities and thus enjoy broad support. In addition, the CSPs will be the mechanism through which to deliver a benefits-sharing mechanism that has been agreed among the four governments and will provide support through a portion of project revenue from each unit of energy exported/imported during the commercial phase of CASA1000.

7. In March 2014, the Bank approved the Afghanistan CASA-1000 Community Support Project (P149410) with US\$ 40 million in financing from the Afghanistan Reconstruction Trust Fund. Preparation of Community Support Projects in the other three CASA countries had been postponed to align with the start of construction of CASA-1000 infrastructure and to secure additional financing resources. Given progress in procurement of CASA-1000 infrastructure and expected start of construction activities by mid-2018, this proposed Community Support Project for Kyrgyz Republic will support the communities along the CASA-1000 transmission corridor at the start of construction of the transmission line in the Kyrgyz Republic. Preparation of the Community Support Projects for Tajikistan and Pakistan are ongoing and will be presented to the Board for approval subsequently (expected in April 2018). The Community Support Projects in each of the four CASA countries will aim to build local ownership of the regional CASA project by improving social and economic infrastructure and livelihoods of the communities along the corridor of the CASA-1000 transmission infrastructure in CASA countries. Each CSP targets communities that lie within the corridor of impact and surrounding administrative areas and, critically, each will rely on the engagement of communities in planning, decision-making, implementation and monitoring and evaluation, and include investments in local level capacity building.

8. Community-driven development (CDD) is relatively well established in the Kyrgyz Republic. The Bank and KfW have supported a Village Investment Project (VIP) for nearly a decade with the dual objectives of making locally-relevant investment decisions and empowering communities. Moreover, there is a well-established vehicle for CDD projects—a Community Development and Investment Agency, called ARIS, which was established in 2003 specifically for this purpose. The Bank has also expanded its support for CDD in the country through multi-sectoral CDD projects involving pasture and livestock management and irrigation; and a World Bank pilot project implemented by the Aga Khan Foundation (AKF) that has promoted social cohesion through community-based approaches in conflict-affected areas.

9. In 2008, to strengthen the role of local government in the country’s development, the Kyrgyz Republic adopted an amendment to the legal framework for local governance, which assigns more political, administrative, and fiscal autonomy to local governments. Local self-governments (LSGs) now have increased responsibilities towards local populations, and there are increased opportunities for the local administrations (Aiyl Okmotus or “AOs”) to work closely with communities on local development initiatives. However, despite efforts to strengthen the AO role in village investment, fiscal transfers to LSGs are extremely limited and these local-level authorities have not yet developed the capacity for accountable and transparent decision making and financial management. Nevertheless, local development planning is practiced and community investments form a part of Local Development Strategies (LDSs).

10. This sector and institutional context must also take into account the location of the proposed project. The Col traverses the Fergana Valley, one of the most unstable regions in Central Asia, due to its diverse and interspersed



populations, complex and intertwined borders, and dwindling natural resources. In the Kyrgyz Republic, this region is characterized by high levels of unemployment and underemployment, and migration has become the norm. For those that remain, the lack of economic opportunity, deteriorating infrastructure and unreliable service provision has fostered apathy and a sense of exclusion, particularly for youth, 60 percent of whom still live in rural areas. This is also an area where, during consultations, communities articulated concerns regarding extremism and the loss of their children to the Syrian conflict. To address the needs of the target communities in the context of the Fergana Valley, the project addresses exclusion from economic opportunity and societal marginalization alongside improving infrastructure and services.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To engage communities in the development of social and economic infrastructure in order to enhance services, livelihoods and inclusion in target villages near the CASA-1000 transmission line.

Key Results

- % of beneficiaries in target communities who report that village/AA investments met their needs
- % of beneficiaries in target communities who report that their engagement in decision making over village investments was effective
- % of beneficiaries in target communities who report that the CSP is an effective response to the local impacts of the CASA1000 transmission line.

D. Project Description

Component 1: Support for community-led investments in social and economic infrastructure

(US\$8.95 million IDA)

Subcomponent 1A: Support for electricity improvements within target villages

11. Launched in Year 1, this subcomponent will provide sub-grants to communities for: (i) village-level electricity improvements; or (ii) alternative energy sources (as determined by communities). The procedures for implementation of sub-grants under Subcomponent 1A will follow a participatory process (planning, decision making, management and monitoring) similar to that being developed for Subcomponent 1B, but will be limited to community prioritization within an agreed menu of electricity/energy-related options.

12. The CSP sub-grants to communities will be allocated with a view to improving service provision towards an agreed standard. A ceiling will be set at US\$100,000 for the initial year of investment, but some villages are expected to require investments of less than US\$50,000. The menu of options to improve village electricity and related services is likely to include one, or some combination of (depending on technical viability):

- Improved supply to existing settlements – replacement or upgrade of transformers, poles, lines and other elements of the distribution network
- Connecting new settlements – extension of village distribution network to new neighborhoods villages
- Street lighting – installation of LED street lighting

13. The target area for this subcomponent will be the (approximately) 37 villages within the CoI. The sequencing of support to the target communities will follow the sequencing of construction and/or start with



those villages known to be more directly-affected/in the vicinity of the transmission line, while taking account of capacity constraints of the regional electricity companies (ECs) responsible for managing electricity supply and related infrastructure at the sub-oblast level.

Subcomponent 1B: Support for social infrastructure and services in target villages

14. Starting in Year 2, Subcomponent 1B will provide sub-grants to communities to fund their priority social infrastructure and services projects selected through a participatory decision-making process established. Communities within the CoI will each benefit from at least two additional cycles of investment in community-prioritized subprojects. Approximately US\$4.5 million in funds for Subcomponent 1B will be allocated according to village populations weighted for variables on poverty, youth and proximity to the transmission line. Villages will be grouped according to their weighted population (4 to 5 groups depending on the final list of target villages) and receive proportionately sized grants. The formula for fund distribution will be finalized when the final alignment of the transmission line is determined, and the final CoI villages identified. Sub-grants are likely to range from a minimum of US\$30,000 per community per cycle to a maximum of US\$150,000 per community per cycle. The project will also allow communities to carry over sub-grants from previous cycles should they wish to undertake less but higher-value investments over the course of the project. Communities may also opt to replace social infrastructure with livelihoods facilities and obtain technical assistance as described under Subcomponent 1C. Communities will be discouraged from implementing subprojects that take longer than 18 months to complete.

15. Scope of investments. Communities will choose from a relatively open menu of options that contribute to poverty reduction. While it is not known what communities will prioritize until the participatory decision-making process is completed and the local development strategy updated, sub-grants are likely to support small-scale infrastructure improvements relating to water, education, health, roads, and agriculture sectors. This will include school rehabilitation (especially for energy efficiency), kindergartens, first aid points (FAPs), rehabilitation of roads and bridges, irrigation canals, pasture-related infrastructure, and school hygiene and sanitation. The component will also include the installation of internet connections (e.g. fiber optics) and alternative energy sources for households or community services (including heating stoves). Facilities that specifically target youth needs will be eligible if they support livelihoods or leadership development supported by technical assessments to achieve these economic and empowerment goals. As noted above, further village electricity improvements will also be eligible (in addition to those carried out through Subcomponent 1A) depending on community priorities. All investments, except those on the negative list, will be permitted.

Subcomponent 1C: Support for livelihoods facilities in selected AAs

16. To address the lack of economic opportunity in the target AAs, Subcomponent 1C will support the construction of a limited number of livelihoods facilities or selected productive/economic infrastructure. This subcomponent will expand the focus of support to include all communities located in the 22 target AAs, i.e. the funding of livelihoods facilities will be targeted at, and be accessible to, all residents of the estimated 132 communities in the AAs that are traversed by the transmission line.

17. Given the innovative nature of this subcomponent in the context of the Kyrgyz Republic, the project has budgeted US\$0.90 million to be allocated through sub-grants to selected AOs, Corridor-Village Investment Associations (C-VIAs) or villages. It is anticipated that this will result in approximately 10 facilities being selected in Year 1 and constructed thereafter. It is anticipated that these facilities could vary significantly in technical



complexity (e.g. from apple storage facilities to ICT centers). To promote livelihoods development in the CoI, communities will also be able to opt for livelihoods facilities rather than social infrastructure under Subcomponent 1B. These investments would be undertaken as early as possible in the project to enable the parallel technical assistance, capacity building and systems development needed to create sustainable investments.

Component 2: Support for Project Management, M&E and Communications (IDA \$1.05 million)

18. **Project Management.** Subcomponent 3 will finance the incremental costs of ARIS for project management, including coordination and supervision of the implementation, managing the budget, project audits, feedback system and procurement. This subcomponent will fund a dedicated project management team (which will include experts in community mobilization, capacity building, engineering and project management, procurement, FM) that will prepare a project workplan and budget, a POM, including terms of reference for all staff and consultants, and training manuals. Under this subcomponent, the roles defined for ARIS regarding sub-grant activities (technical design, procurement and FM) will be conducted, as will support for the management of relationships with communities, CVIAs and the AOs. The component will also finance activities to ensure transparency in the implementation and management of the project, and to manage a beneficiary feedback mechanism for the project.

19. **Monitoring and Evaluation.** 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 to relevant audiences. This subcomponent will finance the internal- and community-level monitoring as well as independent evaluations. In the first year, the subcomponent will fund a baseline survey to measure the results of the social and economic infrastructure developed in the CSP project.

20. **Communications.** A CSP Communications Action Plan (CSP-CAP) will be developed prior to effectiveness, with the specific aim of: (i) building village-level support for CASA1000 by improving community understanding of the benefits and opportunities offered by the CSP; (ii) establishing trust in the CSP and managing expectations by transparently communicating CSP scale, scope and eligibility; and (iii) providing a supportive communications platform for messaging related to the broader CASA1000 infrastructure project. ARIS will facilitate the dissemination of CASA1000 materials and messaging, ensure ongoing information sharing and two-way communication, monitor impact of communications efforts, and train communications staff and youth to take part in communications activities. ARIS will work closely with the PR firm (hired separately) to ensure that messages and materials meet the needs on the ground in target villages.

E. Implementation

Institutional and Implementation Arrangements

21. The MoF will be the official borrower and ARIS¹ has been designated as the lead executing agency for the project. ARIS will be responsible for the day-to-day management of the project, carrying out the project's fiduciary function (including FM functions, which comprise planning and budgeting, accounting, financial reporting, external auditing, funds flow, and internal controls), and ensuring that project implementation is conducted in a

¹ The organization was established in 2003 as an autonomous non-governmental agency with an independent board to support community-based development in the Kyrgyz Republic. ARIS has adequate staff and management capacity, and an extensive network of partnerships with local agencies and NGOs in the Kyrgyz Republic. ARIS currently implements five World Bank projects.



timely manner, in accordance with the legal agreement and with due attention to all project procedures and requirements set out in the approved POM. Procedures required but not set out in the POM will be brought to the attention of the Bank and the POM will then be revised to ensure the transparent implementation of the project.

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

Rural areas/villages in Osh oblast, Jalalabad oblast, Batken oblast

G. Environmental and Social Safeguards Specialists on the Team

Kristine Schwebach, Social Safeguards Specialist
Rustam Arstanov, Environmental Safeguards Specialist
Rebecca Emilie Anne Lacroix, Social Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

| Safeguard Policies | Triggered? | Explanation (Optional) |
|-------------------------------------|------------|--|
| Environmental Assessment OP/BP 4.01 | Yes | There are potential environmental issues associated with the small-scale investments for local communities. These investments will include support for rural electricity supply facilities (power lines, poles, transformers) and other minor rural investments. The expected impacts are small scale, limited to the project sites and can be managed with good construction practices. The Counterpart has developed an EMF document that guides the process of the site specific environmental plans and public consultations. Category A activities will not be financed by the project. |
| Natural Habitats OP/BP 4.04 | No | The project small scale investments will be located in well developed rural areas. No new power lines will be installed at the new footprint in the greenfield areas |
| Forests OP/BP 4.36 | No | No forest or forestry activities are involved. |
| Pest Management OP 4.09 | No | Though the project will be implemented in the rural agricultural areas, no investments are foreseen that would involve a purchase or use of the significant |



| | | |
|--|-----|---|
| | | amount of pesticides. All investment will be screened to exclude possible risks |
| Physical Cultural Resources OP/BP 4.11 | No | No PCR are observed at the potential project sites, i.e. rural areas in the mentioned regions. Site specific EMP will reflect the requirements for chance finds if necessary. |
| Indigenous Peoples OP/BP 4.10 | No | not applicable |
| Involuntary Resettlement OP/BP 4.12 | Yes | The project will finance community-level sub-projects and micro-projects such as construction of kindergartens, youth facilities and rehabilitation of village infrastructure that may require land acquisition. The impacts are not known until communities propose and select project interventions. It is expected that community projects will be easily mitigated, benefit communities, and, as much as possible, utilize unused, government land and right-of-ways. A Resettlement Policy Framework has been prepared in the unlikely event that community projects require involuntary land acquisition, impact on assets, or cause negative impact on economic resources. |
| Safety of Dams OP/BP 4.37 | No | No project sites are located downstream of the known dams. |
| Projects on International Waterways OP/BP 7.50 | No | No project sites have access to or can impact international waterways |
| Projects in Disputed Areas OP/BP 7.60 | No | not applicable |

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:

Sub-projects to be supported under the project are expected to be small scale projects which are planned and implemented based on suggestions and choices made by local community members. No large scale, significant, or irreversible impacts are expected. Any community project which would cause large scale or significant impacts would not be funded under the project.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: Project activities will not have long term negative impacts.

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

N/A



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.

Although projects are expected to utilize unused government land or right of ways, it is unlikely that there will be land acquisition. However, a Resettlement Policy Framework has been prepared in the unlikely event that sub-project activities would trigger the World Bank policy on Involuntary Resettlement. To manage potential environmental and health and safety risks, the Counterpart has developed an Environmental Management Framework. It describes the process of the environmental screening of the individual sub-projects, specific requirements for construction contractors and involvement of the community in the consultation process.

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

Communities along the CASA 1000 electrification corridor and the oblasts within which they reside, for which this project targets, are the key stakeholders and beneficiaries of the project. Safeguards frameworks will be shared with and consulted on with representative communities prior to final disclosure of documents.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

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|--|--|--|
| Date of receipt by the Bank 22-Nov-2017 | Date of submission for disclosure 29-Nov-2017 | For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors |
|--|--|--|

"In country" Disclosure

Kyrgyz Republic
29-Nov-2017

Comments

disclosed at <http://www.aris.kg/news/company/1587> , which is the website of the Agency for Investments and Community Development (ARIS)

Resettlement Action Plan/Framework/Policy Process

| | |
|-----------------------------|-----------------------------------|
| Date of receipt by the Bank | Date of submission for disclosure |
|-----------------------------|-----------------------------------|

"In country" Disclosure

Kyrgyz Republic
29-Nov-2017

Comments

Disclosed as planned.



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 4.12 - 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?

NA

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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APPROVAL

| | |
|----------------------|---|
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|----------------------|---|

Approved By

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|---------------------------|-----------------|-------------|
| Safeguards Advisor: | Nina Chee | 11-Jan-2018 |
| Practice Manager/Manager: | Nina Bhatt | 11-Jan-2018 |
| Country Director: | Lilia Burunciuc | 11-Jan-2018 |