



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Kazakhstan	EUROPE AND CENTRAL ASIA	P170187	
Project Name	North Aral Sea Development and Revitalization Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Water	Investment Project Financing	12/7/2020	3/1/2021
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance	Ministry of Ecology, Geology and Natural Resources (Committee of Water Resources)		

Proposed Development Objective(s)

The Project Development Objective (PDO) is to improve water resources management in NAS-Syr Darya basin and the planning and development of natural resources based economic activities in Kyzylorda region.

Financing (in USD Million)	Amount
Total Project Cost	190.00

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 project will improve climate resilience for the Kyzylorda region by providing sustainable water and natural resources based economic development opportunities to its inhabitants. Project activities would facilitate economic diversification and regional prioritization, further restore the critical ecosystem around the North Aral Sea (NAS), promote green economy development and support rural livelihoods and small and medium enterprise (SME) development. The project reinforces the positive experience of reversing the decline of the NAS. By supporting



sustainable management through water use efficiency and climate-smart farm practices, the project will help build Kazakhstan's regional development example and contribute to addressing a global environmental crisis.

The project consists of three components: (i) improving water infrastructure and hydro-logical regime in the NAS-Syr Darya basin and setting essential foundations for both environmental restoration and socio-economic development in the region, (ii) supporting sustainable economic, social and environmental activities in Kyzylorda region through a set of catalytic investments, and (iii) improving the information base and integrated water resources management, regional planning and, the project management.

Component 1: Improving water infrastructure and hydro-logical regime in NAS-Syr Darya basin (US\$120 million)

The objective of this component will be to improve water resources infrastructure for both environmental restoration and broad-based economic and social development of the NAS-Syr Darya basin, and to support modernization of its management. The component comprises most of the project construction interventions.

Component 2: Supporting sustainable economic, social, and environmental activities in Kyzylorda region (US\$ 60 million)

The objective of this component will be to maximize sustainable economic, social, and environmental development utilizing restored natural resources. This component reflects the holistic approach in support of Kyzylorda regional economy. The component will also strengthen government's national framework to reduce climate risks and improve resilience, by enhancing multi-sectoral coordination, supporting the development and dissemination of best practices across areas, and enabling opportunities for climate resilient jobs. It includes a set of catalytic investments targeting economic, social and environmental activities in the areas of Fisheries, Tourism, Green-belt and afforestation, Crops and Livestock.

Component 3: Improving the information base and water resources management, regional planning and, the project management (US\$ 10 million)

The objective of this component is to ensure that a broad-based development program supports smart multi-purpose data and information gathering, management and institutional improvements and physical investments in the NAS-Syr Darya basin and Kyzylorda region. It will also support the implementation of principals of integrated water resources management in Kazakhstan part of the basin as well as plugging in the gap for basin-wide management and transboundary initiatives.

Relationship to CPF: The proposed project is fully aligned with and directly contributes to the draft CPF supporting the CPF Focus Area 1: Promoting Incisive Growth and Focus Area 3: Securing Sustainable, Resilient and Low Carbon Growth. Within the Focus Area 1, the project is aligned with the objectives two - promoting market-led agriculture growth and three - strengthen connectivity infrastructure for regional services delivery for regional integration (promoting inclusive i.e. support bottom 40%). Within the Focus Area 3, the project is aligned with the objective two: preserving and restoring natural capital, with the project's objective for further restoration of the critical ecosystem, promotion of green development and support to the rural livelihoods through strengthening regional water and environmental planning, management and coordination. The project targets one of the most impoverished regions and will support planning for regional development at both the central and regional level in an inclusive manner with



multi-stakeholder involvement. The planning would support data driven decision-making on a wide range of issues relating to environmental watershed/groundwater usage, environment, fisheries, agriculture, and eco-tourism and support services. The World Bank Group's Twin Goals of ending extreme poverty and boosting shared prosperity are front and center in the project design. The project brings a strong focus on an economically suffering region and is directed to Kazakhstan's most vulnerable area. By focusing on integrated water resources management (IWRM) and targeting activities at the watershed/basin level, the project intends to increase the beneficiary communities' resilience to climate change-related droughts and floods.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social] Kazakhstan, located in Central Asia, borders with China in the east, Russia in the north and north-west, Caspian Sea in the west, while Kyrgyzstan and Uzbekistan in the south. The Kazakh part of the Syrdarya river basin is the lowest part of a very complex natural and man-made system. The effect of upstream problems of the past and present have accumulated in this downriver part of the basin. The harnessing of the water resources of the Tien-Shan mountain range during Soviet times has altered the natural water flow by great storage schemes designed for irrigation in the Uzbek, Tajik and Kazakh lowlands. Under natural conditions, the Syrdarya system is a summer flood river fed by the melting of mountain snow and glaciers in summertime. This has shaped Syrdarya river flood plain, lakes and the size of the Aral Sea. The considerable storage and diversion of the water for irrigation in Soviet times have led to the ecologically and economically disastrous drying up of the Aral Sea. The Kazakhstan part of the Aral Sea is part of the northern area of the Kyzylorda region. The region is one of the poorest and primarily rural as well as including some small cities and towns such as Aralsk. The once-thriving harbor town of Aralsk, full of fisheries, boat industry, and a regional trading center, was at its peak in the 1970s and went down with the level of the Aral Sea. The area now attracts tourists who come to see rusty boats standing in the sand, while local inhabitants migrate for labor to other booming centers of Kazakhstan. Former fishermen have led widespread out-migration who completely lost their basis for livelihood. Soon the livelihood of the entire region has been dramatically damaged by the environmental crisis of the Aral Sea. To mitigate impacts of the environmental disaster the government provided livelihood support to the population in the region. However, in 1999 the support has been attempted to reduce with the aim to relocate the affected population to larger locations with available public and social infrastructures such as schools and health care. However, this resettlement proposal was unsuccessful mainly due to local resistance and lack of support from all parliament members. The Bank-funded Syr Darya and North Aral Sea Project (SYNAS-1) halted the hydrological demise of the NAS and fisheries started a modest recovery. The sea has returned, from a distant 100 km to only 17 km from Aralsk. Once migrated fishermen started returning to the region and resume their activities. Consequently, this enabled some economic activities such as the construction of fish sorting, refrigerator facilities and exporting of raw fish without value addition. The population of Kyzylorda oblast 794,000 of which 44% is urban and 66% rural. The youth population is about 24% with an average age of 28.8 years. The major ethnic group is Kazakh (96%), following by Russian (1.8%), Korean (0.9%) and other (1.3%). Today, the total labor force is 349,725 of which 4.8% is unemployed (the youth unemployment rate is 4.2%). The majority of the labor force (66%) have public employment in government and the enterprises, 34% are self-employed. 83% of the self-employed are registered as individual entrepreneurs and 14% work in subsistence farming, fishery, and livestock production. By the end of 2018, the trade structure of the Kyzylorda region is dominated by import-\$44.4 mln versus export \$23.5 mln. Import is focused on machinery and equipment-46.4%, chemical products-16.7%, food products-11.4%, construction materials-6.6%. Whereas import is focused on the following commodities: salt-58.7%, rice-26.3%, sand-8.8%, and fish-3.9%.



D. 2. Borrower’s Institutional Capacity

Environmental assessment procedures for projects, governed by a State Environmental Expertise Review, are reflected in the country's environmental legislation to deal with environmental issues arising during project preparation and implementation. Like in SYNAS-1, the Committee of Water Resources (CWR) will be responsible for implementation at the national level. Kyzylorda Akimat (local government) will be responsible for project implementation, particularly component 2, in the project area. Similar to SYNAS-1, most environmental issues in this project are also related to construction activities. Construction activities will be monitored by CWR, Kyzylorda Akimat and assisted by construction supervision consultants. CWR is familiar with the World Bank environmental and social safeguards and gained substantial experience by implementing the SYNAS-1 project and more recently Second Irrigation and Drainage Improvement Project (IDIP2). The World Bank supported the SYNAS-1 project (US\$85 million, 2001–2010), which implemented a targeted set of investments along the Syr Darya, notably by building an earthen dike, the Kok-Aral dike, to restore the NAS. The project increased NAS volume by 68 % (as the Kok-Aral dike raised NAS from 38 m to 42 m +Baltic Sea Level [BSL]) and reduced its salinity by 50 %. It is important to note that CWR and Kyzylorda Akimat have no exposure to Bank’s new Environmental and Social Framework (ESF). CWR gained substantial experience from SYNAS-1 (2001-2010) and more recently under IDIP2 (2013-ongoing). IDIP2 PIU does have an environmental specialist - based in the regional PIU in Shymkent and is supported by the international consultant. There is, however, no specialist at the Central PIU, necessary to support the preparation of this project, and such a specialist is needed to be hired for the preparation and review of E&S studies and to undertake day-to-day ES management during project implementation. CWR is less familiar with the World Bank social safeguards since neither projects mentioned above-triggered OP4.12 on involuntary resettlement. CWR is completely relying on external consultancy support in addressing the project's social issues. Building on the SYNAS-1 outcomes, the government has been advocating a follow-up program and with World Bank support prepared the SYNAS-2 project. The feasibility study (FS) was undertaken by an international firm with the support of the KazWater Resources Design Institute. The same situation is in IDIP2. The social issues are overseen by the safeguards specialist of an international consulting company. Much of the capacity and experience gained in the environmental and social safeguards through the implementation of SYNAS-1 has eroded after about a decade that has passed since the implementation of the project.

Public Disclosure

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

A. Environmental and Social Risk Classification (ESRC)

High

Environmental Risk Rating

High

The project will result in positive impact on environment and human population due mainly to restored aquatic ecological services in the NAS and delta. Improved water quality, long-term storage, introduction of water saving technologies in the agriculture sector, job creation and reduced dust pollution from the dead bed of Aral Sea will contribute towards improvement in the overall environmental conditions in the area. Some important protected areas/ natural habitats, ranging from water bodies of Syrdarya delta, the lake system in the delta, and terrestrial ecosystems in the Syrdarya floodplain most notably semi-desert and desert ecosystems are hallmark of larger Aral Sea ecosystem. Lesser Aral Sea, a major part of NAS is declared Ramsar site and Important Bird Areas (IBA). The project which includes major construction works are likely to introduce significant environmental risks and impacts that need to be managed properly. Modification in water flow regime (both quantity and quality) may affect large area, not only ecosystem within NAS but beyond. Water balance analysis and environmental assessments, to be



carried out during project preparation, will help to demonstrate whether project will result in significant changes to water flow regime and consequential upstream and downstream environmental and social impacts.

Construction of a new cut-off dike, canals, fish ladder, access roads, collector drain, and several hydraulic structures at different locations are key construction works supported by the project under Component 1. Construction works are also planned under Component 2 targeting areas like; (i) fisheries, (ii) agriculture, (iii) tourism, (iv) green-belt and afforestation and (v) pastures and hay fields. These investments may temporarily restrict access, during construction, to productive lands and natural resources such as aquatic resources, non-timber forest products, fresh water, plants, grazing and cropping areas. Construction activities under Components 1 and 2 may potentially result in adverse impacts on protected areas, biodiversity, wetlands and human health. Increased traffic volumes during construction, increased number of people for work, dependence on local natural resources of the migrant work force, and inadequate coverage of Occupational Health and Safety (OHS) and work conditions during construction are other potential risks. The project will therefore require developing a robust and comprehensive environmental management program to manage environmental risks and impacts.

PIU under the CWR, Ministry of Ecology, Geology and natural Resources (currently implementing World Bank funded project in the Agriculture GP established for Irrigation and Drainage Improvement Project (IDIP 2) will continue providing support for Aral Sea project preparation and implementation. It is expected that Kyzylorda regional administration (Akimat) will also significantly be involved as the project implementing agency. Neither PIU nor Akimat have any prior experience in the Bank's new ESF. PIU, currently, does not have any dedicated staff to cover environmental due diligence and it will have to outsource preparation and implementation services to some consulting company to meet the World Bank ESF requirements.

Social Risk Rating

High

Overall the social impact of project interventions is expected to be positive. The proposed project will generate substantial social benefits to both urban and rural communities in the Kyzylorda region which are dependent on water for their livelihood. More than 60% of the project financing under Component 1 will be aimed to improve the hydrological regime and water resources management in the NAS basin. However, the scale and impacts of further raising of NAS regulated water level to increase the volume, proximity to Aralsk is yet to be identified during the FS. Although raised water will flood the desiccated seabed there is a risk that in some areas which are located in the immediate floodplain may exist houses, structures or economic activity. Therefore this may cause permanent physical and/or economic resettlement. Along with the environmental restoration (Component 1), Component 2 will support scaling up of sustainable economic, social and environmental development by utilizing restored water resources and rolling out the integrated strategy in support of the broader regional economy. Although Component 2 implies targeted investments, at this stage it is not known location and scale of these interventions which will be defined or incorporated into the final project design during the implementation. The targeted investments are including the following areas: (i) fisheries, (ii) agriculture, (iii) tourism, (iv) green-belt and afforestation (v) crops and (vi) livestock. Therefore, there is a possibility of restriction on access to productive lands and ecosystem services such as the use of resources including communal property and natural resources such as aquatic resources, non-timber forest products, fresh water, plants, hunting, grazing and cropping areas. If this is a case it will be important to ensure that all urban and rural community members particularly vulnerable and disadvantaged people will have equal opportunity to participate in and benefit from the project. As stated above, IDIP2 PIU will continue providing support for this project preparation and is expected to continue to implement the project. In addition, that PIU does not have dedicated staff on environmental issues it does not have dedicated staff to adequately assess and address social risks. PIU has to hire

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a social specialist as soon as possible or have to outsource preparation and implementation services to the consulting company to meet the World Bank ESF standards.

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:

The Component 1 will finance construction of a new cut-off dike (9 meters high and about 10.3 kms in length) to divert part of Syrdarya flow northward via a 46 km long canal (with 50 m³/s flow capacity) to maintain the operational level at 46 m BSL around Gulf of Saryshaganak and bring water close to Aralsk city. This will help to create conditions for recovery of fish populations, biodiversity and water mineralization in the area. Investments also include constructing branch canals and a wetland system downstream of Kok-Aral dike. Any excess water will also be channeled to the wetland system through a collector and drainage network connected to Aksai and Kuandarya lakes systems, which receive escape water from left-bank of Kazalinsk irrigation area. Under component 2 of the project, relatively small infrastructure investments in the fisheries, agriculture, tourism, green belt and pastures/hayfield will help support sustainable economic, social and environmental activities in NAS region. The project is therefore expected to contribute in environmental and social benefits to the NAS by restoring critical ecosystem and supporting rural livelihoods. It is also expected that the project will have net positive effects by improving the hydrological regime and salinity and more stable conditions for wetlands.

Modification in water flow regime (both quantity and quality), once the project becomes operational, may affect large area, within and beyond NAS. The project could result in adverse environmental impacts due to its construction activities and operation, being undertaken in an area with complex hydro-ecological systems. There are number of protected areas, Important Bird Areas, wetlands and valuable Tugay forests, which may be impacted by the construction activities or project operation. The modified flow regimes during project operation and scale of construction particularly dike, canals, collector drain may result in adverse impacts on protected areas, biodiversity, and human health. Possible downstream impacts due to diversion of part Syrdarya flows towards Aralsk may result in change in salinity levels in the delta compounded with potential climatic variability, impacts on the Tugay forests in the Syrdarya floodplain and will require in-depth analysis. Proposed construction works, on the other hand, could result in increased traffic volumes, increased number of people for work, dependence on local natural resources of the migrant workforce. Inadequate compliance with OHS based on past experience from similar works could also add to the workers' health and safety risks. Some of the investments under Component 2 will require project attention to preserve local fish species and the need for restoring original ecosystem. Whether any changes in the flow regime and construction of wetlands will also impact wildlife movement corridor between eastern and western parts of the Barsakelmes Nature Reserve, which is located a few kms downstream of Kokaral dike, will be assessed through proposed environmental assessments. The project will therefore require preparation of a robust and comprehensive environmental management program to manage environmental risks and impacts.

For investments under Component 1, where pre-feasibility and feasibility level studies are already available under SYNAS-2 including an EIA, the project will update the existing study and prepare an ESIA covering issues under the Bank's new ESF. For targeted investments under Component 2, the location and scale of these interventions are unknown and will be defined or incorporated into the final project design during the implementation. The client will, therefore, prepare an environmental and social management framework (ESMF) for these investments, covering not only potential physical impacts but impacts associated with biodiversity, protected areas, and socioeconomic aspects.



Following preparation of ESMF at project appraisal, during the project implementation, the project will prepare ESMPs for all investments under project component 2. Both ESIA and ESMF reports will be prepared, consulted and disclosed prior to project appraisal. As part of the ESIA study, the project will also prepare a biodiversity management plan to manage issues related with biodiversity protection.

The project will also hire independent dam safety expert to assess the past dam safety assessment work and to use its recommendations for the design of future dam safety work.

As OP 7.50, Policy on International Waterways is triggered, the task team in consultation with the Bank's legal department has identified the need for a water balance analysis to be conducted by the project to fulfill the Policy requirements. Water balance analysis will help to confirm that the project objectives can be achieved with maintaining/no significant changes to the current flow regime into the NAS.

Social risk is rated as High and related mainly to resettlement, access restrictions, labor management, and exclusion. The risk will be reassessed at the appraisal stage once activities and impacts are better defined. The construction of a new dike to divert part of Syrdarya flow will unlikely require land acquisition or physical resettlement. However, this will raise the water level closer to Aralisk by flooding some areas and causing physical and economic displacement. The Borrower will prepare a Resettlement Action Plan (RAP) for project interventions under Component 1 prior to appraisal.

Potential restrictions – the project may support the development of the Barsakelmes Nature Reserve which may include expansion of the territory and restrict any human activity. If the project is confirmed to include Nature Reserve territorial expansion the Borrower will need to ensure the development of the Process Framework (PF) in line with ESS5. Additionally, change of access regime to ecosystem services may arise under Component 1 and 2 due to the following project interventions: i. Investments in hatcheries, habitat creation, lake resources management in the NAS basin will change the access regime to aquatic resources that have been used by local communities; ii. Investments in green-belt and afforestation: access for people to areas occupied by saxaul, tugai bushes and trees, who used them before, can be restricted; iii. Support in sustainable crop production and management; iv. Investments in sustainable hay harvesting, groundwater irrigation for remote pastures will change pasture boundaries and land-use regimes. Social assessment (SA) was done under SYNAS2 informs a very small part of the new project and will be used where relevant (mainly for component 1). SA as part of the ESMF will be done under the new project for parts not covered under existing SA. The Borrower will prepare an ESMF which will examine the risks and impacts on the livelihoods of the local population in particular vulnerable and disadvantaged groups as a result of changes in land-use regimes and in access to ecosystem services, identify measures and prepare plans to reduce and mitigate negative impacts and enhance livelihoods. Vulnerable and disadvantaged groups will be identified as part of the ESIA study. Towards addressing these social risks, in addition to ESIA, the following instruments will need to be prepared: ESMF, RAP, PF, Labor Management Procedures (LMP), Stakeholder Engagement Framework and Plan (SEF and SEP).

Available documentation reviewed and used as part of E&S screening are as follows: 1) Project Appraisal Document. Syr Darya Control and Northern Aral Sea Phase-I. 2001. 2) Implementation Completion and Results Report. SYNAS-1. 2011. 3) Environmental Assessment Report. SYNAS-1. 2000. 4) Feasibility study - Preliminary Environmental Impact Assessment Report. Syrdarya Control and Northern Aral Sea Phase-2 (SYNAS-2) Project. 2014. 5) Statistical data for Aralisk and Kazalinsk districts and the Kazakhstan Republic. <http://stat.gov.kz>.

Areas where “Use of Borrower Framework” is being considered:

The Borrower’s framework will not be used for the project as a whole or in its parts.



ESS10 Stakeholder Engagement and Information Disclosure

Environmental and Social Standard 10 requires the preparation and implementation of SEP proportionate to the nature and scale of the project and its potential risks and impacts. SEP is required to be developed considering the diverse stakeholder profile and needs, as well as different expectations and capacity to engage with the project. Considering the complexity of the project and different stakeholders in component 1 and 2 the Borrower will prepare SEP and a Stakeholder Engagement Framework (SEF).

Since component 2 has diverse investments and community/stakeholders that have a stake in the project is unknown the specifics for preparing a detailed SEP will not be available, therefore, it is planned to prepare a SEF which will be prepared and adopted as soon as possible during the project preparation but before appraisal. The scope and level of detail of the SEF will commensurate with nature and scale, potential risks, and impacts of the project and the level of concern in the project area. The SEF will guide the development and update of a SEP (for component 2) during the project preparation and implementation phase. Stakeholder Engagement will include the following: (i) stakeholder identification and analysis; (ii) planning for stakeholder engagement; (iii) consultations and disclosures; (iv) grievance mechanism; (v) consultations on ESIA and ESMF (including RPF and PF), and (vi) continuous interface with and reporting to the stakeholders. Project preparation has made preliminary attempts at mapping the stakeholders. At this stage, the main stakeholders, especially, the likely affected/beneficiaries are expected to include urban and rural community members of Kyzylorda region, women, youth, farmers, fishermen, entrepreneurs. Mapping of other interested parties such as government agencies/authorities, international donor organizations, local civil society groups will need to be undertaken and have their voice heard in designing project components. Additionally, to address potential concerns of riparian countries meaningful engagement activities will be important to include in the SEF. Since under component 1 the project details will be known during the preparation a separate SEP will be prepared. SEF and SEP will be developed by the Borrower, disclosed publicly as early as possible (but not later project appraisal) and begin implementation during the project preparation itself. Both SEF and SEP are living documents and will be updated as preparation and implementation advances. SEF and SEP will include mechanisms for setting out a Grievance Mechanism (GM) which would help the project-affected parties and other interested parties to express their concerns/grievances and enable the borrower to address them effectively.

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

The project would include direct workers (employees of CWR and of participating municipal authorities and agencies) as well as contracted workers (employees of civil works contractors). Community workers might also be involved in the project; this will be confirmed during preparation. Primary suppliers are likely to include suppliers of materials to implement various construction and rehabilitation activities on an on-going basis. A process for screening of primary suppliers particularly to ensure no history of significant labor, environmental and social violations will be conducted. Labor risks in this project will be mitigated by the establishment and close adherence to 1) a labor-management procedure (LMP), 2) labor-management plan(s) as part of the Contractor's ESMP, and 3) a code of conduct for workers. Risks related to child and forced labor are considered to be low, however, ESIA to be conducted during preparation will assess potential risks and mitigation measures will be included in ESMF and LMP. PIU will prepare an LMP for the project, prior to Appraisal, describing the types of workers, key elements of the national labor



policy and regulations and gaps with ESS2. LMP will include provisions on working conditions, fair treatment, and equal opportunities. Labor camps are envisaged but at this point, it is not possible to estimate the required number of workers. The ESMF and LMP will also include sections on OHS which will guide the preparation of LMP as part of the Contractors' ESMP. Civil work contracts will be required to express commitment in the bidding documents to preparing the Contractor's ESMPs and LMPs prior to the start of civil works. All civil work contracts will include industry standard Codes of Conduct that include measures to prevent Gender-Based Violence/Sexual Exploitation and Abuse (GBN/SEA). Additionally, separate to GM under ESS10, Grievance Redress Mechanism for project workers will be established, or – where one exists – will be assessed and strengthened to comply with the objectives of ESS2.

ESS3 Resource Efficiency and Pollution Prevention and Management

Almost all the proposed works are limited within NAS area with sparse population. Water quality in the lakes/wetlands may get affected by the construction works. Localized soil contamination due to oil/fuel spillage from the construction machinery, air pollution due to smoke and construction related traffic are some key pollution issues. The project will therefore require contractors prepare, prior to the start of civil works, waste management/ spill prevention plan as part of the site-specific ESMPs. Much of the construction material will be available locally like earth material and water however, cement, gravel, electricity, and fuel would be brought in from the nearby towns/cities. The project is unlikely to have significant adverse impact on water use resulting in change in water balance of the area but this will be confirmed through a water balance analysis envisaged to be carried out during project preparation. Contractors will be required to use newer and fuel efficient machinery to promote energy use efficiency.

The project will operate within the existing water sharing agreements and will follow the Bank's riparian notification and disclosure procedure. Water balance studies would be undertaken during project preparation to confirm that the project objectives can be achieved with maintaining/no significant changes to the current flow regime. The Interstate Commission for Water Coordination (ICWC) of the five Central Asian States has developed a common strategy for trans-boundary water management in the Aral Sea Basin, determining water allocations and reservoir operations in the Amu Darya and Syr Darya river basins. Declarations on water sharing were signed in 1995 (Nukus) and in 1997 (Almaty). In numerous declarations, the five Heads of State expressed their concern about the quality of life in the Aral Sea region and acknowledged the need for an integrated and joint regional strategy based on an ecosystem approach and integrated water resources management.

Contractors will use Government approved quarries to source material not available locally. PIU through supervision consultants will ensure that contractors source material only from the project and Government approved quarries. Both ESIA and ESMF will provide guidance on sourcing material from borrow pits. The project will ensure that borrow areas remain productive lands after earth material has been sourced from them - by restoring them back close to original and surrounding land use.

The Component 2 will support agriculture. Although it is unlikely that the project intervention will result in any increase in the pesticide use, ESIA and ESMF will provide guidance on farmers' training on integrated pest management.



ESS4 Community Health and Safety

The ESIA for Component 1 investments and ESMF for the remaining project activities will include assessment of work-related health and safety risks; traffic and road safety; HIV/AIDS and sexually transmitted diseases; GBV/SEA; site safety awareness and access restrictions; and labor influx and labor camp management. The ESMF will also include universal accessibility planning (as appropriate) to address and minimize risks and impacts that such investments under Component 2 may have on community health and safety. All construction sites will be restricted for unauthorized access by fencing the territory. The Borrower will assess risks posed by the security personnel and security arrangements to those within and outside of the project site and include in the ESMF proportionate mitigation measures. For all labor camps, the contractor will be required to employ measures to control labor influx risks based on the WB Guidelines on Managing the risks of adverse impacts on communities from temporary project induced labor influx and Good practice note on addressing GBV. A GRM for the public will be prepared and consulted on with local communities during project preparation.

Safety of Dams in the Standard is relevant to address the safety and operation of the Shardara reservoir in conjunction with the Koksaray reservoir. These are only two existing reservoirs in the Basin on the Kazakhstan territory that were built to address the demand-supply seasonal imbalances in lower Syr Darya and degradation of the Aral Sea and its delta area. Sharadara reservoir with the capacity of 5.2 km³ is the main one at the River inflow to Kazakhstan. Koksaray is the balancing reservoir downstream Shardara, with a storage capacity of 2.2 billion m³, which, if operated in conjunction with the Shardara dam, can provide an efficient flood mitigation in downstream area. Several high priority dam safety investigations, analytical/design/operational studies and physical works were conducted under SYNAS. It is intended to incorporate some of the needed dam performance and operation studies into the project's overall river system modeling studies during the feasibility study preparation. Any urgent and additional studies, investigations, analyses, designs, and works will be included in the project design. A panel of independent experts will be established during project preparation to review the dam safety.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This ESS5 is considered relevant due to the potential investments under Component 1 which could necessitate permanent physical and economic displacement or impose changes in land use or land access. The project does not anticipate physical resettlement due to direct project construction works. However, the construction of a new dike to divert part of Syrdarya flow will raise the water level closer to Aralsk by flooding some areas and causing physical and economic displacement. The Borrower will prepare a RAP for project interventions under Component 1 prior to appraisal. Additionally, the project may support the development of the Barsakelmes Nature Reserve which may include expansion of its territory and restrict access to resources. If this will be confirmed, a PF as a stand-alone document will be prepared by the Borrower with the participation of the local population prior to Appraisal to address the potential impact on the livelihood of affected people.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The natural habitats also include protected areas in the zone of influence (e.g. the Zapovednik Barsakelmes, Zapovednaya Zona Arys-Karaktau, planned Nuratau-Kyzylkum Biosphere Reserve in Uzbekistan), areas with known



high suitability for biodiversity conservation and sites that are critical for rare, vulnerable, migratory, or endangered species (e.g. assigned and potential Important Bird Areas and Ramsar sites), and the Tugay forests in the Syrdarya floodplain with ecosystems specific to Central Asian rivers, being in extreme decline and inhabited by several endemic and vulnerable species. The project will prepare biodiversity management plan for Component 1 investments as part of ESIA study prior to appraisal. It is envisaged that the project will have a net positive impact on these habitats and on biodiversity. Potential social risks and impacts associated with project impacts on ecosystem services will be further assessed during the project preparation as part of the ESIA study, and measures to mitigate potential negative impact and enhance positive outcome on livelihoods of local population especially vulnerable and disadvantaged groups will be developed.

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

The standard is not relevant because no indigenous people are known to reside in Kazakhstan.

ESS8 Cultural Heritage

In the past some treasures and artifacts have been found during excavation works in the Aral sea or in the areas close by, therefore ESMF and ESIA will include chance find procedures. Contractor will also be required to develop a robust chance find procedures at the time of preparing site-specific EMPs to take care of such chance-finds.

ESS9 Financial Intermediaries

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

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

Yes

The Bank’s Operational Policy on Projects on International Waterways (OP 7.50) is triggered due to works that will be implemented along the lower Syr Darya. The project will operate within the existing water sharing agreements and will follow the Bank’s riparian notification and disclosure procedure. Water balance studies would be undertaken during project preparation to confirm that the project objectives can be achieved with maintaining/no significant changes to the current flow regime. The Interstate Commission for Water Coordination (ICWC) of the five Central Asian States has developed a common strategy for trans-boundary water management in the Aral Sea Basin, determining water allocations and reservoir operations in the Amu Darya and Syr Darya river basins. Declarations on water sharing were signed in 1995 (Nukus) and in 1997 (Almaty). In numerous declarations, the five Heads of State expressed their concern about the quality of life in the Aral Sea region and acknowledged the need for an integrated and joint regional strategy based on an ecosystem approach and integrated water resources management.

OP 7.60 Projects in Disputed Areas

No

Public Disclosure



The project is not located in the disputed areas as defined in the Policy.

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?

No

Financing Partners

N/A

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

Actions to be completed prior to Bank Board Approval:

1. Preparation and disclosure of an ESMF for the project, followed by preparation of ESMPs during project implementation but prior to start of civil works.
2. Preparation and disclosure of an ESIA study including a biodiversity management plan.
3. Prepare and disclose a Labor Management Procedure (LMP) for project workers.
4. Establish a Grievance Redress Mechanism (GRM) at Project Level and a GRM for all Direct and Contracted Workers.
5. Develop and disclose a Resettlement Action Plan (RAP) before appraisal.
6. Develop and disclose a Process Framework (PF) before appraisal.
7. Develop, disclose and implement a Stakeholder Engagement Framework (SEF) before appraisal.
8. Develop, disclose and implement a Stakeholder Engagement Plan (SEP) for component 1 before appraisal.
9. Hire a Social Specialist at PIU or external consultant to prepare, implement and monitor activities related to community engagement, labor management, grievance redress, gender and social inclusion, land acquisition, and involuntary resettlement (as per ESMF, RAP, LMP, SEF and SEP).

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

1. Strengthen the capacity of PIU with dedicated Environmental and Social specialists to help prepare and review environmental and social assessment studies.
2. Training of relevant PIU staff on ESF requirements.
3. Preparation of ESMPs during implementation but prior to start of civil works for component 2.
4. The Borrower reports on the environmental and social performance of all activities on a [quarterly/biannual] reports;
5. The Borrower implements and reports on SEF/SEP.
6. The Borrower implements and reports on GRM.
7. The Borrower implements and reports on RAP.
8. Application of the PF (as appropriate).
9. Preparation and implementation of LMP.
10. Preparation of chance find procedures by contractor prior to start of civil works, and as outlined in the ESIA and ESMF.
11. Project to undertake water balance analysis as part of project feasibility studies, summary to be reflected in the ESIA study.

Public Disclosure



C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

30-Apr-2020

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Ministry of Finance

Implementing Agency(ies)

Implementing Agency: Ministry of Ecology, Geology and Natural Resources (Committee of Water Resources)

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s): Abdulhamid Azad, Gayane Minasyan, Bakyt Arystanov
Practice Manager (ENR/Social) Kevin A Tomlinson Recommended on 10-Dec-2019 at 16:22:48 EST
Safeguards Advisor ESSA Nina Chee (SAESSA) Cleared on 11-Dec-2019 at 10:03:32 EST

Public Disclosure