



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 18-Oct-2023 | Report No: PID216

**BASIC INFORMATION****A. Basic Project Data**

Project Beneficiary(ies) Kyrgyz Republic	Operation ID P180909	Operation Name National Community Initiatives Project of Kyrgyz Republic	
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 29-Feb-2024	Estimated Approval Date 31-Jul-2024	Practice Area (Lead) Social Sustainability and Inclusion
Financing Instrument Investment Project Financing (IPF)	Borrower(s) Kyrgyz Republic	Implementing Agency Community Development and Investment Agency (ARIS)	

**Proposed Development Objective(s)**

The development objective is to improve access to climate-resilient local social infrastructure and increase economic livelihood opportunities for women and youth in beneficiary communities.

**PROJECT FINANCING DATA (US\$, Millions)****Maximizing Finance for Development**

Is this an MFD-Enabling Project (MFD-EP)? No

Is this project Private Capital Enabling (PCE)? No

**SUMMARY**

<b>Total Operation Cost</b>	<b>25.00</b>
<b>Total Financing</b>	<b>25.00</b>
<b>of which IBRD/IDA</b>	<b>25.00</b>
<b>Financing Gap</b>	<b>0.00</b>

**DETAILS****World Bank Group Financing**

International Development Association (IDA)	25.00
IDA Credit	25.00



Environmental and Social Risk Classification

Moderate

Concept Review Decision

The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

- The Kyrgyz Republic (KR) is a landlocked, mountainous country with a population of about 7 million.** Despite geographic challenges, the country has economic potential based on its rich natural endowments including minerals, hydro-electricity potential and tourism. It has a relatively educated population and sits at a crossroads between large neighbors. With a Gross Domestic Product (GDP) per capita income of \$1,605, the KR is a lower middle-income country.
- After several years of pro-poor economic growth, the COVID pandemic and Russia's invasion of Ukraine highlighted the vulnerability of households during periods of economic contraction.** The national poverty headcount ratio fell from 2013 to 2019 as over 800,000 people were lifted out of poverty, but shocks linked with the COVID-19 pandemic pushed an additional 11 percent of population into poverty in 2020<sup>1</sup>. The economy has since rebounded, but has faced high inflation, driven by high food and fuel prices. Substantial movement in and out of poverty reflects low economic resiliency of households, related to low savings and dependence of growth on a narrow set of commodities as well as remittances, which in turn exacerbates vulnerabilities to shocks. Political instability has also affected GDP growth.
- The labor market has been a key driver of poverty reduction.** Poverty reduction was driven by an increase in labor incomes and remittances as a result of spatial and sectoral transformation that shifted the labor force toward more productive sectors with higher incomes: from low-paying agricultural employment to higher paying service, manufacturing and construction employment, from rural to urban areas, and from domestic labor markets to jobs abroad.
- Significant gender and spatial disparities influence growth and poverty reduction.** In addition to rural-urban disparities, there is a substantial gender gap in labor force participation. Today, women's employment is estimated at 45.6 percent, while men's employment at 69.7 percent. More than two-thirds of the population lives in rural areas, and the agriculture sector employs nearly half of the labor force. Women, who make up 44 percent of the agricultural labor force, are more likely to be self-employed and have less access to social benefits than men. In response, the Kyrgyz Republic has developed a National Gender Strategy that emphasizes the expansion of women's economic opportunities.
- The Kyrgyz Republic is one of the Central Asian countries most vulnerable to climate change.**<sup>2</sup> Although a small emitter of greenhouse gases, it is vulnerable because of its mountainous landscape (and risks of flash floods, landslides) and large agricultural sector. Agriculture is especially susceptible as steadily increasing temperatures have led to a loss of 'greenness' in lowland regions<sup>3</sup>. The Kyrgyz Republic's Third National Communication under the UNFCCC highlights at least \$14 million in average annual agricultural losses to hazards between 1991-2011.<sup>4</sup>

<sup>1</sup> World Bank. 2021. One Year Later in the Kyrgyz Republic's Battle Against COVID-19. Washington, DC.

<sup>2</sup> World Bank. 2014. Turn Down the Heat: Confronting the New Climate Normal. Washington, DC:

<sup>3</sup> Zhou, Y., Zhang, L., Fensholt, R., Wang, K., Vitkovskaya, I., & Tian, F. 2015. Climate Contributions to Vegetation Variations in Central Asian Drylands. Remote Sensing, (3), 2449–2470. URL: <https://www.mdpi.com/2072-4292/7/3/2449>

<sup>4</sup> Third National Communication of the Kyrgyz Republic under the UN Framework Convention on Climate Change (2016)



### Sectoral and Institutional Context

6. **Rural households experienced the greatest poverty reduction over the last 7 years**, but this varied widely across geographic areas and has been subject to reversals. These variations reflected differences in local markets, regional economic dynamics, sectoral specialization, and baseline poverty levels. Most of the poor reside in rural areas.<sup>5</sup>
7. **Rural populations remain dependent on agriculture for livelihoods and are vulnerable to climate change and other shocks, especially the poorest.** Despite its declining share in GDP, agriculture remains important for rural residents. Climate change impacts on crops and livestock disproportionately affect vulnerable groups, aggravating poverty, and contributing to social tensions, migration, and conflict. Women and poor rural dwellers are most exposed to flash flooding and landslides.<sup>6</sup> Smaller businesses and poor farmers are least able to afford energy and water saving technologies.
8. **Significant disparities in service provision persist between urban and rural areas** and across different oblasts. Although the gap between urban and rural poverty has narrowed, sectoral policies and infrastructure (e.g., public utilities and networks) favor urban households. In part because mountainous terrain makes challenges of service provision more difficult, rural residents contend with a higher share of multidimensional poverty than urban residents.
9. **The Bank's recent Kyrgyz Republic poverty assessment notes the importance of enhancing human capital, particularly among women and poorer segments of the population**, by enhancing access to affordable childcare, women's access to education, and reducing labor market barriers to women and youth. It also flags opportunities to address rural vulnerabilities via investments in rural utilities and to address disparities through job creation and infrastructure to improve market connectivity, and enhance subnational government incentives for service delivery.
10. **The Government of Kyrgyz Republic (GoKR) has long sought to address the needs of rural villages.** In 2008, the legal framework was amended to assign more political, administrative, and fiscal autonomy to local governments. Since then, there are increased opportunities for Aiyi Okmotus (AO, subdistrict administration) at the Aiyi Aimak (AA, or subdistrict) level to work closely with communities on local development initiatives. LSGs carry out local development planning and budgeting, but have limited capacities, high staff turnover, and financing. Administrative territorial reforms planned for 2024 are expected to reduce the number of AAs and may bring entry points for institutionalizing participation.
11. **The GoKR has worked with the World Bank to establish community-driven development (CDD) processes considering local needs and opportunities at the LSG level.** For over a decade, the government has implemented a series of community-driven investment projects in rural villages, with financing from the World Bank, JSDF and KFW. These projects have built capacity of communities and LSGs and have financed progressively larger infrastructure investments identified by the communities, leading to improvements in kindergartens, schools, medical facilities, public facilities, sport fields, drinking water supply, sewage and sanitation facilities, waste management, electrification, and street lighting.
12. **Gender, youth, and vulnerable groups have been at the center of CDD projects** – via social mobilization under these projects and in prioritizing investments that reduce gender and other gaps in access to social infrastructure – through expansion of kindergartens and schools, water sources, and other investments. The Gender Assessment for Kyrgyz Republic highlights the country's achievements in improving gender equity, while noting large gender disparities remain.
13. **Lessons learned from these CDD operations have informed the design of the proposed project** including: (i) importance of balancing breadth – covering all oblasts and rayons – with depth by concentrating resources via bigger investments in targeted AAs; (ii) creating mechanisms for incentivizing motivated individuals and groups to generate and implement innovative business ideas and climate activities; (iii) balancing in-person and digital modes of interaction – to facilitate discussions, voting, training, and mobilization activities that ensure the participation of vulnerable groups; (iv) need for detailed project procedures - to ensure subprojects are poverty-focused, community mobilization addresses

<sup>5</sup> <https://www.ifad.org/en/web/operations/w/country/kyrgyzstan>.

<sup>6</sup> WBG Climate Change Knowledge Portal (2021). Kyrgyzstan. Climate Data. Projections.



needs of women, youth, and minorities; and that there is transparency and accountability on decision making.

14. **The CDD projects also bring robust lessons on women’s empowerment and inclusion of vulnerable groups.** The CDD requirement that 50 percent of community level project positions be reserved for women, combined with grassroots leadership training, have empowered women to play roles in the planning, prioritization, decision-making and monitoring of project investments. The CDD platforms also set the stage for more cohesive and women-friendly environments where women and girls were able to participate in socio-cultural activities, secure jobs, and serve as members of LSGs and local councils. The projects also enhanced the capacity of vulnerable groups and women to engage in livelihoods activities, such as agricultural production, food processing, handicraft production, textiles, tourism, and other value chains. These experiences – drawing on VIP3 additional financing, Livelihood for Youth (L4Y) and the CASA 1000 Community Support Project -- provide positive insights on women’s empowerment that will be incorporated into the proposed project. They also highlight improvements, including the opportunity for targeting livelihood activities to more explicitly focus on helping women and other target groups take advantage of time saved and other opportunities provided by social infrastructure investments, that include but are not limited to vulnerable members.

#### Relationship to CPF

15. The proposed National Community Initiatives Project has strong links with the World Bank’s Country Partnership Framework FY2024-28 for the Kyrgyz Republic High-Level Outcome 2 (HLO2) and High-Level Outcome 3 (HLO 3) and other target results. It includes activities to improve rural community’s access to basic infrastructure and services; and enhance economic empowerment and voice for women and vulnerable groups. Across rural communities, lack of access to basic infrastructure and public services – including roads, water, energy, social services, agricultural support services, among others – is a major barrier to accessing economic opportunities and to improving welfare and raising human capital. This increases the importance of proactive interventions to tackle exclusion, including through engagement and empowerment of rural communities, and leveraging community-level mechanisms to deliver livelihoods opportunities. The project will contribute directly to Focus Area 3 “Enhance economic opportunities and resilience” and in particular to Objective 7 “Develop human capital”, Objective 8 “Support regional development” and Objective 9 “Enhance resilience to climate change and disaster risks”. The Project will help to raise climate change awareness and increase livelihood resilience through capacity building programs and investments.

### C. Proposed Development Objective(s)

The development objective is to improve access to climate-resilient local social infrastructure and increase economic livelihood opportunities for women and youth in beneficiary communities.

#### Key Results (From PCN)

16. The following indicators will measure achievement of the PDO:
- Number of persons with access to project-built social infrastructure in beneficiary communities.
  - Percent of targeted women and youth who report improved access to livelihood opportunities.
  - Percentage of sampled beneficiaries who report that community investments funded by the project reflect priority needs.
  - Percentage of infrastructure investments that are climate resilient.
  - Number of targeted sub-districts (AAs) with Local Development Plans developed involving community.

### D. Concept Description

17. **The National Community Initiatives Project (NCIP) builds on a series of CDD operations** (Village Investment and CASA-1000 Community Support projects). It will be implemented in the KR’s 40 rayons (districts) across seven oblasts (regions)—Naryn, Issyk-Kul, Chui, Talas, Batken, Osh and Jalal-Abad. It will scale up, standardize, and deepen impact of CDD operations by: (i) providing a national platform covering all 40 districts (to date, different projects separately covered



northern and southern regions); (ii) increasing average infrastructure sub-grants to target sub-districts; (iii) focusing livelihoods support on women and youth, and better linking livelihood activities with opportunities created by investments; (iv) streamlining project processes and institutional arrangements; and (v) embedding participatory approaches into LSGs. While it will provide a national platform across all 40 districts, the first phase will cover only one or two Aiyl Aimaks (sub-districts) per district (i.e., 40-80 out of 452 AA). The target AAs will be selected based on criteria such as poverty, remoteness, and economic potential, etc. Each targeted AA will receive social mobilization, capacity building, and social infrastructure investments, plus a subset of the 40-80 AAs will also receive livelihoods activities targeting women and youth.

### A. Project Components

The project will include the following components:

18. **Component 1 (US\$20.0 million): Village infrastructure Investments.** This component will provide subgrants to the selected AAs in each district for social infrastructure investments. It will also provide associated social mobilization and capacity building activities. Allocations for investments per targeted AA will be estimated and be adequate to finance social infrastructure, such as a kindergarten, school rehabilitation, construction of new additional school facility investments which integrate renewable energy sources and energy efficiency, health facilities, water supply, sewer and irrigation systems. Communities will prioritize the investments to be financed via a participatory and inclusive process, supported by social mobilization for community members. These processes will be detailed in a Project Operations Manual (POM), ensuring that all sub-projects: support poverty reduction and gender equity goals, are included in the local development strategy, have emerged from a verifiable process of community mobilization and decision making, confirmed in a community-level social audit meeting, and have been selected ensuring coordination with other donor projects. This includes processes to involve vulnerable groups, and criteria that prioritize infrastructure that benefit women, youth, and poor and vulnerable households. The design of construction and rehabilitation of existing infrastructure will incorporate climate-resilient design measures to address climate related natural hazards in the region. It is expected that, on completion, facilities will be transferred from ARIS to the relevant AO and placed on its balance sheet.

19. This component will also build the capacity of local communities and LSGs through trainings and other measures to strengthen: (i) local economic development; (ii) climate change adaptation; (iii) gender grassroots leadership; and (iv) participatory, inclusive, responsive local planning. Community facilitators will organize and mobilize community members (including the poor and vulnerable) to undertake participatory planning of Local Development Strategies, prioritize infrastructure needs, make decisions regarding infrastructure investments, and monitor the construction and operations and maintenance (O&M) of project infrastructure.

20. **Component 2 (\$3.0 million): Livelihood opportunities for women and youth.** This component will support the economic empowerment of women and youth in a subset of the targeted AAs. This support will be provided through market assessments and provision of facilities and trainings in entrepreneurship, value chain and other business skills. These services will draw on market and value chain assessments of relevant livelihood opportunities in sectors such as agriculture, handicrafts, tourism, digital and others. In sectors identified, this component will focus on expanding livelihood opportunities for women and youth. Business plans prepared through this process of capacity building will support the implementation of livelihood investments, technical assistance, and mentorship. It is anticipated that these facilities could vary significantly in technical complexity (e.g., from apple storage facilities to ICT centers). The final decisions on the facilities to be supported will be subject to a number of criteria, including, inter alia: (i) a business plan; (ii) the entrepreneurs having their own investment contributions; (iii) the number of jobs generated for young women and men in the target AAs; (iv) the final ownership/sustainability of the assets; and (v) secondary benefits, especially for youth and vulnerable groups. Innovative livelihoods facilities that employ youth, (e.g., e-enterprises and ICT centers) would be prioritized. This component will also include activities to incentivize small scale climate smart and digital development initiatives based on business proposals from groups.



21. **Component 3 (\$2.0 million): Project Management.** This component will finance ARIS’ costs associated with project management, which include the coordination and supervision of implementation activities, midline and endline evaluations, the operation of a beneficiary feedback mechanism and online platform, financial management, annual audits, and monitoring and evaluation, environmental and social safeguards and communications activities.

22. **Component 4: Contingent Emergency Response Component (CERC)** – The proposed operation will include a CERC, which in the event of an urgent need for assistance to respond to an eligible crisis or emergency<sup>7</sup> will enable the government to reallocate project funds to response efforts. This provisional zero-value component is designed to facilitate rapid access to project funds for response and recovery during a crisis.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

23. **The environmental risk rated as Moderate, the social risk is rated as Moderate, overall environmental and social risk is Moderate.** The risk ratings will be reassessed at appraisal stage once activities are better defined. Environmental and Social Standards (ESSs) 1, 2, 3, 4, 5, 6, 8 and 10 are considered relevant for the project. The project will apply energy-efficient and climate-resilient solutions, which are expected to provide positive environmental impact in longer-term. The environmental risks associated with the project activities mainly relate to site-specific and short-term waste and pollution during construction-related activities (new construction and rehabilitation), as well as longer-term operation-stage activities. In order to avoid any potential impact from activities in greenfield, biodiversity management and cultural heritage are triggered at the concept stage of the project. Sub-projects that may cause known significant impact on biodiversity, natural habitats and cultural heritage will not be financed and included into exclusion list. The project will ensure that the preparation and implementation stages are in line with the best practices, including environmental health and safety (EHS), traffic safety, waste management, pollution prevention and resource efficiency. to resource efficiency and pollution prevention measures. The social risks associated with the project activities relate to: (i) land acquisition, land use restriction and involuntary resettlement; (ii) labor management; and (iii) community health and safety. The risk of distribution of project benefits across the country and exclusion risk of vulnerable groups will be managed through selection criteria developed in consultation with relevant stakeholders, transparent and effective stakeholder engagement process. All investments will be based on a village-level participatory needs assessment with particular attention to disadvantaged and vulnerable groups as a part of the overall project designing. Towards addressing the risks, ARIS will prepare the Environmental and Social Management Framework (ESMF), which will provide preliminary assessment of the relevant risks, as well as mitigation measures, implementation and monitoring arrangements. In addition to the ESMF, Stakeholder Engagement Plan (SEP), Resettlement Framework (RF) and Labor Management Procedures (LMP) will be prepared, disclosed, and consulted upon with stakeholders prior to appraisal. The Environmental and Social Commitment Plan (ESCP) indicating main environmental and social actions throughout the project implementation will be part of the

<sup>7</sup> The CERC is included to enable the AF to respond to unforeseen COVID-19 needs, natural disasters or other non-COVID emergencies.



Financial Agreement. The project will develop site-specific ESMPs of implementation and waste management plans for operation stage for certain sub-projects.

**CONTACT POINT**

**World Bank**

Christopher Martin Finch  
Senior Social Development Specialist

Luiza A. Nora  
Senior Social Development Specialist

**Borrower/Client/Recipient**

**Kyrgyz Republic**  
Almaz Baketaev, Minister of the Ministry of Finance, minfin@minfin.kg

**Implementing Agencies**

**Community Development and Investment Agency (ARIS)**

**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

**APPROVAL**

Task Team Leader(s):	Christopher Martin Finch, Luiza A. Nora
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**Approved By**

Practice Manager/Manager:		
Country Director:	Zhanetta Baidolotova	20-Oct-2023



