

INTEGRATED SAFEGUARDS DATA SHEET ADDITIONAL FINANCING

Report No.: ISDSA14642

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I. BASIC INFORMATION

1. Basic Project Data

Country:	Azerbaijan	Project ID:	P155110
		Parent Project ID:	P122943
Project Name:	Additional Financing to IDP Living Standards and Livelihoods Project (P155110)		
Parent Project Name:	IDP Living Standards and Livelihoods Project (P122943)		
Task Team Leader(s):	Michelle P. Rebosio Calderon, Nijat Valiyev, Rebecca Emilie Anne Lacroix		
Estimated Appraisal Date:	01-Feb-2016	Estimated Board Date:	13-Jul-2016
Managing Unit:	GSU03	Lending Instrument:	Investment Project Financing
Sector(s):	Other social services (100%)		
Theme(s):	Conflict prevention and post-conflict reconstruction (40%), Participation and civic engagement (20%), Micro, Small and Medium Enterprise support (20%), Rural services and infrastructure (10%), Other urban development (10%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	78.53	Total Bank Financing:	50.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			28.53
International Bank for Reconstruction and Development			50.00
Total			78.53
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

2. Project Development Objective(s)

A. Original Project Development Objectives – Parent

The objective of the Project is to improve living conditions and increase the economic self-reliance of targeted internally displaced persons.

B. Proposed Project Development Objectives – Additional Financing (AF)

3. Project Description

The project will continue to have 4 components, with some changes made to each component as described below:

Component A: Micro-projects (AF: US\$20 million; Parent Project: US\$15 million): This component will continue to finance demand-driven economic and social infrastructure investments in communities with a significant proportion of IDPs. Micro-projects may include (a) repair or rehabilitation of basic infrastructure (e.g., water supply, power supply, access roads, drainage systems); and (b) repair or rehabilitation of social infrastructure, such as schools and health centers. The only changes that will be made to this component are: (1) the component will expand in geographic scope; (2) the ceiling for the value of infrastructure supported will be raised from US \$250,000 to US\$300,000 (while SFDI board approval will continue to be sought for projects above US\$150,000). Community contributions will continue to be set at 3 percent of the total value for the component. Operations and maintenance activities will be significantly strengthened under the Additional Financing, as will community engagement throughout the sub-project implementation cycle.

Component B: Infrastructure support to IDP communities (Original Component Title: Housing Renovation. AF: US\$30 million; Parent Project: US\$33 million). Component B will undergo the most changes in scope during the Additional Financing stage. In the Parent Project, the component financed the renovation of IDP collective centers that were in a state of disrepair. The GoA, however, is now aiming to resettle a large number of people currently living in IDP collective centers to 'New Settlements' and has therefore asked for this component to change focus. The GoA will be financing new 'New Settlements' using other financing, but has stated that there is a great need to rehabilitate social and economic infrastructure in New Settlements built before 2005. Component B under the AF will therefore finance multiple small-medium sized infrastructure investments in each of approximately 30 locations, including repair of social infrastructure (e.g., school, health care center) and repair of basic infrastructure (e.g., access roads, water supply). Selection will be based on an infrastructure needs assessment analyzing (a) the extent of infrastructure needs in each settlement; and (b) whether addressing specific infrastructure needs is likely to promote economic development. During project implementation, SFDI will create or revitalize community groups, will present to them the assessment of infrastructure needs in their community, and will then help them develop a final priority list of infrastructure investments to be supported by the project.

Component B will also finance ongoing operations and maintenance of all infrastructure supported by the project. This will help ensure the sustainability of investments. Currently, the GoA does not have an agency with the capacity to maintain IDP-focused infrastructure, so operations and maintenance will be contracted out. This arrangement is focused on lessons learned during the parent project, where maintenance that took place was not of optimal quality and needed greater allocation of financing and capacity-building.

Component C: Livelihood support (AF: US\$24.5 million; Parent Project: US\$11 million): This existing component will be scaled up and expanded geographically. Targeting for the component will also be modified to be more integrated with Components A and B – the component will specifically target communities benefitting from infrastructure investments. In addition, a new sub-component will be added to Component C that will focus on providing integrated economic support to beneficiaries. The component will therefore comprise four subcomponents: (a) Youth Training and Business Development; (b) Income Generating Activities; (c) Provision of Micro-Credit for IDPs; and (d) (new) Integrative economic support pilot (offering support from (a), (b) and (c)). Activities under each sub-component are as follows: a) Youth Training and Business Development: This sub-component will continue to provide skills training (technical and computer skills) to young people. The sub-component supports skills training graduates with tools that allow them to start income generating activities.; b) Income Generating Activities: This sub-component will continue to support vulnerable IDPs to form groups to carry out income generating activities. Income generation groups that have been successful in developing activities with previous project financing will also be encouraged to apply for a second round of support, which can finance groups to add value to their products or to be able to benefit from more complex technology for income generation. c) Provision of Micro-Credit for IDPs: Microfinance institutions that carry out activities under this sub-component currently select IDP and non-IDP beneficiaries (80 percent IDP) to receive up to US \$3000/group or US\$1000/per individual in microfinance funds. The repayment rate for these microloans is currently 100 percent, which indicates both that microfinance institutions have been able to successfully select viable enterprises, as well as that there is scope to encourage microfinance institutions to take greater risk by targeting more vulnerable individuals. Under the AF, this sub-component will focus increasingly on vulnerable individuals. Microfinance institutions will be required to ensure that at least 50 percent of the recipients of microloans have either (a) never received a loan in the past; (b) have an annual income that does not exceed US\$1200; (c) are female; or (d) have benefitted from sub-components C(a) (Youth Training and Business Development) or C (b) (Income Generating Activities). 80 percent of recipients of microloans will continue to be IDPs. These changes are expected to significantly increase the poverty reduction impacts of this sub-component, which, although currently performing well, may not be benefitting the core target group for this project. d) Integrative Economic Support Pilot: This subcomponent will work in New Settlements supported under Component B and will provide beneficiaries access to integrated economic support. Under this sub-component, young residents of New Settlements will be eligible to apply for training and business development support, adults will be eligible to benefit from income generating activities, and the beneficiaries of these two activities will also be eligible to receive micro-credit. This pilot will be carefully evaluated to make it possible to see whether integrated support significantly boosts income generation and sustainability of livelihoods.

Component D: Implementation Support and Capacity Building (AF:US\$4 million): This component will finance project management and capacity building as well as monitoring and evaluation activities. The only change expected under this component is the financing of an impact evaluation. Currently, the project has successfully gathered data on outputs, but there are indications that broader outcomes and impacts of the project are not being successfully captured. Because of this, the project will support a firm to carry out an impact evaluation measuring impacts of the Additional Financing stage only. The firm hired to carry out this evaluation will also take over some of the more complex monitoring and evaluation activities currently carried out by the PIU, also making it possible for the PIU staff currently carrying out these activities to focus on other aspects of project implementation.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The original project operates in 32 administrative regions of Azerbaijan where IDPs are located. The original project particularly prioritizes communities with a high proportion of IDPs. IDP vulnerability and poverty levels, for example IDPs living in worse conditions in small towns and rural areas, are used as criteria for selection for investments.

The AF will extend delivery of community infrastructure to 10 new administrative regions.

Component B will change from housing rehabilitation in the current project (discontinued) to social and economic infrastructure in new IDP settlements. Similar selection criteria to those in place under the original project will continue to be used to ensure communities selected are those with a high proportion of IDPs and those with the most urgent socio-economic needs. The social and economic infrastructure will be constructed in new IDP settlements constructed by the Government since 2005. It is expected that under the AF 270 eligible communities in 42 administrative regions will be serviced, with an anticipated 180,000 new beneficiaries (IDP as well as non-IDPs).

5. Environmental and Social Safeguards Specialists

Gulana Enar Hajiyeve (GEN03)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	Yes	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	Yes	The policy is triggered but the exception to riparian notification was approved by VP on Jan 13, 2016.
Projects in Disputed Areas OP/BP 7.60	No	

II. 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:
Environmental Assessment OP 4.01: Due to the scale and nature of the eligible investments, the

original project is not resulting in significant environmental impacts. Instead, the experience with the activities under the original project indicates that many of the micro-projects produced environmental benefits (improved water supply, improved sewage collection system, etc.) Because the investments for the project are not pre-identified, specific environmental impacts are identified in the course of project implementation. Therefore, a framework mechanism for screening environmental impacts, developing mitigation plans and monitoring environmental progress has been developed. Since the AF is proposed for scaling up the development effectiveness, without introducing changes to the eligibility criteria of proposed activities, the nature of the impacts remains similar to those that have already been considered for the original project. Therefore, the Environmental Management Plan Framework (EMPF) used under the current project remains applicable for the purposes of the AF. However, the EMPF has been updated by the Borrower to accommodate extended geographical coverage and focus of Component B on social and economic infrastructure instead of housing rehabilitation. The updated EMPF has been consulted upon, and re-disclosed. Examples of potential environmental impacts include excessive dust or noise during construction/rehabilitation, waste disposal, and aesthetic degradation of a landscape. Such impacts will be temporary, occurring during implementation of micro-projects, can be mitigated and are manageable.

Involuntary Resettlement OP 4.12: Because of the increased scope of Component B, OP 4.12 is triggered as part of the Additional Financing. Although state-owned land is expected to be available to municipalities for these investments, informal occupants or minor impacts upon livelihoods cannot be ruled out. SFDI has developed a Resettlement Policy Framework that has been consulted upon and disclosed in country and in the Operations Portal. SFDI will screen proposed project investments for potential impacts covered under OP 4.12 and will prepare Resettlements Action Plans where necessary.

International Waterways OP7.50: The project will support implementation of micro-projects on water supply and sanitation systems for beneficiary communities. However, the scale of the investments will be rather small and will occur in a form of rehabilitation and repair of the existing infrastructure (ongoing schemes). Although new connections to existing water supply systems may occur for a limited number of new investments, these are not of a nature to have adverse impacts on the quality and quantity of water flows to the riparian states. An exception from OP 7.50 had been issued by the VP office for the original project. As the AF will continue to support the investments of the same nature and scale, such exception for the purposes of AF was sought and approved by VP on Jan 13, 2016.

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

As the project interventions are focused on improvement of social, economic and sanitation infrastructure of IDP settlements, long-term impacts in the project area are assessed to be generally positive. In the long-term perspective the participating communities are expected to benefit from improved water supply and sanitation, rehabilitated roads, improved medical services etc. Similar impacts are expected in relation to the AF.

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

The precise location of the micro-projects or social and economic infrastructure are not known at this stage. However, the Environmental Management Plan Framework and the Resettlement Policy Framework will contain measures to minimize impacts. Micro-projects are community-driven and determined directly by communities. The social and economic infrastructure will be determined in

close consultation with communities.
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.
Over the last 15 years of implementing Bank funded projects, SFDI staff have demonstrated satisfactory safeguard performance and developed strong capacity in Bank safeguard policies and procedures. The Project will build upon this existing implementation experience, and sufficient project resources are allocated to SFDI staff to maintain and enhance skills in safeguard actions. SFDI has updated the existing safeguard guidelines and manuals including the Environmental Management Plan Framework (EMPF) and relevant sections of the Operational Manual (OM). These are being updated as necessary to accommodate the extended scope of the AF compared to the original project. In order to enhance in-house capacity to deal with more diverse micro-projects, SFDI is finalizing recruitment of a dedicated environmental specialist to oversee EMPF compliance. SFDI has hired the necessary expertise to prepare the RPF. The retained safeguards specialist will also be trained to oversee RPF compliance and will carry out screening at project sites.
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
Communities with a mix of IDP and non-IDP populations around the country, local governments, municipalities, NGOs, the local environmental authorities are considered the key stakeholders for the original project and proposed AF. SFDI has facilitated public consultation meetings with stakeholders in selected districts of the projects area to familiarize stakeholders with the World Bank safeguards policies, disclose the EMPF and RPF provisions and obtain public feedback and comments. The records of these meetings were enclosed in the EMPF and RPF respectively and made publicly available as part of the documents.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	05-Jan-2016
Date of submission to InfoShop	08-Jan-2016
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	////
"In country" Disclosure	
Azerbaijan	05-Jan-2016
<i>Comments:</i> Updated EMPF discussed at the public consultation meetings in November-December 2015, and disclosed on SFDI official web-site in Azeri and English (http://sfdi.gov.az/?options=content&id=124)	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	19-Nov-2015
Date of submission to InfoShop	04-Jan-2016
"In country" Disclosure	
Azerbaijan	18-Dec-2015
<i>Comments:</i> Disclosed on SFDI official website in Azeri and English (http://sfdi.gov.az/?options=content&id=122)	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/	

Audit/or EMP.
If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment			
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.12 - Involuntary Resettlement			
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Is physical displacement/relocation expected?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]	TBD [<input type="checkbox"/>]
Provided estimated number of people to be affected			
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	TBD [<input checked="" type="checkbox"/>]
Provided estimated number of people to be affected			
OP 7.50 - Projects on International Waterways			
Have the other riparians been notified of the project?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Has the RVP approved such an exception?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
The World Bank Policy on Disclosure of Information			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
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 [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
All Safeguard Policies			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

III. APPROVALS

Task Team Leader(s):	Name: Michelle P. Rebosio Calderon,Nijat Valiyev,Rebecca Emilie Anne Lacroix	
<i>Approved By</i>		
Practice Manager/ Manager:	Name: Nina Bhatt (PMGR)	Date: 30-Jan-2016