



# Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

Date Prepared/Updated: 11/16/2018 | Report No: ESRSC00074



**BASIC INFORMATION**

**A. Basic Project Data**

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

Proposed Development Objective(s)

The Project Development Objective is to improve the sources of livelihood for local populations in GBAO and Khatlon through tourism and agribusiness, and to promote and preserve the local culture.

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>30.00</b>

**B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

**C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

The REDP's development objective is to create new economic activities and generate employment opportunities for vulnerable and underprivileged groups, such as women and youth, while also promoting and preserving the local culture. In particular, the REDP is focused on the two most vulnerable regions in Tajikistan that are subject to regional tensions around border security and natural resource sharing: the Khatlon and Gorno-Badakhshan (GBAO) region. The REDP operation proposes to target two economic sectors, manufacturing and services, to leverage the land, the people and the cultural heritage of the two regions. In particular, the REDP proposes to focus on two complementary sectors: manufacturing (agri-processing) and services (community based-tourism). The complementarity stems from

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the regional focus, since agro-processing has more opportunities for Khatlon, while tourism could be a key asset for GBAO.

**D. Environmental and Social Overview**

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]

The project will focus on development of agribusiness and community-based tourism in Khatlon and GBAO. The scope of the works and environmental impact will be determined over the course of identification and preparation.

Tajikistan is a small landlocked country in the heart of Central Asia, bordering Afghanistan, China, the Kyrgyz Republic, and Uzbekistan. Mountains cover more than 90% of the country rendering accessibility difficult. Both Khatlon and GBOA, are home to interesting endemic flora and fauna, including some protected species like the snow leopard; protected areas, like the Tajik National Park in GBAO’s Pamir Mountains (a UNESCO World Heritage Site); and a rich cultural tradition. Khatlon is known for cotton production and related medium sized industry. Most of 8.7 million people belong to the Tajik ethnic group, however, GBOA, despite its sparse population, has a linguistic diversity. Nearly a third of the Tajik population is poor with GBOA and Khatlon having larger proportions of poor.

Unemployment of the youth and vulnerable peoples is quite high, which represents a source of instability and a potential threat for the country as a whole. The two regions share a porous border of 1,300 km to the south with Afghanistan that is a hotspot for drug trafficking; thus, the project areas are fragile and conflict-ridden owing to both internal as well as external forces. The economy is dependent predominantly on remittances. Lack of employment has resulted in extremism and clashes with the authorities; thus, salient social characteristics for the project include: (i) high degree of diversity in terms of linguistic as well as political orientations; (ii) interregional as well as rural-urban disparities; (iii) cross border illicit trade and skirmishes; and (iv) low income and employment opportunities.

D. 2. Borrower’s Institutional Capacity

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

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

**A. Environmental and Social Risk Classification (ESRC)** Substantial

**Environmental Risk Rating** Substantial

The Environmental Risk Rating is Substantial. Physical works envisaged under the project are of medium scale. The expected environmental impacts associated with the proposed construction may include increased pollution due to



improper care, handling and storage of construction material and waste, generation of excessive noise and dust levels, and health impacts related with inadequate disposal of asbestos containing material. Developing community-based tourism will also deal with Tajikistan's unique natural environment and cultural heritage. Although construction works will not have direct irreversible physical impacts on the heritage monuments, indirect impacts from the movement of construction machinery, presence of work force, etc. as well as permanent impact on the visual/aesthetic view and tourist experience during visitation of these sites are the potential environmental impacts. Due to the nature of proposed works and associated environmental risks, and limited capacity of Ministry of Agriculture and Ministry of Economic Development and Trade in the understanding and application of Bank's ESF, and relevant Standards, the project is classified as Substantial risk from environmental perspective and as defined under the Bank's ESF.

**Social Risk Rating**

Substantial

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

**B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered**

**B.1. General Assessment**

**ESS1 Assessment and Management of Environmental and Social Risks and Impacts**

**Overview of the relevance of the Standard for the Project:**

During preparation, the client will prepare and disclose an Environment and Social Management Framework (ESMF) that covers all applicable ESF Standards. The ESMF will have checklists for determining where and when site specific Environment and Social Impact Assessments (ESIAs)/ Management Plans( ESMPs) will be necessary. Environment risks and impacts are limited to the those associated with the medium-scale construction envisaged. Rehabilitation activities for tourism sites will follow national guidelines on cultural resources preservation and contractors selected will need to have relevant skills. The severity of potential impacts is expected to be substantial but will be reassessed during preparation once activities are more clearly defined. Project areas are fragile and conflict ridden, yet also highly fertile (in Khatlon) and potentially attractive to visit (in GBAO). The people are a potential asset as the youth in Tajikistan's labor force could be productively engaged. Finally, both regions share a rich cultural heritage, which could be commercialized to create economic benefits and enhance self-identity. The positive impacts are joined by social risks that will need to be mitigated by distinct measures in the agribusiness and tourism activities. During preparation a Social Assessment will be prepared that includes: (i) stakeholder identification/mapping; (ii) stakeholder analysis of



expectations, concerns, and issues; (iii) assessments of positive and negative impacts; and (iv) a social management plan to mitigate the negative impacts and enhance positive benefits. SA will also assess risks related to any change, on ecosystem services that may affect income of local population and intangible culture. These apart, agriculture processing and tourism facilities would require lands. However, as details about the location, extent of area are not known as of now, a Resettlement Policy Framework (RPF) will also be developed during the preparation.

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

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

**ESS10 Stakeholder Engagement and Information Disclosure**

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

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**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 ESMF will include sections on Environment Health and Safety (EHS) including specific instruments that will need to be prepared either by the client or the contractor prior to commencement of works (i.e. ESH checklists and plans; worker codes of conduct; safety training regimens; etc.). The Project is not expected to employ large numbers of contract workers. Provisions will be made to train and hire as many as possible from local communities where the activities are taking place. The project proposes some medium-scale operations that will continue after project closure like agricultural processing units or tourism centers. Some of these could be community based while others might involve higher technologies (for example cold storage) and be in the hands of private operators. The expectation is that the majority of labor will be locally hired with the possible exception of a few skilled workers. The Social Assessment will help in determining whether a specific labor management plan is required or ESMP can include labor related clauses and preventive health measures. Capacity Assessment: As part of the SA, the client’s capacity to manage labor, working conditions and community health and safety will be assessed. Contract Clauses: Civil works



contracts will incorporate social and environmental mitigation measures based on the World Bank Group Environment Health and Safety Guidelines and the ESMF (as well as any site specific ESIA/ESMP prepared); other referenced plans e.g. Stakeholder Engagement Plan (SEP), RPF etc.) as well as specific language referencing the prioritization of the hiring of unskilled local labor. All civil works contracts will include industry standard Codes of Conduct that include measures to prevent Gender Based Violence/Sexual Exploitation and Abuse (GBV/SEA). A locally based Grievance Redress Mechanism (GRM) specifically for direct and contracted workers will be provided.

### **ESS3 Resource Efficiency and Pollution Prevention and Management**

The ESMF will include sections on resource efficiency, Pollution Prevention and Management, and Pest Management. Assessment of risks and impacts and proposed mitigation measures related to relevant requirements of ESS3, including raw materials, water use, air pollution, hazardous materials, and hazardous waste will be included within scope of the ESMF and ESMPs as relevant.

### **ESS4 Community Health and Safety**

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

### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

The project does require lands, for establishing agricultural processing units and probably while repairing and restoring some cultural properties. Scale of operations in agriculture are quite low- each processing unit may require about half a hectare of land. Current plans are to either capitalize on the existing infrastructure (such as Markets, bus shelters) and / or secure unused public lands. Hence, the project, in principle, may not resort to involuntary acquisition for agriculture stream. However, there could be some isolated instances wherein lands may have to be acquired. But, currently details about the requirements of land for agriculture- number, area, location etc—are not known. It will become known only during the implementation. Further, nature and extent of lands required on the culture front are yet to be gauged. Given this scenario, towards managing involuntary LA, if need be, the client will prepare a RPF, seek approval from the Bank and disclose. RPF preparation will make use of the Social Impact Assessment inputs emanating from SA. Irrespective of the method of securing lands, client will maintain a land registry depicting the details of the land deployed for the project.

### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

As community-based tourism is likely to involve interaction with protected areas, critical habitats, and endangered species, particularly in some of the remote mountainous areas of Tajikistan, the ESMF will specifically deal with biodiversity issues. Specific issues will include instructions for necessary sections in any site specific ESIA/ESMPs to be prepared and provision for protecting biodiversity in community-based tourism.



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

This ESS applies to distinct social and cultural groups identified as per a set of criteria. And these are labelled in the ESS as indigenous peoples / sub Saharan African historically undeserved traditional local communities (IPs). The provisions of ESS applies when IPs are present in the project area or have a collective attachment to the proposed project area. Tajikistan has no such distinct groups and hence ESS is not applicable. This has been confirmed by the screening done in respect of the risks and impacts associated with this ESS. Hence this ESS is not applicable.

**ESS8 Cultural Heritage**

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

**ESS9 Financial Intermediaries**

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

**B.3 Other Relevant Project Risks**

Most of external and internal project risks have been identified, though site specific visits are yet to take place. Tajikistan's status as an FCV Country combined with the terrorist attack on foreign tourists in July 2018 adds a level of risk beyond those specifically related to project activities that will need to be examined during appraisal.

**C. Legal Operational Policies that Apply**

<b>OP 7.50 Projects on International Waterways</b>	No
<b>OP 7.60 Projects in Disputed Areas</b>	No



**III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE**

**A. Is a common approach being considered?** No

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

**Actions to be completed prior to Bank Board Approval:**

Prior to appraisal, the client will:

1. Prepare an Environment and Social Management Framework (ESMF) acceptable to the Bank that includes relevant Environment and Social Standards as well as information on Tajikistan’s unique flora, fauna, and cultural heritage. The ESMF will detail criteria and timing for preparing site specific ESIA/ESMPs;
2. Conduct a Social Assessment, including a Stakeholder Engagement Plan, that defines mitigatory measures to manage risks, minimize adverse impacts and enhance positive benefits;
3. Develop a Resettlement Policy Framework (RPF).

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

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

1. Environment and social screening of project activities based on the ESMF, including need to prepare site specific ESIA/ESMPs;
2. Application of the RPF to project activities, including the need to prepare site specific Resettlement Action Plans;
3. Continued stakeholder engagement throughout project implementation and beyond project closure; and
4. Maintenance of a land registry depicting details pertaining to land used for project activities.

**C. Timing**

**Tentative target date for preparing the Appraisal Stage ESRS** 15-Mar-2019

**IV. CONTACT POINTS**

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**Borrower/Client/Recipient**

Borrower: The Ministry of Economic Development and Trade of Tajikistan

**Implementing Agency(ies)**

**V. FOR MORE INFORMATION CONTACT**

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**VI. APPROVAL**

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