

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC14631

Date ISDS Prepared/Updated: 04-Aug-2015

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I. BASIC INFORMATION

A. Basic Project Data

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|---|--|-----------------------|------------------------------|
| Country: | Kazakhstan | Project ID: | P153748 |
| Project Name: | CLIMATE ADAPTATION AND MITIGATION PROGRAM FOR ARAL SEA BASIN SOP II (P153748) | | |
| Task Team Leader(s): | Philippe Ambrosi | | |
| Estimated Appraisal Date: | 09-Nov-2015 | Estimated Board Date: | 22-Dec-2015 |
| Managing Unit: | GEN03 | Lending Instrument: | Investment Project Financing |
| Sector(s): | Central government administration (40%), Public administration- Information and communications (30%), General agriculture, fishing and forestry sector (15%), Forestry (15%) | | |
| Theme(s): | Natural disaster management (25%), Environmental policies and institutions (25%), Other social protection and risk management (25%), Climate change (25%) | | |
| Financing (In USD Million) | | | |
| Total Project Cost: | 15.00 | Total Bank Financing: | 10.00 |
| Financing Gap: | 0.00 | | |
| Financing Source | | | Amount |
| Borrower | | | 5.00 |
| International Bank for Reconstruction and Development | | | 10.00 |
| Total | | | 15.00 |
| Environmental Category: | B - Partial Assessment | | |
| Is this a Repeater project? | No | | |

B. Project Objectives

The proposed Development Objective of this second project in the series is to support Kazakhstan's participation in CAMP4ASB for the country to benefit from enhanced, regionally-coordinated access

to improved climate change knowledge services for key stakeholders (e.g., policy makers, communities, and civil society), as well as to increased investments and capacity building that, combined, will address climate challenges common to Central Asian countries.

CAMP4ASB seeks to help Central Asian countries build upon the benefits of cooperation while pursuing national priorities for climate-smart development. The Program will lay the foundation for an institutional platform for regional cooperation on climate change across a broad range of sectors. This will be the first such platform in Central Asia that will provide access to improved climate change knowledge services for climate change assessment and decision-making and to increased financing and technical assistance for climate investments in priority areas common to Central Asian countries.

Given the scope of the Program, it is processed as an interdependent Series of Projects, or SoP, involving multiple borrowers. The split between the first and second project in SoP is mostly linked to a different pace of processing instruments and countries' own project cycles (e.g., Kazakhstan's requirement for Feasibility Study prior to completing preparation and preparing RAS support for Turkmenistan). The SoP approach provides here the framework to establish a platform for high-level policy and regulatory harmonization, cooperation, and coordination between countries aiming towards achieving benefits that will go beyond each country's boundaries. This approach is designed to allow borrowers to tackle issues shared regionally (e.g., common and shared climate change challenges, as in the present instance) and to generate positive externalities/public goods (e.g., in the case of CAMP4ASB: economies of scale through shared research and knowledge efforts, faster learning through experience-sharing for replication and scaling-up across countries of successful climate innovation, increased mobilization of resources through concerted action, scaling up through complementarity). Expected benefits from such a SoP approach (as opposed to a succession of individual national projects) include greater impact from coordination as explained above, higher visibility and attention (e.g., in terms of attracting resources), and stronger identity, creating synergy and learning across individual country operations (e.g., opportunities for building on CAMP4ASB's climate knowledge services, including lessons from the Program-financed climate investments, to develop climate-smart plans and programs). These benefits will be measured as key results from the Program.

There are three broad categories of benefits to Kazakhstan from its participation in the Program:

- Greater climate resilience for investments in critical sectors. The Program will provide grants and technical assistance to communities and villages to improve productivity and safeguard key economic sectors facing climate change risks. Evidence from similar activities implemented in comparable agro-ecozones of other Central Asian countries show such measures can yield substantial increase in agriculture productivity and income, in a very cost-effective manner and within just a few years. Finally, experience from community-driven approaches, which combine direct support for rural economic production and resilience coupled with awareness raising and capacity building activities, indicates that such approaches engender cost-effective investments, local ownership, improved operation and management skills, thereby enabling sustainability of investments and their replication and scaling-up.
- Enhanced capacity for country's long-term, climate-smart development. The Program will also ensure that national stakeholders (e.g., government agencies overseeing climate-sensitive sectors, civil society, academia) have access to improved climate knowledge services (e.g., data, information, and tools for climate assessments and decision-making) and participate in regional knowledge and experience sharing (e.g., on lessons from climate investments financed under the Program in all countries). Through this collaborative mechanism, there is potential for Kazakhstan to

learn (faster) from climate-smart practices and technologies that worked well in similar context in other Central Asian countries as well as from policy and institutional frameworks (e.g., to prepare an adaptation strategy and to strengthen multi-sector coordination on adaptation).

- Increased potential to attract resources for climate action. The development partners have been closely associated with the Program's preparation and are showing increased interest for the regional platform it is building in order to scale up support for climate action in Central Asia. Given its regional ambit, the Program has high potential for attracting additional donor resources and international visibility to the region. A funding proposal for the Green Climate Fund (GCF) is under preparation as per which about \$7 million in concessional resources are envisaged for Kazakhstan, virtually all to support and scale-up climate investments.

C. Project Description

The proposed project will support Kazakhstan's participation in CAMP4ASB and follows the technical design and component description of the first project in this series, which established the framework for this Program, with three components:

- Component 1: Regional Climate Knowledge Services, to strengthen the knowledge and capacity base for climate action and facilitate regional dialogue and coalition building for an effective climate response at scale;;
- Component 2: Regional Climate Investment Facility, to provide grants/credit lines and technical assistance for climate investments in priority areas common to all Central Asian countries;
- Component 3: Regional and National Coordination, for oversight, coordination, and implementation support at regional and national levels through the Program's Regional Steering Committee and Regional and National Coordination Units.

COMPONENT 1: CLIMATE KNOWLEDGE SERVICES (preliminary costing: US\$5 million; proposed financing: US\$3 in IBRD financing and US\$2 in government co-financing)

This component will provide technical assistance, as well as minor civil works, goods (including software and equipment), and training at both the regional and national levels, to develop a unified, integrated regional analytical platform for climate resilient and low emissions development, with improved data, information, knowledge for climate assessments, and tools for decision-support. Although this information platform will be managed at the regional level, national agencies and other stakeholders (e.g., academia, civil society organizations) in each participating country will also have access to this system. In addition to providing an improved data and information platform, this component will also develop a mechanism to assess the results and lessons of the climate investments implemented under the Program (under Component 2) in order to ensure that these lessons and results are systematically evaluated and disseminated to support Central Asian countries in their planning processes and lead to greater scale-up of climate action in the region. This dissemination and regional capacity building will be further supported under the component via an annual climate change forum, regional training and e-learning events, as well as climate networks.

- Strengthening the Information Platform for Central Asia. This activity will facilitate access by stakeholders (e.g., government agencies, civil society, academia) to public-domain data for climate assessment and decision-making (e.g., socio-economic, greenhouse gas emissions, land use,

hydromet, climate change scenarios, etc.). This platform will make available comprehensive and up-to-date data and information, linking with high-quality datasets, from global, regional, and local sources, including time series and spatial information (e.g., real-time earth observation systems). It will also provide tools and interfaces for the visualization and interpretation of data and information (e.g., mapping tools, to layer data and map hotspots and areas at risk, screening tools, etc.). The Platform will be designed following open data practices, starting from publicly available datasets (and building on on-going initiatives such as the World Bank Spatial Agent App) and promoting further information sharing (e.g., supporting data rescue and their publication through the Platform, crowdsourcing). It will be managed by an Information Technology/Data Specialist with the Regional Coordination Unit, working in tandem with each participating country's Technical Working Group and National Coordination Unit to improve awareness of the growing collection of high-quality, global public-domain datasets relevant for climate assessments, facilitate data acquisition and curation, as well as build capacity at national level on data management and analysis.

Activities in Kazakhstan (to be managed by a focal point with the National Coordination Unit) will thus include coordination with the Information Technology/Data Specialist at the Regional Coordination Unit, assistance with collection of national data (including possible data rescue exercise), and outreach to target users (to raise their awareness on this platform and also get feedback, suggestions on improvements to the Platform). These activities will be supported by the Kazakh National Coordination Unit budget (staff time, consulting services for data rescue exercises, small budget for outreach, minimal equipment).

- Targeted upgrading of climate-related monitoring systems. This activity will provide improved monitoring systems and data series to support project activities (e.g., snow, permafrost, and glacier/cryosphere – whose improved monitoring could help anticipate glacier lake outburst as well as better understand cryosphere dynamics and improve projections of water resources in the region under a changing climate; or agricultural and forest systems - for instance to monitor state and health of forests and pastures for informed management interventions, better emissions inventories and other reporting under international commitments, and identification of areas at risk of extreme events – such as, fires). If conclusive, such investments could then be scaled up under other national and regional investments (including the forthcoming CAWaRM Program).

In Kazakhstan, possible investments under discussion with Kazhydromet include

- Densification of hydromet stations to improve coverage of existing network, for better weather monitoring (which depending on the type of stations installed can support snow cover monitoring – critical for rainfed agriculture to the north of the country, irrigation scheduling, or index-based agriculture insurance) and weather/climate forecasting (with better data collected to inform and calibrate models, and improve forecasting capacity at different timescales, from weather hazards to climate change projections). Investments under discussion include: 50 automated agrometeorological stations (more than half in the cereal oblasts of North Kazakhstan and Kostanay), 10 automated monitoring stations (which can monitor snow cover in real time, in particular), and 10 atmospheric control stations; and
- Equipment and softwares to manage and analyze these data, including)g to improve modeling capacity for hydrological forecasting, in particular floods and hydrological droughts.

- Setting up a Climate Investment Assessment Mechanism. This activity will support the systematic evaluation of the climate investments under Component 2. A pool of experts, comprising national Technical Working Group members from the five Central Asian countries, Regional Coordination Unit technical experts, and additional experts, will be established. For select completed climate investments (about six to ten each year), two to three experts from this pool, including from Central Asian countries other than that of the location of the pilot, will evaluate the pilot, within 3

months of its completion, and will draw lessons based on a pre-established assessment methodology. The evaluations will be available for public dissemination, including for presentation and discussion at events such as the Annual Climate Forum. These evaluations will also be inputs to knowledge products, e.g., strategy papers or sectoral policy papers. Costs for these assessments of select climate investments will be supported by the Regional Coordination Unit (RCU).

All other climate investments will be assessed following the same template, albeit in a lighter fashion, with costs for this assessment to be covered by each country's National Coordination Unit.

- **Outreach and coalition building.** This activity will support outreach and coalition building, including through an annual Climate Knowledge Forum (for engagement of Central Asia stakeholders around the Program's results and its future orientations) and fostering climate networks (notably, to leverage enthusiasm and energy of Civil Society Organizations in Central Asia for climate action). This activity will be chiefly supported by the Regional Coordination Unit, with some operational costs to be borne by the Kazakh National Coordination Unit (e.g., outreach event with Kazakh CSOs, media campaign, etc.).

COMPONENT 2. CLIMATE INVESTMENT FACILITY (preliminary costing: US\$9 million; proposed financing: US\$7 in IBRD financing and US\$2 in government co-financing)

This component will provide financing to rural communities (including farmers, farmer groups, private companies, water user associations, pasture management and/or user groups, and other private business representatives) for climate investments on a demand driven basis, considered by participating Central Asian countries as priority for scaled-up climate action. Technical assistance and facilitation support will also be provided under the component to beneficiary communities to plan, implement, and manage climate investments supported with sub-grants. The European Investment Bank has expressed interest in parallel financing, for a \$60-70 million credit line for green and climate-related investments in SMEs, to be extended via Damu (a government fund to support SMEs). This would complement well the grant mechanism planned under CAMP4ASB for Kazakhstan. However, while the activities would be coordinated, they would still be independent and as such, would not be hampered if their timelines were to differ.

- **Sub-component 2.1. Investment Financing:** This sub-component aims to increase productivity and address climate change by promoting the adoption of rural production, land management, and other climate-resilient and mitigation investments, by providing sub-grants to rural communities.

The selection of project areas will be made at program outset, at the intersection of the following criteria: (i) Located in climate-vulnerable areas of Central Asia, based on the extent of land and vegetation degradation, expected water shortages, and predicted increase in temperature (alternative: extreme events, such as floods and droughts); (ii) Located in the parts of the country with the highest share of bottom 40 percent population (e.g., with the largest share of the bottom two quintiles of the population with the lowest incomes); (iii) Good coverage of the major agro-ecological systems in Central Asia (mountains, foothills, rangelands, irrigated, and arid) in order to maximize learning potential among participating countries; and (iv) Good complementarity with government- or donor-funder initiatives on the ground.

For instance, preliminary mapping of climate vulnerability in Kazakhstan (under the Joint Economic

Research Program) shows that the oblasts of Almaty, Kostanay, and Kyzylorda are the top three oblasts most vulnerable to climate change. They each represent different agro-ecozone (e.g., intensive rainfed crop production, cattle ranching in arid/semi-arid areas, household plot farms) and could therefore be good candidates for the sub-grant program. Selection of the project area will be refined in the period to Appraisal, taking into account amongst others: diversity in types of vulnerability to be addressed; cost of adaptation and its adequacy with sub-grant size; number of beneficiaries; donor complementarity.

Eligible investments are expected to primarily contribute to: (a) crop diversification, climate-resilient seed varieties, and seed system support measures, (b) on-farm water resource management and efficiency improvement measures, (c) rehabilitation of degraded lands and land degradation control through agro-forestry and rangeland management measures, (d) promotion of stability and sustainability of mountain ecosystems and livelihoods, (e) conservation agriculture, (f) livestock production improvements, (g) agro-products processing, (h) energy efficiency improvements (e.g., insulation, lighting, etc.), and (i) expansion of renewable energy sources, particularly for those communities in remote rural areas. Other climate investment types could be considered at a later stage, based upon new priorities identified and commonly agreed by all participating countries. In discussion with Kazakh counterpart, there was interest for pasture restoration (using positive example of the Drylands Management Project that was financed by GEF grant) and management (as availability and affordability of fodder is an issue) as well as for off-grid renewable energy (in connection with government program, without sufficient funding). The recent Agricultural Sector Risk Assessment in Kazakhstan, other Advisory Services and Analytics reports on climate-smart agriculture in the region (e.g., Looking beyond the Horizon series), experience from specific projects (e.g., Drylands Management Project) provide a considerable knowledge base to guide design, selection/appraisal, and implementation of sub-projects.

Sub-grants will be provided meeting the following eligibility criteria: (i) proposed investment site's climate vulnerability (e.g., land and vegetation degradation, expected water shortages, and predicted increase in temperature); (ii) investment site where poorest 40 percent of the population reside; (iii) investment's gender focus and cost effectiveness; (iv) the proposed investment's sustainability and potential for replication; as well as (v) donor complementarity. Beneficiaries will be able to receive up to 80 percent of a sub-project investment as a matching grant. Village beneficiary contributions can be in cash or in-kind, while private farmers contributions can be in the form of cash, complementary goods, or paid labor. Program financed grants for sub-project investments are expected to be up to US\$100,000.

- Sub-component 2.2. Capacity Building and Community Support: This sub-component includes financing for awareness raising, participatory planning, and implementation support of climate investment plans at the community level. This "facilitation package" is expected to raise interest of potential beneficiary communities for climate investment opportunities under the Program, improve the quality of the funding proposals prepared by these communities, and enhance the likelihood of success for these investments.

Contracted Facilitating Organizations, such as Non-Governmental Organizations and other organizations, will help beneficiaries assess and understand climate threats and impacts, and factor in the potential impact of climate change on livelihoods and vulnerability to weather hazards, based on local and scientific knowledge of climate variability and its likely effects. Local knowledge will include information about trends and changes experienced by the communities themselves and strategies they have used in the past to cope with similar shocks or gradual climate changes, or to

mitigate threats and impacts. The contracted organizations will then support community-level participatory appraisals and community action plans, which promote fairness, equity, and transparency. These facilitating organizations will assist beneficiaries to identify and design appropriate investment plans that show clear linkages to the findings of the climate change appraisals. These organizations will also help build the technical and organizational capacities of communities to manage and implement their investments.

COMPONENT 3: NATIONAL COORDINATION (preliminary costing: US\$1 million; proposed financing: US\$1 in government co-financing)

This component will support the operating costs of the National Coordination Unit (NCU), responsible for national investment oversight. Support will also be provided to the NCUs for national-level coordination, procurement, financial management, reporting, safeguards oversight, and monitoring and evaluation. In addition, this component will support activities by the NCU in relation to Component 1, including participation to the Information Platform, Climate Investment Assessment Mechanism, and Outreach and Coalition Building at national level.

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

This second project in the CAMP4ASB Series will be implemented in Kazakhstan. Precise areas for hydromet upgrading and climate investments are not known at this stage.

E. Borrowers Institutional Capacity for Safeguard Policies

The Climate Change Department with the Ministry of Energy, anticipated to be the National Coordination Unit (NCU) for the Program in Kazakhstan, has no operational experience (with the Bank or any other development partner). Lack of project implementation experience and of familiarity with World Bank policies and procedures together with possible delay in appointing key staff at the Kazakh NCU may thus result in slow start of operations and numerous inefficiencies and delays. A work plan to help ensure that readiness requirements for implementation be met will be prepared in the period to Appraisal, including appointment of key managerial and technical positions prior to effectiveness and adequate trainings, so that skills, systems, and reporting mechanisms are in place to comply with Bank requirements in a timely manner.

F. Environmental and Social Safeguards Specialists on the Team

Arcadii Capcelea (GENDR)

Ekaterina Romanova (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

| Safeguard Policies | Triggered? | Explanation (Optional) |
|--|-------------------|--|
| Environmental Assessment OP/BP 4.01 | Yes | This OP is triggered as the Project will support pilot investments in key vulnerable sectors, possibly in the area of re-vegetation and restoration of forests and their services, community forestry and pasture management for participatory, equitable, and improved use of natural shared resources, etc. The Project also might support small scale civil works |

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| | | related to renovation of existing premises. The exact domain for project financing will be decided during the initial stages of project preparation. Although the climate investments will be limited in scope, they may generate various environmental and social impacts related to: soil degradation; water and air pollution; biodiversity conservation; labor safety issues and health impacts, etc. It is also expected these potential impacts will be mostly temporary by nature and site-specific. To address these impacts, an Environmental and Social Management Framework (ESMF) will be designed which would specify the rules and procedures for subproject Environmental Assessments. The ESMF will also provide advice for setting up under Component 2 a regional repository of knowledge and lessons from the region in climate-smart agriculture, which might include information materials for training and advice on climate-smart agricultural technologies (e.g., soil, water and crop management for both rainfed and irrigated production systems, livestock and pasture management, global good practices), covering all aspects including production, post-harvest handling and processing, marketing, and financing. The ESMF will be disclosed and consulted before Appraisal in the country. |
| Natural Habitats OP/BP 4.04 | Yes | This OP is triggered as the Project might support different afforestation and pasture improvement activities which might impact natural habitats (NHs). The ESMF will provide relevant advice on necessary EA activities in those cases where the proposed project activities might have impacts on NHs. Also, the ESMF will stipulate that any sub-projects which could impact Critical Natural Habitat, and any with the potential for a significant and lasting negative impact on a natural habitat, will be excluded from project financing. |
| Forests OP/BP 4.36 | Yes | This OP is triggered as the Project might support re-vegetation and restoration of forests and their services. The ESMF will provide relevant advice regarding what is necessary to be taken into consideration during the EA for those sub-projects that include afforestation activities and in particular, with regard to the selection of land plots given for afforestation as well as with regard to ensuring biodiversity of newly planted forests and their sustainability. |

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| Pest Management OP 4.09 | Yes | The Project is not going to support purchasing pesticides but it might generate a need for their increased usage, in particular in the case of forestry nurseries development. No separate Pest Management Plan is needed, but the ESMF will include a section describing both measures which will be used to ensure compliance with national laws and WB requirements relating to pesticide purchase and use, and also measures to promote Integrated Pest Management (IPM) approaches and safe pesticide handling and disposal practices to reduce human and environmental exposure. Additionally the ESMF will include a list of eligible pesticides in the country and guidance on their use. |
| Physical Cultural Resources OP/BP 4.11 | No | N/A |
| Indigenous Peoples OP/BP 4.10 | No | N/A |
| Involuntary Resettlement OP/BP 4.12 | No | This OP is not triggered as any project activity (e.g., hydromet station upgrading under Component 1 and climate investments under Component 2) that could result in involuntary resettlement impacts as per OP 4.12 will not be financed under the Project. During preparation the Borrower and Team will explore whether to allow investments involving voluntary land donation, recognizing that this would require the ESMF and Operational Manual to set out an effective and transparent system to ensure that such donations are entirely voluntary and not coerced . |
| Safety of Dams OP/BP 4.37 | No | The Project will not support any subproject related to irrigation and water abstraction from reservoirs. |
| Projects on International Waterways OP/BP 7.50 | Yes | Project activities will use water from ‘international waterways’, and in particular, the two main river basins in Central Asia - the Amu Darya and the Syr Darya or their tributaries. However, the activities to be financed would be limited to rehabilitation, modifications and minor additions or alterations to existing schemes in ways which would not increase the amount of water abstracted or lead to appreciable impact on the water sources or local hydrological regime. For the first project in the Series, OP 7.5 was triggered but its applicability was reviewed with the Bank’s Legal Department, and a waiver on notifying riparian states was granted. The same route will be followed for the present project. |

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| Projects in Disputed Areas OP/ BP 7.60 | No | N/A |
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III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 02-Nov-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed.
The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

The ESMF will be disclosed and consulted with all key stakeholders before Appraisal in the country. Before Appraisal the draft ESMF will be disclosed and publicly consulted with all interested parties and key stakeholders. For that purpose the client will post it on the website of the Ministry of Energy and of the participating oblast Councils and will organize public briefings with all key stakeholders: representatives from environmental, agricultural and forestry authorities; pasture/water user groups, farmer groups; academia; environmental NGOs; specialized research and design institutes; local communities; private sector involved in agricultural sector. These briefings will be organized in all three participating oblasts. Based on the public consultations the document will be finalized and disclosed on the specified website and submitted to the WB for its disclosure in the Infoshop.

IV. APPROVALS

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| Task Team Leader(s): | Name: Philippe Ambrosi | |
| <i>Approved By:</i> | | |
| Safeguards Advisor: | Name: Agnes I. Kiss (SA) | Date: 04-Aug-2015 |
| Practice Manager/ Manager: | Name: Kulsum Ahmed (PMGR) | Date: 05-Aug-2015 |

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.