

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: PIDA17055

<b>Project Name</b>	Climate Adaptation and Mitigation Program for Aral Sea Basin CAMP4ASB (P151363)
<b>Region</b>	EUROPE AND CENTRAL ASIA
<b>Country</b>	Central Asia
<b>Sector(s)</b>	Central government administration (40%), Public administration- Information and communications (30%), General agriculture, fishing and forestry sector (15%), Forestry (15%)
<b>Theme(s)</b>	Natural disaster management (25%), Environmental policies and institutions (25%), Other social protection and risk management (25%), Climate change (25%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P151363
<b>Borrower(s)</b>	Ministry of Finance, Ministry of Finance, Ministry of Finance
<b>Implementing Agency</b>	EC-IFAS, Committee for Environmental Protection, State Agency on Environment Protection and Forestry, Ministry of Agriculture and Water Resources
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	17-May-2015
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<b>Estimated Date of Appraisal Completion</b>	22-May-2015
<b>Estimated Date of Board Approval</b>	22-Jun-2015
<b>Appraisal Review Decision (from Decision Note)</b>	

**I. Project Context**

**Country Context**

The five Central Asian countries are among the Europe and Central Asia region's most vulnerable to climate change and building resilience to the mounting impacts from climate change is a priority for poverty reduction and shared prosperity in Central Asia. Average annual temperatures across the entire region have increased since the mid-20th century by 0.5°C in the south to 1.6°C in the north and impacts are already being observed, from melting glaciers in upland areas (where glaciers have lost one-third of their volume since the 1900s) to droughts and floods in the lowlands (where weather-related disasters are estimated to cause economic losses from 0.4 to 1.3 percent of Gross Domestic Product per annum for Tajikistan, Turkmenistan, and Kyrgyz Republic, for instance). Under current greenhouse gas trajectories, climate change is expected to intensify over the coming

decades, increasing pressure on natural resources and assets, such as water, land, biodiversity and ecosystems, with rising costs for key development sectors, such as agriculture and energy.

Climate risks extend across national borders, through connectivity in land and water systems as well as social and economic interactions (e.g., migratory flows, food, and energy markets). For example, the Syr Darya River, one of the two largest rivers in Central Asia, originates in the mountains of Kyrgyz Republic and is mainly fed by glacier and snow melt. The river then flows through Uzbekistan, Tajikistan, and Kazakhstan where it is utilized for large-scale irrigated agriculture, particularly cotton and wheat production, and it ends in the Aral Sea. While the water flow could increase in the short term (as a consequence of glacier melt), the water flow reduction in the long run (from changes in snow/ice accumulation and melt, enhanced evaporation and crop water requirements, and uncertain precipitation changes) could have dramatically adverse social, economic, and environmental consequences on irrigation-dependent agriculture across Central Asia. The story is similar for the other major river in the region – the Amu Darya River, which originates in the mountains of Tajikistan and Afghanistan. In addition to irrigated agriculture, the other major agroeco-zones of Central Asia (i.e., mountain ecosystems, agro-pastoralism in foothills, extensive cattle ranching in the temperate and arid steppes, and rainfed agriculture) will experience comparable climate challenges for economic activities and livelihoods.

### **Sectoral and institutional Context**

In Central Asia, the sectors most at risk from climate change are agriculture, energy, and water, with women disproportionately affected. In agriculture, which is critical for the largely rural livelihoods in the region, cropping systems productivity (including in both rainfed and irrigated systems) is sensitive to variations in rainfall, hydrologic flows modulated by snow/ice accumulation and melt, system storage, as well as evapo-transpiration. Energy systems are sensitive to hydrologic changes (e.g., in the case of hydropower), demand changes (e.g., in warmer areas in summer), the impact of extreme events on transmission systems, as well as sensitive to mitigation actions (e.g., in the case of fossil fuels). Across these sectors women tend to be more vulnerable to the impacts from climate change, given in particular their dependence on natural resources threatened by climate change as well as their unequal access to resources, particularly in rural areas. It is therefore important to identify gender-specific strategies particularly that support sustainable, climate-resilient development.

Currently there is no institutional platform in Central Asia with the explicit mandate to support regional cooperation on climate change across a broad range of sectors. At the national level, Central Asian countries are at different stages in terms of defining and implementing their climate response, with great potential to learn from each other on their common adaptation and mitigation priorities. Given inherent connections in water and land systems within the region as well as similarities in climate change challenges across countries, a coordinated and integrated approach toward climate change could bring multiple benefits. In particular, it could help improve the effectiveness of national climate actions through (i) economies of scale (e.g., shared research and knowledge efforts); (ii) faster learning through experience-sharing for replication and scaling-up across countries of successful climate innovation; (iii) strategic planning and financing (e.g., access to climate finance, collaboration with development partners); and (iv) complementarities (e.g., agricultural trade, regional power markets, insurance mechanisms, etc.). Existing regional institutions under the International Fund for Saving the Aral Sea (IFAS) – such as IFAS Executive Committee (EC IFAS) or the Interstate Commission on Sustainable Development (ICSD), are well

positioned to serve as a platform for regional collaboration on climate change given their mandate (to coordinate and manage regional cooperation on sustainable development in Central Asia), their high-level convening power (which facilitates dialogue among countries and with the development community), their knowledge management activities (e.g., new research, data and information management, experience sharing and training events) and, in some instances, their project implementation experience in key vulnerable sectors.

Recognizing the importance of climate action Central Asian countries convened at the inaugural Central Asia Climate Knowledge Forum (held in June 2013 in Almaty, Kazakhstan). Representatives from each of the five Central Asian countries attended the Forum, acknowledging that climate risks transcend borders between Central Asian countries and emphasizing the importance of establishing a regular platform to collaborate in effective and scaled-up resilience. Since then, the Forum has emerged as a platform to encourage learning, dialogue, and collaboration among Central Asian countries on climate-resilient development, including establishing the building blocks of a regional program for climate resilience. The Second Central Asia Climate Knowledge Forum, held in May 2014 in Almaty, Kazakhstan, concluded with a call from all five Central Asian countries for a regional program on climate resilience to strengthen climate-smart information, institutions, and capacity for cross-sectoral and cross-country planning, and investment preparation and implementation, in order to increase regional collaboration in the long-term. All five countries agreed that a regional program for climate adaptation and mitigation is extremely timely and can build on, and strengthen, existing experience and initiatives in the region. Work by the Central Asia Technical Working Group on Climate Change (a group of technical experts nominated by the Governments of the five Central Asian countries to work across sectors and borders on climate-smart solutions) also indicated that the countries are facing similar sectoral challenges where resilience must be strengthened (e.g., agriculture, water, energy, health, forestry, and biodiversity) as well as gaps for addressing these challenges (e.g., knowledge and capacity, lack of an enabling regulatory framework, and access to finance and technology). These commonalities lend themselves well to a systematic and integrated approach at the regional scale, with greater gains than unilateral action.

## II. Proposed Development Objectives

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

## III. Project Description

### Component Name

Regional Climate Knowledge Services

### Comments (optional)

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 emission development, with improved data, information, knowledge, and decision-support tools. 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, this component will also develop a mechanism to assess the results and lessons of the climate investments implemented under the Program's Regional Climate Investment Facility.

**Component Name**

Regional Climate Investment Facility

**Comments (optional)**

This component will provide financing (grants or loans, depending on participating countries' preferences) at the village community and resource-user levels to increase productivity and address climate change by promoting the adoption of rural production, land management, and other climate-resilient and mitigation investments. In addition, the component will provide technical assistance and facilitation support for vulnerable communities to plan, implement, and manage climate investments. Eligible investments will include those that meet criteria agreed upon by all participating countries that reflect regional priority areas where climate action must be scaled-up. Investments in a given country will be financed through the financing mobilized by that country.

**Component Name**

Regional and National Coordination

**Comments (optional)**

This component will provide management support for the Program, at both regional and national levels, by a) supporting a Regional Coordination Unit (RCU), under the regional Implementing Agency (EC-IFAS), responsible for regional coordination and implementation of the Regional Climate Knowledge Services component, including procurement, disbursements, financial management, monitoring and evaluation of program performance, as well as operating costs; and b) supporting National Coordination Units (NCUs) in each participating countries for implementation of the Regional Climate Investment Facility, including procurement, disbursements, financial management, monitoring and evaluation of program performance, safeguards oversight as well as operating costs.

**IV. Financing (in USD Million)**

Total Project Cost:	55.95	Total Bank Financing:	47.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			27.50
IDA Grant			19.50
Local Communities			8.95
Total			55.95

**V. Implementation**

Given its mandate to coordinate cooperation to improve the environmental and socio-economic situation in the Aral Sea Basin, as well as use existing water resources more effectively, the Executive Committee for International Fund for Saving the Aral Sea (EC-IFAS) will serve as the implementing agency for the Program's regional, cross-cutting activities. Under the authority of the President of IFAS (the Head of State of each Central Asian country, on a rotating basis), with a chairman appointed by the President of IFAS in coordination with the Heads of State of the other Central Asian countries, EC-IFAS provides a high-level platform for dialogue among the countries of Central Asia, as well as the international community. A Regional Coordination Unit (RCU) will

support EC-IFAS in providing overall program coordination in collaboration with national Implementing Agencies. The Regional Environmental Center for Central Asia (CAREC), an independent, non-commercial, international organization, founded by all five Central Asian countries as well as the European Commission and the United Nations Development Programme, headquartered in Almaty (Kazakhstan) with country offices in all Central Asian capitals, will serve as RCU. The Program's proposed management arrangements include:

a) A Regional Coordination Unit (RCU) will support EC-IFAS in the implementation of Regional Climate Knowledge Services as well as Regional Coordination. The RCU will provide general Program oversight, oversee implementation of activities implemented at the regional level (including liaising regularly with the NCUs to seek inputs and facilitate consensus on proposed regional activities as well as to receive feedback on their implementation), provide as needed technical support/guidance to the NCUS, review bi-annually a sample of national climate investments to ensure their consistency with guiding investment priorities set by the Regional Steering Committee, organize reviews with country TWG members to assess lessons learned from investments, and ensure lessons and results from Program activities are systematically disseminated to support participating country planning processes. The RCU will also oversee, together with the NCUs, the Program's Feedback/Grievance Redress Mechanism. The RCU will also support arrangements for the Regional Steering Committee meetings.

b) National Coordination Units (NCUs), in each participating country, responsible for the implementation of the Regional Climate Investment Facility, together with Participating Financing Institutions (when climate investment financing is provided via credit lines), as well as ensuring overall National Coordination. NCUs will operate under the supervision of a national focal point and the national Technical Working Group, will be responsible for overseeing the implementation of the country's Climate Investment Facility, ensuring awareness-raising and outreach of investment opportunities, providing training for climate investment proposal preparation, and in the case of grant funding, screening proposals, and pre-selecting investments for funding. The NCUs will also monitor investment implementation and ensure compliance with Bank safeguards and fiduciary requirements. Participating Financing Institutions (PFIs) will be responsible for identifying prospective sub-borrowers, have full autonomy in sub-project approval and determination of lending terms (such as the interest rate and repayment and grace periods) and will bear the lending risks.

c) A Regional Steering Committee, comprised of representatives from the NCUs, Director of the RCU, and Chairmen of EC-IFAS and ICSD, meeting every six months to review program progress and recommend program priorities. The Regional Steering Committee will provide advisory support, define annual climate investment priority areas, recommend future Program directions, ensure country coordination and facilitate sharing of status update in each country, monitor Program progress on a bi-annual basis, report to stakeholders and be responsible for high-level outreach, as well as settle controversies that might arise during implementation. The Regional Coordination Unit will support the arrangements for the Regional Steering Committee's meetings.

## VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36	x	

Pest Management OP 4.09	x	
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50	x	
Projects in Disputed Areas OP/BP 7.60		x

**Comments (optional)**

**VII. Contact point**

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