

INTEGRATED SAFEGUARDS DATA SHEET APPRAISAL STAGE

Report No.: ISDSA17343

Date ISDS Prepared/Updated: 11-Apr-2016

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I. BASIC INFORMATION

1. Basic Project Data

Country:	Kyrgyz Republic	Project ID:	P155412
Project Name:	Integrated Dairy Productivity Improvement Project (P155412)		
Task Team Leader(s):	Sandra Broka, Mai Nguyen, Serhiy Osavolyuk		
Estimated Appraisal Date:	08-Apr-2016	Estimated Board Date:	02-Jun-2016
Managing Unit:	GFA03	Lending Instrument:	Investment Project Financing
Sector(s):	Animal production (70%), General finance sector (20%), Agro-industry, marketing, and trade (10%)		
Theme(s):	Rural services and infrastructure (25%), Rural policies and institutions (25%), Trade facilitation and market access (25%), Micro, S mall and Medium Enterprise support (15%), Climate change (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:	5.00	Total Bank Financing:	5.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			2.75
IDA Grant			2.25
Total			5.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

2. Project Development Objective(s)

The Development Objective of the Project is to enhance dairy animal productivity and milk quality

on beneficiary farms.

3. Project Description

The proposed overall Project (Phases I and II) would consist of four components :

Component 1: Strengthening Public and Private Services in the Dairy Sector. This component would contribute to the program development objective by improving the public-private dialogue on private sector development issues, and by supporting the improvements in the breed stock (genetic quality) of the dairy cows. This component would focus on the following activities: (i) Improving the Public-Private Dialogue; (ii) cattle identification and registration in Issyk-kul Region; (iii) Establishment of an World Organization for Animal Health (OIE)-certified Zone Free of Animal Diseases (with a focus on Foot and Mouth Disease (FMD)) ; and (iii) Support to Artificial Insemination (AI) Service Providers.

Component 2: On-farm Productivity Enhancement. This component would work towards the establishment of Model Dairy Villages (MDVs). The activities under this component would improve knowledge on good dairy farming practices among direct and indirect beneficiaries, including through demonstrations, and train the beneficiaries in the adoption of necessary inputs, services and equipment. These activities would mostly focus on small and household farms. The project would leverage Central Asia Agrifinance Project (CAAP)'s work with business farms (which started in January 2016 and will include demonstrations of good practices), replicate the suitable methodologies, and where feasible, use the (larger) business farms as demonstration farms to entice the households and smaller farms to adopt good practices. The component would focus on the following activities: (i) Fodder production and feeding management; (ii) Animal husbandry and farm management, including (a) Animal housing, general management and handling; (b) Animal Health, Farm Hygiene and clean milk production; (c) Breeding management; (d) Manure management; and (iii) Milk cooling and handling.

Component 3: Firm-level Investments. The objective of this component is to promote investments in agribusiness, fostering backward and forward linkages in the dairy value chain and support supply chain infrastructure that create higher value. This would be achieved by providing: (i) a Revolving Fund to facilitate access to finance to small farmer for the purchase of inputs and small equipment, (ii) technical assistance and capacity building to project beneficiaries, to enable them to access existing financing schemes, such as the credit lines provided by the Kyrgyz-Russian Development Fund. Subject to confirmation during Phase I, a credit line for investment by farmers, milk collectors, service providers, and agro-processors may be introduced. The component would be complemented by CAAP's work with financial institutions to build their capacity in financing agriculture, including the dairy supply chain.

Component 4: Project Management. The component would cover the costs associated with project management, including Monitoring and Evaluation, and results assessment. It is expected that project will have two Project Management Units (PMUs): the Agribusiness Competitiveness Center (ABCC) reporting to the Ministry of Agriculture and Melioration, and the Credit Line Management Unit (CLMU) at the Ministry of Finance would implement the technical assistance and revolving fund activities, respectively. In addition, the ABCC would be responsible for procurement activities under the project, and CLMU for the financial management of the project. ABCC would also open a regional office in Issyk-kul consisting of three specialists: Livestock Specialist, Training Specialist, and Environmental Specialist. Both PMUs would closely liaise with the other projects under the Kyrgyz Dairy Sector Development Program (KSDSP) program. The Grievance Redress Mechanism

(GRM) would be established and maintained by the ABCC.

Phase I of the proposed project would cover the following activities:

Component 1: Strengthening Public and Private Services in the Dairy Sector (estimated cost US\$ 1.35 million, all IDA). Phase I of this component would focus on the following activities: (i) Improving the Public-Private Dialogue in Issyk-kul; (ii) cattle registration and identification in Issyk-kul Region; and (iii) Procurement of high quality semen straws to ensure early breeding improvement in the project area.

Component 2: On-farm Productivity Enhancement (estimated cost US\$1.78 million, all IDA). During Phase I, the MDV concept would be introduced, determining the locations of the MDV service points, and providing the initial support to these services. The component would start with the most-needed services (which could be a veterinarian, an AI office, a milking center, a milk collection point, etc.). The component would work predominantly with groups of beneficiaries. The component would provide training, demonstrations and advice to farmers on good animal breeding practices, including: (i) fodder production and feeding management; (ii) animal husbandry and farm management, including (a) animal housing, general management and handling; (b) animal health, farm hygiene & clean milk production; (c) breeding management; and (d) manure management; and (iii) milk cooling and handling.

Component 3: Farm-level Investments (estimated cost US\$1.57 million, including US\$1.27 million IDA, and US\$0.3 million beneficiaries). Phase I would finance: (i) a US\$ 1.2 million Revolving Fund to facilitate access to finance for small farmer for the purchase of inputs and small equipment; and (ii) technical assistance and capacity building to project beneficiaries to enable them to access existing financing programs.

Component 4: Project Management (estimated cost US\$0.6 million, all IDA). The component would cover the costs associated with project management, including Monitoring and Evaluation for the project implementation, as well as the establishment and maintenance of the Grievance Redress Mechanism (GRM).

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

Issyk-kul Oblast has been selected as the project area based on the results of the feasibility study carried out in February 2015. The study concluded that Issyk-kul Oblast is suitable for dairy value chain development considering its geographical setting (it is surrounded by mountain ranges, which is a natural barrier for restricting animal movement); the abundance of pastures; farmers' willingness to adapt and adopt new technologies; the support of the Oblast's Governor's office and local authorities; the existence of a direct milk collection system from farmers; suitable level of competitiveness between buyers; good milk production growth rates; and closeness to Kazakhstan. The Oblasts covers about 80,000 households (rural population of 330,000 people) and 106,000 dairy cows (cattle population of about 220,000).

5. Environmental and Social Safeguards Specialists

Alisher Khamidov (GSU03)

Arcadii Capcelea (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	Yes	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p> <p>The proposed project activities (upgrading/construction of a veterinary analytical laboratory and installing veterinary points; investments in improving the animal heard; purchasing of inputs and machinery for feed and fodder production; animal shelter improvement; agro-processing and milk collection and cooling equipment; etc.) might generate a series of various adverse environmental and social impacts. These impacts would be associated with biodiversity degradation, noise, dust, air and water pollution, health hazards and labor safety issues, etc. All of them are expected to be typical for small scale construction/rehabilitation works or for various agricultural processing activities, temporary by nature and site specific and can be easily mitigated by applying best construction and/or agro-processing practices and relevant mitigation measures. The grants and sub-projects to be implemented under the on farm investments will also generate a great number of both direct and indirect positive economic and social impacts. Direct positive impacts will be generated by increased production in milk production, which would result in creation of new jobs and respectively, and increased income. Indirect positive impacts will relate to overall improving of business environment, introduction of advanced agricultural dairy technologies and techniques, contribution to poverty reduction and food safety.</p> <p>The project will not support any activities that would trigger the OP on Natural Habitats. Its indirect impact would be reduction in number of animals and respectively of the pressure on the pastures that would be beneficial in terms on improving status of NHs. The project will be implemented in non-afforested areas and thus no impacts on the forests status are expected.</p>
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<p>Although the project will not support purchasing and use of mineral fertilizers and pesticides, the farmers routinely use them while producing animal fodder as well as acaricides to control ticks and other ectoparasites and thus OP on Pest Management is triggered. To ensure the safe usage of chemicals the ESMF specifies the project will support TA activities in this aspect, providing public awareness and training for farmers.</p> <p>The project will not finance any activities that might trigger involuntary resettlement issues. Any infrastructure constructed under the project will be: (a) located on land already owned by participants, or will be bought or leased on a willing buyer-willing seller basis, and, (b) will be screened to ensure that it is free of legal encumbrance, or informal use or occupation by others who lack formal title.</p>
<p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</p>
<p>As specified above the long term impacts are positive and associated with the improving of business environment, introduction of advanced agricultural dairy technologies and techniques, contribution to poverty reduction and food safety.</p>
<p>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</p>
<p>N/A</p>
<p>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.</p>
<p>To address potential project impacts the client prepared an Environmental and Social Management Framework (ESMF) which is aimed at specifying the set of mitigation, monitoring, and institutional measures to be taken during the project implementation to eliminate adverse environmental and social impacts, offset, or reduce them to acceptable levels. The document provides the World Bank's and national rules and procedures for project Environmental Impacts Assessment (EIA), identify potential environmental impacts of the project (both positive and negative), and outlines rules and procedure for the sub-projects environmental screening, specifying appropriate preventive actions and mitigation measures (including appropriate monitoring plan) to prevent, eliminate or minimize any anticipated adverse impacts on environment. The ESMF also suggests a series of environmental issues to be included in the proposed project TA activities - training, preparing and disseminating guidebooks and implementing demonstration activities on the following: (a) education of veterinary specialists on managing sector environmental and social impacts; (b); sound manure management; (c) practicing silage production and measures to ensure appropriate handling and disposal of the "silage liquor"; (d) promoting Integrated Pest Management while producing fodder and usage of acaricides in livestock production; and (d) TA activities on conducting EA for matching grants and selected sub-projects.</p> <p>The ESMF contains also a section on Environmental Guidelines which provides rules and procedures for EA of selected grants and sub-projects under the Component 1, 2 and 3, based on that will be prepared an EMP and/or an EMP Checklist that will be disclosed and consulted in the selected localities as well as, if needed, submitted to the State Ecological Expertise for their approval. The ESMF and EMPs provisions will form part of the design documents for the project, and will be included in contracts for proposed activities, both into specifications and bills of quantities. Respectively the Contractors will be required to include the cost of EMPs requirements in their financial bids and required to comply with them while implementing the project activities. Ministry of Agriculture and Melioration and the Ministry of Finance will be the Implementing Agencies for the project. The Agribusiness Competitiveness Center (ABCC) and the Credit Line</p>

Management Unit (CLMU) of the Ministry of Finance will be responsible for implementation of the technical assistance and credit line activities, respectively. The ABCC and CLMU have prior extensive experience in implementing Bank-financed projects. Similar to the previous projects, CLMU will be responsible for project-related procurement activities, financial management as well as for sub-projects and grants Environmental Assessment. The evaluation of the EA institutional capacity has shown that although CLMU has basic capacities to perform its duties concerning EA and enforcing the ESMF provisions, there is need for additional capacity building activities, especially for the new Environmental Specialist to be hired as well as for commercial banks who will participate in the project implementation. In this regard the Project will support additional training activities to ensure the environmental requirements and the ESMF provisions would be fully implemented.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The CLMU (MoF)/ABCC on February 10 and 16, 2016, has disseminated the draft summary ESMF in Russian and Kyrgyz language in its institutions and to other relevant ministries and agencies for review and comments, also posting it for wide public on the web-page of the MoF (<http://www.minfin.kg/ru/novosti/novosti/ramochnyy-dokument-po-ekologicheskomu-i-sotsialnom.html>) and disseminated through local electronic networks ABCC web-site (http://www.agromarket.kg/index.php?option=com_content&view=article&id=835:2016-02-10-05-27-52&catid=9&Itemid=105). CAREC also posted information on public consultations and ESMF document on its web-site (www.carececo.org) (<http://www.carececo.org/news/v-filiale-rettsa-kyrgyzstan-sostoyalas-vstrecha-s-konsultantom-vsemirnogo-banka-po-proektu-programm/>). On February 26, 2016, the CLMU/ABCC has conducted a public briefing and consultation on this document. Overall the meeting concluded that the draft ESMF document covered practically all potential impacts and possible mitigation measures. The draft ESMF was revised after the meeting taking into account inputs from the consultation. The final version of the EMF was disclosed in the country and in the WB Infoshop and will be used by the government agencies during the project implementation.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	02-Mar-2016
Date of submission to InfoShop	08-Mar-2016
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Kyrgyz Republic	26-Feb-2016
Comments: On February 10, 2016, the draft summary ESMF in Russian and Kyrgyz language was posted on the web-pages of the MoF (http://www.minfin.kg/ru/novosti/novosti/ramochnyy-dokument-po-ekologicheskomu-i-sotsialnom.html), ABCC (http://www.agromarket.kg/index.php?option=com_content&view=article&id=835:2016-02-10-05-27-52&catid=9&Itemid=105), and CAREC (www.carececo.org) (http://www.carececo.org/news/v-filiale-rettsa-kyrgyzstan-sostoyalas-vstrecha-s-konsultantom-vsemirnogo-banka-po-proektu-programm/). The in-country consultations were held on February 26, 2016, in Karakol, Issyk-kul Region.	
Pest Management Plan	

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	02-Mar-2016
Date of submission to InfoShop	08-Mar-2016
"In country" Disclosure	
Kyrgyz Republic	26-Feb-2016
<p><i>Comments:</i> On February 10, 2016, the draft summary ESMF in Russian and Kyrgyz language was posted on the web-pages of the MoF (http://www.minfin.kg/ru/novosti/novosti/ramochnyy-dokument-po-ekologicheskomu-i-sotsialnom.html), ABCC (http://www.agromarket.kg/index.php?option=com_content&view=article&id=835:2016-02-10-05-27-52&catid=9&Itemid=105), and CAREC (www.carececo.org) (http://www.carececo.org/news/v-filiale-rettsa-kyrgyzstan-sostoyalas-vstrecha-s-konsultantom-vsemirnogo-banka-po-proektu-programm/). The in-country consultations were held on February 26, 2016, in Karakol, Issyk-kul Region.</p>	
<p>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.</p>	
<p>If in-country disclosure of any of the above documents is not expected, please explain why:</p>	
The ESMF includes Pest Management Plan.	

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 4.09 - Pest Management			
Does the EA adequately address the pest management issues?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Is a separate PMP required?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]	NA [<input type="checkbox"/>]
If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" 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: Sandra Broka,Mai Nguyen,Serhiy Osavolyuk	
<i>Approved By</i>		
Practice Manager/ Manager:	Name: Marianne Grosclaude (PMGR)	Date: 11-Apr-2016