

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC13452

Date ISDS Prepared/Updated: 22-Jul-2015

Date ISDS Approved/Disclosed: 06-Aug-2015

I. BASIC INFORMATION

A. 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:	14-Mar-2016	Estimated Board Date:	02-Jun-2016
Managing Unit:	GFA03	Lending Instrument:	Investment Project Financing
Sector(s):	Animal production (60%), General finance sector (20%), Agro-industry, marketing, and trade (20%)		
Theme(s):	Rural services and infrastructure (25%), Rural policies and institutions (25%), Trade facilitation and market access (25%), Micro, Small and Medium Enterprise support (15%), Climate change (10%)		
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)			5.00
Total			5.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The development objective of the project is to contribute to achievement of the Dairy Sector Development Program objectives by improving animal feeding, breeding and management practices in the project area, as well as animal health care and veterinary services, through investments and training support.

The overall development objective of the Dairy Sector Development Project in the Kyrgyz Republic is to improve export potential of Kyrgyz dairy products to neighboring countries (Russia and Kazakhstan), increase incomes of dairy farmers, and create new jobs along the dairy supply chain.

C. Project Description

The project is composed of the following components:

Component 1: Fodder and Feed Development Program (tentatively US\$1.5 million, all IDA)

The component will finance seeds, other inputs, equipment, and training and demonstrations to support farmers in feed and fodder development program. The component will support activities related to high quality fodder production, hay preparation, establishment of sites for silage preparation, feeding practices (appropriate quantities, etc.). A number of demonstration farms/ household will be selected for practical training and dissemination of results of improved practices where the project will support, on matching grant basis, demonstrations of sound practices. Demonstration farm/households will share the results achieved with farmers and other interested parties, to disseminate good practices.

Component 2: Veterinary Services and Animal Health (tentatively US\$1.9 million, all IDA)

The component will focus on the following activities (i) animal identification and registration; (ii) vaccinations of animals in the project area; (iii) upgrading the regional veterinary laboratory and capacity building in disease control; (iv) establishment and maintenance of the veterinary posts; and (v) training of farmers in sound manure management and animal husbandry practices.

This component will contribute to the PDO by improving the traceability and health of the animals as well as by supporting the improvements in the breed stock of the dairy cows. Animal identification and registration activities will build on the ongoing FAO Animal Identification Pilot Project that aims to develop the software and registration procedures, which will then be tested out in the Issyk-Kul region. The IDA project will support the scaling up of the animal identification for cattle, such as support the training of registrars and equipment for registration.

Support to vaccinations will target the cattle population of the Oblast for major diseases like FMD, anthrax and brucellosis. This will include procurement of vaccines, training of private veterinarians, and provision of basic veterinary equipment for eligible private veterinarians with contracts to serve the targeted farmers.

The regional veterinary laboratory in Karakol, which is in very poor shape, will be supported with upgrading of its facilities, equipment and staff qualifications to an acceptable level.

The component will help to set up the veterinary zoning with establishment of veterinary checkpoints in the exit/entry sites to the region. There are 3 main entry/exit posts in the Issyk-kul Oblast, and veterinary posts will be equipped and supported by the project.

The component will also train farmers in a minimum range of subjects, including farm hygiene, animal health care, sound manure management, animal husbandry, on-farm quality standards for high quality milk production, supported by demonstrations.

Component 3: On-farm Investments (tentatively US\$3.6 million, including US\$1.0 million IDA, US \$2.0 million IFC, and US\$0.6 million beneficiaries)

Farmers need access to finance to invest in productivity improvements, quality measures, etc. A credit line through participating financial institutions will support the farmer needs for investment and working capital financing. The project is expected to work with one or two selected financial institutions which have undergone due diligence and are interested in supporting value chain development in the agricultural sector. As appropriate, new tailored financing schemes will be introduced (e.g. lending to group of farmers, or lending through processing companies, etc.), which will be supported by PFI training in the new financial instruments.

Component 4: Project Management (tentatively US\$0.6 million, all IDA)

The component will cover the costs associated with the project management, monitoring and evaluation and impact assessment. It is expected that Agribusiness Competitiveness Center (ABCC) and the Credit Line Management Unit (CLMU) at the Ministry of Finance will implement the technical assistance and credit line activities, respectively. In addition, as under the previous projects, ABCC will be responsible for procurement activities under the project, and CLMU for financial management of the project. ABCC will also open a regional office in Issyk-kul. The PMU will closely liaise with the other projects under the program, to ensure that all necessary activities are implemented, and no duplications/over-laps occur.

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

Most of the project activities (including all investments) will be done in Issyk-kul Oblast of the country. Some activities, such as improving the regulatory framework for exports will be done at the national level.

E. Borrowers Institutional Capacity for Safeguard Policies

Ministry of Agriculture and Melioration and the Ministry of Finance will be the Implementing Agencies for the project. Both Ministries have prior extensive experience with implementation of Bank-financed projects.

The Agribusiness Competitiveness Center (ABCC) and the Credit Line Management Unit (CLMU) at the Ministry of Finance will be responsible for implementation of the technical assistance and credit line activities, respectively. Both implementing units have prior extensive experience in implementing Bank-financed projects. Similar to the previous projects, ABCC will be responsible for project-related procurement activities, and the CLMU for financial management for the entire project. Both units have undergone regular financial management and procurement capacity reviews by the Bank's specialists.

F. Environmental and Social Safeguards Specialists on the Team

Alisher Khamidov (GSU03)

Arcadii Capcelea (GENDR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment	Yes	This OP is triggered as a series of proposed project

OP/BP 4.01		<p>activities and in particular those under the On-Farm Investments component: upgrading of the veterinary laboratory; investments in improving the animal herd; inputs for pasture improvements; minor works for rehabilitation of irrigation for forage production; agricultural equipment; farm infrastructure improvement including animal housing, waste management, handling and storage, including demonstration infrastructure in this regard; purchasing of inputs and machinery for feed and fodder production; animal shelter improvement; agro-processing and milk collection and cooling equipment; silage production; etc.) might generate a series of various 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.). In the case the project will support large scale silage production (to be decided during the project design) this might generate significant soil and ground water pollution. All these impacts are expected to be typical for small scale construction/rehabilitation works or for various agricultural and food 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. To address these impacts the client will prepare an Environmental and Social Management Framework (ESMF) which will be aimed at specifying the set of mitigation, monitoring, and institutional responsibility measures to be taken during the project implementation to eliminate adverse environmental and social impacts, offset, or reduce them to acceptable levels. The ESMF will also identify environmental impacts and propose measures for their management of any potential livestock expansion, including the management of cattle manure and increased pressure on grazing lands; for potential expansions of dairy processing capacities the related waste production and management, including effluents and their treatment will need to be assessed and managed.</p> <p>The EMF will also would suggest a series of environmental issues to be included in the proposed project TA activities which would include training, preparing and disseminating guidebooks and</p>
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		implementing demonstration activities on the following: (a) education of veterinary specialists on managing sector environmental and social impacts; (b) sound manure management; (c) practicing large and/or small scale silage production and measures to ensure appropriate handling and disposal of the "silage liquor", preventing soil and ground water pollution; (d) preparation and implementation of pasture management plans; and (e) TA activities for the Participating Financial Intermediaries on conducting EA of selected sub-projects.
Natural Habitats OP/BP 4.04	TBD	The project might support pasture management activities that can trigger this OP. The decision if this OP is triggered or not will be done before Appraisal during the project preparation. In the case proposed activities will affect the NHs then the ESMF will provide relevant advice on addressing the NHs issues within the sub-project EA.
Forests OP/BP 4.36	No	The project will be implemented in non-afforested areas and thus no impacts on the forests status are expected.
Pest Management OP 4.09	TBD	At this stage of project design it is expected the improved fodder production will not involve use of pesticides and/or the proposed investments and TA will support or promote use of insecticide/acaricide livestock dips. These issues will be clarified during the project design, agreed with the client and reflected in the ESMF.
Physical Cultural Resources OP/BP 4.11	No	The veterinary laboratory selected for rehabilitation and/or agro-processing enterprises will be screened out and if any such resources will be involved – they will be excluded from the project financing.
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	

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 10-Feb-2016

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.

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 drafted during October 2015-February 2016. Before Appraisal (March 2016), the EMF will be disclosed and consulted in the country and in the WB Infoshop. The public consultation will be done in the project oblast (most probably in Cholpon-Ata) and will involve all interested parties: veterinary/agricultural and environmental authorities at the local and national levels; academia; design and research institutions; environmental NGOs, farmers and farmers associations; involved private sector representatives. During the implementation all site specific EMPs will be also disclosed and consulted with the key stakeholders and all interested parties and broad public, including representatives from the local population.

IV. APPROVALS

Task Team Leader(s):	Name: Sandra Broka, Mai Nguyen, Serhiy Osavolyuk	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Agnes I. Kiss (SA)	Date: 04-Aug-2015
Practice Manager/ Manager:	Name: Dina Umali-Deininger (PMGR)	Date: 06-Aug-2015