



Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 03-Apr-2017 | Report No: PIDISDSC21717



BASIC INFORMATION

A. Basic Project Data

Country Bangladesh	Project ID P161246	Parent Project ID (if any)	Project Name Livestock Development-based Dairy Revolution and Meat Production Project (P161246)
Region SOUTH ASIA	Estimated Appraisal Date Nov 13, 2017	Estimated Board Date March 29, 2018	Practice Area (Lead) Agriculture
Lending Instrument Investment Project Financing	Borrower(s) People's Republic of Bangladesh	Implementing Agency Department of Livestock Services	

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Proposed Development Objective(s)

The project development objective is to support small-holder farmers and agro-entrepreneurs to improve productivity, market integration, risk management, and resilience of selected livestock systems and value chains in target areas.

Financing (in USD Million)

Financing Source	Amount
International Development Association (IDA)	500.00
Total Project Cost	500.00

Environmental Assessment Category
B-Partial Assessment

Concept Review Decision

Have the Safeguards oversight and clearance functions been transferred to the Practice Manager? (Will not be disclosed)

Yes

Other Decision (as needed)



B. Introduction and Context

Country Context

1. **Bangladesh, one of the most densely populated countries in the world, has had robust economic growth over the past decade, and made significant progress towards poverty reduction.** The country has achieved the Millennium Development Goal of halving the incidence of extreme poverty from 44.2% in 1991-92 to 18.5% in 2010, and a projected 14.9% in 2016. Poverty reduction has been driven by increases in agricultural productivity, wages, growing female labor force participation and remittance transfers. Agriculture provided employment for 45% of the population in 2013 and accounted for 90 percent of the poverty reduction from 2005 to 2010.

2. **However, around 28 million people remained below the international extreme poverty line (\$1.90 2011 PPP) in 2010.** In rural areas, about 35% of the population lives below the poverty line and malnutrition is widespread, even amongst food producing households and where agriculture is the main source of income. Nationwide, about 41% of children under 5 years of age are chronically malnourished, and 22% are born with low birth weights. Bangladesh ranks 90th out of 118 countries in the Global Hunger Index and 142nd out of 186 countries in the Human Development Index. The challenges faced by Bangladesh extend well beyond poverty and malnutrition to several facets of social and economic life.

3. **The Government of Bangladesh (GoB) expects that agriculture will be a key driver for Bangladesh's future GDP growth, contributing to the country's target of 7.4% average real growth per year.** Agriculture features prominently in the GoB 7th Five Year Plan (7th FYP), and is expected to help the country to further reduce poverty and become a middle income country by 2021. The 7th FYP foresees an accelerated process of transformation from predominantly semi-subsistence farming towards increasingly commercialized agriculture.

Sectoral and Institutional Context

4. **Livestock plays an important role for poverty reduction and shared prosperity.** Livestock represents about 14% of agriculture GDP, but employs around 20% of the labor force full-time and 50% part-time, of which many are women. Over 70% of rural households are engaged in livestock production which contributes a large share of the smallholder and landless farmers' livelihoods. Dairy is an important economic activity, providing 3.6 million households with supplementary income.

5. **As incomes are rising and diets shifting to animal protein, demand is expected to grow rapidly.** Cattle and buffalo milk, ruminant meat, and poultry meat and eggs are the main commodities consumed. Production is growing, but is not yet keeping up with consumption, resulting in rapidly growing deficits: Bangladesh's 7th FYP anticipates annual deficits of 1.5 billion eggs, 0.5 million tons of meat, and more than 5.90 million tons of milk between 2015 and 2021. In 2015-2016, imports of dairy and cream reached US\$248.8 million. Bangladesh is also increasingly dependent on feed imports, especially corn and soybeans.

6. **Dairy consumption levels remain very low.** GoB's nutritional guidelines recommend a milk intake of 130 ml per person per day, while current intake is around 35 ml, with much lower consumption levels among the poor and rural population. There is thus a great potential for livestock to fully contribute to nutritional diversity of rural families, especially for women and children.

7. **Smallholders in rural and peri-urban settings contribute most of the production.** The vast majority of milk produced (>90%) is supplied to informal traditional markets, while the rest enters a much smaller, but rapidly growing formal commercial milk production system. Domestic production of red meat is dominated by cattle and buffalo (>80%



of the total), followed by small ruminants, which post-harvest supply chains are largely informal. The poultry value chains are the most commercially developed livestock value chains in Bangladesh.

8. **Women play a critical role in livestock in Bangladesh.** Exceeding 50% of the sector's labor force. Women are generally more engaged in the informal sector as only 3% of rural women are wage employed, compared to 24% of men. Their role is especially important at production level, in dairy farming as well as small ruminants and backyard poultry keeping. Male headed households generally own more than three times more livestock units than those of female-headed households. Women face constraints in terms of economic opportunities, voice and empowerment (based on traditional norms) and access to inputs, which is shown to have negative impact on children's long-term nutritional status.

9. **Livestock can draw on significant strengths to respond to demand growth**, including a large and high density cattle population (145 large ruminants/km² in 2010) with significant potential for productivity improvements, low cost of labor, agro-ecological conditions favorable to feed production, availability of crop residues, and a culture of mixed crop-livestock farming. However, the sector also faces important challenges including:

- **Poor animal husbandry practices, low penetration of high-yielding breeds and shortage of feed and fodder**, leading to low productivity.
- **Diseases incidence** that cause animal losses, reduce animal productivity and generate public health issues.
- **Low level of organization of most livestock value chains, and poor post-harvest and market infrastructure**, resulting in the reliance on local markets and middle men, and thus low producer prices and safety concerns.
- **Low value-addition**, due to poorly integration of the value-chain with limited post-harvest processing, and particularly milk cooling being a major constraint.
- **Lack of food safety, quality control**, resulting in high public health risks. Attaining the Sanitary and Phytosanitary (SPS) quality standards recommended by the World Organization for Animal Health (OIE) and the Codex Alimentarius Commission remains a challenge.
- **High risks and limited insurance coverage and markets** (below 3 percent), which result in high vulnerability among of small and medium scale milk and meat producers.
- **Weak services and institutional capacity**, resulting in insufficient advisory and veterinary coverage. Capacity for evidence-based policy making for the promotion and regulation of the sector is also weak.
- **Vulnerability to Climate change (CC)**, which affects fodder security, animal health and stress among animals, thereby reducing their productivity.

10. **The GoB plans to scale-up investments in livestock, recognizing the need to enhance dairy, meat and egg productivity, job creation, export earnings, and public health.** The GoB has adopted a number of policies and promulgated acts to harness the potential of livestock for economic growth and poverty alleviation. The National Livestock Development Policy identified ten critical programs for Dairy and Meat production development and outlined the need to strengthen institutional arrangements in the sector, with the establishment of a Dairy Board, a Dairy Research Institute, and a Poultry Research Institute.

11. **Livestock insurance could help reduce the vulnerability of livestock farms.** The GoB aims at creating a conducive environment to promote gradual uptake of livestock insurance and enable household farms to reduce exposure to severe losses. Introduction of livestock insurance could also remove constraints for expansion of credit and access to finance.



12. **Efficiency gains in livestock could significantly contribute to reducing GHG intensity** and developing CC resilient food systems, which are key priorities in Bangladesh's Intended Nationally Determined commitment under the United Nation Fund on Climate Change COP 21 Paris Agreement.

13. **Livestock in Bangladesh offers investment opportunities for the private sector.** Development of livestock cannot succeed if treated solely as a public policy issue. Sustainable reforms that lead to increased productivity, product quality and product diversification should include incentives that encourage private investment in the sector. In addition to addressing productivity issues of subsistence farmers and policy/capacity issues with public institutions, there is a need to address issues that currently inhibit private sector growth and investments, including: access to quality product supply, strong and stable supplier relationships, value chain logistics, production facilitation and finance. Potential entry points to expand market penetration include investments in collection points, cold chains, processing, and product diversification. The GoB aims to create a conducive environment to leverage private investments through Public-Private-Partnerships (PPPs) to increase investment flows into the sub-sector, improve quality and safety standards, rationalize and strengthen efficiency of public investments and services, strengthen governance within the project interventions, and ultimately open potential avenues for the export of animal products and revenues.

Relationship to CPF

14. **The project is strategically well positioned to contribute to all three focus areas identified in the CPF.** It will enhance the business environment and facilitate trade in meat and dairy products by developing these value chains and addressing existing regulatory bottlenecks, as well as contribute to increasing the availability of clean energy in rural areas (FA 1 Growth and Competitiveness). It will enhance income opportunities for a large share of rural poor deriving the bulk of their livelihoods from livestock, mitigate risk exposure and potential loss of incomes, improve nutritional outcomes through targeted measures (e.g. school feeding), and mainstream women empowerment (FA 2 Social Inclusion). It will increase the resilience and reduce the environmental footprint of production by mainstreaming climate smart agriculture (CSA) practices throughout project activities (FA 3 Climate and Environmental Management)¹.

15. **Citizen engagement.** The Project will involve beneficiaries through: (i) policy dialogue and consultations among different stakeholders engaged and interested in livestock production under Components A, B and C; (ii) feedback from Project beneficiaries and other stakeholders on market constraints, extension services, knowledge gaps on innovations, and trainings provided through the project. A Grievance Redress Mechanism will cover all aspects of Project implementation and will be available to direct and indirect Project beneficiaries. The Citizen Engagement activities will be complemented by awareness raising activities and targeted information campaign directed to the small farm holders to ensure they know how to benefit from Project activities. The Project also aims to foster greater participation of women and vulnerable farmers by proactive outreach to these target groups.

16. **Overall, by targeting small-holder livestock farms, especially women, the project will contribute to the World Bank Group's Strategic Goals (WBGSGs) of Ending Extreme Poverty and Shared Prosperity.** The WBGSGs are closely associated with the GoB's 7th FYP to attain 7.4% annual growth and significantly reduce poverty within the next 5 years

C. Proposed Development Objective(s)

17. **The project development objective is to support small-holder farmers and agro-entrepreneurs to improve productivity, market integration, risk management, and resilience of selected livestock systems and value chains in target areas.** The targeted species are cattle, buffalo, goats, sheep and chicken considered strategic for both food security/nutritional supply and for their comparative advantage on the regional markets and associated income

¹ The project's investments are estimated to generate at least 30% CC adaptation and mitigation co-benefits, based on similar projects' estimates.



generation potential. The project will target livestock farms in areas with cattle, buffalo, sheep, goats, and poultry systems.

Key Results (From PCN)

18. **PDO-level expected outcome indicators are as follows:**

- Farmers adopting improved agricultural technology (including CSA) of which female [core indicator];
- Farmers reached with agricultural assets/services of which female [core indicator];
- Increased productivity of targeted species by direct beneficiaries (cattle, buffalo, goat, sheep and chicken);
- Incremental sales in targeted value chains (aggregated over all the targeted value).

19. **Primary project beneficiaries are small scale producers, processors and service providers in the selected supply chains and project area.** Given their central role in production and household nutrition decisions, women will represent an important beneficiary group to be addressed with specific demand led activities to strengthen their empowerment and economic opportunities. More broadly, stakeholders along all livestock supply chains and consumers at large will benefit from the project's interventions towards public goods, including sector policies, knowledge, institutions, and awareness raising about food safety.

D. Project Description

COMPONENT A: Productivity Improvement and Innovation (US\$ 90 million)

20. The component's objective is to raise on-farm productivity, reduce the costs of production and increase profitability through better livestock management, especially better approaches to animal health, nutrition, and breeding.

Sub-component A1: Support to Producer Organizations (US\$ 30 million), to organize producers around a commodity of common interest and build their capacity in management and business, etc.

Sub-component A2: Support to Improving Production Practices (US\$ 60 million) to improve productivity, efficiency and quality standards at producer level, through: (i) disease prevention and control; (ii) feeding and nutrition balancing (iii) breed improvement; (iv) housing improvement and; (v) pollution control and efficient water management.

COMPONENT B: Market linkages and Value-Chain Development (US\$ 240 million)

21. The component's objective is to link producers to markets so as to increase the volume, quality and safety of livestock products being marketed and consumed by financing three major activities as follows:

Sub-component B1: Market linkages through Productive Partnerships (PPs) (US\$ 80 million) to consolidate the linkages between livestock Producer Organizations (POs) and agribusinesses (ABs) including small and mid-sized enterprise (SMEs): traders, Rural Financial Institutions (RFIs), processors and other downstream ABs.

*Sub-component B2: Critical Public Infrastructure for Livestock Development (US\$120 million) will finance² public and collective infrastructure for value chain development to address the barriers to livestock processing, food safety and marketing including, *inter alia*: (i) feeder roads connecting production areas to markets; (ii) slaughterhouses; and (iii) renewable energy installations (solar panels, bio-digesters).*

Sub-component B3: Consumer Awareness and Nutrition (US\$40 million) to finance a behavioral change communication

² Investments from the Project will be done in form of grants.



campaign through various media outlets, and a school milk program to further stimulate demand, and address prevailing nutritional challenges³.

COMPONENT C: Improving Risk Management and Resilience of Livestock Production Systems (US\$ 140 million)

22. This component will finance the development of an environment conducive to a sustainable livestock sector growth, by developing the capacity of public sector institutions and private sector partners.

Sub-Component C1: Institutional Capacity Development and Knowledge Platform (US\$50 million) to strengthen the capacity of the Department of Livestock Services (DLS), and the overall institutional setup governing the sector including: strengthening DLS to instill evidence-based policy and elaborate related regulations, procedures and manuals, fully taking into account environmental considerations such as pollution control and GHG; a Livestock Information System to meet the country's needs to track sector wide indicators; and a support to academic and vocational training to produce a cadre of high-quality graduates with the knowledge and professional skills needed to spur the development of the sector.

Sub-Component C.2: Food safety and quality assurance (US\$40 million) will support the institutional dimension of food safety: (i) regulations, quality standards for dairy, meat products and feeds; (ii) standard operating procedures for control and certification of operators and facilities; (iii) traceability systems; (iv) establishing greater capacity for sampling and testing food and feed; and (iv) training and materials for farmers, service providers, DLS staff, processors, retailers, etc.

Sub-component C3: Livestock Insurance (US\$50 million) to support the GoB in establishing preconditions for cattle insurance, in collaboration with the insurance industry, by setting up a workable system to: (i) identify and tag individual livestock animals, ascertain the proximity of vet services, vaccination status, and conduct pre-inspections, (ii) develop and maintain a national database of livestock mortality for reporting and recording, and (iii) pilot insurance delivery through a partner agent model. A livestock insurance awareness and promotion will be rolled out to popularize these schemes.

Sub-component C4: Contingency emergency response (US\$0 million) to enable a rapid mobilization of funds in the event of an eligible crisis or emergency following an adverse natural or manmade event.

COMPONENT D: Project Management, Monitoring and Evaluation (US\$30 million)

23. Component D will establish the Project Management Unit (PMU) at DLS headquarters, with eight Project Implementation Units (PIUs), one in each Divisional Livestock Office, and set-up adequate fiduciary, governance, audits and accountability systems; communication and monitoring and evaluation; coordination; and special evaluation studies.

³ The program will build on lessons-learned from the FAO-Rabo Bank pilot project on "Linking School Milk with Smallholder Dairy Development".



SAFEGUARDS

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

While the general area for project interventions cover the entire country, the exact locations for project interventions are not known at this stage. Therefore, an Environmental and Social Management Framework (ESMF) will be prepared based on environmental and social assessment (ESA) of the project including gender analysis⁴. Since the detailed design of the project components necessary for conducting component-specific Environmental and Social Impact Assessments (ESIAs) is likely to be available only during project implementation, the system to support the process of environmental safeguards, social development and social safeguards review and clearance will be defined through the ESMF. ESMF will provide guidance for each project component to be screened for potential environmental and social impacts, and also identify subcomponents or activities where, detailed, site-specific ESIAs and environmental management plans (EMPs) need to be prepared. Guidance for addressing gender impacts, preparing and implementing community consultations, communication plans, and gender action plans will be provided under the ESMF to complement the design of the main strategies under this project component. Guidance will also be provided for grievance redress systems and institutional arrangements. Although the project does not foresee any large scale land acquisition, some small and medium scale infrastructure provision is expected under COMPONENT B: Providing Access to Basic Infrastructure and Services. Hence, OP 4.12 will be triggered, and a Resettlement Policy Framework (RPF) will be included in the ESMF to provide guidance for the preparation and implementation of site-specific Resettlement Action Plans (RAP) as and when required. It can be expected that the project will touch upon indigenous communities' areas. A Small and Ethnic Minorities and Vulnerable Peoples Framework fully cognizant of local and cultural nuances will also be included in the ESMF to provide guidance for the preparation and implementation of site-specific Small and Ethnic Minorities and Vulnerable Peoples Plans where required. The OP 4.09 is also triggered considering the potential use of chemical pesticides in livestock and poultry farms, as well as in processing facilities, to manage pests and diseases. As an instrument a separate Pest management Plan (PMP) will be prepared to manage the issues of potential use of chemicals and pesticides. The ESMF will be disclosed before the appraisal in accordance with the Bank guidelines. Subproject specific ESIA will be prepared during implementation phase, when specific locations and activities of the subproject will be selected and finalized. ESIA preparation has to be completed before starting of any physical work.

B. Borrower's Institutional Capacity for Safeguard Policies

The Department of Environment (DOE) under the Ministry of Environment and Forests is the competent national authority to administer the Environmental Conservation Act (ECA) of 1995 and its amendment (2010), which define Environmental Clearance Procedures in Bangladesh. The Environmental Conservation Rules (ECR) of 1997 comprise a set of relevant rules for the ECA implementation, including: categorization of projects, procedures for environmental clearance, ambient standards, as well as permitted discharge/emission levels. According to ECR 1997, environmental clearance is required for cattle farms above 10 cattle heads in urban and 25 in rural and poultry for 250 birds in rural and 1,000 in urban. DOE, however, is currently drafting an amendment of the ECR, which may change these numbers. At activity-specific level, many associated activities, especially related to infrastructure development will need Environmental Clearance through producing EIA and EMP. The capacity of the Ministry of Environment and Forests for safeguard policy implementation and monitoring is still in need of significant strengthening, particularly at the district level. The capacity of the proposed implementing agency, the Department of Livestock Services (DLS) of the Ministry of Fisheries and Livestock, for environmental and social safeguards due diligence is similarly limited. In this context, the project is expected to significantly invest in improving related counterpart institutional capacity in conjunction with addressing the project-specific safeguards

⁴ A gender assessment and analysis will be done by the Bank Gender Team for women inclusive activities under the Project.



needs. The Project management Unit (PMU) will hire Environmental and Social Specialists for ensuring safeguards compliance of the project, as well as providing training to the DLS and project staff on safeguards and Environmental health and safety issues.

C. Environmental and Social Safeguards Specialists on the Team

Md Istiak Sobhan, Environmental Specialist, GEN06

Md. Akhtar Zaman, Senior Social Development Specialist, GSU06

D. Policies that might apply

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Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Expected project activities include multiple small and medium- scale infrastructure works for (i) feeder roads connecting production areas to markets; (ii) slaughterhouses; and (iii) renewable energy installations (solar panels, bio-digesters). Moreover, according to Bangladesh Environment Conservation Rule (ECR), 1997, Cattle farm: above 10 (ten) numbers in urban area, and above 25 (twenty-five) numbers in rural area and in rural area are designated as Orange B category and need to take Environmental Clearance Certificate from Department of Environment (DOE) to start. However, the impact is localized and careful environmental and social assessment is required. Respectively, the project is classified as category 'B' in accordance with OP 4.01.
Natural Habitats OP/BP 4.04	TBD	An Environmental and Social Management Framework (ESMF) will be prepared to provide guidance for environmental and social assessment and management. It will also identify the requirements and responsibilities for preparing Environmental and Social Impact Assessment (ESIA) as a precondition for individual investments that are likely to have high environmental impacts. Since detailed location and design information for conducting activity-specific ESIA for some of the project activities will likely be available only during project implementation, the ESMF will define the detailed process for the corresponding consultations, reviews, and clearances. Preliminary analysis does not yet indicate much impact on natural habitats under OP/BP 4.04. However, this will be reviewed during preparation, once, more location-specific information for the proposed project activities are available. The ESMF will therefore, incorporate information and management



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			guidance on the impact on natural habitats.
	Forests OP/BP 4.36	No	Preliminary analysis does not indicate likely impact on forests under OP/BP 4.36. This will be reviewed during preparation, once more location-specific information for the proposed project activities is available.
	Pest Management OP 4.09	Yes	The policy is triggered considering the potential use of chemicals in livestock and poultry farms to manage pests and disease. Specifically, processing facilities as well as feed storage areas may need to control pests as well utilizing pesticides or rodenticides. A separate Pest Management Plan (PMP) will be prepared as instrument.
	Physical Cultural Resources OP/BP 4.11	No	Chance finds are unlikely in the project areas and the project activities are not expected to otherwise relate to physical and cultural resources. Although this OP is not triggered, however, the ESMF will provide detailed guidelines of the 'Chance Find Procedures' for the contractors in case of any findings.
	Indigenous Peoples OP/BP 4.10	Yes	There is a likelihood that some of the project activities might touch upon areas inhabited by indigenous communities recognized as small and ethnic minorities and vulnerable communities. The ESMF will therefore, include a Small and Ethnic Minorities and Vulnerable Peoples Framework (SEMVPF) to provide guidance for the preparation and implementation of site specific Small and Ethnic Minorities, and Vulnerable Peoples Plans (SEMVPP) as and when required. The framework will be fully cognizant of local and cultural nuances associated with designing and proposing alternative livelihood measures, grievance redress processes and all other project interventions including free, prior and informed consultation process.
	Involuntary Resettlement OP/BP 4.12	Yes	Although the project does not foresee any large scale land acquisition, some small and medium scale infrastructure provision is expected under Component B, specifically in sub-component B2. Hence OP 4.12 will be triggered and a Resettlement Policy Framework (RPF) will be prepared with the ESMF to provide guidance for the preparation and implementation of site specific Resettlement Action Plans (RAP) as and when required. In addition, while OP 4.12 generally does not apply to marine resources, the project will require alternative livelihood development models to provide alternative and sustainable income sources which will be critical for the success of halting over-



		fishing and enforcing no-fishing periods. The ESMF will complement the main project Component B and provide guidance on preparation of site specific SIAs associated with project interventions and preparation of RAPs and Social Management Plans (SMP).
Safety of Dams OP/BP 4.37	No	Not triggered, as the project has nothing to do with dams.
Projects on International Waterways OP/BP 7.50	No	Not triggered, as the project is not likely to impact any international waterway.
Projects in Disputed Areas OP/BP 7.60	No	The project will not support activities in disputed areas.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Oct 31, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The launching of safeguard-related studies will commence soon after the identification mission is completed around April 8, 2017 once the project sites have been identified and a draft will be ready by July 30, 2017 and finalized before the decision review meeting

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APPROVAL

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