

# PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC818

<b>Project Name</b>	AGRICULTURE PRODUCTIVITY AND NUTRITION IMPROVEMENT PROJECT (P132754)
<b>Region</b>	EUROPE AND CENTRAL ASIA
<b>Country</b>	Kyrgyz Republic
<b>Sector(s)</b>	Irrigation and drainage (60%), Agricultural extension and research (20%), Health (20%)
<b>Theme(s)</b>	Rural services and infrastructure (40%), Nutrition and food security (30%), Water resource management (30%)
<b>Lending Instrument</b>	Specific Investment Loan
<b>Project ID</b>	P132754
<b>Borrower(s)</b>	Ministry of Finance
<b>Implementing Agency</b>	Department of Water Resources
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/ Updated</b>	07-Feb-2013
<b>Date PID Approved/ Disclosed</b>	08-May-2013
<b>Estimated Date of Appraisal Completion</b>	27-Jun-2013
<b>Estimated Date of Board Approval</b>	19-Aug-2013
<b>Concept Review Decision</b>	Track II - The review did authorize the preparation to continue

## I. Introduction and Context

### Country Context

With an estimated per capita GDP of US\$886 in 2010, the Kyrgyz Republic is one of the poorest economies in the Europe and Central Asia region. In 2009, 32 percent of the population lived below the poverty line, while 3 percent lived in extreme poverty. Incidence of poverty in rural areas (37 percent) was far higher than in urban areas (22 percent). The Kyrgyz Republic is geographically and culturally divided into the north and south. The three southern oblasts of the Fergana Valley have a distinct regional identity vis-à-vis the north. The region is also affected by lower per capita incomes, higher unemployment, lower human development and more limited access to services than all other regions of the country. Over the last three years the country has seen some dramatic developments. In April 2010, the government was overthrown, followed by an outbreak of ethnically-motivated violence in June 2010 in the south of the country. Following parliamentary

elections in October 2010 and presidential elections in spring 2012, the government is working towards providing a stable policy and governance environment.

### **Sectoral and Institutional Context**

The agricultural sector is driven by small-scale irrigated agriculture (1.3 million ha) and pasture-based livestock production (9 million ha). The agricultural sector generates about a quarter of the country's GDP and about one-third of employment. About two-thirds of the rural population are employed in agriculture. Kyrgyzstan was an early reformer in Central Asia in terms of land reform, irrigation reform, development of the rural finance markets, and liberalization of input markets, output markets and trade. Nevertheless, major production and marketing constraints remain, including insufficient access to irrigation where rehabilitation has not been undertaken, low usage of inputs, and high levels of animal disease and degradation of pastures. Crop yields, which are strongly influenced by access to irrigation, have remained stagnant or declined on average. Food insecurity is chronic, affecting over 30 percent of the population, with poverty and low agricultural productivity as the basic cause of poor food consumption. Undernutrition is an important public health problem with stunting, wasting, low birth weight, and vitamin and mineral deficiencies causing estimated annual losses of \$32 million. The associated rates of infant, child and maternal mortality are amongst the highest in Central Asia.

### **Relationship to CAS**

The proposed project is financed through a trust fund provided by the Global Agriculture and Food Security Program (GAFSP), based on a proposal submitted by the Kyrgyz Republic in March 2012 and approved by the GAFSP in May 2012. The project is based on successful completed and ongoing projects which are in line with the areas of focus outlined in the Joint Country Support Strategy (JCSS) 2007-2010 and the Joint Economic Needs Assessment (JENA) of 2010, which recognize the importance of an investment in rural communities to improve equitable access to natural resources and increase agricultural productivity. The project scope addresses major issues that were identified during an extensive dual-level two-phased consultation process involving over 500 people representing government and non-government agencies, potential beneficiaries and international agencies working in the Kyrgyz Republic.

## **II. Proposed Development Objective(s)**

### **Proposed Development Objective(s) (From PCN)**

The proposed project development objective is to increase agricultural productivity and food security of rural households in selected areas nationwide. This is to be achieved through an improvement in irrigation service delivery through rehabilitation of irrigation and drainage (I&D) infrastructure at on-farm level; improved water management by Water Users Associations (WUAs) and farmers; provision of agricultural advisory services and training; and scaling-up of key nutrition interventions.

### **Key Results (From PCN)**

It is expected that around 27,000 ha of on-farm irrigation and drainage systems will be rehabilitated and managed in an efficient manner by 16 WUAs representing around 36,000 smallholder farms and farming families, comprising about 165,000 people, with more than half irrigating less than one ha of land, and including 20 percent female-headed households. About 50 percent of these smallholder farmers and farming families, including women, will benefit from advisory service and training, including cultivators of household plots who are mostly women. Families and particularly women and children will benefit specifically from nutrition interventions. Key indicators are: (i)

water distribution that closely matches the crops' irrigation water requirements; (ii) increased agricultural productivity from the third agricultural season after completion of rehabilitation works; (iii) increased crop and/or livestock diversification; (iv) increased nutritional status of targeted households; and (v) reduced incidence of nutrition-related health conditions.

### **III. Preliminary Description**

#### **Concept Description**

The project will have four components: (i) rehabilitation and modernization of physical irrigation and drainage (I&D) infrastructure, (ii) agricultural advisory services; (iii) nutrition interventions; and (iv) project management. The project will be implemented in selected areas nationwide. The original Government proposal to the GAFSP included a component on institutional development and capacity building, and this component will be financed through a separate trust fund financed by the Swiss Agency for Development and Cooperation (SDC).

Component 1: Rehabilitation and Modernization of I&D Infrastructure (estimated costs US\$ 11.5 million). This component will focus on the rehabilitation and modernization of the existing command area of I&D systems on 30,000 ha managed by 18 WUAs and WUA Federations and the provision of essential maintenance equipment to WUAs. Works to be carried out include the rehabilitation/construction of on-farm I&D canals, outlets and other hydraulic structures, and some limited rehabilitation works on critical off-farm infrastructure. WUAs will be required to repay part of the costs relating to their I&D system to a WUA Support Fund, dedicated to provide financial assistance to other WUAs. Capacity-building for WUAs will be financed under a technical assistance project under parallel-financing of SDC.

Component 2: Agricultural Advisory Services (estimated costs US\$ 1.5 million). This component will finance the provision of agricultural advisory services to enhance the impact of irrigation and drainage rehabilitation. The Project will build the capacity of water user associations, farmer cooperatives or community-based organizations such as or farmer koshuuns (established in all Aiyl Okmotus under the Bank-funded Agricultural Investments and Services Project) to undertake an assessment of their rural advisory needs building on existing efforts to build demand led advisory services. Services will include: (i) participatory rural appraisal to determine available resources and market opportunities; (ii) preparation of agricultural development priorities and plans for each community; (iii) preparation of terms of reference for advisory services to support communities in implementing agricultural development plans; (iv) provision of advisory services, which may include support in accessing finance and inputs, marketing support, and provision of technical advice and demonstrations on topics such as on-farm planning and management, agronomy, crop production, farm diversification, livestock husbandry, water resources management, soil protection, and integrated pest management.

Component 3: Scaling-up Nutrition Interventions (estimated costs US\$2.5 million). The purpose of this component is to improve the nutrition levels of beneficiaries, especially women and children, to provide more sustainable solutions to malnutrition and stunting. There are five key areas of intervention identified in the GAFSP proposal which will be considered for inclusion during preparation: (i) Supplemental feeding, through providing pregnant women with daily supplements of vitamins and minerals to meet their substantially increased nutritional requirements and children aged 6-24 months with micronutrients; (ii) Nutrition education program on breastfeeding and on water sanitation and hygiene; (iii) Social protection, making communities aware of the eligibility

criteria and requirements for accessing social protection via the government's social payments; (iv) Dietary diversification, working with household plots commonly cultivated by women, to improve dietary intake by increasing the production and adequate consumption of micro-nutrient rich foods; (v) Technical assistance will be provided to work with multi-agency working groups to facilitate the preparation of food security, nutrition and sector strategies to ensure the linkages and effects of health, nutrition and agriculture are properly incorporated. Special emphasis of this TA will be on evaluating options for enforcing mandatory salt iodination and flour fortification. Project preparation will carefully consider each of the proposed areas of intervention in order to identify the most suitable activities for inclusion under the project.

Component 4 – Project Management (estimated costs US\$ 1.0 million). This component will provide the technical assistance, capacity building and day-to-day management, including administration, project coordination, procurement, financial management and monitoring and evaluation in line with World Bank procedures. In order to maximize cost effectiveness, qualified existing staff within the OIP-2 PIU will be used to the extent possible, with the core team comprising a project manager, one engineer based in Bishkek, two regional engineers, an M&E team with two specialists, a financial manager, two procurement specialists, institutional specialist and policy/strategy specialist. Appropriate staffing and technical assistance for all components will be identified during preparation. The Department of Water Resources (DWR) within the Ministry of Agriculture and Land Improvement (MOALI) will be the executing agency for the Project. Project preparation and implementation will be monitored by a working group comprising key project stakeholders. As the secretariat to the Food Security Council, MOALI is well placed to provide the essential coordination role of these stakeholders in the multi-sector approach being adopted.

The geographical scope is determined by the raions where the WUAs are selected, according to selection criteria used under the OIP-2. To align with ongoing efforts for inclusion and enhanced participation, the WUAs selected under the project will reflect demographic and geographic balance. This will ensure a balanced beneficiary population with equitable representation of various demographic groups. The WUAs will provide the initial target for the agricultural advisory services and nutrition intervention components. Both components will be aimed at WUA members but will be extended appropriately to include household plot owners, vulnerable groups, and Village Health Committees (VHCs) to identify women, children and vulnerable groups.

The project does not introduce new interventions, but expands or builds on activities under on-going or successfully completed projects. Component 1, Irrigation Rehabilitation, expands WUA rehabilitation financed by the World Bank and the Asian Development Bank (ADB). Component 2, Agricultural Advisory Services, builds on experiences with the Rural Advisory Services supported by the World Bank, International Fund for Agricultural Development (IFAD) and the SDC. Component 3 builds on established VHCs and nutrition interventions supported through projects financed or implemented by the World Bank, ADB, UNICEF and the Global Alliance for Improved Nutrition (GAIN). This component further contributes to better targeting of the most vulnerable population using a community-based approach.

#### IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
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	

## V. Financing (in USD Million)

Total Project Cost:	16.50	Total Bank Financing:	0.00
Total Cofinancing:		Financing Gap:	0.00
<b>Financing Source</b>		<b>Amount</b>	
Borrower		0.00	
Global Agriculture and Food Security Program		16.50	
Total		16.50	

## VI. Contact point

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