I. Country Context

1. Kyrgyzstan is one of the poorest countries in the ECA Region. 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 2011, 37 percent of the population lived below the poverty line, while 4.5 percent lived in extreme poverty. Economic growth has been volatile. From 2003 until the global downturn of 2008-09, growth averaged 5.7 percent annually, but with wide annual variations. This volatility has continued, with the economy expanding by 6 percent in 2011 and contracting by -0.9 percent in 2012, owing to a sharp drop in gold output. A parliamentary democracy is evolving in Kyrgyzstan. Over the last 3 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.

II. Sectoral and Institutional Context

2. In this volatile political and economic environment, agriculture, although declining in terms of it’s the contribution to GDP and employment, is a high priority because of its great importance in economic diversification, rural-urban income equality, food security and environmental sustainability of its vast pasture resources. The agricultural sector is also highly
vulnerable to climatic shocks and it is low income rural households, the majority of which own some livestock that are some of the most affected sections of the population. Competition for natural resources, including access to pastures, has also been a contributing factor to ethnic tensions, particularly on the borders. The agricultural sector generates about a fifth of the country’s GDP and about one-third of its employment. Farm incomes are driven by irrigated agriculture (1.3 million hectares) and pasture-based livestock production (9 million hectares). Real GDP growth in the agricultural sector in 2005, 2006, 2007, and 2008 was 4.2, 1.7, 1.5, and 0.7 percent, respectively, but this number rebounded to 7.0 percent in 2009. As a result of the 2010 crisis, agricultural GDP declined by 2.8 percent, mainly due to the abandonment of field work, collapse of trading activity, and border closures. In 2011, the sector GDP increased by 2.3 percent in real terms and 1.2 percent in 2012.

3. Kyrgyzstan was an early reformer in terms of land privatization, rural finance development, privatization of agricultural services and transfer of responsibility for natural resource management to communities but rural growth has partly been constrained by political instability and ethnic turmoil, creating an unstable environment for investors. In 2009, the Government demonstrated its commitment to its approach of community based natural resource management by passing the 2009 Pasture Law. Government’s continued commitment to the reforms is also reflected in the National Sustainable Development Strategy 2013-17.

4. Prior to the Pasture Law (2009), the fragmentation of responsibility for pastures between different levels of local government led to disruption of seasonal grazing routes, a lack of transparency in pasture allocation, inequitable access to pastures and insufficient investment in infrastructure to maintain access to pastures. In general, winter pastures were over-utilized and will require long resting periods to recover, while some summer pastures were under-utilized, leading to species degeneration. Collection of land tax and other taxes related to pastures was very low.

5. The Pasture Law (2009), reconnects management of summer, spring/ autumn and winter pastures, provides more equitable and transparent allocation of pasture rights, provides a mechanism whereby stocking rates can be better aligned with pasture carry capacity and is expected to considerably increase generation of revenues for investment in pastures as well as tax revenues. Some of the critical elements of the new arrangements for pasture management include: (i) the transfer of authority for pasture management from Oblast Administrations and Rayon Administrations to AO; (ii) the delegation of authority for pasture management from AO to Pasture Committees; (iii) more equitable access of pasture rights through broad-based representation of all types of pasture users in the pasture committee general assembly; (iv) compulsory preparation of Community Pasture Management Plans by Pasture Committees; (v) The allocation of pasture use rights through pasture tickets which determine the number of animal grazing days and grazing route to be used by each pasture ticket holder; (vi) Setting sustainable pasture use fees at rates which cover pasture committee operating costs and pasture investment and maintenance costs.

6. The Pasture Law has the potential to radically improve livestock productivity and address the issue of inequitable access to one of Kyrgyzstan’s most important natural resources, which has been a cause of discontent in rural communities. In support of the Law, the Bank has funded
nationwide establishment of pasture committees under the Agricultural Investments and Services Project but having operated for only three full seasons, Pasture Committees need further support under the Pasture Management Improvement Project to become democratic, technically competent and financially sustainable organizations.

III. Relationship to CAS

7. The CAS 2014-17 is rooted in a single pillar - support for improved governance. The CAS aims to reform the relationship between the state and the citizen: that is, to make the state more accountable to its citizens and, at the same time, to strengthen citizens’ voice in the activities of the state. This is to be achieved in three dimensions of the relationship between the state and the citizen respectively: (i) as provider and consumer of essential public services, (i) as enabler and developer of private business, and as (iii) steward and user of natural resources and physical infrastructure, key public goods. The Pasture Management Improvement Project (P145162), along with the Bank investments in irrigation which also follow a community based approach, are two key investments through which improved stewardship of natural resources will be achieved under the CAS. The Pasture Management Improvement Project is scheduled to go to the Board on September 15th 2014.

IV. Project Development Objectives

8. The development objectives of the proposed grant are: (i) to support the preparation of the Pasture Management Improvement Project (PMIP) in Kyrgyzstan and (ii) help to build capacity of local institutions and main stakeholders to implement the PMIP. These development objectives will contribute to the main objective of the future PMIP. The proposed grant is intended to serve as a preparatory step in a large-scale effort to modernize pasture management and livestock production in Kyrgyzstan and thereby increase the living standards of the population.

V. Project Description

9. The Grant will support the preparation of the Pasture Management Improvement Project (PMIP) in Kyrgyzstan. The PIMP builds on the Agricultural Investments and Services Projects (AISP). The AISP (2008-2013) has supported the government in implementing the Pasture Law 2009 through: (i) Social mobilization and legal establishment of 458 Pasture User Unions and their executive bodies – Pasture Committees (approximately one per local self-government body covering the entire country); (ii) Demarcation of external pasture boundaries to establish the areas to be managed by Pasture Committees; (iii) Provision of public awareness and legal advice on pastures reform; (iv) provision of basic technical advice to pasture committees on pasture assessment and community pasture management planning; and (v) provision of grants for pasture infrastructure. The Project has also helped to establish a Veterinary Chamber and supported the establishment of private vets which, among other things, will be able to assist pasture committees in implementing their animal health plans. After only 3 years of full operation, there is strong community support for the pasture reforms but the Pasture Committees only have very basic pasture management skills. Furthermore the Pasture Department, Rural Advisory, the Veterinary Chamber and Private Vets need considerably more capacity building
support to bring them to a level where they can usefully provide services to Pasture Committees under the PMIP.

10. The grant will undertake assessments of the capacity and needs of government and non-governmental organizations and build their capacity to implement three PMIP Components.

- **Community Pasture Management Planning Component**: The grant will undertake beneficiary needs assessments and build the capacity of the Pasture Department, Rural Advisory Services (technical aspects) and ARIS (social inclusion and governance aspects) to fulfill their role in providing management advice to pasture committees;

- **Pasture Committee Animal Health Improvement**: The grant will undertake beneficiary needs assessment and build the capacity of the Veterinary Chamber and Rural Advisory Services to fulfill its role in training Private Veterinarians to provide services to Pasture Committees to implement their animal health plans.

- **Project Management Component (Pasture Monitoring and Evaluation)** will build the capacity of the Pasture Department and Agricultural Projects Implementation Unit to monitor the impact of the pasture reforms and project activities.

### VI. Financing

<table>
<thead>
<tr>
<th>Source</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrower/Recipient</td>
<td>0.00</td>
</tr>
<tr>
<td>IBRD Bank Budget for preparation</td>
<td>195,000</td>
</tr>
<tr>
<td>ECAPDEV Grant</td>
<td>487,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>737,500</strong></td>
</tr>
</tbody>
</table>

### VII. Implementation

11. The existing Agricultural Projects Implementation Unit (APIU) and Pasture Department of the Ministry of Agriculture would be responsible for grant activities implementation as well as overall project management including all procurement, financial management, reporting, and Monitoring and Evaluation (M&E) responsibilities. The PIMP builds on the on-going Agricultural Investments and Services Projects and will be using the established implementation arrangements. The technical assistance activities will be implemented through APIU. The APIU has a solid track record in implementing and managing of various Bank funded projects. The following institutions will be involved in implementation of the Grant:

*Pasture Department under the Ministry of Agriculture*: The Ministry of Agriculture (MOA) is the line ministry for the agricultural sector, and a key counterpart for this project. The Pasture Department is responsible for designing targeted institutional and technical support for addressing key development challenges in the livestock sector, including the legal reforms and development of new laws.
Agricultural Projects Implementation Unit (APIU) of the MOA: Overall project coordination and fiduciary management will be the responsibility of the APIU. The APIU is adequately staffed and equipped and has more than 15 years of experience in managing IDA-financed projects, including financial management and procurement. The APIU has established well-functioning working partnerships with all essential government counterpart institutions as well as with other relevant agencies such as the Community Development and Investment Agency (ARIS) and other donors’ projects. The APIU will be responsible for overall project coordination and reporting, including fiduciary aspects and M&E for all project activities, based where applicable on financial and monitoring reports of the various agencies implementing, or supporting the implementation of, specific project activities.

VIII. Safeguard Policies (including public consultation)

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes / No</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Piloting the Use of Borrower Systems to Address Environmental and Social Issues in Bank-Supported Projects (OP/BP 4.00)</td>
<td>No</td>
<td>Preparation of the ESMF and EMP for the PMIP will be funded by the Borrower and not funded under the Grant. However the TOR for all TAs under the grant will adequately instruct consultants to take all relevant environmental &amp; social issues into account in designing the project.</td>
</tr>
<tr>
<td>Environmental Assessment (OP/BP 4.01)</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Natural Habitats (OP/BP 4.04)</td>
<td>No</td>
<td>No Pest Management Plan (PMP) is required for the PMIP and no TA for PMP preparation is funded under the grant. However the TOR for all TAs under the grant will adequately instruct consultants to take any relevant pest management issues identified in the ESMF into account in designing the project.</td>
</tr>
<tr>
<td>Pest Management (OP 4.09)</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Physical Cultural Resources (OP/BP 4.11)</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Involuntary Resettlement (OP/BP 4.12)</td>
<td>No</td>
<td>Preparation of the ESMF for the PMIP will be funded by the Borrower and not funded under the Grant. OP 4.12 is not triggered for the PMIP because it is a community based natural resource management project: (i) In particular, internal pasture boundary demarcation to be financed under the project does not trigger OP4.12 because it involves definition of</td>
</tr>
</tbody>
</table>
boundaries between community managed pasture land and private or state land – it does not involve state acquisition of private land; (ii) Furthermore, proposals for boundary demarcation will be prepared by community based organizations (pasture working groups) representing pasture users. (iii) Most boundary demarcation disputes are expected to be resolved at community level. Where disputes cannot be resolved at community level, the final decision on disputes may be made by the state boundary demarcation commission - in this case the state is acting as the arbitrator of last resort to define the borders of community managed pasture land and no state acquisition of land is involved.

| Indigenous Peoples (OP/BP 4.10) | No |
| Forests (OP/BP 4.36) | No |
| Safety of Dams (OP/BP 4.37) | No |
| Projects in Disputed Areas (OP/BP 7.60) | not eligible for piloting under OP 4.00 |
| Projects on International Waterways (OP/BP 7.50) | not eligible for piloting under OP 4.00 |

I. Contact point at World Bank and Borrower

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Borrower/Client/Recipient
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Implementing Agencies
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* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas
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II. **For more information contact:**

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   Web: http://www.worldbank.org/infoshop