

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA3592

Project Name	Pasture and Livestock Management Improvement Project (P145162)
Region	EUROPE AND CENTRAL ASIA
Country	Kyrgyz Republic
Sector(s)	Animal production (100%)
Theme(s)	Rural services and infrastructure (35%), Rural policies and institutions (30%), Other environment and natural resources management (35%)
Lending Instrument	Investment Project Financing
Project ID	P145162
Borrower(s)	Kyrgyz Republic
Implementing Agency	Ministry of Agriculture
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	09-Apr-2014
Date PID Approved/Disclosed	14-Apr-2014
Estimated Date of Appraisal Completion	16-Apr-2014
Estimated Date of Board Approval	22-Jul-2014
Decision	

I. Project Context

Country Context

1. The Kyrgyz Republic is one of the poorest countries in the ECA region and is recovering from a period of economic shocks, ethnic conflict and political instability. In 2011, per capita GDP was US\$1123, 37 percent of households lived below the poverty line and 4.5 percent lived in extreme poverty. GDP growth was 6 percent in 2011 but contracted by -0.9 percent in 2012, owing to a sharp drop in gold output.

2. The Kyrgyz Republic is highly vulnerable to external shocks. Kyrgyzstan is partially dependent on wheat imports from Kazakhstan and global food price shocks are quickly transmitted to the Kyrgyz Republic. Many households are dependent on remittances from energy based economies (Russia and Kazakhstan) as well as social payments. The narrow export base is dominated by gold. Rural households, sixty percent of which own livestock, have been some of those most affected by recent crises.

3. A parliamentary democracy is evolving in the Kyrgyz Republic. In April 2010, the government was overthrown, followed by an outbreak of ethnically motivated violence in June 2010 in the south of the country. Parliamentary elections followed in October 2010 and presidential

elections in spring 2012. A lack of confidence in government and weak social accountability contributed to tensions that caused the crises. Improving governance at national and local level, including in natural resource management, is therefore a core government objective, supported by the Country Partnership Strategy.

Sectoral and institutional Context

4. In this volatile political and economic environment, agriculture, although declining in terms of the contribution to GDP (one fifth) and employment (one-third), is a key priority for government because of its contribution to poverty reduction, rural employment, rural-urban income equality and food security. Real GDP growth in agriculture, which is driven by irrigated agriculture (1.3 million hectares) and pasture-based livestock production (9 million hectares), was erratic averaging 2.27 percent between 2003 and 2010, reaching 2.3 percent in 2011 before declining to 1.2 percent in 2012. The sector was severely affected by the 2010 crisis, several droughts and a generally weak business environment. In 2013 growth was 2.9 percent.

5. Livestock production, which makes up around half of agricultural GDP and is dominated by household and small farm production, is important for rural household food security, providing regular income and acting as a social safety net which can be sold in times of hardship and economic distress. Livestock provides a good source of high quality protein, especially for women and children. There is great potential to increase livestock productivity, which is low, by addressing fundamental animal health and nutrition constraints.

6. The Government's agricultural reform program has helped agriculture achieve positive growth during a turbulent period. The Kyrgyz Republic was an early reformer in terms of land privatization, rural finance development and privatization of agricultural services. The government is committed to community based natural resource management and in 2009 passed the Pasture Law. Government's continued commitment to the pasture reforms is reflected in the National Sustainable Development Strategy 2013-17.

7. Prior to the Pasture Law (2009), fragmentation of responsibility for pasture management between different levels of local government led to disruption of seasonal grazing routes, non transparent and inequitable allocation of pasture rights particularly affecting small livestock owners and insufficient investment in pasture tracks, bridges and watering points. In general, winter pastures were over-grazed and needed resting, while some summer pastures were under-grazed, leading to species degeneration. Land tax collection rates on pastures were low.

8. The Pasture Law has helped to address these issues. Key features of the new pasture management arrangements include: (i) transfer of authority for management from Oblast and Rayon Administrations to Local Self Government Bodies (LSGB) at Aiy1 Okmotu (AO) level; (ii) delegation of management authority from LSGB to Pasture User Unions (PUU) and their executives known as pasture committees; (iii) more equitable access to pastures through broad-based representation in PUU general assemblies, in particular benefiting small livestock owners; (iv) preparation of community pasture management plans by pasture committees; (v) a shift from area-based to headage-based pasture rights (pasture tickets), helping to align stocking rates with pasture carrying capacity; and (vi) setting of pasture fees by pasture committees aimed at covering their operating and investment costs.

9. Leskhoz (forest fund) pastures (1.1 million ha) which are under the control of the State Agency for Environmental Protection and Forestry (SAEPF) are not covered by the Pasture Law. Leskhoz pastures include some of the most sought after but often inaccessible pastures. These also include some of the Kyrgyz Republic's most environmentally vulnerable pastures, not least because of their proximity to forests and national reserves. Application of the principles of the Pasture Law to leskhoz pastures has been explored under a memorandum of understanding between the Ministry of Agriculture and Melioration (MOA) Pasture Department and SAEPF and both parties have expressed interest in piloting this idea further.

10. The livestock sector has also benefited from reforms in veterinary services. In line with the 2008 Strategy for Development of Veterinary Services, the Government has supported the development of private veterinary services by contracting private veterinarians (vets) for public veterinary services, including vaccination and by establishing a Veterinary Chamber to register and in the future regulate private vets.

11. The World Bank Agricultural Investments and Services Project (AISP) (2008-2013) has been central in designing and implementing these reforms. The project helped to legally establish a PUU for every AO which has pastures (454 in total), including putting in place governance arrangements and demarcating legal boundaries. In addition, pasture infrastructure was improved and training provided in community-based pasture management and animal health planning. The Project supported preparation of six animal disease control strategies. The brucellosis control strategy was implemented nationwide through private vets and has more than halved the incidence of human Brucellosis. The Project also led to the establishment of the Veterinary Chamber and trained and equipped over 1,100 private vets.

12. A follow-on project is needed to consolidate these achievements. PUUs have operated for only three seasons and need further support to become inclusive, technically competent and financially sustainable organizations. In particular, support is needed to: (i) build inclusive governance arrangements; (ii) embed pasture management skills in advisory services and pasture committees; and (iii) demonstrate the benefits of and raise members' willingness to pay for the advisory services, veterinary services and infrastructure maintenance which are needed to reach potential pasture and livestock productivity. With regard to animal health, in 2012 each PUU established an animal health and husbandry (AHH) group. It is envisaged that under the proposed project, the PUU AHH groups will be supported to contract private vets to implement the animal health and husbandry plans, which is an important opportunity to raise livestock productivity and protect human health.

13. The Project complements four other ongoing or pipeline projects: (i) the IFAD funded Livestock and Market Development Project (LMDP) I (ongoing) and II (under negotiation), designed in cooperation with the Bank, which will implement project activities similar to those under the Project in the five oblasts not covered by the Project; (ii) the proposed Bank funded Regional Animal Health Project which will deal with the public service aspects of animal health including national level development of animal disease strategies and policy, diagnosis, surveillance and reporting, border control, regulation of veterinary medicines and vaccines, quarantine and possibly animal identification, which strongly complements the essentially private veterinary services supported under the Project; and (iii) the proposed Bank funded Forestry Project which will support the transition to community based forest management and will expand the pilots on leskhoz pasture management under the Project, nationwide.

II. Proposed Development Objectives

The Project Development Objective is to improve community based pasture and livestock management in the Project area

III. Project Description

Component Name

Community Based Pasture Management

Comments (optional)

Component 1 will improvement pasture productivity and animal nutrition through: (i) improving public awareness (ii) demarcating pasture boundaries; (iii) improving PUU governance; (iv) improving PUU technical competency; (v) demonstrating the benefits of aligning stocking rates with pasture capacity; (iv) demonstrating the benefits of pasture improvement, and investment in advisory services; (vii) funding community based investments in pasture, feeding and livestock improvement; and (viii) introducing community based pasture management into leskhoz pastures. This Component has three sub components: (i) Sub Component 1.1 Community Pasture Management and Investment; (ii) Sub Component 1.2 Strengthening State Pasture Institutions; and (iii) Sub Component 1.3 Leskhoz Pasture Management.

Component Name

Component 2 Community Based Animal Health and Husbandry

Comments (optional)

Component 2 will contribute to the improvement of animal health and husbandry by: (i) building PUU capacity of Animal Health and Husbandry Groups; (ii) equipping and training private vets and facilitating contracts between vets and PUUs; (iii) demonstrating the benefits of veterinary services and improved animal health; (iv) supporting the establishment of rayon associations of private vets; (v) supporting the development of training material for vets; and (vi) building the capacity of the Veterinary Chamber to support the accreditation and professional development of private vets. Component 2 will include two sub components: (i) Sub Component 2.1 Community Animal Health, Husbandry Planning and Investment; and (ii) Sub Component 2.2 Private Veterinarian Development.

Component Name

Project Management

Comments (optional)

Component 3 will finance MOA Agricultural Projects Implementation Unit (APIU) and the Community Development and Investment Agency (ARIS) project management activities including budgeting, work planning, financial management, procurement, monitoring and evaluation, including reporting on implementation progress and on the impact of the PDO and intermediate outcome indicators, and coordination with the technical agencies involved in the Project including the Pasture Department, Veterinary Chamber, LPRI, SAEPF, RUAR and the Agrarian Academy.

IV. Financing (in USD Million)

Total Project Cost:	15.00	Total Bank Financing:	15.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			0.00

International Development Association (IDA)	15.00
Total	15.00

V. Implementation

The MOA APIU will be responsible for overall Project implementation. The APIU will be responsible for work planning, budgeting and financial management, procurement, project monitoring and evaluation and coordination with ARIS and the technical agencies involved in the Project. The APIU implemented the Agricultural Services Support Project (1998-2008) and AISP (2008-2013) and are familiar with Bank procedures. There are no outstanding procurement, financial reporting or audit issues on AISP which have not been addressed by the APIU.

ARIS will primarily be responsible for disbursement of grants to PUU and private vets and for facilitation of field based capacity building activities through its community development support officers (CDSOs). ARIS played the same role in the implementation of AISP (2008-2013), has experience with numerous other community based Bank projects and are familiar with Bank procedures.

The key technical partners at national level are the Pasture Department which is responsible for oversight of management of the main pastures, the SAEPF which is responsible for oversight of management of leskhoz pastures and the Veterinary Chamber which will be responsible for support the development of private vets. Universities and the Livestock and Pasture Research Institute (LPRI) will have a role in limited pasture research and education activities. All these agencies (with the exception of SAEPF) played a similar role under AISP and are familiar with Bank operations. The Project will also work with RUAR that support the work of the Pasture Department at rayon level.

At community level, the project partners will primarily be the 140 PUUs which are already established - one in each AO, and approximately 280 private vets. Other important partners are LSGBs which are represented in PUUs, the Aiyl Kenesh which approves community pasture management plans and pasture boundary demarcation proposals, and village health committees which are critical in raising public awareness of animal disease threats.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
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

Comments (optional)

VII. Contact point

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