

**INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE**

Report No.: AC1910

Date ISDS Prepared/Updated: 10/30/2005

I. BASIC INFORMATION

A. Basic Project Data

Country: Afghanistan	Project ID: P098256
Project Name: Afghanistan: Horticulture and Livestock Productivity Project	
Task Team Leader: Norman Bentley Piccioni	
Estimated Appraisal Date: March 22, 2006	Estimated Board Date: April 27, 2006
Managing Unit: SASAR	Lending Instrument: Specific Investment Loan
Sector: General agriculture, fishing and forestry sector (50%);Agricultural marketing and trade (25%);Animal production (25%)	
Theme: Other rural development (P)	
IBRD Amount (US\$m.):	0.00
IDA Amount (US\$m.):	20.00
GEF Amount (US\$m.):	0.00
PCF Amount (US\$m.):	0.00
Other financing amounts by source:	
BORROWER/RECIPIENT	0.00
<u>Financing Gap</u>	<u>80.00</u>
	80.00

B. Project Objectives [from section 2 of PCN]

To enhance productivity and stimulate perennial horticulture and livestock marketable output in focus areas by improving the public sector institutional capacity and the incentives framework for private investments.

By the end of the project, it is expected that the production capacity of the horticultural and livestock sectors will be well established (quantity and quality), and that market channels for Afghan produces will have been established with a significant contribution to aggregate export volumes (indicators will be identified during preparation).

At a higher level, the project will have a positive impact on broad-based economic growth in focus rural areas by increasing the demand for rural non-farm sector output and from multipliers on farmers' expenditure. This not only will contribute to the Bank's rural poverty reduction goals, but it will be a key element of a counter narcotics strategy which seeks an alternative to poppies while maintaining rural incomes to sustain the rural non-farm sector which encompasses the bulk of the poor.

C. Project Description [from section 3 of PCN]

The proposed project would finance two components to increase: (i) Marketable horticulture output and (ii) Livestock populations and productivity.

Component 1: Increasing marketable horticulture output

This component will finance works, goods, services and grants to: (i) establish a Horticultural Development Council of Afghanistan, (ii) support the Horticulture Export Cluster, and (iii) expand cultivated areas. The estimated cost of this component is low for the cost of establishing the Council itself, in the order of USD 2m per year. The costs of the activities of the Council will be considerably higher. They can be estimated on a yearly basis at USD 5m for research, 5 million for extension, 2m for market development, 5m for venture capital, and up to 25m if orchard establishment costs are subsidized for 20 percent.

1.1 Establishment of Horticultural Development Council of Afghanistan (HDFCA) – To effectively lead the development of this key sub-sector the project will promote the establishment of a Horticultural Development Council with mixed private and public governance. The Council will be initially established as a publicly funded organization. Over a period of seven to ten years it will be gradually transformed into a National Producers’ Federation. The roles of the Council need to be defined and agreed through a consultative process, a preliminary description of its functions would be as follows: Finance client-oriented adaptive research and advisory services linked to market opportunities; Strengthen service providers and encourage the creation of farm organizations by giving producers access to organizational, managerial and legal advice and information; Provide direct support to producers organizations; Assist local producers and exporters to gain product-specific premium price; Facilitate investment grants for orchard and vineyard re-establishment through subsidized planting material; Act as a guarantor on loans; Provide planting material; Provide venture capital for investments in processing and storage facilities; and, support activities for market development and promotion, including a market information system. The Council will have to develop a levy system to establish a sustainable financial base for support to the sector and become a credible regulatory authority for the certification of goods destined for export. The ultimate objective should be to develop product-specific national brand labels for Afghanistan’s main horticultural products like raisins and other dried fruits and nuts.

1.2 Support to the Afghanistan Horticultural Export Cluster – The Afghanistan Horticultural Export Cluster is a group of private enterprises and public institutions operating in and/or supporting the Afghan dried fruits and nuts industry. Under this sub-component the project will actively strengthen enterprise capacity and create and/or strengthen trade and commodity chain associations by identifying and exploring regional and international markets for value-added products. During the first two years, activities will focus on areas where production of grapes, raisin, almonds, walnuts and pistachios is on-going (Kabul, Mazar-e-Sharif, Kandahar and Herat) and actively assist to improve quality standards, market penetration, and re-establish the competitive advantages of Afghan products. This component will be developed through IFC’s Private Enterprise Partnership, a TA program designed to provide support to small and medium enterprises, and closely coordinate with the RAMP/USAID program which is currently providing financing and technical assistance to a number of producers and processing plants. Starting year three, based on the experience and market intelligence gained, activities could expand in new areas. Within this subcomponent the Project will finance technical assistance for processing, packaging and marketing capacity, business management training, a facility for market exploration, and business partnership development.

1.3 Expansion of areas under cultivation – Under this sub-component, facilitating partners hired by the Council will provide technical assistance and credit to establish labor-intensive nurseries for increased employment generation, facilitate orchard development plans, and at the end of year one start orchard establishment on 25,000 ha, with a target of 100,000 ha by year four. A facility for attracting private investors will provide matching grants for orchard establishment, processing facilities, packaging, transport, and marketing. The design of this sub-component will need to coordinate with several on-going projects to maximize impact under a comprehensive rural development strategy. Areas of focus and projected investments will need to coordinate at least with the following projects: Irrigation and Rehabilitation Project (P078936, Fernando), Customs Modernization and Trade Facilitation (P083906, Durani), Employment Program for Rural Access (P082472, Durani), Power Rehabilitation (P083908, Fraser), and Afghanistan Investment Guarantee Facility (P088719, Maimbo).

Component 2: Increasing livestock populations and productivity

Animal husbandry and nutrition are receiving far less attention by the donor community than veterinary medicine and animal health. The short term goal of this component will be to restore animal populations and increase their productivity. This requires investments and institutional strengthening in livestock-related services in areas not already covered by existing projects, such as: the reinforcement of the Animal Husbandry Department; the promotion of livestock production and marketing initiatives in order to develop and/or restore production of highly needed import substitution and export earning animal products; support to reverse the deteriorating situation of the Kuchi population; and, the establishment of a public/private partnership in veterinary medicine to ensure a stronger regulatory government veterinary service and better profitability and sustainability of privatized field veterinary services when external donor support is discontinued.

2.1 Restoring Capacity in the Animal Husbandry Department – In contrast to the Veterinary Department of the GDAH, which is receiving strong support from USAID, USDA and EU in terms of relevant veterinary inputs and epidemiological training, the Animal Husbandry Department has received virtually no attention, support or significant commitment on the part of the donor community. The Animal Husbandry Department thus lacks the necessary competence and equipment to undertake even the most basic activities required to apply the Ministry's policy orientations. The support envisaged to reinforce the urgently needed capacity of the Department to contribute to rapid productivity improvement and preservation of the country's original indigenous resources will include training programs to prepare Afghan professionals to assume their necessary functions within the newly approved structure of the Department, and infrastructure rehabilitation and upgrading of offices, laboratories, libraries and research stations. With these restored human and physical resources, the department will, with technical assistance provided through this project, begin to work on key activities including (i) developing strategies and regulations regarding access to, and management of, communal pastures, (ii) surveying and monitoring animal nutrition, forage and feed resources as well as national genetic resources; (iii) developing, in coordination with the extension department, adapted extension messages on animal nutrition, genetic preservation and improvement of animal husbandry and forage conservation techniques; and (iv) undertaking feasibility studies for commercial farming and value-added product manufacture in the dairy, lamb fattening, and poultry sectors; (v) start up preservation, selection and improvement programs for Afghan cattle

(e.g., Kandahari, Sistani, Kunari), sheep (e.g., Kandahari, Ghilji, Karakul) and goat (e.g., Cashmere) breeds through the constitution of pure breed nuclei of local breeds with recognized production and disease resistance qualities; and, (vi) conduct assessments on development needs and potentialities of the bee keeping, silkworm production and fish farming sectors.

2.2 Livestock production and marketing initiatives – To meet internal demand, particularly that of rapidly growing urban centers, Afghanistan imports large quantities of animals and animal product commodities: milk and milk products, frozen chickens and chicken parts, and live buffalo for slaughter. In the meantime, traditional exports of high quality processed products derived from the animal industry such as wool, camel hair and cashmere fiber, carpets and kilims, have dramatically decreased and significant proportions of the potential value added revenues are now being captured by neighboring countries. The sub-component will support a series of production and marketing, low-cost initiatives that have the potential to result in rapid and significant import substitution and export increase. These are : (i) A dairy development initiative consisting of the identification of milk shed areas and the constitution of dairy producers associations at village and district levels as well as producers unions at provincial levels along the successful Indian “Operation Flood” model; (ii) A modern poultry industry development initiative consisting in the provision to investors or producers associations of technical support for production and related supply facilities investments, (iii) Development of lamb fattening activities through in depth marketing surveys and producers organization for provision of inputs and services and marketing, and (iv) Support to vertical business integration and independence of wool and cashmere fiber production consisting in the organization of international fora and fairs to build closer links between fiber producers, fiber traders, carpet makers and fiber processors and finished products traders and international buyers.

2.3 Improvement of the Kuchi population livelihood – The Kuchi population has been even more affected than other Afghans through the decades of war and civil unrest because of their traditional nomadic livestock production systems highly dependent on natural pastures during the favorable seasons of spring and fall, but overall on the carrying capacity of traditional reserve pasture lands during winter time. Once owners of about a third of the national herd of sheep and goats, the Kuchis have seen their flocks reduced by 60 to 80 % due to the forced reduction of their mobility during insecure periods, the succession of droughts and an increased vulnerability to emergent contagious diseases (PPR and FMD in particular). Of utmost importance has been the adverse effect of the border closing between Afghanistan and Pakistan which has deprived them of the large pasture resource of the Indus valley they use to benefit of during winter time. This alone probably reduced by half the carrying capacity of winter pastures for their animals. In addition they also lost access, because of the growing national population and misappropriation by farmers or commanders of communal land, part of the summer pastures of the valleys which allowed for quicker growing and fattening of their stock. It is therefore urgent to develop a better knowledge and monitoring of existing Kuchi activities and to undertake actions aiming at facilitating their livestock production. These must be considered however as conservatory measures since the recent reduction of pasture accessibility can hardly be reversed. Project interventions will include: (i) Pasture management improvement through construction of strategic water points; and (ii) Improved access to goods and services through installation of veterinary field units at strategic locations along traditional transhumance routes. As services to Kuchis will be seasonal, these VFUs should be located in places where other livestock live in

sufficient quantity all year round. The Kuchis will also benefit from survey and monitoring work to be undertaken by the Department of Animal Husbandry and from the activities envisaged to better integrate the fiber and carpet business.

2.4 Promotion of a public-private partnership for the delivery of veterinary services – Several donor funded NGOs have successfully developed a framework of veterinary field units (VFUs) providing clinical veterinary services to farmers on a fee for service basis. However, the network sustainability is still dependent on donors’ financing. It is therefore urgent to design and implement a system to accelerate the profitability (and therefore sustainability) of the VFUs and to hand over technical support, supply and supervision of the VFUs to a permanent Afghan professional association benefiting from an official mandate to do so. The Afghanistan Veterinary Association (AVA) was created during the last decade with FAO assistance. Although burdened initially by internal conflicts, the AVA has now developed into quite a successful service association which ensures a significant part of the VFUs’ supplies. With additional reforms, reorganization and capacity building, the AVA would be an ideal vehicle to intermediate between its members who are active in the VFUs and the Government Veterinary Services in order to strengthen the much needed public-private partnership in veterinary service delivery in Afghanistan. The sub-component will thus assist the transfer process of the VFUs through supporting the restructuring and reinforcement of AVA while initiating a sanitary mandate system for contracting certain Government veterinary activities to private veterinarians, thus reinforcing their revenue base and increasing their profitability, while at the same time reducing the need of the government veterinary department to maintain high levels of staffing to carry out intermittent or seasonal technical service functions.

D. Project location (if known)

Country wide

E. Borrower’s Institutional Capacity for Safeguard Policies [from PCN]

The recipient country has limited capacity for safeguard policies. The Afghanistan Environmental Protection Agency has been very recently established to provide a general safeguard framework and support line ministries with safeguard policies and regulations.

F. Environmental and Social Safeguards Specialists

Ms Asta Olesen (SASES)

Mr Christophe E. Bosch (SASES)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies Triggered	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		
-			

Safeguard Policies Triggered	Yes	No	TBD
Cultural Property (OPN 11.03)		X	
Indigenous Peoples (OD 4.20)		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	

Environmental Category: B - Partial Assessment

III. SAFEGUARD PREPARATION PLAN

- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared: 02/02/2006
- B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS: 03/13/2006
- C. 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.
A safeguard preparation plan has not been discussed with the recipient counterpart yet.

IV. APPROVALS

<i>Signed and submitted by:</i>		
Task Team Leader:	Mr Norman Bentley Piccioni	10/25/2005
<i>Approved by:</i>		
Regional Safeguards Coordinator:	Mr Frederick Edmund Brusberg	10/25/2005
Comments:		
Sector Manager:	Mr Gajanand Pathmanathan	10/27/2005
Comments:		

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.

