

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC577

Date ISDS Prepared/Updated: 09-Feb-2012

I. BASIC INFORMATION

A. Basic Project Data

Country:	Uzbekistan	Project ID:	P127486
Project Name:	SUSTAINABLE AGRICULTURE AND CLIMATE CHANGE MITIGATION PROJECT (GEF) (P127486)		
Task Team Leader:	Dilshod Khidirov		
Estimated Appraisal Date:	02-Apr-2012	Estimated Board Date:	31-Jul-2012
Managing Unit:	ECSS1	Lending Instrument:	Specific Investment Loan
Focal Area:	Multi-focal area		
Sector:	Irrigation and drainage (30%), Other Renewable Energy (30%), Agricultural extension and research (20%), Crops (20%)		
Theme:	Climate change (70%), Land administration and management (30%)		
Financing (In USD Million)			
Financing Source	Amount		
BORROWER/RECIPIENT	0.00		
Global Environment Facility (GEF)	12.70		
GLOBAL ENVIRONMENT - Associated IDA Fund	67.96		
Total	80.66		
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Global Environmental Objective(s)

The Global Environmental Objective of the proposed Project is to promote the use of renewable energy and energy efficient technologies for the provision of rural energy services and improve flows of agro-ecosystem services to sustain livelihoods of localcommunities in Uzbekistan. This objective will be achieved through: (i) introduction of select renewable energy and energy efficiency technologies of relevance to agri-businesses and farms; (ii) strengthened capacity for improving degraded irrigated land and water conservation; and (iii) development of the policy and regulatory framework to support integration of renewable energy into the rural energy system.

The RESP II and its AF form the baseline project for this fully blended GEF operation. The project development objective of the RESP II baseline project is to increase the productivity and financial and environmental sustainability of agriculture and the profitability of agribusiness in the project area. This will be achieved through the provision of financial and capacity building support to farmers and agribusinesses in seven regions (oblasts) of the Republic of Uzbekistan (covering around 65 percent of the total population of the country), and improved irrigation service delivery through rehabilitation of I&D infrastructure and strengthening of WUAs in seven districts (raions) within following seven regions: Andijan (Ulugnor district), Bukhara (Alat district), Kashkadarya (Mirishkor district), Samarkand (Pastdargom district), Syrdarya (Bayavut), Tashkent (Buka district), Fergana (Yazyavan district).

C. Project Description

The GEF project will be implemented over a 3-year period, and will include the following three components, designed to complement the RESP II: (i) Rural Financing Component; (ii) Irrigation and Drainage Component; (iii) Rural Training and Advisory Services; and (iv) Project Management Components:

Component 1: Investments for Sustainable Technologies (US\$9.0M GEF funding; US\$36.7M co-financing)

This component promotes effective GHG emissions control and is consistent with the GEF Climate Change (CC) Mitigation focal area objectives, and will contribute to the CC focal area Strategic Objective 3 “promote investment in renewable energy technologies,” with emphasis on agri-businesses and rural communities. It also will be consistent with GEF’s CCM-2 “promote market transformation for energy efficiency in industry and the building sector”. The proposed project will directly respond to the strategic goals of the GEF-5 strategy in the Climate Change Mitigation focal area, namely promoting the use of renewable energy and enhanced energy efficiency in the provision of rural energy services. As such, it will be supporting the adoption of new, low-GHG emitting energy technologies. This component addresses priority needs identified by the Government through supporting measures to mainstream renewable energy in Uzbekistan’s energy sector by supporting the introduction of relevant renewable and energy efficient technologies and undertaking related capacity building in rural areas.

While RESP II and its AF support improved rural access to credit, they do not emphasize or provide dedicated resources to introduce renewable energy or energy efficient technologies in agribusinesses or on farms. These communities, large private farmers and small farmers, especially those in remote regions subject to unreliable power and gas supply, would benefit greatly from off-grid energy from renewable sources. At the

same time, the project will begin to introduce renewable energy technologies in rural areas throughout the country, thus supporting a key Government development objective. The rural communities and agribusinesses depend on irrigation and livestock for their livelihoods, creating both opportunities for renewable energy utilization (eg., use of manure for biogas) and enhanced energy efficiency (eg. for water pumping). While Uzbekistan has good supplies of natural gas, the Government is keen to develop renewable energy sources and increase energy savings by efficiency improvements both to free up for export gas currently sold at low domestic prices, to stimulate sustainable rural development and to fulfill their obligations under UNFCCC.

1.1 – Technology Demonstrations (US\$ 1.0M GEF funds; US\$0.3M beneficiary co-financing)

Activities under this sub-component would aim at demonstrating renewable energy technologies in small and medium size (SME) agribusinesses and on small and large farms in the 7 RESP II project oblasts. The GEF grant would support the introduction of innovative technologies that could have a significant impact in the long-run in reducing GHG emissions and developing capacity for adaptation to climate change. This could also include renewable energy (RE) technologies that are available but have not yet been tested and or widely adopted in Uzbekistan, such as bio-gas digestors, solar, biomass, wind and micro-hydroelectric installations. Emphasis would be given to remote agribusinesses and farms that are prone to disruptions in electricity supply. Energy efficiency (EE) upgrades would be introduced through demonstrations of more efficient use of energy in irrigation water pumps, focusing on the 7 RESP II I&D project raions. Selection criteria, typologies and preliminary costings for the demonstrations have been identified. It is estimated that the demonstrations could include approximately 50 small biogas digestors, 7 medium sized and 1 large installation; 7 small solar home and 7 solar water heater greenhouse installations; and 3-4 energy efficient on-farm irrigation water pumps. Small scale demonstrations would require 10-20% cost-sharing by the beneficiaries (likely in-kind contributions), while medium scale and large scale demonstrations would require 25-50% beneficiary contributions. Further dissemination of information on the demonstrated technologies would be supported through workshops and materials produced under Component 3.

1.2 -- Renewable Energy Technology Investments (US\$8M GEF funding, US\$36.4M co-financing from RESP II)

This sub-component would provide matching grant funds to scale up and expand the intr oduction of renewable energy technologies in small and medium size (SME) agribusinesses and on small and large farms in the 7 RESP II project oblasts. Typologies (e.g., technical parameters, inputs required), vendors and costs will be identified for several tec hnologies, including bio-gas digestors, solar, biomass, wind and micro-hydroelectric installations. Energy efficiency (EE) upgrades through installation of more efficient irrigation water pumps would also be eligible for matching grant financing. The number and type of investments cannot be predicted, as the selection will be driven by client demand. During the first year of implementation of the GEF project, the grants would cover up to 50% of the installed costs, with the beneficiaries providing the remaining funds through loans from the RESP II credit line. Grant amounts would decline in subsequent years, to phase out grant funding and encourage sustainability of the investments. By blending the grant funds with the RESP II credit line, the environmental sustainability of the sub-projects would be improved, while at the same time encouraging credit line portfolio diversification under RESP II. Information about the availability of the grant funding, credit line resources and application procedures will be extensively publicized to potential beneficiaries through outreach activities supported under Component 3.

Component 2: Irrigated Land Degradation Mitigation (US\$1.09M GEF funding, approximately US\$33.2M co-financing from RESP II and SDC)

This component supports improved management of agricultural systems and water resources through the introduction of technologies and good practices for irrigated land. Activities under this component would aim at introducing technologies and management approaches for controlling and reversing irrigated land degradation. This includes the introduction, testing and demonstration of integrated low-cost, low-risk water and land management technologies, such as drip irrigation, salinity mitigation of marginal land, water re-use, soil quality enhancement ,pumping for groundwater extraction, alternative cropping, and other techniques and practices to increase water use efficiency and agricultural productivity. This component will improve knowledge, skills and know-how of farmers and local communities and promote the transfer of demonstrated technologies and SLM practices through the Farmer Field School (FFS) approach. These activities would be targeted to the rayons participating in the Irrigation and Drainage Component of the baseline project, which are receiving funds and technical assistance to repair and upgrade irrigation infrastructure.

The fundamental reform of the structure of farming created a new challenge in relation to I&D. There is now a specific division of responsibility, with inter-farm and upstream infrastructure and works being the responsibility of GOU, whilst the on-farm I&D is now the responsibility of the newly privatized farmers. Much of the I&D infrastructure is over 30 years old, and has suffered from a lack of investment and maintenance (funding currently estimated at 40-50 percent of required levels) in the past 15 years. Estimated yield losses due to lack of timely water supply and increasing salinization are high at almost US\$1 billion annually. The Government noted these problems in the Welfare Improvement Strategy and has recently passed a Decree creating a fund of almost US\$50 million for investment, mainly in inter-farm drainage system rehabilitation. Of equal importance is the establishment of Water Users' Associations (WUAs) for managing on-farm I&D operations and maintenance. Whilst initial steps have been taken in this area, success to date in creating viable, sustainable WUAs has been elusive or mixed.

2.1 – Farm-Level Land and Water Conservation Demonstrations (US\$1.0M GEF funding, approximately US\$33.0M co-financing from RESP II and SDC)

Resources from RESP II , the GEF project, and Swiss Development Corporation (SDC) (parallel grant financing) would be pooled to demonstrate technologies and management approaches for land and water conservation. The approach is to test and demonstrate an integrated package in each subproject area, packaging low-cost and low-risk water and land management practices and technologies. One demo package would target each of the 7 rayons participating in RESP II, which are receiving funds and TA to repair and upgrade I&D infrastructure. Each of these 7 subprojects may require a different demo package (e.g. depending on soil, crop type, climate, etc). Examples of technologies and management approaches for controlling and reversing irrigated land degradation that could be introduced in the 7 subproject areas include:

- (a) Farm-level (farmer/WUA command): Improved land leveling techniques (laser) to improve on-field distribution uniformities; deep ripping to improve soil internal drainage and utilize soil-moisture storage; micro-irrigation of various degrees of sophistication; soil-quality enhancement (e. g. combined irrigation and fertigation techniques to improve fertilization efficiency); salinity coping measures; diversify cropping (water-saving varieties, salt-tolerant crops).
- (b) On-farm level (tertiary canals within WUA): Irrigation re-scheduling (amend irrigation rotations to utilize Readily Available Moisture); pilot sub-surface drainage and vertical drainage; groundwater pumping to supplement surface irrigation; salinity mitigation of marginal land.
- (c) Inter-farm level (main/secondary canals within BAIS): Alternative canal lining options with geo-textiles; & managed reuse of land

drainage (marginal water).

The goal is to: (a) introduce novel water management practices/technologies adapted to the local system, and/or (b) reintroduce existing, successful but underutilized agricultural practices.

2.2 – Farmer Field Schools (US\$0.09M GEF funding; US\$0.2M co-financing from RESP II)

This sub-component will provide training for farmers and WUAs on using and scaling up the practices/technologies that prove successful. This sub-component will be implemented as part of Component 3, to support the Farmer Field School (FFS). Farmers will receive hands-on training at the plots, and successful demos will be compiled in technology packages for dissemination via the BAIS, AIS, and the Rural Training and Advisory Services component of RESP II.

Component 3: Project technical support and advisory services (US\$2.069M GEF funding; US\$2.6M co-financing from RESP II)

Activities under this component would support key capacity development and analytical services needed to introduce and scale up adoption of renewable energy and land degradation mitigation technologies and practices. Consequently, this component will provide (i) advisory services for the analysis and development of the legal and regulatory framework to support broader adoption of renewable energy technologies; (ii) workshops for information dissemination on the technologies that will be demonstrated and to publicize the RESP II credit line; and (iii) capacity building for carbon accounting, mobile data systems, renewable energy technical service providers, and sustainable agricultural practices, focusing on irrigated land. These activities would complement the Rural Training and Advisory Services Component of the RESP II and strengthen environmental oversight and impact of RESP II.

This component will also support the RRA's additional costs associated with implementation of the GEF project, including consulting costs for component coordinators that will provide technical backstopping for the implementation of component activities. Fiduciary support will be provided by current RRA financial management and procurement staff

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

E. Borrowers Institutional Capacity for Safeguard Policies

F. Environmental and Social Safeguards Specialists on the Team

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The GEF project will co-finance renewable energy investments under the RESP II credit line for on-lending to farmers and rural business related to farming (including but not limited to agriprocessing, storage and distribution facilities, agricultural inputs and investments in tree-crops). The RESP Environmental Management Framework (EMF) provides a screening checklist and mitigating measures for the minor impacts that could occur as a result of the investments.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	Yes	OP 7.50 was triggered by RESP II because the project is on the Amu Darya and Syr Darya, which are international waterways under the OP. However, it was that RESP II falls under the exception to the notification requirement under OP 7.50 as the works to be financed are limited to rehabilitation of existing inter-farm and on-farm works within the irrigation and drainage systems, and do not entail an expansion or other change that would negatively affect the quality or

		quantity of water flow to other riparians. The RVP concurred that RESP II fell under the exception to the notification requirement under OP 7.50. No new or additional irrigation and drainage investments would be supported under the GEF project, such that the exception to the notification requirement under OP 7.50 provided prior to appraisal of RESP II remains in effect for the GEF project.
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

- A. Tentative target date for preparing the PAD Stage ISDS: 15-Feb-2012
 B. 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:

While additional gap analyses are needed for the overall project, no safeguards-related studies have been identified.

IV. APPROVALS

Task Team Leader:	Name: Dilshod Khidirov	
Approved By:		
Regional Safeguards Coordinator:	Name: Agnes I. Kiss (RSA)	Date: 09-Feb-2012
Sector Manager:	Name: Dina Umali-Deininger (SM)	Date: 24-Feb-2012

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.