



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 05/02/2022 | Report No: ESRSC02739



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
India	SOUTH ASIA	P178239	
Project Name	National Dairy Support Project (NDSP) - Phase 2		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing	1/9/2023	3/31/2023
Borrower(s)	Implementing Agency(ies)		
Republic of India	Department of Animal Husbandry and Dairying, National Dairy Development Board		

Proposed Development Objective

The project development objective is to support the development of an inclusive and competitive milk value chain, focusing on smallholder livestock rearers and producer-owned institutions in the project area.

Financing (in USD Million)	Amount
Total Project Cost	174.43

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The proposed project will address critical well-known gaps and deficiencies in the dairy sector in selected states in India and support the sector’s transformation towards increased productivity, resilience, and profitability. The project will contribute to key aspects of the GoI and the Bank’s CPF strategic objectives related to faster and broader agriculture sector growth and inclusive development. The project will also work closely with the pipeline project under development – AHSSOH – to enhance animal health management. In line with the PDO, the project will have four interlinked intervention areas to support the development of an inclusive and competitive milk value chain, viz.,



(i) Enhancing institutional capacity and sustainability; (ii) Strengthening dairy market development; (iii) Enhancing food safety and quality; and (iv) GHG mitigation and climate resilience.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

While the project is pan-India, the Bank support would be limited to a few select states that are not yet decided. Project locations would include areas where cattle rearing and management is practiced for dairying, milk collection and pouring, milk supply and milk processing, including small to large processing plants, including both upgrading existing and possibly establishing new processing facilities. Primarily, project locations will be in rural and peri-urban areas. Most activities in dairying are generally held at the household level and/or on village common lands, with access to some local water body, such as, village ponds. Some part of the activities are also linked with farmlands, essentially for growing fodder and/or using crop residues as cattle feed. Some small to medium-sized existing dairy farms and cooperatives may be part of the project locations. India is largely sub-tropical and semi-arid, with high to low mountains and tropical sub-biomes encompassing large habitat and ecosystem diversity, ranging from forestlands and wetlands to desert scrub and riverine. There is good indigenous biodiversity of cattle, reared and preserved through traditional means. A previous National Dairy Project has substantially supported improvement of indigenous cattle breeds in India, thereby, securing the indigenous genepools. Climatically, India is quite diverse in having hot summers with temperatures touching 48-50 degree Celsius to wet monsoons. Other prominent seasons include spring, autumn and winter. India is highly vulnerable to climate change, which might impact agricultural productivity, changes to natural vegetation, alteration in the flow of ecosystem services - all of which will require better adaptation strategies and building climate resilience.

D. 2. Borrower’s Institutional Capacity

The borrower, National Dairy Development Board (NDDB), had demonstrated sufficient capacity across technical, environmental aspects of project implementation and limited on social risks. NDDB successfully implemented the previous NDSP with satisfactory performance on environmental and social safeguards. The borrower prepared project specific Environment and Social Management Framework (ESMF), which was duly disclosed nationally. For the previous project E&S specialists were deployed up to the beneficiary agency levels, cooperatives and producer companies. Detailed formats for baseline information and screening checklists were developed on E&S criteria for assessing and evaluating every sub-project proposal. In addition, several E&S trainings were delivered across a range of stakeholders. Regular monitoring and reporting was standard throughout implementation. However, the lessons on social risk management were not scaled up to strengthen systems at Institution level. The proposed project will adopt a sustainable approach on building institutional capacity on management of E&S aspects.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Moderate

Environmental Risk Rating

Moderate

The project activities will support dairying and associated activities, as was done in the previous project. Most dairy activities are well-known and are at the household and/or farmer cooperative level. Unlike the previous project, this project will support milk processing, involving upgrading existing and setting up new milk processing plants,

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procurement of equipment, such as, feedmill, bulk milk coolers and refrigerated trucks for milk transportation. Most of these activities are already happening at scale in several states in India and the project will help link under-served areas with these interventions. However, specific locations, scale and scope of interventions are not known at this stage. Anticipated risks are identified below for each relevant ESS, however, most risks and impacts can be mitigated and will not have any significant and irreversible impacts. Sufficient experience and institutional capacity exist within the borrowing implementing agency (NDDDB) in anticipating, identifying and mitigating any potential adverse environmental risks and impacts, including scientific measurement of methane emissions from enteric fermentation. The previous project was also rated as category 'B' and any potential environmental risks and impacts are not expected to be significant and/or irreversible. The project will provide several opportunities to enhance environmental sustainability of the dairy sector, make it climatically resilient and improve adaptation at the sector level. The project will support resource efficiency approaches and contribute to lowering the GHG emissions at the level of the dairy sector. The project will also explore measures to improve food safety and milk quality aspects. The positive environmental outputs and outcomes are likely to exceed any adverse ones. As a result a 'Moderate' risk rating is assigned.

Social Risk Rating

Moderate

The project will contribute to addressing (i) policy and institutional capacity constraints to the development of the dairy sector (ii) low coverage of productivity-enhancing technical service provision to rearers (iii) low adoption of climate smart rearing practices to reduce methane and GHG emissions; and (iv) the need for enhanced market development activities to access growing domestic markets and export opportunities, including enhanced food safety and quality parameters. To address these constraints, the project will focus on four interlinked intervention areas (Policy reforms and institutional capacity; Market development; Food safety and quality; and Greening investments) to enhance productivity and market access of milk producers in selected focus states. Given that the project locations, scale and scope of interventions are not known at this stage, a 'Moderate' rating is assigned. The social outcomes and lessons from previous phase help identify institutional capacity of the borrowing implementing agency (NDDDB) to manage social risks which could be (i) lack of transparency in selection of land parcel, diverted use of common land, and reduction in food safety; (ii) increased workload for women dairy farmers (and cases GBV), (iii) exclusion of vulnerable communities, (iv) apathy of youth, (v) poor labor conditions and inadequate labour influx management for construction of facilities. The project provides significant opportunities to (i) improve outreach to the vulnerable particularly BPL, SC/ST and non-literate, (ii) inclusion of youth through strong engagement and skill enhancement support, and (iii) recognition and access to new roles and services for women in the dairy sector. With appropriate mitigation measures, the likely social outcomes will outweigh adverse impacts.

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B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

This is relevant in enabling undertaking the environmental and social risk assessment of the proposed activities. ESS1 will provide an early opportunity for identifying potential adverse risks and impacts and propose both mitigation



actions as well as measures to improve the environmental and social sustainability of the proposed project. Both the Bank and the borrower have sufficient experience in supporting the dairy sector and any expected environmental impacts and/or risks are unlikely to be significant or irreversible. Potential impacts and risks could be mitigated for which capacity already exist at the borrower institution. Some environmental risks and impacts might be around inefficient resource use, such as, energy consumption in milk processing and water use in dairying, increased pollution and GHG emissions through mismanaged manures, dairy wastes and poor feed quality, milk quality relating to food safety issues and exposure to zoonotic diseases from frequent human-livestock-wildlife interactions. The sector already has good experience in addressing these risks. In addition, this project is going to work closely with another parallel program that focuses on livestock health and One Health approach. Findings under ESS1 will contribute in developing the Environment and Social Commitment Plan (ESCP) and the Stakeholder Engagement Plan (ESCP). ESS1 will assess the requirement of preparing any additional documents pertaining to any of the other environment and social standards.

Areas where “Use of Borrower Framework” is being considered:

Use of Borrower Framework is not considered.

ESS10 Stakeholder Engagement and Information Disclosure

The project will include a broad range of stakeholders, from cattle rearing households to marginal farmers on the one hand, to dairy cooperative societies and private sector players involved in milk processing, on the other. Within this, there will be cohorts of women and youth as well as socio-economic vulnerable groups like small and marginal farmers, BPL, SC, ST, OBC and minorities. It would be pertinent to ensure that a participatory, inclusive, consultative and transparent approach is adopted through project preparation and implementation. A SEP will be prepared consulted upon and publically disclosed, it will encapsulate (i) stakeholder mapping (ii) extent of impact and corresponding engagement required (iii) information disclosure which is timely, user centric and available in local language (iv) meaningful consultation processes (iv) systems to seek feedback and grievance redressal mechanisms to also address complaints related to SEA/SH throughout the project period. The SEP will be finalised after seeking comments and concerns through online and or face to face platforms. It will be publicly disclosed that will guide meaningful consultations through the project period, addressing stakeholder concerns and disclosure of information in a manner that it is easily accessible in local languages, wherever required.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

There is a likelihood of more than one category of labor- direct and contracted, expected to be involved in the project, making this standard relevant. An assessment to manage and mitigate risks related to OHS, workplace discrimination, grievance redressal, and SEA/SH will be done. The ESCP will specify by when an Labor Management Plan (LMP) is to be prepared and disclosed. There may be labor influx depending upon the availability of local workforce and scale of operations of the processing plants.

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ESS3 Resource Efficiency and Pollution Prevention and Management

Given the resource use scenario in the dairy sector, such as, water, energy and feed, the project will explore opportunities to introduce measures for improving resource efficiency in traditional dairying and milk processing and prevent pollution of the waterbodies from dairy effluents and discharges. A GHG estimation will also be undertaken for the livestock/dairy sector and additional measures might be introduced for better manure and waste management and reduce the risk of pollution from mismanagement. While borrower has demonstrated good capacity to measure GHG (Methane) emissions from livestock, the ESIA will assess borrower capacity for quantifying emissions from other GHG sources. Accordingly, borrower technical capacity will be expanded. In addition, Good International Industry Practices (GIIP) will be promoted under the project.

ESS4 Community Health and Safety

There are two aspects of the relevance of this standard. First, impacts on the health and safety of project-affected communities during project life-cycle (routine and non-routine circumstances) will be assessed. To manage the risks associated with poor milk quality and livestock management for zoonoses and food/feed safety, the project includes measures for food safety and Quality (Component C). GoI/DHAD has launched the National Animal Disease Control Programme (NADCP), a flagship scheme targeting brucellosis and foot and mouth disease. As part of skill development and capacity building program of NDDDB, POIs and rearers, training will be imparted on 57 control points to ensure clean production of milk and on enhanced testing and reporting. Second, quality, safety, and climate change considerations in infrastructure design and construction, will need to be evaluated for any potential E&S risks and impacts. There may be risks arising from labor influx including SEA/SH related to construction activities. The risks may also emerge from non-construction related activities. During the preparation, the assessment will be undertaken to establish the level of risk to inform the mitigation plan. Moreover, implementing partners are required to comply with the laws on SEA/SH that includes mechanism for registering and addressing complaints while maintaining the privacy.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Some activities may require land. Under this standard, there may be relevance of restrictions on land use that may lead to adverse impact, but limited. An assessment will be carried out to and a simplified Resettlement Policy Framework (RPF) would be incorporated in the ESMF to guide the preparation of RAP during project implementation to avoid, minimize and mitigate the impact based on stakeholder consultation.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is relevant in terms of considering the potential impacts of the proposed interventions on modified and natural habitats. Involvement of critical habitats is highly unlikely, but would be ascertained once specific locations are known, by assessing for the presence of rare, endangered and threatened (RET) species. Requirements relating to primary suppliers would be assessed for building supplier capacity in meeting the requirements of ESS6.



ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

While the selection criteria for project locations is still being developed, the project has potential for increasing employment, capacities and income opportunities for areas and communities that have traditionally not benefitted from the dairy sector or extension services. This standard will be relevant to map vulnerable/traditionally underserved areas in the select states/locations. In addition, identify the risks of exclusion of landless laborer, small and marginal farmers, below poverty line HH, SC/ST/OBC and minorities, women farmers in general and within each of the above vulnerable groups. Thereby develop systems and capacities for the borrower to collect data and information, carry out consultations, strategize outreach, facilitate participation, develop skills, and maximize benefits. An Indigenous People Development Framework (IPDF) would be prepared as part of the ESMF. The IPDF would include provisions that would ensure there is meaningful stakeholders consultations tailored to these groups of people to achieve broader community support for the project.

ESS8 Cultural Heritage

Given the nature and scale of interventions, any adverse impact on cultural heritage, both tangible and intangible, is not expected.

ESS9 Financial Intermediaries

At this stage, involvement of any financial intermediary is not expected. As the project design is firmed, we will revisit the relevance of ESS9.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

None at this stage.

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

The Borrower will complete an environmental and social assessment, prepare an ESMF, ESCP and SEP and publicly disclose all these documents. The ESCP will include clear timelines and budgets for actions included in it. All institutional arrangements and staffing requirements would be agreed prior to Bank Board Approval.

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Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

Borrower Environmental and Social Commitment Plan (ESCP) please list ESIA, RAP and Indigenous Peoples Plan (IPP) as may be determined by appraisal. None identified at this stage.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

31-May-2022

IV. CONTACT POINTS

World Bank

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Borrower/Client/Recipient

Borrower: Republic of India

Implementing Agency(ies)

Implementing Agency: Department of Animal Husbandry and Dairying

Implementing Agency: National Dairy Development Board

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s):	Manivannan Pathy, Adarsh Kumar
Practice Manager (ENR/Social)	Kevin A Tomlinson Recommended on 28-Apr-2022 at 11:42:25 GMT-04:00
Safeguards Advisor ESSA	Charles Ankisiba (SAESSA) Cleared on 02-May-2022 at 11:18:47 GMT-04:00

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