**Note to Task Teams:** The following sections are system generated and can only be edited online in the Portal.

# Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 25-Apr-2017 | Report No: PIDISDSA21211

## BASIC INFORMATION

### A. Basic Project Data

| Country | Project ID | Project Name | Parent Project ID (if any) |
|---|---|---|---|
| Afghanistan | P160606 | Afghanistan Strategic Grain Reserve ( SGR Project ) | |
| **Region** | **Estimated Appraisal Date** | **Estimated Board Date** | **Practice Area (Lead)** |
| SOUTH ASIA | 10-Apr-2017 | 13-Jun-2017 | Agriculture |
| **Lending Instrument** | **Borrower(s)** | **Implementing Agency** | |
| Investment Project Financing | Islamic Republic of Afghanistan - Ministry of Finance | MAIL | |

Proposed Development Objective(s)

The development objective of the project is “To establish a wheat strategic reserve to be available to Afghan households to meet their needs following emergency situations and improve the efficiency of the grain storage management.”

Components

Component A: Institutional Infrastructure and Capacity Building
Component B: Physical Infrastructure
Component C: Project Management:

**Financing (in USD Million)**

| Financing Source | Amount |
|---|---|
| IDA Grant | 18.00 |
| Japan Policy and Human Resources Development Fund | 11.45 |
| **Total Project Cost** | **29.45** |

Environmental Assessment Category

B - Partial Assessment

Decision

The review did authorize the preparation to continue

**Note to Task Teams:** End of system generated content, document is editable from here.

Other Decision (as needed)

## B. Introduction and Context

Country Context

Afghanistan is a landlocked country, surrounded by Tajikistan, Uzbekistan, and Turkmenistan in the north, Iran in the west, Pakistan in the south and southwest, and China in the northeast. The country is divided into thirty four provinces, each province consists of a number of districts. Within these districts, most families live in villages. Rural households make up around 80 percent of the population, which is estimated to be 32.5 million (World Bank, 2015), with one of the highest growth rates of population worldwide (3 percent / year). The Gross Domestic Product (GDP) of Afghanistan is around $ 19.2 billion (World Bank, 2015).

Over the last several decades, the country went through wars, and internal conflicts, resulting in weak economy, and absence of some of the basic services in parts of the country. All economic activities, and the potential for economic growth in Afghanistan have been badly affected by the deteriorating security situation, and the uncertainty about its political future, with around 39 percent of the Afghans falling under the poverty line (World Bank, 2013). Recently, Statistics showed negative levels of consumers' prices index reflecting the high unemployment rates, and the weak economic conditions. The security situation remains a serious challenge, it has even deteriorated recently in some areas of the country, with limited presence or control from the government.

Agriculture is the main pillar of the Afghan economy, being the second contributor to the GDP, following the services sector, which primarily depends on the presence of the international community in Afghanistan. The agriculture sector employs around 40 percent of the working force of the country[1], and provides support to approximately 80 percent of the population in their livelihood. Direct agriculture activities contribute 25 percent to the GDP of the country. The number would be much higher if other related activities such as food processing, logistic, and trade of food items, are included. Wheat and its related activities such as logistics, and milling represents around 6.5 percent of the national GDP on the country.

Agriculture productivity per unit of land in Afghanistan is low compared to world standards and some of its neighboring countries for most of the crops. Arable land in Afghanistan is around 12 percent of its total area, with less than half of the cultivated land is irrigated, while the larger portion of crops is rain-fed. Along with the high annual growth rate of population, this makes the country import-dependent for a large number of major food products, including wheat.

Malnutrition is another chronic challenge in Afghanistan. It is estimated that 33 percent of Afghans are food insecure. Access to basic food items is limited for many Afghans, with around 34.7 percent of rural

[1] Agricultural Sector Review, World Bank, 2014

households suffering from caloric deficiency in normal condition. This become even worse during times of shortages of supply.

Given the fact that the agriculture sector in Afghanistan is not yet developed, in terms of adopting modern technologies, especially those related to climate resilient seeds, water management, and improved farming practices, this makes its agriculture production highly volatile, and vulnerable to sudden shocks, resulting from any unforeseen situation.

Agricultural production in Afghanistan consists mainly of wheat, horticulture, nuts, and poppy[2]. Due to the very high level of consumption per capita, and being major part of the Afghan diet, wheat accounts for more than 60 percent of total areas cultivated, with a total area of around 2.4 million hectares[3], almost equally split between irrigated and rain-fed cultivation, which creates high level of volatility in production every year. This has resulted in a fluctuating supply of wheat for households' consumption on annual basis. This deficit of supply is mainly addressed by imports.

Additionally, the political relations between Afghanistan and its neighbors, affects to a large extent the flow of goods to the country, bearing in mind its position as a landlocked country, with limited access to international trade and supply routes.

By nature, Afghanistan is also prone to other natural disasters such as earthquakes, which adds to the already weak situation in the country. When such incidents occur, supply of wheat through the regular channels become more challenging, and many Afghans especially the poor lack access to wheat for their daily diet.

Altogether, these factors puts Afghanistan in a very fragile situation with regard to its ability to secure basic food requirements specially wheat, for the need of its citizens especially at times of shortages of supply due to unforeseen situations, and emphasizes the need to establish a strategic reserve of wheat to be utilized during possible deficits of supply.

## Sectoral and Institutional Context

Wheat is the largest crop grown in Afghanistan, covering nearly 60 percent of all cultivated lands. Production of wheat in Afghanistan comes mainly from the northern regions, which is mostly rain-fed cultivations, this increases the risk of volatility of production on annual basis. Over the last ten years (2005 – 2015), annual production of wheat fluctuated between 2.1 million tons in 2008, to slightly above 5 million tons in 2014. There are several factors resulting in this large variability, mainly adverse climate conditions-specifically drought. Afghanistan is affected by global climate change, which is resulting in less rains, and increase in temperature, which accordingly have negative impact on its agricultural production in terms of areas cultivated and productivity per unit of land, bearing in mind that more than half of its cultivated lands are rain-fed. Additionally, the poor quality of seeds, and the limited adoption of modern farming practices adds to the situation.

The recent significant shortages of local production were observed in 2004, 2006, 2008, and 2011, with

[2] Agricultural Sector Review, World Bank, 2014
[3] Agricultural Sector Review, World Bank, 2014

the unfavorable weather conditions being[4] the main reason. During these years, supply of wheat for household consumption dropped sharply, it was also accompanied with ban on exports of wheat from some of the neighboring supplying countries facing the same unfavorable climate conditions. This resulted in limiting the access of many Afghans to wheat for their daily consumption.

In Afghanistan, bread constitutes around 70 percent of the daily caloric intake[5]. Globally, the country has the highest annual rate of wheat consumption per capita (160kg)[6]. This makes the availability of the crop a significantly important factor for the social stability of Afghanistan. Each year large quantities of wheat are imported primarily by the private sector, which mainly serve the urban community, along with donations from other countries. With the limited availability of data in Afghanistan, different sources have different estimates for the annual imports of wheat ranging between one to two million tons every year, which roughly represents 20 – 40 percent of the overall consumption of the country, depending on the size of domestic production. For the 2016 / 2017 crop season, MAIL estimates that import requirements will be around 1.25 million tons.

Regularly, the government of Afghanistan receives grain donations from other countries (mainly India), over the period 2011 – 2014 the government received 250,000 tons from India, and in 2016 – 2017 season only, India is planning to provide around 100,000 tons to Afghanistan. All these quantities are stored and distributed to the poorest in Afghanistan. Irregularly, the government purchases much smaller quantities from farmers for the same purpose, in 2015 MAIL purchased only 900 tons from Afghan farmers.

Imports of wheats by the private sector usually offsets the deficit of domestic production, however in some years, and due to various reasons including market forces, political issues, and the impact of climate conditions, the availability of wheat in neighboring exporting countries becomes quite limited. Coupled with the shortfalls of local production of wheat in the country, this results in strong shocks to the supply for Afghan households' consumption, especially the poorest in the country. In 2008 with the global hike in price of commodities, along with the decline in production is many countries, Pakistan which is the main supplier of wheat and wheat flour to Afghanistan banned exports of wheat, although some quantities of wheat were illegally exported, Afghanistan witnessed a serious situation in this regard.

In 2008, and as per the historical data from MAIL, price of one ton of wheat reached around $750 in Afghanistan, compared to around $250 in 2007, and around $350 in 2009, the situation was similar earlier in 2004, 2006, and then later again in 2011, however it was not as severe as it was in 2008. These hikes in wheat prices make it very hard for average households in Afghanistan to secure their needs of bread, considering the poverty rates in the country, and the high level of wheat consumption per capita. During all these circumstances the government of Afghanistan was not able to respond to these unforeseen situations, by providing support to its people, especially poor households, which were already struggling to earn their living.

[4] FAO, 2013
[5] FAO, 2013
[6] Agricultural Sector Review, World Bank, 2014

Productivity levels per unit of land for both irrigated and rain-fed wheat in Afghanistan remains low, compared to neighboring countries. Additionally, the weak post-harvest practices, and value addition activities, such as threshing, handling, and milling, and also the poor condition of the storage facilities, results in losses in the harvested crop, and deterioration of quality.

The World Bank through other agriculture projects in Afghanistan, specifically the ARTF funded project; Afghanistan Agriculture Inputs Project (AAIP) is already providing support in areas of wheat productivity enhancement, through introducing high quality seeds, and providing support to farmers on the adoption of improved agricultural practices. The government of Afghanistan have an ambitious goal to be self-sufficient of wheat by 2020 through increased productivity, and expansion of irrigated wheat cultivations. This represents a real challenge at least on the medium term, considering the limited resources of water, arable land, and the need to expand beyond the high growth rate of the population. However, the challenge is even higher with the supporting activities such as storage and handling, which are currently weak, and have large impact on the quality of wheat, and is a direct result for high post-harvest losses.


The government owns five large silos located in the provinces of Kabul, Kandahar, Heart, Baghlan, and Balkh as spotted on the map of Afghanistan. These silos operate as State Owned Enterprises (SOEs), operating under supervision of MAIL, and they charge the government for the quanities of wheat stored. The five silos are concrete constructions, and were built during the Soviet presence in Afghanistan during the 1970's. Combined together, the silos have a total theoretical storage capacity of 170,000 tons. There are a number of warehouses owned by the Ministry of Agriculture, Irrigation, and Livestock (MAIL), adjacent to the silos with a total storage capacity of approximately 65,000 tons, additionally, fifty two small scale warehouses are owned and operated by MAIL, and are distributed over 17 provinces, and all facilities are used for the storage and distribution of wheat. However, none of five large silos are operating at capacity, it is estimated that the utilization of the silos storage capacities is around 25 percent of its original capacity. This is mainly due to the lack of maintenance, human skills, and spare parts, accordingly the actual available storage capacity is much less. More importantly, the poor condition of these storage facilities, and its outdated operating procedures negatively affects the quality of the wheat stored. Generally, skills of the technical team operating these facilities are weak, and their knowledge on modern practices in managing grain stocks are quite limited. Although there is no specific assessment, some officials and donors estimates storage losses to be around 20 percent.

Although, there is a directorate under MAIL responsible for the management of the grain reserve of the country. However, this directorate has limited capacities, and lacks the required set of skills to engage in managing such program, and due to the implementation of the standard governmental procedures and

regulations, their ability to directly engage in the wheat market is limited. While operating in such a dynamic market requires certain level of flexibility, to make decisions and engage in the procurement process when there is a good market opportunity.

These factors altogether, from the importance that wheat represents in the afghan diet, and the fact that the country is wheat import-dependency, along with the volatile ties with its main suppliers, make it significantly important to build up wheat reserve, that can be used in responding to any unforeseen situations that may occur similar to those which the country witnessed several times, over the last twelve years. This wheat reserve can also be utilized in addressing the malnutrition situation in Afghanistan, through including a fortification program to the wheat stored.

However, building up such a reserve requires solid storage structures, by which wheat can be stored in compliance with international standards in storing, handling, and quality control of wheat. More importantly, there is a need to establish an entity to be responsible for managing this reserve, with the required highly skilled human capital.

The government of Afghanistan represented by MAIL, have been prioritizing the establishment of a Strategic Grain Reserve, and have been engaged in discussion with the World Bank seeking support in this regard. Initially, the government was interested in developing the grain reserve to serve two purposes, firstly, responding to emergency situations, and secondly to be utilized in stabilizing the wheat market in Afghanistan for the benefit of the farmers, through setting up minimum guaranteed price. The Bank advice on this regard was that such a practice would result in crowding out the private sector from the market, and eventually harm the farmers themselves, as this would limit the market opportunities for them, especially that it would require the allocation of significantly large financial resources from the government side, which is not available.

Recently, and following extensive discussions between the World Bank and the Government of Afghanistan (GoA), an agreement was reached that the objective of establishing a strategic grain reserve should only be to efficiently respond to emergency situations, enabling the government to be able to secure basic food supplies of wheat for at least two million people for one year.

In preparation for the proposed engagement in building a grain reserve, the World Bank conducted an engineering assessment for the five silos and the warehouses adjacent to it. The findings of the assessment covered the condition of building, machinery, other equipment and supportive activities on site. All five facilities were found in need for extensive rehabilitation, with different level of work required according to the condition on each site, and accordingly different cost estimate for each location. The study also provided a brief cost estimate for establishing Greenfield silos using modern storage technologies. In parallel, MAIL, reached out to a number of international suppliers, and obtained tentative cost estimations for Greenfield silos.

Also, during the preparation for this project, a vulnerability assessment was conducted to study the current status of the food security in Afghanistan, and access to basic food supplies, based on trends in wheat production and to identify the areas within the country that are highly vulnerable in case an

emergency situation occurs, based on previous incidents, and the current storage capacities. The objective of the assessment was to advise on the suitability of the locations of the existing storage facilities, and provide recommendation on other locations (if any), to ensure efficient coverage, and ability to respond to sudden shocks.

The vulnerability assessment reviewed a range of food insecurity assessments undertaken by the Bank, the government of Afghanistan, World Food Program, and others. The assessment used to the most in depth degree was the 2013/14 Afghanistan Living Conditions Survey (ALCS) as this data resource had the most in depth data set on food insecurity which could be effectively used to evaluate the spatial distribution of vulnerability in the country. Two of the main findings of the vulnerability assessment were; a) food insecurity in the country is generally widely distributed around the country, and b) the existing placement of the silos infrastructure, in most cases, if improved can be relatively well placed to address problems of food insecurity for most of the population, with one exception for a specific region that showed a deficit on food security in relation to the available storage capacity.

The table below uses data on populations of severely and moderately food insecure populations from the 2013/14 ALCS survey disaggregated by region to develop an estimate of potential grain storage needs to respond to problems of food insecurity. The evaluation makes the assumption that *severely food insecure* populations would be provided a 100 percent ration of wheat though the three month winter lean season. On a per capita consumption rate of 170kg/annum, this would be a ration of 42kg of wheat grain for the period per person. For *moderately food insecure* populations, a ratio of 50 percent of consumption would be provided for the same three month lean season. This would be equivalent to 21kg of wheat grain per person[7].

| Region | Severe Food Insecurity Wheat Requirement (MT) | Moderate Food Insecurity Wheat Requirement (MT) | Total Est. Req. (MT) | Service Point and Comments |
|---|---|---|---|---|
| Central | 27,058 | 18,920 | **45,977** | Area effectively serviced from Kabul |
| Central Region | 12,168 | 17,950 | **30,118** | Decentralized facility or met from Kabul or Herat (jointly) |
| Eastern | 4,191 | 4,757 | **8,948** | Area could be serviced from Kabul |
| North | 17,488 | 21,736 | **39,224** | Area effectively serviced from Mazar Sharif |
| North-east | 28,970 | 24,334 | **53,304** | Capacity in Mazar Sharif not sufficient for need. Would also need decentralized facility |
| South-east | 10,045 | 5,523 | **15,568** | Serviced from Kandahar or from Kabul |
| South-west | 21,204 | 16,034 | **37,238** | Kandahar or serviced from Heart |
| West | 21,490 | 16,046 | **37,536** | Area effectively serviced from Herat |
| | | | | |
| National | 142,613 | 125,301 | **267,914** | |

The analysis revealed that those regions near already planned large storage facilities; Kabul, Mazar-e-Sharif, and Herat, do not have wheat requirements larger than the scale of the existing storage facilities if improved. Similarly, a centralized facility in Kandahar would be able to serve the southwest of the

[7] Equivalent to 170kg/capita/annum x 0.25 years (3 months) x 50%

country, or feasibly this region could also potentially be served from Herat. The ALCS data show relatively low rates of food insecurity in the east of the country (estimated food requirement in this region is less than 10,000MT), this region could very likely be served out of Kabul. In the Southeast region total estimated food requirements are also relatively modest, estimated at roughly 15,000MT. This region might also be served out of Kabul or if need be, the facility in Kandahar could also contribute to address needs in this area.

The areas that present the most substantial challenges are the Central region and the Northeast regions of the country. The Northeast, according to this analysis, has a wheat requirement of 53,000MT. At this requirement level it is not likely that it would be feasible to service this area from the facility in Mazar-e-Sharif. In addition, the facility in Pul-e-Khumri is potentially too distant to be able to effectively address needs in this area. As such it seems that it would be a reasonable approach to develop smaller decentralized facilities in this region able to address food insecurity problems in this area. Government data show that there is an estimated storage capacity of 6,000MT in Badakhshan province. This infrastructure could be built on and further developed. ALCS data by province show that in the northeast the large bulk of food insecure populations are in Badakhshan more so than Kunduz or Takhar. As such, infrastructure would need to be developed to respond to the structure of current needs.

The Central region are also an area where the quantity needed is relatively substantial (30,118 MT). According to government data, there are 5,000MT facilities in each of Central region provinces of Bamyan, Ghor, and Daykundi that were built in the last 10 years. This total storage level of 15,000 MT for this region would be a very good start in terms of having available local storage capacity in these provinces. For needs over and above this, it is likely that the balance of required foods could be supplied from Mazar-e Sharif and Herat.

Ultimately, the assessment confirmed that the enhancement of the current storage facilities or the consideration of a greenfield silos at the same locations, along with the sufficient stock of wheat available, can help the Government of Afghanistan be in a good position to respond to emergency situations, and be able to supply Afghans with wheat as the basic and main food item consumed, of course with the presence of other factors such as solid logistics, and distribution mechanism. However, the study also revealed that a need exists for an additional large storage facility in the northeast region of the country, where productivity rates of wheat are very low since wheat cultivations in this area are mainly rain-fed, in addition to the absence of large storage facilities for wheat, and the fact that this region is generally prone to natural disasters such as earthquakes, plus the difficulty in reaching out to some of the areas of the region especially during winter time.

## C. Proposed Development Objective(s)

**Note to Task Teams:** The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

Development Objective(s) (From PAD)

The development objective of the project is **"To *establish a wheat strategic reserve to be available to Afghan households to meet their post-disaster needs and improve the efficiency of the grain storage management*".**

Key Results

The achievement of the PDO would be measured by the following PDO results indicators:

Increased availability of wheat stocks.

Increased number of households whose wheat needs can be met immediately after the occurrence of an emergency situation affecting their access to wheat, and

Reduced losses in wheat stored, as a result of the upgrade of the storage facilities, relative to pre-project intervention.

## D. Project Description

The project aims to support the Government of Afghanistan, in building up a reserve of wheat that can be utilized in responding to any emergency situation the country may face, which usually leads to shortages of supply of wheat, which is considered the most important food item for household consumption in the country.

Emergency situations occurring in Afghanistan are generally due to unforeseen weather conditions such as severe drought resulting in share decline in the local wheat crop, natural disaster such as earthquakes, which is frequent in the country, and usually results in limiting people's access to wheat.

Declaration of an emergency situation is assigned to a ministerial committee. The entity that will be established by the project to manage the reserve will coordinate with this committee as part of its tasks in working closely with relevant stakeholders. In this regard, the entity will be prepared to act on up the declaration of an emergency situation in the country, to do so, the new entity will have its own operational procedures for actions to be taken to respond accordingly.

The objective of the project will be achieved through the establishment of an autonomous entity to manage the grain reserve. This entity will be responsible for obtaining and receiving wheat internationally and locally, from aid provided by other countries, and also the purchase of wheat from local and international markets, and managing the handling, storage, and distribution operations of wheat, while ensuring that quality is maintained through the adoption of global best practices in this regard. In order to enable the new entity in becoming well-positioned to help in responding to emergency situations, the project will work on building existing capacities under MAIL, and benefit from those have gained the required knowledge in the activities of the new entity, in addition to adding additional calibers as needed.

The objective of the project will also be achieved through the improvement of the existing storage capacities through rehabilitation process, and also the establishment of Greenfield facilities. On this regard, the project will decide on the selection between different options of silos rehabilitation versus the establishment of Greenfield facilities. Currently, the proposed activities includes the rehabilitation of the two silos located in Mazar-e-Sharif, and Pul-e-Khumri, considering that both are in relatively good condition, while establishing three greenfield silos in Kabul, Kandahar, and Herat considering the level of

work required for rehabilitation is significant, and also the fact that one of these silos (Kabul), is now being in the center of the city, which may have negative impact on the surroundings if rehabilitated.

The objective of establishing the grain reserve will remain only to respond to emergency situations in the country. However, in order to maintain the quality of the wheat stored, and as a common practices in managing grain stocks, a portion of the wheat will be offered for sale annually on basis of stock replenishment. The sale of wheat will be at the prevailing market prices, and will be in a manner that has no impact on market dynamics, and will not engage in price setting.

The project will utilize new technologies in developing a wheat crop estimation tool, which will provide accurate forecasts for the locally grown wheat in Afghanistan, to assess the needs for imports based on local supply, and annual consumptions rates.

The project will also seek to partially address the malnutrition situation in Afghanistan through the introduction of a fortification program for the wheat / wheat flour distributed under the project. The fortification of wheat flour will be achieved in collaboration with the World Food Program, which enjoys solid on ground presence in Afghanistan, and have already established large network with hundreds of local wheat millers to ensure implementation of the fortification program during wheat milling.

Both activities of the development of the crop estimation, and the nutrition support, will be subcomponents under the first component, which covers the establishment of the grain reserve management entity, and the related intuitional infrastructure development.

Implementation will of project activities will be carried out by a transit Project Implementation Unit (PIU), until the entity that will be in charge of managing the grain reserve is established, then it will take over from the transit PIU.

The project will be implemented over five years, and will consist of the following three main components:

**Component A: Institutional Infrastructure and Capacity Building: (US$ 3.9 million)**

This component will be focused on the establishment, and support the start-up activities of the proposed entity to be in charge of managing the grain reserve. Activities of the component will also include the development of the crop estimation system, and also include activities related to the nutrition, and wheat fortification.

**Component B: Physical Infrastructure: (US$ 23.1 million)**

The silos are located mostly in urban centers, except Kandahar. Kabul silo is located in a growing urban center, surrounded mostly by residential and commercial development. Pul-e-Khumri silo is also surrounded by residential areas on the north and south side of the facility and lies directly on the main road running through the town. Mazar Sharif silo is approximately 4 km from the city center, surrounded by residential and commercial development. Herat silo is also located in an urban area on a valuable land site. Kandahar silo is located on the outskirts of the city, but this silo is in a very poor condition.

This component will finance the required physical engineering work including the rehabilitation of the existing 2 silos, and also the establishment of 3 Greenfield Silos and a new warehouse facility in the northeast region of the country considering its high vulnerability. Activities of the component are based on the outcome of the field assessment conducted during the project preparation process.

Activities under this component will be implemented through a gradual work approach, so that the timeframe for the rehabilitation of the existing facilities, and the construction of new facilities allows the utilization of each of the storage facilities once completed, while maintaining sufficient storage capacity available at other facilities prior undergoing an upgrading process. The work schedule will be designed to ensure that by end of the fourth year of the project all five silos are fully operational, and the new warehouse facility in the north east region is fully functioning.

Both the physical assessment of the silos which was undertaken recently as part of project preparation, and also the vulnerability assessment will guide the work under this component. From the results of the assessment and the cost effectiveness analysis, three new Greenfield silos will be constructed in Kabul, Kandahar and Herat as the cost of rehabilitating these facilities is more than new Greenfield construction. The facilities on Mazar Sharif and Pul-e-Khumri will be rehabilitated as this is the most economical way to restore these facilities to full operational capacity, and considering that both are in relatively good condition. For rehabilitation, substantial repairs will need to be made to the actual concrete silos as these have deteriorated over time. In most cases the grounds around the facilities also need to be upgraded and rehabilitated to facilitate the movement of trucks into and around the facility. Truck weigh scales will also have to be replaced. The mechanical equipment such as elevators, conveyor belts, cleaning and drying equipment, scales, and other machinery will need to be replaced in full as it has deteriorated from a long period of disuse. In most instances, replacement of this mechanical equipment comprises roughly 50 percent or more of the total rehabilitation expenses. In the cases of new Greenfield construction, new steel silos will be constructed on the grounds of the existing storage facilities. The location of the existing facilities are sufficiently large that there should be more than sufficient room for this new construction. . Finally, a new laboratory along with testing equipment will be installed in all storage facilities.

In addition, as recommended a new flat warehouse will be built in Badakhshan province to address food insecurity problems in this region of the country as was identified by the vulnerability assessment. The activities of this subcomponent will commence by assessing different plots of land owned by MAIL in Badakhshan province, preferably close to the capital city of Faizabad. Criteria for land selection will include the topography of the land being flat, with no signs of elevation or slopes, with an area of around 5 - 6 hectares, and are connected to main roads for ease of access.

Design and preparation work will be carried out to establish a modern warehouse, with steel construction, suitable for the storage of bagged and bulk wheat. The site should include a weight bridge scale, ventilation system, quality control laboratory, and pest and dust control systems. The site will include area for trucks' movement and maneuvering.

**Component C: Project Management: (US$ 2.46 million)**

This component will finance activities related to the establishment and operations of a Project Implementation Unit (PIU), to be in charge of managing all project activities. The PIU will be located at MAIL in Kabul, and will be responsible for all implementation activities including the finalization and development of the required institutional structure which will eventually be responsible for managing the grain reserve.

The PIU will be transitional, so that once the new entity in charge of managing the strategic grain reserve is established and fully functioning, the PIU will be handing over all of its assignments and activities to it. It is anticipated that this step will take place by the end of the third year of the lifetime of the project. However, prior to the establishment of the grain reserve managing entity, the PIU will be in charge, and will coordinate all its activities with the SGR directorate and other units under MAIL.

The PIU will be responsible from the start of the project for the rehabilitation of the 2 silos, and establishment of 3 Greenfield Silos, in addition to construction of a warehouse in the north east region, and in hiring of consultants, advisors, and carrying our all related procurement work. The PIU will be also responsible for coordination with other governmental agencies, and carrying our all related procurement work. The PIU will be also responsible for coordination with other governmental agencies. The PIU will include managerial, technical, and fiduciary staff, and will be also responsible identifying the areas where it will require international expertise, and will carry out all their hiring process in line with the World Bank guidelines.

## E. Implementation

Institutional and Implementation Arrangements

The implementing agency for this project will be the Ministry of Agriculture, Irrigation, and Livestock (MAIL). Implementation of all project activities will be carried out by the Project Implementation Unit (PIU), which will be established under MAIL, and will be located at the ministry's premises in Kabul.

The PIU will be responsible for the managerial, financial, operational, and technical aspects related to the implementation of all components, and will be reporting regularly on progress of project activities to MAIL and the World Bank in relation to all project activities. The PIU will develop the project procurement plans, identify requirements for international expertise, and obtain the required resources accordingly.

The PIU will coordinate its activities with relevant partners, and stakeholders including donors, governmental agencies, consultants, and private sector.

With the establishment of the proposed entity that will be dedicated to manage the grain reserve, this new entity will take over the full responsibility of activities, and will seek to coordinate the work with the relevant stakeholders. The entity will be overseen by an inter-ministerial committee chaired by MAIL.

A Project Steering Committee (PSC) chaired by H.E. Minister of MAIL (or his delegates), will oversee project activities, and the implementation process carried out by the PIU, the committee will provide guidance and support, and will facilitate the interaction with other stakeholders.

**Note to Task Teams:** The following sections are system generated and can only be edited online in the Portal.

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## F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The project is rehabilitating two silos in the cities of Mazar-e-Sharif, and Pul-e-Khumri, in addition to the construction of three new Silos in the cities of Kabul, Kandahar, and Herat, and also constructing an additional Greenfield warehouse in the northeast region of the country. This may have minor potential environmental, health and safety issues/impacts during construction and operation on site. Therefore, the World Bank OP 4.01 is triggered and MAIL has prepared an ESMF to be applied during the whole project cycle. Site specific ESMPs were prepared for the current two sites of rehabilitation operation, similar site specific ESMPs will be prepared based on guidelines and check lists provided by the project ESMF. The site specific ESMPs will be properly implemented by the Ministry and the relevant contractors. An implementation level Pest Management Plan (PMP) will also be prepared to for any environment health and safety issues that may raise from the fumigation process for preserving the quality of the wheat stored in the silos.

### G. Environmental and Social Safeguards Specialists on the Team

Mohammad Arif Rasuli,Qais Agah

## SAFEGUARD POLICIES THAT MIGHT APPLY

| Safeguard Policies | Triggered? | Explanation (Optional) |
|---|---|---|
| Environmental Assessment OP/BP 4.01 | Yes | The WB OP/BP 4.01 is triggered because the project will rehabilitate two silos, and construct three new silos, and also a new storage facility at the northeast region. The rehabilitation and operation of the old facilities as well as selection, construction and operation of three new storage facilities may have minor potential environmental, health and safety issues and impacts on the operators and the labors as well as on the local environment. Therefore, in order to mitigate such potential impacts an ESMF was prepared by MAIL and found acceptable by the Bank. Based on the direction and guidelines as well as check lists of the ESMF, two site specific ESMPs were also prepared for the existing silos that will undergo rehabilitation and will be implemented to avoid, minimize, and mitigate any potential impact. Once the location of the three new sites are identified, site specific ESMPs will also be prepared during implementation stage and will be applied on the new sites of the remaining three new silos. |
| Natural Habitats OP/BP 4.04 | No | |
| Forests OP/BP 4.36 | No | |
| Pest Management OP 4.09 | Yes | The WB Pest Management Policy (OP/BP 4.09) is triggered as the silos will be using fumigation for maintaining the quality of wheat stored as a general practice in managing grain reserves. Use of fumigants should be according to the USEPA and WHO guidelines . Health and Safety measures should strictly be followed for Operation and Maintenance of silos to ensure the safety of the workers at the site of the silos . MAIL and the project with the help of WB safeguards team will prepare a Pest |

| | | |
|---|---|---|
| | | Management Plan during the project implementation much in advance before the facilities are used for storing wheat which is not expected to be before the second year of the project. The plan will consider the current practices and knowledge about the issue, e.g., what technology is used for preservation of wheat and availability of fumigants in the market. |
| Physical Cultural Resources OP/BP 4.11 | No | |
| Indigenous Peoples OP/BP 4.10 | No | |
| Involuntary Resettlement OP/BP 4.12 | Yes | OP/BP 4.12 is applicable since the project will support the construction of new three Silos, which may require land acquisition and involuntary resettlement.<br>Since the scope and other details of all proposed activities, including the exact locations of the new silos are not yet determined, an ESMF and a Resettlement Policy Framework (RPF) have been prepared by the client and the executive summary was disclosed both in-country and at the Bank's external website prior to project appraisal on 4/11/2017.<br>The ESMF and RPF will guide preparation of the social safeguards studies, such as limited Social Impact Assessment (SIA), ESMPs and RAPs (where needed). The RPF includes the requisite Terms of Reference (TORs) for the RAP.<br>ESMF and RPF consultations with stakeholders have been conducted and minutes from public consultation have been included. |
| Safety of Dams OP/BP 4.37 | No | |
| Projects on International Waterways OP/BP 7.50 | No | |
| Projects in Disputed Areas OP/BP 7.60 | No | |

## KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

### A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:
The project will not have significant and/or irreversible impacts and might only have minor reversible impacts as the civil works would only be either rehabilitation of two existing silos, and construction of three new silos. When the ESMF tools and the ESMPs for the two locations under rehabilitation are properly applied during the implementation, this potential impact will be mitigated. ESMPs will carefully chalk out the sanitation and drinking water needs and their interaction and will give specific mitigation measures, and will also provide directions in sites of labor camps if any, selection and rehabilitation of specific areas, transportation routes, and the occupational health and safety measures for the labors and the local relevant communities.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
The sub-projects will include rehabilitation of two silos in Mazar-e-Sharif, and Pul-e-Khumri and construction of three new silos in Kabul, Herat, and Kandahar in addition to the establishment of a new warehouse facility in Badakhsan. The project ESMF, the subprojects site specific ESMPs have been prepared, and an outline for the Pest Management Plan (PMP) is also included in the project ESMF, and during project implementation, a full PMP will be developed. With these instruments, the project will be positioned to reduce and mitigate any potential impact. However, due to the nature of the Project compoentnts there will be no indirect and /or long term impacts due to anticipated future activities
The project triggers OP 4.12 on Involuntary Resettlement, because the physical infrastructure activities under component B may involve implications that could impact individuals and/or communities in different ways. Therefore, the preparation of the ESMF and the Resettlement Policy Framework (RPF) will guide the preparation of any Social Impact Assessments (SIA) or Resettlement Action Plans (RAPs) that may be needed. However, it is expected that all new constructions will be all on lands owned by MAIL, and free from any settlers.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
The project aimed to use government owned land and environmental friendly technologies for establishing and/or renovating the Silos, and also for the construction of the new warehouse in the northeast region.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
The borrower will address all safeguards related issues under a framework approach. A project Environmental and Social Management Framework(ESMF) has been developed by the borrower and a safeguards specialist will be hired by the project in order to implement the ESMF and to comply with the world bank safeguard policies. The borrower, the implementing agency, MAIL has experience with the WB safeguards implementation and will hopefully implement the relevant project safeguards at a satisfactory level.
For each of the subprojects a site specific Environmental and Social Safeguards Action Plan (ESMP) would be prepared based on the project ESMF. Already two ESMPs for the two locations that will undergo rehabilitation have been developed. The borrower will mainstream relevant clauses in the relevant contract documents and will follow the Occupational Health and Safety as well as sanitation issues in project sites as well as in the project labor camps. During the implementation stage a PMP would be prepared and the outline of the proposed PMP is included as an Annex to

the project ESMF.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The main stakeholders are government agencies, local populations residing close to the silos facilities, donors, consultants, and private sector. Relevant citizen engagement tools were used during preparation of the ESMF, and the ESMPs for the two already identified sites (the two silos which will be rehabilitated), once the other four locations have been identified during project implementation, site specific ESMPs will be developed. The ESMF and the site specific ESMPs as well as the PMP will all be disclosed on the Ministry Website as well as in the Bank Intranet system. Consultation and disclosure procedure is also illustrated in the ESMF. Already the executive summary of the ESMF have been translated to local language, and published.

## B. Disclosure Requirements

**Environmental Assessment/Audit/Management Plan/Other**

| Date of receipt by the Bank | Date of submission to InfoShop | For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors |
|---|---|---|
| 17-Apr-2017 | 22-Apr-2017 | |

**"In country" Disclosure**

Afghanistan
22-Apr-2017

Comments

**Resettlement Action Plan/Framework/Policy Process**

| Date of receipt by the Bank | Date of submission to InfoShop |
|---|---|
| 17-Apr-2017 | 22-Apr-2017 |

**"In country" Disclosure**

Afghanistan
22-Apr-2017

Comments

**Pest Management Plan**

| Was the document disclosed prior to appraisal? | Date of receipt by the Bank | Date of submission to InfoShop |
|---|---|---|
| No | | |

**"In country" Disclosure**

**If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**

If in-country disclosure of any of the above documents is not expected, please explain why:

The executive summary of the ESMF & RPF, have been translated to local language and have been disclosed in the MAIL website on 4/11/2017.

## C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?
Yes
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?
Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?
Yes

**OP 4.09 - Pest Management**

Does the EA adequately address the pest management issues?
Yes
Is a separate PMP required?
Yes
If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?
No

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?
Yes
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?
Yes

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?
Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?
Yes

**All Safeguard Policies**

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?
Yes
Have costs related to safeguard policy measures been included in the project cost?
Yes
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?
Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?
Yes

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## APPROVAL

| | | |
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### Approved By

| | | |
|---|---|---|
| Safeguards Advisor: | | |
| Practice Manager/Manager: | Martien Van Nieuwkoop | 24-Apr-2017 |
| Country Director: | Stephen N. Ndegwa | 25-Apr-2017 |

**Note to Task Teams:** End of system generated content, document is editable from here.