



Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 12-Apr-2017 | Report No: PIDISDSC19799



BASIC INFORMATION

A. Basic Project Data

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

Financing (in USD Million)

Financing Source	Amount
IDA Grant	18.00
Japan Policy and Human Resources Development Fund	12.00
Total Project Cost	30.00

Environmental Assessment Category
B-Partial Assessment

Concept Review Decision

Track I-The review did authorize the preparation to continue

Other Decision (as needed)

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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 around 31 million.



For several decades now, the country having been going through wars, and internal conflicts, resulting in weak economy, and absence of some of the basic services in parts of the country. 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, employing around 40 percent of the working force of the country, and providing support to approximately 80 percent of the population in their livelihood. Direct agriculture activities contribute by 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. Arable land in Afghanistan is about 12 percent of its total area, with less half of the cultivated land is irrigated, while the larger portion is rain-fed.

Agricultural production in Afghanistan consists mainly of wheat, horticulture, nuts, and poppy. Wheat accounts for more than 60 percent of total areas cultivated, with a total area of around 2.4 million hectares¹ almost equally split between irrigated and rain-fed cultivation. Wheat and its related activities such as logistics, and milling represents around 6.5 percent of the national GDP (with 70 percent comes from irrigated wheat).

With the agricultural sector in Afghanistan still not developed enough in terms of utilizing of modern technologies to respond to unforeseen circumstances, and the fact that agriculture remains to be the major contributor to the economy of the country, this make the economy extremely fragile, and vulnerable to sudden shocks.

Sectoral and Institutional Context

Wheat is the largest cereal crop grown in Afghanistan, Production of wheat in Afghanistan comes mainly from the northern belt, which is mostly rain-fed cultivations, which increases the risk of volatility of its production and supply. Although other crops such as rice and maize, are widely grown and consumed in Afghanistan, wheat remains the strategic crop for food security in the country.

The Agriculture Sector Review conducted by the World Bank in 2014, confirmed that wheat accounts for more than half of the daily caloric intake of Afghans. Globally, the country has the highest annual rate of wheat consumption per capita (160kg)². This makes the availability of the crop a significantly important

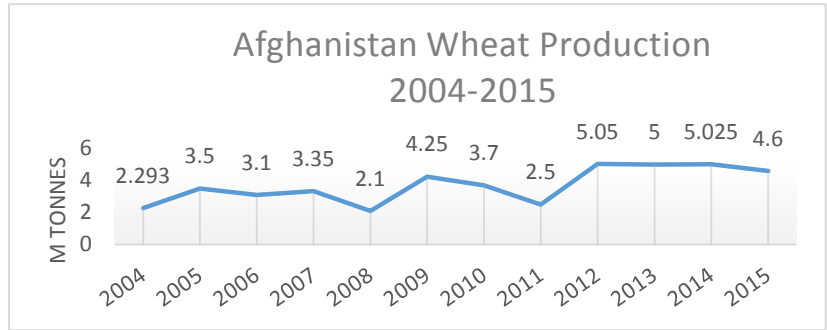
¹ Agricultural Sector Review, World Bank, 2014

² Agricultural Sector Review, World Bank, 2014



factor for the social stability of Afghanistan, especially with the fact that already approximately 33 percent of the Afghans are food insecure³

Productivity levels per unit of land for both irrigated and rain-fed wheat in Afghanistan, remains low compared to neighboring countries. Additionally, post-harvest and value addition activities such as threshing, handling, milling and storage are weak

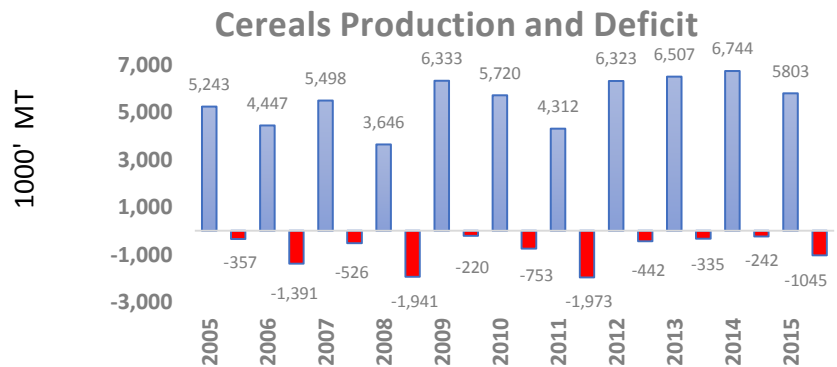


During the last ten years (2005 – 2015), production of wheat in Afghanistan have witnessed large fluctuations in quantities on year-to-year basis as shown on the graph.⁴ Quantities produced ranged between 3.6 million tons in the lowest year, to 6.7 million tons in a peak year, there are several factors resulting in this situation including adverse climate conditions specifically drought, quality of seeds, farming practices, and market forces. On average, the country imports around two million tons⁵, which represents 25 -30 percent of its annual consumption of wheat.

The World Bank through other agriculture projects, is already providing support in areas of productivity enhancement, by introducing high quality seeds, and improved farming practices.

Quantities of overall cereal production, and deficits over the last ten years are shown in the below graph⁶. Although these deficits of supply has been usually addressed by imports of wheat, and wheat flour, making the country import dependent to fulfil its needs of this critical commodity, in some years, even imports of wheat as a solution was not possible due to limited availability, cost, or other factors. Afghanistan went into this situation twice during the last ten years in 2008, and in 2011.

The government was not able to respond to these emergency situations,



³ National Risk and Vulnerability Assessment, Centr

⁴ Ministry of Agriculture, Irrigation, and Livestock.

⁵ USDA Statistics, 2015

⁶ Source: Ministry of Agriculture, Irrigation, and Li



and ensure supply enough wheat for household consumption, especially to the poorest.

This is even worse during winter time, as some roads gets blocked due to the snowfall, and some of the remote rural areas become isolated.

The direct impact of such situations is that many people become food insecure, while the indirect result could be possible unrest, and increasing number of migrants fleeing out of the country for better living conditions.

MAP OF AFGHANISTAN



Recently, the government of Afghanistan has developed an ambitious plan to achieve self-sufficiency of wheat within five years through increased productivity, and minimizing post-harvest losses, in parallel the government is prioritizing the establishment of a grain reserve to respond to these unforeseen shocks, mainly through purchase quantities of the locally grown wheat

Practically, every year, the government buys small quantities of wheat locally from farmers, the government also usually receives slightly larger quantities of wheat, in the form of aid support from other countries. These relatively small stocks of wheat are stored in government owned storage facilities located in different provinces in Afghanistan. However, most of these stocks of wheat are not stored properly, and are not maintained in accordance with prevailing standard measures.

Imports of wheat are carried out by the Afghan private sector, which primarily focus on serving urban areas, considering the relatively high cost of importation, and the ease of outreach, leaving in many cases, the rural areas underserved, especially during emergency situations as described earlier.

Parallel to the fluctuating deficits of supply of wheat, the available storage facilities in Afghanistan are in poor condition, not operating efficiently, and some are almost not working.

There are five main government owned silos, used for the storage of wheat and cereals located in the provinces of Kabul, Kandahar, Heart, Baghlan, and Balkh as spotted on the map of Afghanistan. These are legacy concrete silos built during the soviet era, with a total theoretical storage capacity of 170,000 tons.



Additionally, there is a number of small flat warehouses, adjacent to the silos with a total storage capacity of approximately 65,000 tons. However, none of these storage facilities is operating at its capacity, it is estimated that the utilization is less than half of its capacities. This is mainly due to lack to maintenance, and spare parts, accordingly the actual available storage capacity is much less. Adding to this, the poor condition of these storage facilities negatively affects the quality of the wheat stored, also the fact that the skills of the technical team operating these facilities are weak, and are they are not exposed to modern practices in managing grain stocks.

Although, there is a directorate under the Ministry of Agriculture, Irrigation, and Livestock (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 prevailing governmental procedures and regulations, their ability to directly engage in the purchase and distribution of wheat is very limited, and usually requires higher level clearances which consume lots of time, in a market that is very dynamic. Additionally, the reporting lines of the silos are different, some locations report to MAIL, while others report to the Ministry of Finance (MoF).

Altogether, these factors makes Afghanistan extremely vulnerable to shortages of supply of wheat when and where it is much needed, and limits its ability to respond accordingly. There is a pressing need to address these challenges, through public intervention that is exclusively dedicated to respond to emergency situations. In this context, the Government of Afghanistan represented by MAIL, has approached the Bank in order to provide support in this issue

Relationship to CPF

The FY 2017 – 2020 Country Partnership Framework (draft), emphasis the need to build on the outcome of the Agriculture Sector Review in terms of improving productivity of the highest priority crops in Afghanistan including wheat, and the pressing need to enhance the performance of agriculture value chains.

The framework also supports activities in relation to improving food security, considering the vulnerability profile of the country.

C. 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 post-disaster needs and improve the efficiency of the grain storage management”.

Key Results (From PCN)



The objective of the project is to help the Government of Afghanistan in developing a strategic grain reserve, which can be used in responding to shortages of food occurring as a result of emergency situations in the country.

The main factors in assessing the success of the project in achieving its objective will be:

- a) The establishment of the Strategic Grain Reserve Agency
- b) The increase in the storage capacities of the different storage facilities.
- c) Build up the knowledge and capacity of the staff in charge of managing the country's grain reserve.

C. Project Beneficiaries

The target project beneficiaries are the poor households that are mostly net wheat buyers, and whose access to sufficient quantities of wheat is seriously affected due to the fluctuations in supply as a result of unforeseen emergency situations. Accordingly, the objective of developing the grain reserve is to reach to the households in the parts of the country that are highly affected with such unforeseen situations. The quantity of strategic grain reserve should be sufficient to feed two million people for one year.

D. Gender:

Women Related Issues and its Measures

Particular attention will be paid to gender and social inclusion at all levels and measures will be taken to mitigate any risks to women and vulnerable groups. These are possible in through the following approaches/tools:

Consultation: In any community/public consultation process, female community member just like male members will be consulted for the purpose of awareness raising, compensation, design, work opportunities, etc. consultation with project affected people (PAP) should include female family members. All these consultations will be captured and documented in the ESMPs women's.

Awareness raising: women especially female headed households just like men in any sub-project sites will be informed about any job opportunities under the project in their communities so that they can choose to take part in public work.

Also the project will raise the awareness of women on GRM and make it accessible for them so that they can register any grievance related to the project. This will ensure that the view and concerns of women affected by the project activities are heard/noticed and appropriate action is taken in a timely manner.

Similarly, the contractors will be sensitized on gender issues measures will be taken to prevent any negative impact on female community members due to the labor influx in the community. Specific measures will be taken to prevent and address harassment, intimidation and exploitation under the project especially in regard to women.

Staffing and employment: for proper outreach to women, the project will ensure having female staff.



Also the project will make efforts to promote equal employment opportunities for women in silos.

D. Concept Description

The project will be implemented over five years, and will focus on supporting the Government of Afghanistan in developing a strategic grain reserve, that can be utilized in responding to any possible shortage of supply of wheat to its citizens, seeking to minimize the adverse impact of emergency situations.

The goal of developing the grain reserve, is to at least ensure sufficient stock of wheat for the consumption of two million people for one year. This objective will be achieved through improved stock management skills, and enhanced storage facilities.

Most importantly, the project will focus on building local capacities in order to be able to efficiently manage the strategic grain reserve of the country. Meanwhile, the project will help in upgrading the existing storage facilities to the international standards, and possibly establish new facilities to be fully utilized in the storage of the grain reserve.

The project will support the establishment of the Strategic Grain Reserve Agency, which will be the main player in managing the grain reserve of the country, and will be structured to have the ability to act independently in making its operational day-to-day decision. The role played by the agency will not contradict or compete with the private sector in the market, it will rather make sure that the country is ready to promptly respond to any unforeseen situation, by extending basic supplies of wheat to the affected households.

The agency will also be supported in cooperating with relevant stakeholders to develop a program for crop harvest estimation throughout the country, this should enable foreseeing production quantities of wheat.

The project will learn from similar experiences of other countries supported by the Bank in developing strategic grain reserves such as Bangladesh and Ethiopia.

Specifically, and in order to achieve this goal, the proposed project will include the following activities:

- a) Support the establishment of the Strategic Grain Reserve Agency (SGRA):



This activity will focus on building the required capacities for the establishment and start-up of the Strategic Grain Agency (SGRA), which will be the responsible entity for managing the grain reserve in Afghanistan. SGRA will operate under board of ministries, however it will be structured with high level of independence to be well positioned to efficiently manage the grain reserve.

Activities will commence by finalizing the charter for managing and operating the SGRA, and ensure that the agency has sufficient level of independence to autonomously manage the grain reserve, and be able to make decision with regard to the purchase and sale of wheat. Following to that, the project will provide technical assistance in developing the structure for the SGRA in compliance with the charter, and to ensure that it is built to support the main objective of responding to emergency situations for wheat shortages.

The activities will also include technical assistance in developing management structure for the SGRA, human resources requirements, financial management, and the proposed options for technically and economically managing the grain reserve. The support will cover support in understanding global trends in wheat trade, linking the agency with international players in the wheat market, and the adoption of best practices in the grain stock management. The project will seek to ensure solid flow of information, and pile-up on knowledge within the SGRA that enables its management in making well-informed decisions.

On the operations side, the project will help in building up the capacities of the existing and new field staff on silos' management, product flow, maintenance, and additional related activities such as fumigation of stocks, quality control, logistics, and handling. Training of technical teams will vary between in-country activities utilizing international expertise, and also aboard through the participation in training activities, and the exposure to other countries' experiences in this regard.

The project will advise on the appropriate process for engaging the private sector of Afghanistan, and eliminate the possibilities of crowding it out of the wheat trade and distribution cycle.

On the approach to eliminate the possibilities of unforeseen shock, the agency will be supported to cooperate with FAO. The UN specialized agency, has recently launched a program for land cover and zoning of agriculture in Afghanistan using a satellite system. The project will seek to develop a partnership between the agency and the FAO, through tailoring the services of the new product to be utilized in estimating the crop harvest of wheat each year. This should enable the agency to plan accordingly for purchases, storage, logistics and distribution with flow of data on production, and possible surplus and shortages in different areas around the country.

b) Rehabilitation / establishment of silos and storage facilities:

It is understood that the existing storage facilities vary in terms of its conditions, and storage capacity, and accordingly the need for rehabilitation, or even demolish, and develop a Greenfield facility in some



locations. The project will benefit from physical on-ground assessments of the facilities, and will look into the current status of the existing storage facilities including the silos and the flat warehouses to decide on the required actions.

This activity will cover all existing silos and flat warehouses, with a final objective of reaching the required storage capacity to run an efficient strategic grain reserve.

The project will make the final decision on engaging in a rehabilitation process, or establishing a Greenfield facility, based on previous technical assessments, and economic analysis of different options. The project will develop logistics and handling procedures for each location, to ensure efficient use of resources, and to minimize product waste.

Considering the blockage of some of the main roads especially in rural areas, due to the snowfall in winter, the project will examine the need for establishing smaller scale storage facilities, probably at the district level, or even further closer to beneficiaries for better outreach during the time of need. Experience from other countries will be utilized to inform the project on this regard.

All rehabilitation, and possible establishment of Greenfield facilities, will fully engage national staff and resources to ensure knowledge transfer, and to build up local expertise.

c) Project management and coordination:

This activity will provide support to MAIL in the implementation process of other project activities, through the selection and hire of the required expertise, and procurement of material. Additionally, this activity will be in charge of coordination with other stakeholders, and will handle communication, and dissemination of information.

SAFEGUARDS

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

The project is rehabilitating old government silos in two provinces in addition to the construction of three new Silos and also constructing an additional Greenfield storage facility in a the northeast region. This may have minor potential environmental, health and safety issues/impacts during construction and operation of the silos on site. Therefore, the World Bank OP 4.01 is triggered and the Ministry has prepared an ESMF to be applied during the whole project cycle. Site specific ESMPs will be prepared based on guidelines and check lists provided by the project ESMF and the site specific ESMPs will be properly implemented by the Ministry and the relevant contractors.



Since the project will support the construction of new Silos, which may require land acquisition and involuntary resettlement; therefore, the Bank Operational Policy OP 4.12 on Involuntary Resettlement is triggered. Depending on whether private, public common or government land is required and the detailed procedures to be followed will be outlined in a Resettlement Policy Framework (RPF) to be prepared in addition to the Environmental and Social Management Framework (ESMF).

B. Borrower’s Institutional Capacity for Safeguard Policies

MAIL has now got good capacity and implementation of Environmental Management and Safeguards policies in three other WB funded projects and is in a good position to do so in this project as well.

C. Environmental and Social Safeguards Specialists on the Team

Mohammad Arif Rasuli, Qais Agah

D. 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 old government 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 the new storage facilities may have minor potential environmental, health and safety issues and impacts on the operators and the labors on site. Therefore, in order to mitigate such potential impacts an ESMF was prepared by MAIL and it under review by the Bank. Based on the direction and guidelines as well as check lists of the ESMF, two site specific ESMPs would be prepared for the silos that will undergo rehabilitation and implemented to avoid, minimize, and mitigate the potential impacts.
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 because 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 staff will prepare a Pest Management Plan during the project implementation much in before the facilities are used for storing wheat which will not 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	<p>OP/BP 4.12 is applicable because the project will support the construction of new and upgrading of existing Silos, which may require land acquisition and involuntary resettlement.</p> <p>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) will be prepared and the executive summary will be disclosed both in-country and at the Bank’s external website prior to project appraisal April 12, 2017. The ESMF and RPF will guide preparation of the social safeguards studies, such as limited social impact assessment, ESMPs and RAPs (where needed). The RPF will include the requisite Terms of Reference (TORs) for the RAP.</p> <p>ESMF and RPF consultations with stakeholders will be conducted and minutes from public consultation will be included in the final ESMF.</p>
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	

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Apr 13, 2017



Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

ESMF and site specific ESMP will be completed on April 13, 2017 prior to Appraisal.

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APPROVAL

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