

Integrated Safeguards Data Sheet (ISDS)	
Section I – Basic Information	
Date ISDS Prepared/Updated: July 9, 2004	Report No.:AC903
A. Basic Project Data	
A.1. Project Statistics	
Country: Kazakhstan	Project ID: P049721
Project: Agricultural Competitiveness Project	TTL: Maurizio Guadagni
Total project cost (by component): 90.3	
Appraisal Date: July 27, 2004	Loan/Credit amount(\$m): IBRD: 25.8
Board Date: December 14, 2004	
Other financing amounts by source:	(\$m.)
Managing Unit: ECSSD	Sector: Agricultural extension and research (60%);Agricultural marketing and trade (40%)
Lending Instruments: Specific Investment Loan	
Is this project processed under OP 8.50 (Emergency recovery)? Yes? <input type="checkbox"/> No? <input type="checkbox"/>	
Environmental Category:	Safeguard Classification:
A.2. Project Objectives	
<p>The project objective is to increase the competitiveness of the agricultural sector in Kazakhstan by facilitating access to markets and knowledge. To achieve this objective, the project would: facilitate access to markets by improving the quality and safety of agricultural products, facilitating access to information, and improving market efficiency; and increase the quality, quantity, and relevance of public and private investments in applied agricultural research and knowledge transfer.</p>	
<p>The key impact indicators proposed for the Project are:</p> <ul style="list-style-type: none"> (i) increased profitability of farms, particularly small and medium-sized farms (ii) increased access to markets – including foreign markets – for selected commodities 	
<p>Key outcome indicators:</p> <ul style="list-style-type: none"> (i) increased capacity to certify quality and safety of agricultural products measured through improved quality of testing, increased access, and cost reduction (ii) increased value of agricultural exports, including livestock products (iii) increased efficiency of agricultural applied research and technology transfer measured by an increased number of adopters (iv) increased participation of the private sector in agricultural policy development, applied research, and technology transfer 	
<p>Key output indicators:</p> <ul style="list-style-type: none"> (i) harmonization of 7 technical regulations, each consisting of a number of individual standards 	

- (ii) international accreditation of 60 laboratories
- (iii) increased collaboration – including co-financing – between public and private sectors in supervising food safety and certifying quality of agricultural products
- (iv) 120 market-oriented subprojects implemented
- (v) 800 applied research and extension subprojects implemented
- (vi) increased number of qualified young scientists employed and/or retained in the public research system
- (vii) Establishment of Governing Board, Coordination Center, and Peer Reviewing Panel. increase the competitiveness of the agricultural sector in Kazakhstan by facilitating access to markets and knowledge.

A.3. Project Description

The Project will consist of the following four components: (a) quality and safety management of agricultural products (b) agricultural marketing, (c) applied agricultural research and extension; and (d) institutional development and agricultural policy.

Component 1. Quality and Safety Management of Agricultural Products. The component will enhance the management of food safety control and quality certification along the value chain. It will comprise the following two sub-components:

Subcomponent 1.1. Harmonization and Development of Standards. The subcomponent will strengthen the ongoing effort of standards harmonization, including the safety (public) standards required by the *Codex Alimentarius* and the Sanitary and Phytosanitary (SPS) Agreement of the WTO and a set of quality (private) standards including organic production. This sub-component will also introduce internationally recognized standards to certify and monitor organic production.

Subcomponent 1.2. Quality and Safety Monitoring The subcomponent will improve the capacity of the public and private sectors to monitor food quality and certify standards of agricultural products through an internationally recognized system for testing and monitoring of quality and safety.

Component 2. Agricultural Marketing. The component will improve agricultural producers' and processors' understanding of markets, ensure equal access to information, and promote the country's image to facilitate exports. The component will comprise the following three subcomponents.

Subcomponent 2.1. Strengthening the Market Information System. The subcomponent will strengthen the existing system in the following aspects: (i) adding quality classifications and price differentials to the existing price lists; (ii) increasing the frequency of price provided, providing at least a daily frequency for perishable agricultural products, (iii) complementing price information with traded quantities; (iv) complementing the existing web page with means of easier access to farmers and traders, such as mass media (newspapers, radios, TVs) and cellular phones; and (v) strengthening

the monitoring of information use, and (vi) enhancing analytical capacity.

Subcomponent 2.2. Development of Market-Oriented Infrastructure. The subcomponent will provide financial incentives to the private sector to increase its investment in marketing-oriented infrastructure.

Subcomponent 2.3. Enhancing the image of Kazakhstani agriculture. The subcomponent's activities will promote the image of Kazakhstan's agriculture and its produce in foreign markets and will include (i) holding well-targeted public relations campaigns; (ii) participation in fairs and international events to promote the country's agricultural products; and (iii) providing competitive grants to companies for promotion of products and agricultural activities with a public sectoral benefit.

Component 3. Applied Agricultural Research and Extension. The component will comprise the following two subcomponents.

Subcomponent 3.1. Applied Research. The subcomponent will (i) provide technical assistance to complete the design of, implement, and monitor the draft plan to reorganize the existing agricultural research; (ii) finance advance education for 60 young scientists; and (iii) utilize a Competitive Grant Scheme (CGS) to finance applied research proposals.

Subcomponent 3.2. Agricultural Extension. The subcomponent will (i) establish a public network of extension; (ii) provide a system of support to the extension agents, including selection, training and output oriented monitoring of extension agents; (iii) train and certify 400 private extension agents; and (iv) utilize a Competitive Grant Scheme to finance extension and training proposals. The Competitive Grant Scheme will finance 750 proposals with an average matching-grant of \$20,000

Component 4. Institutional Development and Agricultural Policy. The component will comprise the following two subcomponents.

Subcomponent 4.1. Institutional Structure. According to international experience, the institutional setting of competitive grant systems requires setting up three bodies: (i) Governing Board, (ii) Secretariat, and (iii) Reviewing Panel.

Subcomponent 4.2. Project Evaluation. The subcomponent will finance technical assistance to carry out project evaluation which will be presented directly to the Governing Board.

Subcomponent 4.3. Agricultural Policy Development. The subcomponent will strengthen the capacity of public sector to analyze, monitor and develop agricultural policies.

A.4. Project Location and salient physical characteristics relevant to the safeguard analysis:

The project area will cover the northern and southern economic corridors of the country,

covering 40% of the total country area.

B. Check Environmental Category A , B , C , FI

Comments:

C. Safeguard Policies Triggered

	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management (OP 4.09)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cultural Property (draft OP 4.11 - OPN 11.03-)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (OP/BP 4.12)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples (OD 4.20)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (OP/BP/GP 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP/GP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

Section II – Key Safeguard Issues and Their Management

D. Summary of Key Safeguard Issues.

D.1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts.

Environment. The project Environmental Category is Financial Intermediaries (FI) Category. The project will finance (i) laboratories to monitor quality and safety of agricultural products, (ii) demand-driven investments of different type; and (iii) institutional development investments in extension and policy making. A large part the project will mainly provide funds through the demand-driven Competitive Grant Scheme (CGS), whose exact nature is not known in advance. As required for FI category projects, a comprehensive Environmental Review (Environment Sector Review, dated June 2004, in project files) was conducted by a local consultant and produced the following findings:

- (i) National legislation to ensure environmental protection is significantly developed in Kazakhstan. However by-laws and regulations are still under development and enforcement is weak;
- (ii) No potential large-scale, significant and/or irreversible negative impacts are envisaged under the proposed project;
- (iii) The food safety component will have a direct positive environmental effect, particularly in developing and enforcing food safety legislation. However rehabilitation and management of laboratories can have a negative impact, as for the use of chemicals and reagents in laboratories. Nonetheless the planned supply of incinerators to dispose laboratories wastes will produce an environmental benefit
- (iv) Marketing, applied research, and extension CGS subprojects may cause negative environmental effects. Although there are some exceptions – e.g., natural resources management, organic agriculture, crop rotation, and integrated pest management – the majority of CGS subprojects will cause an agricultural intensification which may cause negative environmental effects. The main example is increased use of pesticide, and because of this the pest management safeguard policy has been triggered (see below). Another example of subproject which will require a careful environmental review are food processing subproject, such as slaughterhouses;
- (v) the capacity of the Government of Kazakhstan, and particularly of the Ministry of Agriculture, to recognize and address environmental impacts of project activities needs improvement. For this reason a set manuals on operations of laboratories and environmental screening of CGS subproject has been developed. Others will be prepared during project implementation, and training on these subjects will be provided. The manuals also propose procedures for design and implementation of mitigation measures for certain sub-projects, such as the use of incinerators in slaughterhouses.

The **Pest Management** Safeguard Policy (OP 4.09) has been triggered. Some project financed sub-projects will finance the purchase of Chemical Control Agents (CCAs) and

chemicals for the testing laboratories. Farm input use will be the farmers' responsibility; nonetheless the project will assist farmers to use these inputs in a more safe and responsible way. The Government of Kazakhstan has recently upgraded its management of the control and oversight regarding use of pesticides with the help of FAO (FAO/TCP/KAZ 0065) and a new Department of Plant Protection and Quarantine (DPPQ) was established in the Ministry of Agriculture. The project will build on this development. As a mitigation measure, laboratory personnel and farmers who will use CCA will be trained in the storage, handling and use of these chemicals as well as with respect to the careful disposal of the containers. The use of appropriate clothing will be encouraged through demonstration. The approved chemicals are all class III chemicals. The project will also propose alternative methods to chemicals, such as disease-resistant varieties and integrated pest management (IPM). A Pest Management Plan which comprises training manual on safe handling, use, and disposal of pesticides is under finalization

A **Social Assessment** (SA) was completed as part of project preparation to help project managers develop the project to fit the needs of local rural residents in the project area, thereby increasing returns on investment and enhancing sustainability. The SA aimed to understand and express the needs, aspirations, and social and economic constraints and opportunities of rural people, including levels and sources of income, living standards, consumption patterns, access to goods and services, as well as standard social and demographic characteristics. The study took place in four oblasts which are representative of the geographic, ethnic, and structure of farms in Kazakhstan: Almaty; Akmola; Pavlodar; and West Kazakhstan. The method used included; (i) background review of the existing data and information regarding land and land use and review of different reports, including the background reports prepared for this project as well as the findings of the study on farm restructuring; (ii) key informant interviews; and (iii) focus group discussions.

The Social Assessment produced a number of important results that have implications for the project design, which have already been incorporated into the project; others will shape the group training and support activities and provide the basis for social monitoring.

Overall, the project would contribute directly to the improvement of the socio-economic state of project beneficiaries by better access to knowledge and markets to the rural population.

One of the main targets of the project is the small family farms¹ whose access to markets and knowledge is limited. The project will facilitate access to markets and knowledge to

¹ A family farm is a legal classification connected to ownership. They are often referred to as "peasant farms" but in Kazakhstan they have an average size of 50 ha, larger than what is usually referred to as a family farm. In addition to family farms, there are agricultural enterprises with an average holding of above 1000 ha of land and households plots. For the latter category it is difficult to live solely on the land. Many of them have a second income such as having a member in the family who is a wage laborer or pensioners.

overcome some of the constraints that small farmers face. The project will also facilitate access to testing quality of agricultural products, thus increasing the equity of payment for the quality which is actually produced. Appropriate indicators will be integrated into the project monitoring and evaluation system for tracking by the project's Monitoring and Evaluation specialist throughout project implementation.

D.2 Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area.

No long-term negative impacts are anticipated due to future project activities.

D.3. Describe the treatment of alternatives (if relevant)

N/a

D.4. Describe measures taken by the borrower to address safeguard issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The uncertainty of the final investments financed under the project will require an Operational Manual. This will contain an environmental section which will include guidelines for subproject environmental evaluation, a description of institutional arrangements for environmental review and approval, and an assessment of institutional capacity for performing the environmental review and approval.

After World Bank no-objection, the Operational Manual will be disclosed in Kazakhstan in national language and it will be available in the Infoshop. The institutional capacity will be reviewed as well within the section as it will include the description of institutional arrangements and assessment of capacity for environmental review and approval. The project team considers that there are sufficient institutional resource within the Ministry of Agriculture to perform the environmental review and monitoring functions.

Pest Management. Some project financed investments will finance the purchase of Chemical Control Agents (CCAs) and chemicals for the testing laboratories. Farm input use will be the farmers' responsibility; nonetheless the project will assist farmers to use these inputs in a more safe and responsible way. The Government of Kazakhstan has recently upgraded its management of the control and oversight regarding use of pesticides with the help of FAO (FAO/TCP/KAZ 0065) and a new Department of Plant Protection and Quarantine (DPPQ) was established in the Ministry of Agriculture. The project will build on this development. As a mitigation measure, farmers that use or will use CCA on their lands will be trained in the storage, handling and use of these chemicals as well as with respect to the careful disposal of the containers. The use of appropriate clothing will be encouraged through demonstration. The approved chemicals are all class III chemicals.

The list of prohibited pesticides allowed in Kazakhstan does comply with the UNEP list of prohibited pesticides. The relevant trainings on pesticides will be included in the thematic training.

A Pesticide Management Plan will be prepared, and disclosed in Kazakhstan in national language and after being sent to the Bank for review and ECSSD approval, it will be available in the Infoshop. The project will also propose alternative methods to chemicals, such as disease-resistant varieties and integrated pest management (IPM).

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

Key stakeholders under the project include:

- (i) private sector: individual farmers, farmers associations, agricultural enterprises, agro-processors, and other actors of the private sector; and
- (ii) Institutional stakeholders: Ministry of Agriculture, Research Institutes, Universities, Regional Institutions, Laboratories, NGOs.

Representatives of the above stakeholders have been consulted during initial project preparation, and will continue to contribute to project design. A working group with representatives of public and private institutions meets regularly to address issues on project design. Consultations will be an ongoing activity throughout the project's lifetime as part of the monitoring and evaluation.

Some representatives of project beneficiaries have been already involved in project design, and will continue their involvement during the remaining of preparation, and implementation. Farmers and farmers associations are also potential providers of the subprojects financed under the Competitive Grant Scheme. It is expected that these subprojects will significantly benefit small and medium-sized farmers. This will increase farms' productivity and therefore the income level of the vulnerable people.

The draft Guidelines were discussed at a series of consultation workshops (April 2003 and June 2004) with a number of stakeholders from the Ministry of Environment, NGOs and farmer organizations and disclosed in country; and minor comments received had been reflected in the final document.

<i>F. Disclosure Requirements Date</i>	
<i>Environmental Assessment/Audit/Management Plan/Other:</i>	
Date of receipt by the Bank	...01/07/2004...
Date of “in-country” disclosure	...28/06/2004...
Date of submission to InfoShop	...10/08/2004...
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	Not Applicable
<i>Resettlement Action Plan/Framework/Policy Process:</i>	
Date of receipt by the Bank	Not Applicable
Date of “in-country” disclosure	Not Applicable
Date of submission to InfoShop	Not Applicable
<i>Indigenous Peoples Development Plan/Framework:</i>	
Date of receipt by the Bank	Not Applicable
Date of “in-country” disclosure	Not Applicable
Date of submission to InfoShop	Not Applicable
<i>Pest Management Plan:</i>	
Date of receipt by the Bank	01/07/2004...
Date of “in-country” disclosure	28/06/2004...
Date of submission to InfoShop	10/08/2004...
<i>Dam Safety Management Plan:</i>	
Date of receipt by the Bank	Not Applicable
Date of “in-country” disclosure	Not Applicable
Date of submission to InfoShop	Not Applicable
If in-country disclosure of any of the above documents is not expected, please explain why.	
Section III – Compliance Monitoring Indicators at the Corporate Level (To be filled in when the ISDS is finalized by the project decision meeting)	
<i>OP/BP 4.01 - Environment Assessment:</i>	<u>Yes</u>
Does the project require a stand-alone EA (including EMP) report? If yes, then did the Regional Environment Unit review and approve the EA report? Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	
<i>OP/BP 4.04 - Natural Habitats:</i>	<u>No</u>
Would the project result in any significant conversion or degradation of critical natural habitats? If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	
<i>OP 4.09 - Pest Management:</i>	<u>Yes</u>
Does the EA adequately address the pest management issues? Is a separate PMP required? If yes, are PMP requirements included in project design?	

<p><i>Draft OP 4.11 (OPN 11.03) - Cultural Property:</i></p> <p>Does the EA include adequate measures? Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on physical cultural resources?</p>	<u>No</u>
<p><i>OD 4.20 - Indigenous Peoples:</i></p> <p>Has a separate indigenous people development plan been prepared in consultation with the Indigenous People? If yes, then did the Regional Social Development Unit review and approve the plan? If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit?</p>	<u>No</u>
<p><i>OP/BP 4.12 - Involuntary Resettlement:</i></p> <p>Has a resettlement action plan, policy framework or policy process been prepared? If yes, then did the Regional Social Development Unit review and approve the plan / policy framework / policy process?</p>	<u>No</u>
<p><i>OP/BP 4.36 – Forests:</i></p> <p>Has the sector-wide analysis of policy and institutional issues and constraints been carried out? Does the project design include satisfactory measures to overcome these constraints? Does the project finance commercial harvesting, and if so, does it include provisions for certification system?</p>	<u>No</u>
<p><i>OP/BP 4.37 - Safety of Dams:</i></p> <p>Have dam safety plans been prepared? Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank? Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?</p>	<u>No</u>
<p><i>OP 7.50 - Projects on International Waterways:</i></p> <p>Have the other riparians been notified of the project? If the project falls under one of the exceptions to the notification requirement, then has this been cleared with the Legal Department, and the memo to the RVP prepared and sent? What are the reasons for the exception? Please explain: Has the RVP approved such an exception?</p>	<u>No</u>
<p><i>OP 7.60 - Projects in Disputed Areas:</i></p> <p>Has the memo conveying all pertinent information on the international aspects of the project, including the procedures to be followed, and the recommendations for dealing with the issue, been prepared, cleared with the Legal Department and sent to the RVP? Does the PAD/MOP include the standard disclaimer referred to in the OP?</p>	<u>No</u>
<p><i>BP 17.50 - Public Disclosure:</i></p> <p>Have relevant safeguard policies documents been sent to the World</p>	<u>No</u>

Bank's Infoshop?		
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
<i>All Safeguard Policies:</i>		<u>Yes</u>
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of the safeguard measures?		
Have safeguard measures costs been included in project cost?		
Will the safeguard measures costs be funded as part of project implementation?		
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures?		
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?		
<i>Signed and submitted by:</i>		
	<u>Name</u>	<u>Date</u>
Task Team Leader:	Maurizio Guadagni	
Project Safeguards Specialist 1:	Janna Ryssakova	
Project Safeguards Specialist 2:	Nurlan Yeskendirov	
Project Safeguards Specialist 3:		
<i>Approved by:</i>		
	<u>Name</u>	<u>Date</u>
Sector Manager:	Joseph Goldberg	
Comments:		