

Integrated Safeguards Data Sheet (Initial)

Report No: AC635

Section I - Basic Information

Date ISDS Prepared/Updated: 16/02/2004

A. Basic Project Data (from PDS)

I.A.1. Project Statistics

Country: KAZAKHSTAN	Project ID: P049721
Project: Agricultural Competitiveness Project	Task Team Leader: Maurizio Guadagni
Authorized to Appraise Date: November 10, 2004	IBRD Amount (\$m): 25.00
Bank Approval: February 15, 2005	IDA Amount (\$m):
Managing Unit: ECSSD	Sector: Agricultural extension and research (60%); Agricultural marketing and trade (40%) Theme: Technology diffusion (P); Rural services and infrastructure (P)
Lending Instrument: Specific Investment Loan (SIL)	
Status: Lending	

I.A.2. Project Objectives (From PDS):

The project development objective is to increase the competitiveness of the agricultural sector in Kazakhstan. To achieve this objective, the project would (i) increase the quality, quantity, and relevance of public and private investment in applied agricultural research and technology transfer, and (ii) improve the capacity of the public and private sectors to monitor food quality, certify standards, and grade agricultural products.

I.A.3. Project Description (From PDS):

The Project will consist of four components: (a) improvement of agricultural products quality; (b) agricultural applied research and technology validation; (c) agricultural knowledge transfer and market-information system, and (d) institutional development. The implementing agency will be the Ministry of Agriculture.

(a) Improvement of Agricultural Products Quality

This component will contribute to improving the capacity of the public and private sectors to monitor food quality, certify agricultural products and working procedures in accordance with the international grade and standards. The strategy will follow the requirements of World Trade Organization accession in agriculture and food industry, particularly in the WTO requirements on sanitary and phytosanitary measures.

The resources of this component will be used to build capacity in the Ministry of Agriculture and the private sector to enable them to monitor and certify the quality of agricultural products. The proposed unit on standardization will be in charge of harmonizing standards from the Soviet period (called GOST standards) with the existing international standards.

The component will modernize laboratories and support those laboratories which need to get international certification in accordance with ISO 17025 system. The component also will pilot introducing international quality systems as the Good Agricultural Practices (GAP), Good Manufacturing Practices (GMP) and Hazard Analysis and Critical Control Points (HACCP).

(b) Agricultural Applied Research and Technology Validation

The component will establish an institution to finance small demand-driven investment in technology adoption and validation. The institution will establish a competitive process for funding of problem-oriented and market-driven adaptive research that will result in a rapid impact. Applied research and technology validation will be carried out with a demand-driven approach, mostly on farm or with agro-processors, and will emphasize strong involvement of users in all phases, from setting priorities to uptake of results. The institution would encourage private sector firms and producer organizations to submit proposals and/or be active collaborators in the R&D activity. The mechanism is based on a scheme similar to Competitive Grant Schemes experimented in Latin America and in some ECA countries and characterized by: (i) introduction of a demand-driven element to increase the links with final clients (users); (ii) public financing through a multiplicity of competing executors; (iii) separation between the management of the institution and the technical review panel which will review proposals to guarantee a transparent selection.

The Institution will complement, not replace the core funding of the agricultural knowledge system. It will finance priority activities in technology adaptation, validation, and dissemination. This should not be seen as the solution to the overall funding needs of the agricultural knowledge system complex. Because of this, the project will create a framework of incentives for the agricultural research system to reform and it will provide technical assistance to help improve the efficiency of the existing agricultural research system.

The component will develop the institutional structure comprising: (i) a governing board, (ii) a secretariat, and (iii) an independent technical review panel. Subprojects will be financed on a demand-driven basis, and therefore it is not possible to know ex-ante the specific type of subprojects. It will finance two main types of subprojects:

- technology adaptation and validation in the areas of crop and livestock production, post-harvest operations, inputs (such as seeds), natural resource management, processing, storage, and marketing; and
- technology transfer, including demonstration plots, validation of economic or social validity of some technologies, use of media, etc.

(c) Agricultural Knowledge Transfer and Market Information System

This component will provide advisory services on agricultural technologies and knowledge. It would disseminate knowledge and information to small and medium rural producers, and agro-processors. Knowledge would cover technology, business management, agricultural economics, market information, accounting, and legal issues. The component would also carry out targeted training and fellowships abroad.

The market information system will improve (i) the transfer of market information to small and medium agricultural stakeholders, (ii) the capacity of agricultural businesses to access markets and export, and (iii) the efficiency of distributing channels from farms to processors.

(d) Institutional Development

This component will support the Ministry of Agriculture's ability to: (i) manage, monitor, and evaluate project activities; (ii) design and monitor policies which affect agricultural competitiveness; (iii) provide technical assistance to design a plan to reorganize the existing agricultural research system in an effort to improve its effectiveness and its links with users; (iv) provide training to staff on different aspects such as policy analysis, management, and economics, and technical aspects such as agricultural trade and WTO accession, agricultural knowledge and information systems, participation in regional agricultural fairs and conference, (v) formulation and evaluation of budgeted programs and (vi) development of GMO system in Kazakhstan.

I.A.4. Project Location: (Geographic location, information about the key environmental and social characteristics of the area and population likely to be affected, and proximity to any protected areas, or sites or critical natural habitats, or any other culturally or socially sensitive areas.)

The project will finance activities, most of which with a demand-driven nature, throughout the agricultural areas of Kazakhstan.

B. Check Environmental Classification: F (Financial Intermediary Assessment)

Comments:

C. Safeguard Policies Triggered (from PDS)

(click on  for a detailed description *or* click on the policy number for a brief description)

	Policy	Triggered
	Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)	<input checked="" type="radio"/> Yes <input type="radio"/> No <input type="radio"/> TBD
	Natural Habitats (OP 4.04, BP 4.04, GP 4.04)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
	Forestry (OP 4.36, GP 4.36)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
	Pest Management (OP 4.09)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
	Cultural Property (OPN 11.03)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
	Indigenous Peoples (OD 4.20)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
	Involuntary Resettlement (OP/BP 4.12)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
	Safety of Dams (OP 4.37, BP 4.37)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
	Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
	Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)*	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD

Section II - Key Safeguard Issues and Their Management

D. Summary of Key Safeguard Issues. Please fill in all relevant questions. If information is not available, describe steps to be taken to obtain necessary data.

II.D.1a. 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 will finance (i) laboratories to monitor quality and safety of agricultural products, (ii) demand-driven investments in agricultural technology adoption and dissemination; and (iii) institutional development investments in extension and policy making.

No potential large-scale, significant and/or irreversible negative impacts are envisaged under the proposed project. The project could cause the following impact (a) increased intensity of soil cultivation, increased use of mineral fertilizers and agro-chemicals, (b) use of chemicals in laboratories for testing quality and safety of agricultural products, (c) waste management at farms and processing facilities, (c) increased adoption of minimum tillage technology which will reduce land erosion but increase the use of agro-chemicals; (d) improved knowledge on crop rotation and other soil fertility enhancing technologies (e) increased number of livestock (f) improvement of pasture management.

Because of the demand-driven nature of the large technology adoption component, it is impossible at this moment to identify the risk of specific investments. Therefore the environmental assessment will review the capacity of the implementing agency to screen subproject proposals, implement mitigation plans, and monitor environmental conditions during project implementation.

Financed by the project preparation grant, a consultant with environmental expertise will:

- assess the legal and regulatory framework, institutions, administrative procedures, and enforcement capacity for environmental management in Kazakhstan
- identify the types of rural investment activities that could be financed under the project, their potential environmental impacts and mitigation measures, and
- ensure that the project operational manual complies with World Bank environmental safeguard requirements and develop procedures for the environmental screening and monitoring of demand-driven investments applications under the project.

Social. During project preparation a social assessment will be carried out. This assessment will contribute to design the system to guarantee access to needed and relevant information by different stakeholders. Experience from competitive grant scheme proves that access to information about availability and rules of the game is key to its success. Similar considerations could be made about (i) access to extension and advisory services, and (ii) access to testing laboratories. The social assessment will therefore help design a communication campaign to target less informed and more isolated rural businesses.

The project is targeted to farmers with potential to be competitive. These may not necessarily be the poorest ones; however largest farms may not necessarily be the more competitive ones. In fact it is proven that large farms tend to be less effective than smaller farms. The case of North Kazakhstan may be an exception to this, since the special climatic conditions (where cereals are sown and harvested in an extremely short period of time) do demand a high level of mechanization which requires larger farms. One of the project objectives, diversification from cereal production, would reduce the comparative advantage of large farms, and thus benefit smaller farms.

There is an emerging new type of farms, in between large agricultural enterprises (average size 1,400 ha) and small household plots (average size 0.2 ha). These are the family farms, with an average size of 50 ha. The project would target this intermediary size of farm type.

The project is expected to have a positive effect disseminating useful information and crucial

knowledge, building capacity in communities to generate knowledge, contributing to change to improve interaction. No negative impacts, including resettlement policy, are envisaged.

The social assessment will also comprise an institutional analysis to identify losers and winners. It will be key to assure that project design will be effective to provide its services to small and medium producers who face difficulties in making their voices heard.

II.D.1b. Describe any potential cumulative impacts due to application of more than one safeguard policy or due to multiple project component.

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

II.D.1c Describe any potential long term impacts due to anticipated future activities in the project area.

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

II.D.2. In light of 1, describe the proposed treatment of alternatives (if required)

n/a

II.D.3. Describe arrangement for the borrower to address safeguard issues

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 resources within the Ministry of Agriculture to perform the environmental review and monitoring functions.

II.D.4. 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 remaining 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.

E. Safeguards Classification (*select in SAP*). Category is determined by the highest impact in any policy. Or on basis of cumulative impacts from multiple safeguards. Whenever an individual safeguard policy is triggered the provisions of that policy apply.

- ☐ S1. – Significant, cumulative and/or irreversible impacts; or significant technical and institutional risks in management of one or more safeguard areas
- ☐ S2. – One or more safeguard policies are triggered, but effects are limited in their impact and are technically and institutionally manageable
- ☐ S3. – No safeguard issues
- ☒ SF. – Financial intermediary projects, social development funds, community driven development or similar projects which require a safeguard framework or programmatic approach to address safeguard issues.

F. Disclosure Requirements

<i>Environmental Assessment/Analysis/Management Plan:</i>	<u>Expected</u>	<u>Actual</u>
Date of receipt by the Bank	16/02/2004	
Date of “in-country” disclosure	30.04.2004	
Date of submission to InfoShop		
Date of distributing the Exec. Summary of the EA to the Executive Directors (<i>For category A projects</i>)		
<i>Resettlement Action Plan/Framework:</i>	<u>Expected</u>	<u>Actual</u>
Date of receipt by the Bank	Not Applicable	Not Applicable
Date of “in-country” disclosure		
Date of submission to InfoShop		
<i>Indigenous Peoples Development Plan/Framework:</i>	<u>Expected</u>	<u>Actual</u>
Date of receipt by the Bank	Not Applicable	Not Applicable
Date of “in-country” disclosure		
Date of submission to InfoShop		
<i>Pest Management Plan:</i>	<u>Expected</u>	<u>Actual</u>
Date of receipt by the Bank	Not Applicable	Not Applicable
Date of “in-country” disclosure	Not Applicable	Not Applicable
Date of submission to InfoShop		
<i>Dam Safety Management Plan:</i>	<u>Expected</u>	<u>Actual</u>
Date of receipt by the Bank	Not Applicable	Not Applicable
Date of “in-country” disclosure		
Date of submission to InfoShop		

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

Signed and submitted by

Name

Date

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Date

February 13, 2004
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