

**INTEGRATED SAFEGUARDS DATASHEET
APPRAISAL STAGE**

I. Basic Information

Date prepared/updated: 04/01/2005

Report No.: 31971

1. Project Statistics

Country: Kazakhstan	Project ID: P049721	
Project Name: Agricultural Competitiveness Project		
Task Team Leader: Maurizio Guadagni		
Estimated Appraisal Date: August 10, 2004	Estimated Board Date: April 28, 2005	
Managing Unit: ECSSD	Lending Instrument: Specific Investment Loan	
Sector: Agricultural extension and research (60%);Agricultural marketing and trade (40%)		
Theme: Technology diffusion (P);Rural services and infrastructure (P)		
IBRD Amount (US\$m.):	24.00	
IDA Amount (US\$m.):	0.00	
GEF Amount (US\$m.):	0.00	
PCF Amount (US\$m.):	0.00	
Other financing amounts by source:		
	BORROWER	46.80
	<u>LOCAL: BENEFICIARIES</u>	<u>12.30</u>
		59.10
Environmental Category: F - Financial Intermediary Assessment		
Simplified Processing	Simple <input type="checkbox"/>	Repeater <input type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery)	Yes <input type="checkbox"/>	No <input type="checkbox"/>

2. Project Objectives

The project's development objective is to increase the competitiveness of the agricultural sector in Kazakhstan. To achieve this objective, the project would facilitate access to markets by supporting measures to improve the quality and safety of agricultural products, enhance access to information, and harmonize standards. It will also help to increase the quality, quantity, and relevance of applied agricultural research and facilitate transfer of knowledge to farmers.

3. Project Description

The project consists of four components: (1) quality and safety management of agricultural products, (2) agricultural marketing, (3) applied agricultural research and extension, and (4) institutional development and agricultural policy

Component 1: Quality and Safety Management of Agricultural Products. This component will enhance the management of food safety controls and quality certification along the value chain. It comprises two subcomponents: harmonization and development of standards, and quality and safety monitoring.

Component 2: Agricultural Marketing. This component will help to enhance agricultural producers' and processors' understanding of markets, improve marketing infrastructure, and facilitate equal access to market information. It comprises two subcomponents: strengthening market information systems, and developing market-oriented infrastructure.

Component 3: Applied Agricultural Research and Extension. This component aims to increase the effectiveness of agricultural research and extension services in Kazakhstan. It will facilitate the adoption of innovations that increase the productivity of farmers and agroprocessors. It comprises two subcomponents: applied research, and agricultural extension.

Component 4. Institutional and Agricultural Policy Development. This component will create the institutional structure to implement project activities and will help the Ministry of Agriculture to establish the policy and institutional framework to improve the competitiveness of the country's agricultural sector. It comprises three subcomponents: institutional structure, project evaluation, and agricultural policy development.

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

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

5. Environmental and Social Specialists on the Team

Mr Maurizio Guadagni (ECSSD)

Ms Janna Ryssakova (ECSSD)

6. Safeguard Policies Triggered	Yes	No
Environmental Assessment (OP/BP 4.01)	X	
Natural Habitats (OP/BP 4.04)		X
Forests (OP/BP 4.36)		X
Pest Management (OP 4.09)	X	
Cultural Property (OPN 11.03)		X
Indigenous Peoples (OD 4.20)		X
Involuntary Resettlement (OP/BP 4.12)		X
Safety of Dams (OP/BP 4.37)		X
Projects on International Waterways (OP/BP 7.50)		X
Projects in Disputed Areas (OP/BP 7.60)		X

II. 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: Environment. The project will finance (a) laboratories to monitor quality and safety of agricultural products, (b) demand-driven investments of different types; and (c) 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. As required for projects of environmental assessment category financial intermediaries, an environmental review (Environment Sector Review, June 2004) was conducted by a local consultant. Its main findings include:

? No potential large-scale, significant and/or irreversible negative impacts are likely under the proposed project.

? The food safety component will have a direct positive impact on the environment, particularly because of the development and enforcement of food safety legislation and improved quarantine which will reduce the risk posed by invasive alien species. However rehabilitation and management of laboratories could potentially have a negative impact because of their use of chemicals and reagents. Nonetheless the planned supply of incinerators to dispose of laboratory waste will benefit the environment.

? National legislation aimed at protecting the environment is significantly developed in Kazakhstan. However, by-laws and regulations are still under development, and enforcement is weak.

? Marketing, applied research, and extension subprojects supported through the CGS may have negative environmental consequences. Although some subprojects may have positive environmental impacts?natural resources management, organic agriculture, crop rotation, and integrated pest management?most will involve agricultural intensification, which may generate negative environmental impacts. A primary example is increased use of pesticides. Thus the pest management safeguard policy has been triggered. Other subprojects that will require a careful environmental review include food processing subprojects, such as slaughterhouses.

Social. A social assessment 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 social

assessment 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; (a) 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; (b) key informant interviews; and (c) focus group discussions.

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 to sowed 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, differentiation 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, is 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.

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.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

N/A

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 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.

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).

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, state owned enterprises, 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.

B. Disclosure Requirements Date

Environmental Assessment/Audit/Management Plan/Other:

Date of receipt by the Bank	01/31/2004
Date of "in-country" disclosure	02/28/2004
Date of submission to InfoShop	04/30/2004
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	

Pest Management Process:

Date of receipt by the Bank	01/31/2004
Date of "in-country" disclosure	02/28/2004
Date of submission to InfoShop	04/30/2004

*** If the project triggers the Pest Management, Cultural Property and/or the Safety of Dams 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:

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 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 the regional safeguards team? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes

BP 17.50 - Public Disclosure

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes
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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

D. Approvals

<i>Signed and submitted by:</i>	<i>Name</i>	<i>Date</i>
Task Team Leader:	Mr Maurizio Guadagni	
Environmental Specialist:		
Social Development Specialist	Ms Janna Ryssakova	
Additional Environmental and/or Social Development Specialist(s):		
<i>Approved by:</i>		
Regional Safeguards Coordinator:	Mr Maurizio Guadagni	
Comments:	This ISDS had already been previously approved. This is just a new web-based form.	
Sector Manager:	Mr Joseph R. Goldberg	
Comments:		