



# Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 05-Feb-2019 | Report No: PIDISDSC20304

**BASIC INFORMATION****A. Basic Project Data**

Country Uzbekistan	Project ID P158372	Parent Project ID (if any)	Project Name Agriculture Modernization and Competitiveness Project (P158372)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Sep 26, 2019	Estimated Board Date Dec 16, 2019	Practice Area (Lead) Agriculture
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency State Investment Committee, Rural Restructuring Agency	

**Proposed Development Objective(s)**

The proposed PDO is to strengthen generation and delivery of selected agricultural public services in Uzbekistan. Such services would include generation of new agricultural technologies and innovations, their dissemination through extension services, support to productive partnerships, and improvement of sanitary and phytosanitary and food safety systems.

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

<b>Total Project Cost</b>	200.00
<b>Total Financing</b>	200.00
<b>of which IBRD/IDA</b>	200.00
<b>Financing Gap</b>	0.00

**DETAILS****World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	195.00
International Development Association (IDA)	5.00
IDA Credit	5.00



Environmental and Social Risk Classification

Substantial

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

1 Uzbekistan is currently undergoing a paradigm shift away from its state-managed economy. In 2017 and 2018, the Government of Uzbekistan (GoU) launched a wide range of reforms that represent a shift from a state-led economic system to a market economy. As noted in the 2018 Performance & Learning Review of the World Bank (WB), these entail four fundamental economic and social shifts: (i) from the state to the private sector; (ii) from inward-looking to outward-looking growth and jobs drivers; (iii) from general government subsidies to targeted social programs; and (iv) from central government to regional and local authorities, in particular as regards responsibility and accountability for the implementation of the reform agenda on the ground.

2 Important progress has been made in the reform agenda. In an especially significant move, in September 2017, the GoU allowed a 50 percent devaluation of the Uzbek Som and abolished many foreign exchange controls. This almost immediately eliminated a thriving parallel foreign exchange market and eliminated about 30 percent of the cotton taxation, which was depressing agricultural incentives for decades<sup>1</sup>. The GoU further boosted market incentives by liberalizing many import tariffs and committing to WTO accession, lifting price controls for certain raw materials and production inputs, and extending the use of commodity market exchanges. It eliminated the monopoly on exports of fruits and vegetables and has taken steps to improve safety nets for vulnerable groups, which is critical for further agricultural and broader economic reforms.

3 Significant progress has also been made in reducing the use of forced labor, which has been hampering sustainable development of agriculture and damaging Uzbekistan's image on the global arena. Systematic use of child labor in cotton harvesting has been eradicated, while overall use of forced labor has been declining over time. The use of forced labor in 2018 was estimated by the International Labor Organization (ILO) to drop to 7 percent compared to 15 percent in 2017. There is the highest level political commitment in Uzbekistan to fully eradicate the use of forced labor in all sectors, and an increased level of transparency and dialogue on the issue, encompassing all groups of civil society, including critical voices. The WB's partnership with ILO has been instrumental to this achievement. Yet, the issue remains, requiring continued serious attention to it in future policy dialogue and investment operations.

4 While the above reforms are significant, they need to be deepened to facilitate the transition from a state-led to a market-oriented economic system as noted in the WB's Reform Roadmap 2.0<sup>2</sup>. This requires a fundamental reevaluation of the state's role in the economy, from direct involvement in production and marketing to delivery of core public goods

<sup>1</sup> World Bank. 2018. *Cotton Taxation in Uzbekistan: Recent Developments and Future Reform Agenda*. Only for Official Use Report. Washington, DC.

<sup>2</sup> World Bank. 2018. *Maintaining Uzbekistan's Reform Momentum: Detailed Reform Roadmap 2.0*. Washington, DC.



and correction of market failures. In other words, the government needs to decide what to “do less” and what to “do more” going forward. Yet, the definition of a new role of the state and economic transition itself has only just begun.

#### Sectoral and Institutional Context

5 In the overall reform context, agriculture is a sector of the economy where ambition and investment can be rewarded. Reforms in the sector present an opportunity to deliver quick economic and social wins, given the large share of employment and other economic gains this sector generates<sup>3</sup>, on the one hand, and its heavy overregulation and a lack of high-quality public services on the other. Recent reforms on cotton pricing, import tariffs for inputs and liberalization of horticulture exports need to be complemented by a broader shift in the government’s approach to agricultural development. This requires putting competitiveness, farm incomes, jobs, and sustainability at the center of the reform agenda.

6 During the preparation of the Concept/Strategy for Agricultural Development in Uzbekistan by 2030 during September-December 2018, the completion date of which was moved to October 2019 by the President’s Decree<sup>4</sup>, it was largely agreed that modernizing agriculture requires delivery of a wide range of quality agricultural public services, with many of them have been either underfinanced or even not existed in the past. This should help restore the agricultural growth, which dropped sharply in recent years (Figure 1)<sup>5</sup>. Public services include applied agricultural research and development, extension/advisory services, education, soil fertility improvement, food safety, animal disease control/veterinary services, phytosanitary services, support for smallholder market inclusion (associations, cooperatives, clusters, productive partnerships), market and statistical information, market infrastructure and logistics, and environment protection and climate change adaptation, among others. The global experience shows that these public services are key to correct some large market failures and eventually accelerate agricultural transformation.

7 Supporting the above-mentioned agricultural public services would constitute a significant departure from current practice, under which only few programs receive adequate attention and funding. In 2017 about 80 percent of the agricultural budget was spent on irrigation (for its operation and management, pumping water, building new canals, and improving drainage). The largest share of the remaining 20 percent was spent on subsidizing 130,000 cotton and wheat farmers, who cultivate about 3 million ha or 70 percent of the irrigated area. The public spending on agricultural research and development was just 0.01 percent of agriculture sector’s value added, compared to the average 1.5 percent in middle-income countries with successful agricultural transformation and of above 2 percent in the developed countries. Agricultural extension services do not even exist from the market-economy’s perspectives. Food safety and sanitary and phytosanitary (SPS) standards are outdated, preventing Uzbek agri-food products from entering many foreign markets. As a result, most farmers do not receive any information and technical assistance (TA) on new technologies and farming practices, which leads to the large market failures.

8 The most underserved are *dehkan* smallholders. There are 4.7 million of them, who cultivate 481,000 ha or 13 percent of irrigated land areas. Even though they generate more than 75 percent of agricultural output, including more than 90 percent of horticulture and livestock outputs, they do not receive public services from the Ministry of Agriculture and other ministries. As *dehkan* farms are too small and often unskilled, private sector also do not provide any services to them either, except buying surpluses they produce. This leads to the market failure. The government has recently recognized the need to support this group of farmers through extension, TA, and investments<sup>6</sup>. Yet, more focus has been

<sup>3</sup> In 2017, the primary agriculture generated 19 percent of GDP, 20 percent of export, and 27 percent of employment. It provided inputs for development of food and textile industries, which accounted for 5 percent of GDP and 2 percent of employment.

<sup>4</sup> Decree of the President No. 5614 “On Additional Measures to Ensure Further Development of Economy and Increase Efficiency of Economic Policy” dated January 8, 2019.

<sup>5</sup> The recent decline in the growth of agricultural value added was a result of the decline in production of wheat and cotton caused by adverse weather and the more accurate statistical reporting in recent years.

<sup>6</sup> The President’s Decree No. PP-3680 “On Additional Measures to Improve Functioning of Farmers, Dehkans, and Household Plots” dated April 26, 2018 assigned the Council of Farmers, Dehkans and Household Plots to lead engagement and delivery of services to small farms.



so far given to their investment/credit support and less to their capacity building, voluntary cooperation, and their integration into modern value chains. This hampers the development of inclusive agri-food value chains as experienced under the ongoing WB and other donors-financed projects for horticulture and livestock development where the efforts to link *dehkan* farms to large farms and agribusinesses, who receive loans for their business development, largely fail.

9 While the horticulture sector gets some boost from the government's desire to increase and diversify exports, the livestock sector, which is oriented to domestic market, suffers from a lack of strategic approach to its development. The sustainability of its growth is affected by the limited fodder base,<sup>7</sup> neglected pastoral development, and the lack of veterinary, animal nutrition, and other TA services. The government's attention in recent years has been more to bringing highly-productive cattle and upgrade dairy processing and less to addressing the above constraints.

10 Uzbekistan's agriculture is significantly exposed to the climate hazards. It is the most vulnerable to the decreased and more variable precipitation, higher temperatures, reduced river runoff, and increased frequency and severity of extreme events. The adaptation capacity of Uzbekistan's agriculture is assessed to be weak<sup>8</sup>. The proposed options for increasing adaptation include: (i) generation of drought-and pest-resilient seeds; (ii) increasing access of farmers to technology and information through extension services, both generally and for adapting to climate change; (iii) optimizing the use of agronomic inputs, especially fertilizers, and adopting good agricultural and animal husbandry practices; (iv) investing in water saving technologies; and (v) encouraging farmers to efficiently adapt to climate change.

11 Generating and delivering agricultural services in a coordinated manner is challenging due to the fragmentation of public institutions responsible for delivery of agricultural services. In 2018, the Ministry of Agriculture and Water Resources were split into the Ministry of Agriculture and the Ministry of Water Resources. Moreover, during this split the State Plant Quarantine Inspection and the State Veterinary Inspection were both moved to the Cabinet of Ministers. Food safety's responsibility of the Ministry of Agriculture is shared with the Ministry of Health. And finally, the newly created Ministry of Innovations is responsible for agricultural research, especially seed development. The proposed project will engage selectively and strategically with these institutions during the project preparation and implementation.

#### Relationship to CPF

12 The proposed operation is aligned with the Country Performance Framework (CPF) for FY19-21, which has been adapted to meet Uzbekistan's growing social and economic transformation. It largely falls under the Focus Area 1 "Sustainable transformation towards market economy," supporting a more strategic engagement in agriculture outlined in the CPF. The proposed project would leverage: (i) the WB Livestock Sector Development Project (US\$150 million approved in June 2017) and additional financing to the WB Horticulture Development Project (US\$500 million approved in January 2018), which stimulate private investments in production, processing, storing and marketing; (ii) the WB Fergana Region Entrepreneurship Project (US\$200 million to be approved in March 2019), which will stimulate job creation and regional development; (iii) Climate Adaptation for Aral Sea Project (US\$14 million), which provides financing for climate-smart adaptation practices; (iv) additional grants from the European Union for technical assistance to the WB operations to support value chain organization, institutional capacity building strengthening, regulatory framework improvement, and small farmers' access to higher value markets through value chain inclusion in livestock and horticulture subsectors; (v) the IFC's agribusiness and agrifinance programs; and (vi) projects of other development partners such as the Asian Development Bank's horticulture and livestock projects, the European Union's agricultural budget support, the French Development Agency's livestock project, and the UN Food and Agriculture Organization's capacity building for agricultural institutions.

13 The proposed project aims to add value by addressing needs that are currently unmet in the WB and other donors' portfolio. The current WB projects are mainly focused on improving access to finance for larger farmers and agribusinesses

<sup>7</sup> The ratio of fodder area per a unit of cattle in Uzbekistan is 0.03 ha, against the global standard of 0.5 ha of irrigated area and 1.5 ha of dryland.

<sup>8</sup> World Bank. 2013. *Reducing the Vulnerability of Uzbekistan's Agricultural Systems to Climate Change*. A World Bank Study, Washington, D.C.



and just marginally on strengthening selected public institutions to deliver better services for horticulture and livestock subsectors. The situation is similar with the projects financed by other major agricultural donors. The ongoing agricultural projects amount US\$2.5 billion, while the pipeline for the next two years is US\$0.8 billion. There are limited investments in strengthening public institutions to deliver services to agriculture in a coherent and integrated manner, especially for small farms, to increase the rates of economic return of many credit line's projects and reduce risks for agricultural credit borrowers. The proposed project would work with the ongoing agricultural projects to identify investment gaps and design activities to leverage operations of the various donors and ultimately improve the agricultural sector outcomes.

### **C. Proposed Development Objective(s)**

14 The proposed PDO is to strengthen generation and delivery of selected agricultural public services in Uzbekistan.

15 Selected services would include generation of new agricultural technologies and innovations, their dissemination through extension services, support for smallholder market inclusion, and improvement of sanitary and phytosanitary and food safety systems.

#### **Key Results (From PCN)**

16 The proposed project would help: (i) generate more and better innovative farm and agribusiness technologies, information, and other public services through applied agricultural research; (ii) make them readily available to farmers and agribusiness through extension and advisory services; (iii) integrate smallholders in modern food value chains; and (iv) reduce costs of pest invasions and animal diseases and expand export opportunities through SPS and food safety services.

### **D. Concept Description**

17 The proposed project will be a departure from the standard Uzbekistan's donor-financed agricultural projects of the recent years. The standard project consists of a credit line component, typically accounting for 80-90 percent of the project costs, and a component for complementary TA to farmers and public institutions, either associated or not associated with the credit line. The latter is usually financed by grants. In two ongoing WB projects, for example, the capacity building TA activities are financed by the EU grants.

18 The proposed project will be centered around strengthening public institutions to deliver more and better services to farmers and agribusinesses. The efforts will be made to modernize the public institutions through capacity building and investment support, encourage their more strategic engagement with private sector, and pilot delivery models of public services through public-private-partnerships (PPPs) and using digital technologies. The geography of the project activities will be nationwide.

19 The key guiding principles for designing the proposed project would be the following:

- a. Supporting agricultural reforms: The proposed project will support reforms in agriculture, helping: (i) pilot new approaches for public programs, including through PPP; and (ii) define a new role of the government in market-oriented agriculture, including improvement in sustainability of land and water use, boosting shared prosperity, and elimination of unsustainable labor practices in the entire agri-food industry. It will be aligned with the WB Development Policy Operation(s), and, where relevant, with the EU's agricultural budget support program (under preparation), to complement an improved agricultural policy environment by investments and capacity building.
- b. Financing public goods: Agricultural programs such as agricultural R&D, extension, cooperation and production partnerships, good agricultural practices (including climate-smart agricultural technologies), integrated pest management, and food safety and SPS are globally recognized as critical to induce agricultural modernization by correcting market failures and providing public goods. These public



functions have been chronically underfinanced in Uzbekistan; to make impact, these programs require both investment and TA to increase quantity of services and, more importantly, improve their quality and outreach.

- c. Selection of public goods: Priority will be given to public programs critical to increase competitiveness of agricultural production and trade, both domestically and internationally. Competitiveness can be increased through higher productivity (or lower costs), adaptivity to climate change, better quality, higher (food) safety, and lower transaction costs.
- d. Maximizing Finance for Development (MFD): The proposed project will seek to crowd in private investments by strengthening the quality of public programs, reducing transaction costs for farmers and agribusinesses, piloting PPP in service delivery, and encouraging private investments in entire food system, including from the IFC. It should seek mobilize expertise and resources of the World Bank Group to deliver the best services to clients.
- e. Complementary investments that do not duplicate ongoing and planned programs: Several investments and capacity building projects financed by the WB and other development partners already support the above-mentioned areas of agricultural development and several more are in the pipeline. The proposed project will be complementary, focusing on filling gaps and connect various activities.

20 The following activities and components will be considered during the project preparation. This list is intentionally long to provide the task team with flexibility during preparation and give the authorities more options to select from it when defining (and narrowing down) the scope of the proposed project.

### **Component 1: Generating new agricultural technologies and innovations**

21 This component would support: (i) investments in constructing and upgrading buildings, equipment, laboratories, machinery and irrigation/drainage for agricultural research stations; (ii) competitive research grants; (iii) capacity building of researchers and other stakeholders associated with operation and management of their fixed assets, knowledge and skills for conducting modern agricultural research; and (iv) institution strengthening. *Thematically, the support will focus on crop and fodder seeds and good agricultural practices (GAP)*. Preparation of this component will be carried out in collaboration with the Ministry of Innovations and the Ministry of Agriculture.

22 **Seeds**: Generating drought and pest-resistant seed varieties, multiplying, and making them available to farmers are critical to increase competitiveness of agricultural production, given the limited land and water availability in Uzbekistan. Yields are low even for crops, on which local agricultural research has focused in the recent decade. Thus, improvements are needed for a wide range of crops, from cotton and wheat to fruits and vegetables, and from seed genetics to seed multiplication. Seeds will need to be adjusted for different agro-ecological zones of the country. In addition, Uzbekistan can produce seeds for exports, which would require, among other things, to have seed laboratories accredited by the International Seed Quality Control Agency (ISTA). Furthermore, the proposed project can support PPPs in seed production, encouraged by the recent legislation<sup>9</sup>, by cofinancing the public aspects of the projects.

23 **Fodder crops and pasture management**: Applied research on fodder crops and integrated pasture management could be supported to help increase the supply of feed to the growing livestock sector, which faces the rapidly rising feed cost. Feed account for 60-70 percent of meat and milk prices, so identifying suitable feed varieties and pasture management technologies (due to the limited irrigated areas to produce fodder) through agricultural research and extending this knowledge to farmers through extension services will be valuable investments. The current ratio of fodder area per unit of cattle in Uzbekistan is at least ten time lower than the international norms<sup>10</sup>; thus, efforts are needed to

<sup>9</sup> President's Resolution No. PP-4020 "On Measures to Create Additional Incentives for Greenhouse's Development" dated November 20, 2018.

<sup>10</sup> The ratio of fodder land per cattle unit in Uzbekistan is 0.03 ha, while international norms require it to be 0.5 ha for irrigated land and 1.5 ha for





identify and promote high-productivity fodder crops suitable for production on both irrigated and dry lands to inform decision of farmers on selecting appropriate varieties and techniques suitable for various agro-ecological zones.

24 **Good agricultural practices:** Uzbekistan does not have a code of Good Agricultural Practices (GAP) for crop and livestock production, which is common in other countries to promote climate-smart agricultural practices. In many countries the adoption of GAP is a precondition for farming or for receiving subsidies. It is also used as a precondition for adopting stricter Global GAPs and other standards such as organic and halal. There are many locally-tested best farming practices in Uzbekistan, but they are not put together in one coherent place and they are not widely disseminated and adopted. The project could support the preparation of the GAP code and guidelines using the best practice local and global knowledge; introduce pilot training courses and adjust draft code and guidelines based on experience/feedback; and publish final version of the code and guidelines and promote it widely through training programs for extension staff and farmers.

25 The project could also support investments to update soil fertility maps, which is needed for GAP adoption. Such investments include upgrading soil testing laboratory infrastructure, digitalize map information with open-date access, developing best practice guidelines on soil monitoring and fertilizer use adjusted to different soil types and agro-ecological zones, making this information available to farmers through field-based advisers and extension services, and procuring portable field-based soil testing equipment to allow extension services and other advisers to provide immediate feedback to farmers on soil quality and proposed adjustments needed to enhance soil fertility.

26 **Institutional strengthening:** Engagement will be required with the Ministry of Innovations, Ministry of Agriculture, other agencies/institutes and private sector (farmers and agribusinesses) to develop mechanisms to bring research and private sector together for better defining applied research priorities that would address constraints faced by farmers and agribusinesses in a timely and coordinated manner. The experience of the Netherlands and other countries will be used to foster a closer collaboration between researchers, farmers, and agribusiness companies. The proposed project could foster this kind of collaboration and generate knowledge and lessons to inform a roadmap for other reforms in the agricultural research system in Uzbekistan.

### ***Component 2: Disseminating agricultural technologies and innovations and creating markets***

27 This component would support: (i) investments in infrastructure for extension/advisory activities, including mobility, learning campuses/facilities, demo plots close to farm fields, and creation of digital platforms for reaching out many farmers at low cost; (ii) capacity building of extension/advisory officers and preparation of extension materials for farmers and agribusinesses; and (iii) operation costs for delivering services to farmers and other clients. Preparation of this component will be carried out in collaboration with the Ministry of Innovations, the Ministry of Agriculture, the Council of Farmers, Dehkans and Household Plots (Farmers Council), and other stakeholders such as cotton-textile clusters.

28 Currently, the work of the public agricultural extension services is limited to delivery of production-oriented advice to farmers producing wheat and cotton under the government production quota and to make sure that farmers have inputs to meet their quotas. The proposed project would help transform them into **market-oriented extension and advisory services** differentiated to the needs of *dehkan* smallholders, larger farms, and agribusinesses, building on the recent legislation<sup>11</sup> and the strategy for agricultural extension being drafted by the Ministry of Innovations. The reformed extension service would extend knowledge on new technologies and farming practices generated by research locally and globally to farmers; promote GAP adoption; offer diversified agribusiness support services; and use digital platforms to design services, deliver training and information, improve responsiveness, and increase farmer outreach.

29 For *dehkan* farms, extension services could be delivered as a part of establishing **productive partnerships**, which are proved globally as a potent mechanism to promote farm collective actions and reduce transaction costs for

dry land.

<sup>11</sup> President's Resolution No. PP-4020 "On Measures to Create Additional Incentives for Greenhouse's Development" dated November 20, 2018.





agribusinesses to include these farm groups in their value chains. Productive partnerships as a part of the proposed project would help include smallholders in modern value chains and reduce transaction costs for agribusinesses to interact with smallholders, through: (i) TA for *dehkan* smallholders; (ii) promotion of their voluntary cooperation and development of joint investment plans; (iii) co-financing of investment plans through grants; and (iv) linking farm groups with agribusiness and lead firms. The latter could be selected from the ongoing WB-financed horticulture and livestock projects. Preparation of this component will be carried out in collaboration with the Farmers Council and the Ministry of Agriculture.

30 For larger farms, for example, the PPP arrangements with cotton-textile clusters could be developed to deliver advisory services on cotton and wheat production and develop technology and information database using digital platforms on GAP, crop protection, integrated pest management, decent work, water usage, soil fertility, as well as good manufacturing practices in textile factories, to strengthen technical capacity of clusters' technical staff to increase productivity, profitability, and sustainability of agricultural production. For agribusiness, the project could support preparation and delivery of targeted courses on agri-food enterprise business diagnostics, business planning and preparation of investment applications, and pilot agro-business schools and start-ups for small and medium scale farmers and agri-businesses. This part will be prepared in collaboration with IFC and ILO.

### ***Component 3: Improving SPS and food safety standards***

31 This component would support: (i) investments in constructing and upgrading buildings, equipment, laboratories, and other fixed assets of selected SPS and food safety-relevant public institutions; (ii) capacity building of staff associated with operation and management of their fixed assets and knowledge and skills for delivering public services; and (iii) institution strengthening. These investments will finance and co-finance public programs and be complementary to those already carried out or planned under the donor-financed projects. Preparation of this component will be carried out in collaboration with the Ministry of Agriculture, Ministry of Health, the State Plant Quarantine Inspection, and the State Veterinary Committee.

32 **Veterinary services:** Efficient and trustworthy veterinary services are critical to reduce risk for farmers to invest in livestock, reduce economic losses in case of animal diseases, and protect human health. Currently, the delivery of veterinary services and their outreach are unsatisfactory to deal with the growing number of animals in the country. The World Animal Health Organization (OIE) has recently completed the assessment of the performance of veterinary services and investment gap, with the support of the WB-financed livestock project and the State Veterinary Service, with the purpose of identifying, detailing, and costing priority activities. The Gap Analysis identified priority areas of support and the associated investment needs (funding requirements) in all areas of veterinary services, including trade, veterinary public health, animal health, veterinary laboratories, and veterinary management services for the next five years. The identified gaps include investments needs in fixed assets, human capital, and operational resources, which will be used to define the activities for the proposed project. Veterinary laboratories alone include the large network of laboratories and veterinarians, which could be supported by the project.<sup>12</sup> Investments will be based on thorough assessments of the needs and the role of specific units in delivering public services vis-à-vis the role of private sector.

33 **Phytosanitary/quarantine services:** Uzbekistan incurs significant economic losses from pest invasions and from difficulty to meet the SPS requirements of importers. Uzbekistan, for example, is on top of the rejection of its fresh horticulture exports by the EU, mainly caused by the high level of mycotoxins in dried fruits, which is very far in excess of the EU standards. The proposed project could support the State Plant Quarantine Inspection to improve surveillance capacity to prevent pest invasions, promote adoption of integrated pest management as a part of GAP adoption, and facilitate trade, both export and import. Among several things, the project could help the Inspection to accelerate signing

<sup>12</sup> The network of veterinary laboratories in Uzbekistan comprises of the State Center for Animal Diseases and Food Safety, which also manages the State Research Center on Quality Control of VMPs and Feed Additives; 13 Regional Veterinary Laboratories; 130 Local Veterinary Laboratories; 1,411 Field Veterinary Stations; 265 laboratories at food markets; and 27 Border Inspection Posts and Transport Stations. Together these veterinary laboratories employ 2,600 veterinarians and veterinary para-professionals.



the International Plant Protection Convention (IPPC) and develop a Pest Risk Analysis capability that is credible to IPPC members; establish minimum residual level standards and protocols per international norms and support an awareness-raising program for existing and potential agri-food exporters; and establish a system of accreditation of SPS laboratories and where needed, reference laboratories connected to a network of public and private laboratories.

**34 Food safety standards:** The WB's CPSD analysis found that the food safety standards called GOST require modernization to meet the requirements of importers outside of the former Soviet Union and even to expand on traditional markets such as Kazakhstan and Russia, who adjust their food safety standards to internationally accepted norms and practices. This is especially urgent for horticulture products, for which foreign buyers are sensitive to meeting strict food safety requirements, as the above figure shows. The proposed project could support the process of bringing domestic food safety standards to the requirements of the major importing countries and provide TA to agribusinesses and exporters to adopt the upgraded food safety standards.

#### **Component 4: Project management and coordination**

**35** This component will finance project management and coordination activities, as well as monitoring and evaluation. The scope of work under this component will be further defined as institutional and implementation arrangements are refined during preparation.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

#### Summary of Screening of Environmental and Social Risks and Impacts

Although this project intends to provide institutional strengthening, capacity building, and improved service delivery, the project will be working with farmers. The GoU has a history of Child and Forced Labor (CFL) which was inherited from Soviet times. The GoU has made tremendous strides towards eliminating the use of CFL for harvesting of cotton. Third party monitoring by the ILO has reported that child labor seems to have been eliminated, however recent reports state cases of forced labor, although at much lower scale than previously, still exists. The project will be working with all farmers, which may include farmers who include cotton in their crop rotation. Therefore, the concern of forced labor raises project risk to a moderate level. All project initiatives, where relevant, will include addressing CFL, as well as ensuring women and the rural poor are included in project initiatives.

**Note** To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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