

**INTEGRATED SAFEGUARDS DATA SHEET  
CONCEPT STAGE**

Report No.: AC3600

**Date ISDS Prepared/Updated: 12/11/2009**

**I. BASIC INFORMATION**

**A. Basic Project Data**

Country: Papua New Guinea	Project ID: P110959
Project Name: PNG Productive Partnerships in Agriculture	
Task Team Leader: Marianne Grosclaude	
Estimated Appraisal Date: December 9, 2009	Estimated Board Date: April 8, 2010
Managing Unit: EASNS	Lending Instrument: Specific Investment Loan
Sector: General agriculture, fishing and forestry sector (60%);Agricultural marketing and trade (40%)	
Theme: Rural services and infrastructure (67%);Rural markets (33%)	
IBRD Amount (US\$m.):	0.00
IDA Amount (US\$m.):	25.00
GEF Amount (US\$m.):	0.00
PCF Amount (US\$m.):	0.00
Other financing amounts by source:	
BORROWER/RECIPIENT	6.30
Local Communities	6.60
International Fund for Agriculture Development	9.00
Local Govts. (Prov., District, City) of Borrowing Country	0.60
<u>Local Farmer Organizations</u>	<u>2.70</u>
	25.20

**B. Project Objectives [from section 2 of PCN]**

The development objective of the proposed project would be to improve the performance and the sustainability of value chains in cocoa- and coffee-producing areas, in order to improve the livelihoods of smallholder cocoa and coffee producers. This would be achieved through strengthening industry coordination and institutions, facilitating linkages between smallholder farmers and agribusiness for the provision of technologies and services, and through the provision of critical market access infrastructure.

**C. Project Description [from section 3 of PCN]**

The following project components are proposed:

Component 1: Institutional Strengthening and Industry Coordination. The specific objective of this component would be to improve the performance of sector institutions and to enhance industry coordination in the coffee and cocoa sectors. there would be four subcomponents:

Sub-component A: Industry coordination & policy development: This sub-component would build the capacity of industry coordination committees (ICC) to support sector dialogue and policy development in the cocoa and coffee subsectors.

Sub-component B: Communication and information management systems. This sub-component would strengthen the communication and information management systems necessary to inform policy development and stakeholders# decisions in the coffee and cocoa industries.

Sub-component C: Quality promotion and sustainability management: This sub-component would strengthen quality promotion in the coffee and the cocoa industries and support, where appropriate, the adoption of sustainability practices (Organic, Fair Trade, Rainforest Alliance, etc);

Sub-component D: Project management and monitoring and evaluation (M&E). This sub-component would include all project management and M&E functions in the PMUs respectively located in the Cocoa Board and in the CIC, as well as a small Project Coordinating Unit in DAL. It would also finance the related TA and the operations of the proposed Technical Appraisal Committee (TAC) under Component 2.

Component 2: Productive Partnerships. The specific objective of this component would be to increase the integration of smallholder producers in performing and remunerative value chains, by developing and implementing productive alliances between smallholders and the private sector (such as processors and exporters) in the project areas. Those partnerships would be demand-driven and would need to be consistent with the specific priorities identified in each subsector. There would be two subcomponents:

Sub-component A: Productive partnerships in cocoa growing areas. This component would finance result-oriented partnerships in cocoa-growing areas to increase smallholder cocoa productivity, quality and sustainability and improve cocoa-farming systems. Its implementation would be under the responsibility of the PMU within the Cocoa Board with support for proposals appraisal provided by a Technical Appraisal Committee (TAC).

Sub-component B: Productive partnerships in coffee growing areas. This sub-component would finance result-oriented partnerships in coffee-growing areas to increase smallholder coffee productivity, quality and sustainability and improve coffee-farming systems. Its implementation would be under the responsibility of the PMU within the CIC with support for proposals appraisal provided by a Technical Appraisal Committee (TAC).

Component 3: Market Access Infrastructure. The specific objective of this component would be to improve smallholder market access in targeted areas under the project. There would be two sub-components as follows:

Sub-component A: Preparation of market access infrastructure investments. This sub-component would finance the identification and selection of priority investments in support of Component 2 partnerships.

Sub-component B: Market access infrastructure development. This sub-component would finance the related investments in infrastructure rehabilitation and maintenance.

**D. Project location (if known)**

The project is expected to initially start in the major cocoa and coffee producing areas (ENB Province and ARB, which jointly account for 70 percent of PNG cocoa exports; Eastern Highlands, Simbu and Western Highlands Provinces which jointly account for 92 percent of PNG coffee exports). Given the nature of the project, the initial geographical coverage would be based on actual demand from partners, as well as other project considerations (e.g. areas with high growth potential, and/or high contribution of cocoa or coffee to livelihoods). The design of the project envisages a gradual expansion of the project to new provinces from year 2, based on successful implementation in the initial project area and demand from other provinces.

**E. Borrower’s Institutional Capacity for Safeguard Policies [from PCN]**

The Borrower has some capacity for safeguards policies (including some experience with World Bank or similar operations with the ADB), though this capacity still needs to be further developed. Implementation arrangements will build on lessons learned from prior IDA assistance project in the sector (e.g. support to the oil palm industry; road rehabilitation and maintenance project).

**F. Environmental and Social Safeguards Specialists**

Mr James Orehmie Monday (EASER)  
Ms Angela Nyawira Khaminwa (EASER)

**II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<b>Environmental Assessment (OP/BP 4.01)</b>	<b>X</b>		
<p>An Environmental Assessment is being conducted as part of project preparation, focusing on possible impacts and mitigation measures related to coffee and cocoa production and processing (including waste management), and any possible impacts of rehabilitation of existing infrastructure (essentially feeder roads and some jetties in coastal areas). The promotion of good agricultural practices and waste management in the sub-sectors covered by the proposed project would be an integral part of project activities. Large scale impacts are not expected from activities undertaken under the proposed project. Potential cumulative impacts are not expected, but will be considered within the EA.</p> <p>Component specific aspects:</p> <p>Component 1: Institutional strengthening. Support for policy development and sector coordination will integrate due consideration to social and environmental issues in the selected sub-sectors. Under this component, the project will actually promote the adoption of sustainability practices, such as Organics, Fair Trade, rainforest, Bird Friendly, etc.</p>			

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<p>Component 2: This component would provide financial assistance to co-finance the implementation of partnerships business plans, and scaling-up successful value chain initiatives already developed by private sector firms. Activities included in agribusiness plans may include smallholder cocoa and coffee production, cocoa and coffee processing and marketing. During project preparation, an operational manual is being developed to guide implementation, setting criteria for screening the proposals to exclude, in particular, land acquisition and significant environmental impact. The eligible proposals would also be expected to include appropriate plans for treatment of waste water and solid wastes as well as mitigating measures for other possible environmental impacts.</p> <p>Component 3: This component would finance small scale civil works, such as rehabilitation of existing rural roads, jetties, and upgrade of storage and handling facilities at ports in order to address critical constraints to market access. An operational manual is being developed during project preparation to guide the implementation of the component, setting the criteria for screening of the schemes to minimize environmental impact. The feasibility of those schemes would include a section on an environment management plan following national regulations and acceptable to IDA.</p> <p>In addition to the Environmental Assessment, an Environmental Management Framework covering Component 2 and 3 is under preparation. The first drafts were submitted in November 2009.</p>			
<b>Natural Habitats (OP/BP 4.04)</b>		<b>X</b>	
The proposed project is expected to focus on improvement of smallholder production and small scale infrastructure in existing production areas (including rehabilitation of smallholder blocks). The screening procedures in the EMF will exclude subprojects which could potentially have adverse impacts on natural habitats.			
<b>Forests (OP/BP 4.36)</b>		<b>X</b>	
The policy is not triggered because the project will not finance activities involving significant conversion or degradation of critical forest areas or related critical natural habitats. This will be stipulated in the EMF.			
<b>Pest Management (OP 4.09)</b>	<b>X</b>		
The proposed project would include field production activities under component 2. Component 2 would promote good agricultural practices and an IPM approach or "low chemical input system" would be used under Component 2, in particular for cocoa pod borer management. An appropriate Pest Management Plan is being prepared and the first draft was submitted in November 2009.			
<b>Physical Cultural Resources (OP/BP 4.11)</b>		<b>X</b>	
The policy is not triggered because subprojects are not likely to affect sites with archeological, paleontological, historical, religious, or unique natural values. Appropriate clauses will be included in construction contracts under Component 3 regarding the procedures to be followed in the event of "chance finds" of culturally significant artifacts or sites. This will be included in the PIM.			
<b>Indigenous Peoples (OP/BP 4.10)</b>	<b>X</b>		
Indigenous Peoples will be the overwhelming majority of direct project beneficiaries.			

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
However, a separate IPP is not required because the majority of project beneficiaries is considered IP. The elements of an IPP are included in the project design. The PAD will explain how the project complies with the policy. The borrower will assess broad community support on the basis of the Social Assessment and the consultations with groups targeted by the project.			
<b>Involuntary Resettlement (OP/BP 4.12)</b>	<b>X</b>		
Partnerships under Component 2 will not require changes in land ownership, and will be implemented on existing farms and facilities. Under Component 3, existing road improvement and rehabilitation has the potential to cause loss of assets located within or around the right of way. For example, works could affect gardens or tress planted within the existing right of way. A Compensation Policy Framework is being prepared to address the potential loss of assets caused by infrastructure rehabilitation under Component 3.			
<b>Safety of Dams (OP/BP 4.37)</b>		<b>X</b>	
The policy is not triggered because the project does not finance construction or rehabilitation of any dams, nor will it rely on the performance of an existing dam or a dam under construction.			
<b>Projects on International Waterways (OP/BP 7.50)</b>		<b>X</b>	
The policy is not triggered because there are no known project components involving international waterways.			
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		<b>X</b>	
The policy is not triggered because project activities will not be located in any known disputed areas as defined under this policy.			

**Environmental Category:** B - Partial Assessment

### III. SAFEGUARD PREPARATION PLAN

- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared: 10/14/2009
- B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS: N/A
- C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS.  
The Social Assessment and EA were launched respectively in July and August 2009, drafts were submitted in November 2009, and final instruments are expected to be completed by mid-December 2009.

<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

#### IV. APPROVALS

<i>Signed and submitted by:</i>		
<b>Task Team Leader:</b>	<b>Ms Marianne Grosclaude</b>	<b>09/01/2009</b>
<i>Approved by:</i>		
<b>Regional Safeguards Coordinator:</b>	<b>Mr Panneer Selvam Lakshminarayanan</b>	<b>12/11/2009</b>
<b>Comments:</b>		
<b>Sector Manager:</b>	<b>Mr Charles M. Feinstein</b>	<b>11/30/2009</b>
<b>Comments:</b>		