

The Project Management Units (PMU) and Technical Advisory Committees (TAC) and Industry Coordinating Committees (ICC) of Coffee and Cocoa industries will frame the creation of the public-private partnerships for the implementation of the three (3) main components of the PPAP which are based on grant conditions set for the partnerships. The three components are; Institutional Strengthening and Industry Coordination, Productive Partnerships and Market Access Infrastructure.

2.1 Institutional Strengthening and Industry Coordination (Component 1)

The objective of this component is to improve the performance of coffee and cocoa sub-sector institutions. The four (4) sub-components are; Industry Coordination & Policy Development, Communication and Information Management Systems, Quality and Sustainability in Management and Project Management (PM) and Monitoring and Evaluation (M&E).

In order to achieve the objective, the main concerns to be addressed under each of the sub-components are to; improve sub-sector transparency, adopt quality certification schemes and support all PM and M&E functions.

2.2 Productive Partnerships (Component 2)

The objective for coffee and cocoa is to form partnerships to increase smallholder productivity, quality and sustainability and improve farming systems. The two (2) sub-components are; Productive Partnerships in Coffee growing areas and Productive Partnership in Cocoa growing areas.

In order to achieve the objective of productive partnerships in coffee and cocoa the main activities are to help prepare the partnerships which already have legal entities, together with the private sector and civil society to use grant support. The PMUs of both commodities with technical assistance from the TAC and ICC will prepare the partnerships that will contain expected results and cost-sharing arrangements specified in the partnerships agreement.

2.3 Market Access Infrastructure (Component 3)

The specific component objective is to improve market access for smallholder coffee and cocoa growers in the areas targeted under component 2. The two (2) sub-components are; Preparation of Market Access Infrastructure Investments and Market Access Infrastructure.

Activities will include rehabilitation and maintenance of infrastructure such as roads and bridges, including the training of communities on the maintenance of those infrastructures. The first sub-component will finance the identification and selection of priority investments for rehabilitation and maintenance of feeder roads, access tracks and

other transport infrastructure to support Component 2 partnerships. The second would actually finance the related investments in infrastructure rehabilitation and maintenance and the training of communities in the project areas on the maintenance of those infrastructures.

3.0 WORLD BANK ENVIRONMENTAL AND SOCIAL SAFEGUARD POLICIES AND TRIGGER

The Environmental and Social Management Framework (ESMF) is one of the instruments prepared to support the implementation of PAPP. This area is intended to ensure compliance with Environmental Laws of PNG and the Environmental and Social Safeguard Policies of the World Bank, and the document can be considered as stand alone as well. This is also required to fit with World Bank requirements. The final ESMF was completed in 2010 and integrated comments received after public disclosure of the draft.

The four (4) World Bank policies required under EMSF to support implementation of the PPAP are; Environmental Assessment (OP 4.01); Pest Management (OP 4.09), Indigenous People (OP/BP 4.10) and Involuntary Resettlement (OP/BP 4.12).

3.1 Environmental Assessment (OP 4.01)

This policy requires environmental assessment (EA) of the proposed PPAP for Bank financing to help ensure the project is environmentally sound and sustainable, and thus improve decision making. The EA process takes into account the natural environment (air, water and land); human health and safety; social aspects (involuntary resettlement, indigenous peoples, and cultural property) and trans-boundary and global environmental aspects.

The PPAP has been screened and assigned an EA Category B; projects under this category may have adverse environmental impacts on human populations and on environmentally important areas. The EA process for category B projects examines the potential negative and potential environmental impacts and recommends any measures needed to prevent and minimize, mitigate or compensate for adverse impacts and improve environment performance.

The ESMF sets out to establish the process to be undertaken for screening of PPAP activities when they are being identified and implemented by implementers and sponsor of activities of PPAP to use processes contained in the ESMF.

3.2 Pest Management (OP 4.09)

In line with the World Bank's Pest Management Policy (OP 4.09), the GoPNG has prepared an Integrated Pest Management Plan (IPMP) which is included as part of the ESMF and can also be used as a stand alone document, to address the needs of OP 4.09.

The objectives of the Integrated Pest Management Plan are to:

- (a) Enhance capacity of the program beneficiaries (individual farmers) to be aware of benefits and possible negative impacts of pesticides and to use pesticides in an economic, efficient and safe way.
- (b) Introduce them to the Integrated Pest Management (IPM) concept as the way to control pests and reduce losses and also a way to increase their production through good farming practices.
- (c) Identify IPM practices currently available and improve in PPAP, with a view to promote movement towards the development and implementation of a pest management policy.

The IPMP is designed to minimize potential adverse impacts on human health and the environment and to advance ecologically based IPM to control pest populations. The plan identifies the main pest problems pertinent to the cocoa and coffee industry and outlines the current IPM practices and builds best practices into the PPAP. At this stage the IPMP emphasis with Cocoa is on the Cocoa Pod Borer (CPB) and in Coffee on the Coffee Cherry Borer (CBB) which is yet to arrive in PNG, hence the approach is to continue surveillance and raise awareness of the coffee farmers and ensure that all stakeholders are prepared for possible invasion.

3.3 Indigenous People (OP/BP 4.10)

This policy has two objectives:

- (a) To ensure that indigenous people benefit from development projects.
- (b) To avoid or mitigate potential adverse effects on indigenous people caused by Bank-/ financed activities.

Special action is required where Bank investments affect indigenous peoples, tribes, ethnic minorities, or other groups whose social and economic situation restricts their capacity to assert their interests and rights in land and other productive resources.

The PPAP triggers OP/BP 4.10 on indigenous Peoples. However, as all beneficiaries of the project and all people affected by the project are indigenous, no separate Indigenous Peoples Policy (IPP) will be required. However, elements of an IPP have been integrated in the project design. A Beneficiaries Participation Framework has also been prepared as part of the Social Assessment, given the need for broad community support for activities to be implemented under the PPAP. It is included as Appendix 5 in the ESMF document.

Social surveys carried out under the Social Assessment work



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1.0 INTRODUCTION

On April 21, 2008 the concept of Productive Partnerships in Agriculture Projects (PPAP)-2010-2016 was formally agreed to between the World Bank (WB) and the Government of Papua New Guinea (GPNG) for support. The PPAP would benefit coffee and cocoa institutions, the smallholder producers and the smallholders in market access and is anticipated to improve performance at all value chains and public-private partnerships.

The project will support development partners in achieving policy objectives. The 'export-driven economic growth' pillar of the Medium Term Development Strategy (MTDS) 2005-2010 through the implementation of National Agriculture Development Plan (NADP) 2007-2016 and the WB's Country Assistance Strategy (CAS) 2008-2011 that focuses on improving livelihoods especially for the rural poor for a more diversified and sustainable growth path in the future.

2.0 PROJECT DESCRIPTION

The project would cost a total of US\$ 46.3 million, to be financed by an International Development Association (IDA) Specific Investment Credit, equivalent to US\$ 25 million. Co-funding of US\$ 14 million would come from the International Fund for Agriculture Development (IFAD) and the balance to be contributed from the partnerships and the GoPNG.

The development objectives of the proposed project are to improve the livelihoods of smallholder coffee and cocoa producers through the improvement of the performance and the sustainability of value chains in cocoa and coffee producing areas the project would cover. The key outcomes are improvement in smallholders' income, scaled-up and sustained productive partnership and addressed key infrastructure bottlenecks in the targeted value chains.

The project would link four groups of stakeholders into public-private partnerships, in order to ensure the desired outcome. The groups are: the smallholder farmers, agribusinesses, and governments. Overall policy guidance and coordination of the PPAP will be provided through the national Project Steering Committee (PSC). The PSC, chaired by the Secretary of DAL, is responsible for overseeing the

implementation of the PPAP and monitoring its performance to ensure that the goals of the project are being achieved. The PSC, which meets at least six-monthly, comprises representatives from the Department of Finance (DOF), the Department of Treasury (DOT), the Department of Works (DOW), the Cocoa Board (CB), the Coffee Industry Corporation Ltd (CIC), the Rural Industries Council (RIC), the National Agriculture Research Institute (NARI) and the Provincial Government of the project provinces.

During the projects life, industry coordination committees with board representation of the respective industries of cocoa and coffee are maintained. A Management Information System acceptable to the International Development Association is established and operational throughout the life of the project to ensure PPAP implementation is according to plan.

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(including national, provincial and local) and knowledge providers (including research and training institutions and technical experts). Together with the community consultations carried out as part of the EA highlight the community's support for both the cocoa and coffee interventions. The project will ensure the specific characteristics and vulnerabilities of groups targeted by the sub projects will be considered.

3.4 Involuntary Resettlement (OP/BP 4.12) - Compensation Policy Framework

In line with the OP/BP 4.12 a Compensation Policy Framework (CPF) has been documented for PPAP. The CPF provides guidelines for addressing land use and destruction of economic trees and crops. It is expected that these impacts will be limited.

The following principles apply:

- (a) Participation in PPAP will be voluntary. Road rehabilitation and infrastructure development will be undertaken only after consultations with communities and other stakeholders. Consultations with communities will be required as a first step in sub-project preparation. PPAP will not finance sub-projects which do not have community support.
- (b) PPAP will not finance any sub-project that involves involuntary resettlement, involuntary land acquisition, where arranged land for purchase and destruction of infrastructure.
- (c) Infrastructure rehabilitation (component 3) will rely on previous arrangement for land use.
- (d) Where an additional land is donated, the following will be considered; the beneficiary and voluntary nature of the donation, protection of vulnerable groups and the document of agreement

Once the sub-projects been identified an assets loss (damage to food and economical crops) is recognized as an impact of the sub-project, the PMU will be required to document the agreement on compensation in a compensation plan. The CPF will be taken care of by the PMU and the cost of compensation would be met the GPNG counterpart funding.

4.0 MANAGEMENT

The Department of Agriculture and Livestock (DAL) will coordinate the implementation of the PPAP at national level and Project Management Units (PMU) located respectively in the PNG Cocoa Board and in the PNG Coffee Industry Corporation Ltd (CIC) responsible for project implementation in the project provinces.