



Regional: Agricultural Value Chain Development Project

Project Name	Agricultural Value Chain Development Project		
Project Number	51139-001		
Borrower/Company	Caf Outspan Vietnam Limited Mitr Phol Sugar Corporation Limited (Mitr Phol) Olam International Limited PT Dharmapala Usaha Sukses		
Country	Regional		
Location	Regional		
Approval Number	7525/3586, 7526/3587, 7527/3588		
Type of ADB Assistance / Amount	Japan	USD 75.00 million	Committed
	3586 Ordinary capital resources	USD 83.00 million	Committed
	3587 Ordinary capital resources	USD 5.00 million	Approved
	3588 Ordinary capital resources	USD 12.00 million	Approved
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration		
Drivers of Change	Gender Equity and Mainstreaming Partnerships Private sector development		
Sector / Subsector	Agriculture, natural resources and rural development - Agro-industry, marketing, and trade		
Gender Equity and Mainstreaming	Effective gender mainstreaming		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Office of the Director General, PSOD		
Responsible ADB Officer	Jeong, Juhyun		
Project Sponsor(s)			
Description	<p>The project will support Olam's investment plan in Viet Nam, Indonesia, PNG, and Timor-Leste during 2017-2019 by financing midstream coffee and sugar processing expansions and permanent working capital investments for smallholder farmer supply which will promote efficient, inclusive, and sustainable agricultural value chains across a variety of products including coffee, sugar, cashew, cocoa, and pepper.</p> <p>The project will help Olam develop primary and secondary processing plants in origin markets closer to smallholder farmers and in destination markets closer to the customer, adding more value in local markets and rendering more efficient and integrated agricultural value chains. In Viet Nam, Cafe Outspan Vietnam Limited (COVL), a subsidiary of Olam, will increase capacity of its soluble coffee plant. In Indonesia, PT Dharmapala Usaha Sukses (PT DUS), also a subsidiary of Olam, will increase capacity of its sugar refinery. In PNG, Olam plans to expand its coffee operations by expanding primary processing facilities in the Morobe and Eastern Highlands provinces and adding storage capacity. In Timor-Leste, Olam's planned investment will help upgrade the coffee primary processing and storage assets that Olam acquired from Timorcorp in 2015.</p> <p>The project includes permanent working capital investments for smallholder farmer supply in Viet Nam, Indonesia, PNG, and Timor-Leste which includes inventory of raw agricultural products procured from farmers and advances to farmers, which will allow Olam to increase its sourcing volumes from smallholder farmers. The project will augment the direct benefits to smallholder farmers by leveraging existing Olam sustainability programs that provide agricultural extension services, training, and livelihood support to smallholder farmers.</p>		
Objectives and Scope	The project will contribute to at least three targets of the Sustainable Development Goals: (i) double the agricultural productivity and incomes of small-scale food producers through inputs, knowledge, markets, and opportunities for value addition and nonfarm employment ; (ii) ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, help maintain ecosystems, and strengthen capacity for adaptation to climate change ; and (iii) increase significantly the exports of developing countries .		

Linkage to Country/Regional Strategy	<p>The project is aligned with the ADB Midterm Review of Strategy 2020, which emphasizes the need to invest in agriculture to increase productivity, strengthen links with local value chains, promote food safety and quality standards, and improve the resilience of the sector to the impact of climate change. It is consistent with ADB's country partnership strategies for Viet Nam, Indonesia, Timor-Leste, and PNG and will complement ADB's sovereign assistance programs in these four targeted DMCs. As a regional project benefiting four DMCs as well as non-DMC regional members, the project is aligned with ADB's operational plan for regional cooperation and integration, which highlights the importance of raising competitiveness in connected markets including through promoting and facilitating the participation in global and regional value chains by small and medium-sized enterprises and smallholder farmers.</p> <p>The project is aligned with ADB's operational plan for agriculture and natural resources, 2015 to 2020, which recommends greater private sector agribusiness investment by ADB through working with strong agribusiness sponsors adopting best practices.</p>
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Safeguard Categories

Environment	B
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	<p>Key environmental impacts from PT DUS and COVL operations include generation of fugitive emissions from coal storage, air emissions and noise from boiler operations at sensitive receptors, odor, health risks from poor ventilation and inadequate occupational management procedures, and fire safety risks. PT DUS has undertaken corrective actions to improve its operations and is committed to implementing additional corrective actions from the environmental audit conducted to meet SPS requirements. COVL also aims to improve its process operation. COVL and PT DUS updated their environmental assessment reports to meet SPS requirements on the initial environmental examination. Expansion of Timor-Leste and PNG facilities will be on hard surfaces and storage areas, and anticipated to have minimal environmental impact.</p>
Involuntary Resettlement	<p>The expansion facilities will be constructed within existing premises of Olam's subsidiary companies. These lands do not have any legacy or current risks associated with land acquisition or resettlement. No involuntary resettlement issues are envisaged for the project.</p>
Indigenous Peoples	<p>No indigenous peoples issues are envisaged for the project.</p>
Stakeholder Communication, Participation, and Consultation	

Timetable for assistance design, processing and implementation

Concept Clearance	10 Apr 2017
Due Diligence	
Credit Committee Meeting	18 Sep 2017 to 18 Sep 2017
Approval	27 Oct 2017
Last PDS Update	17 Oct 2018

Project Page	https://www.adb.org/projects/51139-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=51139-001
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