



# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

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Concept Stage | Date Prepared/Updated: 29-Apr-2018 | Report No: PIDISDSC24937

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

Country Papua New Guinea	Project ID P166222	Parent Project ID (if any)	Project Name PNG Agriculture Commercialization and Diversification Project (P166222)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Sep 03, 2018	Estimated Board Date Jan 31, 2019	Practice Area (Lead) Agriculture
Financing Instrument Investment Project Financing	Borrower(s) Department of National Planning and Monitoring, Independent State of Papua New Guinea	Implementing Agency Department of Agriculture and Livestock	

**Proposed Development Objective(s)**

To increase the productivity and access to markets of target smallholder farmers and small and medium enterprises (SMEs) for selected agricultural value-chains, in selected economic corridors.

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

<b>Total Project Cost</b>	40.00
<b>Total Financing</b>	40.00
<b>of which IBRD/IDA</b>	40.00
<b>Financing Gap</b>	0.00

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

International Development Association (IDA)	40.00
IDA Credit	40.00



Environmental Assessment Category

B - Partial Assessment

Concept Review Decision

Track II-The review did authorize the preparation to continue

## INTRODUCTION AND CONTEXT

### A. Country Context

The Independent State of Papua New Guinea (PNG) is one of the most culturally diverse countries in the world with over 800 languages and 1,000 ethnic groups<sup>1</sup>. It has a total land area of approximately 460,000km<sup>2</sup> comprised of 600 islands of various sizes, and hosts a remarkably varied number of species and ecosystems. The country is separated into four regions – Highlands, Islands, Momase and Southern – and 21 provinces. In 2017, its population was estimated at close to 8 million<sup>2</sup>. Of this, over 80 percent live in rural areas and the rest in small urban centers with populations of under 30,000.

PNG is a relatively stable democracy and had an average GDP growth of 6.85 percent between 2005 and 2010, however like other resource-dependent countries, it is feeling the impacts of the fall in global commodity prices, with GDP growth estimated at 2.4 percent in 2016 and projected for 2.1 percent in 2017<sup>3</sup> and real GDP per capita growth in 2016 was 0.3 percent, down from 10.1 percent in 2014. The country is dominated by two main sectors: the formal, capital-intensive mining and energy sector which relies heavily on the country's rich natural resources and accounts for most of the export earnings, and the agriculture sector which, while largely informal, employs an estimated 80 percent of the population and accounts for approximately 27 percent of GDP<sup>3</sup>.

Despite considerable natural wealth and reasonable economic performance over the past decade, PNG's rural population continues to face significant challenges. The disparity between rural and urban living conditions is exacerbated by the country's difficult terrain which increases hardship, poverty, and isolation in rural areas, and limits access to basic services, infrastructure and economic markets. Less than 20 percent of rural households have access to electricity, 60 percent lack access to safe drinking water, and an estimated 80 percent lack access to improved sanitation<sup>2</sup>.

The 2010 Household Income and Expenditure Survey (HIES) noted that in 2009, approximately 38 percent of the population lived below the extreme poverty line of US \$1.90 per day, about the same proportion as in 1996. PNG's Human Development Index (HDI) ranking was 155 in 2010 and improved by one place to 154 in 2015, the second lowest in the Pacific<sup>2</sup>. It has the fourth highest child stunting rate in the world. An estimated 28 percent of children are underweight and 5-15 percent are wasted. The highlands region has the highest rates of stunting at 61.5 percent, and

<sup>1</sup> [www.worldbank.org](http://www.worldbank.org)

<sup>2</sup> SCD October 2017 draft

<sup>3</sup> PNG Economic Update December 2017



the island region has the highest wasting and underweight rates at 19 percent and 29.2 percent respectively. The economic cost of undernutrition is high, in 2015-2016, it was estimated to have cost the economy 2.81 percent of annual GDP (equivalent to US\$ 508 million)<sup>4</sup>.

Gender-based violence (GBV) is widespread in PNG, and the country ranks 158 out of 188 countries in the 2014 Gender Inequality Index<sup>3</sup>. GBV severely affects women's ability to contribute to the economy, participate in business activities, and support family livelihoods. Violence and crime are high along the country's transport corridors where much of the rural population are engaged in agriculture, trade, and the transportation of goods.

PNG's road network is highly fragmented and poorly maintained with only about 35 percent of national roads sealed<sup>2</sup> and no roads connecting most provinces and ports. PNG's vulnerability to climate risks and hazards due to climate variability and complex geography further exacerbate problems with the transport network resulting in an estimated 75 percent or more of the road network – national, provincial and district – becoming impassable at some point during the year<sup>2</sup>. The country is subject to both El Niño and La Niña events and both can have significant impacts such as severe droughts, landslides and flooding from increased rainfall<sup>5</sup>. The World Risk Report 2016 ranks PNG 10<sup>th</sup>, with a risk index of 16.43%, due to the country's high exposure to natural disasters and its high social and economic vulnerability to these events<sup>6</sup>. The February 2018 magnitude 7.5 earthquake and aftershocks affected 544,368 people across five provinces of Hela, Southern, Enga, Western and Gulf provinces. In the Southern Highlands and Hela provinces alone, it is estimated to have killed over 100 people, displaced 18,200 and left 270,442 people in need of immediate humanitarian assistance. It has also left 32% of health facilities closed and, of those that are open, only a third are undamaged<sup>7</sup>.

## B. Sectoral and Institutional Context

### Sectoral context:

PNG is characterized by its diverse agro-ecological environments (highlands, lowlands, islands), favorable climate and fertile soils allowing the farming of many different agricultural products, including both cultivation of cash and staple crops, as well as livestock production. While PNG's export economy is presently dominated by minerals (gold and copper) and oil, the **contribution of agricultural exports in the renewable resources sector is significant, at around 23.1%**. The main agricultural exports of the country include cocoa, coffee, copra, palm oil, rubber, and tea. **The predominant mode of farming is in smallholder farms of less than 5 ha**. Village agriculture, which supports over 80 percent of the population, remains dominated by subsistence food production. It generates little cash income and is characterized by low productivity. Despite good intentions, governments, commodity boards and agencies have provided village farmers with little help to raise their productivity in order to improve food and nutrition security, and to enable them to participate more effectively in commercial activities. Translation of new knowledge to business and commercial opportunities has been lacking for many years. Major crops, except palm oil, have historically been marketed by statutory marketing boards. These arrangements as well as measures in the past such as stabilization funds for selected commodities (coffee, cocoa, and coconuts) have not been efficient, with over regulation of major commodities perhaps impeding agricultural development. In the past, labor-intensive plantation estates of some 50-150 hectares have grown tree products for export, especially palm oil, coffee, cocoa, coconut, tea, and rubber, but except for palm oil, their production share is decreasing to the benefit of smallholder farmers.

**Coffee and cocoa are key cash crops.** Papua New Guinea is considered a small coffee producer in the international market, but the high quality of its coffee and cocoa is recognized and sought after. Nearly 30 and 20 percent of the total

<sup>4</sup> PNG Nutrition Study (P165595)

<sup>5</sup> El Niño

<sup>6</sup> El Niño + UNU-EHS, 2016. World Risk Report 2016

<sup>7</sup> NDC, UNDAC OCHA 2018



labor force in the country is engaged in the production of coffee and cocoa, respectively. The majority of coffee is under the production of smallholder farmers with low productivity, and diseconomies of scale, and the main constraint is the limited capacity of the country to reliably meet market demand in quantity and quality. **The development of coffee and cocoa production as an agribusiness for smallholder farmers is limited due to several constraints.** These include: high transaction costs due to diseconomies of scale, limited market access, lack of access to information and technologies due to poor extensions services, poor rural infrastructure, and lack of access to rural finance.

**A robust internal fresh food and livestock products market exists.** However, value chains are not well developed. Livestock production, except for pigs and poultry, remains static or on the decline since the 1970s. Meat consumption in PNG on the other hand, has increased steadily over the last two decades, and is predicted to increase at a conservative rate of 5% per annum. Increased demand for meat is met by meat imports, and is influenced by population growth rate, urbanization, changes in disposable income of citizens, and changes in people's eating habits.

**Agriculture has under-performed.** This is due primarily to low productivity, largely reflecting inadequate research and development, poor application of technological improvements and lack of scale economies inherent in smallholder farming. Other major constraints include inadequate transport and marketing infrastructure facilities, unreliable and expensive utilities, poor extension and veterinary services, prevalent crime and lawlessness, and insecurity of land ownership and tenure. However, some reasons for hope exist. For instance, the World Bank funded Productive Partnerships in Agriculture project (PPAP – P110959) is demonstrating in the coffee and cocoa sectors that the productive partnership model can help overcome some of the bottlenecks and facilitate the integration of smallholder farmers into effective supply/value-chains and link them to markets, which remains a priority for the Government of PNG (GoPNG). In the PPAP model, farmers join a partnership coordinated by a “Lead Partner (LP)” (the private sector in 70 percent of cases, although sometimes an NGO or academic institution) through paying a small fee (contribution to the planned activities). The LP access a grant from the project to purchase tools and seedlings (including innovative cocoa clones) to be distributed to farmers, renovate processing facilities or organize training on a broad range of topics; technical (coffee or cocoa on-farm good practice), gender, HIV-AIDS, nutrition, etc. This increased proximity between LPs and the smallholder farmers has greatly contributed to: (i) increasing their on-farm productivity (over two-fold as of the time of writing), and (ii) link them to a potential buyer and therefore the markets.

In December 2014, the World Bank completed a piece of analytical work studying the role of women in the agriculture sector in PNG<sup>8</sup>, notably related to coffee, cocoa and fresh produce. The main finding was that women provide substantial labor in both coffee and cocoa cultivation, and they dominate in the fresh produce sectors. More important than the amount of labor women provide, analysis of these supply chains indicated that the specific tasks women undertake have a direct bearing on the quality of the final product. However, different labor dynamics, gender-specific barriers to access key services (extension and financial) and insecurity (violence limiting women's ability to serve in the field as researchers and extension agents) affect this potential outcome. In early 2018, a more specific gender time-use study among PPAP farmers<sup>9</sup> highlighted that there is an imbalance between men and women's time-use with possible discrimination against women which negatively impacts crop productivity and household welfare. Beside household awareness-raising and training on gender dynamics, reducing the domestic work burden for women before they can engage in more value-added agricultural activities should be a priority.

#### Institutional context:

<sup>8</sup> *The fruit of her labor – Promoting Gender-Equitable agribusiness in Papua New Guinea.* WB, Dec. 2014

<sup>9</sup> *Household allocation of time and efficiency in PNG.* WB, Feb. 2018



The GoPNG's *Vision 2050* details the long-term development strategy for PNG. Launched in 2009, the document sets out a vision for transforming the country by 2050 towards a top 50 ranking in the HDI<sup>10</sup>. It leverages seven strategic pillars – human development, wealth creation, environment and climate change, planning, systems and institutions, security and international relations, and partnerships with churches – to build this vision and realign the country's economic focus away from the mining and energy sectors which currently dominate development, to new growth bases in agriculture, fisheries, forestry, manufacturing and eco-tourism.

*Vision 2050* acknowledges both the importance of subsistence agriculture to the rural economy and the cultural lives of many, as well as the significant challenges faced by the sector including limited markets, poor infrastructure, ineffective extension services, and security and safety concerns.

The previous GoPNG's National Agriculture Development Plan (NADP) 2007-2016 (currently being updated) recognized the importance of the agricultural sector in developing the economic potential of the country, sustaining the basic livelihoods of its population, increasing social wellbeing, and providing food security for all. However, its implementation has faced several challenges relating to the limited capacity of the Department of Agriculture and Livestock (DAL) to enhance implementation performance and monitor progress of outcomes in the sector.

The GoPNG's Alotau Accord II operationalizes the National Strategy for Responsible and Sustainable Development through the Medium-Term Development Plan (MTDP) III reflecting the principles of the PNG Vision 2050 and the PNG Development Strategic Plan 2010 - 2030. High on the list of priorities is the adoption of a national population policy aimed at accelerating economic growth by using economic stimulus packages in the non-minerals sector (agriculture, tourism, fisheries and forestry) to keep pace with a population currently increasing at a growth rate of about 3 percent annually.

The government has placed greater emphasis on growing the agriculture sector by giving it greater prominence in its 2018 budget allocation. To emphasize this commitment, the government held the first ever National Agriculture Summit in November 2017 to exchange experiences on successful models. The key priorities from the summit are to: (i) grow the economy; (ii) promote import substitution; (iii) promote more accessible and affordable credit; and (iv) place greater focus on institutional strengthening.

### C. Relationship to CPF

The 2017 PNG Systematic Country Diagnostic (SCD) is under preparation and is scheduled for Board approval in early May 2018. The SCD recognizes the World Bank Group's long-standing history of support to the agriculture sector in PNG, currently led by the Productive Partnerships in Agriculture Project (PPAP). Since 2011, the PPAP has been providing support to smallholder coffee and cocoa farmers with the aim of improving their livelihoods. Important lessons have emerged from the implementation of the PPAP which could assist the SCD to identify opportunities for inclusive growth in the agriculture sector in PNG, and support the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity. The third Pillar of the draft SCD (Enabling private sector development for inclusive job creation and growth) recognizes the central role played by agriculture in providing opportunities for inclusive growth and bolstering food security. The SCD recommends an *"extension of PPAP-type programs to more districts and regions and more crop-types"* – which is exactly what the PACD intends to do.

### PROPOSED PDO/RESULTS

<sup>10</sup> Water Supply and Sanitation Development Project (P155087) *Project Information Document*.



## A. Proposed Development Objective(s)

To increase the productivity and access to markets of target smallholder farmers and small and medium enterprises (SMEs) for selected agricultural value-chains, in selected economic corridors.

## B. Key Results

Progress will be measured against the following PDO-level indicators:

- (a) Increased farm yields of crops and livestock in target value-chains
- (b) Increased volume of sale of selected value-chains at both farm gate and processing SMEs levels
- (c) Total number of beneficiaries, disaggregated by gender

A detailed results framework will be developed during preparation. Specific gender and citizen engagement indicators will be added in this results framework.

## PROJECT CONTEXT

### A. Concept

#### 1. Description

The Productive Partnerships in Agriculture Project (PPAP P110959 + PPAP AF P146003) is scheduled to close on June 30, 2019 and has delivered significant benefits to PNG's cocoa and coffee sector farmers. In order to build on and consolidate PPAP's achievements, the PNG Agriculture Commercialization and Diversification Project (PACD) would continue to support the cocoa and coffee sectors, and may also add the following commodities: small livestock, spices, rubber and coconuts. The additional commodities to be supported under the new project will be narrowed down to 2 or 3 commodities based on criteria, including level of preparedness of the value-chain and possible return on investments<sup>11</sup>. Further stock-taking will be required during the project preparation, including, if the need is identified, specific value-chain analysis to help the decision-making process. DAL has already started this work which should be completed prior to pre-Appraisal. The FAO Investment Center will support the DAL and the WB Task Team in this stock-taking exercise and commodity final selection.

**Beneficiaries:** GoPNG's emphasis is on agriculture to accelerate economic growth and generate revenues, this may require a targeted approach towards farmers willing to move from subsistence to semi-commercial or commercial farming (therefore being less inclusive than in the case of PPAP). However, the smallholder farmers remain the primary direct beneficiaries of the new project, together with the groups and cooperatives formed by those better-off and willing to address common issues collectively. While building on PPAP, considerations around the possibility of looking at a complementary window targeting more progressive farmers and those who are ready to take risks and form more

<sup>11</sup> Agreed criteria comprise: (i) competitiveness and existence of a market justifying good return on investments, (ii) availability of technical advisory and extension services for these specific commodities, whether of public or private origin, (iii) tradition of integrating the selected commodities in cocoa and coffee farming system, as a diversification strategy, (iv) importance of women participation in the specific commodities, (v) share of the value-chains' income remaining with the smallholder producers, (vi) size of the population involved or benefiting from the selected commodities, and (vii) commitment of different level of Government (including Provincial and District) to it.



commercial alliances under a common set of constraints and opportunities will be explored. Additional direct beneficiaries will be SMEs (mainly micro- and small private enterprises) involved in agri-business activities (storage, processing, marketing, inputs supply). DAL and Commodities Board staff will also benefit from capacity building interventions.

Regarding the **geographical scope**, the MTDP identifies ten “Economic Corridors” for priority services delivery, defining zones for development of public transport and utilities network, social services and integration of economic plans including agriculture. The PACD will align its geographical scope to this GoPNG strategy and support some of these economic corridors, based on transparent selection criteria to be defined during preparation.

The PNG Agriculture Commercialization and Diversification Project (PACD) - interventions will be delivered through five components:

**Component 1: Institutional capacity building**

The project will address institutional capacity gaps at (i) the central level - DAL, statutory bodies in charge of commodities targeted under the project (Cocoa Board, Coffee Industry Corporation, Spices Industry Board, the Livestock Development Corporation (LDC) and the Rubber Board – list to be confirmed as per commodities selected under the project) and links with the private sector – and, (ii) the decentralized level – provincial and district capacity to deliver services: extension, advisory and veterinary services, access to inputs. Research needs may also be included and will depend on further discussion during preparation.

This first component will also support the GoPNG in reviewing and, if required, reforming their policy and regulatory framework, notably on climate-smart agriculture, extension and veterinary services, quality standards and food safety.

**Component 2: Infrastructure networks and logistics**

The infrastructure network, including roads and storage/processing facilities, remains a major bottleneck to farmers’ capacity to access markets. This project should contribute to its improvement, with a focus on infrastructure that has a public good nature and is essential to the selected value chains. Examples of such infrastructure include feeder roads, municipality-managed small-scale slaughterhouses (ensuring better food safety and waste management / pollution reduction) or laboratories (for safety and quality tests). As per the PPAP model, feeder roads will be designed and constructed to be resistant to heavy rains occurring during the rainy season: they will be slightly curved, include large concrete gutters on the side and small log-bridges on water stream sites – therefore adapted to heavy rains which are increasing and longer-lasting due to climate change.

**Component 3: Productive Partnership-like interventions**

Integrating smallholder farmers into effective supply/value-chains and linking them to markets remains a priority for the GoPNG. For this, the Productive Partnerships’ model implemented under the PPAP has been successful and should be a strong building block to scale-up. However, additional focus should be put on approaches that promote the establishment and capacity building of farmers’ cooperatives that will strengthen the sustainability of the model, among other lessons learned.

This component will promote access to services and markets by facilitating the establishment of Productive Partnerships, and their access to finance (Matching Grants; involvement of financial institutions) that could finance small collective infrastructure (e.g. small storage and processing facilities like community-managed cocoa fermenteries), and the introduction of innovative technologies, notably on climate smart agriculture (agro-forestry,





water collection and micro-irrigation, drought resistance varieties, intensification of small livestock production such as poultry and pigs, and bio-digesters). This will be done through establishing two windows for financing:

- (i) one focusing on on-farm productivity (garden regeneration, innovative technologies, etc.) and more inclusive regarding smallholder farmers willing/unwilling to join partnerships – this window will expand on the PPAP model where a Lead Partner (often from the private sector) can aggregate smallholder farmers and channel support to them (advisory services, training, inputs); and
- (ii) one focusing on value-addition and marketing of products, and targeting better-off farmers willing to address a common issue (storage, agro-processing, marketing, access to inputs, etc.) collectively through groups and cooperatives who become the recipient of the funds.

#### **Component 4: Project Management and Monitoring and Evaluation:**

This activity would support all PCU activities required to manage IDA funds, procure IDA-funded goods and services, conduct project M&E including Iterative Beneficiary Monitoring (IBM),<sup>12</sup> and comply with safeguard mitigation measures. It would provide training and equipment to modernize DAL operations (computer hardware and software, office furniture, vehicles, and so on) at the central level and in the field as needed for project activities. It would also support the development and implementation of a communications strategy, as well as general awareness and sensitization campaigns about project activities.

#### **Component 5: Contingency Emergency Response Component (Total Cost: US\$0):**

Following an eligible crisis or emergency, the government of PNG may request the Bank to re-allocate project funds to support emergency response and reconstruction. This component would draw from the uncommitted grant resources under the project from other project components to cover an emergency response. These activities would be carried out, as needed, to ensure continued achievement of the project development objective. This component will only be used in the event that an emergency response is required.

## **SAFEGUARDS**

### **A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

Target provinces and districts are yet to be confirmed. The project is likely to support core coca production areas in the province of East New Britain, the autonomous Region of Bougainville (tropical island regions) and East Sepik (Momase Region), and coffee production areas in the provinces of Eastern Highlands, Western Highlands and Simbu (highlands regions). The project may expand its geographical coverage with potential support in the livestock, spices, rubber and coconut sectors in the same areas.

PNG is characterized by diverse agricultural and ecological environments, tropical climate and fertile soils. Physical characteristics vary considerably between regions and will be described once project location and sectors are confirmed.

### **B. Borrower's Institutional Capacity for Safeguard Policies**

The project will be implemented by the Department of Agriculture and Livestock (DAL - lead agency) through a Project

<sup>12</sup> This activity would monitor beneficiaries of the project starting at the beginning of the implementation with the objective to improve project efficiency and increase beneficiary satisfaction and beneficiary engagement. IBM collects information on project implementation, even in insecure settings. It is light, low-cost, and rapidly complements project supervision. The approach is problem-oriented and provides feedback to project teams through different iterations with the aim of catalyzing improvements in project implementation. IBM collects data directly from beneficiaries but keeps data collection efforts to a minimum by relying on few research questions and small samples.



Coordination Unit (PCU), with specific Project Management Units (PMUs) established for each selected commodity. The Department of Works (DOW) will be designated responsibility for infrastructure networks and logistics activities related to rural feeder (not paved) roads.

Capacity for implementing safeguard policies is currently weak in each of these agencies. The DAL lacks specific safeguard resources. The current World Bank financed PPAP has addressed safeguard capacity constraints within the cocoa and coffee PMUs however capacity remains limited and confined to these sub-sectors. DOW has an Environmental Management Unit (EMU) however this unit is under-resourced and relatively inexperienced. To address these constraints, the PACD will establish a core safeguards team consisting of senior environmental and social specialists within the PCU to ensure the effective implementation of safeguard policies across all project activities. The PACD will also finance additional environmental and social specialists within DOW to oversee safeguard requirements for project infrastructure network and logistic activities related to rural roads.

**C. Environmental and Social Safeguards Specialists on the Team**

Thomas John Callander, Social Safeguards Specialist  
Nicholas John Valentine, Environmental Safeguards Specialist  
Nathalie Suzanna Noella Staelens, Environmental Safeguards Specialist

**D. Policies that might apply**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The project is proposed as Category B. The proposed investments are small-scale and potential adverse impacts can be managed. There are no potential large-scale, significant or irreversible impacts associated with the project.</p> <p>The project will finance small collective infrastructure for partnerships (Component 3) including innovative technologies, notably on climate smart agriculture (agro-forestry, water collection and micro-irrigation, drought resistance varieties, intensification of small livestock production (poultry, pigs) and bio-digesters) that have the potential for positive impacts on the environment. Negative environmental and social impacts associated with these activities are expected to be minor, localized and temporary primarily because of their small-scale and household/community focus.</p> <p>The project will invest in infrastructure networks to improve access to market (Component 2). This will involve the rehabilitation of feeder roads and the development of small-scale community infrastructure</p>



(e.g. small-scale slaughter house and laboratories). These small-scale investments have the potential to cause some minor adverse environmental and social impacts however these are readily managed through standard mitigation measures.

An Environmental and Social Management Framework (ESMF) is proposed as the safeguards instrument given that the specific locations of the investments are not known and these will be determined through the partnership/grant process. The ESMF will incorporate the requirements of the World Group’s Environmental, Health and Safety Guidelines (EHSGs) and industry specific guidelines for agribusiness, food production and pesticides management.

The project also includes a Contingency Emergency Response Component to support emergency activities that ensure continued achievement of the project development objective. The ESMF will outline the approach and principles for managing potential E&S impacts and risks of the CERC including a screening process in accordance with the World Bank’s Rapid Response to Crises and Emergencies: Procedural Guidelines.

Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	No	The project will not finance any activities that significantly convert or degrade any protected areas or natural habitats as the screening procedures in the ESMF will exclude all subprojects with these impacts.
Forests OP/BP 4.36	Yes	Potential project target sectors including cocoa, spices and rubber are frequently associated with agro-forestry in PNG, often in a positive way. No adverse impacts on forests are anticipated. The ESMF will contain measures to properly manage the risk of any unforeseen adverse environmental impacts of these activities.
Pest Management OP 4.09	Yes	The project will support the sustainable use of chemical fertilizers and pesticides within an holistic farm management model and integrated pest management approach. The client will review and update the current PPAP Integrated Pest Management (IPM) following the standards and requirements set forth in OP4.09 and the World Group’s Environmental, Health and Safety Guidelines (EHSGs) for agribusiness



		and food production. The project will include measures to strengthen the institutional capacity for implementing IPM in project areas. This will include a stronger focus on health and safety.
Physical Cultural Resources OP/BP 4.11	No	The project will not finance any activities that will have impacts on physical cultural resources. Screening and chance find procedures will be included in the ESMF to exclude all subprojects with these impacts.
Indigenous Peoples OP/BP 4.10	Yes	<p>The project is likely to be located in areas where Indigenous Peoples are the sole or the overwhelming majority of direct project beneficiaries. Accordingly, a separate Indigenous Peoples Planning Framework (IPPF) is not proposed. Rather, in accordance with the provisions of OP 4.10, the elements of an IPPF is included in the overall project design.</p> <p>The ESMF will outline steps for ensuring free and prior informed consultation are undertaken and broad community support is achieved for each Partnership and Infrastructure activity under Components 2 and 3 respectively. This will include a Beneficiaries Partnership Framework and Consultation Guidelines.</p> <p>A Social Assessment will be conducted across target sectors/provinces during project preparation to inform project design and will include consultations with farming communities, local level government representatives, grower associations and cooperatives, youth and women’s groups, extension workers, the private sector, and other relevant stakeholders.</p>
Involuntary Resettlement OP/BP 4.12	Yes	At present, no involuntary land acquisition is expected under the project. The majority of sub-projects will be undertaken on customary land with the voluntary participation of grants scheme recipient landowners. The only exception will be the siting of collective infrastructure facilities which will be either on Government-owned land or land secured via voluntary land donation. A Resettlement Policy Framework (RPF) will be prepared to address these potential scenarios. The RFP will include a voluntary land donation protocol to ensure that this approach is properly used, verified and documented.
Safety of Dams OP/BP 4.37	No	The project will not finance any dams as defined under OP 4.37.



Projects on International Waterways OP/BP 7.50	No	The project does not impact or relate to any known international waterways as defined under the policy.
Projects in Disputed Areas OP/BP 7.60	No	The project is not located in any known disputed areas as defined under the policy.

### **E. Safeguard Preparation Plan**

Tentative target date for preparing the Appraisal Stage PID/ISDS

Aug 31, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The PPAP PCU is in charge of coordinating the preparation of the proposed PACD. Safeguards specialists working for the PPAP, together with the support of external safeguards consultants, will conduct the social assessment and consultations across target sectors/provinces to inform project design and the preparation of ESMF and RFP.

A Project preparation Advance (PPA) will be processed once the Concept Note is approved and the procurement process for these consultants will start after. Therefore, first drafts of these studies are not expected before end of August 2018.

### **CONTACT POINT**

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