



Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 06-Mar-2017 | Report No: PIDISDSA20768

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

Country OECS Countries	Project ID P158958	Project Name OECS Regional Agriculture Competitiveness Project	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 06-Feb-2017	Estimated Board Date 25-May-2017	Practice Area (Lead) Agriculture
Lending Instrument Investment Project Financing	Borrower(s) St. Vincent & the Grenadines, Grenada	Implementing Agency SVG - Ministry of Economic Planning, Sustainable Development, Industry, Information and Labour, Grenada - Ministry of Finance & Energy, SVG - Ministry of Agriculture, Forestry, Fisheries and Rural Transformation, Grenada - Ministry of Agriculture, Lands, Forestry, Fisheries and Environment	

Proposed Development Objective(s)

The proposed Project Development Objective (PDO) is to enhance access to markets and sales for competitively selected farmers and fishermen, as well as their allied aggregators and agro-processors, in Grenada and St. Vincent & the Grenadines.

Components

Support for Preparation of Business Plans
Implementation of Business Plans
General Agricultural Services and Enabling Environment
Project Management, Monitoring and Evaluation

Financing (in USD Million)

Financing Source	Amount
International Bank for Reconstruction and Development	4.00
International Development Association (IDA)	3.00



LOCAL: BENEFICIARIES	1.13
Total Project Cost	8.13

Environmental Assessment Category

B - Partial Assessment

Decision

The review did authorize the preparation to continue

Note to Task Teams: End of system generated content, document is editable from here.

Other Decision (as needed)

B. Introduction and Context

Country Context

The small and open countries of the Organisation of Eastern Caribbean States (OECS)¹ have traditionally encountered serious development challenges, coupled with low growth, high debt, and limited fiscal space to maneuver around these problems. Agricultural exports and tourism drove growth of roughly 6 percent per year on average in OECS economies the 1980s, but growth and external trade began to decline in the late 1990s, after the European Union (EU) withdrew preferential access for traditional OECS agricultural exports (bananas and sugar).² Efforts to revive growth and offset exogenous shocks through increased public investment engendered a large public debt and stifled private investment. The global financial crisis in 2008 heavily curbed tourism, remittances, and financial sector activity, while sharply increasing public debt and fiscal imbalances. OECS countries recorded a cumulative drop in output of 6 percent during 2009–12; at the same time, periodic natural disasters continued to batter their infrastructure and economies. OECS economies started to recuperate recently through a steady recovery in tourism and the United States economy. The regional growth forecast for 2017 is positive, based on improving performance in key sectors (tourism, construction, agriculture) and lower fuel prices. Over the medium term, average growth for the region is expected to accelerate to about 2.5 percent.

OECS countries have not reduced poverty and unemployment rates to levels compatible with their per capita income levels. Official poverty rates are 30.2 percent in Saint Vincent and the Grenadines (SVG)

¹ Established in 1981, this inter-governmental organization promotes economic harmonization and integration, human and legal rights, and good governance. It has seven founding and full members (Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent & the Grenadines) and two associate members (Anguilla and the British Virgin Islands—British Overseas Territories). Martinique (France) joined in 2015 but is not represented by the OECS diplomatic mission.

²Governed by the Lomé Convention (1975) and its successor, the Cotonou Agreement, these trade arrangements included special protocols for EU imports of bananas and sugar. The EU initiated reforms for banana imports in 1999 and sugar in 2006.



and 37.7 percent in Grenada; poverty is concentrated in rural areas.³ The financial crisis and reduced demand for OECS exports and services have aggravated unemployment, which was already high. Unemployment (now 10.2 percent in Grenada and 18.8 percent in SVG) is higher among youth, exceeding 30 percent in both countries. Female-headed households, which account for two-thirds of all households in the OECS, are more likely to be poor.

Sectoral and Institutional Context

Agriculture is a critical element for improving rural incomes, employment, and food security for OECS countries and farmers, however, it has not adapted rapidly to the changing trade regime. For example, SVG's banana exports declined significantly; Grenada's banana exports collapsed, and its nutmeg and cocoa production were devastated by Hurricanes Ivan (September 2004) and Emily (July 2005). Consequently, agriculture's contribution to GDP, which was 13.4 percent in Grenada and 21.2 percent in SVG in 1990, was 5.4 percent in Grenada and 7.5 percent in SVG two decades later. The fact that agriculture remains a major contributor to employment, representing about 11 percent of the labor force in Grenada and 26 percent in SVG, indicates a persistent productivity problem.

Gender-based access to land, credit, and other productive assets heavily influences male and female participation in agriculture. Up to 95 percent of workers on government and private crop farms are male, whereas most workers who sort and pack agricultural products are female (some 80 percent of operators in the craft and agro-processing subsectors are female). In addition, fewer women play a leading role in leading producer organizations.

OECS agriculture could drive sustained gains in employment and income, while reducing dependence on imported food, if strategic investments are made to improve agricultural productivity and increase access to markets. Investment opportunities exist along the two main pathways for developing agriculture: import substitution and export expansion. For instance, Grenada produces nutmeg and cocoa of exceptional quality, in high demand internationally. Each product has only one principal exporter (public rather than private—the Grenada Cooperative Nutmeg Association and Grenada Cocoa Association), but the market for processing these products is open, and Grenada has two chocolate factories and a plant to produce medicines from nutmeg. Nutmeg and mace still lead Grenada's agricultural exports, and it has also had success exporting soursop, citrus fruits, cloves, ginger, cinnamon, and fish, while agro-processing (pepper sauces, jams, juices) is becoming more important for the export market. SVG has started to export eddoes and dasheen (taro), arrowroot starch, roots and tubers, ginger, coconuts, spices, pineapples, and peppers, mostly to regional markets and the United Kingdom (UK). However, key investments are required to increase competitiveness to gain extended and sustainable access to regional and international markets.

Local produce could potentially substitute for some imported produce in the tourism sector as well as in local and regional markets. Agricultural imports have increased in volume, variety, and value as tourism, supermarkets, and incomes have grown. The volume of OECS agricultural imports—mainly meat (especially poultry), cereals, and dairy products—is now about four times higher than the volume

³Specific figures on rural poverty are not readily available, but government studies and agricultural sector reviews reveal that most poor people in the OECS reside in rural areas.



of agricultural exports. The World Bank estimates that 68 percent of food demand from the tourism sector is met through imports, representing around 20 percent of OECS agricultural imports. Locally produced fruits and vegetables appear to have the greatest import substitution potential, given high local demand, competitive production costs (in some cases), high perishability of these products, their ability to grow in most OECS countries, and their suitability for production even on small farms. Apart from hotels, the expanding yachting and supermarket sectors offer opportunities for local food producers. The freshness of local produce, as well as of fish and seafood, and better transport times and costs represent major advantages and opportunities for local farmers and fishermen where supermarkets and hotels will pay a premium for freshness. While for some locally grown products the cost of production is simply too high to compete with imported products, in some cases local fresh produce has the potential to be competitive.⁴

A major consideration in this context is that the peak agricultural season is out of sync with the peak tourism season, impacting food demand, availability, and prices. Local demand for high-quality food peaks in mid-December to mid-April, the high season for tourism in the Caribbean, and falls precipitously afterward. On the other hand, agricultural production peaks in the wet season (June–November, coinciding with the hurricane season), which is becoming less predictable and drier with climate change. During the December–May dry season, the absence of intensive irrigation to sustain horticultural production significantly reduces the consistent supply of local produce. Owing to the lack of storage facilities and farmers’ tendency to produce the same products at the same time, the oversupply of certain crops in the wet season leads to food losses, lower food prices, and declining farm revenue. Key strategic investments to ensure a sustained supply all through the year, to promote proper storage, and to diversify markets, seem to be essential for the sector to develop.

In sum, the main barrier to purchasing more local produce is the limited ability of local farmers to deliver the required quantity and quality of produce in a timely, consistent, and competitive manner. Most farms are small and lack the inputs, equipment, infrastructure, and farm management skills (including production planning, crop management knowledge, and post-harvest handling capacity) to become reliable suppliers. Hotels belonging to large international chains prefer to purchase in bulk from Miami to get guaranteed quantities and volume discounts, rather than to deal with the uncertainty of sourcing large quantities locally from many small farmers. Recently established large hotels received government concessions to import duty free. Lacking such options, small and medium-sized hotels purchase from multiple local farmers and other sources to meet demand, which can be time consuming. They benefit from greater freshness (produce typically is picked and transported to hotels on the same day) and lower transport times and costs, but must cope with the inconsistent quantity and quality of produce, as well as the limited variety and overall quantity.

The rudimentary market structure for fresh produce, including the lack of aggregation of smallholder supplies, results in suboptimal market performance. The limited aggregation of produce reduces smallholders’ access to assured and remunerative markets (and a more stable income), complicates buyers’ purchasing operations, and creates a disincentive to buy locally. Virtually all marketing of fresh local produce in OECS countries is done by individual farmers, and until they harvest, many do not know where or to whom they will sell. OECS countries have few producer or marketing organizations to

⁴ Jansen, Hans, Adam Stern, and Eli Weiss (2015), “Linking Farmers and Agro-processors to the Tourism Industry in the Eastern Caribbean,” Report No. ACS16280, World Bank, Washington, DC.



remedy these problems, and such organizations generally suffer from financial problems, unstable and limited membership, side-selling, and mistrust. An added complication is that the public sector (typically ministries of agriculture) actively purchase and market produce through marketing boards that typically run at a loss, fail to provide remunerative prices to farmers, and crowd out private marketing activity. Poor communication and coordination between supply and demand complicate the planning of farm production and create uncertainty for buyers and sellers.

The agro-processing industry is not well developed. Several small and medium enterprises (SMEs) produce a range of products, but difficulties in obtaining financing on affordable terms limit the investments in infrastructure, equipment, and inputs required to scale up and generate consistent profits. Many agribusiness entrepreneurs lack technical skills and knowledge to develop viable business plans, make the required investments, develop a network of reliable farmer-suppliers, and comply with the quality, food safety, and certification standards enabling them to penetrate profitable markets. The food processing industry cannot absorb all the produce offered, yet at the same time processors cannot obtain consistent supplies of quality produce. This mismatch between local production and industry demand, while partly related to seasonality, is mainly an organizational and marketing problem. As in marketing, in agro-processing public sector initiatives (largely unsuccessful) have crowded out the private sector.

A combined production-marketing system, based on private sector aggregators of smallholder produce and agro-processors, could address most of these constraints and improve international competitiveness. Promising models are based on aggregation by private sector actors, who purchase from small-scale producers and give them a market for their produce. Apart from aggregating, storing, and marketing produce, aggregators can add value to certain products through basic activities such as washing, packaging and cutting, and can potentially offer support and services for producers (planting material, agro-chemicals, technical advice). Some producer organizations in Grenada and SVG could possibly act as aggregators and should be supported to do so, but they cannot succeed alone. Private actors—traders, wholesalers, or even larger (lead) farmers—need to step in and assume the required organizational and aggregation roles. Agro-processors can adopt the same model, in which smallholder farmers produce in accord with a plan agreed with the processor and embodied in a written contract.

The Productive Alliance (PA) methodology, successfully tested in several projects in the LAC region, could help to resolve major constraints on producers' access to markets. The PA methodology, introduced during the early 2000s in Latin America and more recently to other regions, engages with the private sector to enable smallholders to meet market demand for produce in terms of quantity, quality, and timeliness. The traditional PA approach involves three core agents: a group of smallholder producers, one or more buyers, and the public sector, while more advanced versions include technical service providers and lenders. These agents are connected through a business plan, which describes producers' needs for capital and services and proposes improvements—attained through productive investments, technical assistance (TA), and business development—to upgrade their production capacities and skills and strengthen their linkage with markets. Evidence shows that the PA approach increases productivity, market integration, production, sales volume, prices, and smallholders' incomes; generates on-farm and non-farm employment; and facilitates the inclusion of vulnerable groups in commercial value chains.



The proposed project is well aligned with the revised OECS Regional Plan of Action for Agriculture (2012–2022) and national development plans. The priority of the Regional Plan of Action is to promote a market-oriented agribusiness approach to alleviating poverty and food and nutrition insecurity, consistent with the proposed project. Another priority is to mainstream climate change mitigation and adaptation strategies in agricultural programs to protect food production systems and build resilience against tropical storms, heavy rains, and droughts in rural/farming communities, which the proposed project will do. At the national level, the project is aligned with the National Economic and Social Development Plan (2013–2025) of SVG, which among other objectives for agriculture seeks to increase productivity, efficiency, and competitiveness; increase market access for agricultural produce; and increase agricultural exports; as well as with the National Agricultural Plan (2015-2030) of Grenada.

Finally, the project is well positioned to contribute to the climate change policies and measures of Grenada and SVG, outlined in their Intended Nationally Determined Contributions (INDCs). The INDCs of both countries emphasize improving climate change adaptation in the priority sectors of tourism and agriculture. By taking climate change into consideration as an emerging risk and reflecting adaptation and mitigation in its design and implementation, the project provides a framework to achieve some of the INDC commitments. The project includes strategic investments, both at the level of the public and the private sectors, to promote the development, dissemination and adoption of innovative technologies that would significantly contribute to decrease vulnerability to climate variability and, therefore, generate climate mitigation and adaptation co-benefits.

C. Proposed Development Objective(s)

Note to Task Teams: The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

Development Objective(s) (From PAD)

The proposed Project Development Objective (PDO) is to enhance access to markets and sales for competitively selected farmers and fishermen, as well as their allied aggregators and agro-processors, in Grenada and St. Vincent and the Grenadines.

The main beneficiaries of the proposed project include:

- (i) Small-scale individual or organized farmers and fishermen (FFs).
- (ii) Aggregators and agro-processors (AAs), including: (a) producer organizations (associations, cooperatives or similar formal organizations with legal standing); and (b) SMEs, such as wholesalers, traders, lead farmers (with legal standing to act as aggregator), and industrial agro-processors.
- (iii) The respective ministries of agriculture and their extension officers and staff that will be strengthened by the Project.

Detailed criteria for eligibility of FFs and AAs for receiving matching grants under the project is defined in the Project Operational Manual (POM). The FFs and AAs will be eligible only if they are formally participating together in a strategic productive alliance approved by the project to pursue the stated objectives.



Key Results

The proposed PDO indicators are identical for both countries (with different quantitative targets for each country):

- (b) Market Access Compliance Score for participating FFs supplying products to their allied AAs in accordance with the agreed Business Plans per semester (this Score is a weighted average of the volume complying with the agreed terms of the business plans related to quantities, quality, and timeliness of delivery).
- (c) Market Access Compliance Score for sales from all participating AAs complying with buyers' specifications as per their Business Plans per semester (weighted average of volume complying with quality, quantities, and timeliness of delivery).
- (d) Percentage increase in the average annual sales of FFs participating in strategic alliances under the project.
- (e) Percentage increase in the value of gross sales made by AAs participating in the project to their final buyers.
- (f) Direct project beneficiaries (number), of which female (%) and young (%).

D. Project Description

The scope of the proposed project is based on successful experiences with productive alliances (PA) in other operations supported by the World Bank in the region, adapted to the specific conditions of small island economies such as Grenada and SVG. As noted, the PA approach is intended to improve access to markets for AAs and small-size FFs, using the private sector as a vehicle to foster smallholder production in accordance to market demand in terms of quantity, quality, and timeliness. The main components, apply to both borrowing countries and are based on the need for improving linkages between demand and supply in prioritized value chains.

Component 1: Support for Preparation of Business Plans (Grenada: IBRD US\$0.38 million; SVG: IDA US\$0.26 million)

The objective of this component is to: (i) promote an understanding of the Project's scope and objectives through outreach to potential stakeholders and beneficiaries (such as individual and organized FFs, AAs, buyers, and lenders); (ii) identify potential business opportunities for prioritized value chains and their translation into viable and profitable business proposals; and (iii) prepare full business plans for selected proposals.

Under this component, the proposed project would finance consultant and non-consultant services, goods, training and communications/dissemination events to be carried out by the PCU and the PIU, such as: (i) the elaboration and implementation of a communication and dissemination strategy to raise awareness of the project and its activities; (ii) the organization of networking events, such as business roundtables and local workshops for supporting the formation of strategic alliances between potential AAs and FFs, buyers, and lenders; (iii) training to support all AAs, FFs and buyers in the identification of



business opportunities and their translation into viable business proposals; (iv) implementation of a country-wide call for interested parties to present business proposals; (v) evaluation of business proposals presented and selection of the ones to be transformed into business plans; (vi) technical assistance for the preparation of sustainable and competitive business plans; (vii) evaluation and approval of final Business Plans, as well as their transformation into Subproject Agreements; and (viii) analysis and qualification of input suppliers eligible to participate in the voucher program under component 2.

A Technical Assistance Agreement between the borrowing countries and the Food and Agriculture Organization (FAO) of the United Nations, financed by contributions from the credit proceeds of both countries, will include TA support for the implementation of activities described under (iii), and (vi) above.

A matching grant contract (“Subproject Agreement”) will be signed between the project and the members of each alliance, comprising an AA and at least ten allied FFs. Subprojects consist of the portion of the business plan that will: (i) be financed with matching grants covered from the proceeds of the proposed credit; (ii) be implemented by an AA together with a group of allied FFs, in agreement with buyers and lenders; (iii) be governed by Subproject Agreements signed between the AAs and a group of allied FFs, the Project Coordinating Unit (PCU) of the Ministry of Finance/Planning and the Project Implementing Unit (PIU) of the respective Ministry of Agriculture; and (iv) include investments, operational expenses, training, and capacity building, as well as TA activities. The “alliances” are rather informal groupings of an AA with FFs through a Memorandum of Understanding for the purpose of preparing a Business Plan. Once a Business Plan is approved, the alliance is formalized by signing the corresponding Subproject Agreement between the AA and FFs, together with the PCU and PIU for the project in each country. The “alliances” with the buyers will be at least a letter of intention, and preferably an agreement or a contract.

The amounts provided by the project to partially finance implementation of the Subprojects (the matching grants) will be covered from the Bank-funded loan/credit to each country. The matching grants represent a contribution to the development of the value chain to jump-start the adoption of new technology, leading to higher levels of productivity and competitiveness. Beneficiaries will not have to repay matching grants; however, they will have to contribute their own counterpart financing to cover a substantial proportion of the investment, depending on the type of beneficiary and the amount of the investment (See Tables 1 and 2 in Annex 1).

Component 2: Implementation of Business Plans (Grenada: IBRD US\$2.42 million; SVG: IDA US\$1.81 million)

The objective of this component is to provide matching grants (not to be repaid by beneficiaries) to finance the implementation of technically feasible, financially viable, economically profitable, socially responsible, and environmentally sustainable business plans, which, when implemented, will contribute to a consistent and timely supply of sufficient quantities of quality produce to buyers while providing a reliable income to allied FFs. The implementation of these Business Plans will make possible an increase in productivity and quality of the products, as well as reducing dependency on rainfall, thus reducing the constraints for increasing supply during peak season and enhancing vulnerability to climatic factors. In



addition, Component 2 is expected to provide climate change co-benefits derived from: (i) adaptation, by promoting innovative resource management practices to increase resilience, expanding the use of crops and crop mixes/rotations less vulnerable to climate variability, and expanding the use of protected agriculture and drought/heat resistant varieties; and (ii) mitigation, by promoting agricultural intensification using higher yielding varieties and carbon sequestration species and cropping patterns, improving irrigation measures and replacing traditional sources of energy (see section IV. G).

The Business Plans will be formulated by potential AAs and their allied FFs, buyers, and lenders and with support from the TA provided under Component 1. Business plans will qualify for project support on a competitive basis, based on detailed criteria described in the Project Operational Manual (POM). Activities on the AA level as well as the FF level will be supported, and will include investments and operational expenditures, training and TA, and managerial skills development.

To be eligible, Business Plans must be technically feasible and financially viable, and include a rigorous financial analysis. Business plans should also include a technical description of the subproject, evaluation of market feasibility, an environmental assessment, and a list of allied FFs, buyers, and specific investments and TA needed. Each business plan will need co-financing from the AA (at least 20 percent of the AA investments for producer organizations and at least 50 percent for other private sector AAs). At least 10 percent of the AA costs of the subproject will have to be paid upfront in cash. The rest of the financing gap of the business plan will have to be filled by their own funds or through resources provided by other lenders (banks, credit unions, development banks, etc.). Proof of the availability of resources secured in advance from the financial sector will be a condition to start implementation of a subproject. These AA contributions will be divided into tranches and deposited as a precondition for the loan/credit disbursements. Business plans should be developed in close interaction with prospective buyers.

To give producer organizations an opportunity to participate as AAs, they will not compete directly with other private sector AAs in the selection process. Producer organizations with potential will be encouraged to participate as AAs. Weaker producer groups will participate as FFs in alliance with an AA, and they will receive TA in organizational and institutional strengthening to help them become an AA in the future.

Specific items and activities that the project will co-finance for the participating AAs through the matching grants would include: (i) investments in equipment (transport, office, ICT tools/mobile applications, cold storage, product processing, and so on) and infrastructure (such as storage/warehouse and cold chain facilities); and (ii) TA and training (for example, in logistics, storage, marketing, agronomy, accounting, financial literacy, food processing, machinery, packaging, labelling, traceability, quality control, and food safety and hygiene). This matching-grants for the AAs would have a maximum of \$120,000 for productive investments and a maximum of \$20,000 for specific technical assistance.

For the allied FFs, the project support will include: (i) vouchers to cover a major part of the investments by farmers, such as equipment for land preparation and harvesting, irrigation infrastructure (including rainwater harvesting structures and pressured irrigation, greenhouses, tunnels, hydroponics, aquaponics, and so on), as well as investments for fishermen to improve capture capacity (boats and fishing implements), logistics, temporary cold storage, and others; and (ii) free of cost general training, and extension services to be provided by FAO in collaboration with the respective Ministry of



Agriculture, related to among others good production practices, modern and improved technologies, climate-smart agriculture, post-harvest handling, and financial literacy as well as more specialized TA provided by other TA providers.

The mechanisms to finance subprojects will be different for AAs and FFs:

- (i) **For AAs:** The procurement of investment items included in the Subproject will be undertaken by the AAs for small works, goods, and consulting and non-consulting services under a threshold (set to US\$50,000). The procedures, contract forms, and thresholds to be followed by the AAs are included in the POM, which will include the rules for the procurement to be undertaken under the project. Above the specified threshold, all procurement for the AAs will be undertaken by the PCU. In addition, the PCU will have a fiduciary control function of the procurement undertaken by the AAs as further described in the POM. At the same time, the PCU will provide TA and support to improve the procurement capacity of the AAs. Under this proposed mechanism, each beneficiary AA will receive funds in a specific bank account opened by the AA for its exclusive use while implementing the subproject. The counterpart funds from the AA are expected to be deposited in the same specific account as a precondition for disbursing loan/credit funds, which will be sequenced in line with physical progress in accordance with the Subproject Agreement and the related schedule in the Subproject Procurement Plan.
- (ii) **For FFs:** The project will build on the previous successful experience under the Grenada Small Farmer Vulnerability Reduction Project and use a voucher mechanism to provide financial assistance to FFs. The investments to be supported by the sub-grants will be partially financed by vouchers issued by the PCU in the name of the benefitting FFs (in accordance with the terms of the respective business plans and the corresponding Subproject Agreement). The FFs will use these vouchers to complement their own funds in purchasing a specific item, confirmed and approved by the PCU, from a local supplier identified beforehand from a list of approved suppliers to be prepared by the PCU. The maximum allowed for each individual beneficiary FF will be \$8,000 and for a total of \$120,000 for all the FFs in a single Subproject. In addition, the FFs will receive free general training and extension services from FAO in collaboration with each Ministry of Agriculture and more specialized TA from other TA providers directly procured by the PCUs

The Technical Assistance Agreement to be signed between both countries and FAO to be financed under the Project will include necessary technical support to: (i) implement a training program aimed at increase capacity of all participating AAs and FFs in the implementation of their business (including technical aspects, financial management and accounting, legal and environmental aspects of their businesses, market analysis and promotion campaigns, certification procedures and export requirements, market logistics, etc.); and (ii) support to the PIU to put in place a technical supervision and implementation support system capable of following up the implementation of the Business Plans making sure it is following the approved Plan and detect real or potential issues that could compromise the expected results of the Plan or its effectiveness.



Component 3: General Agricultural Services and Enabling Environment (Grenada: IBRD US\$0.53 million; SVG: IDA US\$0.32 million)

The objective of this component is to strengthen general agricultural public services directly linked to the subprojects described in Component 2 and needed to enhance the probability of success. It will also support the strengthening of the overall enabling environment needed for the sustained development of the business enterprises with potential competitive advantages, locally and internationally. Specific activities that the project will finance may include: (i) activities to improve and increase the availability of key inputs required for the adoption of more productive technology (such as quality seeds, seedlings, and planting materials traditionally provided by MoA to farmers for the products supported in Component 2); (ii) organization of trade fairs and study tours, or facilitation of participation in those events; (iii) strengthening agricultural public extension service providers' capacity and effectiveness to acquire knowledge and skills to support the effective adoption of technology by agricultural and fisheries beneficiaries and the implementation of their business plans, as well as improvements in information dissemination and communication technologies to reach a broader audience in the sector; (iv) technical studies to generate new knowledge in key aspects of competitiveness, including market studies, analysis of new potential value chains, enabling environment, competition reforms, agro-food logistics, and food safety requirements and quality standards (including legal framework) and related technical skills; and (v) improvements in public infrastructure considered essential for the promotion of adequate internal distribution of produce, reduction of post-harvest losses, establishment of modern food safety mechanisms, as well as cold storage at key exit points for perishable agricultural exports (e.g., at the port or airport). The Caribbean Growth Forum will be a good platform to undertake public-private dialogue for some of these activities.

The project will provide financing from the credit proceeds to the respective borrower's PCU and PIU for investments in goods, civil works, consulting and non-consulting services, training, agricultural inputs and operational costs (travel, per-diem, etc.) to cover the costs associated with these activities. At the same time, the TA Agreement with FAO will include technical support for the implementation of activities under (iii) described in the previous paragraph.

Finally, component 3 will contribute to generate climate change co-benefits in two main areas: (i) adaptation, by supporting research & development, dissemination and introduction of practices and techniques more resilient to climate variability, new irrigation management systems, promoting the incorporation of these techniques into public extension services and promoting the exchange of information among beneficiaries; and (ii) mitigation, by conducting basic research as well as introduce new technologies that reduce GHG emissions in crop production and fisheries, as well as promoting adoption of new systems increasing carbon sequestration (see section IV. G).

Component 4: Project Management, Monitoring, and Evaluation (Grenada: IBRD US\$0.66 million; SVG: IDA US\$0.60 million)

The objective of this component is to ensure effective project implementation, monitoring of activities, and evaluation of the project. The project will finance goods, consulting and non-consulting services, training and incremental operational costs to the PCU and the PIU for expenditures related to the



project activities, including: (i) project coordination and management; (ii) monitoring, evaluation, and impact assessment; (iii) fiduciary administration, accounting and financial/technical audits; (iv) safeguards management; and (v) a citizens' engagement mechanism.

E. Implementation

Institutional and Implementation Arrangements

Overall implementation responsibility. In each country, a Steering Committee will be formed by representatives of the relevant government ministries and the private sector, to provide overall guidance and support for project implementation and ensure proper inter-institutional coordination. This committee will approve the annual Project Operating Plans and requests for budgetary allocations, and it will provide opinions on possible restructuring or adjustments in the project's approach, methodology, and focus.

Overall responsibility for financial management (FM), procurement, and safeguards for the proposed project will rest in the existing PCU in each country. In Grenada, the existing PCU is located in the Ministry of Finance, Planning, Economic Development, Trade, Energy, and Cooperatives (MoF) and has been executing Bank-financed operations for several years. In SVG, this unit is located in the Public Sector Investment Program Management Unit (PSIPMU), which is based in the Ministry of Finance and Planning (MoFP) and has also executed Bank-financed operations for several years. FM, procurement, and safeguards assessments of the PCUs were completed at appraisal to determine any needs for further strengthening of these functions under the project, either by providing additional staff or contracting consultants to efficiently implement the fiduciary and safeguard aspects of the proposed project.

Overall responsibility for technical implementation will rest within the line ministries of agriculture, through a small PIU in each country. In principle, each of these PIUs will consist of at least a Project Manager and an Agribusiness Monitoring and Evaluation Specialist. The PIU will be responsible for (i) coordinating and implementing all Project activities, including with relevant agencies and beneficiaries, as specified in the Project Operations Manual ("POM"), (ii) ensuring that the requirements, criteria, policies, procedures and organizational arrangements set forth in the POM are applied in carrying out the Project, (iii) preparing all Project implementation documents, including Project reports, and (iv) monitoring and evaluating the Project. Very close collaboration between the PIU and the PCU will be crucial.

Technical Assistance (TA). The main focus of this TA is to support the preparation and implementation of effective and sustainable business plans at the FF and AA levels and to strengthen the capacity of the respective ministries of agriculture to deliver the services needed to improve production and competitiveness. The TA services, together with the investments included in the business plans (for AAs and FFs), are the two main pillars of the project, complementing each other and aiming to achieving the development objectives. The project, through each PCU, will enter into a contractual agreement with a technical service provider to receive specific assistance and guidance in key aspects of project implementation. The two recipient governments have proposed the option of engaging a single service



provider covering all main phases of the business plan cycle (from identification to implementation), ensuring a consistent approach and methodology. The two governments have officially requested that FAO serve as the sole technical service coordinator, given the organization's long engagement with both countries and its presence in the region, as well as its worldwide experience with agriculture. The main areas of TA to be covered through this TA Agreement are:

(a) **General training for the elaboration of Business Proposals and TA to support AAs and FFs of selected Business Proposals with the preparation of detailed Business Plans.** More specifically, FAO would: (i) provide general training on how to elaborate business proposals to all the stakeholders involved; and (ii) for those with selected Business Proposals, support aggregators and agro-processors, their allied farmers and fishermen, as well as buyers in the preparation of their respective Business Plans. This business line would fall under Component 1 of the Project.

(b) **General training to all selected FFs and AAs.** FAO would provide general training to all FFs and AAs participating in approved Business Plans, such as good agricultural practices, financial literacy, basic marketing and logistics, food quality and safety, certification requirements for local/foreign markets, administration and management, accounting and finances, manufacturing processes, etc. This business line would fall under Component 2 of the Project.

(c) **General Supervision of the implementation of approved Business Plans.** FAO would provide follow up and support all the AAs and FFs to ensure the approved Business Plans are implemented correctly and effectively and would identify issues that could constraint the achievement of its intended results. This business line would also fall under Component 2 of the Project.

(d) **Strengthening public extension services of the Ministry of Agriculture.** FAO would provide assistance for strengthening MoA's agricultural extension services, mainly through: (i) providing training to public sector staff in modern agricultural production technologies and introduction of climate smart measures; and (ii) working together with the field extension agents providing hands-on training to provide TA to the FFs and AAs participating in the Business Plans supported under the proposed Project. This business line would fall under Component 3 of the Project.

Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Environment Under Component 2, the Project would co-finance aggregators' investments such as transport, storage, post-harvest, cold chain facilities, ICT tools and mobile applications, equipment, infrastructure, or energy-saving technologies; and for allied producers, investments such as equipment for land preparation and harvesting, irrigation infrastructure including rain water harvesting, greenhouses, tunnels, hydroponics, and aquaculture. Technical assistance, training, and extension services would also be provided for storage, marketing, agronomy, accounting, financial literacy, food processing, machinery, packaging, labeling, traceability, quality control, or food safety and hygiene; and good agricultural practices, modern and



improved technologies, climate smart agriculture, post-harvest handling or financial literacy. The investments could take place anywhere in Grenada or in Saint Vincent & the Grenadines. While the prime agricultural lands are in relatively flat lying areas, fairly steep areas are routinely cultivated and therefore erosion control is of concern and was incorporated into the ESMF through extension services training for best management practice. Pest management is also being improved through other World Bank projects in the region and lessons learned will be applied to this Project. Processing or storage facilities could be located in non-agricultural lands, and will apply lessons learned in other projects in the region. Social The final design and location of sub-project sites will be defined during project implementation. Some of the physical characteristics of relevance to social safeguards analysis would include: population density, patterns of land ownership, livelihood activities, and presence of vulnerable populations. Once specific sub-project sites are known, a screening of potential social risks and impacts will be conducted, where needed. Given that some investments under Component 2 may lead to involuntary resettlement impacts, a Resettlement Policy Framework (RPF) was prepared to guide the application of the Operational Policy (OP) 4.12 requirements. The RPF guides the resettlement objectives and principles, organizational arrangements and funding mechanisms for the preparation of the Resettlements Plans (RPs) to be carried out during Project implementation.

G. Environmental and Social Safeguards Specialists on the Team

Silvia Del Pilar Larreamendy Ricardo, Michael J. Darr

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The World Bank Safeguard Policy OP 4.01 for Environmental Assessment (EA) is triggered, and after analysis of the Project and its components it was determined that it falls under Category B, due to minor to moderate potential negative impacts from agricultural production, food processing, aquaculture, livestock rearing, and other related activities. The details of individual subprojects are not yet known, therefore an Environmental and Social Management Framework (ESMF) has been prepared for both recipient (Grenada and SVG), using examples from other World Bank OECS regional projects. A consultation/workshop was held during the pre-appraisal mission in late October



and early November and the ESMF has been disclosed in country for comments. A final version has been disclosed on InfoShop on January 24, 2017, and in country on February 22, 2017 in Grenada and on March 2, 2017 in SVG.

The ESMF includes guidance for screening of simple subprojects (such as washing and sorting facilities) that can use standard mitigation measures already detailed in the ESMF, as well as identification of more complex subprojects (such as large agro-processing facilities) or subprojects in sensitive areas (such as mariculture or seafloor harvesting projects) that would require additional assessment during implementation to prepare comprehensive environmental management plans as needed. For simple subprojects and small producers, the ESMF includes a condensation of World Bank Group Environment Health and Safety (EHS) Guidelines for reference as a generic environmental management plan. Additional consideration is given to pest management, water supply, fertilizer use, mixed cropping (or rotation), soil conservation, and erosion control, since these are common issues in agricultural projects in the OECS. Complex subprojects will require individual design reviews and due diligence for emissions and discharges, labor practice, and other environmental and safety aspects.

Natural Habitats OP/BP 4.04

Yes

The Project will screen out and exclude any subproject works that would involve clearing of new land for agriculture; however, during Project preparation it was decided to trigger the policy as a precaution to ensure that any affected natural habitats are adequately protected, because some of the project sites may take place near parks or protected areas, or may potentially affect lands that meet the definition of natural habitat.

Forests OP/BP 4.36

No

The Project will categorically screen out and exclude any clearing or effects on forest lands.

Pest Management OP 4.09

Yes

The Pest Management Policy (OP 4.09) was also triggered as a precaution, because pesticide use is a necessity in agricultural activities in the region. The ESMF promotes Integrated Pest Management as standard practice, and a screening mechanism is



		included in the ESMF to determine if there are any subprojects with significant pest management issues; if so, then a separate Pest Management Plan will be required to ensure that these materials are well managed for those subprojects.
Physical Cultural Resources OP/BP 4.11	Yes	This policy was triggered as a precaution to ensure that any "chance finds" or other physical cultural resources during excavation or other earth-moving activities are adequately protected.
Indigenous Peoples OP/BP 4.10	No	Policy OP/BP 4.10 is not triggered. In the context of preparation of other OECS regional projects in Saint Vincent and Grenada, screening, background research, and consultations were conducted by the World Bank to determine whether Indigenous Populations were present in the project area. These screening activities confirmed that while populations who claim historical indigenous heritage do exist in the OECS (in the area of Sandy Bay, Saint Vincent), these groups do not have distinctive customary cultural, economic, social or political institutions that are separate from the dominant society and culture. Nor do they have an indigenous language different from the official language of Saint Vincent (English). Therefore, it was concluded that this community does not retain the minimum characteristics necessary to claim indigenous group affiliation under Bank Policy OP/BP 4.10.
Involuntary Resettlement OP/BP 4.12	Yes	The designs of individual subprojects are not yet known, however, some investments for aggregators (for example: transport, storage, cold chain facilities, infrastructure) and allied producers under Component 2 may lead to involuntary resettlement/land acquisition, affecting land or livelihoods. Therefore, OP 4.12 is triggered and a Resettlement Policy framework (RPF) was developed to guide the application of the OP 4.12 policy requirements. No project funds will be used for land acquisitions. In case land acquisition is needed, it would have to be entirely and directly financed by the concerned beneficiaries. Activities that could involve involuntary resettlement will be avoided, nevertheless a RPF has been elaborated as a precautionary measure. The RPF clarified resettlement objectives and principles, organizational arrangements and funding



		mechanisms to be prepared and implemented if any safeguards tools (e.g. Resettlement Action Plans) are required during project implementation. The RPF was prepared and disclosed and consulted prior to Project appraisal.
Safety of Dams OP/BP 4.37	No	Improvements of canals or water conveyance systems are not envisioned and will be excluded in the EMF screening criteria.
Projects on International Waterways OP/BP 7.50	No	This policy should not be triggered since the Project will not finance activities involving the use or potential pollution of international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The Project will categorically screen out and exclude any projects in disputed areas.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

Environment:

Two of the main issues identified during Project preparation are the management of pesticides and the potential for soil erosion. Both issues are prioritized in the Environmental and Social Management Framework (ESMF) through the promotion of best management practices. Another potential issue relates to discharge and permitting for large agro-processing facilities; these are also identified in the ESMF and would require additional studies as needed during implementation.

The long-term environmental impacts would largely be positive through improved agricultural practice, among small farmers and larger co-ops and agro-processors. There are no large scale, significant and/or irreversible impacts anticipated from the Project.

Social:

Social impacts addressed in the ESMF, are related to potential involuntary resettlement which are not expected to be significant. Other project's potential impacts are associated with aggravation of social exclusion among disadvantaged farmers and fisherman. The ESMF provide guidelines for screening business plans and subproject sites and for undertaking full social assessments, if needed, to analyze social impacts and risks, including but not limited to land acquisition/resettlement/economic displacement. Social assessment identifies population density, patterns of land ownership, and defines the establishment of mechanisms to screen for farm and rural larceny; determines the presence of vulnerable segments of the population in the Project area, including women, poorest smallholders, as well as young farmers under the age of 40, to ensure their participation and share in Project benefits (including in training and extensions services).



Most works contemplated will involve temporary impacts, and potential land acquisition and/or resettlement associated with construction activities, as per the OP4.12. and estimated social impacts on affected people are estimated as low and temporary. The Resettlement Policy Framework (RPF) ensures the mitigation and compensation of involuntary resettlement. The RPF guides the preparation of Resettlement Plans (RPs) during implementation. Regarding potential impacts on vulnerable population for assuring the inclusion of less advantage FFs and AAs, the Project's PA participative approach will be implemented.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: The long-term environmental impacts would largely be positive through improved agricultural practice, among small farmers and larger co-ops and agro-processors. There are not indirect or long term social impacts estimated in the Project area.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Environment:

The ESMF includes guidance to avoid clearing new agricultural lands, and exclusions of effects on natural habitat or forests. Otherwise the Project alternative analysis is not relevant with regards to environmental aspects.

Social:

In order to avoid and minimize land acquisition and define the mitigation and compensation measures needed when land acquisition is unavoidable, the Project has prepared an RPF that will guide the preparation RPs in the implementation phase. The RPs will define the specific alternatives for each sub-project to minimize and compensate social impacts.

Fostering social inclusion will be addressed by a productive alliance (PA) tool that aims at targeting established producer groups and value chains, supporting the inclusion of disadvantaged groups and building broader alliances with state agencies and/or municipalities. The proposed project approach is based on the PA methodology, adapted to the OECS context and reflecting lessons learned from similar projects, with the objective of improving the access of small farmers and fishermen (FFs) to markets and increasing their productivity and income. Business plans developed under the Project will allow these individuals to upgrade their production, capacities, and skills. Project activities are defined to ensure access and opportunities for vulnerable beneficiaries, and capacity building under the Project will be tailored to the demands and interests of small producers, different age groups, and women.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The Project Coordination Units (PCUs) will be responsible for oversight to ensure safeguards policies are followed, and their capacity will be strengthened by sharing of PCU staff dedicated to environmental safeguard resources among other World Bank projects. The Ministries of Agriculture will be responsible for technical project management through Project Implementation Units (PIUs) and will coordinate with the PCUs, as well as directing the liaison with beneficiaries on the field level with extension officers. Finally, technical training including best environmental practice and business plan preparation will be provided by academic partners, NGOs, and/or consultants who will be contracted to support the Program. Safeguards assessments of the PCUs will be completed prior to appraisal to



determine any needs for further strengthening these functions under the project, either by providing additional staff or contracting consultants to efficiently implement the safeguard aspects of the proposed Project.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Key stakeholders of the proposed project include: (i) small-scale farmers and fishermen (FFs), either individually or organized in associations, cooperatives, or similar formal organizations with legal standing, or in the process of obtaining legal status, and (ii) aggregators and agro-processors (AAs), such as producer organizations, lead farmers, wholesalers, traders, and industrial agro-processors. Equally important, the project will support the participation of the rural private sector, including new suppliers. Workshops with key stakeholders were held in the pre-appraisal mission (Oct.-Nov. 2016) including the Ministries of Agriculture, the extension officers, other relevant government agencies, and potential beneficiaries (agro-processors, coops, and individual farmers). Disclosure of the draft ESMF was done by posting on the government website and targeted e-mailings to key stakeholders to solicit feedback.

Comments were addressed and evidence of consultation and disclosure was included in the final ESMF. If any sensitive or complex projects are identified during screening (such as large agro-processing facilities, mariculture or seafloor harvesting projects) which would require additional assessment and/or permitting, then the appropriate consultations would be done during implementation. A project-level Grievance Redress Mechanism has been developed by the Social Specialists at the PCUs to provide a way for project affected people and communities, as well as members of the public to lodge complaints and/or request information about the Project. Once subprojects' sites are known, the social specialists will undertake community consultations to provide beneficiaries and stakeholder communities with information about the subproject and to elicit feedback on subproject activities and design.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank 20-Jan-2017	Date of submission to InfoShop 24-Jan-2017	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
--	---	--

"In country" Disclosure

Grenada
31-Oct-2016

Comments

A revised version of the ESMF, which includes the Physical Cultural Resources (OP/BP 4.11) has been disclosed on February 22, 2017. The link is: http://www.gov.gd/egov/docs/publications/ESMF_AGRICOM_Jan20_2017.pdf

St. Vincent and the Grenadines
20-Jan-2017

Comments

A revised version of the ESMF, which includes the Physical Cultural Resources (OP/BP 4.11) has been disclosed on



March 2, 2017. The link is: http://planning.gov.vc/planning/images/stories/pdf/esmf_agricom_jan23%202.pdf

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank

20-Jan-2017

Date of submission to InfoShop

24-Jan-2017

"In country" Disclosure

Grenada

20-Jan-2017

Comments

http://www.gov.gd/egov/docs/publications/RPF_AGRICOM_Jan20.pdf

St. Vincent and the Grenadines

20-Jan-2017

Comments

http://planning.gov.vc/planning/images/stories/Central_Planning/rpf_agricom_jan20.pdf

Pest Management Plan

Was the document disclosed prior to appraisal?

NA

Date of receipt by the Bank

Date of submission to InfoShop

"In country" Disclosure

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.

If in-country disclosure of any of the above documents is not expected, please explain why:

During Project implementation if subproject-specific safeguards instruments, (Environmental Impact Assessments (EIAs), or Resettlement Action Plans (RAPs) are required, specific stakeholders will be identified and public meetings will be conducted to enable the reflection of stakeholder concerns in project design. These requirements will be incorporated into the TORs for EIAs. In the case of land acquisition, Project Affected People (PAP) will be consulted in



the whole sub-projects' cycle, involving design and implementation, as well as on the establishment and implementation of Grievance Redress Mechanisms. Advanced public notifications will inform PAPs, whom if necessary, will be compensated prior to works. Relevant line ministries will assist the respective PCUs in these efforts.

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

NA

OP 4.09 - Pest Management

Does the EA adequately address the pest management issues?

Yes

Is a separate PMP required?

NA

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?

NA

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

OP/BP 4.12 - Involuntary Resettlement



Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

No

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

NA

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

CONTACT POINT

World Bank

Eli Weiss
Senior Rural Development Specialist

Borrower/Client/Recipient

St. Vincent & the Grenadines



Grenada

Implementing Agencies

SVG - Ministry of Economic Planning, Sustainable Development, Industry, Information and Labour

Laura Anthony-Browne

Director of Central Planning

lanthony-browne@svgcpd.com

Grenada - Ministry of Finance & Energy

Kim Frederick

Permanent Secretary

Kim.Frederick@gov.gd

SVG - Ministry of Agriculture, Forestry, Fisheries and Rural Transformation

Raymond Rayan

Permanent Secretary

rayjoel3163@hotmail.com

Grenada - Ministry of Agriculture, Lands, Forestry, Fisheries and Environment

Merina Jessamy

Permanent Secretary

merina.jessamy@gov.gd

FOR MORE INFORMATION CONTACT

The World Bank

1818 H Street, NW

Washington, D.C. 20433

Telephone: (202) 473-1000

Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):

Eli Weiss



Approved By

Safeguards Advisor:		
Practice Manager/Manager:	Garry Charlier	13-Mar-2017
Country Director:	Sabine Hader	13-Mar-2017

Note to Task Teams: End of system generated content, document is editable from here.