



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

Concept Stage | Date Prepared/Updated: 28-Sep-2018 | Report No: PIDISDSC25618

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

Country India	Project ID P168999	Parent Project ID (if any)	Project Name West Bengal Accelerated Agriculture Transformation Project (P168999)
Region SOUTH ASIA	Estimated Appraisal Date Sep 23, 2019	Estimated Board Date Dec 12, 2019	Practice Area (Lead) Agriculture
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Department of Agriculture	

Proposed Development Objective(s)

To enhance the competitiveness of key agri-value-chains for increased value-added and market access; benefiting producers and agri-entrepreneurs in West Bengal.

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

Total Project Cost	430.00
Total Financing	430.00
of which IBRD/IDA	300.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	300.00
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Non-World Bank Group Financing

Counterpart Funding	130.00
Borrower	130.00



Environmental Assessment Category

B - Partial Assessment

Concept Review Decision

Track II-The review did authorize the preparation to continue

B. Introduction and Context

Country Context

1. India is one of the world's fastest-growing economies and well poised for a transition to a higher and more widely shared level of prosperity by 2047—the centenary of independence. Already the third largest economy in the world in purchasing power parity terms, India is expected to grow at over 7 percent per annum¹, with aspirations for a possible 8 percent growth per annum in the coming years. To achieve its growth aspirations, India needs to overcome certain persistent constraints. First, growth will need to be sustained, but in a more resource efficient manner, given the country's low per capita natural resource endowment and the impacts of climate change. Second, growth will need to be inclusive to maximize utilization of the country's human resources and address inequality. Third, the country will need to strengthen the effectiveness of the public sector especially in delivering services and enabling the private sector to thrive and drive economic growth.

2. Agriculture, a vital sector in India's economy, needs higher growth², efficiency and resilience. Contributing about 16 percent to GDP, the agrarian footprint is visible in every corner of the country. Most of the country's water (90 percent) is used for irrigation, much of the land (61 percent) is used by the sector, and a large section of people (49 percent) work in the sector. Still, agriculture's share in output has fallen steadily, while its consumption of inputs (including water withdrawals) has steadily increased and its share in employment has declined only modestly. In addition, the current agri-food supply chain is not sufficiently developed to take advantage of the changing consumption patterns of a growing middle-class in search of a diverse and nutrient-rich foods. Rightly recognizing this paradigm, the Government of India's (GoI) development agenda³ for agriculture focuses on seven goals: growth; stability; efficiency; food and nutrition security; food safety; sustainability; and increasing farmers income. GoI further emphasizes⁴ higher attention to the eastern region⁵ of the country which is well-endowed with natural resources (fertile soil and ample water) and contributes about 40 percent of the overall production of food grains in India. West Bengal, with its large production base, robust infrastructure and strategic location in this region will be the key anchor to drive this national goal and to unlock regional growth and prosperity.

3. A fundamental shift is required towards a market-driven, higher value-added and resilient agriculture for enhanced producer income and better jobs. Currently, the sector is only sluggishly and sporadically responding to the emerging demands of a wealthier urban consumer base for high-value and nutrient-rich foods. For this to happen, the farmers and agri-entrepreneurs need access to information and decision tools to select crops and manage them better to meet the changing consumption patterns of the middle class and tap into global market opportunities. Moving producers to a higher value-added and resilient agriculture (including better post-harvest management and food safety systems) will

¹ The registered growth is driven primarily by robust private consumption, a resilient services sector, and a revival in some industrial activities.

² Refer pp85 of the Economic Survey 2017-18. http://mofapp.nic.in:8080/economicsurvey/pdf/082-101_Chapter_06_ENGLISH_Vol_01_2017-18.pdf

³ http://www.niti.gov.in/writereaddata/files/document_publication/Annual-Report-English.pdf

⁴ http://niti.gov.in/writereaddata/files/document_publication/RAP3.pdf

⁵ Assam, Bihar, Chhattisgarh, Jharkhand, Odisha, eastern Uttar Pradesh and West Bengal



require the government to shift from being a direct market participant to becoming a catalyst and enabler for free markets operating under an agribusiness paradigm. Global experience suggests that an increasing agribusiness-to-agriculture ratio has been an important driver of poverty reduction and generating better jobs, as illustrated by the experiences of Urbanized countries. India can expect similar benefits by transitioning to agribusiness.

C. Sectoral and Institutional Context

4. West Bengal enjoys sufficient comparative advantages to tap into agribusiness development opportunities.

Ranked sixth among Indian States in terms of state gross domestic product, West Bengal contributes more than 8 percent to the national food basket with only 3 per cent of the cultivable land resources in the country. The State is endowed richly with fertile land, diverse climate, water resources, strategic location and human capital. Enabled by its high cropping intensity (186 percent which is third after Punjab and Tripura), the State leads in the production of rice and jute and is a leading producer of vegetables, fruits, floriculture, ornamental plants, meat and fish. Substantial marketable volumes of several commodities – vegetables, potato, rice, pineapple, flowers, and meat - once steered well towards profitable domestic and international markets, can significantly boost sectoral growth and producers' incomes and the overall economy of the State.

5. West Bengal is uniquely placed to reap benefits of the national and international trade-corridors and to stimulate regional growth.

West Bengal stands to benefit from India's strategic plans to expand connectivity to the North Eastern States and further to ASEAN countries, backed by its 'Look East' policy. The State serves as a gateway to countries which are part of the regional initiatives (including the BCIM⁶ corridor, the BIMSTEC⁷, the Asian Trilateral Highway and the BBIN-MVA⁸) for trade and economic development. Further, the strong logistic linkages with Bangladesh leveraging multiple routes (sea, inland rivers and road) offer additional trade opportunities. The State benefits from the Eastern Dedicated Freight Corridor (EDFC), on which Kolkata is the last destination with two sea ports. This edge in regional connectivity lends West Bengal comparative advantage in developing agri value chains and accessing profitable markets for income growth of producers.

6. West Bengal will have to create a conducive environment for market-oriented production and harnessing its agribusiness potential.

The State has undertaken several initiatives recently to improve market access (through establishment of farmers markets and improving market infrastructure), facilitate forward and backward linkages and implement market reforms⁹ towards efficient functioning of supply chains. To improve delivery of extension services and outreach, the State has promoted an ICT enabled agri-extension service viz. "Matir Katha"¹⁰. However, unorganized producers, fragmented supply chains, lack of sufficient market orientation, lack of advisory and infrastructure support to ensure consistent quality and standards undermine the efforts for linking producers with profitable markets. Further, the low penetration of institutional credit¹¹ to producers (about 32 percent producers with credit access) in the State restricts adoption of modern technology and inputs. Inability of the local producers to tap into attractive economic opportunities can be attributed to market failures such as inadequate information (specifically market intelligence) and public goods

⁶ Bangladesh-China-India-Myanmar (BCIM) Corridor links 'Kolkata', the capital of West Bengal, with 'Kunming', the capital of China's Yunnan province, passing through Myanmar and Bangladesh, with Mandalay and Dhaka among the focal points

⁷ Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a regional group of countries in South Asia and South Asia that depend on the Bay of Bengal

⁸ Bangladesh, Bhutan, India and Nepal Motor Vehicle Agreement (BBIN-MVA) signed in 2015, an umbrella agreement prepared along the European Union pattern, focuses on increasing transport options and ultimately boosting the regional economy.

⁹ Such as the amendment of Agricultural Produce Marketing Regulation Act, 1972 (with provision of contract farming, producers' markets and direct marketing etc.) in 2015.

¹¹ Even with a penetration of a good number of MFIs and small banks like Bandhan Bank, in West Bengal has only 34.95 lakh of operative Kissan Credit Card accounts and bank credit to the tune INR 4883 crore (2016-17).



(supply-driven public extension services). These market failures adversely impact the value chain enhancement efforts particularly for value addition and market access, thereby limiting the growth prospects of agribusiness in the State.

C. Relationship to CPF

7. The proposed project is fully aligned with the World Bank India Country Partnership Strategy (CPF: FY18-FY22). It contributes to the two main objectives of the CPF: (i) Promote more resource-efficient, inclusive, and diversified growth in the rural sector (objective 1.1) and (ii) Enhance competitiveness and creating jobs (objectives 2.1 and 2.4). The Project will promote resource efficient growth through value chain development that includes market-oriented production, increased reach to profitable markets, value-addition and reduced wastage. The Project will enhance agribusiness competitiveness by strengthening business ecosystems; promoting service providers for value addition, marketing; and making producers 'market ready'.

8. The proposed project is well embedded in the Government of India and West Bengal's key strategic priorities for agriculture development including: (i) Doubling farmer's income; (ii) Bringing green revolution to eastern India; (iii) National Agriculture Export policy (draft); and (iv) e-National Agriculture Market, Integrated Scheme for Agriculture Marketing, and National e-Governance Plan schemes for strengthen market infrastructure and information.

9. The proposed project is also well positioned to contribute to India's National Action Plan on Climate Change and the State Action Plan on Climate Change¹². Recognizing the latent and profound impacts of climate change on the agriculture sector and food systems in West Bengal, the Project will aim to support strengthening producer's capacity and improve their resilience to economic shocks in general with greater attention to risks emanating from market integration and climate change. Further, the project will advance access to climate smart agriculture technologies and practices and measures to manage such risks. The objective of water use efficiency, including on-farm efficiency, will be largely met through other projects (e.g. Major and Minor Irrigation Projects - with which this Project is well aligned). The rising consumer demand for safer and sustainable agricultural produce (through adoption of Good Agricultural Practices¹³ and other relevant standards emphasizing resource optimization and environmental conservation) will be leveraged to promote eco-friendly farming practices and mitigate the climate change impacts. The market failure in demonstrating the economic benefits of lower residue produce and adherence to SPS measures will be addressed through capacity development and handholding of producers to enable them to experience these benefits firsthand.

PROPOSED PDO/RESULTS

D. Proposed Development Objective(s)

10. The PDO is to enhance the competitiveness of key agri-value-chains for increased value-added and market access; benefiting producers and agri-entrepreneurs in West Bengal.

Key Results

11. The following Key Performance Indicators (KPI) are proposed for measuring the core outcomes of the project:

- a) KPI 1 - Farmers reached with agricultural assets or services with gender segregation (number)
- b) KPI 2 - Value addition: Share of agricultural produce that is processed into high value products (percent)

¹² <http://www.moef.nic.in/downloads/public-information/West-Bengal-SAPCC.pdf>

¹³ Widespread adoption of Good Agriculture Practices (GAP) amongst small grape growers in Maharashtra boosted their competitiveness in international market besides reducing environmental impact.



- c) KPI 3 - Competitiveness: Incremental sales of targeted commodities in domestic and export markets (percent)
- d) KPI 4 - Market access: Number of buyers and volume contracted (number)

In addition, the following indicator regarding citizens' engagement in the Project will be measured:

- e) Degree of satisfaction of project beneficiaries with the quality of services provided by the Project (gender segregated), as a partial measure of citizens' engagement.

E. Concept Description

1. Description

13. The proposed Project will be structured as an Investment Project Financing (IPF) over a six-year period funded by an IBRD loan. It will focus primarily on the value addition and marketing of primary produce in prioritized agriculture and allied sectors namely horticulture (fruits, vegetables, spices, flowers), livestock (meat, eggs and dairy) and aquaculture (high value species), for which the State has sufficient comparative or competitive advantage.

14. The following key binding constraints will be addressed in this Project to strengthen agribusiness development opportunities in West Bengal and thereby contributing to expanding overall regional growth prospects.

- a) Unfavorable environment for agribusiness: Barring the native industrial groups and a few corporates, the business climate of West Bengal is not viewed favorably by private sector companies and other business entities (such as investors, multinationals, startups). Absence of enabling policy environment results in market failures that are visible as inadequate investments in services and resources by market players towards strengthening the agribusiness ecosystem in the State.
- b) Inadequate marketing support systems for farmers: Despite a diverse agro-climate, higher irrigation coverage, strategic location and leadership position in production of several commodities, West Bengal has not been able to tap growth opportunities for its farmers when compared to states like Maharashtra, Punjab and Gujarat. The state continues to be beset by inadequate focus on capacity development of farmers, infrastructure for value addition, food safety, quality standards and logistics, systems for trade and market intelligence, and diversification into profitable markets including export, which limit the economic potential of agriculture sector in the state.
- c) Limited access to institutional finance for value chain actors: Low levels of market integration among producers and agri-entrepreneurs in West Bengal, in addition to typical barriers such as lack of collateral and professional support, limits access to institutional finance. Reduced exposure of formal financial institutions to enterprises and the large segment of producers leads to poor fit in products offered to these disadvantaged segments of the value chain.

The Government of West Bengal is keen to address the above binding constraints through improved systems, stronger institutions, effective business processes and efficient delivery mechanisms. The proposed agri-value chain development strategy of the project is likely to attract private investment and unlock the agribusiness potential of the State.

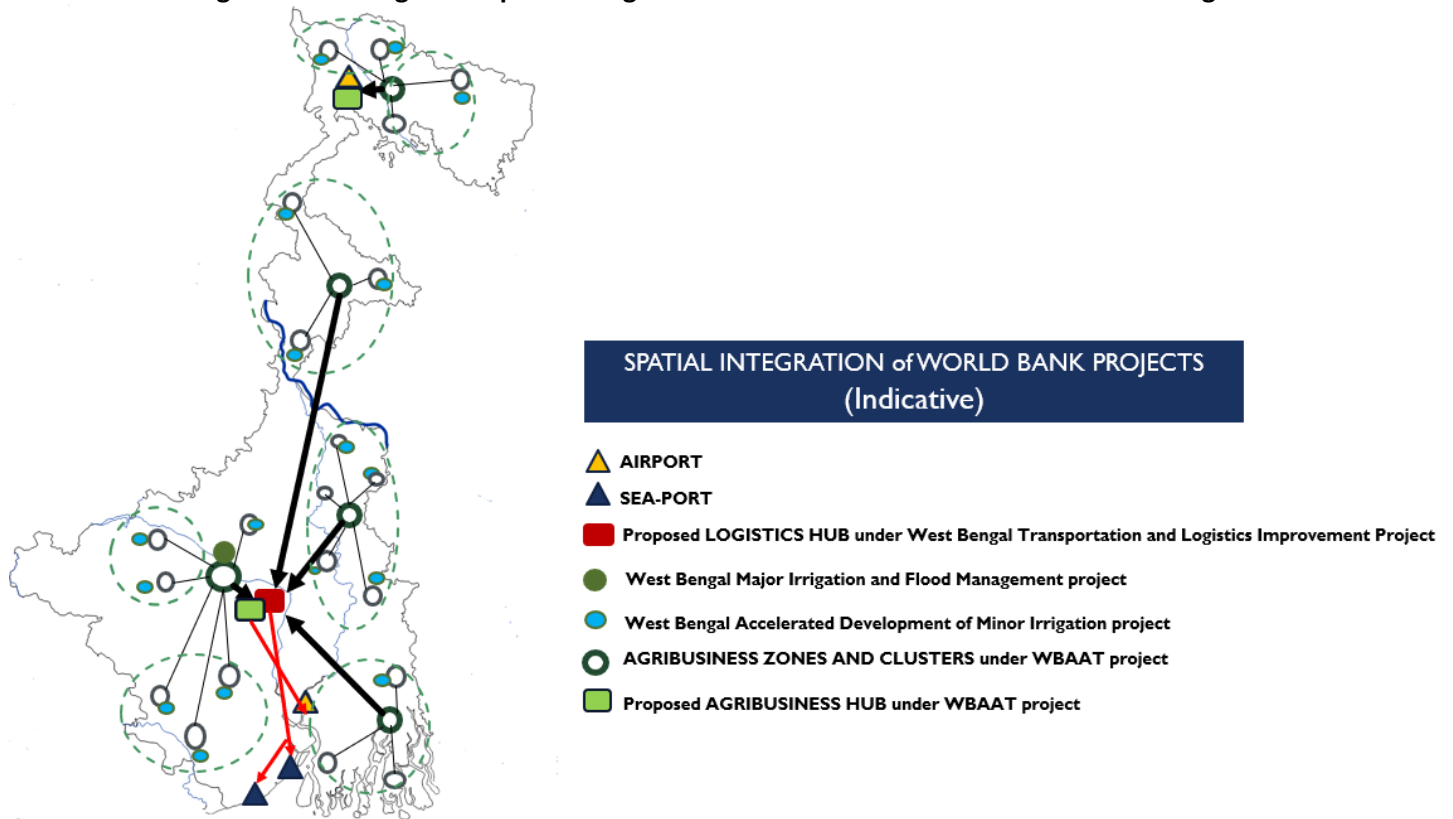
15. The Project will seek to leverage the strategic and spatial integration of the ongoing and upcoming investments of World Bank in West Bengal¹⁴, especially those in the irrigation and logistics domains to foster improved market access

¹⁴ World Bank Accelerated Development of Minor Irrigation Project (ADMIP); World Bank Major Irrigation and Flood Management Project (MIFM); World Bank Logistics Improvement Project (LIP);



and value addition. The project will develop ‘agri-business hubs’ - a platform consolidation center for raw agricultural produce such as fruit, vegetables, flowers, and other key commodities that would enable aggregation, storage, primary and secondary processing, packaging, logistics and distribution. Considering the strategic and spatial integration of Bank supported irrigation projects in West Bengal and the connectivity of remote production areas with the agribusiness hubs, suitable ‘agro-zones’ (large areas with high concentration of targeted commodity), will be identified. Within the agro-zones, ‘clusters’ will be promoted for connecting producers to profitable markets under this Project (see Figure 1 below). The agro zones and clusters, will be prioritized in consultation with the market players and other value chain stakeholders, for ensuring long-term viability of Project investments.

Figure 1: Strategic and spatial integration of World Bank investments in West Bengal



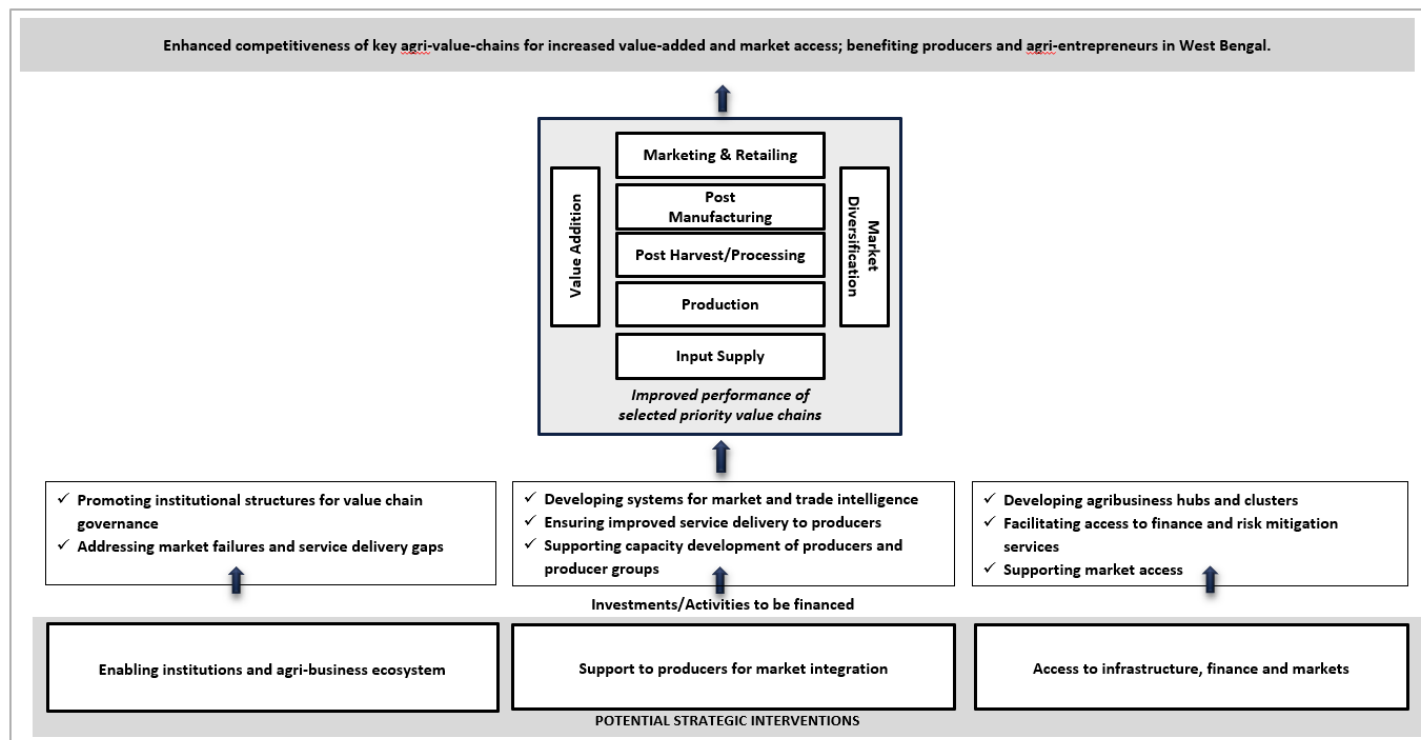
16. Maximizing finance for development: The Project will address key market failures by following a value chain ecosystem development approach¹⁵, which will help to strengthen collaboration and coordination among the stakeholders. Inclusive public-private dialogue and multi-stakeholder governance structures will help in creating an enabling business environment to ensure continuity and predictability of conducive policies for agribusiness development. The project will also improve incentives and reduce private sector transaction costs and risks by investing in aggregation of producers, enhancement of agribusiness infrastructure (goods and works), strengthening food safety systems (certifications and phytosanitary licensing) and capacity development of stakeholders particularly producers and agri-entrepreneurs. This will lead to crowding-in of private sector investments.

¹⁵ <https://worldbankgroup.sharepoint.com/sites/gsg/Agbiz/Documents/future%20of%20food%20paper%204-13-18%20web.pdf>



17. The figure 2 below, illustrates the Project approach, and outlines the planned interventions for enhanced competitiveness of key agri-value-chains through increased value-added and market access; benefiting producers and agri-entrepreneurs in West Bengal.

Figure 2: Intervention logic and results chain



18. Based on the above approach, the Project is designed with three inter-related technical components: (i) Enabling institutions and agri-business ecosystem; (ii) Support to producers for market integration; and (iii) Access to infrastructure, finance and markets. The fourth project component would focus on project coordination, management, monitoring and evaluation, and knowledge sharing.

Component A: Enabling institutions and agri-business ecosystem

19. **A1. Promoting institutional structures for value chain governance:** The objective of this subcomponent is to promote an ‘agribusiness friendly’ policy environment to improve private incentives and reduce transaction costs and risks. This will be achieved by developing institutional structures and mechanisms that favor cooperation and coordination among value chain stakeholders and deepen the private-public dialogue. The Project will support the following mix of activities: (i) reviewing and adapting the current institutional framework to improve its effectiveness and efficiency; (ii) facilitating increased consultations among the value chain stakeholders; for instance, through regular forums to discuss the various constraints of the sector; review and update the sector strategy; develop a shared vision and a harmonized approach to minimize potential conflict and devise mechanisms for coordinating private and public investments; and (iii) strengthening the capacity of key organizations overseeing the sector (both public and private) to provide needed services to their members and to advocate for a more enabling business environment.

20. **A2. Addressing market failures and service delivery gaps:** This subcomponent seeks to develop a strong base of human capital and entrepreneurial capacity for exploiting economic opportunities in the agribusiness sector viz., value



addition and other key support services towards market integration. To this end, the Project will support the following activities: (i) technical assistance (TA) that enables agribusiness support entities (both public and private) to raise the quality of their existing services and create new ones in response to the sector demand; (ii) a capacity-building program to equip beneficiary institutions with requisite capacity; (iii) linkages and partnerships with value chain actors to better meet the needs of local agribusinesses; and (iv) access to finance for upgrading/expanding the scope of services provided by beneficiary institutions. It is expected that this service provision approach will engage local entrepreneurs, to create a catalytic effect in accelerating the agribusiness growth in the State. The project will emphasize inclusion of youth, both men and women.

Component B: Support for market integration of producers

21. B1. Developing systems for market and trade intelligence: Market diversification for improving producer incomes cannot be achieved merely by pushing what is produced but by producing what is demanded by the markets. This subcomponent aims to develop trade and market intelligence systems, which will play a key role across different phases of the market diversification program. The Project will invest in developing SMART (Systems for Market and Trade) intelligence (which will entail both solution building and solution access) and in developing capacities of stakeholders for effective deployment and continued improvement of this system. SMART intelligence will provide producers, policy-makers and other key entities with relevant information and decision support inputs for improving the competitiveness of the primary and value-added produce from targeted production zones. Using the model of Farmer Business Schools¹⁶ (covered under sub-component B3), the Project will aim to get the producers familiarized with the indicative scenarios in which business, economic and policy decisions are made, thus helping them to become 'market ready'.

22. B2. Ensuring improved service delivery to producers: This subcomponent will aim to strengthen the State extension and advisory services (both public and private)¹⁷ that will enable the producers to receive timely services related to production knowledge as well as the range of agricultural development tasks, such as credit, supplies, marketing and markets. The Project will strengthen the capacity of existing public extension agencies particularly improving internal systems for effective inter-departmental coordination; linkages with research and academia; and with private service providers for efficient delivery of extension and advisory services. The Project will also support the private service providers to expand outreach and address financial and non-financial barriers Enhanced uptake of quality-assured services by the producers and producer organizations will strengthen the pre-production and production systems viz., advisory, climate smart technology, inputs, mechanization, irrigation, and production risk management.

23. B3. Supporting capacity development of producers and producer groups: The objective of this subcomponent is to strengthen the capacity of the producers for better management of their farms as a 'business unit' and support them to get mobilized in producer organizations for effective participation in the value chains. This will be achieved by focusing the 'lead farmers' in the clusters; building their entrepreneurial capacity through approaches such as 'Farmer Business School' and 'The Life Long Learning of Producers (L3F) through Mobile Phones'¹⁸; and mobilizing them in appropriate institutional structures. The core areas of training for the producers will include Good Agriculture Practices (GAP), climate smart agriculture, post-harvest management and quality assurance, farm resource management, farm business management, managing production and market risks, pricing, selling and negotiation skills, basic understanding of value chain and market operations and consumer behavior. For effective learning using peer-group approaches, producers will participate in groups which can either be existing producer companies and farmer clubs or be newly developed under the project.

¹⁶ http://www2.giz.de/wbf/4tDx9kw63gma/Giz_Studie%20SNRD_EN_Webversion_150914.pdf

¹⁷ The proposed 'private operators for irrigation services' under the World Bank Major Irrigation Project will be also included to provide higher level services to the producers.

¹⁸ http://siteresources.worldbank.org/INTLL/Resources/Lifelong-Learning-in-the-Global-Knowledge-Economy/lifelonglearning_GKE.pdf



Component C: Access to infrastructure, finance and markets

24. C1. Developing agribusiness hubs and clusters: This subcomponent will develop ‘agribusiness hubs’ to enable the targeted commodities to reach export markets and distant domestic markets through facilities for consolidation, value addition and logistics. The strategic and spatial integration of relevant World Bank projects in West Bengal will inform the identification of potential ‘agro-zones’¹⁹ and ‘clusters’ within these agro-zones, considering the efficiency in transportation to the agribusiness hubs (see Figure 2 above). Experiences elsewhere indicate²⁰ that a multi-stakeholder governance system for steering the management of such facilities (hubs), leads to enhanced development outcomes. Clusters will be linked to the ‘hubs’ for connecting the producers with markets. Appropriate business and market structures such as Producer Companies, Productive Alliances²¹, network enterprises and platform businesses will be promoted in the clusters. Business entities, including producer companies, operating in the identified clusters will benefit from economies of scale and scope which are typically enjoyed by large firms. Establishment of agribusiness hubs and clusters will enable the downstream value chain actors (lead firms, distributors, exporters) cater to the market efficiently and enhance agribusiness growth opportunities. This will also create business opportunities for delivery of value chain services viz., compliance, handling, packaging, storage, transportation within the hubs and clusters.

25. C2. Facilitating access to finance and risk mitigation services: This sub-component will seek to address the barriers for relevant value chain actors (including producer companies, service providers, exporters, lead firms etc.) to access finance from mainstream institutional sources and manage production and market risks. While the concerns of the financial institutions related to promoter’s capacity and intent, market demand, documentation, regulatory compliances, and business handholding assistance will be largely addressed through capacity development activities, this sub-component will focus on the other major requirements of the financial institutions primarily related to promoter’s equity and collateral. Additionally, financial assistance from the Project will be mobilized through setting up an ‘Agribusiness Development Fund’ primarily to provide a basket of financial and risk instruments and support measures to primarily producer companies and other relevant entities. This will address critical barriers to capital (financing, technology, production facilities) and other significant needs of the value chain actors and drive innovations.

26. C3. Supporting market access: Subcomponent C3 will support value chain actors including producer companies to access profitable markets). Suitable partnerships will be facilitated between producers and the market facing players. The Project will promote a range of approaches including contract farming, linkages with integrators and other market channels viz. modern retail, responsible supply chains, organized national markets, e-markets, and exporters. Trade and market requirements such as support infrastructure and systems for Sanitary and Phyto Sanitary (SPS), traceability, and standards-certification will be strengthened. The Project will strategically invest in systems for differentiating the products in destination markets and for strengthening the capacity of value chain actors and the staffs of implementing agencies in marketing aspects by organizing events, exposure visits; facilitating trade conclaves; investing in branding and promotion; and providing critical infrastructure). This subcomponent will enable the producers to come closer to profitable markets (last mile players and consumers) and improve their bargaining power to realize higher returns.

¹⁹ Large areas with high concentration of targeted commodity

²⁰ <http://agriporta7.nl/>

²¹ <http://documents.worldbank.org/curated/en/702681480494322907/pdf/110615-WP-LinkingProducersToMarketsthroughProductiveAlliances-PUBLIC-ABSTRACT-SENT.pdf>



Component D Project Management

27. The Department of Agriculture, Government of West Bengal, will be tasked with the overall management of the Project. The implementing agency will establish a Project Management Unit (PMU), and provision appropriate staffing and operating resources. The Project will plan an ICT based Management Information System (MIS) that will enable the PMU to access project information and data from the field in real-time. ICT will also be used to facilitate the feedback from project beneficiaries on project activities planned/under implementation (citizen engagement) and will be mainstreamed in the project's grievance and redress mechanism. The other areas of investment include monitoring and evaluation and knowledge management.

2. Overall Risk and Explanation

28. The overall risk rating for the proposed project at the concept stage is considered Substantial. This rating is related to the following: (i) Technical design of project which is rated Substantial; the project is promoting innovative approaches of value chain development which involve private sector participation and the development of clusters and agribusiness hubs; (ii) Institutional capacity for implementation and sustainability is also rated Substantial. This is due to coordination challenges of multiple implementation agencies and capacity of the implementing agency (Agriculture Department) which is yet to be assessed; (iii) Fiduciary risks are rated Substantial. A large number of transactions and a significant number of agreements are expected in this project, including the establishment of an Agribusiness Development Fund; and (iv) Environmental and social risks are rated Substantial, especially due to foreseen investments in the agribusiness hubs which may involve land acquisition, relocation of people, labour in-flux, and increased pollution from agri-processing. Mitigation measures will be put in place to deal with these risks, including capacity-building of project actors, ensuring proper inter-departmental coordination mechanisms, and preparation of adequate environmental and social safeguards.

29. Gender. The 2011 census figures list only 32.8 percent women formally as primary workers in the agricultural sector, in contrast to 81.1 percent men. The women are not given due recognition as farmers which hampers their ability to access productive input. Extension services typically engage with male farmers, while ignoring women as it is assumed that women do not manage the farm. The project design and approach will reflect the need for taking into account the gender dimension and risks associated with knowledge and technology transfer. Project will be designed to ensure that it provides equal opportunities for women to participate in project activities. Agricultural technologies, to be promoted will be screened to ensure that they are gender-neutral. Similarly, the identification of lead/contact farmers would be gender balanced.

B. Economic Analysis

1. Briefly describe the development impact in terms of expected benefits and costs

30. The Project will mobilize producers (numbers to be determined at the time of preparation) and connect them to more profitable markets by promoting value addition, higher competitiveness and stronger linkages with market facing players. This will enhance producer income, create job opportunities across value chains and trigger private sector investments in project clusters.

31. The major costs of the Project will include creating enabling business environment, bridging the service delivery gaps in value chains, creating trade and market intelligence systems, improved service delivery to producers, supporting capacity development of producers, developing agribusiness hubs, instituting 'agribusiness funds' and supporting market access. The costs of the project will be based on the number of agro-zones and clusters, number of producers to be



impacted and number of relevant value chain actors to be supported. This will be identified through value chain analytics and stakeholder consultations during project preparation and will be agreed with the Client. The Project costs and detailed cost-benefit analysis will be worked out accordingly.

2. Rationale for public sector provisioning/financing, if applicable

32. The project would support the value addition and market access, in part through public provisioning of goods, services and financing as required for these activities which are still at infant and nascent development stage. It would address market failures and remove/ reduce distortions that stand in the way of these activities. It would strengthen capacity in the agribusiness sector, including building up institutional capacity in the targeted value chains as well as enhancing the capacity of core public services. Project support would include development of enabling environment for agribusiness, strengthening service delivery mechanisms and agri spatial solutions for integrating producers with market through investment in critical infrastructure and support measure for access to finance and markets. The Project would strengthen the capacity of value chain actors including producers for nurturing and expanding the agribusiness ecosystem in the State.

3. Value added of the Bank's support

33. One World Bank led transformation: The project seeks to spatially and strategically leverage the existing and upcoming World Bank investments in West Bengal to usher agribusiness growth in the State. A multi sector approach will be followed in the design, development and delivery of this Project. The complementarity between the World Bank and International Finance Corporation will be leveraged for bringing in lead private sector companies for driving efficiency and innovation in selected Value Chains for enhanced competitiveness, increased value added and market access. The proposed leverage of Bank investments in 'totality', as illustrated above, together with the planned interventions to harness private sector investments for maximizing finance for development will usher 'One World Bank' transformation not only within West Bengal but will also trigger regional growth.

4. Brief description of methodology/scope and next steps

34. General methodology for Economic and Financial Analysis. The economic and financial analysis would determine the viability of project activities from both the private (financial analysis) and the social (economic analysis) perspectives. The analysis from both perspectives is needed, as private and social costs and benefits of agribusiness investments may diverge, owing to: (i) market failures or policy-induced distortions that may bias perceptions by economic actors in agri-value chains; and (ii) negative externalities caused by economic shocks including climate change impacts. Given the uncertainty with regard to future price and production levels (due to the volatility of external markets, and/ or the impacts such as climate change), special emphasis would be placed on risk and sensitivity analysis. The following would be performed: (i) estimates of project profitability for those activities that can be subjected to quantified analysis: gross margin and cash-flow analysis, Net Present Value (NPV), Financial Rate for Return (FRR), Economic Rate of Return (ERR), as well as switching values; (ii) sensitivity analysis of the project's viability and sustainability under differing cost and revenue scenarios; and (iii) summary of the key issues affecting economic and financial returns, including the environmental and social externalities such as the greenhouse gas (GHG) emissions.

35. Socio-economic studies and next steps. Socio-economic studies would be undertaken as part of project preparation with the following objectives: (a) confirm the selection of key value chains based on an assessment of their potential, and taking into account the support provided by other operations; (b) update the inventory of entities potentially eligible for project support in the selected value chains; (c) establish product/ quality specifications for producers and intermediaries based on expectations of downstream players such as traders, industrialists and exporters;



(d) propose value chain organization modalities related to the scale of the project, including identifying needs in individual or collective productive infrastructure; (e) propose rules and financial mechanisms under the MFD approach; (f) identify the most appropriate advisory support modalities, including technical assistance and commercial advice, as part of Productive Partnerships; and (g) carry-out pre-feasibility studies for potential agro-zones. The proposed studies, especially those under sections (d), (e) and (f) would pay close attention to the special challenges faced by women and youth, and other vulnerable groups in agribusiness development.

36. The team will undertake project preparation missions that will include extensive field visits for interaction with key stakeholders, assessment of client capacity and scoping opportunities. The Team will do extensive desk review and if required undertake market analytics to shortlist the value chains. Further in-depth study will be done to identify the common barriers across the value chains, which this transformative project could address. The study findings will be discussed with key industry players and stakeholders to understand the various facets of business climate and supply side issues in West Bengal. The preparation team will also try to capture good practices and lessons from other country/ies in implementing similar projects.

C. Implementing Agency Assessment

37. The Department of Agriculture, Government of West Bengal, will be responsible for implementing this Project. A thorough assessment of this department will be done during the Project preparation particularly for human resources, finance, procurement, environment and social safeguards. Moreover, the Department of Agriculture Marketing, West Bengal Agro Industries Corporation, as well as Department of Food Processing Industries and other related Departments viz., Horticulture, Livestock and Animal Husbandry, Fisheries and Industry Commerce and Enterprises are also likely to play a role in implementation of this Project. The team will assess their implementation capacity, besides developing a suitable institutional mechanism to ensure adequate coordination and collaboration among these departments.

SAFEGUARDS

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

In the ethnographic map of India, West Bengal (WB) occupies an important place, as it is inhabited by substantial number of tribal communities. The tribal communities, with a population of 4.5 million, are found almost all the districts of the State. In 6 districts, tribal population exceeds 10 percent of the total district population. The distinctiveness of each tribe is manifested in its language, social organization, rituals and festivals, and also in their dress pattern, adornments, and art and craft. Tribes in general live in a close relationship with nature and depend on it for their survival. Following the Indian Constitutional provision (Article 342), in West Bengal as many as 40 groups have been categorized, with 3 declared as Primitive Tribal Groups. They live predominantly in the rural areas and their social, cultural, economic, political, and historical characteristics induce not only vulnerability, and often 'excluded' from development interventions. While the project interventions will not affect adversely the tribal, these groups do require special attention for ensuring inclusion and equity.

WB is the only state in India which connect the Himalayas in the north to the Bay of Bengal in the south. West Bengal is one of the most diverse state in India from a physiographical point of view. The Himalayan hill region in the northern extreme of the state is a part of the eastern Himalayan range. The narrow Terai region separates the hills from the North Bengal plains, which in turn transitions into the Ganges delta towards the south. The Rarh region intervenes between the Ganges delta in the east and the western plateau and high lands. A small coastal region is in the extreme south, while the Sundarbans mangrove form the intertidal geographical landmark on the coast. West Bengal is part of the one of the



largest deltas of the world, the entire Gangetic delta is divided into three distinct parts - i) the moribund delta (Murshidabad, Nadiya, 24 Parganas); ii) the matured delta (Portions of 24 Paraganas); and iii) the active delta (Sunderbans and the coastal areas). Hence, it is to be noted that the process of formation of the deltaic Bengal is still on. WB is broadly divided into six Agro-climatic Zones, which fall within three Agro-climatic Regions (Eastern Himalayan Region, Lower Gangetic Plain Region, Eastern Plateau & Hill Region). Because of these diversity, WB possesses both opportunity and risk for the sector and sought special attention.

B. Borrower’s Institutional Capacity for Safeguard Policies

Department of Agriculture (DoA), Government of West Bengal is primarily responsible for the project implementation. A project management unit (PMU) will be set up with the department for project management. Currently DoA has no experience of addressing safeguard issues. However, staffing of PMU will include social development specialist and environmental specialist. As part of capacity building regular training program will be conducted to augment the capacity of PMU staff to address safeguard issues.

C. Environmental and Social Safeguards Specialists on the Team

Parthapriya Ghosh, Social Specialist
Md Istiak Sobhan, Environmental Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>This project will support a range of sub-projects involving research technology demonstration, agricultural extension and value-chain development in crops, livestock and fisheries sectors. While many of these sub-projects are likely to be environmentally benign, some have the potential to cause negative environmental impacts (relating to agro-chemical use, agro-processing waste management, etc.). The project is classified as a “Category B” under OP/BP 4.01 with a partial assessment as the impacts are likely to be small-scale, site specific with no irreversible impacts and mitigation measures can be designed more readily.</p> <p>An Environmental and Social Management Framework (ESMF) will be prepared to provide guidance for environmental and social assessment and management. It will also identify the requirements and responsibilities for preparing Environmental and Social Impact Assessment (ESIA) as a precondition for individual investments that are likely to have high environmental impacts. Since detailed location and</p>



		design information for conducting activity-specific ESIA for some of the project activities will likely be available only during project implementation, the ESMF will define the detailed process for the corresponding consultations, reviews, and clearances.
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	TBD	Preliminary analysis does not yet indicate much impact on natural habitats under OP/BP 4.04. However, this will be reviewed during preparation, once, more location-specific information for the proposed project activities are available. The ESMF will therefore, incorporate information and management guidance on the impact on natural habitats.
Forests OP/BP 4.36	TBD	Preliminary analysis does not yet indicate much impact on forest and forest habitats under OP/BP 4.36. However, this will be reviewed during preparation, once, more location-specific information for the proposed project activities are available. The SMF will therefore, incorporate information and management guidance on the impact on natural habitats.
Pest Management OP 4.09	Yes	The sub-projects supported by the West Bengal Accelerated Agriculture Transformation Project are likely to involve the use of chemical pesticides for pest management. While the project focus on interventions on Integrated Pest Management including organic and biological management, a Pest Management Plan will be developed in order to systematically address, build capacity and monitor the pest management issues in the project.
Physical Cultural Resources OP/BP 4.11	TBD	Policy is triggered on chance find basis. ESA will identify any potential religious and other physical cultural property sites associated with the proposed investments.
Indigenous Peoples OP/BP 4.10	Yes	The tribal communities, in varying concentrations, are found almost in all the districts of the state.
Involuntary Resettlement OP/BP 4.12	Yes	Government of West Bengal will acquire private land at two places (Silligudi near Bagdogra airport and at Balagarh in Bardhaman district. For the Logistics project Govt. has already identified 900acres of land where one hub adjacent to this place will be created.
Safety of Dams OP/BP 4.37	No	Not triggered, as the project has nothing to do with dams.



Projects on International Waterways OP/BP 7.50	No	Project is doing nothing related to water ways directly
Projects in Disputed Areas OP/BP 7.60	No	The project is located in West Bengal which is not a disputed area

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Sep 16, 2019

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 launching of safeguard-related studies will commence soon after the first preparation mission is completed around November 16, 2018 and the project sites get identified. The draft will be ready by September 1, 2019 and finalized before the decision review meeting.

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APPROVAL

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