

Terms of Reference

Training champion coffee and cocoa farmers in Papua New Guinea (PNG) to adopt good agriculture practices (GAP) to ensure compliance with SPS requirements to enhance trade

STDF Project Preparation Grant (STDF/PPG/553)

Background

1. In Papua New Guinea (PNG), the cocoa and coffee sectors are important for the livelihoods of large numbers of farmers and rural households, as well as foreign exchange earnings. The majority of the population (as much as 85% of some 7.2 million people) live in rural areas and depend to a large extent on semi-subsistence agriculture for their living. Agriculture, which accounts for approximately a third of GDP, is dominated by small-holder farmers. Cocoa and coffee are the main cash crops and provide income for over 500,000 households.

2. The cocoa and coffee value chains in PNG face a number of critical and distinct food safety challenges, which influence the ability to access export markets. While these problems vary, not only in the symptoms and possible causes, but also in view of the geographical differences in production areas, in general they encompass the following key issues:

- Ochratoxin-A (OTA) contamination linked to poor farming and post-harvest practices by rural coffee farmers, which compromises the quality of green beans and make them vulnerable to OTA, a toxic fungal metabolite classified as a possible human carcinogen;
- Polycyclic Aromatic Hydrocarbons (PAH) contamination in cocoa beans linked to smoking, heating and/or drying practices. Smoke taint has been raised in successive ICCO reviews and is identified as the major issue preventing PNG beans from being classified as exclusively fine or flavour, which limits access to higher value markets.
- Other food safety, quality and phytosanitary issues, which affect both coffee and cocoa production along the value chain, including pesticide residues related to the heavy reliance on insecticide use to manage cocoa pod borer (CPB) and OTA in cocoa.

3. Cocoa and coffee from PNG is exported to a number of different export markets. For cocoa, some 60% of production is exported to countries in Southeast Asia for blending with other imported bulk cocoa. Approximately 30% of PNG cocoa beans are exported to the USA with the remainder going to Europe. Approximately 50% of PNG's coffee is exported to Germany, with 22% going to the USA and the rest to Australia and Asia.

4. The PNG Development Strategic Plan, 2010-2030, aims to develop a world class agriculture sector that is responsive to international and domestic markets for a diverse range of products and provides the best available income and job opportunities. Coffee and cocoa are important sectors for development and support linked to the objectives of this plan. The government and development partners (including Australia, World Bank, EU – see below) are providing substantial support to develop the cocoa and coffee value chains, including to increase production and build the capacity of small-scale farmers and others involved in these value chains. While some of these programmes and projects may address some aspects of food safety capacity building, in general these projects and programmes do not systematically or comprehensively address food safety, quality and phytosanitary challenges that affect cocoa and coffee exports, including specific post-harvest food safety problems. Similarly, there has not been a comprehensive and systematic approach to improve SPS capacity in the cocoa and coffee value chains, based on international standards and individual market requirements.

Purpose and expected outputs of the PPG

5. This Project Preparation Grant (PPG), requested by the PNG Department of Agriculture and Livestock and approved by the STDF Working Group in March 2016, responds to the above-mentioned needs. It will be used to:

- take stock of the SPS elements of ongoing and planned projects supporting the cocoa and coffee value chains, and to identify critical SPS capacity building needs, gaps and possible synergies with other ongoing/planned activities; and
- develop two separate project proposals (i.e. one for each value chain) to strengthen SPS capacity as a means to promote exports of cocoa and coffee.

6. The outputs of the PPG will comprise:

- a short report that identifies, analyses and maps out SPS capacity building interventions in relevant existing/planned programmes in both the cocoa and coffee value chain, and identifies SPS capacity-building needs to facilitate market access for cocoa and coffee, based on synergies with related activities;
- a proposal for a project to improve the capacity of relevant public and private stakeholders in the cocoa value chain to ensure the safety and quality of cocoa for export, based on relevant international food safety/phytosanitary standards and other particular market requirements;
- a proposal for a project to improve the capacity of relevant public and private stakeholders in the coffee value chain to ensure the safety and quality of coffee for export, based on relevant international food safety/phytosanitary standards and other particular market requirements;
- a short report describing the implementation and outcomes of the PPG.

7. This document sets out the Terms of Reference (TORs) for implementation of the PPG. It addresses the recommendations of the STDF Working Group, and clarifies the scope of work to be carried out under the PPG. The STDF will engage an International Consultant to implement the PPG in close collaboration with the PNG Department of Agriculture and Livestock, as well as other relevant public and private sector stakeholders involved in both value chains including the PNG Coffee Industry Corporation (CIC), the PNG Cocoa Board and the PNG Cocoa Coconut Research Institute Ltd (CCIL).

Description of tasks

8. Under the overall supervision of the STDF Secretariat, and in close collaboration with the PNG Department of Agriculture and Livestock and other relevant stakeholders, the Consultant will:

- i. Investigate and analyse key SPS issues and challenges affecting the cocoa and coffee value chains in PNG in order to understand where possible solutions to strengthen SPS capacity can make a difference and add value. This analysis should provide accurate and up-to-date information on what is currently known about the magnitude and extent of key problems facing both the cocoa and coffee value chains (including national testing for OTA, PAHs, trade rejection data, etc.). It should also examine specific SPS-related requirements in current and potential export markets for cocoa and coffee from PNG, and capacity of relevant stakeholders in PNG to meet these requirements.
- ii. Hold in-depth discussions with the Department of Agriculture and Livestock, as well as representatives of relevant past/ongoing/planned projects and programmes focused on the cocoa and coffee value chains in PNG, to take stock of and understand any SPS-related capacity building components/elements included in these projects, as well as any key SPS issues, challenges, experiences or lessons learned identified under these projects. These projects include, but are not limited to, the following:

- Productive Partnership in Agriculture Project (PPAP), supported by the World Bank, the European Union (EU) and the International Fund for Agricultural Development (IFAD) for the period 2010-19, which is helping to grow back cocoa production by providing better seedlings, training and tools. Initially focused on cocoa, in 2014 PPAP was expanded to also include coffee, with the aim of doubling production and increasing income for smallholder farmers.¹
 - Trade Related Assistance Programme (TRA 2), supported by the EU and implemented by the Department of Trade, Commerce and Industry.² TRA 2 includes three components: (i) support to institutional reform and strengthening of trade institutions; (ii) development of a National Trade Policy Framework and international trade agenda; and (iii) trade facilitation support. Through this programme, the EU is providing support to PNG compliance agencies including purchase of laboratory equipment and supplies, and provision of general training on risk management and food safety (though not focused on compliance with SPS requirements for coffee and cocoa).
 - Pacific Horticulture and Agriculture Market Access programme (PHAMA), funded by Australia and New Zealand (2011-17) which is designed to provide practical and targeted assistance to help Pacific island countries (including PNG) to manage regulatory aspects associated with exporting primary products (including fresh and processed plant and animal products).³
 - Developing the cocoa value chain in Bougainville project (2016-21), supported by Australia, which aims to improve the profitability and vitality of smallholder cocoa farming families and communities.⁴
 - STDF "CocoaSafe" project (STDF/PG/381), implemented by CABI from 2013-15, to help the participating countries (Indonesia, Malaysia and PNG) produce and trade cocoa that meets food safety and phytosanitary standards.⁵
 - World Bank supported trade facilitation and border collaboration project.
- iii. Identify opportunities for linkages and synergies with relevant ongoing/planned projects and programmes in order to improve SPS capacity across the cocoa and coffee value chains.
 - iv. Consult international organizations, development partners, donors, industry and private sector stakeholders with an interest in value chain development and trade in PNG (including FAO, the World Bank, European Commission, Asian Development Bank, Australia, etc.) to explore opportunities to leverage funds to support implementation of the two projects to be developed through this PPG. Based on the outcomes of these discussions, and the likelihood to secure donor-funding, the project proposals may be written in the format/template of one of these potential donors (rather than the STDF project template).
 - v. On the basis of the aforementioned discussions and information obtained, consider the most feasible, cost-effective and sustainable approach to strengthen SPS capacity in the coffee and cocoa value chains, given the distinct nature of the challenges faced, different possible causes and remedial actions, and geographic differences in production areas.
 - vi. Formulate two separate project proposals to enhance SPS capacity throughout the cocoa and coffee value chains, and promote exports in cocoa and coffee from PNG (i.e. one project proposal for each value chain). Each project proposal should:

¹ See: <http://www.worldbank.org/projects/P110959/png-productive-partnerships-agriculture?lang=en>

² See: https://ec.europa.eu/europeaid/projects/trade-related-assistance-programme-phase-2-tra2_en

³ See: <http://www.phama.com.au/>

⁴ See: <http://aciar.gov.au/project/hort/2014/094>

⁵ See: <http://www.standardsfacility.org/PG-381>

- a. Clearly identify the specific causes of the different SPS-related challenges facing the particular value chain, and consider the feasibility of alternative approaches or solutions to address the problems faced (e.g. rolling out training on GAPs, improving food safety in processing) given the particular structure of the value chain and the large number of farmers/households involved.
 - b. Clearly identify and map out linkages, synergies and complementarities to related activities and projects, supported by the government, donors and development partners in PNG, in each value chain.
 - c. Take account of, and build on, what has worked in SPS capacity building interventions in the value chain to date, and learn from other relevant experiences;
 - d. Clearly elaborate the purpose, expected outcomes, outputs and activities of the proposed project, based on a coherent logical framework. The logical framework should include indicators to measure performance, sources of verification and any key assumptions.
 - e. Clearly identify the roles and responsibilities of all concerned public and private stakeholders, and outline a practical mechanism for project implementation and management.
 - f. Explore and identify options to pursue a public-private partnership approach to address SPS issues in the value chain, and to leverage private sector support / resources for the resulting interventions.
 - g. Include a detailed estimate of the budget required to implement the proposed project and, where possible, identify possible donors and/or private sector investors.
 - h. Consider cross-cutting issues related to gender and environmental aspects affecting the value chain.
 - i. Include a detailed work plan and timetable for project implementation.
 - j. Identify and assess the possible risks and challenges faced in the proposed project, as well as risk mitigation strategies to ensure its success and sustainability.
 - k. Attach letters of support for the proposed project from key public and private stakeholders. As appropriate, these letters should include a clear expression of support for the proposed project, and demonstrate clear commitment to take actions needed to ensure the success and sustainability of the project.
- vii. Discuss the draft project proposal for each value chain with relevant public and private sector stakeholders in PNG, including the Department of Agriculture, the CIC, Cocoa Board, as well as concerned development partners, donors and private sector partners. On the basis of comments and suggestions received, revise the proposals as necessary.
 - viii. Present the revised draft project proposal for each value chain to relevant stakeholders (public sector authorities, private sector, development partners, etc.) and make any further revisions necessary to improve each proposal.
 - ix. Facilitate all meetings during implementation of the PPG, lead interviews, prepare agendas for meetings (e.g. debriefing meeting with national authorities, project validation workshops) and summaries of meetings for circulation to participants.
 - x. Finalize the project proposals for each value chain on the basis of all comments received on successive versions of the documents.

- xi. Provide a short written report on the implementation and outcomes of this PPG to the STDF within one month of its completion. This report should describe the activities implemented, the results achieved, and the key stakeholders who were actively involved and/or consulted. It should also attach copies of relevant documents produced under the PPG. Any documents related to SPS capacity building in PNG, identified during the work to carry out this PPG, should be provided to the STDF for inclusion in the STDF Virtual Library.

Timeframe

9. The planned starting date is 1 November 2016 with an expected completion date of end April 2017.

Budget

10. The STDF will cover expenses related to implementation of this PPG by an international consultant up to a maximum amount of US\$50,000. An indicative budget is provided below.

11. Payments will be made in accordance with the conditions and schedule in the Contract. The consultant will collect all invoices and itemized declaration of expenses, supported by necessary receipts, for submission to the STDF.

12. Stakeholders in Papua New Guinea have committed to providing a financial and in-kind contribution to support implementation of this PPG, as described in the PPG application. This will include expenses related to the organization of two stakeholder workshops (one for each value chain), as well as the provision of contact / resource persons to support the Consultant.

Estimated budget

Activity	Description of expected inputs required	Budget (US\$)
International expert (honorarium)		
Interviews and documentary research to map and assess SPS elements in other projects (completed, ongoing or planned) in the cocoa and coffee value chains, including consultations with relevant government authorities, the private sector, donors, development partners, research organizations and other concerned stakeholders to discuss the two projects to be developed under this PPG	12 working days budgeted at US\$600/day	7,200
Consultations with coffee farmers, industry and site visits in Goroka, Eastern Highlands Province	7 working days	4,200
Consultations with cocoa farmers, industry and site visits in East New Britain Province	7 working days	4,200
Preparation of a short report identifying experiences and lessons learned of SPS capacity building interventions in completed and ongoing projects of relevance to the cocoa/coffee value chains, as well as SPS gaps in existing / planned projects, and opportunities for synergies and complementarities	4 working days	2,400

Preparation and finalization of project proposal for the coffee value chain	10 working days	6,000
Preparation and finalization of project proposal for the cocoa value chain	10 working days	6,000
Sub-total for honorarium⁶	50 days	30,000
Other expenses		
Other operating expenses		1,500
Travel (up to two trips to Papua New Guinea, economy flight, most direct route)		7,000
DSA ⁷		11,500
TOTAL		50,000

Qualifications

The international consultant is expected to possess the following qualifications and skills:

- Advanced degree in food science, food technology, agriculture, plant health or a related subject.
- At least 7 years of experience working with developing countries on activities to strengthen SPS capacity and enhance market access including experience in the coffee and/or cocoa value chains.
- Knowledge about food safety, phytosanitary and other challenges / requirements related to the export of cocoa and coffee.
- Experience in designing and implementing SPS value chain projects in developing countries, to enhance market access, including experience in developing and implementing public-private partnership approaches.
- Previous experience in developing similar types of projects in developing countries, including the ability to mobilise resources and leverage private sector support.
- Proven ability to work effectively with diverse stakeholders / experts in developing countries.

⁶ The Consultant will spend a substantial number of working days in Papua New Guinea. Some days (for instance, preparatory research, report writing, drafting the project proposals, etc.) may also be worked from the Consultant's home base.

⁷ UN DSA rates (May 2016) were: Port Moresby US\$356; Goroka US\$300; Kokopo US\$268.