

JAMES W. ADAMS
Vice President
East Asia and Pacific Region

December 14, 2010

Ms. Natalie Bridgeman Fields, Esq.
Executive Director
Accountability Counsel
450 Mission Street, Suite 500
San Francisco, CA 94105

Mr. Damine Ase
Executive Director
CELCOR

Dear Ms. Bridgeman and Mr. Ase,

*Re: Papua New Guinea: Smallholder Agriculture Development Project (SADP)
(IDA Credit No. 43740-PNG)*

Thank-you for your letter dated December 1, 2010 regarding the Papua New Guinea Smallholder Agriculture Development Project (SADP).

Our staff has been actively following up with the Oil Palm Industry Corporation (OPIC), the project implementing agency, regarding the translation of the Executive Summaries of the Environmental Assessment and the Social Assessment into *Tok Pisin*. OPIC informed the Bank that these translated documents were made available in all three Project offices (Popondetta, Hoskins and Biella) by early August, 2010. A recent Bank Implementation Support mission to Papua New Guinea in September/October, 2010 confirmed the availability of these documents in the three OPIC offices. OPIC has been urged to publicize the availability of these documents more widely through their regular radio programs in the Project areas. You can download copies of these documents from the OPIC website (<http://opicpng.org/sadp/project-documents/environmental-and-social/sadp-social-assessment-tok-pisin.pdf>; <http://opicpng.org/sadp/project-documents/environmental-and-social/sadp-environmental-assessment-tok-pisin.pdf>).

As per our earlier commitment, the SADP effluent study has been commissioned and the study is currently being finalized. We regret not being able to keep to the original timetable for completion of the study. However, I wish to assure you, once again, that the effluent study will be completed and disclosed prior to the commencement of any infill planting of oil palm under the SADP and thereby in time for implementation of mitigation measures, if any are called for by the study. No infill planting has commenced.

We appreciate your concern regarding further consultations during project implementation. OPIC has informed the Bank that consultations are planned to take place in connection with the rollout of specific project activities. The first set of consultations related to the road rehabilitation works, are planned for early in 2011. These consultations will take place once consultants for the Road Engineering Unit are mobilized. We are also aware that stakeholder consultations are planned in connection with the Road Maintenance Trust Fund study, the Fresh Fruit Bunch Price Review study, and the infill program. Once again, these consultations will commence once consultants are mobilized by OPIC for the studies and when arrangements are confirmed for the infill program.

We note your disappointment with the decision not to include the SADP as part of the moratorium on World Bank lending in the palm oil sector. However, as indicated in my earlier letter, there are no grounds for withholding disbursements for the project at this time. The Bank's support for the SADP will continue as per the terms of the Financing and Project Agreements and will be reviewed once the findings of the effluent study are available and prior to commencement of any infill planting. Bank management committed to taking a number of specific actions in the Management Response to the Request for Inspection Panel Review of the SADP. We have taken necessary steps to implement these actions. The Project will be further reviewed, and changes made if required, in the context of the forthcoming World Bank Group framework for engagement in oil palm and once the Inspection Panel's report from the investigation phase is issued.

I understand that Bank staff requested a meeting with environmental NGOs during the recent mid-term review for the Project to provide an update on the SADP and respond to specific questions on the status of Project activities. We were disappointed to that learn that members of the Ecoforestry Forum (EFF), including CELCOR, did not participate in the meeting.

Thank you for your continued interest in this project. We are available to discuss any further concerns you might have with the project.

Sincerely,



James W. Adams

cc: Mr. Ian Solomon, United States Executive Director
Mr. Jim Hagan, Papua New Guinea Executive Director
Mr. Peter Lallas, Executive Secretary, Inspection Panel