



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 10-Apr-2023 | Report No: PIDA35496



BASIC INFORMATION

A. Basic Project Data

Country Philippines	Project ID P180379	Project Name Philippine Rural Development Project Scale-up	Parent Project ID (if any)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 11-Apr-2023	Estimated Board Date 29-Jun-2023	Practice Area (Lead) Agriculture and Food
Financing Instrument Investment Project Financing	Borrower(s) Republic of the Philippines	Implementing Agency Department of Agriculture	

Proposed Development Objective(s)

To increase the incomes of farmers and fisherfolk and to strengthen agri-fisheries enterprises and value chains

Components

- Component 1: Enhancing Local and National Level Planning (I-PLAN)
- Component 2: Strengthening Rural Infrastructure for Enhanced Agri-Fishery Development and Market Linkages (I-BUILD)
- Component 3: Scaling-up Enterprise Development for Agri-Fishery Sector Development (I-REAP)
- Component 4: Project Management and Support, Monitoring and Evaluation (I-SUPPORT)
- Component 5: Contingent Emergency Response (CERC)

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	818.40
Total Financing	818.40
of which IBRD/IDA	600.00
Financing Gap	0.00

DETAILS

Private Sector Investors/Shareholders



Equity	Amount	Debt	Amount
Government Contribution	216.17	IFI Debt	600.00
Government Resources	216.17	IBRD	600.00
Non-Government Contributions	2.23		
Private Sector Equity	2.23		
Total	218.40		600.00

Payment/Security Guarantee

Total	0.00
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Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

A. Introduction and Context

Country Context

1. **The Philippines has been among the most dynamic economies in the East Asia Pacific region over the past decade, driven by structural reforms that led to a significant reduction in poverty in recent years.** The country has successfully pursued policies and reforms that accelerated economic growth and achieved more inclusive growth during a period of relative political and macroeconomic stability. The result was that the Philippines' growth rate increased by an average of 6.4 percent per year from 2010 to 2019, a significant increase from the 4.6 percent average over the previous decade. This growth was mainly driven by services and industry. At the time, the country's economic performance surpassed that of its peers in the region, such as Vietnam (6.3 percent), Indonesia and Malaysia (5.4 percent), and Thailand (3.6 percent). However, the Philippines had the worst contraction in its post-war history in 2020 (-9.5 percent), due to the triple shock of the COVID-19 pandemic, which delivered a historical global recession, a health crisis, and containment measures that stifled the domestic economy. The Philippines has since rebounded, growing by 5.7 percent in 2021, as the health situation supported an improving domestic economy, boosted by a more supportive external environment. The GDP grew by 7.2 percent in the fourth quarter of 2022, the seventh consecutive quarterly increase after the first quarter of 2021¹.

¹ Philippine Statistics Authority, September 2022.



2. **Before the COVID-19 pandemic, the Philippine economy had made good progress in delivering inclusive growth.** Poverty levels fell from 23.3 percent in 2015 to 16.6 percent in 2018, and the Gini coefficient declined from 0.45 to 0.43² over the same period. However, by the first semester of 2021, the poverty incidence had risen again to 23.7 percent, equivalent to about 26.14 million poor Filipinos. This meant that some 7.1 percent of families did not earn enough to meet their basic food needs (monthly food threshold was estimated at PhP 8,393)³.
3. **The population of the Philippines, at around 107 million, is relatively young, with only 5 percent aged 65 years and older⁴.** Adult literacy is high (98 percent in 2015), and the average life expectancy was estimated at 71 years in 2018. However, current trends reveal mixed human capital outcomes that undermine the wellbeing and productivity of current and future generations⁵. Primary producers remain the poorest among the basic sectors.⁶ With nearly 60 percent of the poor working in agriculture, twice the national average, and three times the ratio of the non-poor, the pace and nature of agriculture and fishery sector growth will be pivotal for the country's overall development.

Sectoral and Institutional Context

4. **The agriculture sector provides 22.9 percent of total employment and 9.1 percent of Gross Domestic Product (GDP; 2021).** While the overall economy has remained on a sustained growth trajectory, apart from the dip during the Covid -19 pandemic, growth in the agriculture sector has remained low at around 1.3 percent. Total factor productivity (TFP) in agriculture has risen by about 32 percent over two decades, but this has fallen short of TFP growth in neighboring Vietnam (73 percent), Indonesia (50 percent) and Thailand (67 percent). Two key contributing factors have been the low productivity of rice despite the significant resources and policy attention given to rice production, while the other has been the slow pace of diversification to higher value products for local consumption and export. The share of high-value crops in terms of overall value added of Philippine agriculture has risen only slightly over the last two decades; from 19.6% in 2000 to 20.6% in 2018 and 22.9% in 2019⁷.
5. **Reforms in agricultural policies over the past few years have spurred some growth in the sector, but this has fallen short of bringing about significant structural transformation and dynamic development.** A compounding factor is the geography of the country⁸ which comprises over 7000 islands and presents significant logistical issues for the transport of agricultural commodities and trade⁹. The country is a net importer of cereals, poultry meat, dairy products, and protein meal, and is increasingly relying on imports to

² Gini index < 0.2 represents perfect income equality, 0.2–0.3 relative equality, 0.3–0.4 adequate equality, 0.4–0.5 big income gap, and above 0.5 represents severe income gap. Therefore, the warning level of Gini index is 0.4.

³ Philippine Statistics Authority; Official Poverty Statistics of the Philippines -1st Semester 2021.

⁴ World Bank (2019) Systematic Country Diagnostic of the Philippines: Realizing the Filipino Dream for 2040

⁵ World Bank (2019) Human Capital Index.

⁶ Based on the data from the Philippine Statistics Authority, poverty incidence among farmers and fisherfolk has decreased from 40.8 percent (2015) to 31.6 percent (2018), and 36.9 percent (2015) to 26.2 percent (2018), respectively.

⁷ Transforming Philippine Agriculture During Covid-19 and Beyond. June 2020. World Bank

⁸ The Philippines comprises some 7000 islands grouped into three main geographical areas: Luzon, Visayas and Mindanao. Among these groups, Luzon accounts for 39.2 percent of agriculture production, Mindanao 33.4percent and Visayas 27.4 percent.

⁹ The Philippines experiences substantial post-harvest losses ranging from 30 to 60 percent through poor on-farm harvesting, grading, and packing, as well as through lengthy and inappropriate transportation from field to warehouses, inadequate cool storage, need for regrading and repackaging etc.



ensure sufficient food supply and stable prices. The total value of agricultural imports is approximately twice that of its agricultural exports. Rising incomes, increasing urbanization, a growing upper and middle class, and a fast-changing lifestyle have driven the steady growth of the food retail sector, from US\$20.44 billion in 2016 to US\$24.36 billion in 2021, or in real value of US\$18.74 billion in 2016 to US\$21.97 billion or a 19 percent growth¹⁰. Consumers are beginning to shift from traditional outlets (i.e., wet markets and traditional stores) to modern food retail markets, such as supermarkets and convenience stores. E-commerce is also a fast-growing marketing channel that, while still representing a small portion of the market, has been increasing from US\$2 million in 2018 to US\$738 million in 2021 or in real value of US\$1.82 million in 2018 to US\$665.49 million in 2021¹¹. But despite aggressive expansion by modern food retailers, the retail market is far from becoming saturated. Traditional food retail outlets still dominate the food retail market, accounting for 58 percent of sales.¹²

6. **Agriculture production also fluctuates from year to year in large part due to extreme weather events.** Adverse weather frequently damages crops, livestock, and rural infrastructure (irrigation canals, post-harvest facilities, rural roads etc.), and disrupts the logistics of agriculture products and supplies. Damage due to natural extreme events and disasters in the Philippines from 2010 to 2019 amounted to PhP463 billion, of which 62.7 percent or PhP290 billion was in the agriculture sector.¹³ Increasing temperatures are also affecting crop and livestock yields, fostering pest outbreaks and reducing labor productivity. By 2050, estimates suggest that climate change would decrease agricultural productivity in the Philippines by 9 to 21 percent¹⁴. Increasing temperature and ocean acidification are also affecting fishery productivity. Sea-based hazards from sea-level rise, storm surges, and saltwater intrusion would also significantly impact coastal and freshwater fisheries, particularly in the marginalized coastal communities of the Visayas and Mindanao¹⁵. These, in turn, would increasingly contribute to risks of food deficits, increased food insecurity, social and economic disruption. Given the agricultural sector's acute exposure, rural communities are especially at risk.
7. **Underinvestment in the agri-fishery sectors relative to other sectors remains an ongoing concern.** It stems from a legacy of poor planning and prioritization, an unfavorable business climate, entry barriers, and numerous coordination failures. While government has budgeted considerable funding for farm-to-market roads (FMRs), in 2019 the underutilization rate reached 70 percent owing to inadequacies in managing the FMR Development Program¹⁶. Existing FMR infrastructure is also saddled with underbudgeting by Local Government Units (LGUs) for operation and maintenance (O&M).¹⁷ Meanwhile the business climate is riddled with a complex and fragmented regulatory system which raises transaction costs in cargo services.¹⁸. Inadequate port facilities and inefficient operations are often cited as leading to congestion during peak

¹⁰ Food Retail Sectoral Report, United States Department of Agriculture, Foreign Agriculture Service, July 2022.

¹¹ Food Retail Sectoral Report, United States Department of Agriculture, Foreign Agriculture Service, July 2021 and Food Retail Sectoral Report, United States Department of Agriculture, Foreign Agriculture Service, July 2022.

¹² Food Retail Sectoral Report, United States Department of Agriculture, Foreign Agriculture Service, July 2019.

¹³ Philippine Statistics Authority, February 2023.

¹⁴ Gevaña, D., Pulhin, J. and Tapia, M. (2019) Fostering Climate Change Mitigation through a Community-Based Approach: Carbon Stock Potential of Community-Managed Mangroves in the Philippines.

¹⁵ Alliance of Biodiversity International and CIAT and WFP 2021.

¹⁶ World Bank. 2021. Mandanas Ruling and Potential Implications for the Farm-to-Market Road Development Program: A Public Expenditure Review.

¹⁷ World Bank. 2010. Report No 54623-PH. The Philippines Agri-business, infrastructure and Logistics for Growth in Mindanao.

¹⁸ Llanto, G, and M. Quimba. 2021. Competition Policy Issues in Cargo Services. PCC Issues Paper. Quezon City: Philippine Competition Commission.



seasons¹⁹. This, in part, arises from a conflict of interest of the regulator, the Philippine Port's Authority, which also functions as a Government Owned and Controlled Corporation (GOCC) earning income from port operations. Additional logistical costs for shipping companies, traders and importers arise from informal fee imposition by LGUs²⁰ as well as from complex licensing requirements for road and ship transport, and historical caps on foreign equity investment²¹. There are also coordination failures, such as non-standardization of produce which inhibits investment in large-scale processing. At the same time, farmers and traders have little incentive to improve product quality due to a lack of efficient processing facilities, as there is little premium for higher quality products in traditional markets. Such coordination failures account for the proliferation of market players and multiple layers in trading, processing, and distribution. This, together with high logistical service margins²² translate into lower profit margins, mostly passed on to producers²³. While some promising reforms have been implemented, such as the establishment of a Bureau of Agriculture and Fisheries Engineering (BAFE) in 2020 to improve rural infrastructure, as well as the passage of the Public Service Act liberalizing foreign participation in 2022, these reforms are still too recent to have shown significant and sustained improvements.

8. **Logistical inefficiencies are particularly severe for agribusiness, with products having to be sourced over a wide and diverse (inter-island) landscape, with commodity (post -harvest) losses ranging from 30 to 60 percent.** Logistics is a relatively high-cost of service in the Philippines, where the share of logistics cost to sales is 27 percent, compared with Indonesia at 21 percent, Viet Nam at 16 percent, and Thailand at 11 percent. Within the transport subset of logistics, the highest cost is for road transport at 40 percent, while maritime transport accounts for 35 percent. The most recent case study of the rice commodity value chain²⁴ found that it has similar logistical constraints to those found in studies for other commodities²⁵. These include: (a) large variations in quality of produce; (b) high transport expenses across the value chain (where the share of transport expense to marketing cost ranges from 17 percent (for transport to rice mills) to 31-32 percent (for produce procurement and rice retailing, respectively); (c) limited drying and storage facilities; (d) unavailability and high cost of working capital (14-17 percent of marketing cost at wholesale/retail); and (e) high processing costs, owing to underutilization and prevalence of smaller and older processing equipment. Over the longer term, substantial public investment is needed for rural Infrastructure, especially all- weather farm-to market roads to enable more efficient access to markets,
9. **Gender inequality remains a pervasive gap in the rural areas of the Philippines.** A Food and Agriculture Organization study²⁶ has reported significant inequalities for Filipino women at the household and community levels in rural areas. For the most part, such disparities were found to be due to prevailing societal and cultural norms. This continues to exist despite the enactment of enabling policies, guidelines, and mechanisms to close the country's gender gap. Enhancing the roles of women in the agriculture sector

¹⁹ Mataia, A, J. Beltran, R. Manalili, B. Catudan, N Francisco, and A Flores. Rice Value Chain Analysis in the Philippines: Value Addition, Constraints, and Upgrading Strategies. Asian Journal of Agriculture and Development 17(2):19-42.

²⁰ Ibid (World Bank, 2010).

²¹ OECD (2020), OECD Competition Assessment Reviews: Logistics Sector in the Philippines

²² Ibid (Llanto and Quimba, 2021)

²³ Ibid (Mataia et al, 2022).

²⁴ ibid(Mataia et al, 2022).

²⁵ Philippine Rural Development Project - Value Chain Analyses (refer to Box 1).

²⁶ Food and Agriculture Organization (FAO) of the United Nations' study titled "Country Gender Assessment of Agriculture and the Rural Sector in the Philippines" (2018).



is also one of the four priorities of the World Bank's Philippines Country Gender Action Plan for FY20-24. While rural employment accounts for about 30 percent of the country's total employment, the work force is predominantly male (78 percent)²⁷. It is recognized, however, that official data may not accurately capture women's work in agriculture, as it is normally considered to be an extension of their household tasks and therefore not reported as "work." This has contributed to women having limited access to financial services, technology and other productive resources. As illustrated by 2017 data of the Department of Agriculture, of those benefiting from technical services through regular DA programs, only 27 percent were women. Similar findings resulted from the 2019 household survey conducted as part of a World Bank-funded project²⁸ which also found that only 25 percent of rural women had access to production support services. Women are less likely to be targeted for extension services, and this in turn has inhibited their capacity to participate or take leadership roles in agricultural value chains activities.

10. **Against this background, the Philippine Development Plan (PDP) 2023-2028, and more specifically the National Agri-fishery Modernization and Industrialization Plan (NAFMIP) 2021-2030, call for significant transformative changes.** The strategy for agri-fishery transformation is comprised of four pillars for sectoral development: (a) agricultural consolidation; (b) modernization²⁹; (c) industrialization; and (d) professionalization. The Rice Liberalization Act (RA 11203), which abolished the import quota system (a long-standing instrument of protecting rice production), is indicative of this strategic shift. The Act opened up the importation of rice to private traders and limited the mandate of the National Food Authority (NFA) to domestic procurement of palay (unhusked rice) from farmers and the maintenance of national rice strategic rice reserves. This reform was an important step towards leveling the playing field for non-rice agriculture. A further transformational change is expected to come through the Mandanas Ruling³⁰, and the central government's intention to devolve more responsibilities for administering and funding projects and programs to LGUs. Such devolution presents an opportunity to make agriculture service delivery more client-driven and accountable, and in particular for LGUs to engage more in supporting agri-fishery food chain development, along with the scaling up and integration of production to enhance economies of scale. It does, however, present significant technical, managerial and capacity challenges.
11. **While the recent policy reorientation has paved the way for long-overdue transformative changes in the agri-fishery sectors, the investment, sustained support and time frame needed would be substantial.** It would also require greater collaboration among national government agencies, local government units, and an incentive framework attractive for private sector investment and innovation. Key Agri-Fishery strategies embodied in NAFMIP 2021-2030 designed to accelerate the pace of agri-fishery sectoral transformation include; (a) adoption of a "whole of value chain" approach that considers agri-fishery production as tightly linked to processing, marketing, consumption, through to waste management; (b) restoring the local food culture toward improving agri-food system resiliency, empowering farmers, and linking agri-fishery

²⁷ Philippine Statistics Authority 2021

²⁸ A World Bank-funded project study on "Gender Gap Mapping of Access to and Use of Roads and Public Transportation by Rural Agriculture Communities in Mindanao" (2018).

²⁹ The Agriculture and Fisheries Modernization Act (1997) defines "Modernization" as "the process of transforming the agriculture and fisheries sectors into one that is dynamic, technologically advanced, and competitive, yet centered on human development guided by the sound practices of sustainability and principles of social justice."

³⁰ The Supreme Court ruling on the Mandanas appeal requires the central government to increase the Internal Revenue Allotment (IRA) i.e., the share of government tax revenue going to the local government units (LGUs). The IRA is now called National Tax Allotment (NTA).



production to consumer nutrition and health of the environment; and (c) opening up more opportunities in the blue economy to leverage the country's vast coastal and marine resources and maritime domain.

12. A “whole of value chain” approach to agri-fishery production has been widely adopted in the Philippines.

At a national level, Commodity Roadmaps have been developed and are accessible on-line for 20 major commodities in the Philippines³¹. These Road maps provide information and analyses of all aspects of the value chain (supply, logistics, marketing value addition, export), as well as blueprints for the development of the industrialization of these commodities. However, operational strategies and programs to prioritize and support the development of agri-fishery value chains and market linkages for farmers need further strengthening. The development of such programs is compounded by the agri-fishery sectors being dominated by small-scale, individual producers, with limited opportunities for achieving the economies of scale needed to raise profitability, invest in advanced technology, and incentivize private sector investment. Collectively, these factors contribute to higher transaction costs, lower profitability, and poorer job quality and incomes in the agri-fishery sectors.

13. The ongoing World Bank supported Philippine Rural Development Project (PRDP) has been successful in both strengthening Value Chain Analyses (VCA) and in institutionalizing their use by Local Government Units (LGUs) across the country. PRDP, which is elaborated upon in Box 1, uses VCAs and edaphic and climate- based suitability criteria as the basis for DA-LGU planning and investment. Over the 8 years of implementing PRDP, the project has made significant achievements in catalyzing the start-up and expansion of a large number of micro-, small and medium scale agri-fishery enterprises across the country. The project’s planning platform for DA-LGU joint investments (known as Provincial Commodity Investment Plans (PCIPs)), is now mainstreamed and also serves to leverage support from other sources, particularly other Government Agencies. The project has also significantly improved the connectivity of production areas with markets through farm -to market roads (FMRs).

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

14. To increase the incomes of farmers and fisherfolk and to strengthen agri-fisheries enterprises and value chains.

Key Results

- Percent increase in farmers income (sex-disaggregated)

³¹ Commodity Roadmaps include abaca, coffee, cacao, vegetable, mango, banana, onion, coconut, shellfish, shrimp, seaweed, tilapia, milkfish, dairy, carabao, small ruminants, hog, poultry broiler, poultry layer, and yellow corn. They culminate extensive discussions with stakeholders, industry, producers and farmer federations. The roadmaps provide decision-makers with information on trends in agriculture, and the factors driving demand, supply, trade, and prices and an assessment of opportunities, challenges, and competitiveness in food and industrial uses. The Road maps suggest strategies and actions through the short, medium, and long terms for the continuous improvements across value chains. Roadmaps are designed to be mutually reinforcing with NAFMIP providing the broad directions and parameters to inform the detailed strategies and initiatives. Through NAFMIP engagement with the private sector is to be pursued to match these Roadmap plans with investments.



- Percent increase in fisherfolk income (sex-disaggregated)
- Percent increase in income of participating agri-fishery enterprises
- Percent of agri-fishery enterprises engaged in post-production segments of value chains³²
- Percent of agri-fishery enterprise clusters with partnership agreement with institutional buyers³³

D. Project Description

15. **The proposed project aims to scale-up the current PRDP *both horizontally and vertically* to address sectoral transformative changes envisioned in the Philippine Development Plan (PDP) and National Agriculture and Fisheries Modernization and Industrialization Plan (NAFMIP).** It has been designed as a “Flagship” project of the Department of Agriculture to continue to provide the leadership, direction and collaborative support across agencies of government³⁴ and the private sector, through which the transformation of the agri-fishery sectors is to be achieved.
16. **The project will be *horizontally* scaled up to support the new projects in the LGUs which have been supported under the current PRDP, and to cover new 88 LGUs across the country³⁵.** The project will maintain the well structured implementation framework and the same well-established components used for PRDP of public infrastructure and enterprise support: An approach that would facilitate implementation and build upon established operational and administrative procedures.
17. **Further, the project will *vertically* scale up and will involve more strategic approach for the areas where the project has been successful and effective.** More specifically, the project would vertically scale up on the following areas: (a) strengthening inclusive connectivity and integration of agriculture value chains with more focus on larger enterprise and on post-production segments of value chains; (b) providing incentives to attract more private sector investments, including facilitation of access to credit; (c) taking a more holistic approach to food security by converging various programs in the country; (d) providing more support for building climate resilience; (e) focusing more on narrowing gender gaps; (f); further strengthening institutional mechanism and LGU capacity on oversight, fiduciary and safeguards; and (g) ramping up integration of digitalization and knowledge management.
18. **Component 1: Enhancing Local and National Level Planning (I-PLAN) (US\$15 million of which IBRD is US\$12 million).** This would support the planning and refinement of strategies to guide and evaluate the

³² This is measured as a percentage of total agri-fishery enterprises participating in the project

³³ This is measured as a percentage of total agri-fishery enterprises participating in project. Institutional buyers refer to organizations that purchase in significant and predictable quantities, usually based on formal agreements; e.g., hotels; supermarkets; schools, colleges and universities; government agencies; wholesalers and retailers, or other farmers' and fisherfolk marketing coops.

³⁴ PRDP Scale-Up would complement other government development programs and projects (DPWH, DTI, DILG, DAR, DENR, etc.) to optimize shared development objectives. It would also forge closer collaboration across DA agencies and bureaus (BAFE, CRAO, BSWM, Banner Programs, AMAS, PhilMECH, and PDS-PPP) to enhance their delivery of services.

³⁵ At appraisal, the PRDP has so far covered 752 LGUs (80 provinces, 640 municipalities, 32 cities) that have accessed interventions through infrastructure and enterprise development. The Project has identified 88 new proponent LGUs based on the initial I-BUILD subproject pipeline under the PRDP Scale-Up. Based on the demands, more new LGUs would be expected to be covered.



effectiveness of investments under the project, and their contribution to the agri-fishery sectoral transformation goals of the PDP (2030-2028) and NAFMIP (2021-2030). It would include support for clustering, enhancing agri-fishery product quality and increasing marketing efficiencies. A key activity would be the strengthening of the PCIP process institutionalized under the ongoing PRDP, which is now the primary DA-LGU investment planning and convergence mechanism. The enhancements include: the introduction of a regional/spatial perspective, integration of climate adaptation and mitigation measures, and the promotion of private sector financing and insurance, consistent with the Food Security Development Framework (FSDF)³⁶ and the Devolution Transition Plan of the DA. The latter is in keeping with the Mandanas Ruling. The PRDP Scale-Up would expand its support to the development and formulation of the VCAs and Commodity Investment Plans for rice and corn, which are currently not covered under PRDP.³⁷

19. Subcomponent 1.1 (US\$11.5 million of which IBRD US\$9.20 million): Operationalizing the National Agriculture and Fisheries Modernization and Industrialization Plan (NAFMIP). This subcomponent will finance technical assistance, studies, workshops and training to: (a) incorporate regional/spatial perspectives into PCIP planning, along with the preparation of RAFIPs. The RAFIPs would elaborate the PCIP multi-commodity and multi-provincial interventions in the region with potential for clustering and upscaling; (b) strengthen the planning process by undertaking assessments of climate and natural hazard risks and vulnerabilities, using available information from different decision-support tools such as the Climate Risk Vulnerability Assessment (CRVA), expanded Vulnerability and Suitability Analysis (eVSA)³⁸, and Fisheries Vulnerability Assessment Tool (FishVOOL).³⁹ These would be made available through the PRDP-initiated Planners Portal; (c) strengthen the convergence with DA partners and engagement with the private sector by using the Commodity System Investment Planning (CSIP) process to broaden the base for agri-fishery sector transformation, and to promote PPPs as the catalyst for further investments; (d) strengthen operational guidelines to ensure LGU-Project Management and Implementation Units are adequately and consistently staffed, trained and resourced to implement PRDP Scale-Up, in keeping with the “Institutional Strengthening Action Plan”. (This would be undertaken in conjunction with Component 4 activities and would be aligned with DA’s Devolution Transition Plan for implementing the Mandanas ruling); (e) formulate VCAs for rice and corn in line with the National Food Security agenda and in collaboration with the DA’s Rice

³⁶ The Food Security Development Framework (FSDF) provides the overall vision and high-level goals for the sector to attain in the immediate and short-term in order to accelerate the sector’s recovery from the pandemic. It focuses on five objectives of food production; availability, accessibility, affordability, price stability, and food safety. The framework specifies five key result areas, namely: (1) modernized agri-fishery value chain systems (fisheries including both aquaculture and marine); (2) enhanced competitiveness of agri-fishery products; (3) empowered farmers and fisherfolk in terms of (a) broadened access and participation in value chain development, and (b) jobs generation and entrepreneurial activities; (4) strengthened partnerships with institutions including farmer cooperatives and associations (FCAs), the private sector, LGUs, NGAs, SUCs, and other stakeholders; and (5) increased resilience of the environment and natural ecosystems

³⁷ Rice and corn were not supported under PRDP given the substantial Government budget provided annually in support of rice and to a lesser extent corn production, mainly through seed and fertiliser subsidies. Passage of the Rice Liberalization Act (RA 11203), resulting in increases competition from imports has heightened the need to improve efficiencies in production, drying/handling and marketing of these commodities. The Project would focus on strengthening the post-production facilities and value-adding activities complementary to the existing production-related investments.

³⁸ eVSA (expanded Vulnerability and Suitability Analysis) and CRVA (Climate Risk Vulnerability Assessment). These tools were developed under PRDP and have been mainstreamed in the DA. They are used to assess the suitability and priority to be given to investments. The eVSA is a GIS-based tool that takes into account the combined analysis of vulnerability and suitability, as well as socio-economic conditions of a particular area. The CRVA is used to plan and implement strategies to help agri-fishery communities manage climate risks.

³⁹ Fisheries Vulnerability Assessment Tool (FishVool) is a simple vulnerability assessment tool that provides an effective data collection tool for identifying areas that are highly vulnerable to climate change impacts



and Corn Banner programs; and (f) enhance digital platforms, particularly the existing “Planners Portal” to strengthen planning, decision-making and e-Learning through improvements in climate information and data storage, maps for better visualization, and decision support tools (e.g., eVSA, CRVA, VCAs). This would include training in the use of digital planning platforms that provide information on markets, innovation and industry bottlenecks and meet the needs of decision-makers at various levels.

20. **Subcomponent 1.2 (US\$ 3.5 million of which IBRD US\$2.8 million): Improving NAFMIP Implementation Strategies and Approaches.** This subcomponent will finance technical assistance, studies, training, and workshops to address identified gaps in the value chain and in the design of policies and investments supporting the consolidation, modernization, industrialization, and professionalization of the agri-fishery sectors. It will support research and capacity-building activities related to: (a) the development of efficient supply chains linking producers with market outlets; (b) more accessible financing across all value chain stakeholders; (c) spatial planning for identification of development needs based on growth potentials, climate risks and vulnerabilities; (d) promotion of improved inputs, climate-smart technologies and innovations; (e) organization of clusters through training and capacity building; and (f) encouragement of youth engagement in agriculture, enabling the honing of the next generation of farmers.⁴⁰. The subcomponent would also continue to support: (a) the leveraging of additional resources for PCIPs through stronger engagement with the private sector; (b) harmonizing strategies in the allocation of resources and delivery of support services among implementers; and (c) serving as a platform for discussion and feedback on recent market and innovation developments, as well as industry bottlenecks.
21. **Component 2: Strengthening Rural Infrastructure for Enhanced Agri-Fishery Development and Market Linkages (I-BUILD) (US\$644.63 million of which IBRD is US\$479 million).** This would expand the public infrastructure being financed under PRDP. All provinces nation-wide would be eligible for investment financing, based on needs identified through the VCAs and prioritized through the PCIP process. It would support climate-resilient, value chain infrastructure to strengthen food distribution systems to enhance access and facilitate more stable supplies of food commodities and other agri-fishery products to markets, along with improved technology to reduce post-harvest losses and costs associated with transport and handling. The component would also support the completion of the FMR Network Plan (FMRNP), designed to develop and mainstream a harmonized screening guide to rationalize FMR investments based on access needs and climate vulnerability, across government agencies. The activities financed will entail cost-sharing between the DA and LGUs.⁴¹ It is designed to complement other government programs and facilitate linkages with commercial banks⁴².
22. **Subcomponent 2.1 (US\$ 624.10 million of which IBRD is US\$463 million): Strengthening Critical Public Value Chain Infrastructure.** This would finance the design and construction of rural infrastructure. While it is

⁴⁰ Engagement with youth training would be a joint effort under Components 1 &3 and would be through collaboration with other DA agencies and programs promoting youth engagement in agriculture and agribusiness. These include Mentoring and Attracting Youth to Agribusiness (MAYA) Program, Kabataang Agribiz of Agribusiness and Marketing Services (AMAS), Youth for Mechanization (Y4M) of Philippine Center for Postharvest Development and Mechanization (PHILMech), and Kapital Access for Young Agri-entrepreneurs (KAYA) of Agricultural Credit Policy Council (ACPC).

⁴¹ In consideration of expected lower National Tax Allocation⁴¹ through 2024 due to the COVID pandemic, the current cost-sharing scheme under PRDP of 80 percent loan proceeds (LP), 10 percent Government of the Philippines counterpart (GoP), and 10 percent LGU equity would be retained. However, this may change during project implementation as LGUs are allocated more resources through the Mandanas ruling.

⁴² LGUs, FCAs and other enterprises participating in the project based on approved Business Plans would be eligible for facilitated access to credit from the Development Bank of the Philippines and the Land Bank. (*details under discussion*)



expected that the majority of funding would be for FMRs, given the strong demand from LGUs, eligible subprojects would also include potable water systems (levels 1 and 2), climate responsive irrigation facilities (e.g., sprinkler, drip, solar powered, ram pump, and spring development), as well as public pre-and post-harvest facilities (e.g., tramlines, abattoirs, dressing plants, fish landings and watch towers). Table 1 provides an indicative listing of subprojects to be supported under the PRDP Scale-Up, based on the portfolio of proposals already prepared. The criteria and procedures for the preparation, review, approval and financing of infrastructure subprojects would be further improved building on those defined in the well-established PRDP POM for I-BUILD, which already incorporates climate resilience and road safety measures⁴³. Further enhancements⁴⁴ will include the use of provincial/municipal (climate and natural) hazard maps and information from the GeoRiskPH data platform (<https://www.georisk.gov.ph>), which hosts multi-hazard maps from different government agencies⁴⁵. These would be used for evaluating the risk profile of proposed subprojects to better inform the engineering design and implementation requirements. Additional technical support would be mobilized to assess and vet that the necessary climate resilience and road safety measures are properly incorporated in subproject requirements/documents and implemented. Whenever possible, the Green Building Code⁴⁶ would be incorporated in the design and construction of vertical structures to lessen the subproject's effects on the environment through improved energy efficiency, water and wastewater management, materials sustainability, solid waste management, site sustainability, and indoor environmental quality. Additionally, and in accordance with the agreed Institutional Strengthening Action Plan to be managed under Component 4, procedures would be strengthened to ensure full understanding and compliance with the World Bank's Fraud and Corruption guidelines, including compliance with the procurement and financial management risk mitigation measures, and that procedures for elevating and resolving 'exceptions' are being followed. The Institutional Strengthening implementation would enhance construction management and supervision of subprojects to ascertain compliance with the design and technical specification requirements of the subprojects.

23. Subcomponent 2.2 (US\$21.30 million of which IBRD is US\$17 million): Improving Capacity for Agri-fishery Value Chain Infrastructure Management. This would support technical assistance, studies and capacity-building for updating the specifications and the use of provincial/municipal (climate and natural) hazard maps to ensure infrastructure design and implementation requirements address regional variabilities and differentials to climate risk, impact, and vulnerabilities. The climate adaptation measures to be introduced

⁴³ Department of Public Works and Highways Department Order (DPWH DO) 112 series of 2019 uses 6.1 meters carriageway width for FMRs with average daily traffic count greater than 200. DPWH DO No. 179 series of 2015 uses HL-93 as the live load consideration and the seismic load is in accordance with DPWH LRFD Bridge Seismic Design Specification (BSDS), 1st Edition, 2013. (use of 20 tons as the live load capacity of the bridge depending on the traffic load). Specifications have been developed to ensure resiliency to extreme weather events frequently encountered in the Philippines including climate related and natural hazards associated with earthquakes, landslides etc. DPWH Highway Safety Design Standards, Part 1: Road Safety Design Manual and Part2: Road Signs and Pavement Markings Manual.

⁴⁴ The I-BUILD Operations Manual would be updated to include new issuances designed to improve climate resiliency from the Department of Public Works and Highways, National Irrigation Administration, Philippine National Standards, Bureau of Agriculture and Fisheries Standards, Philippine Agricultural and Biosystems Engineering Standards, National Building Code of the Philippines, and National Meat Inspection Code.

⁴⁵ In particular, the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA), an attached agency of the Department of Science and Technology (DOST), has developed in-house expertise in producing high quality multi-hazard maps based on historical records and downscaled climate projections at sub-national level for sectoral planning. Other sources of disaster risk information include: DOST-Philippine Institute of Volcanology and Seismology or PHILVOCs for earthquake and volcano risks, and Mines and Geosciences Bureau of the Department of Environment and Natural Resources or MGB-DENR for flood and landslide risks.

⁴⁶ The Green Building Code of the National Building Code (Presidential Decree No. 1096, 2015).



are expected to generate significant climate co-benefits through: (a) mainstreaming climate resilience throughout the lifecycle of subproject asset management; (b) technical support for LGUs to enhance their design, implementation and O&M requirements and capacity; (c) use of science-based instruments (GIS based tools, including the georisk.gov.ph platform) to better identify climate risks and vulnerability of subprojects; (d) more climate-resilient design standards permitting all-weather access, while also accounting for increased frequency of extreme weather events; (e) strengthened climate resilient road safety measures; and (f) completion of the FMRNP enabling the mainstreaming of a harmonized screening guide to rationalize FMR investments based on access needs and climate vulnerability, across government agencies.

24. **Component 3: Scaling-up Enterprise Cluster Development for Agri-Fishery Sector Development (I-REAP) (US\$111.38 million of which IBRD is US\$71 million).** This would support Proponent Groups, which are legally established and registered FCAs, or clusters of FCAs and LGUs, which have been selected in accordance with the eligibility criteria set out in the Project Operations Manual. It will finance the provision of common service facilities designed to raise the profitability of agri-fishery producers and enterprises. It would support farmer clustering to achieve economies of scale in operation and product consolidation, and provide technical support to improve product quality, reduce post-harvest losses, and strengthen market bargaining power and linkages. The identification of enterprises, commodities, investments and associated technical support would be prioritized through the PCIP process in conjunction with the prioritization of the complementary value chain infrastructure financed under Component 2. The incentives for scaling-up the engagement of Proponent Groups would include: (a) sub- grants for common service facility investments identified in their Business Plan ; (b) technical support for the clustering and provision of climate-smart technologies for better agri-fishery systems; (c) facilitating access to development financing through project supported linkages with commercial banks⁴⁷; (d) facilitating access to insurance and business management support; and (e) facilitated linkages with institutional buyers for accessing more profitable markets and services. The clustering of agri-fishery producers would be linked with ongoing DA initiatives, particularly the F2C2 Program⁴⁸ and implementation of the PAFES⁴⁹; an initiative to designed to capacitate LGUs in coordinating technical services, clustering of producers, and in supporting market development activities. This would be underpinned by the DA Memorandum Circular 21 (2022) that requires all DA Bureaus and agencies to focus their technical

⁴⁷ Access to financing would be facilitated through ongoing consultations with commercial banks, including the Development Bank of the Philippines (DBP), Landbank, CARD SME Bank, and Philippine Business Bank. Support under the project would include sharing of information on FCAs/FCA clusters with local Bank branches, assistance for Enterprises in preparation of loan applications. (An MOU with the Development Bank of the Philippines (DBP) is also under discussion for the provision of equity financing). This would be underpinned by Three-year Capacity Development Plans (CDPs) which would be developed for each enterprise, as part of the Business Planning process.

⁴⁸ F2C2: Farm and Fisheries Clustering and Consolidation Program. This is an approach being adopted across all DA agencies and programs, through which farmer and fishers are encouraged/supported to cluster/group to improve economies of scale and cost-efficient production, harvest, processing, and marketing operations (DA Memorandum Circular 21 of 2022).

⁴⁹ Through PAFES, provision of integrated, coordinated agriculture and fishery extension services at the provincial LGU level is planned to become a reality. Local delivery of these services was mandated in the Local Government Code (1991) and reiterated in the 1997 Agriculture and Fisheries Modernization Act. But LGUs previously lacked resources to deliver them. Funding is to be enabled through the provision of additional resources to LGUs as a result of the 2019 Mandanas ruling of the Supreme Court. Beginning in 2021, each DA-RFO has been piloting the establishment of PAFES in one province. PAFES is being rolled out following a learning-by- doing approach, with the goal of integrating, coordinating, and strengthening the various service delivery systems now operating, *albeit* with each agency currently pursuing its own mandates and extension delivery programs for farmers and fisherfolk.



support on the strengthening of agri-fishery production through Good Agricultural, Animal and Fishery Practices⁵⁰, as well as compliance with food safety and quality standards⁵¹. It will follow the same cost-sharing arrangement as used under the on-going PRDP. For LGU initiated subprojects, the cost-sharing scheme would be 60 percent of IBRD loan proceeds, 20 percent GoP, and 20 percent LGU Equity (across all LGU income classes). For FCA initiated subprojects, the cost-sharing would be 60 percent LP, 20 percent counterpart funding (GoP), and 20 percent FCA/Cluster FCA Equity (in cash and/or in kind.)⁵² For FCA projects, the cost sharing arrangements would be irrespective of the scale of the enterprise. Overall management of this component would be enhanced through the “Enterprise Operation Monitoring System (EOMS)”⁵³ developed under PRDP to track the progress of enterprise operations and their achievements based on the approved Business Plans.

25. Subcomponent 3.1 (US\$91.4 million of which IBRD is US\$55 million): Strengthening Agri-fishery Enterprise Cluster Productivity and Market Access. The sub-component would fund Proponent Group proposals for civil works, equipment and machinery for small to large-scale climate-resilient pre- and post-harvest, processing, logistics, and distribution facilities to enhance the efficiency of FCA/FCA cluster operations, improve product quality and safety, and enhance logistics to respond to demand from consumers and market outlets. Proponent Group subproject proposal submissions could come from: (a) LGUs where it can be demonstrated that there is a critical value chain-based need and private sector investment is not forthcoming. (In such cases, the LGU would be required to identify a partner FCA, cluster of FCAs, or a private business entity that would manage or co-manage the operations of the enterprise); and (b) FCA or cluster of FCAs (FCA cluster). For the latter, the lead FCA or FCA cluster would be responsible for the subproject proposal formulation, implementation and operation, which may be done in partnership with a private agribusiness entity. Subproject proposals submitted by an LGU or FCA/FCA cluster may also be initiated by a private agribusiness entity, but the proposal would need to identify the partner LGU or FCA/FCA cluster who would be the proponent of the subproject. The arrangements for each of these modalities are specified in the POM, together with the eligibility criteria and Business Plan requirements on which investment decisions would be based. These criteria would include agreements between the FCA/FCA cluster and a private agribusiness that inter alia could encompass marketing agreements, arrangements for technology transfer, supplier credit or provision of other types of services, along with safeguard requirements, financial viability etc. Additionally, and in accordance with the institutional strengthening under Component 4, procedures would be strengthened in the POM to ensure all recipients have a full understanding and compliance with the World Bank’s Fraud and Corruption Guidelines and with procedures for elevating and resolving “exceptions” that may arise during implementation.

⁵⁰ Good Agricultural Practices in the Philippines (GAP); A.T. Banza, L.E Mojica, & A. Cielo (2013): South-eastern Asian Regional Center (SEARCA). Other similar approaches include Good Animal Husbandry Practice (GAHP), Good Aquaculture Practices (Gaqp), Good Manufacturing Practices (GMP), and product standards.

⁵¹ The DAs Bureau of Agriculture and Fisheries Standards (BAFPS) is responsible for setting and enforcing agri-fishery product standards, including processing, preservation, packaging, labeling, importation, exportation, distribution and advertising.

⁵² As for Component 2, new cost-sharing schemes may be introduced during project implementation pending increases in the National Tax Allocation for LGUs.

⁵³ The EOMS is a tool for better planning and implementation, practices, processes and procedures that are used in the development, deployment and execution of the approved business plans and strategies and all associated with enterprise operations activities.



26. **Subcomponent 3.2 (US\$21.10 million of which IBRD is US\$17 million): Enhancing Agri-fishery Enterprise Cluster Capacity.** This would fund technical assistance, studies, training and workshops providing a wide range of services tailored to meet Enterprise Business Plan requirements e.g., for: (a) improved technical and management performance; (b) access to innovative technologies; (c) market diversification; (d) promotion of products through trade fairs and online platforms, e.g., the PRDP Marketplace; and (e) access to finance and insurance. Technical services would be provided through Program Contracts with agencies best equipped in the area to provide such services. For those producer clusters entering into formalized marketing agreements with enterprises, technical assistance would be based on Proponent Group Cluster Development Plans. Such services would, in particular, focus on climate-smart approaches for improving the quality of produce at farm gate and encompass modern on-farm, cultivation, handling, storing, crating, grading and food safety technologies, as well as facilitated access to financing and insurance. Other activities to be supported under this component would include: (a) support for PAFES implementation through training of the LGUs in market development and clustering; (b) collaboration across DA agencies in the promotion of youth engagement in agriculture and agribusiness in support of this strategic activity under Component 1; and (c) strengthened partnerships with the private sector.
27. **Component 4: Project Management and Support, Monitoring and Evaluation (I-SUPPORT) (US\$45.50 million of which IBRD is US\$38 million).** This would finance project management, technical assistance, studies, training and capacity building for project staff during the project period. It would support all oversight, management, fiduciary, and M&E aspects of the project including execution of an Institutional Strengthening Action Plan designed to ensure POM guidelines, procedures and processes are fully understood and followed. Organizational arrangements and implementation procedures would be integrated with those of PRDP. It would include the adoption, with some modification of the POM of PRDP, and of the various digitized and web-based tools used for management oversight, M&E, Grievance Redress Mechanism (GRM), document tracking, service standards, knowledge sharing and information dissemination. The various functions would be implemented by units comprising; Administration, Finance, Legal, Economics, Social and Environmental Safeguards, M&E, InfoAce, Governance and Geotagging, and Budget and Accounting. The continuity of staff, functions and implementation procedures provide a solid basis for the nationwide and transformational scope of PRDP Scale-Up. Staffing requirements would be augmented as needed through the hiring and engagement of permanent DA personnel.
28. This component will finance technical assistance, studies, training and workshops, including: (a) further digitalization of project management processes for planning, capacity building, meetings, and other coordination activities, as well as for the monitoring and supervision of investments⁵⁴; (b) mainstreaming of the requirements for environmental and social impact management and risk mitigation⁵⁵; (c) fiduciary management and oversight with particular reference to the Institutional Strengthening Action Plan which, *inter alia*, calls for regular reviews of implementation guidelines, procedures and protocols as well as options for providing/strengthening internal audit and anti-corruption coverage of project activities; (d) further development of document processing/monitoring innovations; (e) mainstreaming development of a

⁵⁴ This would include expanded deployment of geo-based tools such as geo-video, video-tagging using unmanned aerial systems/vehicles (UAS/UAV), geo-dashboard and the effective Grievance Redress Mechanism established under PRDP.

⁵⁵ Specific capacity-building activities would include; (a) ensuring all stakeholders are equipped with knowledge and skills for social and environmental risk mitigation; (b) mainstreaming activities to integrate PRDP safeguard procedures into DA's systems, including specialized training, (c) accreditation of DA staff, (d) coordination with the Civil Service Commission, and (e) potential partnership with the Philippine Learning Center for Environmental and Social Sustainability (PHILCESS).



Knowledge Management Portal for sharing experiences and good practices through transition of the M&E Unit into a Monitoring, Evaluation, and Learning Platform (MEaL); (f) enhanced information advocacy, communication, and education⁵⁶; and (g) mid-term and end-project evaluations.

29. **Component 5. Contingent Emergency Response (CERC) (zero allocation).** This component would allow for rapid reallocation of uncommitted project funds towards urgent needs in the event of a geophysical, climate-related, or man-made disaster or public health emergency. Such events may include extreme weather such as typhoons, disease outbreaks, or earthquakes. The trigger for activating the CERC would be agreed during appraisal and could include evidence such as the declaration of a State of Calamity or a State of Public Health Emergency by the mandated national or subnational authority or a State of Public Health Emergency. The agreed trigger would enable the reallocation of uncommitted project funds to support immediate response and recovery needs. Disbursements would be made against a positive list of critical goods, civil works, and consulting services. The POM would include detailed descriptions and procedures. Potential CERC-financed activities would: (a) align with the main project activities; (b) follow the project's implementation arrangements; and (c) be based on DA's mandate under the various emergency response and contingency plans. The POM would include detailed descriptions and procedures.

Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

30. The Project will build on eight years of experience of implementing the World Bank safeguards policies since the approval of the original PRDP in August 2014. Throughout this time, PRDP has put in place a reliable system for complying with the safeguards policy requirements for environmental assessment, Indigenous Peoples, land acquisition and donation, and grievance redress. The system has also been flexible which allowed it to incorporate labor influx issues when World Bank guidance was issued on this in 2017. The latest additional financing focused on the Bangsamoro Autonomous Region of Muslim Mindanao (BARMM) which allowed PRDP to have a more systematic approach for conflict sensitivity and assessment.
31. The Social and Environment Safeguards (SES) team oversees the implementation of the IESSF which includes a Resettlement Policy Framework and an Indigenous Peoples Framework and will upgrade this to an ESMF.
32. The capacity of SES staff improved over the years through various trainings and the lessons they learned

⁵⁶ PRDP Scale-Up would include new initiatives through development of information, education and communication (IEC) materials that would focus on human interest, new avenues of content and innovation, engagement of the private sector and development of knowledge products. Communication activities would also highlight the increasing visibility of the World Bank, DA and the PRDP as enablers and mobilizers of rural agri-fishery development in the country.



from implementing the Project. PRDP's performance for environmental and social compliance has mostly been satisfactory. With the introduction of the ESF, there is a need to upgrade existing documents and produce new ones such as the SEP and LMP. There is also a need to re-train staff and update PRDP's current procedures. As the amount to be invested for Phase 2 is quite substantial, there is a need to hire more staff to augment the current human resources available. A program of capacity-building on the ESF will be developed and implemented. The environment and social risk ratings are both substantial, and the proposed ESRC is substantial.

33. The environmental risks and impacts will be identified and managed early on in the planning, screening and design stages. The construction activities to be undertaken are expected to generate moderate to substantial environmental risks and impacts that include temporary flooding in low-lying areas, poor drainage or clogged drains or blocked waterways, low-level contamination of soil and water quality, uncollected hazardous wastes such as pesticides and domestic solid wastes. Other activities may involve unchecked quarrying, temporary diversion of water and construction-related health hazards and safety of workers and communities. The potential impacts of the targeted interventions that involve small-scale civil works and facilities are site-specific, reversible and short-term, and can be addressed following the ESMF impact mitigation hierarchy. This takes into consideration the essential features of the SPs into the site-specific ESMPs, the process of which the PRDP project is mainstreaming in its ESMF standard systems and procedures. The Project is preparing an Environment and Social Management Framework (ESMF) that builds upon its IESSF.
34. Risks related to land acquisition and Indigenous Peoples will continue to be substantial, as the bulk of the Project is infrastructure, particularly farm-to-market roads, and it will continue to be implemented nationwide including in areas where Indigenous Peoples are present. With the addition of bridges and fish landing infrastructure, the involuntary resettlement of informal settler families may be necessary. The Project will adopt the existing Resettlement Policy Framework of PRDP and include new ESS 5 provisions such as those related to minimizing the risk of forced eviction.
35. Stakeholder risks are expected to be low as the Project will likely operate in areas where PRDP has already operated before. Labor influx is expected to be minimal, and SEA/SH risks have been screened to be low. The Project will continue to use PRDP's robust GRM, and will ensure that it will be sensitive to SEA/SH and have a survivor-centered approach. A Stakeholder Engagement Plan (SEP) will be prepared. Risks related to labor management and working conditions will likely include minor health and safety risks as the Philippines is governed by a Labor Code that is at par with international standards for decent work (including the provisions of the core ILO conventions and ESS2). A set of Labor Management Procedures (LMP) will be prepared.
36. The conflict situation in some of the areas that the Project will be implemented could complicate risks and impacts. Under the second PRDP additional financing which targeted BARMM, a conflict sensitivity and peace-promotion training has been piloted and will need to be rolled out under the Project. Conflict assessment and management will also need to be incorporated in project processes in conflict areas.



E. Implementation

Institutional and Implementation Arrangements

37. **The project would be national in scope and under the DA Secretary through the Office of the DA Undersecretary for Operations.** Institutional arrangements would be the same as for the ongoing PRDP project. The PRDP-NPCO, under the direction of the Assistant Secretary for Operations, would take on the functions of PRDP Scale-Up in providing overall management. Likewise, the existing National Project Advisory Board (NPAB) for PRDP would also take on the functions for the Scale-Up project. The NPAB is responsible for approving policy and refinements of procedures, as well as monitoring of overall project performance.
38. **At the Regional level, the project would be implemented through DA's RFOs which report to the Under Secretary for Field Operations, and through that office to the Secretary of Agriculture.** For the purpose of implementing PRDP and the follow-on PRDP Scale-Up, RFOs have been clustered into four groups based on geographical location i.e., North Luzon (Luzon A comprising Cordillera Administrative Region and Regions 1, 2, and 3); South Luzon (Luzon B comprising Regions 4A, 4B, and 5); Visayas (comprising Regions 6, 7, and 8); and Mindanao (comprising Regions 9, 10, 11, 12, 13, and the Bangsamoro Autonomous Region in Muslim Mindanao or BARMM). The RFO of BARMM is represented by the BARMM's Ministry of Agriculture, Fisheries and Agrarian Reform (MAFAR). Each RFO grouping is supported by a PSO that provides administrative, legal and technical support for RPCOs which have been established in each RFO. The RPCOs would manage the day-to day implementation of PRDP and PRDP Scale-Up components. The BARMM's RPCO is under MAFAR.
39. **Existing Regional Project Advisory Boards (RPABs) comprising local multi-agency, farmer, and other stakeholder representatives would continue to function under PRDP Scale-Up.** RPABs, which are chaired by DA-Regional Executive Directors, are responsible for approving subproject proposals and for facilitating the harmonization of approach and convergence (inter-institutional linkages). RPCOs provide the secretariat functions for the RPABs.
40. **At the provincial level, partnership arrangements between the DA and LGUs are established through MOAs that define responsibilities for implementing PRDP.** The MOA would be entered into between the DA and participating LGUs prior to any investment in that LGU under the project. The MOA would require each LGU to establish a Project Management Implementation Unit (PMIU) with staff, resources and responsibilities for implementing subprojects (i.e., Provincial - PPMIU; City - CPMIU or Municipal - MPMIU). The MOA would also include provisions supporting the Institutional Strengthening Action Plan (Annex 1, Table A1.1) which inter alia is designed to ensure: (a) effectiveness of LGUs procurement, funds flow, contract management, and M&E; (b) efficiency and effectiveness of RPCOs and PSO oversight functions; (c) awareness of World Bank Fraud and Corruption Guidelines of all personnel and entities within the PRDP sphere of operations; and (d) access, scope, coverage, and procedures for complaints-handling and resolution, especially for complaints from the LGU level, including sharing of complaint information with the Bank during implementation support missions.
41. **The PCIPs, now institutionalized through PRDP, would be further utilized and strengthened as the collaborative planning instrument between the DA and the LGUs.** The PCIPs provide an effective platform through which the DA rationalizes its localized support for productivity strengthening. The suitability of the



areas for commodities is determined through the eVSA tool, which considers environmental, edaphic, and socio-economic factors. The type of interventions supported is subsequently determined through VCAs.

42. **Social and Environmental Safeguards (SES) units have been established at NPCO, PSO and RPCO levels of project organization within DA, while all participating LGUs have designated safeguard focal persons in their PMIU.** These arrangements would continue to support PRDP Scale-Up. Given the number and scale of subprojects to be supported, additional staff would be hired. Through PRDP, a number of innovations and refinements in procedures, protocols, forms and templates have been institutionalized, and safeguards capacity has been strengthened through training, workshops and learning-by-doing facilitated by joint NPCO-PSO-RPCO reviews. As the Environment and Social Framework would be applied, additional training and capacity building would be rolled out. The project would partner with the Philippine Center for Environment and Social Sustainability (PHILCESS) for ESF capacity-building and mainstreaming activities.
43. **In BARMM there would be similar requirements, procedures, and approaches for safeguards and PCIP preparation review, approval and subproject monitoring.** While in BARMM the approval process of sub-projects has been found to be slower due to limited LGU capacity, this has not hampered implementation of social and environmental safeguard measures, nor the ability to supervise and review subprojects. Under PRDP there have not been any safeguard or right-of-way acquisition issues due to conflict. PRDP Scale-Up would adopt the same measures which are summarized in Annex 1 and detailed in the Project Operations Manual (POM). These, for example, require that for subprojects affecting minority groups, including IPs, that their representatives are present in consultations, and that local labor is hired to implement subprojects. Safety concerns are, in the first instance, the responsibility of the LGU concerned, and this would be reflected in the Memoranda of Agreement (MOAs) to be entered into between the DA and LGUs governing all activities and investments under the project. Such fragility and related implementation procedures are central to the recently approved World Bank-supported MIADP, which focuses specifically on Indigenous Communities in ancestral domains of Mindanao, including BARMM. As MIADP is implemented by the Department of Agriculture through the same institutional and operational arrangements as for PRDP Scale-Up, the institutional basis exists for experiences and best practices across projects to be integrated as the implementation of PRDP Scale -up proceeds.

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