

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC1317

Date ISDS Prepared/Updated: 12-Nov-2012

I. BASIC INFORMATION

A. Basic Project Data

Country:	Philippines	Project ID:	P132317
Project Name:	Philippine Rural Development Program (P132317)		
Task Team Leader:	Carolina V. Figueroa-Gero		
Estimated Appraisal Date:	19-Nov-2012	Estimated Board Date:	30-Jul-2013
Managing Unit:	EASPS	Lending Instrument:	Specific Investment Loan
Sector:	General agriculture, fishing and forestry sector (50%), Rural and Inter-Urban Roads and Highways (40%), Irrigation and drainage (10%)		
Theme:	Rural services and infrastructure (40%), Climate change (20%), Rural markets (20%), Decentralization (10%), Rural non-farm income generation (10%)		
Financing (In USD Million)			
Financing Source			Amount
BORROWER/RECIPIENT			120.00
International Bank for Reconstruction and Development			500.00
Global Environment Facility (GEF)			7.00
Total			627.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	Yes		

B. Project Objectives

PRDP aims to increase farm and fishery productivity and incomes in the targeted program areas.

This will be done by improving access to a strategic network of infrastructure, market information and support services and increasing the value of producers' market surplus, within priority value chains.

C. Project Description

The proposed PRDP would build on the experiences and approach developed over the past decade

from the DA's implementation of two Mindanao Rural Development projects (MRDP1 & MRDP2). The approach, which has evolved over time, has supported LGUs in Mindanao to build their institutional capacity and provide infrastructure and livelihood subprojects supporting agricultural development. Inherent in the approach has been support for the decentralization goals of Government, and a strong element of community-based approaches to ensure support tailored to the needs of LGUs and local producers.

Recognition of the merits of the decentralized approach to providing agriculture and fisheries support has grown in the DA, with LGUs being assisted to design and deliver subprojects supportive to addressing constraints faced by the farming and fishing communities. However, under the PRDP the objective goes beyond decentralization. The PRDP will be looking at issues and constraints related to securing rural growth, increasing sector productivity and addressing food security issues beyond the household level. PRDP then will help assist in the modernization of the agriculture and fisheries sector, which would necessarily include support for diversification of rural economic activities. Underpinning this new approach is building a stronger partnership between the DA (at the national and regional levels), and the various development stakeholders at the local level (e.g., LGUs, farmers and fishers, private sector, academe, etc.) in investing in priority commodity value chains. Beginning 2012, all RFUs are required to develop their regional 5-year "Agriculture and Fishery Modernization Plans (AFMPs)" that identify how regional plans will contribute to achieving national AFMP goals. The process, in turn, requires that Regional Field Units (RFUs) employ a value-chain approach and incorporate climate change adaptation in the formulation and implementation of the regional AFMPs. This would then require the DA RFUs to partner with LGUs and other development stakeholders to be able to effectively implement the regional AFMPs which would be supporting the development of priority value chains.

Based on the institutional reforms and innovations being pursued by the DA, along with a growing consensus as to the merits of the approach that the DA has developed and implemented under MRDP2, DA Management has committed to "rolling-out" a national program on rural development. The program would have at its core the goals of improving food security and productivity of the sector, and development of a more market-oriented and resilient agriculture and fishery sector. The proposed PRDP would reinforce the key principle of ensuring the active engagement of all key stakeholders at the local level; representing the DA, LGUs, Private Sector, Civil Society and the communities, in the process of preparing and financing local, area-based plans. Importantly also, the program will look to this partnership of stakeholders to provide an open and transparent process for monitoring the delivery of programs, and the overall evaluation of implementation. Upfront, institutional and stakeholder assessments (ISAs) will help identify the key stakeholders, their perspectives on the key issues which need tackling, and actions necessary for driving growth in agriculture and supporting the value chain. Accordingly, it is proposed that PRDP would provide the framework for Bank engagement in supporting this program across all 16 regions of the country.

Provincial Local Government Units (LGUs) would be supported in building their capacities to identify and invest in infrastructure and support services needed to underpin priority value chains and develop a more market-oriented agriculture and fishery sector in their areas. Complementing this, community entrepreneurial activities would be supported to help small farmers and fishers raise incomes through better linkages and access to markets. In reality, the approach has already been pilot tested and adopted in those Regions/LGUs implementing the ongoing Second Mindanao Rural Development Project (MRDP2). However, under the PRDP, the basis for the investments to be financed would be the regional and provincial AFMPs, rather than just the barangay development plans (BDPs), in order to ensure better congruence in the sector investments being financed at the

local levels with that of fulfilling the national AFMP targets. In addition, a strong orientation for a value chain approach and focus on climate resiliency for all PRDP interventions would be followed. On the latter, the determination of priority value chains would be enhanced through the determination of ranking of areas (provinces and municipalities) based on a vulnerability and suitability assessment (VSA) which takes into consideration commodity suitability and vulnerability factors such as climate risks .

A change in emphasis would be in regard to the Community Fund for Agricultural Development (CFAD) component under MRDP2. Whereas CFAD was originally designed to support community “livelihood” activities, the new focus would be more on building and supporting ‘agricultural and fisheries-based entrepreneurial” livelihood activities, in keeping with DAs strategic goals of raising productivity through a value chain approach. This would include support, where appropriate, for natural resource management (NRM) activities e.g., in connection with community fishery subprojects. This integration of NRM with “community entrepreneurial” activities, rather than as stand-alone activities, has evolved as one of the lessons from MRDP2. There will also be a greater focus in ensuring a more systematic provision of technology and market support services for all livelihood activities to be financed under PRDP.

The proposed PRDP would provide a loan of US\$ 500million and a grant of US\$7 million from the Global Environment Fund (GEF). As discussed above, it would be based on the operational mechanisms and approach under the ongoing MRDP2 project, but with more emphasis given to linking national priorities for the agriculture sector with local (regional and LGU) plans and investments. It is seen as a vehicle for providing strategic infrastructure and support services that numerous studies have shown as important in order to enhance the country’s agricultural productivity and food security. The PRDP would have four components as summarized below:

Component 1. Investments for AFMP Planning at the Local and National levels (I-PLAN) - (estd. US\$26 million equiv. from loan & GEF-grant US\$1.4 million equiv.)

This component would focus on strengthening the DA’s planning and budget execution processes for supporting AFMP implementation at the regional and provincial levels. Support by way of technical assistance, consultants, training and workshops would be provided to assist in mainstreaming the Department of Agriculture’s AFMP Planning Framework and in realigning budget processes, responsibilities and accountabilities to ensure the principles embodied in the AFMP are fully implemented and institutionalized. Support would build on the considerable work already done by the Government to develop the AFMP planning framework and processes, but with further attention given to refining the process by which Regional AFMPs more explicitly describe and rationalize: a) which commodity value chains are to be prioritized and supported; b) which disaster and climate risk factors to consider; c) the adequate levels and nature of public and private sector investments needed; d) the critical technical support services needed from public and private technical service providers and how these can be tapped and provided to LGUs and producers; and d) how the said regional AFMP can help contribute to achieving national AFMP goals. Some realignment of budget programming and execution processes within the DA would also be needed to further divest authority and accountability for AFMP implementation and budget execution to the RFUs. While recent DBM reforms now enable the downloading of budgets directly to RFUs, the authority to utilize the budget is still not fully devolved to the RFUs, particularly in the case of the national commodity programs. Additionally, in keeping with the AFMP principle by which the DA plans to mainstream the implementation of its programs at the local level through partnerships and cost-sharing with LGUs, the project would also support the development of institutional mechanisms and

processes within DA for it to administer the co-financing and funds flow arrangements with their partner LGUs.

Support would be provided to refine the current DA Planning Guidelines for preparing the AFMP, as well as the Harmonized Operations Manual prepared under MRDP2 in line with the AFMP process, and to mainstream these as the modus operandi for all DA programs implemented at the regional level. Whereas under MRDP2, DA RFU support for planning processes was provided at the Municipal and Barangay levels, under the PRDP, the focus of support and AFMP integration would be at the Provincial level, where there is more opportunities for doing a value chain approach and economies of scale. Hence, support for strengthening the regional and provincial planning processes would incorporate strategic thrusts such as: i) convergence on integrated ‘ridge-to reef’ planning involving multiple agencies; ii) planning techniques incorporating disaster risk reduction, climate change adaptation and participatory resource assessments; and iii) development of regional Value Chain Roadmaps, including LGU clusters to provide economies of scale for particular commodities, that would provide inputs to the selection and prioritization of investments to be supported under this program.

Component 2. Intensified Building Up of Infrastructure and Logistics for Development (I-BUILD) (est. US\$350 million). This component would support a flexible menu of eligible local infrastructure, identified as critical in supporting the priority commodity value chains in the regional AFMPs. It would be implemented through the construction and rehabilitation of Value Chain Infrastructure Support, as well as through the provision of technical assistance for improving the effectiveness and sustainability of such infrastructure investments.

Critical infrastructure, identified through the local (Regional and Provincial) AFMPs, would be provided to strengthen the value chain and provide the enabling environment to improve the competitiveness for agricultural and fishery products. The menu of eligible infrastructural interventions would include for example; access roads and bridges, tire tracks, small scale water supply, water collection and storage systems, irrigation systems, shallow tube wells, market collection centers, post-harvest facilities, fish landings, and other fisheries-related infrastructure and facilities. Cost sharing with LGUs would be 90% from the DA and 10% from the LGUs.

Included under this component would be technical assistance and training to partner LGUs, as needed, to develop and support Public-Private Partnerships (PPPs) with agro-industries, producer federations etc., in the provision of public infrastructure investments. This component would also support technical assistance for the development of approaches and technical specifications, as appropriate, for incorporating disaster and climate risk factors in the design of infrastructure.

Component 3. Investments for Rural Enterprises and Agricultural and Fisheries Productivity (I-REAP) (est. US\$100 million equiv. from loan and US\$5.6 million from GEF grant). This component would provide the development, implementation and sustainability of agricultural, livestock or fishery-based livelihood and entrepreneurial subprojects which are within the priority value chains being supported under the regional and provincial AFMPs. The financing for this would be done through the provision of a matching grant scheme between the DA and the provincial LGUs, which has been earlier been proven as successful under MRDP in providing adequate incentives for LGUs to actively participate and partner with DA on enterprise development. Producer groups would be assisted through block grants to be administered by the Provincial LGUs to develop viable agricultural or fishery-related enterprises. This would build on the earlier experience gained under MRDP in enterprise development. Particular emphasis would be given to supporting the value chain

and the linking of farmers and fishery producers with processors and markets. Eligibility criteria for producer groups would be those which would have the capacity to produce marketable surplus. Included in the menu of activities to be supported would be investments supportive of climate change adaptation, such as crop diversification and other strategies that will mitigate climate and weather impacts on production, as well as on household incomes and food security. Natural resource management investments, such as mangrove planting and or stabilization of hillsides through tree plantings would be integrated into community enterprise programs as appropriate, to help ensure the sustainability of investments, for which the GEF grant resources would be supporting.

The enhanced feature under PRDP would be to ensure that the supporting mechanisms for the provision of technical support services for improving productivity, climate resiliency, market linkages and entrepreneurship skills among participating producer groups are institutionalized within the DA RFU's technical delivery support mechanism to LGUs in order to ensure better profitability and sustainability of the livelihood and enterprises to be supported under PRDP. As such, training, information sharing and facilitation designed to provide farmers and fishers with access to information and contacts, ranging from technology to market requirements and risk management, will be provided. A range of modalities would be supported to assist producers and agri-business entrepreneurs in accessing the information and technologies needed for them to develop and sustain viable enterprises. Support would be tailored to requirements of the types of enterprise being assisted to enhance enterprise productivity, reduced vulnerability to weather and market shocks, and/or be more competitive and adept in marketing their produce. The menu of support would draw upon best practice and experiences gained under previous multilateral and bilateral assistance projects, as well as those developed by NGOs, State Universities, Producer & Commodity Federations and Research Agencies. Among the modalities already well established in the Philippines are; (i) on-farm participatory technology demonstrations, (ii) Farmer Field and Climate Schools, (iii) Field days & Facilitated Marketing arrangements with buyers & processors, (iv) the Farmer Contact Center or other methods of providing weather, market and technology information, and (v) specialized topics, business training and producer group formation. Provision of these information services would be arranged or contracted as necessary by RFUs and LGUs from a range of service providers, including State Universities, Research Institutions, Producer Federations and NGOs as appropriate. In addition, the PRDP will support the adoption, replication and scaling up of smart agriculture technologies such as those being developed under the GEF-PhilCCAP project, as well as knowledge partnerships (e.g., for natural resource management, or with the International Rice Research Institute (IRRI), and the DOST, e.g., building on studies relating to "Precision Agriculture" designed to link climate and weather data to provide a real time basis for timely and informed production and marketing decisions by farmers and fish producers. Support under PRDP for these activities would be provided through training, workshops and technical assistance, both to RFUs in areas covered by the PRDP, as well as to LGUs participating in the program.

Component 4. Implementation Support to PRDP (I-Support) (est. US\$24M). Management and implementation support would build on the effective mechanisms operating under MRDP2. However, since PRDP would encompass a much larger geographical area, separate but similar PSOs would need to be established. The location of the PSOs would be based on logistical factors, but it is envisaged that in addition to the PSO for Mindanao, additional PSOs would be established for the Visayas and for Luzon. In keeping with the AFMP framework, and the central role of RFUs in managing regional programs, the functions of the PSOs would be primarily to support clusters of RFUs in the implementation of the PRDP. Based on experiences under MRDP2, some RFUs will be more advanced and rapidly assume most functions, including M&E, while others will take much longer to achieve the necessary level of management and capacity. The functions and demands on the

PSOs, will therefore be quite variable according to region and LGU capacity. The M&E system will be backed up by information technology applications piloted under MRDP2, such as the use of geotagging, a GPS technology for tracking and supervising subprojects particularly those located in difficult-to-access areas. Project management will also include risk monitoring and assessment as part of regular M&E functions.

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

The PRDP will be implemented nationwide, in all 16 regions of the Philippines, covering the major islands of Luzon, Visayas and Mindanao. Implementation of subprojects will rest with the provincial local government units (LGUs).

E. Borrowers Institutional Capacity for Safeguard Policies

The PRDP will be implemented by the Department of Agriculture (DA) and participating provincial local government units all over the country. Within DA, two (2) additional Program Support Offices (PSOs) will be organized, one for Visayas and one for Luzon. The existing MRDP PSO will eventually be absorbed under PRDP to serve the Mindanao regions. These PSOs will be responsible for orchestrating project activities and providing support to participating DA Regional Field Units (RFUs) within the three main island groups. To facilitate project coordination at the region, a Regional Program Coordinating Office (RPCO) will be organized in each of the sixteen (16) DA RFUs.

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There are currently sixteen (16) administrative regions in the Philippines: 6 in Luzon, 3 in the Visayas and 6 in Mindanao. The DA has a regional field unit (RFU) in each of the 16 regions. Except for Mindanao, environmental and social safeguard capacities of these RFUs are weak. For these RFUs, the Program would require staffing complement for safeguards in the RPCOs, who shall be trained on the basic elements of safeguards frameworks and guidelines, environmental and social assessments, subproject screening, preparation, review and approval process, as well as the preparation of environmental management plans.

The LGUs will be responsible for preparing and implementing subproject proposals. Except for LGUs that have already implemented subprojects under MRDP1 and 2, environmental and social safeguards capacities of LGUs would be weak, although it is also highly likely that most of these LGUs are beneficiaries of projects financed by the World Bank and the Asian Development Bank for which safeguards policies and requirements are mandatory. The capacity building approach drawn from extensive operational experience of the DA under the MRDP, will be adopted to build the capacity of the participating LGUs. The RPCOs and the PSOs will build the safeguards capacity of the participating LGUs and provide technical assistance to ensure that they comply with the relevant safeguard policies of the Government and the Bank.

F. Environmental and Social Safeguards Specialists on the Team

Josefo Tuyor (EASPS)

Jonas Garcia Bautista (EASNS)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	The types of subprojects to be funded under the Project will be virtually the same with MRDP2 except that it would now include fisheries support infrastructure as well as greater emphasis on incorporating climate resiliency in value chain infrastructure support. These subprojects would include farm-to-market roads, bridges, fish landings, small local ports, level 2 water supply systems, communal irrigation systems as well as community livelihood support infrastructure consisting mainly of small scale production, post-harvest, processing, logistics support and natural resource management infrastructure/systems. As demonstrated during the implementation of MRDP1 and MRDP2, these subprojects will only have localized impacts which can be mitigated through technical and engineering design measures. Specific measures in the operations and maintenance systems as well as strict adherence to guidelines and procedures in terms of site selection and screening, would also be done to mitigate localized impacts. The existing Environmental Management Framework and Guidelines (EMFG) and subproject-specific technical guidelines of MRDP2 will be updated and enhanced based on the experiences and lessons learned for application under the project. Year 1 sub-projects identified/known during appraisal will be required to prepare, submit and disclose either Environmental and Social Management Plans (ESMPs) or Initial Environmental Examination Report following the framework and sub-project specific technical guidelines.
Natural Habitats OP/BP 4.04	Yes	The Program will adopt MRDP2's policy of not funding subprojects that will negatively affect critical natural habitats. However, it will support sub-projects that will enhance/improve natural and coastal resources management to make

		them more climate-resilient. Impacts to natural habitats, both positive and negative, will be individually assessed per subproject, following the enhanced EMFG.
Forests OP/BP 4.36	No	The project will not finance any activities that would have negative impact on the health of existing forests and communities that are dependent on these forests.
Pest Management OP 4.09	Yes	The Program may result in increased use of pesticides as commercial production increases in PRDP-supported areas. The possible increase in usage of pesticide will be addressed in PRDP through the promotion and support of Integrated Pest Management system under the DA's successful SAKA-KALIKASAN program, which is already widely-practiced in the Philippines.
Physical Cultural Resources OP/ BP 4.11	No	The PRDP is unlikely to affect physical cultural resources. However, siting guidelines for all subprojects shall include strict avoidance of cultural resources particularly structures of cultural and/or historical significance. The Environmental and Social Management Plans (ESMPs) shall also include provisions for procedures to be followed in case of chance finds or discovery of archaeological sites consistent with existing government procedures.
Indigenous Peoples OP/BP 4.10	Yes	Unlike in MRDP2, the Project will no longer purposively target IP communities as beneficiaries of infrastructure and livelihood subprojects. However, indigenous peoples will still be affected by many of the infrastructure subprojects, especially farm-to-market roads. In most cases, the IP communities themselves solicit the subprojects. However, in areas where IPs are not the proponent of the subproject, there would be a need to ensure that subprojects funded by the Program underwent prior informed consultation and enjoy broad support among the IP community members. Additionally, the Philippine Indigenous Peoples Rights Act (IPRA) requires Free and Prior Informed Consent (FPIC) on subprojects located within officially declared IP territories or Ancestral Domain. The processes of obtaining the FPIC and complying with other

		<p>requirements of IPRA are administered by the National Commission on Indigenous Peoples (NCIP) and these have been incorporated in the MRDP2 IP Policy Framework. The Project will generally adopt the MRDP2's IP Policy Framework on IP issues.</p> <p>An institutional and stakeholder assessment (ISA) is currently being conducted nationwide. The ISA provides an opportunity for prioritizing, gathering, analyzing and incorporating institutional and social information and structured participation into the design of PRDP. The ISA serves the purpose of the SA.</p>
Involuntary Resettlement OP/BP 4.12	Yes	<p>The construction of rural infrastructure is unlikely to cause massive dislocation of people, homes and livelihood. However, there may be a few homes that would need to be moved aside to give way for the subprojects. Croplands may also be temporarily affected by construction activities and would need to be compensated. The acquisition of land for the project site and right-of-ways (ROWs) for infrastructure subprojects would likely need to involve negotiation with the owners on proper and just compensation. The PRDP will adopt the updated Land Acquisition, Rehabilitation and Resettlement Framework (LARRF) of MRDP2 in securing sites and ROWs for subprojects and in compensating project-affected persons for any damaged or displaced properties. The updating of the LARRF will take into account the lessons learned from MRDP2 implementation as well as the expanded geographic coverage of PRDP, among others.</p>
Safety of Dams OP/BP 4.37	Yes	<p>The project will finance communal irrigation systems which may involve dam construction or rehabilitation. These dams will be small dams (i. e., dams with height of less than 10 meters) particularly ogee dams for run-of-river irrigation systems or dirt dams for small water impounding and farm ponds, which would require only generic dam safety measures designed by qualified engineers. The project will also ensure that the following safeguards are reflected in the EMFG:</p>

		<p>(1) Dams of over 10 meters in height will not be funded;</p> <p>(2) Dam design should be done and/or approved by a qualified engineer;</p> <p>(3) In the environmental section/analysis section of the feasibility studies of subprojects involving dams, a risk assessment of dam failure and impacts on environment and downstream communities and receptors and corresponding mitigating measures in the EMP should be included.</p> <p>(4) Subprojects involving dams regardless of the height should submit a dam safety plan that also includes the measures to address impacts. The said plan will be reviewed by the Task Team and the Dam Expert of the World Bank.</p>
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 14-Dec-2012

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

The following documents would be completed by the time of Project Appraisal.

1. Updated Environmental and Social Management Framework and Guidelines;
2. Updated Land Acquisition, Rehabilitation and Resettlement Framework;
3. Updated Indigenous Peoples Policy Framework; and,
4. Complete Safeguards Documents for Year-1 Subprojects based on the Frameworks, viz:
 - (a) Environmental and Social Assessments as part of the Subproject Feasibility Studies;
 - (b) Environmental Compliance Certificates for subprojects covered under the Philippine EIS law;
 - (c) Environmental and Social Management Plans;
 - (d) Land acquisition and/or right of way documents;
 - (e) Project-Affected Person Entitlement Survey Results; and,
 - (f) IP Development Plans and/or Evidences of Indigenous Peoples Community Consultation and Support when required.

IV. APPROVALS

Task Team Leader:	Name: Carolina V. Figueroa-Gero	
Approved By:		
Regional Safeguards Coordinator:	Name: Panneer Selvam Lakshminarayanan (RSA)	Date: 13-Nov-2012

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

Sector Manager:	Name: Ousmane Dione (SM)	Date: 13-Nov-2012
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