

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC1156

Date ISDS Prepared/Updated: 15-Jun-2015

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I. BASIC INFORMATION

A. Basic Project Data

Country:	Philippines	Project ID:	P153042
Project Name:	Inclusive Partnerships for Agricultural Competitiveness (P153042)		
Task Team Leader(s):	Rabih H. Karaky		
Estimated Appraisal Date:	30-Jun-2015	Estimated Board Date:	29-Jan-2016
Managing Unit:	GFADR	Lending Instrument:	Investment Project Financing
Sector(s):	General agriculture, fishing and forestry sector (30%), Agro-industry, marketing, and trade (20%), Rural and Inter-Urban Roads and Highways (20%), Agricultural extension and research (15%), Irrigation and drainage (15%)		
Theme(s):	Rural markets (30%), Rural services and infrastructure (30%), Rural non-farm income generation (20%), Other rural development (10%), Rural policies and institutions (10%)		
Financing (In USD Million)			
Total Project Cost:	231.72	Total Bank Financing:	100.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			131.72
International Bank for Reconstruction and Development			100.00
Total			231.72
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The higher level objective of the project is to contribute to rural poverty reduction, job creation, and increased rural economic growth and households' incomes in the targeted agrarian reform community (ARC) clusters. While the PDO may be subject to refinement over the course of project

preparation, the proposed PDO is to improve access to markets and enhance the competitiveness of smallholder farmers in the targeted ARCs. This would be achieved by strengthening farmer organizations, investing in productive partnerships, and upgrading support services delivery.

C. Project Description

Achievement of the PDO would be measured by the following indicators:

- 1) Targeted Farmers Organizations (FOs) adopting improved practices in production and business/financial management.
- 2) Increase in the volume of sales from productive partnerships.
- 3) Reduction in post-harvest losses in key commodities supported by the project.

Project Description:

The project would enhance the linkage of farmers to viable markets and strengthen the productive partnerships between FOs and buyers by providing technical assistance, matching grants, and necessary support infrastructure. The project would work with small FOs to enhance their technical, operational, and managerial capacity, and with larger FOs and their rural enterprises to engage in productive partnerships as well as help them develop into local business development service providers. It would champion an inclusive and beneficiary led selection of what the project would help support.

1. Description

It is expected that the project would cover 50 ARC clusters across 44 provinces. The estimated number of beneficiaries is 300,000, including beneficiaries in poor municipalities. The total size of the project is about USD231.72 million including USD100 million from the World Bank loan. The proposed lending instrument is the Investment Project Financing. The project would have the following three components.

Component I: Support Services to Enhance Market Linkages

Extension and Organizational Development - This sub-component would provide technical training and capacity building to FOs through an approach similar to Farmer Field School approach (FFS) which could be the vehicle for extension services. Training would focus on Good Agricultural Practices (GAP), Integrated Pest Management (IPM), on-farm soil and water management, quality and safety certification, and postharvest management. Funding would be provided to adopt/ disseminate new varieties/technologies. This sub-component would also finance the efforts to empower and organize the farmers into producers groups through community consultations and development activities.

Business Development Services - Support would be provided to FOs/ rural enterprises on all aspects of managing their business affairs including business planning, accounting and auditing practices, loan applications, etc. Training would be facilitated through the recruitment of local business development service providers (NGOs, agri-universities, bigger FOs, etc.) who would train the FOs. The sub-component would also provide support to FOs to prepare their investments/business plans for submission under the project to avail of the matching grants, either solely or jointly with a private enterprise as part of a productive alliance.

Land Tenure Improvement Services - The lack of clear land ownership rights could constitute a hindrance to farmers being able to maximize the full potential of any economic activity currently

undertaken or those that may develop in the future. This sub-component would provide support to strengthen land tenure improvement services. More specifically, it would provide advisory and financial assistance to the FOs and other smallholders in the subdivision of their collective Certificates of Land Ownership Award (CLOAs), land surveys, demarcation of plots, and titles registration. In addition, the project will support the DAR to strengthen its land tenure improvement program through conduct of policy studies, identification of new land tenure instruments and conduct of pilot activities to clarify succession planning for inter-generational land transfer, avoid land fragmentation and enhance the likelihood of longer term productive land use.

Possible intermediate outcome indicators for Component I include:

- 1) Number of farmers accessing appropriate technical services.
- 2) Number of business development service providers that provide training in enterprise building, financial education, and operational management.
- 3) Number of collective CLOAs processed.

Component II: Investments in Productive Partnerships

Market Forum Facilitation - This subcomponent would support information and communication campaigns activities to introduce scaling up programs and productive partnership alliances initiatives. These campaigns would highlight the mutually enhancing benefits of increased public-private-cooperation in order to strengthen the competitiveness of the agriculture sector. Calls for proposals and wide dissemination of the productive partnership's operational procedures associated with the provision of project support would also be undertaken. In addition, an active networking and match-making effort would be supported to reduce the search costs for farmer organizations and agribusinesses in identifying suitable partners, and to assist partnerships in finding public and private service providers and other support institutions.

Productive Partnerships Sub-projects - This sub-component would support the establishment of productive partnerships between FOs exclusively, including their members, or with private agribusiness enterprises. The aim would be to develop a long-term, voluntary and commercial relationship and implement a detailed partnership/enterprise business and investment plan that would help the participating partners to improve their competitiveness in terms of price, cost of production, productivity, quality and sales volume. It would also build on and expand successful value chain partnerships between farmer groups and agribusinesses, helping them to broaden their activities, outreach and impact. Value chains that are eligible for scaling-up could be pre-determined or could be allowed to surface naturally through the competitive selection process.

Sub-projects support would be provided on a matching grant basis for eligible expenditures, including advisory services and training in support of FOs and the respective agribusiness partner, as well as goods, materials and works to allow for improved production and post-harvest management to be undertaken by FOs, all on an incremental basis. Matching grants would be allocated on the basis of a competitive selection process utilizing transparent appraisal procedures specifically designed and established under the project to result in the selection of commercially viable partnership/enterprise business plans. Sub-projects would be demand driven and could include production facilities (nurseries, green houses), value addition investments (post-harvest, storage, and small scale processing), and other priority rural infrastructure specific to the productive partnerships investments and to local agribusinesses.

Technical Assistance – This sub-component would finance technical assistance to conduct feasibility

studies, including market analysis specific to agribusiness partnerships. It would also provide technical assistance to market partners to mitigate the relatively higher costs and risks associated with entering into financing and marketing arrangements with small rural producers.

Possible intermediate outcome indicators for Component II include:

- 1) Number of FOs linked to viable/commercial value chains.
- 2) Number of productive alliances formed.
- 3) Volume (or incremental increase in volume) of sales of FOs to markets.

Component III: Project Management, Monitoring and Evaluation

The purpose of this component is to provide support to the project implementing agencies at central, regional, and provincial levels in project management, financial management, procurement, social and environmental safeguards, monitoring and evaluation, and impact assessment. The component would also finance: (a) training of Project Management Office (PMO) staff and partner line agencies on productive partnerships; and (b) studies related to DAR's program, productive alliances, agricultural marketing or other areas of interests.

Possible intermediate outcome indicators for Component III include:

- 1) Number of person-days of training provided to project PMO staff and partner line agencies (including women).
- 2) Number of policy studies undertaken.

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

The project would cover 50 ARC clusters across 50 provinces with approximately 20,000 farm households per cluster. Within the identified clusters, the exact location of the sub-projects is not known at this time, given the demand-driven nature of the project.

E. Borrowers Institutional Capacity for Safeguard Policies

The DAR (through its Support Services Office), would be the lead implementing agency for the project. It would develop the institutional arrangements for project implementation including the overall oversight, fiduciary and implementation arrangements at the central, regional and provincial levels. It would be beefed up with appropriate number of personnel with qualifications and experiences needed by the project at the various levels of implementing units. It would coordinate at the local level the provision of services from other partner line agencies (DA, National Irrigation Administration, Department of Public Works and Highways, Department of Trade and Industry) as well as the Local Government Units (LGUs) and FOs.

The proposed implementation arrangements would build on the arrangements that DAR had used in its past and ongoing programs and projects wherein the overall project coordination and supervision is with the Support Services Office at the central and regional level. Implementation is lodged with the corresponding unit at the provincial level. The structure and arrangements have been proven effective in the past World Bank-assisted projects. DAR has successfully implemented the two phases of the Agrarian Reform Communities Development Project (ARCDP 1997-2003; and ARCDP II 2003-2010), as well as the complementary JSDF-funded projects. The projects were rated Satisfactory by IEG. DAR has demonstrated knowledge and skills in managing mitigation and enhancement activities to address adverse and positive impacts respectively. Nonetheless, given the implementation of the DAR's Rationalization Plan, the proposed structure and arrangements would

be revisited to ensure that the needed capacity and staffing are sufficient to address the requirements of the project.

F. Environmental and Social Safeguards Specialists on the Team

Maya Gabriela Q. Villaluz (GENDR)

Victoria Florian S. Lazaro (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The project would finance demand-driven productive partnerships between smallholder organizations and private commercial sector that would contribute to raising farm productivity and household income of beneficiaries. Environmental impacts are expected to be mostly temporary and/or short term and are readily manageable. The project is categorized as a "B" consistent with the nature of these impacts and the requirements of OP4.01.</p> <p>Since the sub-projects and specific sites within the clusters targeted by the project still have to be determined, the borrower will prepare an Environment and Social Management Framework (ESMF), which will include Environmental Codes of Practice (ECoPs). The ESMF will include screening procedures to guide the proponents on the type of safeguards instruments that need to be prepared depending on the sub-projects that would be funded. All sub-projects would be screened according to the following categories: (a) Category A - if it is likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. Independent EA experts will prepare the environmental assessment report with consultation and disclosure. Category A sub-projects are highly unlikely because the environmental impacts are expected to be modest since the scope and nature of the sub-projects are mainly small-scale, rural and agriculture-based; (b) Category B - impacts are site-specific; reversible; less adverse than Category A and mitigation measures can be designed more readily; (c) Category C - minimal or no adverse environmental impacts, no EA required. Part of the environmental assessment (EA) process, public consultations with all stakeholder groups (potentially affected communities, NGOs, POs and farmer groups) will be conducted. For Categories A and B, a social</p>

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		<p>assessment will be conducted as part of the EA process.</p> <p>OP 4.01 also applies to the technical assistance (TA) activities in Components 1 and 2 which would provide training support to the farmers and farmer associations to enhance their technical and business management skills. The Terms of Reference (TORs) for the capacity building activities and TA activities will be reviewed by the Bank to ensure that the environmental and social issues relevant to the project and raised during public consultations are taken into account. The ESMF will be consulted with concerned stakeholders and publicly disclose at the national and local levels and in the World Bank's Info Shop.</p>
Natural Habitats OP/BP 4.04	Yes	While the project is not envisaged to lead to loss of natural habitats, this policy is triggered as all subprojects can only be identified during implementation and it is possible that any of the subprojects might affect natural habitats. The ESMF will include screening for impacts on natural habitats and measures to address these impacts.
Forests OP/BP 4.36	No	The project is not envisaged to trigger this policy as project activities will be undertaken in agricultural areas. There may be cutting of few trees for some of the infrastructure support facilities but is not expected to affect forests and forest health or forest-dependent communities. The ESMF explicitly prescribes avoidance of significant environmental impacts of proposed subprojects on forest areas.
Pest Management OP 4.09	Yes	This policy is triggered since the project will finance agriculture operations that could raise potential pest or disease vector management issues and require for the increase usage of pesticides under the project. The screening procedures of the ESMF will include the scanning of pest management concerns. The ESMF will contain a Pest Management Framework that will provide the scope and coverage in the preparation and implementation of a Pest Management Plan (PMP) to address pest management issues. In sub-projects that require an EA, the ESMP will be accompanied by a PMP. Where pest management concerns are present, even if the sub-project does not require an EA, a PMP will still be prepared to adequately prescribe the appropriate alternative technologies or mitigating

		measures. The EA will be presented in a public consultation and disclosed. The PMP is based on on-site evaluations of local conditions conducted by appropriate technical specialists with experience in participatory integrated pest management (IPM). IPM trainings will be conducted as part of the project to educate the agricultural workers and farm organizations. The IPM approaches include certified pesticides, its proper application and handling, as well as biological control, cultural practices, and the development and use of crop varieties that are resistant or tolerant to the pests. In case the need to procure chemical-based fertilizers and pesticides arises, the proponent will indicate how the list of pest control products was developed and agree this with the Bank before the list is authorized for procurement.
Physical Cultural Resources OP/BP 4.11	Yes	OP 4.11 is triggered since the sub-projects may involve the restoration and rehabilitation of existing agricultural lands or the reconstruction of small civil works in rural , open areas where physical cultural resources may be present.. In case of chance finds, procedures on how to manage them would be described in the ESMF. A chance finds clause would be included in the bidding documents and all construction works contracts.
Indigenous Peoples OP/BP 4.10	Yes	Several of the target ARC clusters are located in provinces known to have Indigenous Peoples (IPs) and ancestral domains. However, the project is demand-driven so it is difficult at this stage to identify whether Indigenous Peoples and their ancestral domains would be involved and affected by the project. An IP Framework (IPF) would be formulated to ensure that IP participation is not undermined and that the design of capacity building for FOs also makes provision for assistance to organizations of which IPs are members. The IP Framework will be disclosed nationwide with subsequent IP Plans disclosed locally. The IPF and the IP plans will be disclosed in WB InfoShop.
Involuntary Resettlement OP/ BP 4.12	Yes	Component II may include small infrastructure investments as identified by the FOs and their partners to improve access to markets. This may include production and marketing infrastructure, such as greenhouses, storage facilities, solar dryers, access roads and other priority small scale rural infrastructure specific to productive partnerships

		investments. A simple Land Acquisition and Resettlement Policy Framework (LARF) will be prepared, with clear protocol for Voluntary Land Donation and other land acquisition modalities. DAR has satisfactorily formulated and implemented a LARF under the ARCDP2 which will be used as a reference in formulating a new LARF for the project. The LARF will be disclosed nationwide with subsequent Resettlement Action Plans (RAPs) disclosed locally. The LARF and RAPs will be disclosed in WB InfoShop.
Safety of Dams OP/BP 4.37	Yes	The project will trigger this policy as it will fund community based multipurpose infrastructure that may include small-scale earthen reservoirs for irrigation and water supply. The Project's screening checklist will identify potentially related impacts to ensure that appropriate measures are incorporated during site selection, project design and implementation. For small dams that will be supported by the project, the project will require that these dams be designed by qualified engineers. This requirement will be spelled out in the ESMF.
Projects on International Waterways OP/BP 7.50	No	The project would not trigger this policy.
Projects in Disputed Areas OP/ BP 7.60	No	The project would not trigger this policy.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 30-Apr-2015

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 specific studies and their timing should be specified in the PAD-stage ISDS: April 2015

IV. APPROVALS

Task Team Leader(s):	Name: Rabih H. Karaky	
Approved By:		
Safeguards Advisor:	Name: Peter Leonard (SA)	Date: 16-Jun-2015
Practice Manager/ Manager:	Name: Nathan M. Belete (PMGR)	Date: 19-Jun-2015

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.