Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 04/06/2023 | Report No: ESRSA02604

BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Philippines	EAST ASIA AND PACIFIC	P180379	
Project Name	Philippine Rural Development Project Scale-up		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing	4/11/2023	6/29/2023
Borrower(s)	Implementing Agency(ies)		
Republic of the Philippines	Department of Agriculture		

Proposed Development Objective

The PRDP Scale-up aims to improve farmers and fisherfolk access to markets and increase income from selected agri-fishery value chains..

Financing (in USD Million)	Amount
Total Project Cost	818.40

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The design of the proposed project would involve a significant refocusing of approach from that of the ongoing PRDP. Whereas PRDP focused on catalyzing the start-up and expansion of micro to medium-scale agri-fishery enterprises , PRDP Scale-up would involve a more strategic approach through investments designed to strengthen logistical support and connectivity of value chains. This, in particular, would involve support for all-weather farm-to-market roads (FMRs), bridges, pre- and postharvest facilities, as well as enterprise development focused on larger subprojects providing common service facilities and market linkages with agri-fishery producer clusters to promote product consolidation, integration and economies of scale.

The project design builds on a number of recent World Bank supported Projects (MIADP, FishCore and PRDP) , sectoral studies , and a range of activities initiated by the Department of Agriculture (DA) in response to the goal of "modernizing" the agri-fishery sectors . It would be designed around 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. Investments supporting Proponent Group agri-fishery producer clustering and Service Facility support would be closely linked with the DA's F2C2 initiative under which all DA bureaus/agencies are required to promote clustering and to focus technical service support on agri-fishery producer clusters. This would be supported through the new, but still evolving initiative to develop a Provincial Agricultural and Fishery Extension Service (PAFES). Through arrangements with the Development Bank of the Philippines, and Land Bank (details pending), PRDP-Scale -up would also promote improved access to credit for participating LGUs and Proponent Groups/Enterprises, and opportunities for enhancing producer insurance through new products and improved coverage would also be explored during project implementation, in consonance with parallel insurance reforms being considered. FMR investments to be supported under the project prioritizes investments for enhancing connectivity in rural areas, and importantly requires that all FMR investments, irrespective of funding source or agency, should be planned, based on the FMR web-based dashboard developed under PRDP and being further enhanced under PRDP Scale-up . Component details are as follows:

Component 1: Local and National Level Planning (I-Plan). (US$ 22.5 million of which IBRD is US$18 million)

Subcomponent 1.1: Operationalization of the National Agriculture and Fisheries Modernization and Industrialization Plan (NAFMIP). This would support the DA's development of plans, operational strategies and policies underpinning investments, particularly under Component 2 (Infrastructure enhancing rural connectivity), and Component 3 (Enterprises providing economies of scale, through consolidation & marketing of agri-fishery commodities). The focus would be on developing a new generation of regionally and spatially planned PCIPs; the main DA-LGU planning & investment instrument , so as to more comprehensively take account of climate vulnerability and suitability criteria in aligning investments with the food security agenda. Whereas the ongoing PRDP project does not provide value chain support for rice and corn, PRDP Scale-up would include support for rice and corn cluster consolidation and enhanced production, quality and marketing efficiencies. .

Subcomponent 1.2: Supporting NAFMIP Implementation. This would fund technical assistance, studies, training and workshops that will help in the design of policies and investments supporting consolidation, modernization, industrialization and professionalization across all stakeholders in the agri-fishery sectors. The sub-component would also continue convergence designed to; (i) support leveraging of additional resources for PCIPs through stronger engagement with the private sector; (ii) harmonize strategies in the allocation of resources and delivery of support services among implementers; and (iii) serve as a platform for discussion and feedback on recent market and innovation developments, as well as industry bottlenecks.

Component 2: Rural Infrastructure Market Linkage (I-Build). (US$ 608.1 million of which IBRD is US$450 million).

Sub-component 2.1: Value Chain Infrastructure Support. This would expand upon the public infrastructure being provided under PRDP. It would be available to all provinces nation-wide, based on needs identified through VCAs and prioritized through the PCIP process. It will focus on delivering climate-resilient, value chain infrastructure to strengthen food distribution systems to enhance access and 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. Investment financing would be leveraged through cost-sharing between the DA and LGUs, and designed to complement convergence with other government programs as well as through project supported linkages with commercial banks. While it is expected that the majority of funding under this component would be for FMRs, given the strong demand from LGUs, eligible subprojects include Public Water Supply (PWS-levels 1, 2 & 3, climate responsive small scale irrigation systems (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).

Sub-component 2.2: Approaches for Improving the Effectiveness and Sustainability of Infrastructure Investments. This would support technical assistance, studies and capacity-building for updating 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 component will also provide technical inputs for completion of the FMR Network Plan (FMRNP), led by DA's Bureau of Agricultural and Fisheries Engineering (BAFE) and designed to develop and mainstream a harmonized screening guide to rationalize FMR investments based on access needs and climate vulnerability, across government agencies.

Component 3: Enterprise Development (I-REAP). (US$ 144.38 million of which IBRD is US$90 million).

Subcomponent 3.1: Rural agri-fishery enterprise clusters productivity enhancement and increased access to markets. This would focus on supporting Proponent Groups/ Enterprises in the provision of common service facilities designed to consolidate and improve the quality and profitability of agri-fishery producers through clustering and technical support, reduced post-harvest losses, and strengthened market-linkages. Enterprises to be supported would include Farmer Cooperatives and Associations (FCAs) other private sector interests and LGUs. The incentive framework would include matching grants for common service facility investments, based on specific Business Plan criteria, technical support for the clustering of farmers and provision of climate-smart technologies for better farming/ fishery systems, access to development financing through project supported linkages with commercial banks , insurance and business management support.

Subcomponent 3.2: Increased competitiveness of rural agri-fishery enterprise clusters. This would fund technical assistance, studies, training and workshops supporting capacity building and strengthened Business Development Support for Proponent Groups, such as access to credit, insurance, and enterprise management.

Component 4: Project Management (I-Support). (IBRD US$42 M, GOP US$10.5M equiv.):

PRDP Scale-up would be integrated with the institutional arrangements for implementing the ongoing PRDP, with the scale-up project phased -in as the ongoing PRDP (AF2) comes to an end (closing date May 31, 2024). This would ensure the continuity of staff and implementation experience; a critical institutional element given the nation-wide and transformational scope of PRDP Scale-up. As such, significant synergies would be achieved in undertaking the many similar technical and administrative functions. Activities to be financed under this component would provide for oversight and management, complementary staffing, office and logistical requirements, as well as M&E functions. Through the ongoing PRDP, a comprehensive set of procedures have been instituted and supported through various digitized and web -based tools to mitigate risks associated with corruption and accountability and improve overall quality of investments and service delivery. This component would also incorporate the 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

Component 5. Contingent Emergency Response (CERC).

This component will 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 will be agreed during appraisal and could include evidence such as the declaration of a State of Calamity 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. Such triggering events may include typhoons, floods, earthquakes, volcanic eruptions, droughts, and disease outbreaks. The Project Operations Manual (POM) will include detailed descriptions and procedures.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

In line with PRDP Phase 1, the subprojects (SPs) will be geographically dispersed across the whole archipelagic Philippines. Surrounded by four (4) seas and the Pacific Ocean, the Philippines has 7,641 islands, with a land area of 300,000 square kilometers. From north to south, it has an irregular shape, vertically long and narrow, mountainous terrain, zigzagging rivers, coastal plains, and 36,300 kilometers of coastline. The country is divided into three cluster groups of islands and islets: 1) Luzon - north, largest land mass, vertically long, narrow pyramid shape, 2) Visayas – center, third-largest, scattered islands surrounded by rough seas 3) Mindanao - south, second largest, rugged terrain, long mountain ranges, horizontal ellipse shape.

The project will be implemented nationwide catering to poor rural farmers, fisherfolk, and agricultural SMEs. Like the original PRDP, this Scale-up project will identify and assess risks and impacts not only on people and farmlands but also the environmental sustainability of the subprojects in the host communities. The project locations are on different islands, characterized by divergent geophysical features ranging from low-lying valleys, narrow coastal plains, rolling terrain, and steep uplands, transgressed by meandering rivers, freshwater lakes, and powerful tidal waves. The typical sources of water for drinking and agriculture are surface waters e.g., springs, rivers, and lakes, many of which are already polluted or prone to pollution due to the lack of treatment and disposal for domestic and agricultural wastes. The delineation of farmlands and protected areas are well-defined and since this project will not allow the change of land use and the conversion of forests and protected areas to agricultural use which is illegal by Philippine law, it is expected that key ecosystem services will continue to sustain the agricultural production in the project sites. Essential to the Sub Projects (SPs) are food, water, and biodiversity provisioning ecosystem services as well as climate, natural hazards, water flow, soil fertility, and erosion regulating ecosystem services. The land suitability and vulnerability are screened for each SP proposal using the Expanded Vulnerability and Suitability Assessment (eVSA) tool that assesses each SP site for its state of the environment, key ecosystem services to reflect the prevailing climatic conditions, weather patterns, soil conditions, and water quantity/quality, among others. It is a GIS-based tool that combines the analysis of vulnerability and suitability with the socio-economic conditions of an

area and is used to enhance the GIS-based targeting of interventions and to formulate strategies that enhance climate resilience of production and investments. In PRDP, the tool is essential for Value Chain Analysis (VCA), an approach to determine whether priority agricultural commodities are within the value chain.

As with the existing PRDP, Indigenous Peoples (IPs) live in some of these areas and the project will also operate in conflict areas. Comprising about 10 percent of the total population, 17 million IPs are scattered all over the country. The Ivatans are in the northernmost part in Batanes; the Cordillera Autonomous Region has a myriad of Indigenous Peoples including the Ibaloi, Kankanaey, etc.; and the Aetas are mostly in central Philippines, the Mangyans in Mindoro, and in Mindanao, the B'laans, Lumads, etc. Although some IPs have been mainstreamed and government services have reached them, they remain to be among the country's poor and vulnerable.

The Scale-up project will also continue to operate in conflict areas. Although Mindanao is generally associated with conflict, the degree and magnitude of conflict actually vary depending on the geographic location with Bangsamoro Autonomous Region of Muslim Mindanao (BARMM) particularly being a more sensitive area. Conflict is also present in other parts of the country where insurgency remains an issue. During elections, conflict tends to intensify with rival families or candidates.

D. 2. Borrower's Institutional Capacity

The Department of Agriculture (DA) will continue to be the lead agency for preparing and implementing this PRDP Scale-up project in coordination with LGUs, particularly at the provincial level, where the project will operate. The project will also continue to utilize the Social and Environment Safeguards (SES) unit of PRDP for ESF requirements in coordination with the Department of Environment and Natural Resources and related units for local environmental clearances and requirements, and with the National Commission on Indigenous Peoples (NCIP) for subprojects involving IPs and their ancestral domains.

This project will build on eight years of experience of implementing the old WB safeguards policies for the original PRDP, which started in August 2014. The PRDP Scale-up will build on the substantial implementation capacity and operational systems and processes developed and mainstreamed in the DA given the Bank's support for its predecessor project - the Mindanao Rural Development Project (MRDP) I & II (2000-2014). Throughout this time, PRDP has instituted a reliable environment and social management system for complying with the requirements of environmental assessment, monitoring, evaluation (M&E) and reporting, IPs, land acquisition and donation, and grievance redress. The systems have also been flexible to address labor influx issues when guidance was issued by the WB in 2017. The latest additional financing focused on the BARMM which allowed PRDP to have a more systematic approach for conflict sensitivity and assessment.

DA as the implementing agency will work closely with LGUs at the provincial level where the project will operate. The PRDP SES team which oversees the implementation of the earlier PRDP Integrated Environment and Social Safeguards Framework (IESSF) which is inclusive of an Environmental Management Framework and Guidelines, a Resettlement Policy Framework and an Indigenous Peoples Planning Framework and has upgraded this into an Environment and Social Management Framework (ESMF) for the PRDP Scale-up in compliance with the ESF requirements. The SES team comprises of SES specialists strategically working in the entire Philippines, at various levels of the PRDP project team as follows: 1) National Project Coordination Office (NPCO); 2) Project Support Office; 3) Regional Project Coordination Office, backed by a Regional Project Advisory Board; 4) Provincial Project Management Implementation Unit and 5) City/Municipality Project Management and Implementation Units. PRDP Scale-up has integrated the process of the SP screening and prioritization in the ESMF process, starting with the environmental and social screening, regular

conduct of consultations, preparation of the subprojects' Environmental and Social Assessment (ESA) and site-specific Environment and Social Management Plans (ESMPs), disclosure of documents, and establishment of the Grievance Redress Mechanism (GRM) and coordination with relevant national agencies to ensure transparency, social inclusivity, and ownership. PRDP is actively using Artificial Inteliigence (AI) technologies such as digitalization, geo-mapping systems, and M&E for efficient operations through the continued implementation of blended mechanisms in conducting awareness-raising, consultations, meetings, impact assessments, communication, and outreach.

PRDP's environment and social safeguards compliance track record has been satisfactory throughout the project. The knowledge and institutional capacity of the SES staff have immensely improved, strengthened by their field experience in safeguards implementation, lessons learned and numerous trainings through the years. Close coordination among the national and local PRDP units have contributed to a common understanding of the safeguards requirements and together with the LGUs and proponent groups, a unified approach has been developed to effectively address multiple concerns. SES supervisory staff have attended ESF trainings who are now responsible in cascading the latest information to their regional and provincial counterparts. With the introduction of the ESF, there is a need to upgrade existing documents and produce new ones such as the SEP and LMP. This ESMF lays out new systems and processes thus the need to re-train staff and update PRDP's current procedures. As the amount to be invested for this project is substantial, there is a need to hire additional staff to augment the current human resources. A program of capacity-building on the ESF will be developed and implemented. Beyond safeguards too, PRDP, as a whole, is a well managed project. As part of the DA institutionalization of key processes followed by PRDP, the DA has issued a Memorandum Circular adopting these processes in its government funded programs and projects including those for land acquisition, and grievance redress, the e-VSA, and VCA. Mainstreaming of PRDP safeguards processes are included as one of the aspects of PRDP Scale-Up.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) — Substantial

Environmental Risk Rating — Substantial

PRDP Scale-up will be covering a wider geographical reach, especially the remote communities using the commodity VCA, eVSA criteria and PCIP in the selection and prioritization of the SPs. Importance is given to environmentally sound project sites, abundant resources and market accessibility to ensure fit for purpose of the project's interventions in the targeted value chains. The I-BUILD and I-REAP SPs are expected to prioritize sustainable, climate-smart agricultural strategies and technologies supported by cost-effective public infrastructure. Community-livelihood SPs will include crop, fishery and animal production and establishment and operation of common service facilities. Natural resource enhancement is expected through agro-forestry non-timber production, nurseries, upland native tree plantations, and aqua-silviculture, which are localized, sustainable and cost-effective. The overall goal is to promote climate-smart, resilient and green investments using sustainable and innovative agricultural approaches and technologies. The physical investments have been identified as small to medium-scale. While the Project is expected to contribute to positive impacts on environment, the construction of infrastructure-supported SPs such as FMRs, bridges, PWS, small-scale civil works could lead to reversible and moderate impacts. Other impacts may be due to canal scouring/on-site erosion, systemic sedimentation during construction. These impacts would be mostly temporary in nature during construction phase including, unmanaged spoils, construction wastes generated from civil works and commodities production and processing areas; poor drainage at the construction sites leading to cess

pools. Many of the SPs could lead to resource extraction and pollution including degradation of water, air, and soil. The implementation of infrastructure related SPs necessitates tapping or extraction of natural resource such as water, aggregates for construction such as soil, sand, gravel, and excessive groundwater abstraction for production and processing SPs resulting in saltwater intrusion near coastal areas. In case of SPs relating to agriculture enterprise development could generate and lead to contamination of surface water with agrochemicals, low-level accumulation of fertilizers, pesticides, organic by-products, spent agrochemicals, uncollected, domestic, solid and hazardous wastes causing risks to community health and Safety. The project recognizes the need for protecting and conserving biodiversity and such features are intrinsic to the proposed interventions for sustainable management of food systems and agriculture. However, there could be risks associated with development of FMR roads where forests and protected areas cold be affected. Or, there could be risks associated with construction stage impacts on bio-diversity, natural habitats, and protected areas which could include noise disturbances to wild life, and removal of terrestrial flora. Such risks could only avoided through a robust exclusion criteria. Considering that the the proposed SP level investments are small to medium in scale, expected impacts are temporary, non-significant, and mitigable in nature; and the sustainability principles are intrinsic to the project development; the anticipated risks due to implementation of SPs would be low to moderate. However, the volume of implementation of SPs across different regions in the country would be many and could pose moderate to substantial environmental risks, especially during extreme weather conditions and in resource constrained areas. Hence, the environmental risk rating is categorized as “Substantial”.

Social Risk Rating Substantial

Social impacts are localized and manageable, and those that are likely to occur such as land acquisition and mobilization of workers are unlikely to be of large scale. Mitigation measures for social impacts are also readily available and the client has experience to apply them. However, the social risk is rated as Substantial owing to the huge number of subprojects that will be implemented all across the country where exact subproject locations remain unknown including in areas affected by conflict which could exacerbate project risks and impacts. As with the prior PRDP, social risks are mainly related to land acquisition and IPs, topics which the SES team has extensive experience on, given PRDP's focus on FMR in rural areas. Infrastructure subprojects will mostly entail loss of agricultural land, trees, fences and other small structures. In the Philippines, informal settler families are usually found near bodies of water, and the addition of bridges and fish landing subprojects may result in physical relocation of households. The Project will continue to operate in conflict areas which will require the rollout/adoption of the conflict sensitivity and assessment training among all SES staff. Monitoring of labor influx under PRDP showed that this will not impose significant risks, as local labor is normally sufficient for the Project's construction requirements. Risks related to sexual exploitation and abuse/sexual harassment whether in the community or in the workplace is expected to be minimal (see below). Exclusion of vulnerable groups including the poor and IPs in the 3 main project components (I-PLAN, I-BUILD, and I-REAP) may be a risk if information disclosure, outreach, and stakeholder engagement are not designed in a meaningful and inclusive manner. Particularly for I-REAP, there is a need to consciously involve poor proponent groups and IPs as beneficiaries. Current members of the SES team are familiar with safeguards but there is a need to enhance awareness on ESF requirements. Additional staff to be hired need to be trained.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The project is a scale up initiative of the ongoing PRDP, where the SPs would involve small to moderate investment to support agriculture-related activities. The SPs are expected to generate localized/site-specific, moderate, and temporary environmental impacts and risks, which need to be identified and addressed during the planning and throughout the operational stages of the project. The target areas are agricultural lands located in low-income, rural areas, in various stages of development, managed by proponent groups with varying capacities. The project sites cover small landholdings of less than one hectare to not more than five hectares of farmlands, with different geophysical attributes, from low-lying plains and mountainous rolling terrain to areas that are either water-scarce or close to flowing rivers or fluvial waterways or along rugged coastlines.

The components contain a balanced mix of small- to medium sized civil works and facilities to be used in the production, processing, storage, marketing, and other enterprise-related activities. The project cost per SP is around US$ 100,000-$ 400,000, exclusive of the cost-sharing investments of the LGUs and proponent groups. Component 2 Rural Infrastructure Market Linkage (I-BUILD) is composed of FMRs, bridges, PWS, irrigation and value chain distribution systems, and marketing hubs. Other eligible SPs include PWS levels 1, and 2, small-scale irrigation systems (e.g., sprinkler, drip, solar-powered, ram pump, and spring development), as well as pre-and post-harvest facilities (e.g., agricultural tramlines with hauling facility for upland farms that is composed of cables, pulleys, cart or carrier, posts; abattoir, dressing plants, and fish landings). To ensure that the SPs are designed as green investments, this component will coordinate with the BAFE on the use of its climate resiliency manual and applicable green standards for the SPs design. Furthermore, this component will refer to the hazard map in the design considerations of I-BUILD as well as be guided by the DPWH Department Orders 112 series of 2019 and 11 series of 2014 for the FMRs and DPWH DO No. 179 series of 2015 re: DPWH Design Guidelines, Criteria and Standards (DGCS), 2015 Edition (Volume 5 – Bridge Design) for Bridges and other international green building codes. Component 3 Enterprise Development (I-REAP) consists of enterprises providing service facilities, economies of scale, and value-addition, through the consolidation of agri-fishery commodities consistent with the goals of the operationalization of the NAFMIP. It could include consolidation centers, trading posts, cold and dry storage, composting facilities, transport vehicles, handling and processing facilities, mariculture parks, hatcheries, and livestock production facilities. Overall, as mentioned above, the project activities are conceived to follow green design principles and by and large are expected to avoid and minimize environmental impacts. The proposed Technical assistance under Component 1 would be supporting design of policies and investments in agriculture, agri-support infrastructure, and fisheries sectors. In order to ensure such strategies and policies and strategies environmental friendly, it is expected that the TA activities will be follow the principles of ESS1.

Site-specific environmental and social risks and impacts are anticipated during the construction and operation of the small-sized civil works for both Components 2 and 3. The expected risks and impacts of the construction work and agricultural activities during tillage, cultivation, food production and processing consist of: low-level noise, dust, vibration, water ponding due to poor drainage, soil erosion, uncollected construction debris and related solid wastes, pollution and degradation of the water, air, and soil quality from untreated wastewater, agricultural wastes, overuse of fertilizers and pesticides that may lead to water, soil and air pollution, depletion of natural resources due to overexploitation and unregulated extraction of water, soil, gravel and sand, trees for construction, production, processing and storage purposes. In addition, occupational and community health and safety risks for workers and residents from various activities need to be addressed, including the potential transmission of COVID-19 and other contagious diseases. Potential drainage issues at irrigation canals and communal faucets may result in the formation

of cess pools of water and muddy soil causing public health and community safety related issues. Other impacts could arise due to unregulated flow of impounded water and temporary disruption of water supply, canal scouring/on-site erosion, systemic sedimentation during construction, contamination of surface water with agrochemicals, excessive groundwater abstraction for production and processing resulting in saltwater intrusion near coastal areas. It is important that early in the conceptualization phase, the potential risks and impacts are identified as they could cause and/or aggravate moderate to substantial environment and social impacts.

Given that the project is designed to support multiple SPs in different regions, an ESMF instrument is proposed to be used for the E&S risk management for the project. The project has upgraded PRDP's current IESSF and expanded it to an ESMF that describes in detail the process of risk management and impact assessment to be addressed in the preparation and implementation of the ESF instruments. the ESMF provided guidelines and procedures as a basis for the screening, preparation, review and approval of I-BUILD and I-REAP SPs. The SPs will be required to comply with the ESMF and appropriate ESF instruments. The ESMF provides detailed guidance for environmental and social screening, regular conduct of consultations, preparation of the SPs' Environmental and Social Assessment (ESA) and site-specific Environment and Social Management Plans (ESMPs), disclosure of documents, and establishment of the Grievance Redress Mechanism (GRM) and coordination with relevant national agencies to ensure transparency, social inclusivity, and ownership. The ESMF also provides guidance on application of other ESF instruments relating to specific social risk management. As part of application of ESMF, the project will utilize available information from DA for the e-VSA which includes land and soil suitability analysis to evaluate the condition of the soil, climate, slope and topography, water availability, drainage, erosion hazard, predominant flora and fauna, and the natural features of agricultural land where the subproject will be located. The assessment will be informed by data from DA, Department of Environment and Natural Resources (DENR), and PAGASA. The project documents will inform the detailed design of the infrastructure-support activities which include feasibility studies, business plans, strategy papers, and the conduct of an SP-specific ESA as required under the project's ESMF. The ESA will identify environmental and social risks and impacts to help formulate appropriate environmental and social impact mitigation measures and risk management approaches as the basis for site-specific mitigations in the SP-specific ESMP during implementation.

The key social risks are related to land acquisition and IPs. Right-of-way acquisition will incur loss of parcels of land, crops/trees, fences, and other small structures. IPs run the risk of exclusion without conscious effort to include them. To manage these social risks, the Land Acquisition and Resettlement Policy Framework (LARPF) and IP Planning Framework have been upgraded. Other social risks related to labor, labor influx, SEA/SH, stakeholders, etc. are expected to be low. A Labor Management Procedures (LMP) and a Stakeholder Engagement Plan (SEP) have been prepared to address these minor risks. The LMP and SEP have a set of GRM that is specific for workers and for stakeholders in general, respectively. The vulnerable and disadvantaged groups likely to benefit from the project include farmers, fisherfolks, IPs, and agricultural businesses.

The project has a Contingent Emergency Response Component (CERC) to gain rapid access to financing to respond to a crisis or emergency, with a zero-value allocation. A CERC Operations Manual (CERC-OM) will be annexed to the Project Operations Manual while the ESMF has a CERC annex that specifies the CERC ESF requirements when CERC is activated. The SES team will continue to use technologies such as the PRDP geotagging dashboard and e-VSA GIS overlay for its ESF compliance.

ESS10 Stakeholder Engagement and Information Disclosure

The Project will continue to engage with LGUs, rural communities including IPs, proponent business groups, and other government agencies such as the NCIP and the DENR. As part of project preparation, SES has conducted consultations with key divisions within DA as well as with key government agencies and select LGUs. Engagement with subproject stakeholders such as LGUs, communities, business consortia would be done during project implementation. Component 1 of the project (I-PLAN) requires the development of plans, operational strategies and policies necessary for investments under Component 2 for infrastructure and Component 3 for enterprises. With the ESF, there is a need to ensure that processes for Component 1 are inclusive particularly to address vulnerable groups that may have been overlooked in the past.

A Stakeholder Engagement Plan (SEP) has been prepared before appraisal that contains a stakeholder analysis and details the participatory and disclosure processes under the project that will be mainstreamed into the project operations. The SEP documents the consultations done by the Project at project preparation to ensure that key government institutions and select LGUs are involved in project design and risk mitigation. It also describes various means for ensuring meaningful engagement of community/subproject-level stakeholders during project implementation, guidelines for for disclosure of information, and ways to ensure inclusion of vulnerable groups. The SEP describes the robust GRM that is now being used by PRDP and will be adopted by the Project. To further align the GRM with the ESF, the SEP includes measures to make it sensitive to SEA/SH incidents and SOGI-related complaints.

All project documents – ESMF, SEP, LMP, IPPF, LARPF – have been disclosed in the DA website before appraisal and will be disclosed in the World Bank website upon approval.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

Given the large amount of funds under the project and that most of it would be on infrastructure subprojects, the labor requirement is expected to be large at an aggregate level, but small- to medium-scale at a local sub-project level. The indicative number of staff that will be mobilized/hired under the project is 1,331 workers to be assigned at the NPCO, the four 4 PSOs and RPCOs in the 16 regions. The bulk of these would consist of contracted workers that will be hired during construction. Additional project staff at the national, regional, and provincial levels would be needed to help implement the project. Primary supply workers will not be involved in the Project.

Labor risks are expected to be low given the strong Labor Code of the Philippines which is at par with international standards for child labor, labor management, and decent work including ESS 2, and the track record of the implementing agency for contracting well performing construction enterprises for infrastructure sub-projects. The minimum age under the Labor Code is even higher at 15 years compared with the ESF's 14 . A set of LMP has been prepared which include measures to ensure that subprojects/contractors abide by local laws related to ESS 2 including conducting a risk assessment and monitoring that children who may be allowed to work are not engaged in hazardous work or work that interferes with their education and development. The LMP also include a GRM which is specific for project workers.

Labor influx is not expected as local labor is likely to be adequate given the nature of the construction work, and the labor requirements of individual sub-projects is likely to be modest. In addition, RA 6685 Preference for Local Workers requires at least 50 percent of unskilled and 30 percent of skilled labor requirements will be actual residents in the province, city, and municipality. Risks related to SEA/SH in the workplace may be encountered although such incidents have not been reported during PRDP's implementation. The LMP includes a code of conduct for project workers. SEA/SH prevention and mitigation measures will also be incorporated in subproject ESMPs and a SEA/SH sensitive grievance mechanism put in place.

Occupational health and safety issues are also addressed in the ESMF to prevent and manage any concerns that may arise when workers are exposed to hazardous and unsanitary working conditions. The ESMF has a set of guidelines in the preparation of a Contractor's ESMP (CESMP) to ensure that all potential risks and impacts are contained in the ESMP.

ESS3 Resource Efficiency and Pollution Prevention and Management

The construction activities to be undertaken under the Rural Infrastructure Market Linkage SPs are expected to generate environmental impacts such as: temporary flooding in low-lying areas or construction sites due to poor drainage or clogged drains or blocked waterways from the soil overburden or unmanaged spoils generated from earthmoving activities, low-level contamination of soil and water quality due to unmanaged domestic solid wastes. Other activities may involve the minor depletion of natural resources due to unchecked quarrying and disruption of water supply due to the canal diggings, temporary diversion of water or over-abstraction of groundwater for the PWS; construction-related health hazards and safety of workers and communities living alongside small irrigation canals, and PWS intake from possible canal scouring/on-site erosion, systemic sedimentation and contamination of surface water with agrochemicals, or saltwater intrusion in coastal areas.

Likewise, under the Enterprise Development SPs, possible environmental impacts may be generated due to the low-level accumulation of fertilizers, pesticides, organic by-products, spent agrochemicals, uncollected, domestic, solid and hazardous wastes, and lack of appropriate wastewater treatment and discharge outfall as well as general non-compliance with applicable water quality parameters of DENR standards that may affect water quality, soil condition and carrying capacity of agriculture lands and mariculture farms and proliferation of pests and insects. Similarly, The fisheries/shrimp based activities such as hatcheries and nurseries, ponds, etc. could use antibiotics and disinfectants for preventive control of disease and treatment and disinfection of the water.

The project's approach towards resource efficiency including recycling where possible, is part of the overall approach in the ESMF and included in the SP's ESMP. The project's approach towards hazardous waste management including chemical fertilizers and pesticides is included in the ESMF in consonance with the Philippine law and DENR and DA rules and regulations in the management of toxic and hazardous materials and any corresponding wastes. The use of agrochemicals include fertilizers and pesticides for activities involving agricultural plantation and production as well as pest management to control the proliferation of insects, flies, rodents and animal diseases that, if left unmanaged, may cause outbreaks. An Integrated Pest Management Plan (IPMP) will be required in order to prevent, reduce, or control potential contamination of soils and water resources caused by spills during the transfer, mixing, storage, and application of agrochemicals. Similarly, the fisheries based activities are expected to be carefully administered after application of ESMF and relevant ESMPs put in place. It is necessary that these materials are stored, handled, and

applied in a manner consistent with the recommendations for hazardous materials management as presented in the WB EHS Guidelines and Good International Industry Practice (GIIP). The IPMP includes procedures for the selection, procurement, storage, handling, and ultimate destruction of all out-of-date pesticide stocks that should be prepared in accordance with the guidelines of the Food and Agriculture Organization (FAO) and FPA. The ESMF provides a set of guidelines in the preparation of an IPMP to be included in the preparation of the site-specific ESMP when needed.

To estimate the impact of the project on GHG emissions and carbon sequestration, a GHG ex-ante analysis was carried out for every single intervention and then aggregated to obtain a net carbon balance calculating the net balance of CO2 equivalent GHG emitted or sequestered with-project interventions compared to a without-project scenario (baseline scenario using conventional technologies). The assessment of the carbon stock changes (emissions or sinks), expressed in equivalent tons of CO2 per hectare and year focused on the Infrastructure and Enterprise Development investments of PRDP Scale-up, as modelled in the Economic and Financial Analysis (EFA). Since the project would be implemented over 5 years (2024-2028), the analysis was run over a total of 20 years, with a capitalization phase of 15 years. Based on interventions described in the EFA, the total Net Carbon Balance would reach an estimated average of +25,710 tons of CO2eq emissions per year of the project, corresponding to an estimated total of +514,193 tons CO2eq emitted over the entire project life. A direct consequence of the PRDP's goal to increase profitability by promoting the construction and operation of processing facilities as well as the construction of new roads and rural infrastructure, most of the interventions emit CO2eq, compared to the without-project scenario. The activities with carbon sequestration are the coffee agroforestry and the irrigated vegetables which have water, soil, and residue management that improve carbon stock. However, the project is also expected to address climate vulnerabilities and bring innovation (techniques and new technologies), which would improve resource efficiency and reduce post-harvest wastage. Such mitigation benefits are not counted by the calculations using the GHG formula EX-ACT but would significantly offset the emissions by the project.

ESS4 Community Health and Safety

The community health and safety risks for this project are expected to be small in scale, site-specific with expected few cases of serious adverse effects to human health. Adequate protocol on the prevention and management of infectious and communicable diseases such as COVID-19 and sexually transmitted diseases (STDs) will be put in place by the Borrower. Field activities of workers will follow the project-prescribed COVID-19 management procedures including land development, construction, farming and food production activities. Workers would include organic and contractual staff of DA from the municipal and provincial offices and staff of the private business partners.

The project's approach towards integrating climate-resilient design and disaster risk management during infrastructure design and development is described in the ESMF and begins with the conduct of the E-VSA and ESA to ensure that the SPs are located in safe places that will not be duly exposed to the harsh impacts of climate change and natural disasters. Though limited, the project could have potential health effects of the use of pesticides, disinfectants on the community during project operation. However, these would be localized and limited but requires relevant mitigation measures. It is a part of the project strategy to make climate-resilient design and disaster risk management mandatory for all its components, beyond what is required for the infrastructure design and development. Under Component 1, I-PLAN would update PCIPs so they incorporate risks and climate resilience information, criteria and standards, for efficient sub-project design, site selection, and decision making. All investments under Components 2 (I-BUILD) and 3 (I-REAP) would feature climate change adaptation/mitigation into

their design and construction. The project would continue to integrate the existing climate-resilient infrastructure mainstreaming frameworks. Since the Philippines is considered to be one of the world's most vulnerable countries to climate change, the government has raised the Building Code standards and relevant rules and regulations, requiring all infrastructure projects, especially government investments, to comply with climate-resilient design and disaster risk management protocol to ensure the safety and security of people, public goods, services and assets, livelihoods, natural resources, and environmental sustainability.

Since labor influx is not anticipated and local labor will be sufficient for sub project implementation, minimal SEA/SH risks are anticipated. The LMP includes a set of Codes of Conduct for contracted workers to ensure that they conform to these codes.

As with PRDP, the project will coordinate with the relevant authorities during project implementation in conflict areas. However, armed security personnel will not be utilized under the project.

Guidelines on permanent road safety measures are outlined in the ESMF to ensure the prevention of road accidents and incidents during the construction and operational phases.

The ESMF also contains guidelines for the preparation of a Community Health and Safety Plan (CHSP) in the ESMP that prescribes the mitigation measures for the risks and impacts identified in the conduct of the ESA and the preparation of the FS and ESMP.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This standard is relevant, as infrastructure subprojects are likely to acquire lands and incur loss of crops, trees, fences, and other structures, as was the case under PRDP, the bulk of which was with the construction of farm-to-market roads. With the addition of other infrastructure such as bridges and fish landing structures, involuntary resettlement of Informal Settler Families (ISFs) may result, as ISFs tend to dwell near bodies of water. As with the PRDP, restrictions to access due to changes in land use are not likely.

The project will adopt the Land Acquisition, Rehabilitation and Resettlement Policy Framework (LARRPF) that has been applied with PRDP as there are no significant changes in the nature of the impacts. Since this has been in use always, the LARRPF has been constantly updated and currently contains provisions for land donation and expropriation. It has been updated to reflect the ESF's new provisions including those relevant to forced eviction. Now called Land Acquisition and Resettlement Policy Framework (LARPF), it will continue to use the subproject screening criteria for resettlement. Resettlement Plans will be prepared during project implementation when subproject locations and their physical footprints have been identified. The Resettlement Plans will specify that construction can only commence when project-affected persons have been compensated and/or relocated.

Land acquisition under PRDP is replete with good practice including ensuring that ROW that have been previously acquired by LGUs are now properly documented, donated portions of lots are annotated in land titles or similar document, and that these are deducted from taxable areas of owners' properties. Communities, particularly project-affected persons, also appreciate the consultations that happen which gives them assurance that they are a part of the transparent process. These practices will be continued under the Scale-Up Project.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The project recognizes that protecting and conserving biodiversity and habitats are intrinsic in the sustainable management of food systems and agriculture. The project will only develop parcels of land that are classified and used as agricultural lands and areas that are part of the FMR road network providing access to the distribution hubs and value chain centers will not traverse forests or protected areas. To prevent overlaps with forests, natural parks and protected areas, the ESMF provides guidance to determine land suitability based on a set of criteria that includes the bio-physical characteristics and land classification of a proposed site contained in the Environment Screening Checklist as well as reference to a list of declared protected areas by province and a negative list of activities that may cause any intrusion, disturbance, collection or harvesting of raw materials or land development in these areas.

The expected project impacts on ecosystems and their services, as well as the potential of introduction of invasive species and the associated impacts are proposed to be excluded through effective screening mechanism. The project will only use official land classification maps and will not pursue any re-classification, conversion or modification of critical natural habitats. Neither will it cause any change in land use of environmental protection and conservation zones to agricultural land or the removal of natural vegetation in natural habitats. During construction, potential disturbance of forestland, protected areas and natural habitats may be possible due to encroachment of human activities. These include increase in noise level, removal of terrestrial flora (including trees), and disturbance to wildlife.

To address above, the ESMP will prescribe mitigation measures to prohibit such encroachment or disturbance by the activities caused by the land development, construction, movement of materials or by the project workers. In addition, jus to ensure completeness in addressing the intent of ESS6, the ESMF also provides a set of guidelines in the preparation of a Biodiversity Management Plan to be included in the preparation of the site-specific ESMP when needed.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

The project will continue to operate in areas where there are IPs who may be excluded from project benefits. Under PRDP, IPs have been beneficiaries of farm-to-market roads under I-BUILD and have become special members of proponent groups under I-REAP in an attempt to ensure that they are included. As of the last PRDP 2022 Report, PRDP has benefitted 638,725 IPs or about 127,745 IP households who are within the subproject influence areas. A total of 27 Indigenous Peoples Plans have been prepared and have been/are being implemented across the country with majority in Mindanao (20). PRDP has worked with a wide range of IPs in the country including Manobo, Lumad, Tiboli, etc. The project will ensure that these good practices will continue by adopting the existing Indigenous Peoples Policy Framework (IPPF) of PRDP. This has been upgraded to include the ESF's new provisions related to FPIC although it must be noted that the country's Indigenous People's Rights Act already contains provisions for FPIC that the PRDP has been abiding by over the years. In addition, it is unlikely that the project will trigger any of the 3 conditions for FPIC under ESS 7 as none of such circumstances have been encountered in implementing PRDP to date. Farm-to-market roads did not result in adverse impacts on ancestral domains and many of these are already existing. If relocation of IPs along the roads was necessary, it would likely still be relocation within their ancestral domains.

ESS8 Cultural Heritage

Based on the experiences drawn from the previous PRDP projects in the Philippines, it is noted that there were no cases of impacts or risks on physical cultural heritage aspects. However, the intangible heritage in terms of local knowledge and skills were noted and such practices are encouraged to be utilized at community level interventions.

The Environmental and Social Screening includes the identification of cultural heritage such as the identification of direct, indirect risks and impacts of the activities on tangible and intangible cultural heritage including the results of relevant consultations with the IPs and other interested parties. The project will avoid impacts on cultural heritage and when avoidance is not possible, identify and implement measures to address impacts in accordance with the mitigation hierarchy. PRDP has developed chance finds procedures which is included in the ESMF. Further, the ESMF provides a set of guidelines in the preparation of a Cultural Heritage Management Plan to be included in the preparation of the site-specific ESMP when necessary.

ESS9 Financial Intermediaries

The Project will not involve financial intermediaries.

C. Legal Operational Policies that Apply

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

B.3. Reliance on Borrower's policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework?	No

Areas where "Use of Borrower Framework" is being considered:

Where there is alignment between Philippine country laws and the World Bank ESF, borrower systems will inevitably be used. Otherwise, the ESF in general prevails unless where Philippine law provisions are higher such as in the case of minimum age and FPIC.

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VI. APPROVAL

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