



# Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 29-Jun-2020 | Report No: PIDC29597

**BASIC INFORMATION****A. Basic Project Data**

Country Philippines	Project ID P173866	Parent Project ID (if any)	Project Name Mindanao Inclusive Agriculture Development Project (P173866)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Feb 15, 2021	Estimated Board Date Sep 15, 2021	Practice Area (Lead) Agriculture and Food
Financing Instrument Investment Project Financing	Borrower(s) Republic of the Philippines	Implementing Agency Department of Agriculture	

**Proposed Development Objective(s)**

To sustainably increase agricultural productivity, resiliency and access to markets and services of organized farmer and fisherfolk groups in selected ancestral domains and for selected value chains in Mindanao

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

<b>Total Project Cost</b>	110.00
<b>Total Financing</b>	110.00
<b>of which IBRD/IDA</b>	100.00
<b>Financing Gap</b>	0.00

**DETAILS****World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	100.00
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**Non-World Bank Group Financing**

Counterpart Funding	10.00
Local Govts. (Prov., District, City) of Borrowing Country	6.00
National Government	3.00



Local Beneficiaries	1.00
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Environmental and Social Risk Classification

Substantial

Concept Review Decision

Track II-The review did authorize the preparation to continue

## B. Introduction and Context

### Country Context

**The Philippines is breaking from past volatility and has emerged as a leading economic performer in Asia with sound economic fundamentals, strong consumer demand, a vibrant labor market, and external remittances.** The strong performance of the Philippine economy over the past decade departs from past bouts of macroeconomic instability and political volatility. While the Philippine economy saw only modest annual growth rates averaging 2.5 percent from 1980-1997, key structural reforms by the late 1990s helped catalyze higher growth rates. Prudent macroeconomic management in the early 2010s laid the foundation for macroeconomic stability leading to growth rates averaging 6.3 percent annually between 2010-2019, exceeding structural and regional peers. Expectations are for the country to emerge from a lower-middle income country with a gross national income per capita of US\$3,830 in 2018, to an upper-middle income country (per capita income range of US\$3,956–\$12,235) in the near term. With increasing urbanization, a growing middle class, and a large and young population, business activities have been buoyant with notable performance in the services sector including the business process outsourcing, real estate, and finance and insurance industries.

**Against this solid record of real economic growth, a significant deceleration is now expected due to the impact of the COVID-19 pandemic.** A slowdown in trade, investment, tourism, and remittances are all to be expected. While too early to determine the full impact, the upward trend in real wages and household incomes, especially for those from the lower-income groups, will undoubtedly be hampered by the impact of the COVID-19 restrictions on business activity. Fiscal constraints are also being anticipated, with most government agencies expecting considerable budget cuts. Nevertheless, economic growth is expected to rebound gradually in 2021-2022 as global conditions improve, and with more robust domestic activity bolstered by the public investment momentum and an expected boost from 2022 election-related spending.

**Although the Philippines managed to reduce overall poverty, it remains high in rural areas, mostly where vulnerability to conflicts and natural hazards persists.** The Philippine economy has made progress in delivering inclusive growth, evidenced by a decline in poverty rates and its Gini coefficient. Poverty declined from 23.3 percent in 2015 to 16.6 percent in 2018 while the Gini coefficient declined from 44.9 to 42.7 over the same period. However, poverty rates increase with distance from Metro Manila. The geography of poverty reflects the strong nexus between poverty and vulnerability, both to conflict, and to the impacts of natural hazards and climate change. Some three-quarters of poor Filipinos live in rural areas, and the rural poverty rate is three times higher than urban areas. Poverty is particularly prevalent among indigenous peoples (IPs), who constitute about 14 percent of the Philippine population. Of these, 61 percent live in Mindanao, and mostly in remote ancestral domains (ADs).

**Mindanao remains the poorest of the three island groups, mostly in the Bangsamoro Autonomous Region in Muslim**



**Mindanao (BARMM)<sup>1</sup>, and across Mindanao's upland areas, where the majority are IPs.** Mindanao is home to about 25 percent of the country's population, but it also accounts for 39 percent of the country's poor. It encompasses eight of the ten poorest provinces in the country, with BARMM having a poverty incidence more than double the national average. Also, the poverty incidence for women remains alarmingly higher in Mindanao at 61.7 percent. Nevertheless, strong growth performance in the City of Davao and its surrounding region over the past decade is mirroring the strong growth rates in the rest of the country. Poverty incidence in these better off areas has subsequently started to decline. Glaring exceptions are however, in conflict-affected areas and in ADs<sup>2</sup> where some 68 percent of households, largely indigenous people, live below the poverty line. Such communities, mostly living in remote, upland, and difficult-to-reach areas, are particularly vulnerable to effects of weather on their subsistence production and to the influences of armed insurgents. In addition, it is expected that the IPs will be adversely affected by the economic slowdown caused by Covid-19, increasing their vulnerability to falling further into poverty.

**The Philippines has a complex and multi-layered history of conflict posed by several armed groups, with Mindanao being the worst affected.** The core conflict in Mindanao in recent times has been between Muslim armed groups and the government, although it is not primarily a religious conflict. Another long-running conflict with the Communist Party of the Philippines (New People's Army-National Democratic Front) continues to operate sporadically, with insurgents ready to exploit any opportunity to advance their cause. ADs and IPs, which would be the focus of the proposed project, are particularly vulnerable to the influences of such armed groups who are frequently reported to offer food in return for protection and support. Endemic drivers of violence in the region are wide-ranging and include: (i) social injustice, alienation, and exclusion of Muslim and indigenous peoples; (ii) displacement of indigenous peoples from their ADs; (iii) inter-ethnic conflicts; (iv) "rido" clan war and revenge killing; (v) land tenure and ownership disputes; (vi) competition for scarce natural and mineral resources; (vii) local election disputes; (viii) ineffective governance and lack of rule of law and service delivery; and (ix) widespread poverty and lack of job opportunities. Interventions under the proposed project aimed at sustainably raising incomes and food security for the indigenous communities would also underpin the government's broader strategy for strengthening peace and order in Mindanao.

#### Sectoral and Institutional Context

**The agriculture sector remains central to the economy of the Philippines, although its share of GDP has been declining from around 13 percent in 1998 to 9.3 percent in 2019.** Growth in agriculture has been poor and was just 1.3 percent over the 2016-2019 period. Year-to-year fluctuations can be significant however, due to the country's vulnerability to extreme weather events, ranging from strong winds and flooding due to typhoons to droughts due to El Niño Southern Oscillation (ENSO) climatic events. Losses due to such weather events are estimated at about 3 percent of total agricultural output annually. Net imports of cereals, poultry meat, dairy products, and protein meal are expected to increase in line with the relatively low production growth rates and strong projected growth in national consumption of these products. Overall, the Philippines is a net importer of food and this trend is expected to continue.

**Agriculture nevertheless remains a critical source of employment with nearly 60 percent of the poor working in**

<sup>1</sup> The Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) was created with the passage of the 2018 Organic Law for BARMM (RA. 9054; also known as Bangsamoro Organic Law). The region covers the provinces of Basilan, Lanao del Sur, Maguindanao, Sulu, and Tawi-Tawi, as well as Cotabato City and 39 barangays/villages in the adjacent North Cotabato Province. The creation of BARMM is considered a significant breakthrough for the Philippines and a fruit of long peace negotiations between the rebel groups in Mindanao (mainly the Moro Islamic Liberation Front) and the Government. Unlike its predecessor (Autonomous Region in Muslim Mindanao or ARMM), the new region has broader autonomy (under a parliamentary-democratic system), more powers and resources (fiscal autonomy), and larger territory.

<sup>2</sup> Philippine Institute for Development Studies (PIDS), 2015.



**agriculture, twice the national average, and three times the ratio of the non-poor.** Poverty remains mostly a rural and an agricultural phenomenon that is highly correlated with underemployment. Among households that receive the highest share of their income from agriculture, 48.5 percent are poor, far more than the 29.8 percent for rural households in general. For the poorest rural households, enterprise, agriculture, and domestic remittances are the main income sources. Notably, it is among the indigenous communities in ADs where poverty remains particularly pervasive. Key constraints underpinning the modest performance of the sector, particularly in more remote areas, are poor road conditions, limited logistics and market players, high energy and financing costs, lack of investment capital, and high marketing costs. Post-harvest losses are also substantial, ranging up to 40 percent, especially for producers in more remote and upland areas.

**In Mindanao, where the proposed project would be focused, the total value of agriculture production accounts for 33 percent of the country's total gross agricultural output, second only to Luzon at around 50 percent and ahead of Visayas with 16 percent** Mindanao is considered the country's food basket, with one-third of its land area devoted to agriculture. It produces 40 percent of the country's food needs and contributes more than 30 percent to national food trade. Northern Mindanao leads in terms of the value of agricultural production and has also seen an increase in corporate farms, particularly for pineapple and banana production. In recent years, Mindanao has produced some 88 percent of the country's pineapples, 81 percent of bananas, 76 percent of cassava, 59 percent of coconuts, 50 percent of corn, and 100 percent of the rubber production. But despite this substantial contribution and growth potential for the country's agricultural output, there remain vast areas under subsistence farming and shifting cultivation, primarily on lands designated as ADs occupied by various Indigenous Cultural Communities (ICCs).

**Agricultural production in Mindanao -and hence rural livelihoods- is highly impacted by unpredictable weather patterns and extreme climate events.** Over the last few decades annual total rainfall over central and western Mindanao have declined and a significant drying trend is observed. However, in the northeastern and southwestern sections of Mindanao, rainfall has increased over that period. Extreme rainfall events increased in the latter part of the 20th century. Analysis of extreme precipitation indicators show tendencies toward a drier dry season (January-March) and wetter rainy seasons (July-September). This is further impacted by ENSO events, causing 30 to 40 percent reduction in yield for farmers. This has been particularly relevant because of the widespread lack of irrigation systems in Mindanao, which has the lowest level of development in terms of water infrastructure within the Philippines and is even less common in ADs. The current rampant deforestation in Mindanao is an additional driver for lower soil quality and lower yields. Drought conditions worsen as a result of the soil's decreased water holding capacity, which has been significantly reduced by surface runoff and flash floods following heavy rainfall in deforested areas. ADs in Mindanao have mostly a rugged access by roads, as they are mostly unpaved and show very poor quality because of wear and tear from traffic, low maintenance and climate or geophysical hazards - especially heavy rainfalls.

**ADs in Mindanao occupy 4,176,704 hectares, of which some 30 percent is considered agricultural land, but much of it is idle or under shifting cultivation for local consumption.** For most IP communities, farming and fishing are the most predominant sources of income, with average household incomes on or below the poverty line for the Philippines. Despite various initiatives over the years by government programs, Non-Governmental Organizations (NGOs), religious groups, and some private sector interventions, IP communities remain among the poorest and most marginalized people of Philippine society, with prolonged neglect in the provision of basic social services (health, education, market access, agricultural support etc.). The reasons are a complexity of cultural, logistical, and administrative constraints, compounded by vested mining, logging, ranching, and production interests that seek to occupy or extract resources from the AD agricultural forest or mountainous areas that are rich in natural resources. Construction of dams that flood ADs, the creation of protected areas within ADs through overlapping legislation (NIPAS Act<sup>3</sup>), or migrant (non-IP) settlers are also among the underlying sources of conflict. For many ICCs/IPs there is a seemingly constant struggle to keep control over their ancestral lands and maintain their traditional ways of life, while still embracing many aspects of modern life.

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<sup>3</sup> National Integrated Protected Areas System (NIPAS) Act (Republic Act 7586).



**Indigenous women typically have limited access and control over resources, and limited participation and representation in decision-making within the Tribal Council structure.** The isolation of many communities due to poor access only serves to heighten the gender gap which remains pervasive due to high levels of poverty; low levels of education, illiteracy and limited access to health facilities. While the Department of Agriculture (DA) for its part has sought to comply with Republic Act 9710 or the Magna Carta of Women through requiring that all DA units, bureaus, and attached agencies make Gender and Development and integral part of their plan and budget, the limited support that has so far been directed to indigenous communities in Mindanao has meant that such endeavors have so far had little impact. A gender gap study prepared for the proposed project, showcases male dominance and gender division in farm works. It also stresses that many women would rather leave the farm works to their husbands and instead focus on other productive works in agricultural value chains that could make the most out of women's potential to increase incomes. The study also confirms women's limited access to various resources in the agricultural sector, such as land ownership, capital, information, technical knowledge and skills. It also argues that women's dual responsibilities in productive and reproductive/care work results in time poverty, hampering women's ability to pursue economically productive endeavors. Finally, is also stresses women's participation in decision-making in the agriculture sector that remains limited in producer groups.

**The establishment of ADs and recognition of the rights of IPs was legislated in 1997 through the Indigenous Peoples Rights Act (Republic Act/RA 8371), the so-called IPRA Law.** The Philippines became the first country in South East Asia to enact a policy that recognizes, protects, and promotes the rights of indigenous cultural communities/indigenous peoples (ICCs/IPs). Such rights include: right of ownership, right to develop lands and natural resources, right to stay in their territories, right to return to their territories in cases of displacement, right to regulate the entry of migrants, and right to resolve conflicts through the enforcement of customary law. Across the five regions of Mindanao, there are 42 IP groups, the two largest being the Manobos in Regions 10, 11, 12, and 13 and Tagakaolo in Regions 10, 11, and 12. The Davao Region has the largest IP population of some 292,539, as well as the largest AD area covering 1.12 million has.

**Under the IPRA, the ICCs/IPs are responsible for establishing their own institutions, systems and standards.**<sup>4</sup> Through this process, overall authority and responsibility rests with the ICC/IP-duly appointed Council of Leaders/Elders or similar body. Along with the rights of the ICCs/IPs to determine what development and activities are undertaken, there is also responsibility for maintaining the ecological balance of their ADs, based on their indigenous and traditional practices. The Implementing Rules and Regulations of the IPRA Law encourages sustainable indigenous agriculture, while the system of mono-cropping is discouraged. The IPRA Law also provides for Free and Prior Informed Consent (FPIC), requiring the "consensus of all members of the ICCs/IPs to be determined in accordance with their respective customary laws and practices, free from any external influences and obtained after fully disclosing the intent and scope of an activity, in a language and process understandable to the community." This provision, while designed to ensure the rights of ICCs/IPs are observed, also presents challenges for government agencies and local government units (LGU) to secure this FPIC for the provision of services and support. Importantly, the means for ensuring FPIC under the proposed project will need to be integral to the design and implementation arrangements.

**Administration of the IPRA Law is the responsibility of the National Commission on Indigenous Peoples (NCIP), an attached agency of the Department of Social Welfare and Development.** NCIP is responsible for the issuance of Certificates of Ancestral Domain Title (CADTs), the legal instrument through which ICCs/IPs are recognized as having the traditional rights over their ancestral domains. The NCIP also provides support for the preparation of Ancestral Domain Sustainable Development and Protection Plans (ADSDPP),<sup>5</sup> which provide the strategies and approaches through which

<sup>4</sup> National Commission on Indigenous Peoples (NCIP) Administrative Order No. 1, series of 1998.

<sup>5</sup> NCIP Administrative Order No. 1 (s. 2004) provides the guidelines for the formulation of ADSDPPs, which are comprehensive documents encompassing most aspects of ICC/IP community life including cultural norms, community responsibilities, and enforcement practices as well as cross-sectoral development goals. Their purpose is to reflect the ICC/IPs own choice of socio-



ICCs/IPs define their development needs and priorities. However, due in large part to NCIP budget and capacity constraints, many ADs have yet to be issued with CADTs, or to develop ADSDPPs. Of the 151 ADs in Mindanao with CADTs, only 52 have completed ADSDPPs. These documents would be fundamental for providing support under the proposed project, while the specific interventions would need to have the approval of the ICC/IPs' Tribal Councils and the NCIP. Likewise, enterprise support from the project for formalized groups/Indigenous People Organizations (IPOs) would need to be registered with the NCIP, in keeping with their role of ensuring only IPOs recognized by their respective ICC/IP Tribal Councils are authorized to represent them and deal with the government and other parties.

**Institutionally, the provision of agricultural support services has primarily been the responsibility of the Department of Agriculture, through Regional Field Offices (DA-RFOs), in conjunction with LGUs.** Most support has been provided to ICCs/IPs through the DA's banner commodity programs for rice, corn, high-value crops, and livestock dispersal. For the most part however, agricultural production and/or enterprise support has not been provided in any targeted manner. ICCs/IPs in more easily accessible ADs have received more support, while others have received very little or none. LGUs to varying degrees have provided some support for ICCs/IPs, but for the most part, budget constraints have limited the capacity of the LGUs and their priority has been given to the more accessible lowland production areas. Through the World Bank-funded Philippine Rural Development Project (PRDP), some IP enterprises and access roads in and around ADs were supported through cost-sharing arrangements with the LGUs however, this was not done with any specific reference to the ADSDPP plans and priorities nor with specific support for ICCs/IPs. Nevertheless, the partnership arrangements with the LGUs and institutional reforms and approaches developed under the PRDP will provide a foundation to expand and strengthen support for the ICCs/IPs in ADs. Yet, there will be greater responsibility for providing technical support and for a larger share of the financing expected to fall to the LGUs, in view of the expected significant increase in its internal revenue allotment starting in 2022 due to the Supreme Court ruling on Mandanas appeal.<sup>6</sup>

**The extent to which the project is aligned with government's priorities for encouraging economic recovery and enhanced resiliency in the wake of the COVID-19 pandemic underpins both the country and sectoral contexts for the project.** The government has instituted a Food Security Framework that establishes the strategic approach and outcomes needed to achieve the overarching vision to "Survive, Reboot and Grow with Socio-economic Recovery and Resiliency." As proposed, the goals of the project would be aligned with outcomes identified in the Food Security Framework in terms of enhancing food availability, accessibility, processing technologies, and value addition, and agribusiness development. In particular, the project would support the "Plant, Plant, Plant" Program of the DA to enhance production of key commodities, establish resilient supply chains, and use idle ancestral lands more productively, in collaboration with IP communities and the NCIP. The mechanisms through which this would be achieved remain to be developed as project preparation proceeds, including how a recent DA initiative of PhP230 million for 20,000 ha of white corn production is to be accomplished through a partnership arrangement between ICCs/IPs in Mindanao, and a private sector firm. Opportunities for expanding such public-private partnerships (PPP) and public-private community partnerships (PPCP), consistent with the requirements of FPIC, would be explored as part of the ongoing feasibility studies for the project.

#### Relationship to CPF

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economic and cultural development activities and that these are conducted in a culturally-appropriate manner and with due regard to their customs, traditions, values, beliefs, interests, and institutions.

<sup>6</sup> The Supreme Court ruling on the Mandanas appeal requires the national government, starting 2022, to provide the Local Government Units (LGUs) with their internal revenue allotment (IRA) based on their just share of the national taxes as provided in the 1987 Constitution. This is expected to increase the LGUs' IRA by about 30% which will enable them to finance more activities and subprojects.



**The proposed project is identified in the Country Partnership Framework (CPF) (2019-2023) as one of the key projects under Focus Area #3: Addressing Core Vulnerabilities by Building Peace and Resilience.** It has been planned as one of a series of interrelated projects that encompass spatial development in Mindanao to help “empower communities by increasing their capacity to address conflicts and reduce their vulnerabilities.” The large IP communities living in remote ADs in Mindanao under impoverished conditions are particularly vulnerable to infiltration by rebel groups. These groups offer food in return for protection and allegiance to their cause. The proposed project interventions would contribute to mitigating such occurrences through support for strengthening opportunities for IP communities to increase their incomes through productivity-enhancing interventions, organized group formation, market linkages, and job and employment creation.

**The project is also closely aligned with the CPF Focus Area #2: Competitiveness and Economic Opportunity for Job Creation.** This focus area seeks to promote “inequality-reducing transformation that will expand economic opportunities across sectors, from agriculture, forestry and fisheries to industry and services.” In particular, the proposed project is directly supportive of Objective #7 of Focus Area #2 to improve “income opportunities in agriculture.” Apart from the direct support for Indigenous Peoples Organizations (IPO) and IP communities to engage more productively in agricultural production and related enterprises, the proposed focus on raising productivity of idle AD agricultural lands through partnership arrangements (PPPs and PPCPs) will not only increase incomes for IPs, but very likely create new job and employment opportunities.

**Indirectly, the proposed project can also be expected to contribute to the CPF Focus Area #1: Investing in Filipinos, especially regarding the core priority (iii) to reduce vulnerability of individuals and groups.** Based on experience from PRDP, through the provision of roads to remote ADs, substantial improvements can be anticipated in IP community access to improved education, health, and welfare services. The project would also contribute to the cross-cutting themes of “Governance” through the focus on strengthening implementation capacity, particularly at the local level through group formation and organizational skills for IPs and IPOs. Likewise, the planned strengthening of market linkages and use of market information through telephone and internet would contribute to the other cross-cutting theme of “Promoting digital transformation: Building digital infrastructure and skills.”

### **Relationship to Government Strategies**

**The project is closely aligned with the Philippine Development Plan (2017-2022) incorporating the national Spatial Strategy, which aims to address long-term challenges of spatial and socioeconomic inequality and to improve connectivity for enhanced access to opportunity.** In particular, the project would be responsive to government priorities of recovery and resiliency in the wake of the COVID-19 pandemic. Interventions under the project would contribute to the outcomes of the Food Security Framework aimed at sustainably raising incomes and food security. In that context, the project would enhance food security for indigenous communities, as well as support the national strategic objective of increasing the productivity of the large tracts of idle agricultural land in ADs.

### **C. Proposed Development Objective(s)**

To sustainably increase agricultural productivity, resiliency and access to markets and services of organized farmer and fisherfolk groups in selected ancestral domains and for selected value chains in Mindanao.

Key Results (From PCN)

Proposed PDO-level result indicators are:

- i) Percentage of sub-projects for which arrangements for operations and maintenance are established and functioning

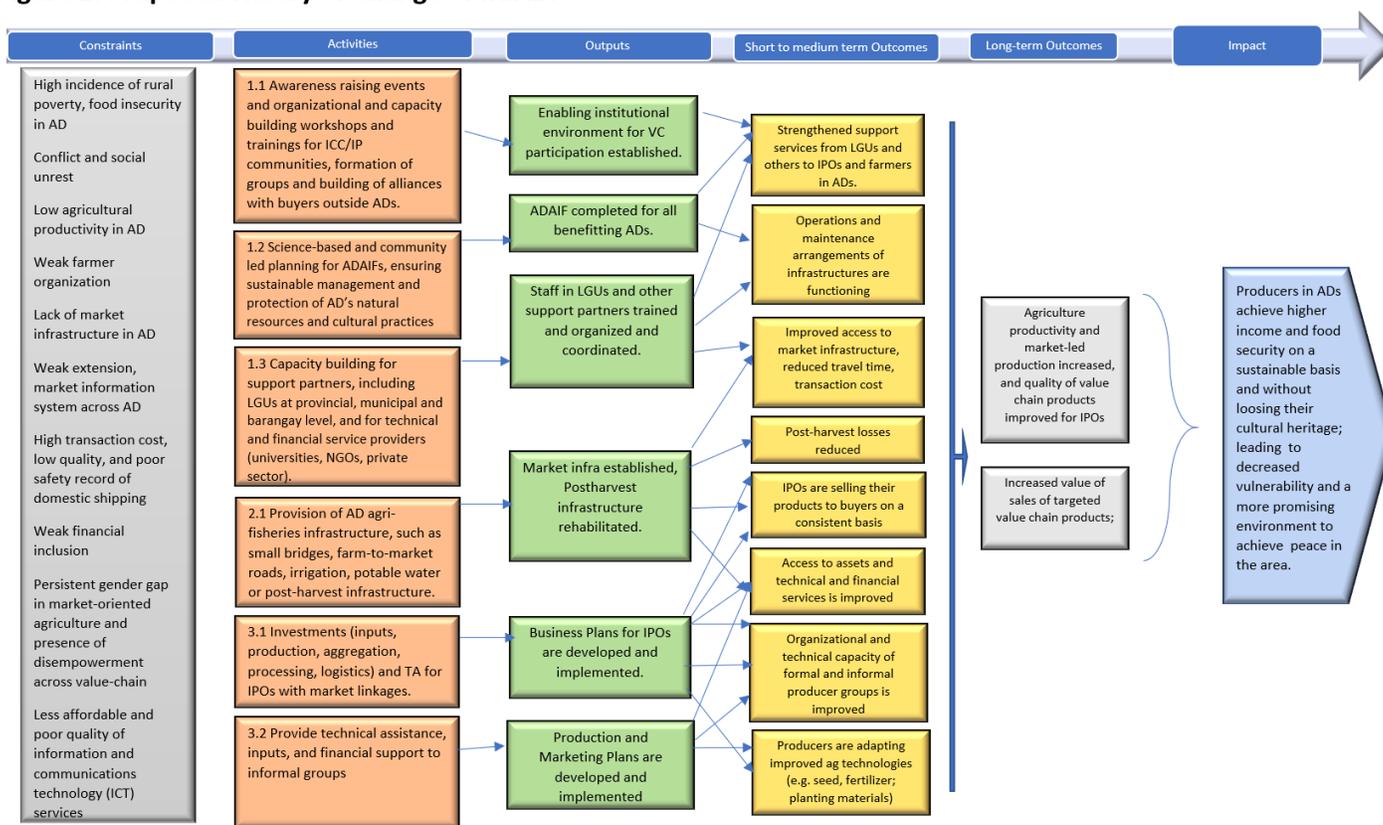


- ii) Percentage increase in the average yields for selected crops of benefitting farmers
- iii) Number of beneficiaries with access to all-season roads/tracks/pathways (gender disaggregated)
- iv) Percentage increase in the average gross value of sales of benefitting Indigenous People’s Organization (IPOs)
- v) Farmers reached with agricultural assets or services (gender disaggregated)

### D. Concept Description

The proposed project would focus on the ADs in Mindanao, and more specifically on those ADs and ICC/IPs that are formally recognized by the NCIP and have the basic structures in place to enable implementation of the project. Key interventions proposed would address those basic constraints that have led to the pervasive poverty, lack of employment opportunities, and food insecurity for many ICC/IPs in the ADs of Mindanao. The pathways through which the planned investments would contribute to the PDO and the desired outcome are illustrated in Figure 1.

Figure 1: Proposed Theory of Change of MIADP



The ADs and ICC/IPs to be supported under the project would be required to meet eligibility criteria designed to ensure that project interventions would be focused and coursed through those IPOs with the legal status recognized by the NCIP in the selected ADs, and that have both the capacity and desire to participate in the project. Based on discussions to this point, ICCs/IPs should be: (i) holders of Certificates of Ancestral Domain Title (CADTs); (ii) have Ancestral Domain



Sustainable Development and Protection Plans (ADSDPPs);<sup>7</sup> (iii) have at least one organized Indigenous People's Organization (IPO) recognized by the NCIP; (iv) for NCIP-recognized IPOs to be eligible for support under the project, they would also need to be registered with any of the following: Cooperative Development Authority (CDA), Securities and Exchange Commission (SEC) or the Department of Labor and Employment (DOLE); and (iv) the areas for production support with ADs should exclude protected and forest areas. Currently, ICCs/IPs in 52 ADs have the required CADT and ADSDPP. At this stage, it is expected that the project would commence in 1 to 2 ADs in each of the regions in Mindanao, with others to be phased in as project implementation proceeds. It is envisaged that subsequent phasing-in of additional ADs would include areas within BARMM, although different tenurial instruments would have to be agreed as BARMM does not issue CADTs.<sup>8</sup>

**The project would have a phased approach that builds on existing DA and LGU programs given the remoteness of many of the ADs and limited Indigenous People Organizations (IPO) capacity, market orientation, and linkages.** The project would build on the considerable experience in implementing the PRDP, where the types of interventions are similar, although focused generally on better-off, lowland areas and stronger producer organizations. Key lessons from the PRDP that are relevant to the proposed project include: (i) for small/micro (IPO) enterprises, the business planning and approval process needs to be simplified and streamlined; (ii) the time needed for group formation and enterprise preparation is substantial so the likely number of enterprises to be supported under the project would be modest; (iii) access to financing for micro-enterprises through formal financial channels is very limited so there is a rationale for matching grant financing to overcome this market failure; (iv) cost-sharing between the DA and LGUs for enterprise support is too cumbersome, suggesting just one source of matching grants, where LGUs provide the technical support (see Risk Section on Mandanas Ruling impacts); (v) a first-come-first served approach for eligible beneficiaries would facilitate the project start-up, with prioritization possible at a later stage in implementation based on level of demand; (vi) the provision of access (rural roads) can be expected to be in high demand and provide considerable project benefits; and (vii) the institutional capacity needed to implement the enterprise and infrastructure interventions is substantial, suggesting such capacity including the management information system/monitoring and evaluation (MIS/M&E) established under the PRDP should be built upon/utilized to the maximum extent possible.

**Interventions under the project would be provided through a collaborative and participatory process with the ICC/IP communities and with the NCIP, taking into account the peace and inclusion lens.** While the ADSDPP for each AD would provide the overarching goals and principles for support, the specific scale and scope of interventions supporting interventions to enhance agricultural productivity would be based on an AD Agricultural Implementation Framework (ADAIF), see Figure 2. This ADAIF would be the only new instrument to be introduced under the project. Essentially, the ADAIF would be a distillation of the agricultural goals and needs identified in the ADSDPP (which are multi-sectoral and broad), but revalidated, updated, and based on IPO implementation capacity, as well as on expanded Vulnerability and Suitability Assessment (eVSA), Value Chain Analyses (VCA), and Rapid Market Analysis (RMA), which are all instruments introduced by the PRDP that have now been mainstreamed into DA operations. At each of these stages, the Free and Prior Informed Consent principle will be adopted. The ADAIF would also provide a basis for LGU planning and investment decisions. The Provincial Commodity Investment Plan (PCIP) would be used as the joint DA-LGU planning instrument for co-financing with LGUs, and as the convergence platform through which other government agencies and the private sector

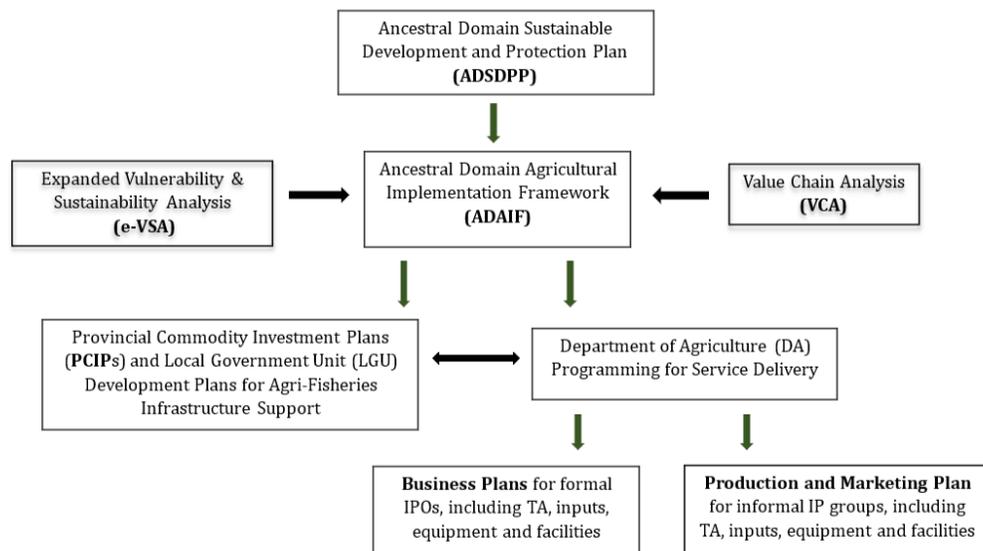
<sup>7</sup> The ADSDPP, which describes the ICC/IP culture, constraints and investment proposals, would be the starting point for preparation of the Ancestral Domain Agriculture Investment Framework (ADAIF), the main instrument under the project for defining the specific interventions and investments to be supported through the DA. The ADAIF would be integrated into the I-PLAN Manual being mainstreamed through the PRDP as the guideline for the formulation and updating of Provincial Commodity Investment Plans (PCIPs) which are the main planning platform for DA-LGU investment partnerships and convergence with other agency programs.

<sup>8</sup> Based on the selection criteria, 8 ADs in 4 regions have so far been tentatively selected for start-up activities under the project: Region 9 (1), Region 11 (2), Region 12 (2), and Region 13 (3).



would provide complementary support. The project would support both functioning IPOs involved in agriculture related activities, together with less organized groups to increase the scope of the beneficiaries reached and to increase their incomes through productivity enhancing interventions sustainably, from production through value chain addition and marketing. Project interventions would be focused specifically within eligible ADs, except in the case of road access investments which would need to connect to the national road network, and very likely would involve construction outside of ADs. Within ADs, non-IPs, who are member of IPOs or informal groups of producers are also eligible to benefit from the project. The project would directly address the underlying factors contributing to this pervasive gender gap and lack of opportunities through investments that would; i) greatly improved road access to ADs, enabling women access to improved quality of health care, child birth facilities and hospitals, ii) improved delivery of social services and education to ADs that in many instances is prohibitive due to their isolation and extremely rough road access, and iii) through the direct support for women’s group formation and associated skills training in business planning, management of productive enterprises and exposure to opportunities through market linkages developed outside of the ADs.

Figure 2: MIADP instruments



The project would have four interlinked components as follows:

**Component 1: Ancestral Domain Planning and Social Preparation (estimated amount of US\$4 million).** This component would promote and support the development of IPs/ICCs to move from subsistence farming to more organized and group market-oriented production, taking into account the goals of ensuring sustainable management and protection of the AD’s natural resources and cultural practices. The component would support the development of an ADAIF for each benefitting AD, which would provide an agreed approach for support from the DA and from the responsible LGUs. It would also finance the development of eVSAs, VCAs, and RMAs to strengthen the science-based, climate resilient and market led approach of ADAIFs and include geomapping and other digital tools. In support of this, a range of awareness raising events and organizational and capacity building workshops and training would be provided to strengthen the capacity and market orientation among the members of the ICC/IP community, along with the formation of more organized groups, and/or strengthening the capacities of existing IPOs that were assessed to have potentials for agri-based enterprises including on climate smart agriculture approaches; as well as and the facilitation of alliances with cooperatives, businesses, and NGOs outside the ADs. Special effort will be made to ensure the the participation of women members of the ICC/IP community in these awareness and capacity building activities. Finally, the component would also build capacity for support partners. These include LGUs at the provincial, municipal and barangay (village) level, but also other technical and



financial service providers involved in providing support for the successful implementation of Component 2 and 3, such as universities, NGOs, financial lenders and others.

**Component 2: Resilient Ancestral Domain Agri-Fisheries Infrastructure (estimated amount of US\$68 million).** This component would increase the climate resiliency of producers in ADs and provide essential infrastructure identified in the ADAIFs to strengthen their value chains and food supply chains, including the improved physical access to markets. It would address the special access needs and means to transport produce to market points in the often rugged and remote areas of selected ADs. Support would be provided to finance climate resilient small bridges, tramlines, and farm-to-market roads including tracks, walkways, access roads, and wheel paths. Where appropriate, support would also be provided for community-based, small-scale irrigation schemes using a Farmer-led Irrigation Development (FLID) process, in which farmers drive the establishment, improvement, and/or expansion of irrigated agriculture, and which is well suited for developments in remote and isolated areas. Potable community water supply systems would also be eligible for financing. Finally, post harvest infrastructures may also be financed through this component, if they demonstrate a clear public good element, and management arrangements are coordinated with the ICC/IP communities.

**Component 3: Ancestral Domain Agri-fisheries Production and Enterprise Development (estimated amount of US\$20 million).** This component would support both formal IPOs and informal groups producer groups identified in the ADAIFs to increase their agricultural productivity, resiliency, and access to markets and services.

- **Subcomponent 3.1: Support to Formal IPOs.** This sub-component would support the start-up and expansion of IPO enterprises through the preparation and implementation of Business Plans. It would include the provision of technical assistance, training, and matching grants, and facilitate the access to finance, markets, and services, including support through public-private partnerships (PPPs)/public-private community partnerships (PPCPs) with small, medium, and large enterprises and cooperatives, or NGOs inside and outside the ADs (big brother linkages). Investments to strengthen the IPOs and their members would be eligible along the value chains, from input supply (nurseries, hatcheries, feed mills, etc.); production (mechanization, equipment, climate resilient technologies such as greenhouses, hydroponics, etc.); postharvest (dryers, sorter, packing facilities, etc.); aggregation/assembly (warehouses, trading posts, logistics, trucks, weighing scales, crates, etc.); and processing (value-adding, processing building, etc.).
- **Subcomponent 3.2: Support to Informal Producer Groups in ADs.** This sub-component would support groups of IPs to expand their production of key commodities in demand outside the ADs, based on the preparation and implementation of Production and Marketing Plans. Support would build on the existing food security programs of the DA in partnership with the LGUs that provide technical assistance, improved seed, grafted fingerlings, and machinery in support of rice, corn, high-value crops, livestock, and fisheries production. It would also build-on and seek to expand the DAs support for establishment of market linkages and related technical and financial support through the PPPs and PPCPs involving large food and feed-mill companies, as well as with small and medium enterprises (SME). The subcomponent will also strengthen the IP groups and support them to become formal IPOs.

**Component 4: Project Management and Support, Monitoring and Evaluation (estimated amount of US\$8 million).** This component would support the significant planning, coordination, implementation, and logistical costs that would be needed to ensure appropriate levels of engagement with the ancestral domain's indigenous tribal councils and indigenous peoples organizations. It would also support the incremental staffing requirements at national, regional, and local levels (service providers) that will be needed to implement the project effectively and undertake the baseline, MIS, and M&E studies needed for efficient implementation and progress monitoring.



Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

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