



Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 11-Oct-2018 | Report No: PIDISDSC22017

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

Country Philippines	Project ID P163107	Parent Project ID (if any)	Project Name Mindanao Inclusive Agriculture Development Project (P163107)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Jun 10, 2019	Estimated Board Date Sep 30, 2019	Practice Area (Lead) Agriculture
Financing Instrument Investment Project Financing	Borrower(s) Department of Finance	Implementing Agency Department of Agriculture, Mindanao Development Authority	

Proposed Development Objective(s)

The objective of the proposed project would be to increase agricultural productivity and integration in agricultural value-chains of smallholder farmers and fisherfolk in targeted areas in Mindanao.

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

Total Project Cost	150.00
Total Financing	150.00
of which IBRD/IDA	100.00
Financing Gap	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	50.00
Borrower	50.00



Environmental Assessment Category

B - Partial Assessment

Concept Review Decision

Track II-The review did authorize the preparation to continue

B. Introduction and Context

Country Context

The Philippines is a lower-middle income country with a population of about 107 million people. Economic growth has been robust in recent years, averaging 5.4 percent per annum in 2006-2015 and reached 6.4 percent in 2016. Real gross domestic product (GDP) grew by 6.1 and 5.8 percent in 2014 and 2015, respectively, driven by household consumption, private construction, and exports of goods and services. Some 1.8 million Filipinos were lifted from poverty between 2012 and 2015, surpassing the government targets. The proportion of the population living in poverty fell from 25.2 to 21.6 percent over the period 2012-2015. Improved incomes and a higher employment rate were the key drivers of the reduced poverty incidence in the Philippines, helped by a generally stable inflation environment. Based on the 2015 Family Income and Expenditure Survey, household per capita incomes in the Philippines increased for all income deciles between 2012 and 2015.

Despite this solid economic performance, some 55 percent of the Philippine population live in rural areas where poverty rates remain high with nearly 38.2 percent of the rural population classified as poor and rural incomes are much lower than urban ones. Farmers and fisher folk are the poorest among the basic sector groups. Mindanao is the poorest of the three island groups. Eight of the ten poorest provinces in the country are in Mindanao. The Autonomous Region in Muslim Mindanao (ARMM) is the poorest region in the country, with poverty incidence of 53.7 percent in 2015, more than double the national average.

The Mindanao economy is largely agrarian, accounting for 60 percent of the economy and 57 percent of employment. The agricultural labor market in Mindanao is characterized by high underemployment, low wages and short work hours. Over 80 percent of farmers are poor or vulnerable to poverty. Only 16 percent of Mindanao farmers produce a marketable surplus, compared to 25 percent in Luzon. Stunting and malnutrition remain a problem and feature more prominently in large parts of Mindanao, particularly ARMM. Overall, educational outcomes are much worse in the ARMM and functional illiteracy rates are high among Moro and indigenous groups (Mindanao Jobs Report).

Sectoral and Institutional Context

The non-agricultural economy has grown substantially faster than the agricultural sector, pushing the agricultural sector's share down to 11.3 percent of Gross Domestic Product in 2016 and lagging other Southeast Asian countries in terms of production and productivity growth. Yet, more than 30 percent of the country's population relies on agriculture for their livelihoods and employment. Agricultural growth has averaged 2 percent in 2011-2015, with some recent signs of higher growth. The Philippines Statistics Authority indicates an agricultural growth rate of 3.9 percent for 2017.

The Philippines is exposed to numerous natural risks with the agricultural and rural areas often feeling the brunt of these risks with substantial damages to agricultural production resulting from natural disasters. Between 2006 and 2013, the



FAO estimated the total damage and loss in the agriculture sector amounted to US\$ 3.8 billion (arising from 78 natural disasters: two droughts, 24 floods, 50 typhoons or tropical storms, one earthquake and one volcanic eruption).

The sector has also been plagued by several challenges that have dampened its contribution to economic growth, job creation, and poverty reduction. A major contributing factor to the low productivity, pervasive poverty in rural areas and the weak competitiveness of agricultural commodities has been the poorly developed infrastructure for transport, particularly all-weather farm-to-market roads, ports, and inter-island shipping. The resultant inaccessibility, high transport and freight costs, and post-harvest losses have been major constraints. About half of all rural villages lack all-weather access to market outlets. The spread of modern agricultural technology has been constrained by a weak extension system and the high cost of inputs, weak producer organizations, inefficient supply and logistic systems, limited access to finance, and lack of clear property rights.

Promoting agriculture and rural income generation and employment, particularly in Mindanao, is one of the key priorities of the government. This is core to the Philippine Development Plan (PDP 2017-2022) which involves expanding economic opportunities and increasing access to these opportunities for lagging sub-sectors and groups and reducing vulnerability of the poor and acceleration in human capital development for individuals and people groups. Recognizing Mindanao's potentials and contributions to the country's progress and building on the momentum of peace and development of Mindanao, the Mindanao Development Authority (MinDA) has prioritized support to investments in agro-industrial economic zone, agriculture industry development and food security, Islamic financing, and the Halal industry. The Administration has also announced a Roadmap for Peace and Development in Mindanao that highlights the need for conflict-sensitive socio-economic development to complement efforts to bring about peace at the political level. The Roadmap has been translated by the MinDA and the Office of the Presidential Adviser on the Peace Process (OPAPP) into a "Strategic Framework for Mindanao Peace and Development", which is also reflected in Chapter 17 of the PDP. By supporting income generation, rural development opportunities and social cohesion in conflict-affected areas, the proposed project aligns with the Framework's Strategic Outcomes One (resilient communities built); Two (responsive institutions built); and Three (human, social, economic, infrastructural and environmental linkages optimized).

Relationship to CPF

The proposed project is fully consistent with the World Bank Group's Country Partnership Strategy (2015-2019) for the Philippines (Report No. 78286-PH) and its goals of rapid, inclusive and sustained economic growth; empowerment of the poor and vulnerable; and peace and institution building. The project would contribute to the World Bank Group's twin goals of ending poverty and boosting shared prosperity by targeting investments in rural livelihoods and the agriculture sector which represents the major sources of income and employment in the rural areas. It would also foster partnerships in productive investments between farmers' groups and commercial buyers, along agricultural supply chains that would contribute to improved market access and higher income opportunities for all.

C. Proposed Development Objective(s)

The objective of the proposed project would be to increase agricultural productivity and integration in agricultural value-chains of smallholder farmers and fisherfolk in targeted areas in Mindanao.

Key Results (From PCN)

Key outcome indicators would be defined including: (i) increased income from agricultural production activities; (refers



to agricultural production, reduction of losses, value adding/processing, agricultural employment); (ii) increase in yields and quality of produce of targeted products; (iii) increase in marketed outputs of targeted products; (iv) farmers reached with agricultural assets or services; and (v) number of beneficiaries disaggregated by gender. Impacts on social cohesion, trust in government and others related to conflict-sensitivity would also be measured as would gender-specific impacts.

D. Concept Description

The proposed project would consist of three components over six years with a currently proposed funding envelop of US\$100 million which would address the main identified challenges of productivity improvements, business development and value chain linkage and convergence. The following components are proposed: (a) Agriculture Production and Marketing Support; (b) Agriculture Enterprise Development and Value Chain Linkage; and (c) Institutional Support and Convergence. The project would also aim to develop and support measures that particularly benefit women and support their participation in the value-chain.

Component 1 – Agriculture Production and Marketing Support. The intention would be to focus on increase of agricultural production and productivity of smallholder farmers through organization/strengthening of production groups. Stakeholders consulted suggested that it would be an opportunity to extend such support also to IP areas with existing tenurial instruments and willingness and interest to engage in agricultural development. Nutrition related messages and actions as well as increase knowledge on good agricultural practices could be integrated in the support offered. Two sub-components are proposed: (i) production and marketing support and (ii) economic development support.

Component 2 – Agriculture Enterprise Development and Value Chain Linkage. This component would aim to advance the linkages between agriculture producers and fisherfolk and relevant markets and to empower and increase their attractiveness as market partners, reduce market transaction costs and focus their production decisions towards business and market opportunities. This would be achieved by supporting various models of joint actions of producer groups, federations or cooperatives of producer groups and private sector players. Two sub-components are proposed: (i) business partnerships and business promotion and (ii) access to financing and market facilitation.

Component 3 – Institutional Support and Convergence. This component would build the capacity of and provide incentives for relevant institutions to provide the supporting services for the community organizations, including: (i) local government units to mobilize the community organizations and facilitate conflict-sensitive local economic development planning; (ii) micro-finance institutions to extend their services to areas that they have not yet reached; (iii) Mindanao-based universities and colleges to support youth skills development, and provide information on technologically and climate adapted agricultural production and processing options; and (iv) convergence of governmental institutions at provincial and/or regional level to assure cohesiveness of various existing programs. The component would further provide support to the implementing agency for the implementation of this project, including procurement and financial management, and monitoring and evaluation. As much as possible, the project would aim to build on existing structures and institutions.

SAFEGUARDS

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



The project would be implemented in poorer and more remote areas of Mindanao, likely in Regions IX, X, XIII, and ARMM.

B. Borrower’s Institutional Capacity for Safeguard Policies

Overall, the Borrower has developed sufficient safeguard capacity due to previously implemented projects in Mindanao and the country on the regional and provincial level. All provinces of Mindanao are participating in the Philippine Rural Development Project and provincial staff have received training and are currently implementing safeguard policies that are very similar to the ones that would be applicable for the proposed project.

C. Environmental and Social Safeguards Specialists on the Team

Maya Gabriela Q. Villaluz, Environmental Specialist
Roberto B. Tordecilla, Social Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project would support poorer rural households through organization/strengthening of production groups and provision of livelihood support services. The project would also support various models of joint actions of small-scale individual producers through producer groups, federations or cooperatives of producer groups. Civil works such as greenhouses, storage facilities, solar dryers, and other small-scale rural infrastructure specific to productive partnerships investments, are expected under Component 2. Potential environmental impacts are expected to be mostly temporary and/or short term and are readily manageable. The project is initially categorized as a "B" consistent with the nature of these impacts and the requirements of OP4.01. An Environmental and Social Management Framework (ESMF) would be prepared which includes screening procedures to guide the proponents on the type of safeguards instruments that need to be prepared depending on the sub-projects that would be funded. All sub-projects would be screened as follows: (a) Category B - impacts are site-specific; reversible and manageable; mitigation measures are designed and implemented readily; and (b) Category C - minimal or no adverse environmental impacts, no environmental assessment (EA) required.



The Department of Agriculture has demonstrated a high capacity to prepare and implement safeguards instruments having managed recent WB projects. The project will also include the capacity building of the project partners and proponents to ensure adequate compliance of the project's ESMF. Public consultations with various stakeholder groups (potentially affected communities, NGOs, Producer Organizations and farmer/ production groups) would be conducted. When necessary, a social assessment would be conducted as part of the EA process. Since the specific project sites are yet to be determined, an ESMF containing a chance finds procedure and a Pest Management Plan (PMP) would be prepared and disclosed nationwide and locally, and also in the World Bank's InfoShop.

Performance Standards for Private Sector Activities OP/BP 4.03	No	The project would not trigger this policy.
Natural Habitats OP/BP 4.04	Yes	The project would not lead to the loss of a significant share of a country's type of natural habitats nor will it contribute to the significant loss or degradation of natural ecosystems. Project activities, including civil works, would be happening in village and agricultural areas which have been anthropogenically altered. However, the policy has been triggered in case other sub-project locations are considered and considering the potential engagement in more remote communities that live close by natural habitats. The ESMF screening procedures would include provisions to identify significant impacts of sub-projects that may affect critical natural habitats and that should be avoided. The project will not finance sub-projects or activities that would significantly degrade or convert critical natural habitats or declared protected areas.
Forests OP/BP 4.36	No	The project would not trigger this policy. It will not intrude into natural forests nor involve the cutting or harvesting of trees or forest products in natural forests. Some minor clearings of trees, shrubs, or undergrowth may be necessary under the physical investments which would be addressed in the ESMF. The project will not finance sub-projects or activities that would significantly degrade or convert forests.
Pest Management OP 4.09	Yes	This policy is triggered since the project would finance agriculture operations that may raise potential pest or disease vector management issues. To minimize the potential adverse impacts of pest management to



		<p>human health and the environment based on the environmental risk identified during screening, the ESMF would include a pest management plan (PMP). The PMP will be based on on-site evaluations of local conditions conducted by appropriate technical specialists with experience in participatory integrated pest management (IPM). IPM trainings would be conducted as part of the project activities to educate the agricultural workers and farmers' organizations on how to prepare a PMP and IPM approaches that include certified pesticides and its proper application and handling, as well as biological control, cultural practices, and the development and use of crop varieties that are resistant or tolerant to the pests. The project would not finance the purchase of chemical-based fertilizers and pesticides.</p>
Physical Cultural Resources OP/BP 4.11	No	<p>OP 4.11 would not be triggered since the sub-projects would involve expanding the agricultural productivity of existing farm lands or, in a few cases, construction or improvement of small civil works as support facilities to small agribusiness/ community enterprises. In case of chance finds, procedures on how to manage them would be described in the ESMF. A chance finds clause would be included in the bidding documents and all works contracts.</p>
Indigenous Peoples OP/BP 4.10	Yes	<p>Several of the target communities are located in provinces known to have Indigenous Peoples (IPs) and ancestral domains. Given the demand-driven nature of the project, at this stage it cannot be identified to what extent IPs and their ancestral domains would be involved and affected by the project. An IP Policy Framework would be formulated to ensure that IP participation is not undermined and that the design of capacity building for farmers organizations would include specific provisions for assistance to organizations of which IPs are members. The IP Policy Framework would be subjected to consultations with regional and national IP organizations and disclosed nationwide with subsequent IP Plans also disclosed locally. The same would also be disclosed in WB InfoShop.</p>
Involuntary Resettlement OP/BP 4.12	Yes	<p>Component 2 may include small infrastructure investments as identified by the production groups and their partners to improve production and access to markets. These may include greenhouses, storage facilities, solar dryers, small scale rural infrastructure</p>



specific to productive partnerships investments. A simple Land Acquisition and Resettlement Policy Framework (LARF) with clear protocol for the different land acquisition modalities would be formulated for the project and be subjected to consultations with regional and national CSOs and other key stakeholders. The LARF would be disclosed nationwide with subsequent Resettlement Action Plans (RAPs) disclosed also locally. The same would also be disclosed in WB InfoShop.

Safety of Dams OP/BP 4.37	No	The project would not trigger this policy as it would not fund any dam, reservoir or water-holding structure as defined in OP/BP4.37.
Projects on International Waterways OP/BP 7.50	No	The project would not trigger this policy.
Projects in Disputed Areas OP/BP 7.60	No	The project would not trigger this policy.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

May 31, 2019

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

An environmental and social assessment will be conducted as part of the preparation process and, as exact project locations are unknown, an Environmental and Social Management Framework (ESMF) would be developed. IPPF and LARF consultations would be conducted as part of the preparation of the ESMF and would be tentatively targeted to be completed in May 2019.

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APPROVAL

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