

Document: EB 2009/97/R.12/Rev.1
Agenda: 9(c)
Date: 14 September 2009
Distribution: Public
Original: English

E



Enabling poor rural people
to overcome poverty

Republic of the Philippines

Country strategic opportunities programme

Executive Board – Ninety-seventh Session
Rome, 14-15 September 2009

For: **Review**

Note to Executive Board Directors

This document is submitted for review by the Executive Board.

Directors are invited to contact the following focal point with any technical questions about this document:

Sana F.K. Jatta

Country Programme Manager
telephone: +39 06 5459 2446
e-mail: s.jatta@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra

Governing Bodies Officer
telephone: +39 06 5459 2374
e-mail: d.mcgrenra@ifad.org

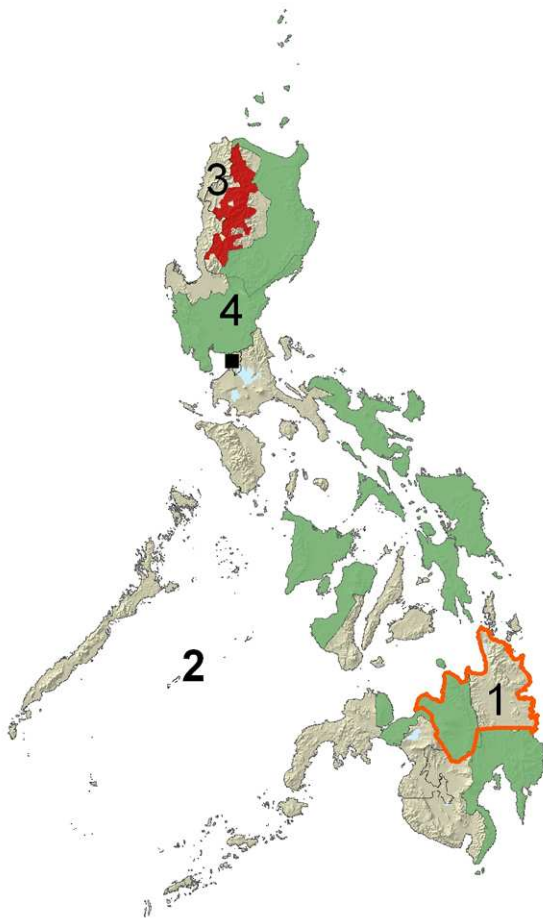
Contents

Abbreviations and acronyms	ii
Map of IFAD operations in the country	iii
Summary of country strategy	iv
I. Introduction	1
II. Country context	1
A. Economic, agricultural and rural poverty context	1
B. Policy, strategy and institutional context	4
III. Lessons from IFAD's experience in the country	6
A. Past results, impact and performance	6
B. Lessons learned	7
IV. IFAD country strategic framework	9
A. IFAD's comparative advantage at the country level	9
B. Strategic objectives	9
C. Opportunities for innovation	10
D. Targeting strategy	11
E. Policy linkages	12
V. Programme management	12
A. COSOP management	12
B. Country programme management	13
C. Partnerships	13
D. Knowledge management and communication	14
E. PBAS financing framework	15
F. Risks and risk management	16
Appendices	
I. COSOP consultation process	1
II. Country economic background	4
III. COSOP results management framework	5
IV. Previous COSOP results management framework	7
V. Project pipeline for the COSOP period	9
Key files	
Key file 1: Rural poverty and agricultural/rural sector issues	13
Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)	18
Key file 3: Complementary donor initiative/partnership potential	20
Key file 4: Target group identification, priority issues and potential response	35

Abbreviations and acronyms

ADSDPP	Ancestral Domain Sustainable Development and Protection Plan
ARB	agrarian reform beneficiary
ARMM	Autonomous Region for Muslim Mindanao
AsDB	Asian Development Bank
barangay	district
CADC	Certificate for Ancestral Domain Claim
CADT	Certificate for Ancestral Domain Title
CAR	Cordillera Administrative Region
CARP	Comprehensive Agrarian Reform Programme
CLOA	Certificate of Land Ownership Award
COSOP	country strategic opportunities programme
CPM	country programme manager
CRMF	COSOP results management framework
CPMT	Country Programme Management Team
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DBM	Department of Budget and Management
DENR	Department of Environment and Natural Resources
DOF	Department of Finance
DTI	Department of Trade and Industry
ENRAP	Knowledge Networking for Rural Development in Asia/Pacific Region
IPRA	Indigenous Peoples Rights Act
IRA	Internal Revenue Allotment
LBP	Land Bank of the Philippines
LGU	local government unit
LTI	land tenure instrument
MDGs	Millennium Development Goals
MFI	microfinance institution
MSMEs	micro-, small and medium enterprises
MTPDP	Medium-Term Philippine Development Plan, 2004-2010
NAPC	National Anti-Poverty Commission
NCIP	National Commission on Indigenous Peoples
NEDA	National Economic Development Authority
NMCIREMP	Northern Mindanao Community Initiatives and Resource Management Project
OFID	OPEC Fund for International Development
OFW	overseas Filipino worker
PBAS	performance-based allocation system
PCFC	People's Credit and Finance Corporation
PDF	Philippines Development Forum
RaFPEP	Rapid Food Production Enhancement Programme
RB-COSOP	results-based country strategic opportunities programme
RuMEPP	Rural Microenterprise Promotion Programme
SBGFC	Small Business Guarantee and Finance Corporation
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

Map of IFAD operations in the country



- 4** Rapid Food Production Enhancement Programme
- 3** Second Cordillera Highland Agricultural Resource Management Project
- 2** Rural Microenterprise Promotion Programme
- 1** Northern Mindanao Community Initiatives and Resource Management Project

Source: IFAD.

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Summary of country strategy

1. The Philippines is at a critical juncture. Vigorous implementation of macroeconomic and structural policies is key to maintaining economic growth, but intensified support for poor people is critical to ensuring that this growth is equitable. This IFAD country strategic opportunities programme (COSOP) for 2010-2014 is built on strong country ownership. It is the result of a long participatory process: regional and nationwide consultations; a consultation with farmers' organizations; a workshop on the COSOP results management framework; and a high-level meeting with top government officials and donors. The consultations were aided by topical papers on relevant sectoral issues and priorities.
2. Poverty reduction strategies in the Philippines face serious challenges: (a) a high population growth rate; (b) lagging rural economic growth and high rural underemployment; (c) widening disparity between the urban and rural poor; (d) persistent exclusion of poor and marginalized people from development processes; (e) little access for poor people to productive assets and enterprise opportunities; (f) ineffective devolution to drive local/regional development; (g) unsustainable natural resource depletion; (h) food insecurity caused partly by high food prices; and (i) persistent threats of natural and man-made disasters (some caused by climate change). Within this context, and taking into account the IFAD Strategic Framework 2007-2010, agreement was reached at the stakeholder consultations that IFAD should focus the present COSOP on the following strategic objectives as its contribution to rural poverty reduction in the country:
 - **Strategic Objective 1 (SO1):** Upland poor households in the 20 poorest provinces – particularly those of indigenous peoples and agrarian reform beneficiaries – have improved access to land and water resources and gainfully use these sustainably.
 - **Strategic Objective 2 (SO2):** The entrepreneurial poor in selected rural areas, particularly in the Visayas, and northern and western, southern and eastern, and central Mindanao, have improved access to markets and rural financial services to improve the value chains of agribusiness systems benefiting poor farmers, livestock producers, fishers, marginalized groups, women and rural entrepreneurs.
 - **Strategic Objective 3 (SO3):** Selected marginalized and poor communities dependent on coastal resources in Bicol, eastern Visayas, northern Mindanao and the Autonomous Region for Muslim Mindanao have sustainable access to fisheries and other productive coastal resources, use sustainable management practices and diversify livelihood opportunities to meet their basic needs (in particular, food).
3. COSOP implementation will be participatory and flexible, taking into account the needs, strengths and weaknesses of the 'productive poor' in targeted rural areas and those providing services to them. It will also maximize the use of improved, broad-based policy dialogue involving all stakeholders and of appropriate knowledge management and learning tools and instruments for the benefit of poor rural people. To ensure enhanced programme performance and country ownership, IFAD will work with the National Economic Development Authority, other government agencies and other stakeholders such as farmers' organizations to jointly supervise supported operations and the entire programme. To this end, IFAD will reinforce its country presence. The strengthening of partnerships with other development agencies/players will be actively pursued during the COSOP period.
4. Total IFAD funding to be available during the period depends partly on the success of the forthcoming Eighth and Ninth Replenishments of IFAD's resources – respectively for the periods 2010-2012 and 2013-2015 – but it is estimated at US\$73 million in the base scenario, 31 per cent more for the high scenario, or 27 per cent less for the low one.

Republic of the Philippines

Country strategic opportunities programme

I. Introduction

1. The Philippines is at a critical juncture. Vigorous implementation of macroeconomic and structural policies, such as fiscal consolidation, is a key to maintaining economic growth but, at the same time, intensified support for poor people is critical to ensuring that the benefits of that growth are shared. Focused interventions to assist poor people, particularly in disadvantaged and least-favoured areas, will thus be necessary to achieve broad-based growth. This is where IFAD's comparative advantage is most relevant and easily put to good complementary use.
2. The first country strategy for IFAD assistance to the Philippines entered into effect on 28 September 1999. The present, results-based country strategic opportunities programme (RB-COSOP) is the first of its kind, and will cover the five-year period from 2010 to 2014. It is consistent with the development thrusts of the Government's Medium-Term Philippine Development Plan 2004-2010 (MTPDP 2004-2010) and with President Gloria Macapagal-Arroyo's ten-point agenda for growth and poverty reduction. The proposed RB-COSOP is built on strong country ownership and is the end result of a long participatory process: (a) two regional consultations held in October and November 2004; (b) one national consultation in January 2005; (c) one specific consultation with farmers' organizations in June 2006; (d) one COSOP results management framework (CRMF) workshop with government oversight agencies and concerned technical line departments in October 2007; and (e) high-level meetings with top officials of the concerned economic and rural development ministries and donors in March 2008 and July 2009. The consultations were aided by topical issues papers on indigenous peoples/marginalized groups, microfinance, farming systems/rural livelihood and environmental sustainability, and devolution and decentralization, as well as cross-cutting issues papers on rural institutions, remittances and gender, and sectoral priorities of the Government.

II. Country context

A. Economic, agricultural and rural poverty context

Country economic background

3. The Philippines is an archipelago of over 7,000 islands with a total land area of about 300,000 km². The population was 88.57 million according to the 2007 census. Its rate of growth has been slowing in recent years, from an average of 3 per cent in the 1960s to 1.9 per cent in 2000-2007. The total indigenous population was estimated at about 12-15 million persons in 1998, or 15-20 per cent of the total population.
4. The Philippine economy was considerably resilient during 2001-2007, in the face of adverse events such as oil and commodity price shocks, subdued world growth, changing weather patterns, domestic uncertainties (e.g. elections, civil unrest and economic imbalances), and global economic crisis. The economy is highly diversified, reflecting its varied resource endowments. Real GDP growth averaged 4.8 per cent for the period, an impressive rate by historical standards, but still below that achieved in other fast-growing Asian economies such as China. One of the reasons for the relatively disappointing performance is the low rate of investment, which was just 14.8 per cent of GDP in 2007, compared with 25-30 per cent in many Asian economies and up to 40 per cent in China. Increasing world market prices for fuel, agricultural chemicals and raw materials raised inflation levels to a 14-year high of 11.4 per cent between June 2007 and June 2008. The Government began reining in the fiscal deficit in 2003, reaching a low of 0.2 per cent of GDP in 2007. This is the

result of strong revenue collection, supported by reform of the value added tax and restrained spending. The non-financial public-sector debt stood at 86.3 per cent of GDP in 2005. The country's external accounts have been largely favourable in 2001-2007, reaching a surplus of US\$6.4 billion or a record high 4.4 per cent of GDP in 2007. The large influx of annual remittances from overseas Filipino workers (OFWs) contributed to this – US\$14.4 billion in 2007 and US\$16.4 billion in 2008. The outstanding external debt amounted to US\$61.8 billion at the end of 2007. The already high level of unemployment (averaging 7.4 per cent in 2008) and underemployment (averaging 19.3 per cent in 2008) would be even higher were it not for the outlet of overseas employment. Some 8.73 million Filipinos lived and worked overseas in 2007, and about 1.24 million more were deployed in 2008.

Agriculture and rural poverty

5. From being an exporter, the Philippines became a net importer of agricultural products in the mid-1990s, subsequently resulting in a trade deficit of US\$7.8 billion in 2005. Average productivity in the agricultural sector is below the national average. In 2008, about 12 million Filipinos, or 35.3 per cent of the total employed, were engaged in agriculture, contributing about 16.3 per cent to GNP. By comparison, industrial employment amounted to 14.8 per cent, while its share of GNP was 29.3 per cent, and service-sector employment was 49.9 per cent of the labour force, with a contribution to GNP of 43.7 per cent. As in other countries, employment in agriculture is declining. Whereas it was 60 per cent of total employment in 1965, at present the agricultural sector accounts for less than 20 per cent, losing ground mainly to the service sector, since industrial employment has also stagnated.
6. **Crop subsector.** This is the largest contributor in the agricultural sector, followed by livestock, poultry and fisheries. Crops accounted for 410 billion Philippine pesos (PHP) (US\$8.2 billion), or 50 per cent of total agricultural production (PHP 817 billion) in 2005. The five most important crops are paddy, maize, coconut, sugar cane and banana. The area planted with these crops was 88 per cent of total cultivated area, and their production value accounted for 77 per cent of total value of crop production in 2004. Paddy and maize are sold mostly in domestic markets, while the other crops are exported, together with crude and refined coconut oil, accounting for nearly a quarter of total agricultural exports.
7. **Livestock/poultry and fishery subsectors.** These subsectors also play an important role in Philippine agriculture, accounting for 19 per cent, 13 per cent and 18 per cent respectively of the total value of agricultural production in 2005. Livestock production is undertaken mainly by subsistence or small-scale producers for domestic markets. The fishery subsector, on the other hand, is largely export-oriented. It produced PHP 146 billion in 2005, of which 32 per cent was produced by commercial fishing and the rest by municipal fishing.¹
8. **Forestry subsector.** More than 50 per cent of the land area in the country was once covered by thick forests. The Philippines exported some 7 million cubic metres of roundwood, or US\$283 million, which exceeded 10 per cent of GDP in 1975. However, wood exports diminished rapidly in the 1980s and 1990s owing to the depletion of forest resources by uncontrolled logging. Government-initiated reforestation programmes helped recover forest resources up to 7 million hectares in 2003 or 24 per cent of total land area. The carbon storage capacity of existing forests amounts to 1,566 million tons for the above-ground biomass and 376 million tons for the below-ground biomass.

¹ Commercial fishers use boats of three tons or more, while municipal fishers use smaller or no boats.

9. **Key issues² in agricultural and rural development.** The following issues emerged repeatedly during stakeholder consultations: **First**, the decline in average farm size from 2.2 ha to 2.0 ha per farm during 1991-2002 – due to the decline of total farm area from 10 million to 9.7 million ha – contributed to the declining profitability of farming. The decline is attributed partly to the gradual conversion of farmlands to residential and commercial use, coupled with increasing farm family size, both of which result in increasing pressure on agricultural lands. **Second**, low producer prices, caused in part by poor transmission of high international prices down to the farm gate, mean that farmers are not able to capitalize on crop productivity improvements. It is widely believed that this is the result of lower-priced imports, which means that issues such as trade and producer prices and marketing are equally important. **Third**, poor conditions of farm-to-market roads have prevented effective, timely linkages between production and consumption areas. During the typhoon season, frequent landslides shut down roads completely. Thus substantial investment is required to upgrade road networks. **Fourth**, the impact of climate change is increasingly making itself felt, causing drought in Ilocos and Cagayan Valley, while typhoons and heavy rainfall, combined with steep slopes, cause landslides and flooding in Luzon, eastern Visayas and Mindanao. In 2005, an estimated PhP 3.3 billion in crop damages (about 0.81 per cent of total agricultural-sector gross value added) were attributed to extreme weather conditions. **Fifth**, insufficient investment in agriculture, notably for communal irrigation by small farmers, coupled with underuse and poor maintenance of existing infrastructure, especially on large irrigation schemes, is limiting possibilities to improve agricultural production and productivity. Only 45 per cent of the total potential irrigable area was irrigated in 2005. **Sixth**, weak agricultural support services – including research and extension, and credit and guarantee schemes – are slowing productivity gains in production and productivity, as well as in value addition. After the Local Government Code was enacted in 1991, provision of extension services was devolved to local government units (LGUs), which often possess limited capacity to sustain the services required. **Seventh**, limited productive assets of fisheries and limited capacity to reach productive but far-away fishing grounds, coupled with the use of destructive fishing and other environmentally hazardous practices, are exacerbating rural poverty in coastal regions.
10. According to the latest official poverty statistics,³ the incidence of income poverty as a percentage of households living below the national poverty line in 2003 was 24.4 per cent, after having fallen from 33 per cent in 2000, but it has since increased again, to about 26.9 per cent in 2006. These overall national figures hide substantial differences at regional and local levels. Of the country's 17 regions, poverty incidence generally increased in 2006, except for improvements noted in Regions VI, VIII, IX and X. Poverty remains predominantly rural, but urban poverty is rising, too. In 2006 about 75 per cent of poor people resided in rural areas and poverty in the agricultural sector was about three times higher than poverty in other sectors. Yet the share of urban poverty to total poverty has increased due to rapid urbanization and inequitable income distribution, from about 23.2 per cent in 2003 to 28.8 per cent in 2006.
11. The Philippines has made encouraging strides towards meeting the Millennium Development Goals (MDGs), particularly regarding: extreme poverty; improved sanitation; child mortality; the incidence of HIV/AIDS, tuberculosis and malaria; gender equality in education; household nutrition and adequate dietary intake; and access to safe drinking water. However, despite the decline in extreme poverty from the 1991 baseline of 24.3 per cent to 14.6 per cent in 2006, overall poverty increased in 2006. Moreover, serious challenges and threats remain with regard to

² For further details, see key file 4.

³ National Statistical Coordination Board, *Annual Per Capita Poverty Thresholds by Province, 2006–2007*.

targets on maternal health, access to reproductive health services, and education. Disparities across regions and provinces also persist: most of the lagging ones are found in Mindanao, with the better-off in Luzon.

B. Policy, strategy and institutional context

National institutional context

12. **Intended-partner technical departments.** IFAD intends to continue working with the following rural-sector technical departments: (a) Department of Agriculture (DA), together with its attached agencies, which is responsible for promoting agricultural development; (b) Department of Agrarian Reform (DAR), which is in charge of carrying out the policies presented in the Code of Agrarian Reforms of the Philippines, including establishing owner-cultivatorship and the economic family-size farm as the basis of Philippine agriculture; (c) Department of Trade and Industry (DTI), which manages micro-, small and medium enterprise (MSME) development in the Philippines; (d) Department of Environment and Natural Resources (DENR), which is responsible for the conservation, management, development and proper use of the country's environment and natural resources; and (e) National Commission on Indigenous Peoples (NCIP), which is in charge of formulating and implementing policies, plans and programmes for the recognition, promotion and protection of the rights and well-being of indigenous peoples.
13. **Key partner oversight agencies.** The national oversight agencies that work closely with IFAD are the National Economic Development Agency (NEDA), the National Anti-Poverty Commission (NAPC) and the Department of Finance (DOF). **DOF** is in charge of securing foreign grants and loans and negotiating debt restructuring. **NEDA** is responsible for formulating coordinated and integrated social and economic policies, plans and programmes, and ensuring that their implementation achieves the goals of national development and growth with equity. **NAPC** acts as the coordinating and advisory body in implementing the social reform agenda of the Government and ensures its incorporation into the formulation of development plans.
14. **Rural financial institutions (RFIs).** The rural finance sector in the Philippines is segmented, in the sense that the wholesale function is assumed by government finance institutions, while retailing is the responsibility of private agencies and NGOs. The most important small and microfinance wholesalers are the People's Credit and Finance Corporation (PCFC), the Development Bank of the Philippines, the Land Bank of the Philippines (LBP) and the Small Business Guarantee and Finance Corporation (SBGFC). Microfinance loans are being retailed by 117 rural banks (out of 785 registered), 49 cooperative banks, 223 NGOs (out of a total of 60,000 registered), and 20,000 cooperatives and credit unions. The main issues in microfinance are urban bias, fragmentation characterized by monopoly/oligopoly, low cost-effectiveness, and a high cost of borrowing.
15. **Civil society organizations and NGOs.** The Philippines has a long experience with promoting different farmers' and rural organizations. Under the Cooperative Code, over 20,000 credit, consumer, producer, marketing, service and multi-purpose cooperatives have been registered. The other type of rural organization is the NGO, which in the Philippines is loosely defined as a 'non-profit', 'non-stock' organization. This permits a wide range of organizations to qualify as NGOs, ranging from self-help groups in a village to affiliates of international charities. Out of a total of 60,000, only about 4,000 appear to have a clear development purpose.

16. **Local government units and code.** Under the Local Government Code, enacted in 1991, many functions are devolved to LGUs⁴ from line departments such as DA and the Department of Public Works and Highways (DPWH). Thus agricultural extension services and rural roads construction and maintenance at the provincial and municipal levels are devolved from DA and DPWH respectively to LGUs. These devolutions are accompanied by fiscal transfers, called the Internal Revenue Allotment (IRA), based on their size (area and population) and ability to generate revenue. LGUs should spend at least 20 per cent of the allotment on investment projects.

National rural poverty reduction strategy

17. **Medium-Term Philippine Development Plan, 2004-2010** (MTPDP 2004-2010). This national plan aims to fight poverty by building prosperity for the greatest number of the Filipino people. At the macroeconomic level, restraining the fiscal deficit is a key goal. In agriculture, the plan advocates an approach to reducing rural poverty "that will not only address the production bottlenecks in agriculture but also its inherent vulnerabilities. This approach calls for the promotion of agribusiness. This will not only address agricultural production constraints but also post-production handling, value-adding and distribution concerns, all of which are the major and interconnected determinants of job creation and income stability in the countryside.⁵ The MTPDP 2004-2010 seeks policies that will tackle declining competitiveness. It also aims to provide MSMEs and agribusinesses with credit, technology and market information. Finally, the growth strategy rests on maximizing the use of the country's natural resources and geographical comparative advantage through, *inter alia*, reforestation and the sustainable use of upland resources.
18. **Agriculture and Fisheries Modernization Programme (AFMP).** AFMP was designed as the key instrument for implementing the Agriculture and Fisheries Modernization Act (Republic Act No. 8435 of 1997). As such, it focuses on: food security, poverty alleviation, income enhancement and profitability for farmers and fishers, global competitiveness, and sustainability. It recognizes the importance of LGUs and NGOs in attaining sustainable development, poverty reduction and social equity.
19. **Comprehensive Agrarian Reform Programme (CARP).** CARP was initiated in 1988 to redistribute government and private agricultural lands and improve the welfare of landless farmers and farm workers. DAR has been tasked with acquiring and redistributing a total of 4.3 million hectares before the end of 2008. Discussions are ongoing in Congress on the extension of CARP beyond 2008.
20. **Revised Forestry Code.** Presidential Decree 705 or Revised Forestry Code of the Philippines (1975) is the primary forest law in effect, presiding over the protection, development and rehabilitation of forest lands. It defines the lands to be reforested, and stipulates that all lands with 18 per cent or higher gradient are considered 'inalienable and indispensable', and shall be reserved as forests. Executive Order 263 (1995) defines community-based forestry management as the national strategy for achieving sustainable forestry and social justice.
21. **Indigenous Peoples Rights Act (IPRA).** IPRA is a landmark legislation that entered into effect on 22 November 1997 to recognize, protect and promote the rights of indigenous peoples. The NCIP was created to establish implementing mechanisms and appropriate funds. IPRA recognizes and promotes the rights of indigenous peoples, including: (a) the right to ancestral domains/ancestral lands;

⁴ Including the region, province, municipality and *barangay* (the smallest political unit into which cities and municipalities in the Philippines are divided, administered by a set of elective officials, headed by a *barangay* chairperson (*punong barangay*)).

⁵ National Economic Development Agency, MTPDP 2004-2010, www.neda.gov.ph/ads/mtpdp/MTPDP2004-2010/PDF/MTPDP2004-2010.html, Chapter 2, p. 29.

(b) rights to self-governance and empowerment; (c) social justice and human rights; and (d) cultural integrity.

Harmonization and alignment

22. Since 2005, the Philippines Development Forum (PDF) has become the primary government mechanism for facilitating substantive policy dialogue with concerned stakeholders. It is a year-round process, built on regular meetings of seven thematic working groups, including: (a) economic and fiscal reform; (b) the MDGs and social progress; (c) Mindanao's peace and post-conflict development; (d) decentralization and local government; (e) growth and the investment climate; (f) governance and anticorruption; and (g) sustainable rural development. The PDF process helps develop consensus among stakeholders, thus enabling them to harmonize their development agendas. In accordance with commitments made by the Philippines and development partners under the Paris Declaration on Aid Effectiveness, harmonization and development effectiveness are integral to PDF deliberations. A Philippine Harmonization Country Programme has been established, under which support is provided for harmonizing policies and procedures related to, inter alia, procurement, financial management and managing for results through performance-based budgeting. IFAD has participated in the annual PDF meetings and in the deliberations of two working groups: decentralization and local government, and sustainable development.
23. IFAD is a non-resident member of the United Nations Country Team and is regularly briefed on United Nations Development Assistance Framework (UNDAF) preparation and implementation. Thus IFAD programmes and projects complement the activities of other agencies. Partnerships with the Asian Development Bank (AsDB), the World Bank and the OPEC Fund for International Development (OFID) have yielded cofinancing agreements with AsDB and OFID, and knowledge exchange and policy dialogue with the World Bank.

III. Lessons from IFAD's experience in the country

A. Past results, impact and performance

24. IFAD financed a total of 11 projects and provided financing for a total of about US\$152 million. Three projects are ongoing: the Northern Mindanao Community Initiatives and Resource Management Project (NMCIREMP), the Rural Microenterprise Promotion Programme (RuMEPP), and the Second Cordillera Highland Agricultural Resource Management Project (CHARMP-2), only recently declared effective with a total IFAD contribution of US\$27 million and US\$20 million cofinancing from AsDB and OFID. In addition, a fourth project, the Rapid Food Production Enhancement Programme (RaFPEP), was approved in December 2008 as IFAD's response to soaring food prices. The overall performance of the country programme has been satisfactory. However, disbursement performance and the pace of physical implementation for most projects are relatively slow, especially in the initial years of implementation. Delays are associated with a number of factors: (a) delays in recruitment of project staff, in turn causing delays in meeting loan effectiveness conditions; (b) cumbersome and highly centralized procedures, causing delays in the procurement of goods and services, notably of service providers such as NGOs; (c) slow turnaround time for withdrawal applications from implementing agencies; (d) political instability and civil conflict; and (e) the fiscal deficit and crunch, causing the Government to force projects not to procure items already approved in the loan documents. Despite these problems, however, the programmes are performing satisfactorily. Overall compliance with covenants in the loan agreements is satisfactory, but the submission of audits has been delayed occasionally, although accounting data are easily available on demand.

B. Lessons learned

25. A number of important lessons were learned during the last COSOP period. They are summarized below and will be taken into account during the new COSOP period to improve the development effectiveness of IFAD operations.
26. **Microfinance and microenterprise promotion.** IFAD has supported policy and institutional reform in the rural microfinance subsector, including rationalization of all government-directed credit programmes, regulation of savings activities in microfinance institutions to create an enabling policy environment, and removal of interest-rate ceilings for microcredit programmes. The country programme also contributes to the strengthening of government finance institutions such as LBP, PCFC and SBGFC, as well as the emergence of many microfinance institutions (MFIs) and broadening of the outreach of many others. Lately IFAD has been refocusing closely on microenterprise promotion, as a neglected subsector related to previous microfinance development activities. The programme acknowledges the poverty reduction benefits of microenterprises and concentrates attention on policy support to ensure the removal of constraints on MSMEs in access to information, facilities and services, on one hand, and access to physical markets, transport and production factors, on the other.
27. Experience from these promotion activities has shown that the microenterprise sector contributes substantially to reducing poverty, increasing economic activity and generating employment in rural areas through: (a) financial services to promote investment by providing working capital to microentrepreneurs; (b) provision of non-lending services (counselling, skills training and technology transfer); (c) promotion of market access through improved organization, better market and price information and insight into local, national, regional and international markets; and (d) creation of an enabling microenterprise environment that motivates entrepreneurs to expand. Regarding payment for training and management/institutional services, experience does not indicate a clear direction and there is a division of opinion. Some practitioners suggest that initially services should be on a grant basis, which should be gradually converted into full cost recovery. The experiences of others indicate that it is essential to introduce an element of cost recovery from the start, even if the level of contribution is nominal and provided in kind.
28. **Access to land and water for poor people.** A further area of successful policy dialogue and project support has been in promoting land and water asset control by poor rural people, agrarian reform communities and indigenous peoples. IFAD-supported projects facilitate land tenure processes for indigenous communities. They support the preparation of Ancestral Domain Sustainable Development and Protection Plans (ADSDPP), which is an important preliminary step to the issuance of Certificate for Ancestral Domain Claims (CADCs) and Certificate for Ancestral Domain Titles (CADTs). Through NCIP, with the help of IFAD projects, indigenous communities were able to produce some of the first ADSDPPs and CADTs in the country. This provided a model for the practical implementation of the IPRA law. Thus it can be concluded that the land tenure improvements of the projects were significant and contributed to attaining not only the project objectives in terms of improved resource management, but also IFAD's broader objectives of strengthening local ownership and increasing access to land.
29. **Natural resource management.** Projects have made serious efforts to support the improvement of natural resource management. The interim evaluation of the first Cordillera Highland Agricultural Resource Management Project and the mid-term review of NMCIREMP recognized the positive efforts being made to highlight the importance of traditional forest management systems, natural resource planning through the *barangay* natural resource management plans, reforestation, and enforcement of local environmental ordinances. It was recognized, however, that these laudable activities are too small to measure against the environmental

degradation forces within the project areas and that interventions were insufficiently coordinated in a watershed management approach. Learning from the evaluation results, projects will focus on supporting communities in conserving community watersheds identified as critical sources of water for irrigation and domestic use. They will also continue to support the reforestation of denuded and degraded forest areas and the adoption of improved management practices. Based on initial lessons from the projects' coastal resource management initiatives – and the inadequate support provided to coastal resource management in the country – this RB-COSOP includes provisions to help selected marginalized and poor communities adopt sustainable coastal resource management practices.

30. **Climate change and natural disasters.** The Philippines is at significant risk from natural disasters caused by forces such as tropical storms and volcanoes, which can severely disrupt business operations: 20 tropical storms, on average, hit the country each year. Typically, they are more frequent and severe in the northern and eastern islands. Projects in these areas suffer regularly from such phenomena, which imposes the need for careful adaptation measures in all operations under the country programme.
31. **Rural infrastructure.** Infrastructure subprojects in many project areas are successfully maintained through operation and maintenance committees. With an LGU budget provision for maintenance, and with the inclusion of a section in the memorandum of agreement between projects and LGUs that the latter will maintain turned-over infrastructure for ten years after turnover, sustainability of rural infrastructure is assured. However, in some project areas, sustainability of completed rural infrastructures is observed to be uncertain. This is due to the weakness of the irrigators' associations and the *barangay* waterworks and sanitation associations organized under the projects. Municipal LGUs, which are responsible for farm-to-market roads, do not always have the capability to maintain them. And the climatic conditions and topographic configurations of some regions require more frequent maintenance than normal. In these regions, the proper selection of pilot sites is not only necessary, but critical to implementation of any rural infrastructure projects.
32. **Conflict and insecurity.** The implementation of some projects/programmes, especially those on Mindanao Island and in the Cordillera Administration Region, has been affected by insecurity and low-level civil strife that persists in many parts of the Philippines. Moreover, continuing conflicts of interest regarding implementation of the IPRA law – on the jurisdiction governing management of ancestral domains and lands of indigenous peoples – has further delayed some projects. On a positive note, grant funds provided under the Western Mindanao Community Initiatives Project to support government efforts in the peace process in Mindanao have been well received and have contributed to disarming and resettling some of the ex-combatants.
33. **Participatory, community demand-driven approaches.** Active participation of beneficiaries and other stakeholders in project identification and preparation improves long-term impact, due to increased ownership and commitment to project objectives. However, to be more effective, participatory processes should be in place before project implementation starts. Future projects should have operational targeting mechanisms and an investment mix with a stronger poverty reduction bias. Respect and appreciation of traditional structures and their integration into the project's institutional framework and activities should be an integral part of design.
34. **Institutional strengthening and partnerships.** Decentralized project management and well-established systems and procedures are more successful than centralized management if solid technical backstopping is provided. While NGOs have been effective and responsive in community-level interventions, they, and other stakeholders, must be carefully reviewed or evaluated prior to inclusion in a

project. The creation of a multistakeholder committee and formulation of a project implementation manual (stating the guidelines and processes for project implementation) are helpful mechanisms in the selection of service providers. Strengthening institutions and organizations through capacity-building has high returns in terms of delivering more effective results.

IV. IFAD country strategic framework

A. IFAD's comparative advantage at the country level

35. IFAD is a unique development partner of the Philippines – it is the only partner dedicated exclusively to helping the Government and other stakeholders reduce poverty and food and nutritional insecurity in rural areas. IFAD has worked hard and closely with many partners and stakeholders to: (a) empower the poorest segments of rural people to overcome poverty, notably women and the indigenous populations living in highly fragile and vulnerable ecosystems in the uplands of the Cordillera highlands and on Mindanao Island; (b) assist the Government and poor rural people in piloting innovative approaches to rural poverty reduction, using participatory community empowerment and building on indigenous knowledge systems and practices as the main entry points and key means of ensuring community ownership, development effectiveness and sustainability; (c) disseminate knowledge that recognizes and demonstrates both the centrality of agriculture in the economic livelihoods of poor rural people and the broad elements that shape their ability to increase their productivity and incomes; and (d) develop strong 'partnerships of equals' with many government agencies (particularly DOF, NEDA, DA, DAR, the Department of Budget and Management (DBM), DENR, DTI, LGUs, NAPC, NCIP, LBP, PCFC and SBGFC), NGOs and development partners (notably AsDB, OFID, United Nations agencies and the World Bank) for poverty reduction through agricultural and rural development programmes and policy dialogue. IFAD has now built up a reputation for the quality of its work and for having a comparative advantage in several broad areas, including microfinance development and promotion, facilitation of access to natural resources for poor rural people, natural resource management, and conflict prevention and peace-building through resettlement of ex-combatants. All these strengths will be consolidated during the 2010-2014 COSOP period.

B. Strategic objectives

36. IFAD will work to deepen its comparative advantage and thus improve its ability to discharge its mission – “enabling poor rural people to overcome poverty”.⁶ Working with development partners will be key to fully exploiting this potential, within the context of the global emphasis on aid-effectiveness and a better division of labour among development agencies. IFAD's country strategy will continue to support the Government's medium-term rural poverty reduction goals,⁷ which are closely aligned to the MDGs. Within the overarching goal that poor rural women and men in the rural areas of the Philippines are empowered to achieve higher incomes and improved food security, the COSOP will have the following three strategic objectives (SOs):⁸
- (a) **SO1: Upland poor households in the 20 poorest provinces (see paragraph 40)– particularly those of indigenous peoples and agrarian reform beneficiaries – have improved access to and control over land and water resources and gainfully use these in environmentally sustainable endeavours, while gaining access to essential socio-economic public infrastructure.** Some of the key outcome indicators for

⁶ IFAD, *IFAD Strategic Framework 2007-2010* (Rome, 2007).

⁷ National Economic Development Agency, MTPDP 2004-2010, www.neda.gov.ph/ads/mtpdp/MTPDP2004-2010/PDF/MTPDP2004-2010.html.

⁸ Appendix III, Philippines COSOP Results Management Framework (2008-2012).

SO1 include: (i) at least 50 per cent of upland poor households in target areas possess appropriate land tenure instruments (LTIs) over the lands they till/occupy; (ii) out of the total number of targeted poor households with the appropriate LTIs, 50 per cent have increased their income by 15 per cent; (iii) 50 per cent of the targeted households use one or more environmentally-sustainable practices in their livelihood activities; (iv) number of hectares of formerly degraded and deforested land under improved management practices; (v) 50 per cent of upland poor households in target areas report a secure source of water for irrigation and household use; and (vi) current flora and fauna are maintained.

- (b) **SO2: The entrepreneurial poor in selected rural areas, particularly in the Visayas and in northern and western, southern and eastern, and central Mindanao, have improved access to markets and rural financial services to enable them pursue, maintain and enhance farm-related, off-farm/non-farm or microenterprise undertakings and to improve the value chains of agribusiness systems for their own benefit.** Key outcome indicators for SO2 are: (i) 20 per cent of the entrepreneurial poor in target areas have access to rural microfinance facilities and markets; (ii) 50 per cent of target beneficiaries engaged in agro-based, environment-friendly livelihood endeavours have developed improved capacities to meet their basic needs; and (iii) 25 per cent of the entrepreneurial poor previously engaged in agro-based livelihood activities have diversified/expanded their undertakings.
- (c) **SO3: Selected marginalized and poor communities dependent on coastal resources in Bicol, eastern Visayas, northern Mindanao and the Autonomous Region for Muslim Mindanao (ARMM) have sustainable access to fisheries and other productive coastal resources, use sustainable resource management practices, and diversify livelihood opportunities to meet their basic needs (in particular, food).** Key outcome indicators for SO3 are: (i) 5 per cent increase in the local fish stock in targeted coastal areas; (ii) fish catch per unit of effort increased by 25 per cent; (iii) 50 per cent of target beneficiaries, including women heads of households, are able to regularly feed their families three meals a day; (iv) improved compliance with existing rules and regulations on coastal resource management, with a 25 per cent drop in apprehensions; (v) 50 per cent of fishers in targeted areas adopt sustainable, environment-friendly fishing techniques; (vi) number of hectares of formerly degraded mangrove rehabilitated; and (vii) number of hectares of formerly degraded coastal areas under improved conditions.

37. The key cross-cutting issues to be addressed include: (a) natural resource management within the context of climate change and natural disasters, in particular through mitigation and payment-for-environmental-services mechanisms for indigenous peoples; (b) gender mainstreaming in development programmes and policy dialogue, as well as in assessing gender-disaggregated impacts of climate change; (c) support for the decentralization agenda towards LGUs and farmers' organizations and their platforms; (d) pursuit of innovation; (e) mobilization of remittances; and (f) careful adoption of the IFAD knowledge management agenda.

C. Opportunities for innovation

38. There is significant potential for innovation and scaling up, using as a basis IFAD's comparative advantage, the experience it has assimilated in niche areas of the SOs, and the assimilation and improvement of lessons learned from local knowledge systems and practices. Under **SO1**, the country programme will: (a) further strengthen the preparation of ADSDPPs leading to the establishment of CADCs and CADTs, and document customary laws and traditional practices; (b) promote appropriate higher-yielding and environmentally sustainable farming systems for

upland areas. Under **SO2**, the programme will: (a) base the design of agribusiness and value chain development activities on the premise that poor households, who at present are price “takers” in volatile and less than transparent markets, can gain substantially by organizing their access to high-quality, niche markets where premium prices could be realized – which requires careful organizing of the entire value chain; (b) precede all interventions with social orientation of farmer-borrowers on the value of savings/microfinance and microentrepreneurial skills development; and (c) draw on synergies between microfinance and microenterprises promotion to alleviate poverty and create jobs, while remaining profitable. Under **SO3**, isolated coastal communities will be helped to: (a) identify ways to nurture the fragile environment, maximize and diversify incomes, and reduce their isolation, using combined grant and loan resources and involving other agencies such as the Food and Agriculture Organization of the United Nations (FAO); and (b) introduce coastal resource management with built-in environmental protection features, mangrove rehabilitation, development of artificial coral reefs, delineation of water bodies into marine sanctuaries, aquaculture and ecotourism.

39. For **all SOs**, efforts will be made to: (a) harness OFW remittances for productive purposes (equity and investments for infrastructure, non-farm enterprises, skills training and productivity-enhancing farm technologies) by engaging OFWs through home-based organizations and other means; and (b) based on vulnerability and risk assessments, undertake pilot interventions aimed at improving the coping strategies of the target groups in the face of climate change and natural or man-made calamities by: (i) developing suitable rural financial products, including insurance against crop failure and property damage caused by extreme weather conditions and other consequences of climate change; and (ii) exploring technologies and techniques that will reduce the risk of damage to crops, businesses and property through careful design and husbandry practices. Moreover, while IFAD is not an emergency agency, it can, in case of need, offer some urgent assistance similar to the 2008 RaFPEP, which responded to the soaring food prices that year.

D. Targeting strategy

40. IFAD assistance will continue to target rural areas with the highest rates of poverty and hunger at provincial, municipal and *barangay* levels. Particular focus will be put on the 20 poorest provinces as defined by the Government in any given year. As of 2008/2009, these are: Abra, Agusan del Sur, Apayao, Kalinga, Lanao del Norte, Lanao del Sur, Maguindanao, Masbate, Misamis Occidental, Mt. Province, Nigros Oriental, Northern Samar, Occidental Mindoro, Oriental Mindoro, Saranggani, Sulu, Surigao del Norte, Surigao del Sur, Tawi-tawi and Zamboanga del Norte.
41. Many of these provinces, particularly the conflict-affected areas in the Cordillera Administrative Region and Mindanao Island (notably ARMM), also have the highest concentrations of indigenous peoples in the country. Appropriate diagnostic tools and techniques (e.g. participatory wealth ranking) will be used to target those segments of poor and food insecure people in these areas that are also able to take advantage of the opportunities to be offered. They will include the following key groups: indigenous peoples and other marginalized groups such as woman-headed households and upland settlers; agrarian reform beneficiaries; small farmers; artisanal coastal fishers; landless labourers/farm workers; micro- and small-scale entrepreneurs; and the LGUs of poor communities. In addition, resources will be provided for capacity-building of those – from public, NGO and private sectors – that support and provide services to IFAD target groups.
42. The identified target groups and geographical areas coincide with the most vulnerable sectors targeted by the Government’s poverty reduction strategies. They are also consistent with those of the previous country strategy (1999-2009). The development approach will continue to focus on community-based participatory development approaches, using both community demand-driven approaches and

local partnership- and linkage-building, especially with LGUs, as key implementing strategies. It will also support government policies for convergence of, and co-management by, the various rural agencies for sustainable rural development.

E. Policy linkages

43. In relation to pertinent policy goals and institutional measures outlined in the Government's medium-term plan, the SOs of IFAD's country programme will focus on a select number of policy linkages and dimensions. First, land tenure improvement and issuance of titles⁹ will be scaled up as they prove to be effective in empowering poor rural people, notably indigenous peoples and tenant farmers, and access to natural resources will be improved. Second, support for microenterprise promotion and effective microfinance delivery mechanisms will focus on policy/regulatory constraints and opportunities facing all actors (microentrepreneurs, MFIs, business development service suppliers, LGUs, etc.). Third, support for the Government's devolution and decentralization policies will be multipronged, including the strengthening of LGUs, grass-roots institutions (farmers' or peoples' organizations), central government agencies and private-sector players in their delivery of services to the IFAD target group – notably in rural infrastructure development and maintenance, agricultural extension, market linkages and rural financial services. Fourth, remuneration for services provided by indigenous peoples and others has already been tested under some IFAD projects in the country and will be scaled up. Through a series of participatory processes involving stakeholders, including small policy focus groups and annual stakeholder workshops, key policy issues and recommendations will be identified and channelled to the national level to facilitate their inclusion in national policy dialogue and the policymaking process.
44. Underlying all these policy efforts is the need to facilitate the Government's continuing engagement in agricultural and rural sectors in the face of fiscal constraints that might otherwise force it to prioritize other sectors. To this end, efforts will address the possible consequences of: (a) restructuring and rationalizing of the Government; (b) fiscal constraints leading to competition for limited government counterpart funding, thereby jeopardizing implementation of some rural sector projects; (c) policy reversals by newly elected governments; and (d) external shocks. To face these situations, a sufficient degree of flexibility will be built into the design of projects under the country programme.

V. Programme management

A. COSOP management

45. CRMF indicators will provide the basis for periodic evaluations at strategic moments of the COSOP period. In particular, to consistently monitor its implementation progress and constraints, the COSOP will be reviewed annually during country programme reviews, which will be hosted jointly by IFAD and the Government (both NEDA and DOF). Other participants in these reviews will include managers of ongoing IFAD-supported programmes and projects, representatives of relevant government technical departments and agencies (DA, DAR, DENR, DTI, NCIP and NAPC), relevant government finance institutions and other concerned development partners. Together they will constitute the Country Programme Management Team (CPMT).
46. The indicators listed in the CRMF will be measured at baseline and at regular intervals and will be reviewed at key project milestones, such as mid-term and ex-post evaluations. At the level of project development objectives, where possible, data will be derived from published information on policies and practices and may

⁹ Including CADCs and CADTs under the IPRA law, Certificate of Land Ownership Awards (CLOAs) for agrarian reform beneficiaries, and individual land titles for small farmers.

involve restricted baseline surveys and periodic random surveys, which will be designed to measure changes over time (before and after) and space (with and without). For intermediate results, data will be obtained from periodic surveys of key target groups, e.g. women, indigenous peoples, small entrepreneurs and LGUs.

47. The conclusions reached by country programme reviews will contribute to an annual COSOP implementation progress report based on the CRMF and its associated indicators. The mid-term review of the COSOP will take place in about mid-2012 and the completion review at the end of 2014. During the annual and mid-term reviews, efforts will be made to realign COSOP priorities with emerging government policies and priorities and with IFAD's corporate policy realignments as appropriate.

B. Country programme management

48. The emerging challenges in the Philippine country programme indicate a need for innovation in its management. The COSOP will be managed by the CPMT under the leadership of the country programme manager (CPM). The CPM will be supported in-country by a country programme management facilitator/knowledge management officer (CPMF/KMO). This function is currently filled by a fixed-term consultancy contract, with the possibility of its eventually becoming a full-term IFAD staff position once the relevant country presence policies are in place. Other permanent members of the CPMT will include IFAD headquarters staff and government line departments and oversight agencies involved in the IFAD country programme.
49. During the COSOP period, a more-concerted effort will be made to further strengthen synergies among ongoing and new investment projects. These will build on the best practices developed under Knowledge Networking for Rural Development in Asia/Pacific Region (ENRAP), a project funded by IFAD and the International Development Research Centre of Canada, which played a significant role in the capturing and exchanging of lessons learned among IFAD projects and partners in the country. Such synergies will also facilitate the retrofitting of all projects that will continue into the new COSOP period.
50. In 2006-2007, the Executive Board approved new supervision and implementation-support policies and decisions. Under these, IFAD took over responsibility in 2007 for full supervision of the two projects (NMCIREMP and RuMEPP) from the United Nations Office for Project Services. Thus, in early 2008, IFAD assumed responsibility for supervising its entire country portfolio of projects. This arrangement will continue into the new COSOP period. However, it is planned that the supervision of at least one new project will be given to either AsDB or the World Bank, with the express aim of maintaining policy dialogue with them and creating the space for knowledge sharing.
51. The Paris Declaration on Aid Effectiveness aimed to promote country ownership, align aid with country priorities, harmonize processes and procedures, and manage for results. Under the declaration, a unique agreement has been reached with NEDA in which they will co-supervise all IFAD projects and programmes during the COSOP period. Under this agreement, NEDA will: (a) join supervision missions and lead some, by providing from one to three staff members, depending on the nature of the mission (light missions versus heavy ones); and (b) have the option to include among their representatives at least one junior staff member per mission for training purposes. IFAD, on the other hand, will be represented in each mission by either the CPM or the CPMF/KMO and one or two internationally recruited consultants. The progress of this special arrangement will be reviewed regularly to improve it.

C. Partnerships

52. **Government partners.** NEDA is IFAD's principal strategic and policy partner in the country, while DOF and DBM are the key partners in negotiating the terms and conditions of access to all IFAD grants and loans to country partners, and in negotiating any debt restructuring if needed. At the operational level, IFAD will

maintain close relationships with the four main rural development institutions: DA, DAR, DENR and DTI. In addition, the main conduit of microfinance resources provided through the LBP under previous IFAD projects is the PCFC. The SBGFC of DTI has been selected as the credit wholesaler for the ongoing RuMEPP. In relation to the SOs: the key partners for SO1 will be DA, DAR, DENR and NCIP; for SO2 they will be DA, DAR and DTI; and for SO3, DA, DAR, DENR and NCIP. In addition to the national government agencies, IFAD will develop partnerships with LGUs. Within the framework of the Local Government Code local governments can use their budgets for development thereby becoming possible cofinanciers of IFAD-supported projects.

53. **Donors.** IFAD has strong direct links with AsDB, FAO, OFID, the United Nations Development Programme (UNDP) and the World Bank, while its projects on Mindanao Island have worked closely with projects funded by the Canadian International Development Agency (CIDA) and the United States Agency for International Development (USAID), such as the Growth with Equity in Mindanao Program. In terms of direct cofinancing, AsDB, European Commission, and OFID are the strongest partners, with emerging cooperation with FAO under the newly approved RaFPEP. Partnership with the World Bank has been mainly in the area of knowledge sharing and learning, while UNDP has successfully acted as a good bridge to the UNDAF process and other United Nations agencies. These partnerships will be further strengthened during the next COSOP period through potential cofinancing with: (a) AsDB under SO1, where work with IFAD on a new project to be processed for 2010 is at an advanced stage; (b) the German Technical Cooperation Agency (GTZ), USAID and CIDA for agribusiness support services to MSMEs under SO2; and (c) UNDP and FAO, especially on fisheries and other natural resource management activities under SO3. Proposed ideas to work with JICA under the RuMEPP and the World Food Programme under RaFPEP did not materialize, but new attempts for partnership with these two institutions will be made during the new COSOP period.
54. **NGOs, academia, research organizations and the private sector.** There are a large number of NGOs, peoples' or farmer's organizations, and academic institutions that have been effective IFAD partners and play a vital role in rural poverty reduction programmes. They will be mobilized to link with poor communities through social preparation and community organization, capacity-building, market linkages, research, extension and promotion of appropriate technologies in agriculture and in natural resource management activities.

D. Knowledge management and communication

55. The knowledge management and communication strategy will contribute to realization of the SOs and is anchored in IFAD's core strategy for knowledge management and known best practices. First, knowledge sharing and learning processes will be improved by: (a) annual country programme review meetings to assess the performance of each project and the entire programme; (b) annual knowledge and learning markets to share innovations and good practices; (c) regular updating of the scores of the performance-based allocation system (PBAS) and narratives based on reviews of the rural-development-sector framework; and (d) studies and workshops/seminars on the COSOP's policy dimensions. At the project level, supervision and implementation support missions will improve processes such as, inter alia, start-up workshops, revision of logical frameworks and targeting, and strengthening of monitoring and evaluation systems of projects and the entire programme. Second, a participatory communication strategy will be developed to communicate knowledge through a supportive infrastructure comprising a national website, to be arranged for and maintained with the help of the projects and development partners. Other infrastructures and tools, such as traditional "face to face" encounters, newsletters, publications and other media forms (radio, theatre, etc.) will also be encouraged. Finally, a supportive knowledge-sharing and learning culture will be promoted within and among IFAD projects and

partners by incorporating knowledge management into the design of new projects, in annual work plan and budget processes, and in monitoring and evaluation.

E. PBAS financing framework

56. The Philippines COSOP straddles two cycles of IFAD's performance-based allocation system. Under the current 2007-2009 cycle, the country's total allocation is about US\$43.9 million. Of this, US\$27.0 million was used to cofinance CHARMP-2, which was approved by the Executive Board in April 2008, and US\$15.9 million was committed in December 2008 to cofinance the RaFPEP. The next PBAS allocation period (2010-2012) coincides with the Eighth Replenishment of IFAD's resources. Country allocations have not yet been calculated for that cycle, but the projected allocation to the Philippines is likely to be at least equivalent to the average annual allocation under the current 2007-2009 cycle (table 1).

Table 1
PBAS calculation for COSOP year 1

<i>Indicators – COSOP year 1 (2009) IFAD</i>	<i>Assessment of sectoral framework for rural development</i>	<i>Rural sector scores</i>
A (i)	Policy and legal framework for rural organizations	5.00
A (ii)	Dialogue between Government and rural organizations	4.50
B (i)	Access to land	4.00
B(ii)	Access to water for agriculture	4.25
B(iii)	Access to agricultural research and extension services	4.00
C (i)	Enabling conditions for rural financial services development	4.75
C (ii)	Investment climate for rural business	4.00
C (iii)	Access to agricultural input and produce markets	4.00
D (i)	Access to education in rural areas	5.75
D (ii)	Representation	4.33
E (i)	Allocation and management of public resources for rural development	4.00
E (ii)	Accountability, transparency and corruption in rural areas	4.00
	Sum of combined scores of sectoral framework for rural development	194.00
	Average combined scores of sectoral framework for rural development	4.38
	Project-at-risk (PAR) ratings (rolling average for 2008)	4.0
	IFAD PBAS country score (2008)	6 891
	Average annual allocation (2007-2009, millions of United States dollars)	14.67

57. The base-case allocation is based on 2009 rural sector performance (RSP) scores and country programme performance assessment ratings (PAR). All other variables remaining equal, an improvement of the PAR rating from 4.0 to 5.0 and an improvement in the RSP score by 0.30 would increase the country's allocation by 31 per cent. A deterioration to a score of 3.0 and a reduction in RSP by 0.30 would reduce it by 27 per cent (table 2).

Table 2
Relationship between performance indicators and country score

<i>Financing scenario</i>	<i>PAR rating (+/- 1)</i>	<i>Rural sector performance score (+/- 0.3)</i>	<i>Percentage change in PBAS country score from base scenario</i>
Hypothetical low case	3	4.08	-27%
Base case	4	4.38	0%
Hypothetical high case	5	4.68	31%

58. Available financial resources under the COSOP will be allocated to three complementary programmes for achieving the three SOs. Where appropriate, the programmes will complement government initiatives such as the Accelerated Hunger Mitigation Programme and the Comprehensive Livelihood and Emergency Programme. During stakeholder consultations, agreement was reached to distribute the country allocation as follows: 50 per cent for SO1 (upland development); 30 per cent for SO2 (agribusiness development); and 20 per cent for SO3 (coastal resource management). NEDA and AsDB have already requested IFAD to consider joining a possible Integrated Natural Resources and Environmental Management Programme to be ready by 2010, which, if accepted, would be the first IFAD-supported intervention under the new COSOP. The second priority intervention would be in the area of agribusiness development, to be ready by early 2011. And the last priority would be accorded to the coastal resource management intervention, which should be ready by the end of 2012. Since IFAD is new to this sector in the country, its design will be preceded by a pilot grant-funded project to better prepare IFAD and other partners for a major intervention.

F. Risks and risk management

59. The COSOP faces a number of risks that need to be carefully monitored to make sure they do not hamper the implementation of projects or the programme.
60. **Strategic objectives 1 and 3.** The unclear roles of the national Government and LGUs – in functional responsibilities (e.g. extension), inadequate financial transfers and resources to LGUs and line departments, and low LGU capacity – all jeopardize the devolution and decentralization policies that are so crucial to the COSOP's implementation. There is also the risk that issues of natural resource management are not adequately reflected in development policy due to: (a) more focus on achieving rapid growth; (b) lack of political will to enforce measures to counter mismanagement; and (c) weak institutions at national and local levels. IFAD will work with policymakers and other partners to mitigate these risks through clearer delineation of responsibilities, more effective fiscal devolution, and capacity-building.
61. **Strategic objective 2.** The programme faces several risks in attaining this objective. First, initiating projects under the programme without adequate private-sector involvement needs to be discouraged, as co-investors are also essential for their "know-how" and "know-who". To minimize this risk, a number of potential co-investors will be identified during the design of related projects. Second, inappropriate procedures for agribusiness and MSME promotion, coupled with weak institutions, will hamper project implementation. To minimize these, provision will be made for adequate technical assistance and flexibility in design and implementation. Third, external market risks exist in the form of fluctuating demand and prices. To mitigate these, some latitude will be granted to the supported agribusinesses and MSMEs to redirect resources within the market. Fourth, the degree of competition in the microfinance market is likely to be insufficient to promote cost-effective and efficient delivery of financial services to poor people. IFAD will work with key partners to ensure that the pace of reforms and innovations remains on track.

62. **Risks associated with political instability and natural disasters.** Other exogenous risks include: (a) continuing political instability caused by mistrust between the Government and the opposition that has virtually paralysed political discourse in the country and resulted in two attempted coups d'état; (b) natural disasters caused by typhoons, tropical storms, flooding, landslides and volcanoes can disrupt business operations and cause loss of life and property; (c) low-level civil conflict and banditry, mainly on Mindanao Island, but also in other rural areas such as the Cordillera Administrative Region, seriously disrupt implementation of projects, especially those targeting indigenous peoples, often in conflict areas. Again, to face these risks, projects will be flexible and adapted to their circumstances.

COSOP consultation process

1. Recognising the scope and number of stakeholders that must be consulted in the preparation of the COSOP, two regional and one national broad-based consultations were carried out as follows:
 - (a) October 2004 in Cagayan de Oro City for the southern regions of the country, namely Mindanao and Visayas. It was attended by 28 participants;
 - (b) November 2004 in Baguio City for the northern regions, mainly those on Luzon Island. Attended by 27 participants;
 - (c) January 2005 for the national consultation held in Cebu City to which many donors (bilateral and multilateral) agencies participated. It was attended by 64 representatives of Government Departments, donors (bilateral and multi-lateral), NGOs, and civil society organizations.
2. The general objective of these Consultations were to learn from the rich and varied experiences of the stakeholders as these relate to the government's poverty reduction strategies and get the stakeholders' comments and recommendations to facilitate the preparation of a suitable Philippines COSOP for IFAD. Specifically, the consultation workshops attempted to:
 - (a) Present topical and cross cutting issues papers and solicit comments and recommendations of the participants on the various topics presented;
 - (b) Identify priorities and assess opportunities and constraints to the development of a National Strategy for Rural Poverty Reduction in relation to the MTPDP;
 - (c) Arrive at a consensus on the key issues and concerns that must be incorporated in the national framework for poverty reduction; and
 - (d) Identify emerging and crosscutting issues on gender, rural institutions/NGOs, rural policy framework and remittances that can affect rural poverty reduction efforts in the country.
3. To facilitate the discussions during the workshops a study team¹ composed of well-respected experts on policy and implementation analysis, academicians, advisors on rural development and practitioners from both public and private sector were contracted to undertake background analysis/studies of several topical and cross-cutting issues relevant for rural development in the Philippines, prepare short issues papers and present them to the stakeholder workshop participants. Thus a more complete perspective of the various issues and concerns related to rural poverty and efforts to reduce it were provided for the consultations. Participants in the consultations included all stakeholders namely: concerned government agency representatives (agriculture, trade and industry, environment, and agrarian reform), civil society representatives, labour groups, donor institution representatives, private sector representatives, local government officials, academe, and implementers of earlier and ongoing IFAD projects in the Philippines.
4. Both the participative and consultative approaches were used during the workshops to elicit the most constructive and realistic comments and recommendations from the participants that could enhance the content and substance of the COSOP. Each relevant line Department was given a chance to present its sectoral thrusts and priorities followed by the presentation of the topical and cross cutting issues papers. After the presentation of each member of the study team, an open forum/discussion

¹ The team was led by Dr. Arsenio M. Balisacan (Head of SEARCA), and comprised of Dr. Gilberto M. Lanto (micro-finance expert), Ms. Toby C. Monsod (indigenous peoples expert), Dr. Alex B. Brillantes, Jr. (devolution and decentralization expert), Dr. Nicomedes D. Briones (environmental sustainability and farming systems expert), Ms. Ofelia M. Templo (gender specialist), Father Francis B. Lucas and Mr. Raul P. Gonzales (rural institutions experts), and Dr. Fernando T. Aldaba (remittances expert).

was made to immediately solicit comments and clarifications from the participants. This was aimed at ensuring that both the study group and the participants understood the issues and are addressing the concerns from similar perspectives to arrive at a consensus that can be seriously considered in preparing the COSOP. It is however, understood that while a consensus or agreement during the consultation workshops is ideal, a total consensus on all points was not aimed for.

5. To guide the discussions during the workshops the UNDAF, and IFAD's strategies for rural poverty reduction in Asia and the Pacific with a special focus on the Philippines were also presented. These were further enhanced by the presentation of the lessons learned from IFAD supported projects in the Philippines given by the Managers of the various ongoing Projects.

Table 1: Topical Papers that fed into the Stakeholder Consultations and the COSOP

Background Papers Prepared	Contents of the Papers
Topical Issue Papers on <ul style="list-style-type: none"> • Microfinance • Indigenous People Minorities / Conflict Management • Livelihood /Farming Systems /Environment • Local Government and Decentralization 	Sectoral Prioritized Strategies, Strengths, Constraints, Opportunities and Threats for Rural Poverty Reduction (to be annexed to the Country Strategic Opportunities Paper)
Cross Cutting Issue Papers on <ul style="list-style-type: none"> • Gender • Rural institutions/NGOs • Rural policy framework • Remittances 	Prioritized Strategies, Strengths, Constraints, Opportunities and Threats for Rural Poverty Reduction

6. Detailed proceedings from all the three workshops/consultations were prepared and are available in IFAD records. These were subsequently synthesised into the draft COSOP.
7. Meanwhile, the plans to submit, in May 2005, the draft COSOP proposal to a High Level Meeting with representatives of the key oversight Ministries (Department of Finance, Department of Budget and Management, National Economic Development Agency (NEDA), The Central Bank (BSP), and the Office of the President) plus the line departments dealing with rural sector operations relevant to IFAD's mandate DA, DAR, DTI, and DENR have had to be postponed twice. The first postponement was due to the political instability caused by accusations of vote rigging by President Arroyo in the 2004 Presidential elections that eventually led to the resignation of 10 Government ministers in July, including most of those listed above. The plan to hold the meeting in June 2006 was also postponed at the last minute to allow for the final adoption of the new Results-Based COSOP format by the Executive Board in September 2006, which would mean the draft COSOP would need to be revised before finalisation.
8. Nevertheless, it was still possible to undertake a very specific and targeted consultation with representatives of 15 farmers' organisations on 26 June 2006 during which their views on the key elements of a possible COSOP for the Philippines were sought and obtained. Again their comments and views were taken into consideration in drafting the COSOP.
9. Subsequently, the finalisation of the COSOP was resumed in 2007. The last three steps of this final stage of the COSOP consultation process consist of:

- (a) a specific country programme results management framework workshop held on 1-2 October 2007 with representatives of concerned government oversight agencies and technical line departments including the NEDA, the DOF, DA, DAR, DENR;
 - (b) a High Level Meeting with top officials of the concerned economic & rural development ministries, and representatives of the donor community active in the country, held on 11 March 2008. and
 - (c) A final GOP-IFAD High Level Validation Meeting on IFAD's RB-COSOP held on 1 July 2009 and attended by representatives from NEDA, Bangko Sentral ng Pilipinas (BSP), DA, DAR, DBM, DTI, NAPC, NCIP, SBGFC, and IFAD.
10. The main output of the October 2007 workshop is the Country Results Management Framework presented in its entirety in Appendix 3 of the present RB-COSOP. The main conclusions of the High Level Meetings on 11 March 2008 have been incorporated in the final RB-COSOP and are summarized in the proceedings of the gathering available in IFAD records. Those of the final GOP-IFAD Validation Meeting on 1 July 2009 have also been incorporated in the final RB-COSOP.

Country economic background

Land area (km2 thousand) 2006 1/	298	GNI per capita (USD) 2006 1/	1
Total population (million) 2006 1/	86.26	GDP per capita growth (annual %) 2006 1/	390
Population density (people per km2) 2006 1/	289	Inflation, consumer prices (annual %) 2006 1/	3
Local currency	Philippine Peso (PHP)	Exchange rate: USD 1 = PHP	6
Exchange rate: USD 1 = PHP	0.0207048		
Social Indicators		Economic Indicators	
Population (average annual population growth rate) 2000-2006 1/	2.1	GDP (USD million) 2006 1/	117
Crude birth rate (per thousand people) 2006 1/	26	GDP growth (annual %) 1/	562
Crude death rate (per thousand people) 2006 1/	5	2000	6.0
Infant mortality rate (per thousand live births) 2006 1/	24	2006	5.4
Life expectancy at birth (years) 2006 1/	71	Sectoral distribution of GDP 2006 1/	
Number of rural poor (million) (estimate) 1/	0	% agriculture	14
Poor as % of total rural population 1/	0	% industry	32
Total labour force (million) 2006 1/	38.37	% manufacturing	23
Female labour force as % of total 2006 1/	40	% services	54
Education		Consumption 2006 1/	
School enrolment, primary (% gross) 2006 1/	n/a	General government final consumption expenditure (as % of GDP)	10
Adult illiteracy rate (% age 15 and above) 2006 1/	0	Household final consumption expenditure, etc. (as % of GDP)	77
Nutrition		Gross domestic savings (as % of GDP)	13
Daily calorie supply per capita	0	Balance of Payments (USD million)	
Malnutrition prevalence, height for age (% of children under 5) 2006 2/	32		47
Malnutrition prevalence, weight for age (% of children under 5) 2006 2/	28	Merchandise exports 2006 1/	037
Health		Merchandise imports 2006 1/	51
Health expenditure, total (as % of GDP) 2006 1/	3 a/	Balance of merchandise trade	-4 485
Physicians (per thousand people)	n/a	Current account balances (USD million)	
Population using improved water sources (%) 2006 2/	93	before official transfers 2006 1/	-7 614
Population with access to essential drugs (%) 2/	n/a	after official transfers 2006 1/	5
Population using adequate sanitation facilities (%) 2004 2/	72	Foreign direct investment, net 2006 1/	897
Agriculture and Food			1
Food imports (% of merchandise imports) 2006 1/	7	Government Finance	
Fertilizer consumption (hundreds of grams per ha of arable land) 2006 1/	1 426 a/	Cash surplus/deficit (as % of GDP) 2006 1/	-1
Food production index (1999-01=100) 2006 1/	122	Total expenditure (% of GDP) 2006 1/	n/a
Cereal yield (kg per ha) 2006 1/	3 181	Total external debt (USD million) 2006 1/	60
Land Use		Present value of debt (as % of GNI) 2006 1/	324
Arable land as % of land area 2006 1/	19 a/	Total debt service (% of GNI) 2006 1/	57
Forest area as % of total land area 2006 1/	24 a/	Lending interest rate (%) 2006 1/	11
Irrigated land as % of cropland 2006 1/	15 a/	Deposit interest rate (%) 2006 1/	10
			5

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators* database CD ROM 2008

2/ UNDP, *Human Development Report*, 2007/2008

COSOP results management framework

Country Strategy Alignment	Key Results During COSOP Period ¹⁰			Institutional/Policy Objectives
Relevant National Targets	Strategic Objectives (SO)	Outcome Indicators (gender disaggregated)	Outputs Indicators (gender disaggregated)	Policy Dialogue Agenda
<p>Fight poverty and build prosperity for the greatest number of Filipinos.</p> <ul style="list-style-type: none"> Develop 2 million ha for agribusinesses & create 2 million jobs. Make food plentiful at competitive prices Organize community-based and environment-friendly crop & fishery production intensification & diversification. Promote off-farm and non-farm enterprises; Expand the use of market-based instruments, proper pricing of natural resources and other incentives/disincentives. 	<p>SO1. Upland poor households, especially the IP communities and agrarian reform beneficiaries in the 20 poorest provinces of the country, have improved access to, and exercise control over, the land and water resources in the uplands and gainfully use these in environmentally sustainable endeavours while gaining access to essential socio-economic public infrastructure.</p> <p>SO2. The entrepreneurial poor in selected rural areas, particularly in the Visayas, Northern and Western Mindanao, Southern and Eastern Mindanao, and Central Mindanao, have improved access to markets and rural financial</p>	<ul style="list-style-type: none"> About 50% of project targeted upland poor households possess appropriate land tenure instruments (LTIs), of whom 50% have increased their income by 15%, and 50% utilize one or more environmentally-sustainable practice; 20% of project targeted upland poor households report a secure source of water for irrigation and household use; 20% of targeted entrepreneurial poor have access to rural credit/micro-finance facilities and markets; 25% of the entrepreneurial poor have diversified/expanded their economic undertakings; 50% of project beneficiaries engaged in agri-based and environment- 	<ul style="list-style-type: none"> Number of people trained in environmentally sustainable and gender-sensitive farming and climate change impacts; No. of land tenure instruments (LTIs) facilitated and issued; Coverage and availability of portable water for home use; No. of small-scale infrastructure, e.g. km of access or farm to market roads developed. Number of entrepreneurial poor farmers and women provided micro-credit; Number of viable micro-enterprises established or strengthened.. Adoption rate of improved technologies; Number of communal irrigation systems 	<ul style="list-style-type: none"> Resolution of resource use conflicts in existing laws; Climate change implications of upland farming practices; Policies/issues not included in current convergence framework of the rural development sector. Terms & conditions of credit delivery; Restrictions on micro-enterprises, like prohibitive minimum capital requirements & collateral loan loss provision; There is an available small medium enterprises (SMEs) agenda but no micro-enterprise agenda.

¹⁰ The results management framework will be revised when the details of the specific projects/programmes are designed and implemented. The specific indicators are measured as cumulative (either percentages or absolute numbers) of the targets for each specific project or programme developed during the COSOP period.

Country Strategy Alignment	Key Results During COSOP Period ¹⁰			Institutional/Policy Objectives
Relevant National Targets	Strategic Objectives (SO)	Outcome Indicators (gender disaggregated)	Outputs Indicators (gender disaggregated)	Policy Dialogue Agenda
<ul style="list-style-type: none"> Extensively implement mangrove replanting, covering 10,500 ha and establishing 128 marine sanctuaries ; Expedite delineation of municipal waters; 	<p>services to enable them pursue, maintain and enhance farm related, off-farm/non-farm and/or micro-enterprise undertakings and improve the value chains of agribusiness systems for the benefit of poor rural farmers,.</p>	<p>friendly livelihood endeavours posses improved capacities.</p>	<p>constructed/rehabilitated;</p> <ul style="list-style-type: none"> No. of post-harvest facilities constructed/rehabilitated & no. of farmers benefiting; No. of relevant national or local policies and/or regulations updated. 	
	<p>SO3. Selected marginalized and poor communities dependent on coastal resources in Bicol, Eastern Visayas, Northern Mindanao, and ARMM have sustainable access to fisheries and other productive resources in coastal areas, and utilize sustainable coastal resource management practices and diversify livelihood opportunities to meet their basic needs, particularly, food.</p>	<ul style="list-style-type: none"> 5% increase in local fish stock in targeted coastal areas; Fish catch per unit of effort increased by 25%; 50% of target beneficiaries, including women headed households, feed their families three meals a day; 50% drop in apprehensions due to increased compliance with regulations on resource management; 25% of project targeted fishermen adopt sustainable and environment-friendly fishing techniques. 	<ul style="list-style-type: none"> Municipal waters delineated as sanctuaries; No. of ha of degraded areas restored; No. of fish farms established & fishers trained in improved fishing techniques; No. of approved Coastal Resource Management (CRM) plans implemented; No. of small-scale infrastructure constructed (e.g. rock causeway); No. of sustainable enterprises and livelihoods developed to reduce reliance on fishing. 	<ul style="list-style-type: none"> Ensure budget allocation for CRM activities; Full implementation of the Fishery Code; Encroachment on fishing grounds; Access rights to inland water bodies and municipal waters; Review of policy on foreshore lease and development.

Previous COSOP results management framework

	ACTIVITY/SUB-ACTIVITY	OUTPUT/PERFORMANCE INDICATORS	Total global targets	WMCIP	NMCIREMP	RuMEPP	CHARM 2
Overall Goal	Reduced rural poverty, improved food security and quality of life						
		Nb of households with improved food security	36 290				36 290
		Nb of households with access to potable water supply	6 770				6 770
		No. of households with real income above annual poverty threshold level (NEDA) or with demonstrated increase in income (project surveys)	64 542	16 000	12 242		36 300
		No. of households with household assets	224 494		24 494	200 000	
		No. of households that have improved food security, based on 2006	50 290		14 000		36 290
		Nb of new jobs created	50 000			50 000	
Strategic Objective 1 (SO1)	Community-driven, sustainable development in poor highland community						
	Cohesive and gender sensitive communities enabled to plan and manage their own development	Nb of Barangay Development Plans (BDP) formulated in a participatory way	339	94	245		
		Nb of Community Organizations established, or strengthened, and enabled to prepare and implement community development plans	1 166	216	950		
		Nb of O&M Committees established, trained and managing the operation and maintenance of infrastructure sub-projects	209		209		
		Nb of Community Organizations involved in microfinance	80	80			
	Increased access to productive infrastructure through the realization of the micro-projects identified in BDP	Nb of km of roads constructed/rehabilitated	339		139		200
		Nb of km of FMA maintained	900				900
		Nb of ha of irrigation developed and/or maintained	10 680		580		10 100
		Nb of drinking water supply schemes constructed and/or maintained	448				448
		No. of resolutions from local legislative bodies accepting tribal council leaders as members of Local Development Councils	64		64		
		Nb of tribal leaders becoming members of local legislative bodies	58		58		
		No. of tribal council leaders become members of Local Development Councils	150		150		
		No. of ADSDPP formulated	35		17		18
		Nb of ancestral domain titles (CADT) registered	18				18
		Nb of ancestral land titles (CALT) registered	3 780				3 780
No. of CADCs converted into CADTs		13		13			

SO2	Sustainable natural resource management		0				
	Sustainable resource management plans formulated in a participatory manner for upland watersheds, coastal areas and/or inland lakeshores	No. of CI-Based Resource Management Plans/Proposals formulated	259	14	245		
		No. of LGU-led Watershed, Lakeshore, Coastal Development Plans/Proposals formulated	25		25		
		No. of municipal/watershed declared and established	26		26		
		Nb of ha of water areas delineated or declared a marine reserve/sanctuary	170	170			
		Nb of lakeshores and marine protected areas established or mangrove sites reforested	28		28		
	Watershed conserved and/or sustainably developed	Nb of ha of denuded watershed reforested	8 000				8 000
		Nb of ha of agroforestry plots established in denuded watersheds	2 000				2 000
	Farming and fishing HHs adopt better and ecologically sound productivity system and hence, able to sustain increased natural resource productivity	No. of farmers households adopting improved productivity systems	14 600	5 300	9 300		
		Nb of fisherfolks households adopting fishery systems introduced	4 000		4 000		
		Nb of farmers trained in improved farming techniques	8 400	8 400			
		Nb of fishers trained in improved fishing techniques	2 200	2 200			
		Nb of ha of farms conserved	2 100	2 100			
	SO3	Agri-business and rural enterprise development		0			
Micro and small enterprises developed and supported		Nb of micro and small enterprises developed	170				170
		Nb of households engaged in on-and-off farm enterprise	5 940	5 940			
		Nb of HH involved in the process of development enterprise	11 300	11 300			
		Nb of micro-entrepreneurs supported	25 000			25 000	
		Nb of Post Harvest Facilities provided	3	3			
Farmers producing organically grown commodities in response to market demands		Nb of farmers engaged in organic farming	13 600				13 600
Increased access of micro enterprises to appropriate financial services		Nb of microenterprise borrowers provided with microfinance services	35 000			35 000	
		Nb of MFIs provided with funds for on-lending	75			75	
		Amount of funds disbursed to MFIs for on-lending (USD million)	15			15	
		Additional amount of funds disbursed to micro-entrepreneurs (Pesos million)	110			110	
Capacity of MFIs to provide lending to Microenterprises is enhanced through their availment of capacity building loans		Nb of MFIs supported/strengthened	75			75	
Increased access by micro-entrepreneurs to appropriate business development services		Nb of micro entrepreneurs receiving business development services	17 000			17 000	
		Nb of SME Centers established or strengthened	19			19	

Project pipeline for the COSOP period

1. The Philippines 2010-2014 COSOP straddles two cycles of IFAD's performance-based allocation system (PBAS), namely the 2010-2012 cycle and the succeeding one of 2013-2015. The exact allocations under both of those cycles are not yet known. However, assuming the same level of average annual PBAS allocation as for the current 2007-2009 cycle, which amounts to USD 14 665 584, then the projected allocation for the 5 years (2010-2014) of the COSOP period shall be about USD 73.0 million. These financial resources will be allocated to three complementary projects/programmes aimed at achieving the three Strategic Objectives. During stakeholder consultations agreement has been reached to distribute the country allocation as follows: (a) 50% for SO1 (upland development); (b) 30% for SO2 (agribusiness development); and 20% for SO3 (coastal resource management). The three project/programme proposals are described briefly below.

Proposal 1: Integrated Natural Resources and Environmental Management Programme

2. **Possible geographic areas of intervention and target groups.** This nation wide programme will target poor communities residing in critical watersheds of the uplands in the twenty poorest provinces of the country. They will include indigenous peoples (IPs), upland settlers, agrarian reform beneficiaries, and small farmers, as well as micro- and small enterprises providing them market linkages.
3. **Justification and rationale.** Poverty, inequality, and loss of livelihoods are a significant contributor to environmental degradation, especially in fragile eco-systems like the uplands. On the other hand the impact of environmental degradation is disproportionately felt by poor communities living in these areas, who rely substantially on their habitat's natural resources for sustenance. Pressures on these resources have led to large scale deforestation and degradation of the watersheds. INREM will arrest this degradation, rehabilitate and conserve the critical watersheds, proactively respond to climate change vulnerabilities, and introduce integrated eco-systems management approaches thereby improving the livelihoods of concerned communities.
4. **Key Project Objectives.** INREM will address the dual goals of poverty reduction and watershed conservation, rehabilitation and protection in selected critical watersheds.
5. **Ownership, Harmonization and Alignment:** During the appraisal of the IFAD initiated Second Cordillera Highland Agricultural and Resource Management Project (CHARMP-2) at the end of 2007, the Government requested that the design be up-scaled by especially IFAD and ADB to cover the most critical watersheds throughout the country. INREM is aligned with the Government's strategy "to fight poverty and build prosperity for the greatest number of the Filipino people", under the Medium Term Philippines Development Plan (2004-2010).
6. **Components and activities.** Some of the possible components of the programme are: (a) social mobilization, participatory investment planning and land titling; (b) community watershed conservation, forest management and agro-forestry development; (c) agriculture and agribusiness development, and income generating activities; and (d) rural infrastructure development. More detailed components and activities will be determined following an assessment of the needs of the selected target groups, and based on lessons from previous IFAD and ADB co-financed projects in the uplands of the Cordillera region and Mindanao Island.

7. **Costs and financing.** The total cost of the programme is estimated to be about USD 100-150 million over a five to seven year implementation period, of which IFAD shall contribute USD 30 million and the balance will be co-financed by the ADB, GOP and the beneficiaries.
8. **Organization and management.** In line with Executive Order 606 (Sustainable Upland Development) issued by the Government in 2007, the Lead Programme Agency will be DENR. The day to day management and coordination of programme activities will be the responsibility of DENR's Regional Office. Implementation responsibilities will lie with competent government departments, NGOs, public and private sector service providers to be recruited competitively.
9. **Monitoring and Evaluation indicators.** Where possible appropriate COSOP outcome and milestone indicators will be selected for the programme during its design (see Appendix II for SO1 indicators).
10. **Risks.** The risks are the same as those identified in the relevant section of the COSOP.
11. **Timing.** Programme inception and formulation will take place during 2009/10, while its appraisal and approval shall be in 2010. The implementation period shall be 2010-2017.

Proposal 2: National Agricultural Value-chain Development Programme (NAVDeP)

12. **Possible geographic area of intervention and target groups.** The programme will initially target the entrepreneurial poor micro and small enterprises/business in selected rural areas, particularly in the Visayas, Northern and Western Mindanao, Southern and Eastern Mindanao, and Central Mindanao.
13. **Justification and rationale.** While smallholder agricultural production can be increased, the overriding problem for small farmers is the limited access to markets. Yet potential markets exist for quality products at the regional and national levels, as well as for quality export. The main constraints to competing in these markets are high transport costs and limited transport availability, limited storage and market facilities, and the lack of quality control. A further constraint is the inability of the various actors (producers, transporters, packaging and storage, and marketing agents) to organise themselves so that a quality product can be produced and delivered on time, every time at a competitive price. NAVDeP will support agricultural value chains development by restructuring the smallholder sector and building the capacity of the various actors along that chain, linking producers to markets and public-private partnerships, and supporting policy dialogues to create relevant and needed conducive environments for these to happen.
14. **Key Project Objectives.** NAVDeP will improve the livelihoods of the actors in the agricultural value chains (from production through to marketing) by increasing incomes and decreasing income variability through a market-driven commercialisation and diversification strategy.
15. **Ownership, Harmonization and Alignment:** The priorities of the Programme are aligned with strategies of the MTPDP (2004-2010) and Government's ten-point agenda, notably the aim to create 6-10 million jobs by tripling loans for small business owners and developing 1-2 million ha for agricultural businesses.
16. **Components and activities.** Some of the possible components of the programme are: (a) social mobilisation and economic/productive groups (associations) development; (b) value chain development; (c) financial services; and (d) rural infrastructure development. More detailed components and activities will be

determined following an assessment of the needs of the selected target groups, and based on lessons from previous donor funded projects.

17. **Costs and financing.** The total cost of the programme is estimated to be about USD 40 million over a five to seven year implementation period, of which IFAD shall contribute about USD 20 million and the balance will be co-financed by GOP, the beneficiaries and private co-investors.
18. **Organization and management.** The Lead Programme Agency will be either DTI or DA, depending on the types of components and activities to be designed. Implementation responsibilities will lie with competent government departments, value chain companies to be created specifically or affiliated to existing companies, NGOs, public and private sector service providers to be recruited competitively.
19. **Monitoring and Evaluation indicators.** Where possible appropriate COSOP outcome and milestone indicators will be selected for the programme during its design (see Appendix II).
20. **Risks.** The risks are the same as those identified in the relevant section of the COSOP.
21. **Timing.** Programme inception and formulation will take place during 2010/2011, while its appraisal and approval shall be in 2011. The implementation period shall be 2012-2019.

Proposal 3: Coastal Resource Management and Value Chain Development Project (CRMVCP)

22. **Possible geographic areas of intervention and target groups.** The programme will initially target selected marginalised and poor communities, including IPs and artisanal fisher folks, dependent on coastal resources in Bicol, Eastern Visayas, Northern Mindanao, and ARMM. It's design will be based, to the extent possible and appropriate, on the existing integrated coastal resource management projects of Government and on Executive Order No. 533, series 2006, concerning the adoption of integrated coastal management as the national strategy for ensuring sustainable development of the coastal and marine environment and resources of the country.
23. **Justification and rationale.** The government recognises the various interrelated key issues and concerns besetting the Philippine fisheries sector. These include resource management and environmental issues and concerns (like the depletion of coastal resources, over-fishing or destructive fishing, siltation and pollution), socioeconomic issues and concerns like poverty among municipal fisher-folks, policy concerns (like those related to institutional capacity development needs), lack of access to credit, post harvest requirements, and the need to improve aquatic productivity. CRMVCP will support coastal resources and eco-system management and conservation, coupled with sustainable fisheries value chains development. It will support Government's efforts towards restructuring the artisanal fisheries sector and building the capacity of its various players, linking artisanal (fish and other) products to markets, and supporting relevant policy dialogue on key issues and concerns.
24. **Key Project Objectives.** CRMVCP will contribute to reducing poverty in the coastal areas and supporting the rational and sustainable development, management and conservation of fishery and aquatic resources in Philippine coastal waters.
25. **Ownership, Harmonization and Alignment:** The priorities of the Project are aligned with strategies of the MTPDP (2004-2010) and the Agriculture and Fisheries Modernisation Programme.

26. **Components and activities.** Some possible components are: (a) community-based coastal resources management; (b) support to artisanal fisheries development; (c) micro-enterprise and financial services development; (d) social and economic infrastructure development; and (e) policy and institutional capacity support for coastal resource management. The project components and activities shall be better determined based on lessons from the proposed grant funded pilot project to be launched before the main project.
27. **Costs and financing.** IFAD's total contribution to both the grant and loan funded projects is estimated to be about USD 10 million. The grant project will last three years while the main one will be a 5-7 year project.
28. **Organization and management.** The Lead Programme Agency will be the DA, in particular its attached Bureau of Fisheries and Aquatic Resources (BFAR) which is responsible for the development, improvement, management and conservation of the country's fisheries and aquatic resources. Implementation responsibilities will lie with competent government departments, NGOs, public and private sector service providers to be recruited competitively.
29. **Monitoring and Evaluation indicators.** Where possible appropriate COSOP outcome and milestone indicators will be selected for the projects during their design (see Appendix II).
30. **Risks.** The risks are the same as those identified in the relevant section of the COSOP.
31. **Timing.** The pilot grant funded project will be formulated in 2010/2011 and implemented between 2011 and 2013, while the design and approval of the main project will take place during 2013. Its implementation period shall be 2014-2021.

Key file 1: Rural poverty and agricultural/rural sector issues

Priority Areas	Affected Group	Major Issues	Actions Needed
Low agricultural productivity and poor farmers income	Poor farmers, ARBs, upland settlers, IPs	<ul style="list-style-type: none"> • High dependency on a single annual rice crop. • Small land holdings and increasing landlessness in rice growing areas; • Increasing number of unproductive/underproductive and idle agricultural lands • Land conversion and non-agricultural uses, i.e. settlements • Selling of tenurial rights and lands, i.e. CLOAs and EPs • Food insecurity; out migration of agricultural labour/farmers • Households lack other assets needed for productive farming e.g. draught power, equipment, water control/irrigation facilities. • Limited numbers of extension staff especially in the more remote areas. • Extension staff lacks knowledge of crops other than rice. • Lack of access to markets, marketing information, trading skills and input supplies. • Increase in use of non-environment friendly production and pesticide use • Little knowledge of potential opportunities for off-farm income generation. • Lack of skills to engage in off-farm income generating activities. • Lack of government and private sector services in rural areas for off-farm income generating activities. 	<ul style="list-style-type: none"> • Strong campaign to push for agricultural diversification and multi-cropping patterns; diversion from traditional crops and other alternative livelihood supplements, i.e. livestock production. • Provide inputs (in kind and cash) to groups of poor households, with repayments used to establish group revolving funds to finance investments and for emergencies. • Technical assistance to build links with the private sector for marketing, input supply and other services. • Where feasible and economic increase public investment in rural infrastructure (e.g. small-scale irrigation, rural access roads, markets). • Increase post-production and support services to distributed CARP lands and ARBs; • Integration and consolidation of production activities of ARBs/farmers to increase leveraging and negotiations for markets, joint venture agreements; Productive economic land concessions to provide rural employment and reduce rural poverty. • Promote activities that add value to agricultural and non-timber forest products e.g. simple processing, grading etc. • Provide appropriate skills training and support to LGUs and agricultural extension workers in sustainable approach to agricultural development, i.e. integration of resource management and productivity; • Increase in national allocation for off-farm and post-production support services and infrastructure
Sub-optimal use and marginalization of land and natural resources (e.g. forestry and fisheries) due to massive land degradation and	Poor farmers, marginal and artisanal fisherfolk, communities practicing community-based natural resource management	<ul style="list-style-type: none"> • Increasing pressure of forestlands to agriculture and settlements; • Depletion of fish stocks, low fish catches, destruction of coral reefs and spawning areas; • Poor enforcement of forestry and fisheries laws; ineffective management regimes in forestry and fisheries; 	<ul style="list-style-type: none"> • Strengthened capacity and technical assistance to local resource management organizations and LGUs on sustainable resource management; • Provision of mobility, training and logistical support to local and community enforcement bodies/groups; approval of local ordinances and budgetary support;

Priority Areas	Affected Group	Major Issues	Actions Needed
conversion, pollution, siltation, and overexploitation	including indigenous ethnic minority groups	<ul style="list-style-type: none"> • Conflicts of use rights and tenure within communities, i.e. settlers vs. IPs, fisherfolk vs. other fisherfolk, etc.; • Threats of flooding and disaster; depletion of water sources and biodiversity; • Unsure tenurial rights and arrangements 	<ul style="list-style-type: none"> • Integration of eco-systems/watershed-based or river-basin based framework in local and community development planning; • Support to LGUs in development of land-use based development plans; • Pursue co-management of local and municipal forests, coastal and IP resource areas; • Increase capacity and training of LGUs, NGOs, service providers and local community groups on integrated resource management, assessment and monitoring; • Adaptation/ promotion of landscape approach towards integrated CRM; Promotion/ Expansion of CRM best practices in other areas; demo trials of "improved" aquamarine production systems and processes • Provision of infrastructure and facilities for mitigating coastal erosion and pollution.
Limited growth in agribusiness value chains and development of rural enterprises and entrepreneurs among poor farmers	All farmers, IPs and all commercial enterprises working in the agricultural sector	<ul style="list-style-type: none"> • Poor investment climate due to over and inappropriate regulation, bureaucracy and rent seeking officials. • Poor integration with local and regional markets. • High production and transportation cost for farm products; • Poor market information, negotiating and marketing, contracting skills and knowledge; • Weak matching of existing production crops with market requirements and demands; • Poor access to support and production services and facilities, i.e. post-production facilities, cold storage, transportation and packaging, micro-financing and credit facilities, etc.; • Lack of cohesive focus and programmes of NGAs to rural poor, IPS and upland settlers 	<ul style="list-style-type: none"> • Build links between projects/programmes and the private sector for marketing, processing, input supply and technical advice; <ul style="list-style-type: none"> ○ Increased capacity of the local agri-business <u>providers</u> (development services). ○ Increased number of agri-trade promotion services ○ Increased variety of appropriate and innovative agribusiness delivery services/mechanisms provided. ○ Increased number of contracts, venture agreements and TA on public-private partnership arrangements. • Innovative, diversified and sustainable production systems promoted and disseminated such as: <ul style="list-style-type: none"> ○ Organic farming promoted. ○ Establishment of techno-demo farms ○ Promotion of best practices ○ Establishment of a knowledge management system. • Micro-finance <u>facilitated/extended/provided/access enhanced</u>. <ul style="list-style-type: none"> ○ Linkage between MFIs and MEs (target groups) strengthened. ○ Various micro-credit products developed and promoted ○ (Number of) Institutional capacity(ies)

Priority Areas	Affected Group	Major Issues	Actions Needed
			<p>enhanced Small-scale infra (SSI) support facilities provided/access enhanced:</p> <ul style="list-style-type: none"> ○ Enhanced links between market and FMRs. ○ Increased number of communal irrigation systems. ○ Increased access to post-harvest facilities (i.e. market centers, cold storage, etc.)
<p>Poor convergence of support services at the provincial, local and community levels</p>	<p>LGUs, local community organizations/POs</p>	<ul style="list-style-type: none"> • Staff at sub-national level lack capacity to engage LGUs and communities in community planning processes and in matching line department programmes with the priorities of their communities. • Inconsistency and overlapping functions of rural agencies policies in the field and operationalise complementation and convergence at the LGU and community level; • Limited logistical and technical support to LGUs to delivery support services; • Capacity building and training of local personnel and other local service providers 	<ul style="list-style-type: none"> • Application and operationalisation of working 'convergence' mechanism and system at the LGU and community levels with national government agencies; • Increase participation of local communities in identifying and implementation of needed facilities and support services; • Allocation of logistical support to LGUs and local staff for mobility and implementation activities; improved training and skills in integrated and results-based planning; monitoring and evaluation; • Same as other initiatives in other issues.
<p>IP rights and sustainability of ancestral domain</p>	<p>IPs, upland settlers</p>	<ul style="list-style-type: none"> • Inefficient and delays in the preparation and approval of ADSDPPs; lack of technical and competent support to IPs in preparation of ADSDPPs; • Prolonged approval of CADC/CADT claims; • Weak institutional, technical and financial support to NCIP and implementation of IPRA mandates, i.e. delineation of ancestral land, surveys of IP groups and communities, recognition and registration of IP organizations and groups; • Conflict with other land and tenurial laws; confusing interpretation of IPRA provisions and guidelines; • Inconsistent leadership and management of NCIP; incomplete membership of NCIP • Poor investment and development opportunities; • Intrusion of speculators, 'middle men' and 'pseudo-IP' leaders; disenfranchisement of ordinary IP community members • Delays in processing and issuance of 	<ul style="list-style-type: none"> • Strengthen technical and logistical support to NCIP and IP tenurial rights strengthening; • Completion of ancestral lands delineation and recognition; Speedier approval and issuance of CADC/CADTs; • Review and simplification of CP/FPIC guidelines; ADSDPPs formulation and preparation; approvals of CADC/CADT claims, etc. • Conduct of surveys of IP communities and groups and claims; • Study on clarification and administrative resolution of conflicting tenurial arrangement, mandates and use rights in ancestral lands; • Support to the preparation and completion of ADSDPPs; • Establish and documentation of best practice and lessons on IP-LGU-community partnership in the co-management of ancestral lands, etc. • Integration of ancestral lands and ADSDPPs in local development plans

Priority Areas	Affected Group	Major Issues	Actions Needed
Microfinance and micro-credit access to rural poor	All sectors including IPs, women and fisherfolk	<p>CPs/FPICs; 'corruption' in CP/FPIC releases</p> <ul style="list-style-type: none"> • Inability of rural poor to satisfy formal loan and credit requirements; • Lack of presence and exposure of established MFIs in poor rural areas; mostly located in major centers and towns; • Lack of collateral and productive assets; • Very limited programmes for micro and small farm enterprises; • Very weak organisational and financial capacity of farmers and cooperatives/POs; • Weak savings rates in rural areas due to poor income source/productivity 	<ul style="list-style-type: none"> • Changes in micro-credit and micro-financing policies of MFIs for rural poor; • TA and capacity building in organisation and financial management, contracting of small and poor farmers, IPs; • Collateralisation of tenurial instruments; • Same as initiatives for agribusiness and improving agricultural productivity
Users fees and charges by local communities for environmental and natural resource management services, i.e. protection and preservation of forestlands, protection and enforcement of laws, marine sanctuaries, etc.	IPs, upland settlers, local fisherfolk, women	<ul style="list-style-type: none"> • Absence of local and national policy in the application and use of user fees for environmental and resource management services; lack of cohesive national framework for applying, computing and charging use fees; • Limited experience of use fees; weak legal framework for its application; • Lack of experience and information on the application and mechanisms for use fees and its use by communities; • Continued lack of funding to pursue on-site resource management activities, i.e. protection of forests, enforcement of laws, IEC activities, etc.; • Untapped use of environmental charges imposed by local water districts and electric cooperatives and other utilities groups 	<ul style="list-style-type: none"> • Review and formulation of national guideline and policy or proposed legislation/administrative policy for application, collection and utilisation of user fees for environmental and resource management services; • Conduct of documentation and in-depth study on best practices, lessons and development of mechanisms for user fees and charges; • Advocacy and dialogue with NGAs, LGUs, utilities and local community groups on use fees and charging; • Local and national surveys of stakeholders 'ability', 'capacity' and 'willingness' to pay for user fees and environmental charges;
Impact of climate change	All target beneficiaries, LGUs, NGOs and NGAs	<ul style="list-style-type: none"> • Prolonged dry season and long rainy season; causing massive flooding, soil erosion and siltation, loss of soil productivity and destruction of property • Decrease in harvest and fish catches; poor income and loss of assets • More disaster and destruction of production and personal properties; • Survival threat; continuing slash and burn and deforestation; • Poor incentives and ignorance by government officials and community members of impacts of climate changes; 	<ul style="list-style-type: none"> • Adoption of more sustainable and sensitive production practices among LGUs and local communities; • Provision of incentives grant for local and community-based activities on climate change, i.e. regrowing of communal forest, 'carbon fund', etc. • Strengthen IEC, use of indigenous knowledge on sustainable agricultural practices; • Support to documentation and research on effects of climate change to rural poor, agriculture and local approaches to address these issues; • Advocacy for increased support to local and national initiatives to lessen effects of climate

Priority Areas	Affected Group	Major Issues	Actions Needed
		<ul style="list-style-type: none"> • Lack of incentives and understanding of possible interventions and options to address issues at the local level • Inconsistent directions and policy guidelines of national agencies and policy makers in addressing climate change; • Lack on institutional understanding and impact of climate change to national and local conditions 	change in the rural sector.
Gender distortion in rural economy	Rural poor, farmers, IPs and fisherfolk women	<ul style="list-style-type: none"> • Very low and secondary role and participation in decision-making in investment, production, tenorial and property rights, education, and other production issues; • Limited opportunities for additional income and livelihood opportunities due to changes in agriculture production patterns, i.e. land conversion and out-migration; • Low education, health status, and social mobility; • Victims of domestic violence and maternal mortality due to increased number of children and housework 	<ul style="list-style-type: none"> • Improved gender targeting and focusing in assistance and support mechanisms; • Increased allocation by LGUs for support to education and health services to rural women, specially IPs and fisherfolk women, as provided for by law; • Availability of maternal health and family planning options to rural families; • Provision of social services counseling and advise to rural households and families; • Stronger IEC and communication on the responsibilities and rights of rural women; capacity building for participation in local and community organisation; and improvement of rural facilities such as water and sanitation facilities, among others.

Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

Institution	Strengths	Weaknesses	VI. Opportunities/Threats	Remarks
Enablers				
National Economic and Development Authority (NEDA)	<ul style="list-style-type: none"> ▪ Formulates national social and economic development plans and policies; ▪ Conduct of economic and development studies, coordination, evaluation and monitoring of plan implementation; ▪ Coordinates with regional offices of other departments/agencies and with LGUs in the region in the performance of these tasks; ▪ Performs monitoring and oversight functions in the implementation of national development agenda by NGAs and LGUs ▪ Very professional, respected and technically competent staff 	<ul style="list-style-type: none"> ▪ Fiscal issues are sometimes prioritized (by the National Government) rather than poverty reduction/rural development policies; ▪ Poor linkage of national development plans with local development plans and priorities; ▪ Weak hold over NGA implementation of priority development agenda 	<ul style="list-style-type: none"> ▪ Growing ODA portfolio and investments from donors and foreign governments in rural development and natural resources sector and rural infrastructure; and regional development projects' ▪ Heightened public awareness of integrating national development goals and improvement in poverty situation. ▪ Strong professional leadership and management; ▪ Harmonization agenda for aid effectiveness has highlighted alignment and integration of donor programmes with national country programmes and strategies 	<ul style="list-style-type: none"> ▪ Preparation for new Medium-Term Development Plan would start in 2010.
Department of Agriculture (DA)	<ul style="list-style-type: none"> ▪ Responsible for the promotion of agricultural development in the country; ▪ Provides the policy framework, helps direct public investments; ▪ Provides support services through LGUs to make agriculture and agri-based enterprises profitable for the development to the rural poor; ▪ Main convenor of national 	<ul style="list-style-type: none"> ▪ Inefficiencies in budget allocation and spending (e.g., priorities should be given more to agricultural R&D, rural infrastructure, small tube wells irrigation systems) may which hinder rural development priorities; ▪ Most number of attached agencies and offices in the whole bureaucracy 	<ul style="list-style-type: none"> ▪ Appointment of a more regular Secretary to oversee implementation of established DA programmes and projects; ▪ Increased investor interest in joint partnership in the development of ribusiness lands (i.e. biofuel, ethanol, jatropha, 	<ul style="list-style-type: none"> ▪ Current moves to review and enhance AFMA and Agri-Aqua Law to facilitate and accelerate agriculture production.

	<p>strategy for convergence in rural development;</p> <ul style="list-style-type: none"> ▪ Strong national leadership bias towards agriculture development as main vehicle for national poverty reduction strategy and employment generation 	<p>has resulted to an unwieldy leadership in the sector</p> <ul style="list-style-type: none"> ▪ Continuing 'expensive' budgetary allocation and support to 'traditional' crops sector, i.e. rice, and decreasing share of agriculture in GDP; ▪ Crop and commodity-based agricultural strategy has resulted to diverse focus on agricultural development strategy; ▪ Lack of effective local delivery mechanisms for support services 	<p>cassava, coffee, etc.)</p> <ul style="list-style-type: none"> ▪ Improved convergence policy and strategy for rural development and uplands among NGAs, LGUs and private sector groups; ▪ Continuing threats of El Nino, droughts and climate change; ▪ Gov't rationalization and streamlining policy might provide a more focused and effective agency depending on political will of current leadership 	
--	---	---	--	--

Key file 3: Complementary donor initiative/partnership potential

Donor/Project Titles	Project Duration	Project Cost (US\$, millions)	Lead Implementing Agency	Coverage Areas	Components	IFAP Partnership Potentials
AGRARIAN REFORM, AGRICULTURE AND NATURAL RESOURCES						
Asian Development Bank (ADB)						
<u>Agrarian Reform Communities Project/ARCP – (L)</u> - This project adopts a demand-driven approach in project identification.	07/1999-06/2007	93.1	DAR	<ul style="list-style-type: none"> ▪ I, II, III, V, VI, VIII, X, XI, XII, CARAGA, IV-B, ARMM ▪ Ilocos Sur, La Union, Pangasinan, Cagayan, Nueva Vizcaya, Quirino, Nueva Ecija, Catanduanes, Sorsogon, Aklan, Antique, Capiz, Guimaras, Iloilo, Eastern Samar, Northern Samar, Western Samar, Bukidnon, Camiguin, Lanao Del Norte, Davao City (180), Davao Del Sur, City Of Tacurong, North Cotabato, Sarangani, South Cotabato, Surigao Del Sur, Oriental Mindoro, Palawan, Lanao Del Sur, Maguindanao, Sulu, Tawi-Tawi ▪ 28,000 households in 140 ARCs 	<ul style="list-style-type: none"> ▪ Rehabilitation and construction of farm to market roads and bridges, culverts; Improvement/rehabilitation of existing wells, installation of additional wells and development of spring sources, ▪ Survey of 100,000 ha. of public alienable and disposable lands and distribute land titles to beneficiaries; ▪ Introduce alternative farming systems and small enterprise to coops and agrarian reform beneficiaries; and ▪ Provision of trainings and credit facilities to extension workers, leaders and cooperatives on enterprise planning.. 	<ul style="list-style-type: none"> ▪ Possible complementation at local and community level implementation of activities in common geographical project sites and LGU partners in Regions V, VIII, Mindanao and ArMM. Or cover other areas within the same area but are not project beneficiaries of this project

<p><u>Infrastructure For Rural Productivity Enhancement Sector (INFRES) Project – (L)</u></p> <ul style="list-style-type: none"> The project seeks to improve rural infrastructure and build the capacity of LGUs in leadership and management of subprojects. It adopts a demand driven approach whereby LGUs package proposals which will be subjected to further evaluation based on technical, financial and economic eligibility criteria. The Project was designed to remove constraints to agricultural productivity by investing in rural infrastructure in Southern Philippines regions with high poverty incidence and high agricultural potential. 	02/2002-06/2008	75.0 1.0 (ILO)	DA w/ ILO	<ul style="list-style-type: none"> V, VIII, IX, X, XI, XII, CARAGA, IV-B, ARMM Albay, Camarines Norte, Camarines Sur, Catanduanes, Masbate, Sorsogon, Biliran, Leyte, Northern Samar, Southern Leyte, Western Samar, Zamboanga Del Norte, Zamboanga Del Sur, Bukidnon, Camiguin, Misamis Occidental, Misamis Oriental, Compostella Valley, Davao Del Norte, Davao Del Sur, Davao Oriental, Agusan Del Norte, Agusan Del Sur, Surigao Del Norte, Surigao Del Sur, Marinduque, Occidental Mindoro, Oriental Mindoro, Romblon, Lanao Del Sur, Maguindanao, Sulu, Tawi-Tawi Residents of the 779 municipalities and chartered cities in regions IV, V, VIII, IX, X, XI, XII, CARAGA and ARMM 	<ul style="list-style-type: none"> Rural infrastructure Capability building Project monitoring and coordination Livelihood grant fund from the Japanese Government totaling 2.8M, called the Japan Fund for Poverty Reduction (JFPR), will be provided for livelihood development projects to be implemented by the subproject communities. 	<ul style="list-style-type: none"> Possible complementation at local and community level implementation of activities in common geographical project sites and LGU partners in Regions V, VIII, Mindanao and ArMM or cover other areas within the same area but are not project beneficiaries of this project
European Union (EU)						
<p><u>Support To Agrarian Reform Communities in Central Mindanao (STARCM) – (G)</u></p> <ul style="list-style-type: none"> The rationale of the project is a combination of: 1) the promising results of the EC funded Agrarian Reform Support Project (ARSP) and other integrated agricultural area development projects in Mindanao, the Philippines and 	05/2001-05/2008	Euro23.2 M	DAR	<ul style="list-style-type: none"> Lanao del Norte, North Cotabato, Sultan Kudarat and Lanao del Sur (ARMM) 50 selected Agrarian Reform Communities (ARCs) - 20,000 households 	<ul style="list-style-type: none"> Institutional Strengthening (IS) – conduct of training for implementing partners to help them facilitate ARC level planning, formation and strengthening of peoples' organisations in the management of infrastructure and livelihood sub-project. Support infrastructure (SI) – construction of rural infrastructure such as feeder 	<ul style="list-style-type: none"> Possible complementation at local and community level implementation of activities in common geographical project sites

<p>elsewhere, 2) the economic disadvantage and disparity in Central and Southern Mindanao compared with the rest of the country, and 3) GOP's political will to develop rural areas of Mindanao for supporting the peace agreement signed in 1996.</p> <ul style="list-style-type: none"> The overall objective is to increase the self-reliance, living standard and quality of life for framing households in 50 agrarian reform communities (ARCs) in the provinces of Sultan Kudarat, Cotabato, Lanao del Norte and Lanao del Sur. 					<p>roads, bridges, potable water supply systems and community buildings;</p> <ul style="list-style-type: none"> Agricultural Production and Enterprise Development (APED) - provision of draft animals, cultivation machinery and rice mills, and support to banana and fruit trees plantation; Access to Rural Finance - conduct of institutional capacity-building through the Land Bank of the Philippines (LBP) and provision of institutional credit to micro-finance institutions (MFIs). 	<p>and LGU partners in Mindanao and ArMM project sites cover other areas within the same area but are not project beneficiaries of this project.</p>
<p>GTZ</p>						
<p><u>Sustainable Resource Management in the Priority Region of Visayas – (G)</u></p>	<p>08/2002-06/2015</p>	<p>n.d</p>	<p>DA, DAR, BFAR, DENR, & LGUs</p>	<ul style="list-style-type: none"> Visayas provinces within the Visayan Sea 	<ul style="list-style-type: none"> Advisory services to the Philippines fishery authorities, mayors and planning authorities of the districts and communities in Visayas to help them develop and implement strategies to carefully introduce the right of access to coastal fisheries Facilitate the establishment of fish processing factories in coastal zones, to improve the long-term employment situation. 	<ul style="list-style-type: none"> Possible complementation at local and community level implementation of activities in common geographical project sites and LGU partners in Region VIII or cover other areas within the same area but are not project beneficiaries of this project
<p>Japan Bank for International Cooperation (JBIC)</p>						

<p><u>Mindanao Sustainable Settlement Area Development Project – (L)</u> - This project uses a program-type approach wherein actual subprojects shall be determined during implementation. It will be implemented based on the principle of participatory approach where the beneficiaries themselves identify and prioritize their needs. Selection of project sub-components shall depend on (i) settlement community's basic minimum needs; (ii) a provincial/municipal priority program; (iii) not too large in scope and cost with minimum of 2 year implementation period; (iv) community's willingness to implement the project; (v) availability of LGU counterpart support and (vi) beneficiaries willingness to shoulder Operation and Maintenance (O&M) cost</p>	09/2001-09/2009	Y6.5B	DAR	<ul style="list-style-type: none"> ▪ X, XI, CARAGA ▪ Bukidnon, Compostela Valley, Davao Del Norte, Davao Oriental, Agusan Del Sur, Surigao Del Norte 	<ul style="list-style-type: none"> ▪ Community and Cooperative Development; ▪ Agriculture Enhancement and Livelihood; ▪ Crop Development and Soil Conservation; ▪ Marketing support; ▪ Infrastructure and Social Services ▪ Project Management 	<ul style="list-style-type: none"> ▪ Possible complementation at local and community level implementation of activities in common geographical project sites and LGU partners in Mindanao or cover other areas within the same area but are not project beneficiaries of this project
<p><u>Sustainable Environmental Management Project In Northern Palawan – (L)</u></p> <ul style="list-style-type: none"> ▪ This project aims to conserve the precious environment and natural resources in Northern Palawan. ▪ Provides the substitute income methods (example for Environmentally Sustainable Tourism) for the community residents in order to deter the conduct of activities detriment to the environment. 	09/2001-09/2009	Y2.034B	DOT	Northern Palawan communities	<ul style="list-style-type: none"> ▪ Slope Protection - Retaining Walls, Flood Plain Slope Protection Concrete slab, sodding and tree planting.; ▪ Drainage System - Box Culverts (New or Reconstructed, Line Ditch and earth ditch ▪ Surface Protection ▪ Bridge Reconstruction - 10 single span bridges 	<ul style="list-style-type: none"> ▪ Though IFAD has no projects in Northern Palawan, the work of the project with IPs and its use of sustainable eco-tourism in IP areas will be helpful to IFAD's own work with IPs and coastal resource management.
<p><u>Help For Catubig Agricultural Advancement Project – (L)</u></p>	01/2002-01/2011	Y5.2B	NIA	1,613 Farmers in Northern Samar	<ul style="list-style-type: none"> ▪ Civil Works ▪ Institutional 	<ul style="list-style-type: none"> ▪ IFAD complementa

<ul style="list-style-type: none"> ▪ The project involves the provision of irrigation and drainage facilities and water supply systems, extension of road network, and development of agricultural and social support services and institutions of Catubig Valley in Northern Samar. 					<ul style="list-style-type: none"> Development and Training ▪ Procurement and Equipments ▪ Consulting Services 	<p>tion will be in possible project areas that are covered or serviced by the rural infrastructure projects of this project.</p>
USAID						
<p><u>The Philippine Environmental Governance Project Phase 2 (Ecogov2) –(G)</u></p> <ul style="list-style-type: none"> ▪ The project aims to strengthening LGUs to respond to these challenges through localized but strategic actions that aim to: <ul style="list-style-type: none"> ○ Reduce overfishing and the use of destructive fishing practices; ○ Reduce illegal logging and conversion of natural forests; and ○ Improve the management of solid wastes and wastewater. 	10/2004-09/ 2009	n.d	DENR, ARMM, DILG, & LGUs	100 LGUs in Luzon, Visayas, Mindanao and ARMM	<ul style="list-style-type: none"> ▪ Technical assistance and capability building of LGUs in forest land use planning, coastal resource management and solid waste management 	<ul style="list-style-type: none"> ▪ Possible complementation at local and community level implementation of activities in common geographical project sites and LGU partners in Mindanao or cover other areas within the same area but are not project beneficiaries of this project. ▪ IFAD would also gain valuable insights into experiences in eco-governance and resource management of this project that

						would support IFADs own work in these thematic areas or serve as field study sites for IFAD project beneficiaries.
<p><u>Fisheries Improved For Sustainable Harvest (Fish) Project –(G)</u></p> <ul style="list-style-type: none"> The project's aim is to conserve biological diversity in at least four biologically and economically important marine ecosystems in the Philippines, as measured by an increase in fish stocks and the maintenance of selected coastal resources that support them with environmental services. The Project will accomplish this objective by improving the management of these fish stocks and environmental resources such as coral reefs and mangroves, which support them. 	09/2003-09/2008	n.d	BFAR & LGUs	Calamianes Islands in Palawan; Danajon Reef in Bohol; and Tawi-Tawi and Surigao del Sur,	<p>Technical assistance will:\</p> <ul style="list-style-type: none"> Strengthen the capability of local and national institutions to manage marine fish stocks and coastal resources; Improve national and local policies for sustainable fisheries; and, Build the political will to advocate for more responsible management of marine fish stocks and coastal resources. 	<ul style="list-style-type: none"> Possible complementation at local and community level implementation of activities in common geographical project sites and LGU partners in Mindanao or cover other areas within the same area but are not project beneficiaries of this project. IFAD would also gain valuable insights into experiences in coastal resource management of this project that would

						support IFADs own work in these thematic areas or serve as possible study sites for IFAD project beneficiaries.
World Bank (WB)						
<u>Agrarian Reform Communities Development Project Phase II/ARCDP2- (L)</u>	06/2003-06/2007	50.0	DAR	Nationwide - Approximately 80 Agrarian Reform Communities (ARCs) involving about 100,000 household beneficiaries (agrarian reform families)	<ul style="list-style-type: none"> ▪ Community dev't. and capacity building; ▪ Rural infra dev't.; ▪ Agriculture and enterprise development; ▪ Program to facilitate rural financial services; and ▪ Subdivision of individual CLOAs into individual titles. 	<ul style="list-style-type: none"> ▪ Possible complementation at local and community level implementation of activities in common geographical project sites and LGU partners or cover other areas within the same area but are not project beneficiaries of this project
<u>Diversified Farm Income And Market Development Project - (L)</u>	10/2004-06/2009	60.0	DA	<ul style="list-style-type: none"> ▪ VI, VII, X, CAR ▪ Capiz, Iloilo, Cebu, Negros Oriental, Bukidnon, Benguet, Mountain Province 	<ul style="list-style-type: none"> ▪ Institutional strengthening and capacity development ▪ Market development investments ▪ Safety and quality assurance systems for market development ▪ Market-linked technology 	<ul style="list-style-type: none"> ▪ Possible complementation at local and community level implementation of activities in common

<p>transition of DA into a service-oriented agency that will effectively support and facilitate agricultural competitiveness and increase rural incomes.</p>					<p>development and dissemination</p> <ul style="list-style-type: none"> ▪ Improvement of public expenditure management 	<p>geographical project sites and LGU partners, particularly in CAR and Northern Mindanao or cover other areas within the same area but are not project beneficiaries of this project;</p> <ul style="list-style-type: none"> ▪ IFAD would also be able to link agribusiness initiatives with market linkages and services provided for by agencies.
<p><u>Land Administration and Management Project II (LAMP2) – (L-WB/G-AusAID)</u></p> <ul style="list-style-type: none"> ▪ The project was designed as the first step towards the implementation of a long term (15-20 years) sectoral reform program in land administration and management. It was aimed at formulating policy and regulatory changes and testing alternate approaches to accelerated programs designed to protect rights to land, eliminate fake titles, develop an equitable system of land valuation and formulate the institutional arrangements needed to support the 	2006-2011	19.0 M 34.0M(A\$)	DENR/ DOF	<ul style="list-style-type: none"> ▪ National/4 provinces 	<ul style="list-style-type: none"> ▪ Policy reform and support ▪ Institution and Capacity Building ▪ Tenure Security ▪ Land Valuation ▪ Project Management 	<ul style="list-style-type: none"> ▪ No direct complementation with IFAD but activities on land administration and improving tenure security will greatly boosts IFADs efforts to improve land tenure security, titling in IFAD project

necessary reforms in the country.						areas.
GOVERNANCE						
Canadian International Development Agency (CIDA)						
<u>Local Government Support Programme in ARMM (LGSPA) –(G)</u> <ul style="list-style-type: none"> ▪ To assist the Government of the Philippines and the Government of the Autonomous Region in Muslim Mindanao in their efforts to achieve poverty reduction and sustainable peace and development in ARMM through excellence in local governance. 	2005-2010	Cdn18.0M	ARMM, & ORG	<ul style="list-style-type: none"> ▪ All LGUs in ARMM ▪ Basilan, Lanao del Sur, Maguindanao, Sulu, and Tawi-tawi . 	<ul style="list-style-type: none"> ▪ Institutional and Capacity Building for local development; ▪ Delivery of basic services/resource management ▪ CSO participation and strengthening; ▪ Local policy and development planning ▪ Leadership and Management trainings ▪ Local government performance monitoring systems 	<ul style="list-style-type: none"> ▪ Possible complementation at local and community level implementation of activities in common geographical project sites and LGU partners, particularly in ARMM or cover other areas within the same area but are not project beneficiaries of this project;
POVERTY REDUCTION/ALLEVIATION/LIVELIHOOD/ENTERPRISE DEVELOPMENT						
World Bank						
<u>Autonomous Region In Muslim Mindanao (ARMM) Social Fund Project –(L) with JBIC</u>	04/2004-12/2010	33.6 Y2.47B	OP/ARMM	<ul style="list-style-type: none"> ▪ Poor, conflict-affected areas of ARMM. Approximately 700 barangays from all municipalities of ARMM (or approximately 25% of the population of the region). ▪ Basilan, Lanao del Sur, Maguindanao, Sulu, and Tawi-tawi . 	<ul style="list-style-type: none"> ▪ Small-scale community projects (i.e. Post-harvest Facilities, Classroom Buildings, Water Systems, etc.); ▪ Livelihood programs to women and out of school youth in target communities; ▪ Construction of strategic regional infrastructure (i.e. Rehabilitation of Polloc Port, Lamitan 	<ul style="list-style-type: none"> ▪ Possible complementation at local and community level implementation of activities in common geographical project sites and LGU

					<ul style="list-style-type: none"> ▪ District Hospital, etc); ▪ Institutional strengthening and governance. 	<p>partners, particularly in ARMM or cover other areas within the same area but are not project beneficiaries of this project</p>
<u>Kapit-Bisig Laban Sa Kahirapan-Comprehensive And Integrated Delivery Of Social Services (Kalahi-Cidss) –(L)</u>	12/2002-06/2009	100.0	DSWD	<ul style="list-style-type: none"> ▪ V, VI, VII, VIII, IX, X, XI, XII, CARAGA, IV-A, IV-B, CAR ▪ Albay, Masbate, Capiz, Iloilo, Bohol, Siquijor, Eastern Samar, Western Samar, Zamboanga Del Norte, Zamboanga Del Sur, Lanao Del Norte, Misamis Occidental, Davao Del Norte, Davao Oriental, North Cotabato, Sarangani, Agusan Del Norte, Agusan Del Sur, Quezon, Romblon, Ifugao, Mountain Province 	<ul style="list-style-type: none"> ▪ Empower communities to access better services from local governments, ▪ Improve local governance by strengthening formal and informal institutions, ▪ provide resources/barangay grants for community investment programs (designed, implemented and managed by local communities). 	<ul style="list-style-type: none"> ▪ Possible complementation at local and community level implementation of activities in common geographical project sites and LGU partners, particularly in CAR, Regions V, VIII and Mindanao or cover other areas within the same area but are not project beneficiaries of this project
GTZ						
<u>Small And Medium Enterprise Development For Sustainable Employment Program (SMEDSEP) – (G)</u> <ul style="list-style-type: none"> ▪ The overall objective of the program is thus that state and 	09/2003-08/2011	n.d	DTI	<ul style="list-style-type: none"> ▪ Nationwide ▪ Visayas 	<ul style="list-style-type: none"> ▪ Creation of business-friendly framework conditions ▪ Market development for advisory services relevant to MSMEs ▪ Improved accessibility to 	<ul style="list-style-type: none"> ▪ No direct complementation with IFAD but activities on small scale enterprises

<p>private institutions shape the investment climate in the Philippines, and particularly in the Visayas, in a way that enables the development and use of entrepreneurial potential and stimulates competition. Focusing on certain pilot areas is expected to heighten their dynamic capacity, resulting in more income and employment, especially for poor population segments.</p>					<p>middle and long-term financial credit</p> <ul style="list-style-type: none"> ▪ Improvement of vocational training and upgrading. 	<p>and market linkages and services to production areas, especially in Eastern Visayas with producers/investors in Visayas will greatly boosts IFADs agribusiness and enterprise thematic areas.</p>
CIDA						
<p><u>Local Government Support Program For Local Economic Development (LGSPLED) –(G)</u></p> <ul style="list-style-type: none"> ▪ To reduce poverty by strengthening local governance and supporting local economic development that is sustainable, i.e. environmentally sound, socially equitable and economically viable. ▪ Local economic development (LED) encourages governments, businesses, and non-governmental organizations to work together to create better conditions for economic growth and to create job opportunities, especially for the poor. ▪ By expanding the tax base, LED can also generate revenue for the LGU to fund improved local services. 	2007-2014	Cdn18.0M	DILG/LGUs	<ul style="list-style-type: none"> ▪ Nationwide 	<p>At the national level,</p> <ul style="list-style-type: none"> ▪ Support to national agencies to develop and/or improve policies and programs that will enhance local governance and local economic development (LED) as well as strengthen relevant coordinating mechanisms (horizontal and vertical); ▪ Work with umbrella organizations for Local Government Units (LGUs) such as the League of Provinces of the Philippines, League of Cities, League of Municipalities, in order to increase their capacity to advocate for national level measures to enhance the enabling environment for LGUs. 	<ul style="list-style-type: none"> ▪ Possible complementation at local and community level implementation of activities in common geographical project sites and LGU partners or cover other areas within the same area but are not project beneficiaries of this project

					<p>At the local level:</p> <ul style="list-style-type: none"> ▪ Work with selected LGUs to improve conditions for local economic development through strong partnerships with the private sector and civil society. ▪ strengthen the capacity of LGUs to develop supportive policies, incentives and regulatory frameworks, to increase fairness and transparency in their government systems and processes, and to implement and monitor LED programs. ▪ Support to civil society and the private sector participation in local development and strengthen resource generation and management capacities of LGUs. 	
SOCIAL SERVICES						
GTZ						
<p><u>Support for the Health Sector Reform and Population Management Programme - (G)</u></p> <ul style="list-style-type: none"> ▪ The project aims to improve the quality of decentralised health services and population management programmes. A key indicator for this will be the increased use of rural health units, which are responsible for treatment, the distribution of modern contraceptives, and support for poor population groups 	10/2004-09/2008	n.d	DOH/LGU	<ul style="list-style-type: none"> ▪ Nationwide ▪ Eastern Visayas and Mindanao 	<ul style="list-style-type: none"> ▪ Health Policy support ▪ Local Health Systems Development <ul style="list-style-type: none"> ○ Health insurance enrollment ○ Improving local health systems/information/autonomy; ○ Cheap medicines and drugs 	<ul style="list-style-type: none"> ▪ Possible complementation at local and community level implementation of activities in common geographical project sites and LGU partners or

						cover other areas within the same area but are not project beneficiaries of this project
<u>Sustainable Resource Management in the Priority Region of Visayas – (G)</u>	08/2002-06/2015	n.d	DA/DA R/BFAR DENR/ LGUs	<ul style="list-style-type: none"> Visayas provinces within the Visayan Sea 	<ul style="list-style-type: none"> Advisory services to the Philippines fishery authorities, mayors and planning authorities of the districts and communities in Visayas to help them develop and implement strategies to carefully introduce the right of access to coastal fisheries Facilitate the establishment of fish processing factories in coastal zones, to improve the long-term employment situation. 	<ul style="list-style-type: none"> Possible complementation at local and community level implementation of activities in common geographical project sites and LGU partners or cover other areas within the same area but are not project beneficiaries of this project
European Union (EU)						
<u>Health Sector Policy Support Programme (HSPSP) –(G)</u>	01/2006-12/2010	Euro41.3 M	Department of Health (DOH)	<ul style="list-style-type: none"> Department of Health (including relevant regional Centers for Health Development and BFAD), Department of Budget and Management, 16 provinces (Ifugao, Mountain Province, Ilocos Norte, Nueva Vizcaya, Pangasinan, 	<ul style="list-style-type: none"> Budgetary support to Provinces demonstrating good compliance with the Philippines’ Public Finance Management legislation. Budgetary support to the Department of Budget and Management (DBM). Administrative Agreement with the 	<ul style="list-style-type: none"> Possible complementation at local and community level implementation of activities in common geographical

				Oriental Mindoro, Romblon, Agusan del Sur, North Cotabato, South Cotabato Misamis Occidental, Biliran, Capiz, Eastern Samar, Southern Leyte, and Negros Oriental)	World Bank for a multi-donor trust fund delivering support to the Department of Health (DoH) and provinces not eligible to budgetary support. <ul style="list-style-type: none"> Technical Assistance services 	project sites and LGU partners or cover other areas within the same area but are not project beneficiaries of this project
USAID						
<u>Sustained Health Improvement through Empowerment and Local Development (SHIELD) – (G)</u> <ul style="list-style-type: none"> To achieve sustainable improvement of family health in communities in the Autonomous Region in Muslim Mindanao (ARMM). The project's objective are: <ul style="list-style-type: none"> Improve access to family planning services to decrease unmet need for family planning and to increase use of modern contraceptives Increase the proportion of deliveries attended by trained medical providers; Increase coverage of fully-immunized children; Increase the coverage of vitamin A supplementation among children 6-59 months 	10/2006-09/2011		ARMM-DOH	<ul style="list-style-type: none"> ARMM municipalities 	<ul style="list-style-type: none"> Community partnership for health - establish community organizations for health in 515 barangays (21% of all ARMM barangays). Health service delivery systems improvement-train ninety percent of health workers from public and private sectors in 102 municipalities and one city with corresponding improvements in the quality and coverage of health services. LGU support for health services- TA to 74% of 102 LGUs, with measurable increases in financial and other support for health service delivery systems, increased LGU budget for health, increased enrollment in Phil Health, and legislation to support improved health services. 	<ul style="list-style-type: none"> Possible complementation at local and community level implementation of activities in common geographical project sites and LGU partners in ARMM, or cover other areas within the same area but are not project beneficiaries of this project
<u>Strengthening Local Governance for Health (HealthGOV)- (G)</u> <ul style="list-style-type: none"> To strengthen local government unit (LGU) commitment to 	10/2006-09/2011		LGUs	<ul style="list-style-type: none"> 500 LGUs in 23 provinces -- nationwide 	<ul style="list-style-type: none"> Strengthening health management systems. Expanding financing for 	<ul style="list-style-type: none"> Possible complementation at local and

<p>health and their capacity to sustainably provide, finance, and manage quality health services, particularly family planning, maternal and child health, tuberculosis, HIV/AIDS, and other infectious diseases such as avian influenza and severe acute respiratory syndrome (SARS)</p>					<p>essential health services.</p> <ul style="list-style-type: none"> ▪ Improving service provider performance. ▪ Enhancing advocacy on service delivery and financing. 	<p>community level implementation of activities in common geographical project sites and LGU partners or cover other areas within the same area but are not project beneficiaries of this project</p>
---	--	--	--	--	--	---

Key file 4: Target group identification, priority issues and potential response

Typology	Poverty Levels and Causes	Coping Actions	Priority Needs	COSOP Response
Priority Sectoral Groups				
Poor rural households including the small, landless farmers and agricultural labourers	<ul style="list-style-type: none"> 41.1% of total households in rural areas are considered poor; despite official reports of reduction of families under poverty line Dwindling income and productivity due to poor farming technologies, soil suitability, loss of minerals due to continued floods and deforestation and climate change impact Continuing conversion of farmland for non-agricultural production, i.e. residential and commercial Lack adequate access to productive assets (land, seeds, capital, water control/irrigation facilities) Few wage employment or off-farm income generating opportunities available locally; Indebtedness and lack of access to micro-finance services with credit at an affordable cost Insecure land tenure issues and titling arrangements; Loss of manpower, specially farmer's children due to flight to urban areas or overseas employment Limited knowledge, links and access to traders, 	<ul style="list-style-type: none"> Local agricultural wage labour Seasonal migration for work (urban areas and overseas) Reduction in food intake or 'belt-tightening' Selling off assets and land; migration to urban areas Borrowing from money lenders Participating in networks for labour exchange and share rearing of livestock; Informal contract growing/production sharing arrangements 	<ul style="list-style-type: none"> Food security Opportunities to intensify and diversify agricultural production; improve production techniques and introduction to alternative farming and planting methods Additional productive assets (land, draught power, water control/irrigation facilities) and/or sharing of productive assets with other community members Secure land titles and market/production linkages Access to public and private sector agricultural support services (extension, input supply, marketing, micro-finance etc.) Availability of off-farm income generating opportunities in the rural areas and provision of associated support services Improved health and education services; Improved rural infrastructure 	<ul style="list-style-type: none"> IFAD will target future assistance to the identified 'poorest of the poor' provinces under the 'hunger mitigating programme' of the GoP in the target priority geographical areas. (The '10 poorest of the poor' provinces are: Sulu, Masbate, Tawi-tawi, Ifugao, Romblon, Maguindanao, Lanao del Sur, Sultan Kudarat, Camiguin and Camarines Norte) IFAD field activities (new projects and) will: (i) mobilise and empower communities; (ii) improve on- and off-farm productivity and water and land management; (iii) provide better access to public and private sector support services for agriculture and off-farm income generating activities; (iv) assist development agri-enterprises and businesses; (v) improved resource management in coastal and IP areas; (vi) improved access to micro-credit/financing. IFAD will seek cooperation and coordination with PDF and support strengthened monitoring and evaluation of results-based indicators of key national agencies such as NEDA, DA, DAR, NEDA, NCIP and DTI. A small grant facility or

	bigger markets/investors			component in IFAD projects for the rural poor and poor fisherfolk on impact and effects of climate change will be integrated into IFAD projects in these sectors.
Poor fisherfolk (municipal and artisanal) households	<ul style="list-style-type: none"> Limited productive assets (i.e. non-motorised bancas, nets, no land) reducing capacity to go farther into more productive but farther away fishing grounds Continued reduction in fish catches due to destruction of coral reefs, water pollution/siltation due to increase use of chemical fertilizers in agriculture, solid waste dumping and deforestation; and increased competition/'poaching' from other fishers, commercial fisheries in municipal fishing grounds; High incidence of alcoholism among men, malnutrition among children, domestic violence against women/children; Very limited roles for women in fishing outside of traditional roles of marketing and family responsibilities Growing focus on aquaculture and aquamarine products and use of local fishing grounds/mangroves for these activities depriving them of access to fertile fish grounds and spawning 	<ul style="list-style-type: none"> Use of unsustainable and destructive fishing practices, i.e. dynamite fishing, poaching of endangered fishers and marine resources, among others. Alcoholism and domestic violence; Migration to urban areas; wage labour 	<ul style="list-style-type: none"> Improved coastal resource management arrangements and enforcement of laws, i.e. local poaching and destructive fishing methods; Social protection and safeguards to fishing communities; Improved production capabilities and assets; and alternative livelihoods sources within fishery sector, i.e. agar-agar, ecotourism, tropical fishery, etc.; Increased social service delivery and community development services; individual and family support services; Stronger protection and use rights; Increase protection and expansion of marine protected areas; and improved fish population of local fishing grounds 	<ul style="list-style-type: none"> IFAD to include a coastal resource management programme into CoSOP as stand-alone project and/or linked with IP projects, i.e. IPs on coastal waters. Provide sub-project components on productive assets acquisition; LGU capacity building on CRM and law enforcement activities, and livelihood and enterprises, among others. Priority areas for IFAD assistance in this sector shall be in Eastern Visayas, Bicol and coastal areas of Mindanao and ARMM, particularly Sulu, Tawi-tawi and Basilan. IFAD to establish coordination and exchange links with on-going donor projects on coastal management (i.e. ADB ICRMP (forthcoming), USAID's Coastal Resources Management Programme and FISH, GTZ Visayas Seas projects, etc.) in common geographic areas and use these as knowledge resource or field exchange visits for fisherfolk and LGU training and sharing. IFAD to establish working partnership with establish fisheries and coastal resource institutions in the areas such as UP Marine Science

	<p>areas; fishers not equipped and capitalized to divert to these areas;</p> <ul style="list-style-type: none"> • Poor coastal law enforcement and maritime protection and security; resource extractive activities very dangerous to sustainable management of coastal resources • Climatic change impacts to corals and water rise; • Unsecured tenure and fishing rights; eviction and encroachment by developers • Very limited productive and entrepreneurial skills outside of fishing; poor housing/shelter conditions and socio-economic conditions; • Largely dependent on traders, middle men and money lenders for supplementary capital and food support 			<p>Institute, UP Iloilo, Visayas State College of Agriculture – Eastern Mindanao; West Mindanao State University and MSU – Mindanao/ARMM) for training and support assistance to target beneficiaries.</p>
Indigenous peoples/upland settlers	<ul style="list-style-type: none"> • Same as rural poor • Loss of land due to land grabbing by outsiders; mining firms and speculators • Poor development opportunities due to limited accessibility, conflict issues, peace and order, and political meddling/intervention; • Poor education and high illiteracy rates; • Encroachment by modern methods, cultures and technology into traditional norms and practices; • More and more tribal 	<ul style="list-style-type: none"> • Same with rural poor • Use of non-traditional technology and production systems to support subsistence; • Urban migration and join labour force/informal sector; • Sell-off of land rights and claims to developers and speculators; • Assimilation 	<ul style="list-style-type: none"> • Same as rural poor • Capacity building to improve development ancestral lands and tribal members; institutionalisation and documentation/preservation of indigenous knowledge and production systems 	<ul style="list-style-type: none"> • IFAD's priority support to IPs remains a major element of IFAD CoSOP and will be expanded to cover other IP areas in Mindanao and ARMM aside from Northern Luzon/CAR. • IFAD shall also provide special focus in addressing issues related to conflicting land title issuance in ancestral domains, improved development and implementation of ancestral domain social development plans (ADSDP), local LGU-IP partnerships and IP ancestral claims in coastal areas.

	<p>youth being drawn to urban centers and not returning to areas;</p> <ul style="list-style-type: none"> • Low productivity of farm lands and poor marketability and access of products; • Confusing policies and laws; complicated and prolonged processing of CADC and CADT claims; and overlapping mandates of different agencies and interests; limited resources of IP-mandated agencies such as NCIP • Communal vs. individual titles for IP members; unsecured tenurial rights for upland settlers • Sale of IP rights by tribal leaders and representatives to developers and speculators; • Tribal and IP groups/associations highly prone to political and individual interest groups. 			
Agrarian reform beneficiaries (ARBs)	<ul style="list-style-type: none"> • Same as rural poor • Individualisation of CLOAs into individual titles; • Inability to pay for real property taxes due to LGUs ; • Non-collateralization of CLOAs to improve credit and loan access to private banks; • Continued failure to pay amortization of CLOAs; loss of CLOAS; and selling of CLOAs to developers and speculators; • Benefited only landless farmers but not landless 	<ul style="list-style-type: none"> • Same as rural poor • Selling of CLOAs and titles; abandonment of farms and become agricultural labor or join informal sector 	<ul style="list-style-type: none"> • Same as rural poor 	<ul style="list-style-type: none"> • Same as rural poor

	agricultural labour/workers			
Local Government Units (Municipality/Barangay)	<ul style="list-style-type: none"> ■ Many LGUs, particularly poor rural municipalities, have very little resources to fully exercise their mandate to deliver basic services; ■ Dependence on IRA of poor/rural LGUs which hinder full implementation of development projects; Almost 70% of all LGUs are IRA dependent. ■ Lack of skills, manpower and capacity building (e.g., information and technology) to address the complex and multitude of problems in the rural areas; ■ 3-year term of office are short to fully implement long-term development plans in their areas; • Too many unfunded mandates; at least 25 mandates and responsibilities are expected of LGUs 	<ul style="list-style-type: none"> • Lobbying for more national subsidies; building partnership with other donors/LGUs; increase revenue support or collections; • Reduction in programmes and projects; inability to continue projects and services; • Multiple and overlapping tasks and responsibilities for employees; • Mobilisation and contribution from constituencies, i.e. labour, materials. 	<ul style="list-style-type: none"> • Increased capacity building for staff and information sharing with local leaders on technology, planning and management; • Support to field operations and implementation of activities • Increase partnership and resource-sharing arrangements with private sector groups, community organizations and other LGUs in the management and delivery of services at the local and community levels. 	<ul style="list-style-type: none"> • IFAD to support stronger local LGU partnership assistance and support in all projects and sub-project implementations and strengthened POs/NGOs participation in local development initiatives; • IFAD to work and cooperate in operationalising 'convergence' and 'co-management initiatives' between LGU-NGAs-community partnership in delivery of basic services and integration/leveraging of resources to local communities and rural poor.