

**REPUBLIC OF THE PHILIPPINES
LAND BANK OF THE PHILIPPINES (LBP)**

**REPUBLIC OF THE PHILIPPINES
THE PROJECT FOR CAPACITY BUILDING FOR
FINANCIAL ACCESS IN AGRIBUSINESS
(PHASE 1)
(TECHNICAL ASSISTANCE GRANT FOR HARVEST)**

FINAL REPORT

OCTOBER 2018

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

**NOMURA RESEARCH INSTITUTE, LTD.
NTC INTERNATIONAL CO., LTD.
ORIENTAL CONSULTING GLOBAL**

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Abbreviation

Abbreviation	Description
ACAAM	ARMM and Conflict Affected Areas in Mindanao
AICCEP	ARMM Industry Cluster Capacity Enhancement Project
ARB	Agrarian Reform Beneficiaries
ARG	The Autonomous Regional Government
ARMM	Autonomous Region in Muslim Mindanao
BASULTA	Basilan-Sulu-Tawi-Tawi
BBL	Bangsamoro Basic Law
BDA	Bangsamoro Development Agency
BFAR	Bureau of Fisheries and Aquatic Resources
CARP	Comprehensive Agrarian Reform Program
CDA	Cooperative Development Authority
CLOA	Certificate of Land Ownership Award
CMDCA	Central Maguindanao Development Cooperation Alliance
DA	Department of Agriculture
DAF	Department of Agriculture and Fisheries
DAR	Department of Agrarian Reform
DENR	Department of Environment and Natural Resources
DICCEP	Davao Industry Cluster Capacity Enhancement Project
DOF	Department of Finance
DOLE	Department of Labor and Employment
DOST	Department of Science and Technology
DOT	Department of Tourism
DOTC	Department of Transportation and Communications
DPWH	Department of Public Works and Highways
DTI	Department of Trade and Industry
EGL	Economic Growth and Linkage Cluster
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Frameworks
ESSP	Environmental and Social Safeguards Procedure
FELCRA	Federal Land Consolidation and Rehabilitation Authority
FELDA	Federal Land Development Authority
FMB	Forest Management Bureau
HARVEST	Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation
IDP	Internal Displaced People
IP	Indigenous People
JICA	Japan International Cooperation Agency
JV	Joint Venture
LAE	Large Agri-Enterprises
LBP	Land Bank of the Philippines
LGUs	Local Government Units
LMB	Land Management Bureau
MEDP	Mindanao Rural Development Program
MFI	Micro Finance Institution
MILF	Moro Islamic liberation Front
NCIP	National Commission for Indigenous Peoples
NCIP	National Commission on Indigenous Peoples
NICCEP	National Industry Cluster Capacity Enhancement Project
PBOI	Philippine Board of Investments
PCA	The Philippine Coconut Authority
PCCI	Philippine Chamber of Commerce & Industry
PRDP	Philippine Rural Development Project
PSA	Philippine Statistics Authority
RBOI	Regional Board of Investments
RBOI	Regional Board of Investments
REZA	Regional Economic Zone Authority
ROC	Return on Capital
RPDO	The Regional Planning and Development Office
SMED	Small and Medium Enterprise Development
TA	Technical Assistance
USM	University of Southern Mindanao

1 Overview of the project

1.1 Background

Autonomous Region in Muslim Mindanao (ARMM) is located in the south-west of Mindanao Island where poverty ratio is the highest in the Philippines. Poverty ratio of ARMM is at 46.9% (2012) as compared with 22.3% of the national average being affected by 40 years-long conflict. Population of the region is about 3.7 million which shares 3.5% of the national population, while share of the region in GDP is only 1%, which remains the lowest in the Philippines.

ARMM, on the other hand, is endowed with advantage for agriculture such as rice, vegetables and fruits thanks to rich soil and its location out of typhoon pathway. Nonetheless, development to make most out of such advantage has been stalled because of the years-long conflict. Both restoration of peace and access to finance are the key issues to create employment and attract investment by private enterprises.

In March 2014, the Government of Republic of the Philippines (GOP) and Moro Islamic Liberation Front (MILF) signed the Comprehensive Agreement on the Bangsamoro (CAB) which includes establishing Bangsamoro Autonomous Government. It is necessary to show actual benefits of peace by stimulating economic activities of private sectors in order to ensure sustained peace and accelerated development in Bangsamoro region¹ into the future, which might be a prerequisite to realize foundation of Bangsamoro Autonomous Government.

Especially it is urgent to create employment which needs policy support such as human resource development and capacity building for the local people and entrepreneur in consideration of ex-combatants and their family estimated at 20 to 40 thousands and other poor people.

In this regard, Japan International Cooperation Agency (JICA) decided to establish an agribusiness line of credit to serve private enterprises and agricultural cooperatives located in ARMM and the surrounding areas through a two-step loan (TSL) of which intermediary is the Land Bank of the Philippines (LBP) under Japanese ODA Loan Project called “Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship

¹ Peace agreement of March 2014 stipulates areas to be included in Bangsamoro Autonomous Government such as ARMM (Province of Lanao del Sur, Province of Maguindanao, Province of Basilan, Province of Sulu, Province of Tawi-Tawi), Cotabato City, Isabela City, 6 municipalities of Province of Lanao del Norte, some Barangays of Province Cotabato. Those areas are called as Bangsamoro Autonomous Region as Bangsamoro Autonomous Government has not yet established.

Supportive of Peaceful Transformation (HARVEST).

HARVEST aims at accelerating improvement of financial access and economic activities, hence improving employment and livelihood in ARMM as well as the surrounding areas through providing funds for production, investment and working capital to agriculture-related investment of private enterprises and agricultural cooperatives, which will contribute to sustained peace of the region.

JICA provides “Project for Capacity Building for Financial Access in Agribusiness (Technical Assistance Grant for HARVEST)” (the Project) to facilitate smooth implementation of HARVEST. This project is Phase 1 (for about 1 year) followed by Phase 2 (for 3-4 years).

1.2 Objective of the Project

The project aims at facilitating sub-loans (development, approval, and disbursement of sub-loans) by providing capacity building to the whole process of sub-loans (such as marketing, credit assessment, disbursement, and monitoring including environmental and social consideration) of HARVEST so that LBP, as Counter Part (C/P) of Harvest. The project also aims at developing a new loan scheme (Corporative) and strengthening financial literacy of micro, small and medium enterprises and agricultural cooperatives of the region.

Expected impacts of the Project is to contribute to smooth and effective implementation of HARVEST through;

- Establishment and Capacity Enhancement for Corporative,
- Capacity Building of Other Potential Project Beneficiaries (SMEs, Cooperatives, Producers' Associations, etc.), and
- Strengthening of LBP Program Implementation.

2 Activities

This project is scheduled for 1 year aiming at (1) Establishment and capacity enhancement for Corporative, (2) Strengthening financial access of SMEs and agricultural Cooperatives, (3) Strengthening operation and monitoring function of LBP for HARVEST as Phase 1 of HARVEST. Phase 2 including strengthening of financial access of Corporative will be implemented in the next 3-4 years based on result of Phase 1.

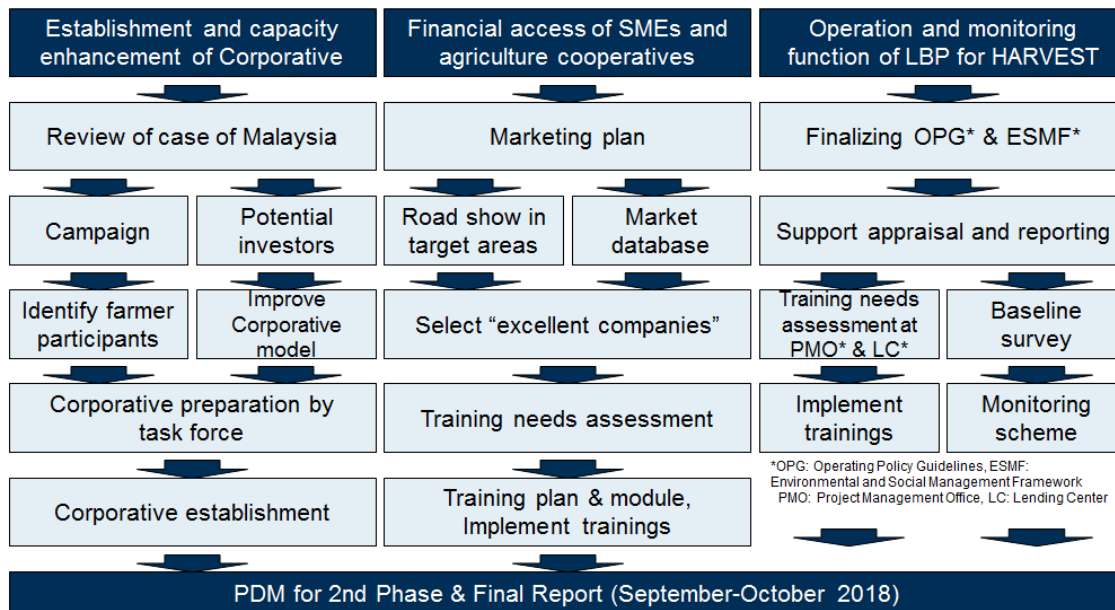


Figure 1 Flow chart of the Project



Figure 2 Team members

2-0. Preparation

TA Team drafted Inception Report (IC/R) based on proposed project implementation plan and discussion with JICA, and finalized after sharing of the report to and discussion with counterparts such as LBP.

TA Team setup project offices in Manila and Davao City as follows.

Manila Project Office (Open from January 15, 2018):

Address: 27F, LANDBANK Plaza, 1598 M.H del Pilar cor. Dr. J. Quintos Sts., 1004 Malate, Manila

- Facilities: Desks, Chairs, Printer, cabinet, Internet connection and Landline.
- Convenient to have a meeting with LBP personnel since the above office is in LANDBANK Plaza².

Davao Project Office (Open from February 12, 2018):

Address: 5F, Mintrade Building, corner of Monteverde street and Sales Street, Davao City

- Facilities: Desks, Chairs, Printer, cabinet, Internet connection and air conditioner.
- One secretary is stationed at Davao project office.

Convenient to have a meeting with the various related parties since the office is in the central of Davao city.

- Considering the safety aspect, project members ride a service car from the Hotel to the project office all the time.

TA Team made presentations to Economic Growth and Linkage Cluster Heads/representatives of ARMM regarding the JICA HARVEST Project.

Table 1 Meetings with representative of Government of ARMM/Economic Growth and Linkage Cluster

Date	Location	Meeting with
January 18 th	Davao City	Board of Investment -South Central Mindanao
January 19 th	Davao City	DTI, CDA, DENR, Davao Social Welfare Department
February 1 st	Davao City	Regional Board of Investments (RBOI)-ARMM

² In addition, considering efficiency and safety aspect, the project members are basically staying at New World Manila Bay Hotel located next to LANDBANK Plaza.

Date	Location	Meeting with
		Department of Trade and Industry (DTI)-ARMM Department of Transportation and Communication (DOTC-ARMM) Department of Tourism (DOT)-ARMM Department of Agriculture and Fisheries (DAF)-ARMM Department of Agrarian Reform (DAR)-ARMM Bureau of Fisheries Fisheries and Aquatic Resources (BFAR)-ARMM Regional Ports of Maguindanao Authority (RPMA)-ARMM Technical Education and Skills Development Authority (TESDA)-ARMM Cooperatives Development Authority (CDA)- ARMM

Note: Record of discussion is in Annex

TA team received effective comments on value chain linkage, consolidation of small farmers, and crops/commodities with advantage. It was agreed that representative of ARMM continue to cooperate with HARVEST project which includes providing lists of Large Agri-Enterprises (LAEs), Micro- Small and Medium Enterprise (MSMEs) as well as Cooperatives from RBOI-ARMM, DTI-ARMM and the CDA-ARMM to the HARVEST TA Team.

2.1 Establishment and capacity enhancement for Corporative

2.1.1 Corporative model refinement

2.1.1.1 Review the FELDA and FELCRA Model and extract lessons learnt. (R/D 1.1)

This section reviews the brief history of the Federal Land Development Authority (FELDA) and the Federal Land Consolidation and Rehabilitation Authority (FELCRA) as background information and also attempts to withdraw lessons learnt from their experiences (i.e., policy and related measures; agricultural corporative development; and environmental and safety measures) in order to apply them to HARVEST's activities in ARMM and the conflict-affected areas.

The week-long study tour to Malaysia was conducted from March 11 until March 17, 2018. There were 10 members in the study tour team (5 from LBP, 1 from JICA Philippines Office, and 4 from HARVEST TA team) and during the period, the team visited the headquarters of the FELDA and the FELCRA, FELDA's project site in Pahan state, a few hours' drive from

the capital, Kuala Lumpur (KL), the Malaysia Oil Palm Council (MPOC), *KPF* (FELDA Financial Cooperative) and so forth.³

Table 2 Activities in Malaysia Study Tour

Date	Activities
March 12 (Mon)	FELDA's sites (e.g., Lurah Bilut in Pahang state)
March 13 (Tue)	Discussion with FELCRA's former Director-General (am) Malaysia Palm Oil Commission (MPOC) (pm)
March 14 (Wed)	Visit to FELDA Global Venture (FGV)
March 15 (Thur)	FELCRA (pm)
March 16 (Fri)	Koperasi Permodalan FELDA (KPF/ FELDA Financial Cooperative)
March 17 (Sat)	Wrap-up session



Pictures taken at FELDA (left) and FELCRA

As a result of site visits and discussions with officials of these Authorities and other stakeholders, the lessons learnt from Malaysian experiences can be withdrawn for the three following issues: namely, (a) policy and related measures, (b) agricultural corporative development and (c) environmental and safety measures.

(a) Policy and Related Measures

When it comes to policy and related measures, there are three lessons learnt.

- One of the key success factors (KSFs) of FELDA and FELCRA is consistent support from the government since the 1971 New Economic Policy (NEP); In the 1960s,

³ For the details of the tour schedule, please refer to its itinerary.

Malaysian farmers fell into the two following groups: namely, (i) organized farmers and (ii) traditional farmers. After the implementation of the 1971 New Economic Policy (NEP), the Malaysian government supported consistently (ii) traditional farmers through FELDA and FELCRA by focusing on rubber and oil palm, which are more lucrative than other commodities, relocating them to the designated agricultural areas, and providing them with financial resources.

- In the early 1970s, the then Prime Minister (PM) of Malaysia Tun Abdul Razak played an influential role and incumbent PM is his son, Najib Razak. Currently, FELDA Board is supervised directly by Prime Minister's Department.
- Meanwhile, it is difficult to duplicate the past Malaysian experiences in the Philippines because the leadership changes every 6 years. Therefore, our project should be private sector-driven in ARMM and other conflict-affected areas.

(b) Agricultural Corporative Development

As for agricultural Corporative development, different lessons learnt can be withdrawn from FELDA (i.e., new land development and mobilization & settlement) and FELCRA (i.e., land consolidation and mobilization), respectively.

Brief History of FELDA and FELCRA

◆ FELDA

- i) Federal Land Development Authority (FELDA) was established in 1956 under the stewardship of the then Prime Minister and in line with the 1956 Land Development Ordinance.
- ii) Settlers were drawn from landless rural Malays and uneconomic smallholdings.
- iii) They were given at least 4ha-land in which rubber or oil palm was planted, and were allotted 1,000m² lots in a village where basic facilities were provided (e.g., water supply, schools and mosques).
- iv) Costs of developing the land are borne by loans made to the settlers. The loan payments were deducted from the settlers' income over a 15-year period.
- v) FELDA was viewed as one of the world's most successful land development agencies, although a huge amount was spent for the authority: According to the World Bank, the cost of land development for a household was USD 25,000 in 1980s.

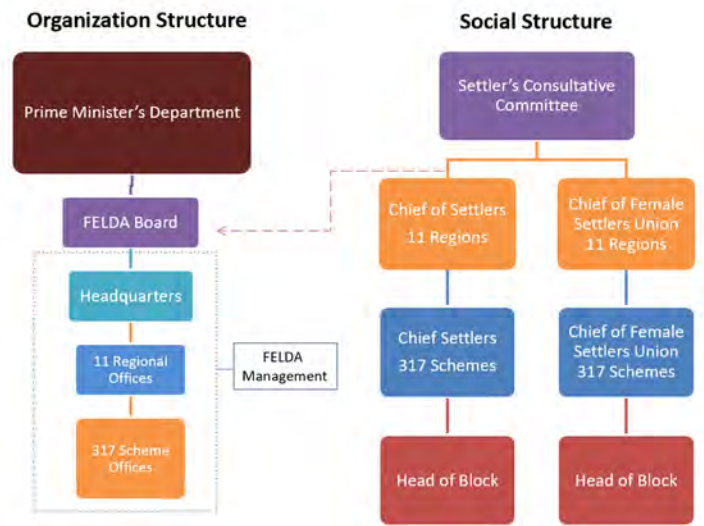
Meanwhile, the federal government set up 3-phase plan as follows:

- i) Cooperatives serve as a mechanism for settlers to learn how to farm;
- ii) Each settler was given a specific plot of land to work; and

iii) They were given the land title to that plot. However, settlers were forbidden from selling the land without FELDA's permission.

Organization of FELDA

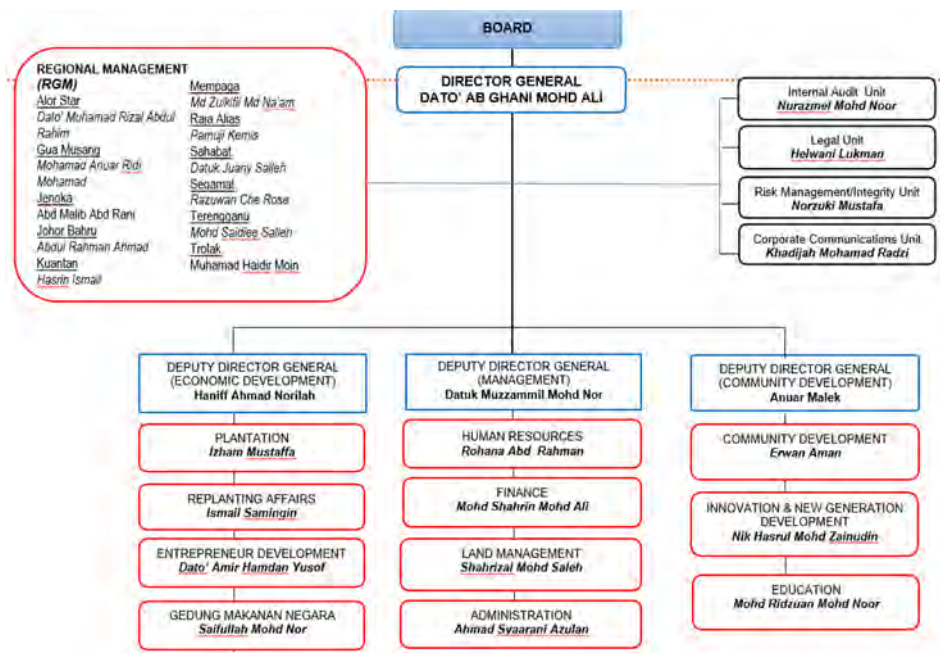
The next figure is an organization structure indicating the mechanism which reflect the voices of external committee (Settlers' Consultative Committee) in the operations of FELDA.



Source: FELDA & FELDA TECHNOPLANT SDN BHD CORPORATE BRIEFING

Figure 3 Organization and Social Structures of FELDA

The next figure is the internal organization chart of FELDA including regional management.



Source: FELDA & FELDA TECHNOPLANT SDN BHD CORPORATE BRIEFING

Figure 4 Internal organization chart of FELDA

FELDA has some subsidiaries, such as, FGV, FELDA Techno Plant, KPF (FELDA Financial Cooperative), etc.

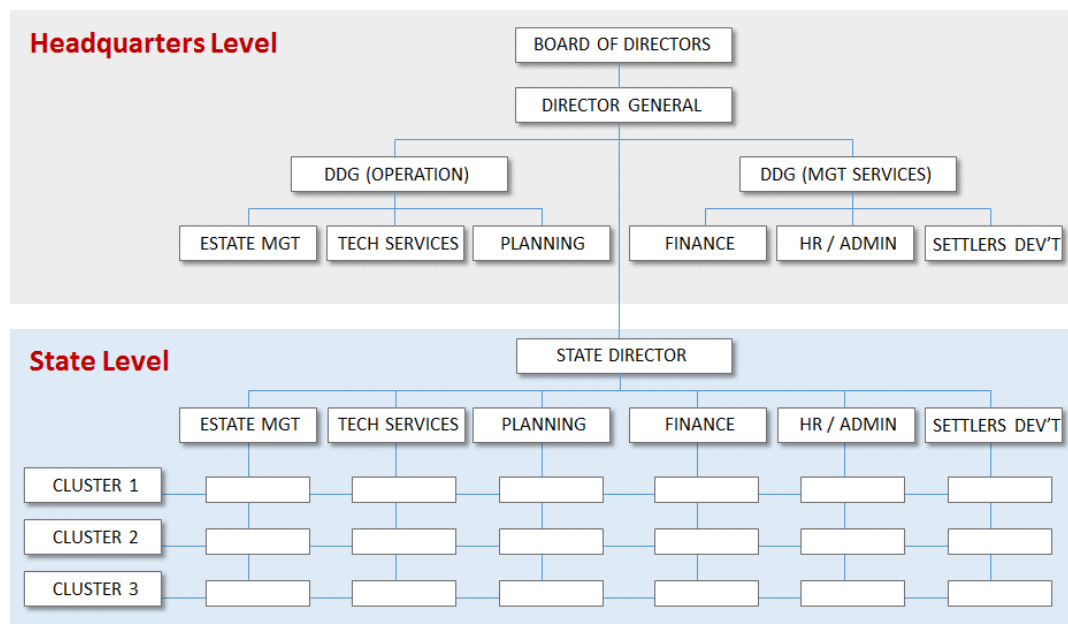
◆ FELCRA

- i) Parallel to establishment of FELDA, the Federal Land Consolidation and Rehabilitation Authority (FELCRA) was created in 1966 in response to the need of more than 200,000 ha-public lands which were given to farmers under the 1960 Group Settlement Act.
- ii) About 1.2 to 3.2 ha-lands were given to each farmer who was landless or with small-landholding.
- iii) Many schemes became problematic partly due to little public assistance and partly due to land fragmentation under the inheritance rights.
- iv) In 1964, a working group (WG) was formed to create an autonomous land agency with the following functions:
 - To rehabilitate and develop fragmented land holdings plus other areas;
 - To develop such holdings into efficient production units; and
 - To advise and assist landholders after rehabilitation to ensure efficient agricultural practices.
- v) FELCRA's operation was funded by grants from the federal government.

- vi) For land development, low-interest loans were granted with a long grace period, interest capitalized and repayment over 25 years.
- vii) The smallholder agrees to a long-term usufruct arrangement. FELCRA had three profit schemes;
 - Land-owners have the right to revenues to their land size;
 - 80% of the revenues goes to the participants and the rest (20%) for loan repayment; and
 - All participants as shareholders are entitled to profit sharing.

Organization of FELCRA

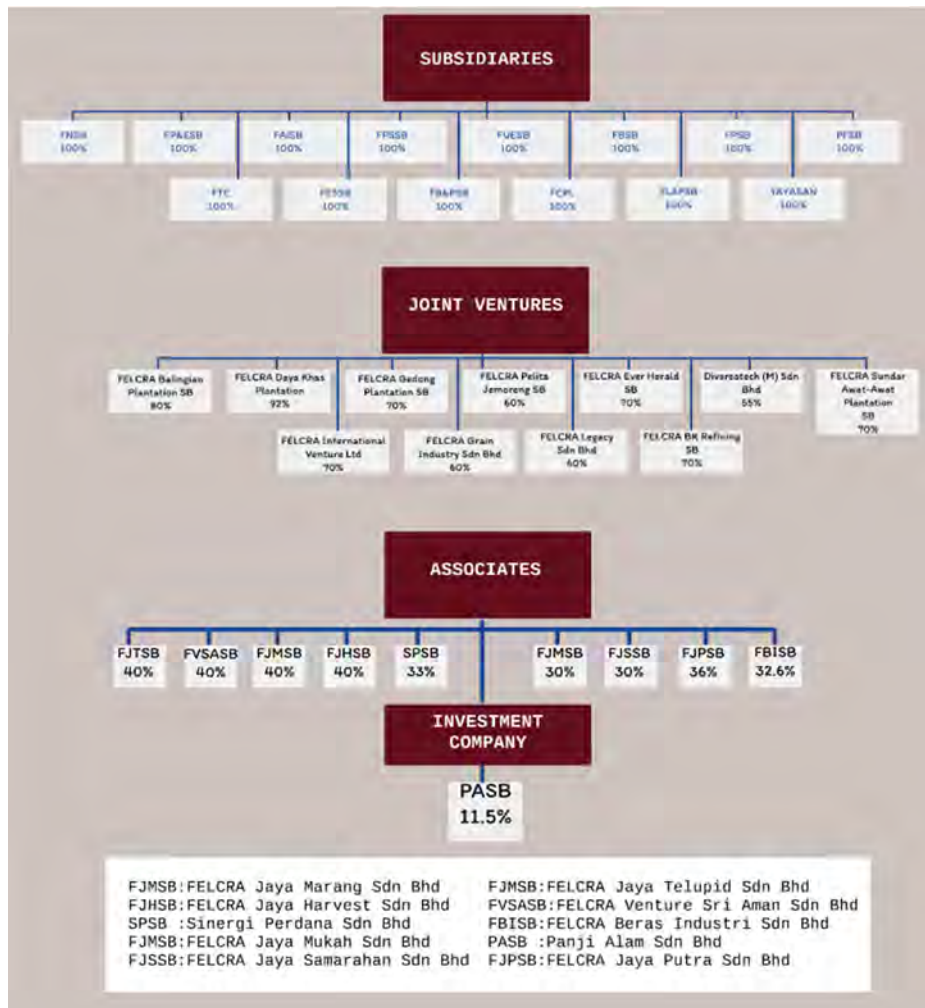
The figure below is a conceptual organization structure of FELCRA which describes delivery system of the various services to local levels.



Source: Based on website of FELCRA and the interview

Figure 5 Organization structure of FELCRA

FELCRA has more than 20 subsidiaries which are categorized into three forms: (a) wholly-owned (100%), (b) majority-owned (joint venture) and (c) associates, all of which cover a wide spectrum of business areas: namely, plantation, agro-industry, property management, training and consultancy, education services, etc.



Source: Document given by FELDA in March 2018

Figure 6 Subsidiaries of FELCRA

Lessons Learnt from Schemes of FELDA and FELCRA

◆ FELDA Schemes

i) New Land Development

- Land use maps are being utilized so as to identify new land for agricultural development; and
- Lands are owned by the state.

ii) Mobilization and Settlement of Landless Farmers

- Selection criteria of settlers include: age, married with children, landless with normal land holdings of at least 1 ha, and physically fit.
 1. Age of applicant (21-50)
 2. Married, preferably with children

3. Landless or with rural land holdings of less than 1 ha
 4. Agricultural background
 5. Physical fitness
- Plantation development is done by contractors and settlers are involved only at the time that the farm plantation is already established.
 - Settlers are provided with land for housing.
 - Livelihood training and entrepreneurship development program are provided so as to augment off-farm income.
 - Settlers are subsidized monthly by the federal government during for the first 2 years until they get dividend from plantation (3rd year).
 - Replanting and community development is conducted.

◆ FELCRA Scheme

i) Land Consolidation

- Mapping of unused lands or unproductive lands owned by various small land owners without any classification of whether these are contiguous land or not;
- Consolidate the lands for agricultural development and the cost of development is considered as loan to individual farmers and the profits are shared between and among FELCRA and each individual farmers;
- Land consolidation has no effect on land ownership;
- Land consolidation are done in two areas: consolidation by agreement; and consolidation by giving up land area for a bigger area that is contiguous area (surrender the rights of land but not the ownership of the land).

ii) Mobilization of Farmers

For the Mobilization of Farmers under the FELCRA to be successful the following activities were implemented;

- Study the area;
- Gain trust of farmers about the sincerity of the land consolidation program to achieve economy of scale;
- Work with the community leaders and religious leaders;
- Conduct campaigns to facilitate understanding among farmers about the benefits of land consolidation such as wages and dividends derive from the profits and economy of scale;
- Off-farm incomes and other alternative income over and above income from plantation; and

- Organize the farmers into cooperatives to engage in any agri-business activities as additional incomes with support from FELCRA.
- iii) Suggestion for HARVEST on farmers mobilization
- To have competent full-time management at the scheme level to supervise projects operation from the start.
 - Establishing central villages within the development, complete with infrastructure facilities such as road access, water supply, health centre, school, and public amenities
 - Each individual settler is given less than 4 hectares of land to be planted with oil palm or rubber, and another 0.1 ha as the housing lot, including one unit of wooden house.
 - Provide subsistence allowances to settlers during the development period.

(c) Environmental and Safety Measures

The lessons learnt for the environmental and safety measures are also critical. In particular, the former is two-fold: management of fertilizer and soil.

◆ Fertilizer management

- i) FELDA conducts fertilizer analysis to ensure oil palm the required fertilizer inputs are met and to check on the quality of fertilizers and ensure it meets the specification requirement under Fertilizer Act; and to satisfy regulatory requirements in contract agreements;
- ii) 30% of the production cost is used for fertilizers, while 60% of the production cost is used for pesticides with a mixed of inorganic and organic matters, and the rest (10%) of the production cost includes labor costs, agricultural equipment, etc.; and
- iii) Integrated pest management was also adopted through a combination of techniques (e.g., biological control, habitat manipulation, modification of cultural practices, and use of resistant varieties).

◆ Soil Management

- i) Soil analysis is conducted once a year to optimize fertilizers' economic yield, proper growth and development of oil palm trees; and
- ii) In order to minimize soil contamination against fertilizers and pesticides, FELDA planted "soft grass" and use empty fruit shell to cover the soil.

◆ Safety Measures

- i) In the process of oil palm production, FELDA has adopted various safety measures such as ISO, environmental management system, green technology practices and methane gas capturing.

ANNEX: Report on Study Tour to Malaysia

2.1.1.2 Review previous efforts in the Philippines similar to the FELDA and FELCRA Model and extract lessons learnt. (R/D 1.2)

The Philippine government is yet to implement a program for addressing poverty that provides the same comprehensive assistance as the FELDA and FELCRA Model has done. Philippine government agencies have consistently delivered their respective mandates for their selected clients based on the priorities set by the national government. These various agencies are yet to work together in a planned and coordinated manner for the development of specific land areas and the industries that utilize such resources and, more importantly, the improvement of the quality of lives and income levels in the poorest provinces of the country.

(a) Comprehensive Agrarian Reform Program (CARP)

On the other hand, the Philippine government has been enacting laws for land settlement, tenancy and ownership by the poor Filipinos since it was established in 1946. This series of laws underscore the attempts of the country's leaders to achieve equitable distribution of lands. In 1972, the Agricultural Land Reform Code of 1963 was bolstered by the Presidential Decree No. 2, which proclaimed the entire Philippines as a land reform area. In 1988, the Comprehensive Agrarian Reform Law was enacted and it rejuvenated the ongoing program for the redistribution of public and private agricultural lands to farmers and farm workers who are landless.

The program, called the Comprehensive Agrarian Reform Program (CARP), was envisioned to achieve an equitable land ownership with empowered beneficiaries who can effectively manage their economic and social development thereby accessing a better quality of life. Since its establishment in 1971, the Philippine Department of Agrarian Reform has seen to the distribution of the targeted agricultural land to millions of landless farmers and farm workers thereby transforming them into landowners.

Pegged at 5.16 million hectares in 1972, the targeted area for distribution was increased to 5.42 million hectare in 2015. Through the years, the implementation of the Comprehensive Agrarian Reform Program (CARP) progressed at an annual accomplishment rate of 0.5 percent. As of 2015, the number of Agrarian Reform Beneficiaries (ARBs) totaled 2,783,143 nationwide and the land distributed summed up to 4.72 million hectares. And yet, rural poverty and income inequality continue to plague the country.

Many CARP beneficiaries, with land to till and make productive use of, ended up unable to proceed with their farming and marketing operations for lack of equally crucial support in the form of financing, provision of seedlings and farm supplements, human capital development and even identification of other sources of income while harvests are still years away. Alas, a number of CARP beneficiaries have taken recourse to selling their land back to the original owners and opting to instead work for the same.

Needless to say, these untoward developments failed to bring the families of CARP beneficiaries out of poverty.

(b) ARMM Industry Cluster Capacity Enhancement Project (AICCEP)

Thus, the turnout of the CARP highlights the need to do more than just providing farmers with land. Stakeholders have to be organized and provided with capacity building to enable them to produce competitive products that meet the demand of the local and global markets.

Recognizing this lesson learnt, the Department of Trade and Industry commenced its Davao Industry Cluster Capacity Enhancement Project (DICCEP) in 2007 with the support of the Japanese International Cooperation Agency (JICA). The project covered eight priority clusters of the Davao Region; namely: coconut, seaweed, mango, banana, wood, mining, eco-tourism, and information and communications technology (ICT).

The DICCEP was first to introduce industry clustering and the value chain approach towards micro-, small and medium enterprise development (SMED) and was instrumental in the initial organization of stakeholders of the various industries into clusters. The success of DICCEP eventually led to the expansion of the project activities in the rest of the country's regions.

When DICCEP was concluded, the National Industry Cluster Capacity Enhancement Project (NICCEP) and the Autonomous Region in Muslim Mindanao (ARMM) Industry Clustering Capacity Enhancement Project (AICCEP) subsequently commenced in 2012 and 2017, respectively. In particular, the main outputs of NICCEP included the establishment of 3,561 new micro-, small and medium enterprises (MSMEs), the technical and marketing

assistance rendered to 12,711 existing MSMEs nationwide that generated a total of P9.295 billion worth of investments, US\$10.540 billion worth of export sales and P22.428 billion worth of domestic sales. The creation of 174,072 jobs was also attributed to NICCEP.

The DICCEP, NICCEP and AICCEP were all aimed towards the alleviation of poverty and generation of jobs and livelihood opportunities through the development of the micro, small and medium enterprises (MSMEs) of the country.

Taking off from the concrete effectiveness of industry clustering as a tool for enhancing the competitiveness of local industries as demonstrated by the DICCEP, NICCEP and AICCEP, regional development and industry promotion plans as well as the Philippine Development Plans of recent years have pushed for industry clusters to be organized as beneficiaries of government programs and to be provided with additional government assistance using the value chain approach of developing MSMEs.

(c) Philippine Rural Development Project (PRDP)

Meanwhile, the Department of Agriculture (DA) has implemented a range of programs to assist farmers and fisherfolks. These programs include the construction of farm-to-market roads and irrigation systems, the packaging of credit services, the provision of farming, harvest and post-harvest equipment to farmers as well as the distribution of seedlings and farm supplements.

The DA also has facilitated the access of farmers to insurance plans that protect them from the devastating consequences of typhoons and other calamities. It is worthy to note that the DA has also begun to apply the industry clustering strategy and value chain approach in designing and implementing its more recent programs.

Cases in point are the Mindanao Rural Development Program (MRDP) and the Philippine Rural Development Project (PRDP), which both utilize value chain analyses to identify specific interventions and activities that would enable the projects to deliver optimum benefit for the country's farms and fishers. The MRDP and PRDP are both funded by the World Bank.

The MRDP was geared towards an inclusive, value-chain oriented and climate-resilient agriculture and fisheries sector, especially in the poor communities across Mindanao. Implemented in two phases (i.e., Phase 1 from 1998 to 2004 and Phase 2 from 2007 to 2014), the project worked on poverty reduction in the 27 provinces of Mindanao. On the other hand, the Philippine Rural Development Project (PRDP) is an ongoing six-year project (i.e., 2014 to 2020) that is similarly aimed towards the establishment of the government platform for a modern, climate-smart and market-oriented agri-fishery sector.

In partnership with the country's local government units (LGUs), the PRDP provides key infrastructure, facilities, technology and information for the end goal of improving the income, productivity and competitiveness in the countryside. Through PRDP's assistance, the following outcomes are targeted: (i) at least five percent (5%)-increase in annual real farm incomes of household-beneficiaries; (ii) thirty percent (30%)-increase in income for targeted beneficiaries of enterprise development; (iii) seven percent (7%)-increase in value of annual marketed output; and, (iv) twenty percent (20%)-increase in number of farmers and fishers with improved access to the services of the Department of Agriculture (DA).

(d) Implications from the Malaysian examples as compared with the previous efforts in the Philippines

In summary, these Philippine government programs, as implemented by the Department of Trade & Industry (DTI) and the Department of Agriculture (DA), do not exhibit the same focused collaboration that is required by the FELDA and FELCRA models.

Other government agencies have, likewise, provided capacity building and business support for their respective clients – the Department of Agrarian Reform (DAR) has implemented programs for the Agrarian Reform Beneficiaries (ARBs) and the Department of Science and Technology (DOST) has facilitated the acquisition of equipment and machineries that enhanced the productivity of MSMEs and the quality of their products.

The national government agencies have been implementing programs for the development of the same priority industries, which include palm oil, rubber, coconut, coffee, cacao, abaca, banana, cassava, seaweed, livestock and fisheries. It remains, though, that orchestrated efforts of the agencies involved towards the development of specific common beneficiaries located in a consolidated expanse of land are absent and yet to be achieved.]

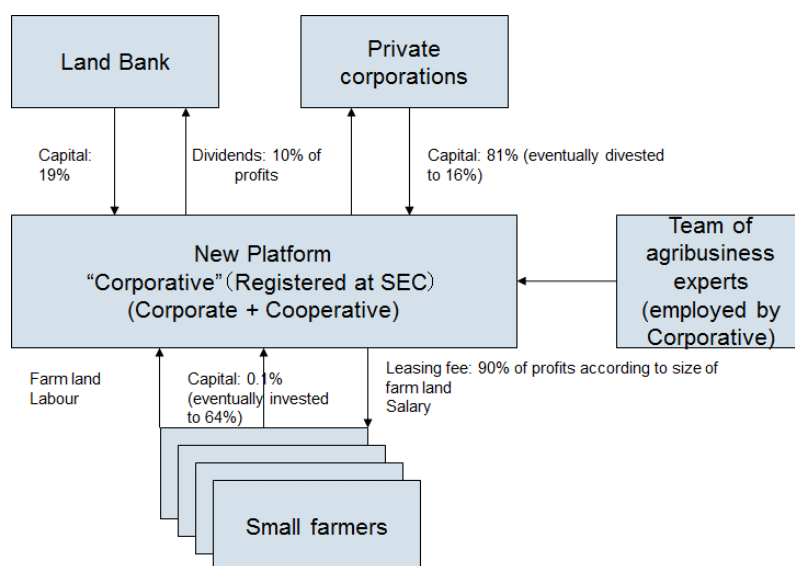
Indeed, the projects implemented by the various government agencies are managed in silos and do not leverage on the synergy that would have been generated and should have been optimized to achieve inclusive growth and poverty reduction.

The FELDA and FELCRA Model brings to the fore the importance of a strong leadership and government led comprehensive development plan and its implementation. Moreover, the FELDA and FELCRA Model presents the importance of enabling the beneficiaries to build a township and organization structure in order to achieve empowerment. After all, agro-industrial development requires that the necessary scale and quality demanded by the market are consistently met, among others. The kind of township instituted by the FELDA and FELCRA Model is founded on a strong organizational structure and systematically allows the beneficiaries as one compact whole to offer scale and quality; the delivery of their

bulk production to the mills or processing plants, then, follows as a workable mechanism.

2.1.1.3 Refine the “Corporative Model” based on the above reviews (R/D 1.3, R/D 1.4)

Corporative, under the original concept, is supposed to be established to focus on producing a specific farm product in a certain area. It is started as a private corporation capitalized by LBP and private enterprises, then transformed gradually to cooperative owned by farmers by transferring shares from the original shareholders to the farmers. Under this organizational structure, Corporative consolidates fragmented farm lands by making a lease agreement with farmers. The farmers earn revenue such as leasing fee and salary in working as employees of Corporative.



Source: Presentation material of “JICA HARVEST Project in Mindanao”

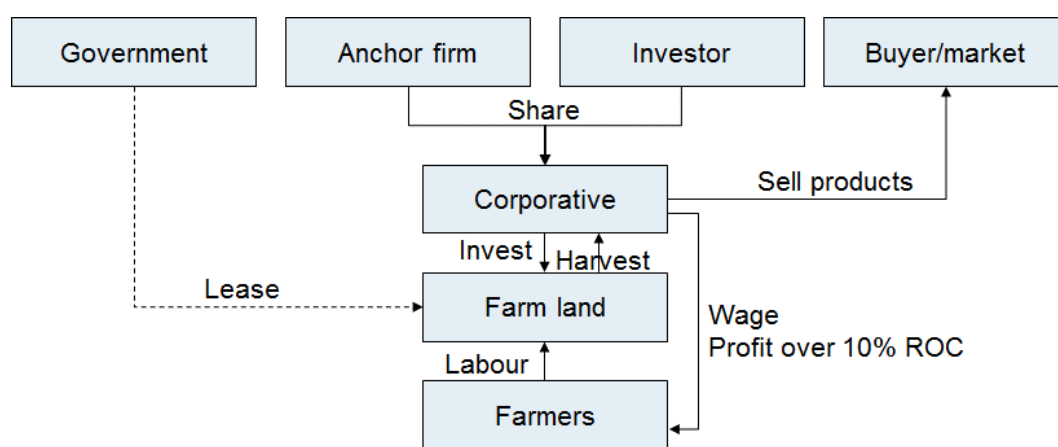
Figure 7 Original concept of Corporative

However, the concept of Corporative was identified to be somehow different from the original one, especially Corporative is not necessarily a newly established enterprise of which shares are gradually transferred to farmers so that the farmers will own it as a cooperative.

The followings are to highlight the exemplified case of Corporative from a simple LAE investment.

- Concept of Corporative is a social enterprise by supporting land consolidation and agribusiness.

- Farmers will enjoy significantly higher income thanks to improved productivity
- Farmers will enjoy profit sharing for the portion over 10% of ROC. Shared profit for farmers are based on increase of production volume within allocated 4 ha area, without risk of price fluctuation.
- LBP will provide Corporative with preferential conditions such as relaxed capital-to-debt requirement (10:20) and lower interest rate.
- LBP will also support farmers by restructuring their existing borrowings to 15 years maturity if they participate in Corporative.



Note: This is just an example discussed during the process of refining the Corporative model

Figure 8 Actually exemplified Corporative Model

It is regarded that transfer of ownership of Corporative to farmers may not be easily accepted from view point of investors. In this context, it is crucial to elaborate how to design the Corporative model which brings benefits to small farmers and discriminates it from a prevailing marketing agreement joint venture (JV), based on implications from FELDA and FECLRA cases of Malaysia and above exemplified concept. The followings are elements to be considered for Corporative model.

Marketing Agreement

- This may include stabilization of agro-related revenues of farmers by contract which exempts them form market risk, supply of inputs, supply chain finance, technical support for quality control, mechanization service and standardized production plan, etc.
- Although those are not intrinsic of Corporative, they are basic elements for farmers' benefits.

Loan support

- This may include arrangement of credit for farmers including restructuring of existing debt and withholding repayment from the payment to farmers.
- Establishment of credit cooperative might be also an option.

Supplementary income

- Support farmers during grace period until first harvest of the main crops (by subsidy or guidance on other short-term products)
- Support employment in annual idling period, support for side business at farmers' own lot, employment of family members at factories/offices of the value chain

Profit sharing

- The enterprise and farmers will share a portion of excessive profit over standard ROC such as 10% by agreed ratio. Sharing among farmers, allocation may be based on productivity by harvest area or excessive production over standard productivity

Township⁴

- Soft infrastructure such as maintained order and security, decision making structure, socialization platform, etc.
- Hard infrastructure such as road, water supply, health facility/hospital, school and training facility, shopping center, and event facility
- Marketplace for farmers to trade with side business outputs
- Those are also benefit for the enterprise in retention of farmers in long term

⁴ a) Safety refers to having trustworthy security within the whole township from illegal and unidentified people coming and out of the township. Landscaping along roads and walkways and having broader walkways that provide ample space between pedestrians and traffic could also effectively enhance safety and security of the township.

b) Community well-being refers to the presence of parks and open spaces as well as multi-purpose facilities not only promote health but also build closer community bonds. Walkways and cycling paths that encourage residents to walk and cycle with township rather than driving also promotes community well-being.

c) Economic activities refers to the presence of commercial projects within the township that could house businesses that offer convenient services to the residents. There could also be industrial areas that could provide employment or create job opportunities and greater economic activities.

d) Accessibility refers to road network within the township area with strategic entrance and exit that link to the highway and around to facilitate

e) Livability refers to a well-planned township that incorporate various components including amenities such as schools, hospitals and commercial establishments to service the needs of the population in the township.

Employment

- Ensure employment of family members at farms and/or side business, and value chain of the enterprise's business

The following table tries to check with various models such as original Corporative, FELDA, and FELCRA on whether there are compliant with each elements.

Based on those assessments, it is proposed and agreed on Requirements of Corporative in Joint Coordinating Committee (JCC) held on April 23rd 2018. With consideration of change of the concept of Corporative, Equity ownership transfer and Farm ownership transfer are not required criteria for Corporative model anymore.

Table 3 Elements required for Corporative

Benefits for farmers	Original Corporative	FELDA	FELCRA	Requirement
Equity ownership transfer	Yes	No	No	Optional
Marketing agreement	Yes	Yes	Yes	Required
Loan support	Yes	Yes	Yes	Required
Supplementary income	N/A	Yes	Yes	Required
Revenue/profit sharing	Yes	Yes	Yes	Required
Township development	No	Yes	Yes	Required
Farm ownership transfer*	Yes	No	N/A	Optional
Employment system	Yes	Yes	Yes	Required

*Note: This element might be a necessary element under the original concept for transformation of corporation to cooperative.

2.1.2 Mobilize farmers who participate to the Corporatives

2.1.2.1 Site Selection and Attain in-principle agreement from local leaders (R/D 2.1&2.2)

TA Team supported LBP in selecting 3 locations where feasibility of Corporative is high, and attain agreement from local leaders.

LBP proposed 3 pilot project sites for Corporative with criteria such as i) farm land of minimum 10,000 hectares located in the target area, ii) the land being contiguous, and iii) commitment of project ownership by local government and/or investor. Those criteria was

confirmed in meetings with representatives of local government and OPAPP for the two sites, and potential investor for another one site. Those pilot sites are approved in JCC on April 23rd 2018.

Table 4 Proposed 3 pilot projects for Corporative

Project	Area	Investor	Working group meeting
LASBUENASCAR	Type: Government-owned land Agusan del Norte 19,000 ha 4 municipalities (Buenavista, Carmen, Las Nieves, Nasipit) of Agusan del Norte	TBD	February 28th (Davao) April 19th (Butuan)
Corn and Rice project by Biotech Farms	Type: Individual farmer owner Corn-10,000 hectares and rice 20,000 hectares South and North Cotabato, Sarangani, Sultan Kudarat, and Maguindanao	Biotech Farms	March 1st (Davao) May 10th (Manila) Sep 11th (Manila)
Central Maguindanao Development Cooperation Alliance (CMDCA)	Type: Government-owned land 12,733 ha 5 municipalities, 11 barangays of Maguindanao	TBD	April 20th (Davao) June 1st (Davao)

TA Team supported LBP in organizing working group meetings (Please see the following 3 tables for breakdown and number of attendants).

Table 5 Working group meeting of LASBUENASCAR

Date	Activity	Venue	No. of participants							
			Lasbuenascar	OPPAPP	LBP HQ	LBP LC	JICA/TA team	Secretariat	Others	Total
2/28/2018	MTG	Water Front in Davao City	3	1	4	0	4	1	2	15
4/19/2018	STAKEHOLDERS CONSULTATIVE CONFERENCE FOR THE LASBUENASCAR	PGO CR in Butuan City	16	2	5	2	1	0	4	30
Total			19	3	9	2	5	1	6	45

Table 6 Working group meeting of Corn and Rice project by Biotech Farms

Date	Activity	Venue	No. of participants						
			BioTech	OPPAPP	LBP HQ	JICA/TA team	Secretariat	Others	Total
2/28/2018	MTG	Water Front in	6	0	3	4	1	0	14
5/10/2018	Biotech Corporative Project Technical Working Group Meeting (TWG)	Land Bank Plaza (Manila)	2	0	3	3	0	0	8
9/11/2018	MTG	Land Bank Plaza (Manila)	3	0	6	5	0	0	14
Total			11	0	12	12	1	0	36

Table 7 Working group meeting of CMDCA

Date	Activity	Venue	No. of participants						
			CMDCA	OPPAPP	LBP HQ	JICA/TA team	Secretariat	Others	Total
4/20/2018	LBP-OPAPP-CMDCA-AL QALAM TWG INCEPTION PLANNING MEETING	The Royal Mandaya Hotel in Davao City	16	2	7	5	1	1	32
6/1/2018	DEVELOPMENT FOR PEACE CORPORATIVE PROJECT	The Royal Mandaya Hotel in Davao City	6	2	5	2	1	0	16
Total			22	4	12	7	2	1	48

2.1.2.2 Develop social marketing plan, campaign material for the promotion of “Corporative” to target stakeholders (R/D 2.3)

Mobilization is the initial process of getting stakeholders interested and aware of the concept of participation in the Corporative. As actual farmers’ mobilization have not yet taken place, TA Team recommended a social marketing framework. This framework includes notifying people, gathering relevant information, analyzing the situation, and getting those with various concerns or interests involved, making them understand that they are ‘in the same boat’, and facilitating a positive attitude with a common interest/goal.

The mobilization of stakeholders often involves dealing with less visible stakeholder groups. Obtaining trust of the stakeholders and identifying and involving key persons, such as the leaders of farmers’ group, are common mobilization practices so as to ensure an effective participation process and to avoid conflicts.

The following figure shows the development of Stakeholders’ Mobilization Framework, which consists of five phases, in order to encourage the target stakeholders (especially farmers) to participate in the Corporative.

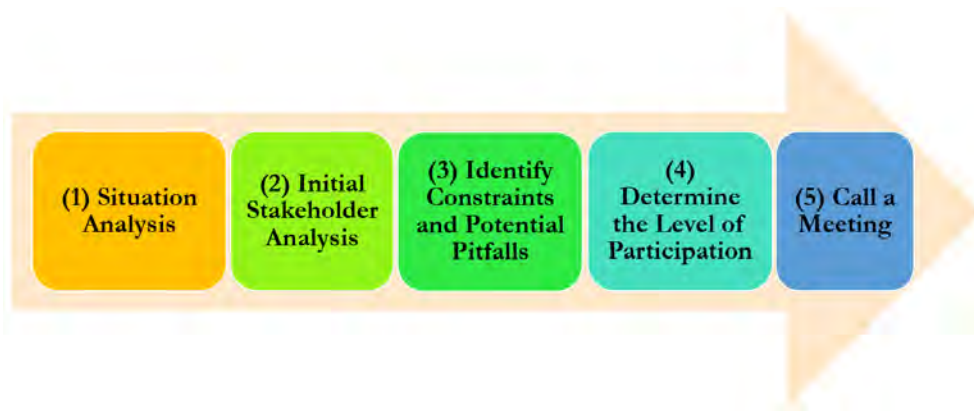


Figure 9 Stakeholders' Mobilization Framework

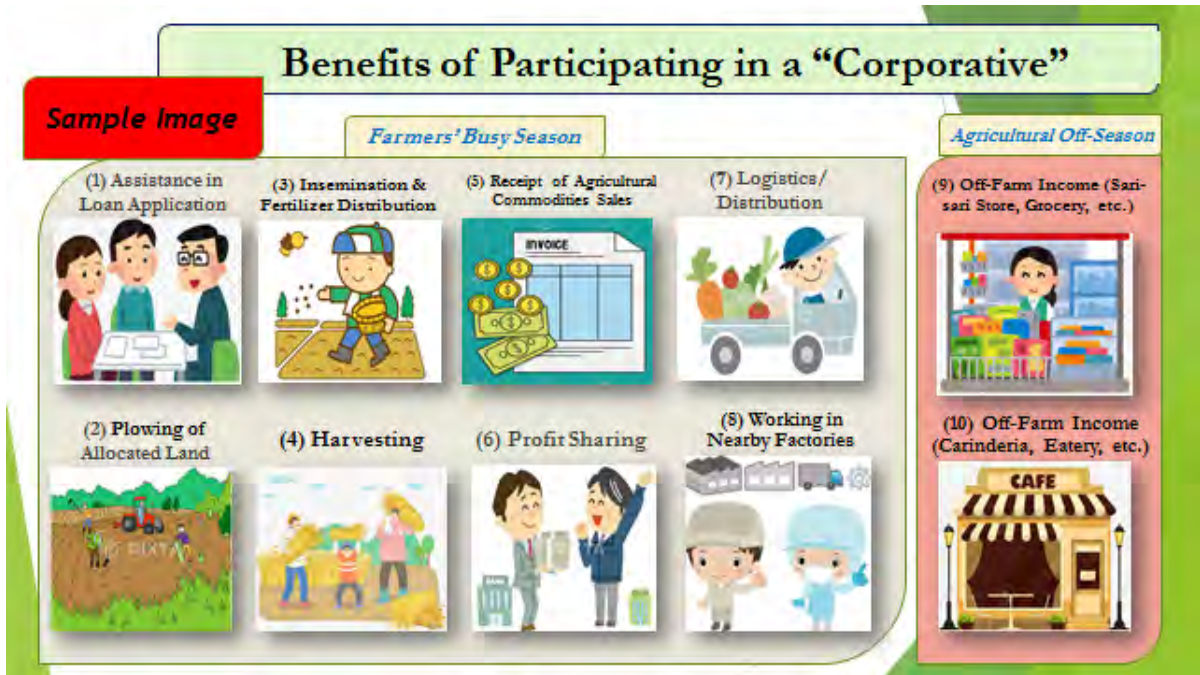
The contents of each phase are summarized in the following table.

Table 8 Steps of stakeholders' mobilization

Steps	Contents
1. Situation analysis	✓ Engage with communities using the appropriate methods for gathering information and conduct an analysis of the economic characteristics of the target areas, agricultural resources, harvesting practices, other activities taking place in the areas, local infrastructure, etc.
2. Initial stakeholder analysis	✓ The stakeholder analysis should reveal the interests, contribution, potential problems and networking capabilities of stakeholders.
3. Identify constraints and potential pitfalls	✓ Identify which circumstances or existing issues could have an affect on effective participation.
4. Determine the level of participation	✓ It may, at this stage, be possible to decide on the level and type of participatory interactions.
5. Call a meeting	✓ Once the above activities are complete, a meeting should be organized where participatory roles and process are discussed, planned and formalized.

Among those steps, TA Team has compiled “LASBUENASCAR Corporative Environment and Social Considerations Preliminary Screening-scoping Report” as situation analysis. The succeeding steps from step 2 to step 4 are supposed to be supported by TA Team through Environmental Impact Assessment (EIA) and Resettlement Action Plan (RAP) in Phase 2 of HARVEST TA.

TA Team also developed a sample promotion tool as shown in the chart below. This is to highlight benefits for farmers, based elements to be met for Corporative project under HARVEST. In the 2nd and subsequent pages, details of benefits and conditions are supposed to be present according to specific business model and investors' business model of value chain.



Benefits of Participating in a “Corporative” (cont’d)

Sample Image

- (1) LANDBANK will assist in applying for a loan. And provide loans
- (2) Plowing of allocated land after loan release.
- (3) Insemination and fertilizer distribution during agricultural production.
- (4) Crop harvesting in cooperation with family members and workers.
- (5) Receipt of sales (*less cost of inputs and repayment).
- (6) Profit sharing between the enterprise and farmers based on the agreed ratio.
- (7) Family members may assist in the transport of agricultural produce from farm to market by truck.
- (8) As a paid worker, other family members may work in nearby factories to earn off-farm income.

> Agricultural Off-Season

- (9) and (10) During off-season, you and/or your family members may engage in other business/livelihood activities to earn off-farm income (e.g., sari-sari store, grocery, eatery and beauty salon) within or outside of the municipality.

(To be filled with details based on investor's business plan)

Figure 10 Sample Flier for Corporative of individual farmer owner type (Biotech Farms Project)

ANNEX: Sample Framework on Social Marketing Plan (LBNC)

Sample Framework on Social Marketing Plan (Biotech Farms)

2.1.2.3 Conduct seminars to the farmers of the potential locations (R/D 2.4)

As discussed, Corporative model has been modified from the original concept. Besides, Biotech Farms' project, one of the 3 pilot projects, has slowed down in its progress because the investors reconsidered its business model. Biotech Farms started a pilot rice cultivation which take 3-4 months in order to measure actual rice production by different varieties, and also elaborated the methodology of farmers' mobilization (discussed in later sections). In the meantime, LBP plans to organize farmers meeting seminar for LASBUENASCAR project in Butuan City in October.

TA Team composed a tentative social marketing plan in order to support LBP in organizing the seminars to invite farmers to Corporative project.

2.1.2.4 Identify farmer-participant and secure their commitment (R/D 2.5)

The pilot projects of Corporative have not yet entered process of specifying farmers and receiving participation agreement to Corporative projects from farmers. This is because it takes more preparation such as environmental and social safeguards assessment and clearance for projects on government-owned land such as LASBUENASCAR and CMDCA to step into farmers' mobilization. In the meantime, a pilot project of Biotech Farms, another type of Corporative which consolidates small farm land, revised its process towards Corporative model and the firm decided to set a preparation period before entering farm and marketing management agreement.

In those circumstances, TA Team designed general social marketing PR tool in Phase 1. Mobilization of farmers shall take place after environmental and social safeguards assessment for LASBUENASCAR and other government-owned land project.

Biotech requested TA team to assist in the preparation of study on fully mechanized rice and corn production and determine the guaranteed monthly income to be offered to participating farmers. This was not done because experts on Phase 1 do not include agricultural expert. Subsequent request was to refer to reliable supplier of agricultural equipment in Japan and technology training of participating farmers, which was not also done. (But could be provided under Phase II of TA). For Biotech Farms Project, TA of Phase 2 might support the firm in conducting initial social marketing to invite small farmers to preparation step where the firm provides mechanization services to farmers (Farming

Support Servicing (FSS)), which will be further explained in later sections.

2.1.3 Mobilizing investors to Corporate

2.1.3.1 Outreach to investors (R/D 3.1&3.2)

(1) Investments in Mindanao

According to the statistics from Philippine Statistics Authority (PSA), the investment to Mindanao has once increased by 180% from 2014 to 2015, however, it has dramatically reduced by 75% from 2015 to 2016⁵. Obviously, this fluctuation is due to a series of conflicts in Mindanao. The 2016 investment to Mindanao amounts to 3.389 million pesos, while that to entire Philippines depicts 219.039 million pesos, showing that about 1.5% of the total investment to the Philippines is for Mindanao.

⁵ Based on the sum of Region 9-12 plus ARMM

Table 9 Total Approved Foreign Investment By Region 2015-2017 (In Million Pesos)

Region	2014	2015	2016	2017 Upto 3rd Q	Total 2014-2017 (3Q)	%
NCR - National Capital Region	52,070	34,137	37,572	11,916	135,695	19%
CAR - Cordillera Administrative Region	1,502	26,311	24,668	119	52,600	7%
I - Ilocos Region	0	726	6,078	10,048	16,852	2%
II - Cagayan Valley	342	596	2,164	80	3,182	0%
III - Central Luzon	25,615	22,715	13,717	5,666	67,712	9%
IVA - CALABARZON	87,189	115,648	94,337	41,991	339,164	46%
MIMAROPA	2,264	3,843	1,272	345	7,725	1%
V - Bicol Region	0	2,020	0	240	2,260	0%
VI - Western Visayas	619	4,946	9,243	4,442	19,249	3%
VII - Central Visayas	6,989	11,692	13,614	5,690	37,984	5%
VIII - Eastern Visayas	724	38	3	141	906	0%
IX - Zamboanga Peninsula	0	0	206	0	206	0%
X - Northern Mindanao	2,661	3,870	1,521	1,585	9,636	1%
XI - Davao Region	505	1,733	1,285	687	4,210	1%
XII - SOCCSKSARGEN	2,995	6,462	10,923	13	20,393	3%
XIII - Caraga	1,649	3,115	1,396	409	6,568	1%
ARMM - Autonomous Region in Muslim Mindanao	580	0	1,040	695	2,315	0%
Several Locations	0	5,096	0	0	5,097	1%
No Site yet	0	14	0	0	14	0%
Total	185,702	242,961	219,039	84,068	731,769	100%

Details may not add up to totals due to rounding.

Source: Philippine Statistics Authority (PSA)

Sources of Basic Data:

Board of Investments (BOI), Clark Development Corporation (CDC), Cagayan Economic Zone Authority (CEZA), Philippine Economic Zone Authority (PEZA), Subic Bay Metropolitan Authority (SBMA), Authority of the Freeport Area of Bataan (AFAB), and Board of Investments ARMM (BOI ARMM).

According to the data from SEC, the number of SEC-registered companies in the ARMM is at 3,621 as of August 2017. It is thought, however, that most of which are either inactive or nominal. As of 2015, 46 companies are registered in PCCI Cotabato, which is an increase of 33 from 13 at 2000 level.

Table below indicates the investment amount by Investment Promotion Agency (IPA). Investment amount to ARMM is recorded by R-BOI. The table indicates that the investment to ARMM was rather small in the past and it started practically after 2012. The invested amount is either the second or the third to the last among the 15 IPAs in the Philippines.

**Table 10 Total Approved Investments from Foreign Nationals by Promotion Agency
(In Million Pesos)**

AGENCY	Year							Growth Rate (Q1 2016 - Q1 2017)
	2010	2011	2012	2013	2014	2015	2016	
AFAB	-	86.0	390.6	2,120.7	406.0	459.6	161.4	(100.0)
BOI	22,328.5	23,234.9	74,064.8	120,646.3	36,888.4	59,507.0	89,395.9	(77.6)
BOI ARMM	-	-	426.8	322.0	579.6	3,218.7	1,040.1	(100.0)
CDC	26,249.8	18,805.9	4,504.4	1,986.0	8,970.4	9,701.8	2,295.6	71.6
CEZA	-	233.5	128.9	599.8	341.9	595.7	141.7	131.2
PEZA	142,167.4	195,534.1	209,376.6	147,670.8	127,479.7	168,925.3	121,215.8	25.0
SBMA	5,317.7	20,336.9	652.3	668.0	12,277.2	2,807.5	4,788.1	(9.4)
TOTAL	196,063.4	258,231.3	289,544.4	274,013.6	186,943.2	245,215.6	219,038.6	(12.8)

Source:

Board of Investments (BOI)

The cumulative invested amount during the period of 2010 to 2016 accounts for 0.3% of the total investment. Although still small, some early investments are observed after the signing of the Framework Agreement on the Bangsamoro (FAB) in December 2012.

It is considered that the investment aims at securing the earliest opportunities through establishing a joint venture with powerful partner in the ARMM and such movements will increase before the passing of the BBL.

According to R-BOI, the field of investment is quite limited to agriculture and agri-business related areas, and investment destination from 1992 to present is clustered mainly in the mainland provinces of Maguindanao and Lanao del Sur.

(2) Perceptions of the private sector on investment in the ARMM

1) Foreign chambers of commerce

As the establishment of ARMM political entity comes to a close, the perceptions of investment to the Region seem to change. The TA Team examined such changes through interviewing 5 international chambers of commerce, having representative offices in Manila (Table below).

The interviews were conducted in February to April 2018 – before the issuance of BBL - to have insights on how the investor's prospect was placed toward Mindanao and conflict affected areas. Furthermore, interviews were conducted to several tycoons belonging to the Chinese Chamber of Commerce in the Philippines who, positioned under the umbrella of PCCI, have strong influence to the economy of the Philippines.

Interests in investment toward the ARMM and conflict affected areas in Mindanao (ACAAM) in Mindanao are increasing among investors in Metro Manila⁶. The four chambers

⁶ A similar survey in the “Comprehensive Capacity Development Project for the Bangsamoro Development Plan for the Bangsamoro (JICA, 2016) shows that most foreign chambers of commerce showed little interest to invest into ACAAM. Japan made several investments after 2015 like Dole and SumiFru but their priority

of commerce—Japan, Canada, U.S., and EU—have a branch office in Davao. However, the JICA Study Team noticed that the interest to invest in agriculture sector is rather low except Malaysia. Generally, agriculture from the viewpoint of investors from Manila seems a very risky investment due to unforeseeable typhoon attack, land issues and, of course, peace and order problems.

While Malaysian investors are keen to invest in ACAAM, they are having confidence in developing palm plantation in the ACAAM successfully. According to Malaysian Chamber of Commerce in the Philippines, they are seeking for co-investors from other countries. They are ready to provide technical know-how to organize local communities of Muslims as a way to operate palm plantation on a wide scale.

The interviews to Chinese Chamber of Commerce of the Philippines and Chinese tycoons have not been conducted yet, although according to the same survey in 2015, they have no interest in doing business at all into the ACAAM.

at present is placed more on the service sector. According to the top management of Sogo-shosha of Philippine operation, the agriculture sector in Mindanao holds many risks such as typhoons and land management etc., while the service sector which includes automotive and motorbike loan and insurance is a much more low-risk business.

Table 11 Interest on Investment by Foreign Chamber of Commerce and Industries locating in Manila

Nationality of Chamber of Commerce	How do you see the investment to ARMM and conflict affected area (ACAA) in the future?				Prospects
	Change of interest on investment to ARMM and Conflict Affected Area (ACAA) compared to 2015.	The moves of investors of own country toward ACAA	Outstanding movement	The condition to attract investors.	
Japan	Agriculture (already invested by some companies) to Service Sector	Wait & See (Sogo-Shosha eyes on service sector)	Auto and motorbike loan (by sogo-shosha)	BBL Peace and Order	Investment to agriculture sector will increase by risk-taking SMEs
USA	No new company invest to ACAA.	Wait & See No new entrant	Cargill and cacao related companies are getting active for the future expansion.	BBL Peace and Order	New entrant to ACAA for agriculture sector seems to be difficult to imagine.
EU	ECCP's policy became more aggressive to attract investment to ACAA	Wait & See (But they do not have business know-how in ACAA)	None so far. (No activity by European enterprise was heard in the field.)	Peace and Order Investment Attraction Activity	Investment to agriculture sector is hard to consider.
Korea	Yet to be done	Yet to be done	Yet to be done	Yet to be done	Yet to be done
Canada	No change from 2015 level in general, but some companies are gradually getting active.	Wait and See No new entrant	Infrastructure development and Mining are major concern., Agriculture and Truism come to the second.	Peace and Order Several success case is necessary to attract more investors	Competitors on Mining sector include Australia, France and US companies. Investors seems to have no interest on agriculture.
Australia	NA				
Philippines (Manila)	Yet to be done	Yet to be done	Yet to be done	Yet to be done	Yet to be done
Malaysia	Investors continuously have big interest to ACAA.	Several investors keen on i) Palm Oil production followed by ii) Vegetable and cacao, and iii) Rubber in this priority.	Palm oil investors are looking for foreign partner to avoid international criticism toward Palm production.	Existence of Co-investor (Japanese investors are more preferable)	It seems that Palm plantation increases rapidly once investors focus on ACAA after issuance of BBL.
Chinese	Yet to be done	Yet to be done	Yet to be done	Yet to be done	Yet to be done

Source: Interview by JICA Study Team

2) Companies based in Mindanao

In Mindanao, the JICA Study Team interviewed the Cagayan de Oro Chamber of Commerce and Industry (CDOCCI) and the Davao City Chamber of Commerce and Industry (DCCCII) between February and March 2018. Some private outstanding investors were also interviewed during the period. DCCCII's interest in investing in the project area is stronger compared to companies in Luzon Island because there are several member companies such as Uni Frutti and Agumil, which have already established ties with the ARMM and invested there. It is also the case of CDOCCI.

One of noteworthy investments was the Davao-General Santos-Bitung/ASEAN Shipping Service route which was launched on April 30, 2017. The MV Super Shuttle Roro 14 sets travel from Davao City to General Santos cities in the Philippines to Bitung City in

Indonesia with only 1.5 days of travel time. The route was considered by the Philippine government as “one of the greatest highlights of the country’s chairmanship of the (Brunei-Indonesia-Malaysia-Philippines-East ASEAN Growth Area) and (Association of Southeast Asian Nation) Summit held in 2017.” The vessel is owned by the Asian Marine Transport Corporation. The cargo and roll-on/roll-off car carrier has a gross tonnage of 6,974 tons and a capacity of 100 TEUs (twenty-footer equivalent units).

Presumably companies in Mindanao have a great deal of interest in the region, and many companies have a plan to extend their businesses there. In this sense, the first target of attracting investment for a ‘Corporative Concept’ will be the companies located in Mindanao itself.

The private sector in Mindanao is aware that the relationship with local bosses is a key factor for success in doing business in the ARMM⁷. Sometimes, there is a run-up case prior to full investment in the region, in which a private company invests in a business in Davao and Cagayan de Oro with a tycoon in the ARMM.

Neighboring countries

According to a JICA Study⁸, neighboring countries such as Malaysia, Indonesia, and Brunei showed a strong interest in the ARMM and Conflict Affected Areas in Mindanao (ACAAM) in 2015. However, the media coverage of Indonesia and Brunei on ACAAM-related matters is still small as of March 2018. Malaysia already has organized reconnaissance missions several times for the future investment in ACAAM with potential investors. On the other hand, there were no outstanding investment commitment from Indonesian and Bruneian companies over the last two years.

Major newspapers have reported of the commitment of investment by several foreign companies as follows:

⁷ They say that the success of Uni Frutti greatly attributed to strong partnership with Datu Paglas (owner of land holding company namely, Paglas Corp).

⁸ “Comprehensive Capacity Development Project for the Bangsamoro Development Plan for the Bangsamoro (JICA, 2016)

Table 12 Interest of ACAAM by Foreign Investors

Country	Date Reported	News Source	Interest in Mindanao
Malaysia	Wednesday, January 04, 2017	SunStar Davao	Malaysian investors will continue to look at Philippines especially Mindanao as their viable investment hub this year. Malaysian business leaders showed interest in investing in infrastructure, mass transportation development, building of regional centers, joint ventures in agribusiness, halal-certified products, and high value post-harvest processing facilities.
Malaysia	Tuesday, December 29, 2017	Business World	Many Malaysian investors would love to go to ARMM for the great opportunities in the minerals and plantation sectors, among others once stability sets in. The plan is based on the East Asean Growth Area (BIMP-EAGA) initiative, a sub-regional economic cooperation, comprising Malaysia, Brunei, Indonesia and the Philippines, founded in Davao City.
France	Wednesday, November 01, 2017	Mindanao Development Authority (MINDA)	Gintong Agri-corporation a subsidiary of Agricola Holdings, a company that operates oil palm and rubber estates across Central America, West Africa and Southeast Asia has committed to initially develop 5,000 hectares of oil palm in Datu Odin Sinsuat, Maguindanao. The company aims to expand up to 20,000 hectares covering the municipalities of Talayan and Guindulungan in the next decade.

Source: WEB search by TA Team

(2) Investor seminar

TA Team organized various meetings/seminars with potential investors as well as interviews with other business persons and chamber of commerce in order to find general demands of investors on Corporative project.

Table 13 Investor seminar

Date	Location	Attendants
December 11 th 2017	Davao	- Mr Ramon Floresta, CEO, RNF Industries Corporation, Makilala, North Cotabato - Mr Ramon & Nathan Floresta
March 19 th 2018	Davao	- Mr. Arturo M. Milan – President (Davao City Chamber of Commerce and Industry, Inc.) - Mr. John Tria – Vice President (Davao City Chamber of Commerce and Industry, Inc.) - Mr. Roberto P. Puentespina – President (Davao Thermo Biotech) - Mr. Rey Sorongon – President (AMYA) - Mr. Larry Tungpalan – Tech Adv (LGU-Davao City) - Ms. Kristine Datanagan – Chief of Staff (LGU-Davao City) - Mr. Dicky Puyod – Phil. Greenfarm - Mr. Michael Bumaya – Advocacy Lead (Davao City Chamber of Commerce and Industry, Inc)

March 2018	19 th	CDO	<ul style="list-style-type: none"> - Mr. Chris Ivan Lagapa (Exec. Director, PCCI, Oro Chamber) - Ms. Rohanne Jul Tandang (BDD, PCCI, Oro Chamber): - Mr. Lomard Reygil (President, GreenMiwbs Inc.): - Ms. Bismela M. Lancin (Gen. Manager, Northern Mindanao Federation of Dairy Cooperatives): - Mr. Robert M. Enerio (Chairman, Northern Mindanao Federation of Dairy Cooperatives) - Mr. Jess Tejado (Project Coordinator, City Poverty Reduction Action Center): - Mr. Queritess Q. Queja (Marketing Director, Norminveggies Marketing Cooperative): - MA. Promana Ababao (Head of Administration, Anak Tering
August 2018	16h	Davao	<ul style="list-style-type: none"> - Mr. Ramon Floresta – CEO (RFI Corp. - Coconut) - Mr. Melchor Serquina – Manager (RFI Corp. - Coconut) - Mr. Ronald Floresta – RFI Corp. - Mr. Toto Muyco – Director (CSI Trade Venture – Cacao/ Coconut)

TA Team compiled a project study for potential investors, and will support LBP in organizing a meeting with interested investors. Contents of the project study for LASBUENASCAR are the followings.

- I. INTRODUCTION
- II. LASBUENASCAR Area Development Profile
 - Maps and Topography
 - Soil Analysis
 - Suitable Crops
 - Access to Infrastructure & Logistics
 - Economic Brief
- III. Rational for the Proposed Crop/Industry
 - Potential for Expansion
 - Market Analysis
 - Production and Processing Technology
 - Government Support
- IV. Value Chain Analysis and Development
 - Analyzing the Coconut Value Chain
 - Farm Level Statistics
 - Yield and Production
 - Opportunities and Constraints

ANNEX: Project Study on LASBUENASCAR Pilot Corporative

2.1.3.2 Improving Corporative Model based on the investors' comments (R/D 3.3)

Following the discussion in JCC held on April 23rd on required elements for Corporative project, discussion with potential investors and LBP's own experimental Corporative project in Mindoro, Corporative model is conceptualized by LBP to be based on Farm Management and Marketing Agreement rather than newly established enterprise, although it is not necessarily to rule out a new incorporated joint venture.

Furthermore, with lessons from the study from Malaysian case, and actual discussion of local government units and representative of farmers to suggest their desired business model, LBP is also pursuing two types of Corporative; one is a project on government-owned land or Ancestral Domain Title which is similar to FELDA in Malaysia, and another is a project on individual farmer owners' land which shall consolidate fragmented farm lands, similar to FELCRA in Malaysia.

The following chart depicts a framework of government-owned land project, namely project of LASBUENASCAR.

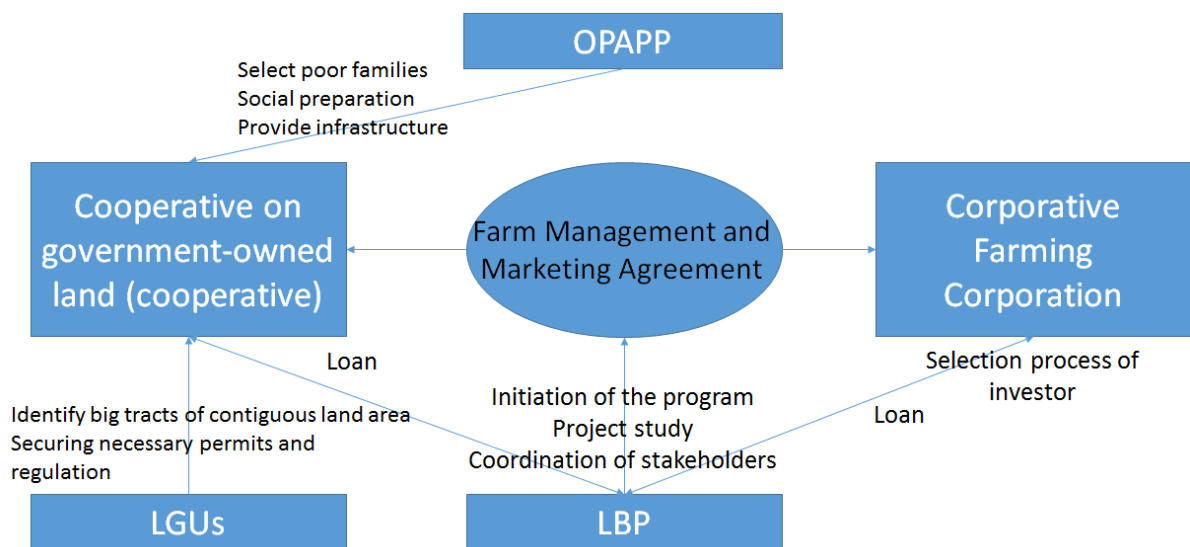


Figure 11 Corporative Conceptual Framework –Government-owned land (LASBUENASCAR)

Example-

Beneficiaries are poor families mobilized to the land developed by OPAPP. Those farmers might be represented by newly established cooperative. Under Farm Management and Market Agreement, OPAPP, LGUs, and LBP are supposed to perform key roles described in the next table.

Table 14 Draft contents of MOU on LASBUENASCAR

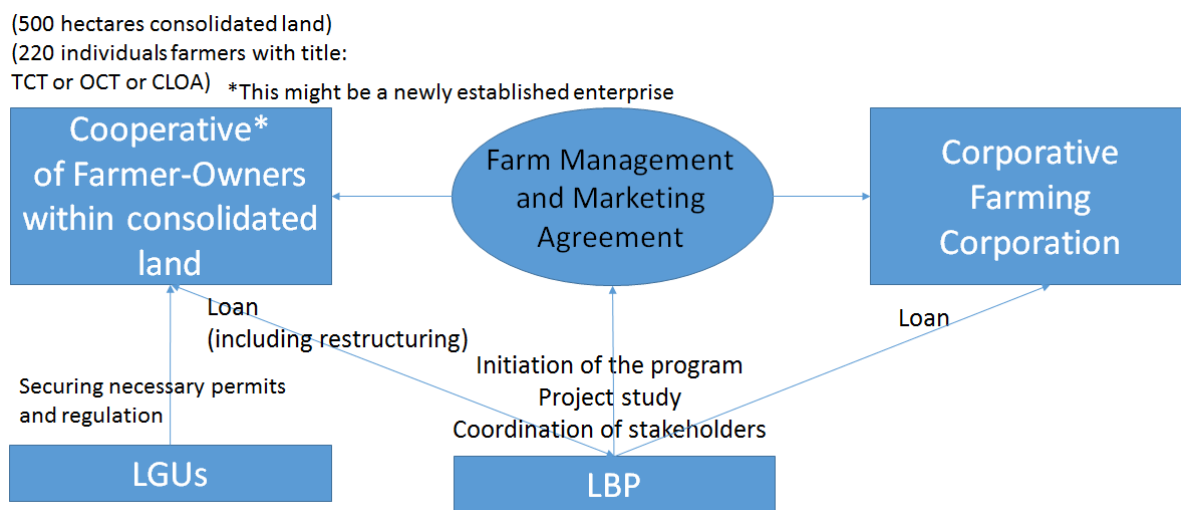
Parties	Roles
LANDBANK	<ol style="list-style-type: none"> 1. Spearhead the initiation and implementation of the program. 2. Coordinate and consult different stakeholders for the smooth implementation of the program. 3. Conduct a project study and development plan that will allow investors to make sound business decisions. 4. Initiate the selection process of investors interested to develop the identified land. 5. Provide loans to Investor or the Organization (such as Cooperatives) of the Constituents, or concerned LGUs in accordance with its existing lending policies, rules and procedures.
OPAPP (THE OFFICE OF THE PRESIDENTIAL ADVISER ON THE PEACE PROCESS)	<ol style="list-style-type: none"> 1. Endeavour to provide road infrastructures, water, power, communication, housing, schools & hospital in the project area in cooperation with PGADN. 2. Give advice and guidance on peace related efforts of the project. 3. Assist in information dissemination and understanding of the project 4. Provide support in whatever means possible to ensure smooth implementation of the project.
PGADN (THE PROVINCIAL GOVERNMENT OF AGUSAN DEL NORTE)	<ol style="list-style-type: none"> 1. Provide assistance in liaison, data gathering and field visits to the area. 2. Provide assistance in the social preparation of the program. 3. Extend assistance in ensuring peace and order and security. 4. Provide support services to the program within the mandate of LGU. 5. Provide road infrastructures, water, power, communication, housing, schools & hospital in the project area in cooperation with OPAPP. 6. Assist in information dissemination and understanding of the project.
DENR (THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES)	<ol style="list-style-type: none"> 1. Provide guidance in the procurement of permit/s for the development of forest-reserved lands on selected Project Area. 2. Evaluate, process and issue the necessary compliances/permits for the development of the Project Area within the mandate of the agency. 3. Provide support in whatever means possible to ensure smooth implementation of the project.
NCIP (THE NATIONAL COMMISSION ON INDIGENOUS PEOPLES)	<ol style="list-style-type: none"> 1. Give assistance in the data gathering, consultation with stakeholders, guidance on the relevant laws and regulations in order to safeguard the rights of the Indigenous People (IP) under IPRA law. 2. Assist in information dissemination and understanding of the project among ICC/IPs. 3. Assist in the social preparation of the beneficiaries and different stakeholders. 4. Extend assistance in ensuring peace and order and security.

Source: MEMORANDUM OF UNDERSTANDING

ANNEX: Draft MOU for Corporative Program

Next chart illustrates project on individual farmer owners' land. LBP may perform same roles as those for the government-owned land project, while OPAPP is not involved as an

explicit benefit provider. LGUs may perform roles related to permits and regulation, especially for smooth consolidation of farm lands.



Note:

- CLOA = Certificate of Land Ownership Award. Landownership of the beneficiary of CARP
- OCT = Original Certificate of Title. Issued when an Original Registration of the land has been adjudicated and decreed in the name of its owner in a registration proceeding.
- TCT = Transfer Certificate of Title. Issued as subsequent registration when the land title is cancelled and replaced by another title by reason of sale or transfer.

Figure 12 Corporative Conceptual Framework – farmers’ land consolidation (Individual Rice Farmer Owners) Example-

Land ownership of small farmers is covered by either of the 3 types of instruments, namely: TCT, OCT or CLOA. These are smallholders who own small parcels of farm lands and signing up for consolidation.

- a) Transfer Certificate of Title (TCT). This is issued as subsequent registration when the land title is cancelled and replaced by another title by reason of sale or transfer.
- b) Original Certificate of Title (OCT). This is issued when an Original Registration of the land has been adjudicated and decreed in the name of its owner in a registration proceeding.
- c) Certificate of Land Ownership Award (CLOA). This is a land ownership of the beneficiary of the Comprehensive Agrarian Reform Program (CARP) under the RA 6657 of 1988 which aims to promote social justice and industrialization in the Philippines. The land distribution process allows no more than 5 hectares for landowners and no more than 3 hectares for the tenant/farmer

2.1.4 Establishment of Corporative Project

2.1.4.1 Assist establishment of corporative preparation team (task force) for each potential corporative.

(1) Recommended commodities for Pilot Corporative Projects

Priority commodities or crops have been selected for the project area using the stratified-deductive approach anchored on three criteria, namely: (1) relevance to the development direction of the country measured in terms of jobs and poverty reduction; (2) effectiveness in terms of market acceptance, industry strength and cultural acceptability; and, (3) sustainability to the physical landscape and physiography of the area. Table below shows the initial list of candidate crops.

Table 15 Initial list pf priority commodity/crops

Criteria	CMDCA	LASBUENASCAR	BIOTECH FARMS
1 Relevance	(19) Aquaculture, Abaca, banana, Coffee, Cacao, Cassava, Coconut, Corn, Durian, Forestry, Pineapple, Oil Palm, Livestock& Poultry, Rice, Rubber, Sardines, Seaweeds, Tuna, Vegetable		
2 Effectiveness	(10+1) Abaca, Banana, Cassava, Coffee, Cacao, Coconut, Oil Palm, Livestock&Poultry, Rubber, Sardines-fishing, Seaweeds	(9) Abaca, Banana-cardava, Coconut, Cacao, Coffee, Cassava, Rubber, Mango, Oil Palm	(11) Rice, Corn, Coffee, banana, Mango, rubber, oil palm, coconut, pineapple, livestock & poultry, Tuna
3 Sustainability	Refer to “Specific considerations on CMDCA”	Refer to “Specific considerations on LASBUENASCAR”	To meet investors business model (input for its own business)

The long list has been trimmed down to just six – coconut, cacao, coffee, rubber, oil palm and rice. The Philippine Development Plan 2017-2022, the Mindanao 2020 Plan and the Priority Commodities Value Chain Development Plan of Agusan del Norte as well as studies produced by development partners of the Philippine Government such as the Mindanao Jobs Report of the World Bank and the National Industry Cluster Capacity Enhancement Project

Reports of the Japan International Cooperation Agency (JICA) were reviewed to ensure that the final selection will be consistent with the plans and recommendations of the government and its partners.

Various sets of variables were also considered as part of the criteria for the priority commodities and crops, including the capacity of the value chains to continually create jobs and competitively thrive in the market. The long-term marketability of each of the selected products as well as its suitability to the physical landscape and physiography of the area were also considered.

Criteria of suitability includes texture, fertility, wetness, soil slope, elevation, and precipitation. Regarding location, environmental risk such as earthquake, erosion, flood, liquefaction, rain induce landslide were also reviewed for LASBUENASCAR where specific area was provided by LGUs and TA Team conducted the field survey.

Table 16 Priority commodities for the 3 Corporatives and cooperatives/SMEs

Crop/ Commodity	Pilot Corporative Project			SMEs/Cooperatives
	LASBUENASCAR	CMDCA	BIOTECH	
1. Cacao				
2. Coconut				
3. Coffee				
4. Palm Oil				
5. Rubber				
6. Rice				

Note: crop/commodity selected for other areas in ARMM & CAAs are for the purpose of commodity investment module.

Specific considerations on LASBUENASCAR is as follows.

- a) Acceptability to stakeholders (preferred by the farmers in the area)
- b) Suitability to the type of soil and climatic condition in the area. Plus the ability of coconut to withstand extreme weather conditions like typhoon
- c) Relatively good employment generation level (requires one full time job per 3 hectares)
- d) Can provide a net income of not less than P 10,000/month/ha which is practically adopted poverty threshold. Estimated income per hectare is P 27,120⁹ which enables farmers to graduate from poverty level.

⁹ Source is Philippine Statistics Authority: Key Informant Interview and Countrystat PSA, 2018, <http://countrystat.psa.gov.ph/>

Table 17 Suitable recommended crops

	Oil Palm	Coconut	Coffee	Cardava
1. Suitability	/	/	/	/
Production cost/ ha	65,000	12,030	33,565	16,849
3. Jobs/ ha of production (FTE/yr)	0.4166	0.118	0.309	0.166
4. Acceptability	X	/	/	/
5. Income/ ha	33,000-69,000	27,120	15,087	23,042
6. Ability to withstand extreme weather condition	Yes	Yes	No	No
7. Market				
8. Gestation period	3 years	3-5 years	2 years	1 year

Source: Key Informant Interview and Countrystat PSA, 2018

- e) Relatively short gestation period (3-5 years)
- f) Availability of dwarf coconut variety (Nam Wan) for the sweet coconut water
- g) Available market for sweet coconut water¹⁰. (details are discussed below)
 - DO 13, s. 2017 is a policy issued by Phil Department of Education banning the sale of carbonated/sweetened drinks in school canteens and offices. Estimated market is 27 million.
 - Nam Wan coconut variety (for sweet coconut water) can provide the farmer a net monthly income of more than P100,000 from 4th year as shown in the next table.

¹⁰ There's no available historical data for public use yet for the sweet coconut water. This is relatively new variety (niche market) and will be used mainly for beverage (not the usual copra production).

Table 18 Income estimation of Nam Wan Variety

REVENUE		YEAR									
		1	2	3	4	5	6	7	8	9	10
		12	12	12	12	12	12	12	12	12	12
Nut Yield Per Tree (bunch)		-	-	-	18	18	18	18	18	18	18
Nut Yield Per Tree (12pcs/bunch)		-	-	-	216	216	216	216	216	216	216
Nut Yield Per Hectare (200 trees)		-	-	-	43,200	43,200	43,200	43,200	43,200	43,200	43,200
Total Revenue (P5 per coconut)		-	-	-	216,000	216,000	216,000	216,000	216,000	216,000	216,000
EXPENSES											
Fertilizer application		6,675	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Pesticide application		2,000	2,000	-	-	-	-	-	-	-	-
Maintenance		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Labor		18,820	2,440	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220
Transportation (farm to plant)		-	-	-	43,200	43,200	43,200	43,200	43,200	43,200	43,200
Land rental		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Interest Expense		-	12,000	12,720	13,483	10,483	7,483	4,483	-	-	-
Total Expenses		34,495	35,440	32,940	76,903	73,903	70,903	67,903	63,420	63,420	63,420
NET INCOME		(34,495)	(35,440)	(32,940)	139,097	142,097	145,097	148,097	152,580	152,580	152,580

Note: Details are contained in Commodity Investment Module

- The sweet coco water chilled in shell will be priced/sold at par with the other drinks on sale.

There is no regional competition on record as of date.

The followings are statistical background of market of coconut in general.

- Philippine consumption (as food) for coconut increases from 563,245 MT in 1990 to 735,316 in 2018. From 2014, food utilization grew by 0.15% in 2015.
- Coconut utilization as export grew from 1,309 MT in 2001 to 5,092 MT in 2016. From 2015 (3,136 MT), coconut export increased by 62.4% in 2016 (5,092 MT).
- Mindanao contributed 60% (8,437,742.20 MT) of the country's total production (14,049,131.06 MT).

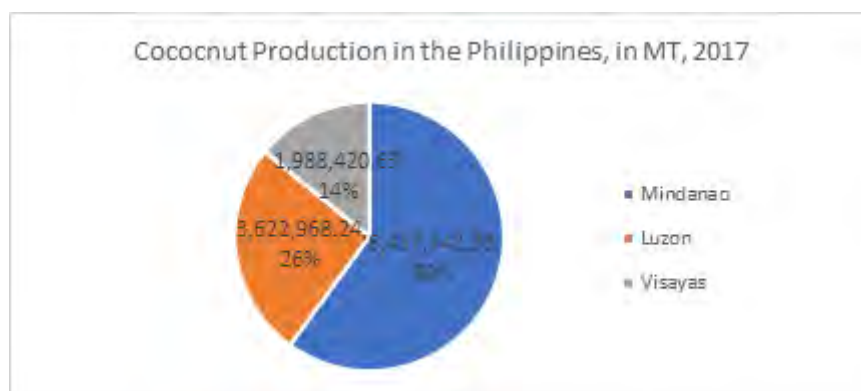


Figure 13 Coconut production by areas

Specific considerations on CMDCA is as follows.

- a) Palm Oil is an existing crop in the area and needs scaling up to improve industry efficiency and productivity.
- b) Suitability to the type of soil and climatic condition in the area.
- c) Relatively good employment generation level (requires one full time job per 2 1/2 hectares)
- d) Income per hectare per month is computed at P 33,000-69,000¹¹
- e) Relatively short gestation period (3 years)
- f) Opportunity to scale up the palm oil value chain and encourage more value adding investments in ARMM. The potential investment area include the Nursery, Production/expansion, Milling and Refinery as well as hauling.

The Philippines is a net importer of palm oil (PHP 30 billion, 2017). The production therefore is mainly for import substitution. Area planted to palm oil is a total of about 90,000 hectares and ARMM with 6,500 ha (Phil Palm Oil Council)

The country's average shortage of palm oil is 400,000 MT (2015). If the Philippine population will reach 120 million in 2017, we will be importing an estimated 1 million MT of palm oil if we do not expand production. (Phil Palm Oil Roadmap)

Palm Oil farming is profitable in Mindanao and is home to 83% of total plantation. One hectare of palm oil will require an initial investment of PHP 43,398 for the first year and PHP 58,946 for the succeeding 2 years. Harvest starts after 3 years and farmer will earn about PHP122,000 net income (low).

The potential investment area include the Nursery, Production/expansion, Milling and Refinery as well as hauling.

Table 19 Projected Palm Oil deficit of the Philippines

Year	Deficit (MT)		Total
	CPO*	PKO**	
2015	171,860	9,843	181,703
2016	178,734	10,058	188,792
2017	185,883	10,278	196,161
2018	193,318	10,502	203,820
2019	201,051	10,731	211,782
2020	209,093	10,965	220,058

*Crude Palm Oil Estimated to grow on the average of 4% annually

** Palm Kernel Oil Estimated to grow 2.18% annually

Source: Philippine PalmOil Development Council, Pablito Pamplona

¹¹ Key Informant Interview and Countrystat PSA, 2018

(2) Corporative preparation team

TA team supported the conduct of 8 working group meetings organized by LBP for the 3 pilot projects as of October 25th by shouldering expenses of 6 meetings, and attended either by the engaged researcher or TA member, or both (8 meetings). Status of each pilot projects are summarized in the next table.

Table 20 Status of pilot Corporative projects

Steps	LASBUENASCAR	CMDCA	Biotech Farms
Corporative Type	Government owned land	Government owned land	Consolidate land-owner farmers
Location	19,000 ha 4 municipalities (Buenavista, Carmen, Las Nieves, Nasipit) of Agusan del Norte	12,733 ha 5 municipalities, 11 barangays of Maguindanao	Corn-10,000 hectares and rice 20,000 hectares South and North Cotabato, Sarangani, Sultan Kudarat, and Maguindanao
Public works (OPPAP)	9.36 billion	10.4 billion	N/A
(Potential) Investor	RNF Industries Corporation CSI Trade Ventures	N/A	Biotech Farms
Working group meeting	<ul style="list-style-type: none"> ➢ February 28th (Davao) ➢ April 19th (Butuan) ➢ October 18th (Butuan) 	<ul style="list-style-type: none"> ➢ April 20th (Davao) ➢ June 1st (Davao) 	<ul style="list-style-type: none"> ➢ March 1st (Davao) ➢ May 10th (Manila) ➢ Sep 11th (Manila)
Status	<ul style="list-style-type: none"> ➢ Coconut is recommended ➢ Initial Environmental Examination ➢ Package for investors ➢ Framework of social marketing for farmers ➢ Meeting with investors (Sep 19th) ➢ Meeting with farmers (scheduled Oct 17th) 	<ul style="list-style-type: none"> ➢ Oil palm is recommended ➢ Initial Environmental Examination 	<ul style="list-style-type: none"> ➢ Rice and Corn (Investor's business model) ➢ Drafting profit sharing scheme and Joint Venture agreement ➢ Framework of social marketing for farmers

CMDCA: Central Maguindanao Development Cooperation Alliance
OPAPP: Office of the Presidential Adviser on the Peace Process

LASBUENASCAR

Through the meeting/seminars to potential investors, some candidate investors which are interested in Corporative project which is government-owned land project, LASBUENASCAR in particular.

TA Team conducted initial field study which is compiled to “Project Study on LASBUENASCAR Pilot Corporative” including recommended crop/commodity to be presented for potential investors and “Environment and Social Considerations Preliminary Screening-Scoping Report of the LASBUENASCAR Corporative” to support LBP in evaluating the project (details are described in Section “2.3.3.2 Support appraisal on social and environmental considerations”).

LBP plans to organize a meeting with potential investors in September and seminar for farmers in October.

CMDCA

TA Team conduct initial environmental examination mostly based on published information and existing data/information provided by LGUs. Due to unavailability of specific area to be developed, the study was compiled as “Baseline Information of the Autonomous Region for Muslim Mindanao” to cover generally ARMM area. TA Team also recommend suitable commodity, oil palm, based on the collected data/information.

Biotech Farms Project

Biotech Farms plan to enhance procurement of corn and rice from South and North Cotabato, Sarangani, Sultan Kudarat, and Maguindanao. This is to contribute to its business model in value chain which is depicted in the following figure. The company has processing factory for Paddy Dryer & Rice Mill, and for Corn & Cob Dryers. Processed corn and rice are mostly supplied to Biotech feed Mill Plant which process the input to feed for Piggery & Layer Farms, and partially delivered to KCC Malls as rice for consumers. From the Piggery & Layer Farms, eggs, chicken and pork meat are supplied to KCC malls and independent small stores through affiliate wholesale vendor.

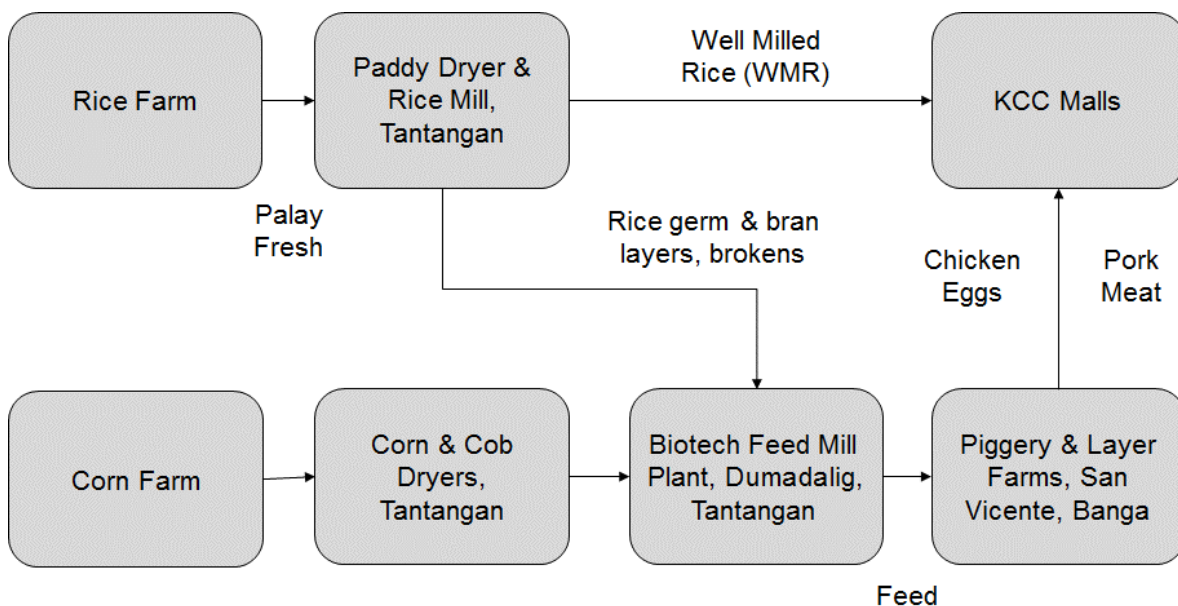
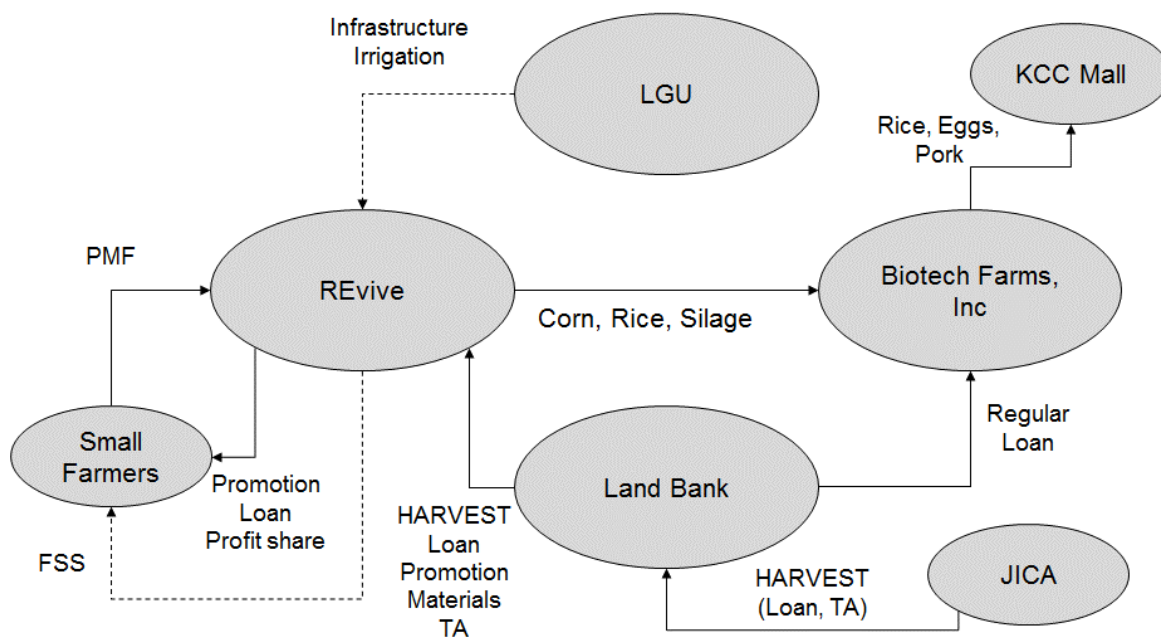


Figure 14 Business model in value chain of Biotech Farms

After elaboration insider Biotech Farms and discussion with LBP and TA team in working group meetings, Biotech Farms updated its Corporative Project plan which are summarized in the figure below.



Note: Sub-loan under HARVEST might be provided to REvive for long term investment of the project and/or farmers' financial needs, while LBP's proper (regular) loan might be provided to Biotech Farms because it is an excellent firm which usually borrows loans with interest rate cheaper than HARVEST loan and with shorter periods such as 3-4 years.

Figure 15 Framework as Corporative project in Biotech Farms business plan

Regarding farmers mobilization, the company plans to apply 2 steps framework. First, it aims at clustering farmers through Farming Support Servicing (FSS) which serves farmers with mechanization services. After developing trustworthiness with farmers, secondly, it will consolidate farmers with small land into Partner Managed Farm. This partnership will be performed by newly established corporation "Revive" invested by Biotech Farms. Farmers are supposed to lease their farm land to Revive. Farmers will enjoy various benefits such as enhanced productivity, salary as workers, bailout from existing debt to middlemen which will be restructured to long-term formal loan, etc.

2.1.4.2 Assist drafting of documents necessary for corporative registration

Biotech Farms Project

TA Team implemented an initial feasibility study. Because input data is still public statistics which is generally reflecting current normal production technology in the past, it shall be updated with more recent data/assumption reflecting higher productivity with modern technology and mechanized farming.

TA Team also recommended basic concept of profit sharing scheme. Profit sharing might be calculated based on profit of end of farm production, or based on profit of end of processing of retail products in the value chain of Biotech Farms. Portion subject to profit sharing might depend on portion of investment which are supported by LGUs, LBP and JICA among the total investment.

Table 21 Feasibility study -Irrigated Inbred Palay-

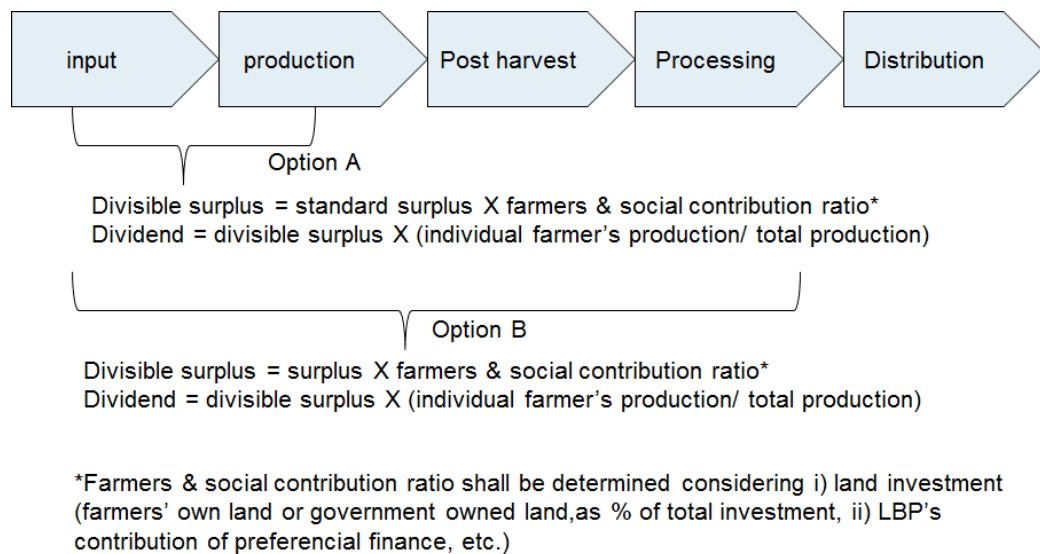
	Moisture	Loss	kg/ha	Market price**	Value	Additional cost		Profit	
						Php/kg	Php/ha	Php/kg	Php/ha
Seeds			69.49				2,234.00		
Yield			6,262.37						
Harvest loss		15.00%							
Palay - fresh	28.00%		5,323.01						
Palay - dried*	14.00%	16.28%	4,577.79	21.57	98,736.17	12.27	53,944.00	9.30	42,558.17
Milling recovery		35.00%	2,975.56	44.20	131,508.00		0.00	11.01	32,771.84
Head rice recovery		50.00%	2,288.90	47.80	109,418.34	2.66	6,088.46	2.01	4,593.71
Retail		0.00%	2,288.90	49.63	113,586.41	1.71	3,914.01	0.11	254.07
Egg/Feed ratio		50.00%	1,487.78	90.30	134,346.69	30.00	44,633.45	-6.06	-9,022.93
*Based on "2013 Costs & Returns of Palay production" Davao Region Irrigated Palay Average									
** Market price from "Farm, Wholesale and Retail Prices of Palay, Rice and Corn" as of 15-21 August 2018									

Note: Some of rice could be sold directly to retail. Assumed data here is based on public statistics, and shall be replaced by specific one of Biotech later.

Table 22 Feasibility study -Irrigated Hybrid Palay-

	Moisture	Loss	kg/ha	Market price**	Value	Additional cost		Profit	
						Php/kg	Php/ha	Php/kg	Php/ha
Seeds			40.00				5,100.00		
Yield			8,000.00						
Harvest loss		15.00%							
Palay - fresh	28.00%		6,800.00						
Palay - dried*	14.00%	16.28%	5,693.02	21.57	122,790.10	10.17	52,800.00	11.40	64,890.10
Milling recovery		35.00%	3,700.47	44.20	163,545.76		0.00	11.01	40,755.66
Head rice recovery		50.00%	2,846.51	47.80	136,074.64	2.66	7,571.72	2.01	5,712.82
Retail		0.00%	2,846.51	49.63	141,258.14	1.71	4,867.53	0.11	315.96
Egg/Feed ratio		50.00%	1,850.23	90.30	167,076.00	30.00	55,506.98	-6.06	-11,221.08
*Based on "2013 Costs & Returns of Palay production" Davao Region Irrigated Palay Average									
** Market price from "Farm, Wholesale and Retail Prices of Palay, Rice and Corn" as of 15-21 August 2018									

Note: Some of rice could be sold directly to retail. Assumed data here is based on public statistics, and shall be replaced by specific one of Biotech later.



Note: The chart is conceptual proposal of TA TEAM. It shall be customized according to specific estimated input/output figures under Biotech Farms' value chain model.

Figure 16 Basic concept of profit sharing scheme

Profit sharing shall be further checked by simulation based on practical estimation. TA TEAM designed a template (Table below) to calculate sub-profit by different stages of the value chain such as farm production, processing of feed and livestock.

Table 23 Sample template of profit sharing simulation

Items			Unit	Amount	Profit sharing
		Harvest area	ha		
farm production	input	rice seedling	PHP/1000m2/plant		
		fertilizer, pesticide	PHP/1000m2/year		
		labour	PHP/1000m2/year		
		utility	PHP/1000m2/year		
		depreciation	PHP/1000m2/year		
		land lease	PHP/1000m2		
		packing cost	PHP/Kg		
	production	fresh paddy rice	kg/1000m2/year		
		sales times	time/year		
		plant times	time/year		
	Sales of paddy rice	fresh paddy rice	PHP/kg		
		fresh paddy rice	PHP/1000m2/year		
	Cost		PHP/1000m2/year		
	Income of farm production		PHP/1000m2/year		
sub-profit/revenue		million PHP/year		OptionA	
Items			Unit	Amount	Profit sharing
Processing	input	fresh paddy rice	kg/1000m2/year		
			PHP/1000m2/year		
			t/year		
	other variable costs		million PHP/year		
		labour	PHP/kg input		
		utility	million PHP/year		
	fixed costs		PHP/kg input		
		depreciation	million PHP/year		
	Sales	administration	million PHP/year		
		Conversion ratio	output kg/input kg		
		Sales of feed crop	million PHP/year		
			PHP/kg output		
	sub-profit/revenue		PHP/year		
	Items			Unit	Amount
livestock	input	feed crop	t/year		
			PHP/year		
		livestock	PHP/year		
	other variable costs	labour	PHP/kg input		
			million PHP/year		
		utility	PHP/kg input		
	fixed costs		million PHP/year		
		depreciation	million PHP/year		
	Sales	administration	million PHP/year		
		Conversion ratio	output kg/input kg		
		Sales	million PHP/year		
			PHP/kg output		
	Profit before tax		PHP/year		Option B

TA Team also draft outline of memorandum of agreement for corporative Project with focus on the case of Biotech Farms.

MEMORANDUM OF AGREEMENT

Among: Biotech Farm, Farmers' Cooperative, Provincial Government, Land Bank

- I. CREATION OF THE PARTNERSHIP PROGRAM
- II. OBJECTIVES OF THE PARTNERSHIP PROGRAM
- III. PROGRAM IMPLEMENTATION AND DECISION MAKING
 - A. Partnership Program Management Committee
 - B. Partnership Program Implementation Team
- IV. UNDERTAKING OF THE PARTIES
 - A. Biotech Farm
 - B. Farmers' Cooperative
 - C. Provincial Government
 - D. Land Bank
- V. SHARING OF PROFIT/LOSS AMONG THE PARTIES
- VI. EFFECTIVITY, TERMINATION, RENEWAL AND AMENDMENT

AGREEMENTS (To be agreed)

- ✓ JV Agreement
- ✓ Farm Management and Marketing Agreement
- ✓ Loan agreement
- ✓ Employment agreement
- ✓ etc

Figure 17 Outline of Memorandum of Agreement for Corporative Project (Tentative)

ANNEX: Sample memorandum of agreement for Corporative project

2.2 Strengthening financial access from SMEs and agricultural cooperatives

2.2.1 Support Activities for expanding outreach by LBP

2.2.1.1 Developing PR tools (R/D 5.1)

This section discusses the purposes and advantages of PR tool development as well as procedures of sub-contracting for its development.

(a) Purposes and Advantages of PR Tool Development

According to the Inception Report (IC/R), the HARVEST TA team was supposed to propose marketing plans (i.e., information dissemination strategies) and marketing tools such as posters, flyers, leaflet/brochure for promotion of HARVEST, and get approval from LBP and JICA. The development of public relations (PR) tools aims to obtain attention from farmers who are not familiar with financial products and, therefore, the tools shall be eye-catching (for instance, using photos and charts).

Through a series of discussions within the team as well as with LBP and JICA, the team decided to develop the four kinds of tools (i.e., leaflet/brochure, banner, T-shirt, and short movie/audio visual presentation) in line with the following 1) purpose, 2) target customers and 3) target areas;

- 1) Purpose: To disseminate the information on HARVEST Program in written forms, and/or through the Internet and to help the following target customers to understand the Program.
- 2) Target Customers: Farmers, their organizations, and agricultural cooperatives, small- and medium-scale enterprises (SMEs) and large enterprises
- 3) Target Areas: Cotabato City, Koronadal, Zamboanga, and Cagayan de Oro¹²

(b) PR tools

1) Leaflet/ Brochure:

- i) The leaflets /brochures are distributed to the above-mentioned customers through influencers and/or leading figures in the communities of the above-mentioned areas.
- ii) The logos of LBP and JICA and selected information on the Program are printed on them.

¹² As of February 2018, the target areas were the foregoing four cities. Meanwhile, as of the end of March 2018, they are the five following locations where LBP's lending centers (LCs) are located: that is to say, South Cotabato LC, North Cotabato LC, Cagayan de Oro LC, Zamboanga City LC, and Agusan del Norte LC.

iii) Regarding language, Tagalog (600 copies), Bisaya (600 copies) and English (300 copies) will be produced.

2) Banner:

i) Banner (4 items) is put on the wall of seminar venue in the above-mentioned target areas.

ii) The logos of LBP and JICA and selected information on the Program are printed on the banners (language: Tagalog only).

iii) Since the material of banner is tarpaulin which is durable, it can be used repeatedly.

3) T-shirt:

i) T-shirt (1,000 items) is distributed through influencers and/or leading figures in the communities of the above-mentioned target areas.

ii) The logos of LBP and JICA and name of the Program are printed on the front and back of the T-shirt (language: Tagalog only).

iii) Many of those who receive T-shirt are expected to keep it for a certain period instead of throwing it away, while some of them may throw away leaflets and brochures after reading.

4) Short Movie/Audio Visual Presentation:

i) To disseminate information on the benefit of HARVEST Program in the above-mentioned target areas.

ii) The logos of LBP and JICA and selected information on the Program are included (language: Tagalog only).

iii) The short movie is made viewable in the public facilities (e.g., the City Hall and a waiting room of bus terminals) as long as they have TV screen or monitor.

iv) Since a number of residents (particularly, younger people) are expected to own and use smartphones in the target areas (i.e., ARMM and the conflict-affected areas), it is possible to make HARVEST Program known across the areas by disseminating the short movie through the Internet.

Benefits of HARVEST

- Ubos nga Interest
- Long-term Fixed Interest Rate
- Technical Assistance

Para nimo ang HARVEST!

Harvesting Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation

PROGRAM MANAGEMENT DEPARTMENT 1
 27th Floor, LANDBANK Plaza
 2008 M.H. del Pilar Corner
 Dr. J. Quinson Street, Malate Manila
 Tel. No. (+632) 452-7430
 Fax. No. (+632) 578-8542

LANDBANK JICA

Unsa ang HARVEST?

Harvesting Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation

Kinsa ang mahinong mangitang sa HARVEST program?

- Entrepreneurship
- Agribusiness
- Peace and Prosperity
- Peacekeeping/Peacebuilding/PPM

Unsa ang tumong sa utang? Unsa ang awelang gamitan sa kasamtangang ginhapon?

- Capital Investment Loans
- Working Capital Loans
- Fixed Income Loan
- Seedling/Agribusiness Training Fee

Unsa ang mahinong gamiton nga kalabotan?

- Supporting Agribusinesses in High Potential
- Develop New Agribusiness
- Entrepreneurial Skills Acquisition (ESA) & Small and Micro Enterprises (SME)
- Continuing Education of Entrepreneurs
- Quality Acquisition of Services in Government Companies
- Start-up Acquisition of Franchise of Government Company, Franchise Start-up available to entrepreneurs
- Start-up Acquisition of Franchise
- Start-up Acquisition of Franchise (Priority Service, PPS) with mentoring assistance
- Acquire and Operate
- Start-up Acquisition of Franchise
- Start-up Acquisition of Franchise

Unsa ang mga lugar sa Mindanao ang kalugod sa HARVEST?

- Mindanao Region or Autonomous Region
- Other parts of Mindanao Region
- Other parts of Mindanao Region

Unsa ang mga klase sa HARVEST program?

- Agribusiness Loans
- Fixed Income Loans
- Seedling/Agribusiness Training Fee
- Agribusiness Franchise
- Agribusiness Franchise / Training
- Agri. Supply/Agribusiness

Pila ang interes?

- 6.5% interest rate on working capital loans
- 6.5% interest rate on investment loans

Konsumo ang loan matung?

Product/Service	Interest Rate	Loan Amount
Capital Investment Loans	6.5%	Up to 10M
Working Capital Loans	6.5%	Up to 1M
Fixed Income Loans	6.5%	Up to 1M
Seedling/Agribusiness Training Fee	6.5%	Up to 1M
Agribusiness Franchise	6.5%	Up to 1M
Agribusiness Franchise / Training	6.5%	Up to 1M
Agri. Supply/Agribusiness	6.5%	Up to 1M

LANDBANK JICA

HARVEST

Harvesting Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation

Agribusiness Financing Program for Peace and Progress in Mindanao

- Low Interest Rate
- Long-term Fixed Interest Rate
- Technical Assistance

CONTACT US:

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 Fax. No. (+632) 578-8542





2.2.1.2 Conduct seminar in the target area. (R/D 5.2)

TA Team supported LBP in organizing HARVEST Roadshow.

Date, venue and participants by types such as LAEs, SMEs, Cooperatives, Financial institutions (PFI), and others are shown in the next table.

Table 24 Promotional Activities

Date	Activity	Venue	No. of participants								Total
			LAE	SME	Coop	PFI	Others	JICA/TA team	LBP	Secretariat	
28-May	HARVEST Roadshow	General Santos City	4	25	33	1	20	2	18	2	105
31-May	HARVEST Roadshow	Kidapawan City	5	19	44	1	18	1	21	1	110
19-Jun	HARVEST Roadshow	Butuan City	0	7	34	2	5	0	13	1	62
21-Jun	HARVEST Roadshow	Cagayan de Oro City	0	37	35	1	23	6	14	1	117
26-Jun	HARVEST Roadshow	Zamboanga City	0	13	50	0	11	0	12	1	87
30-Aug	HARVEST Roadshow	Cotabato City	5	8	143	1	48	4	32	1	242
		Total	14	109	339	6	125	13	110	7	723

2.2.1.3 Develop market database (producers, buyers, processors, integrators, traders/exporters, suppliers and service providers such as training, and public services, etc.) (R/D 5.3)

TA Team developed Market Database by outsourced to “The Institute for Socio-Economic Development Initiatives (ISEDI), the Ateneo de Davao City (AddU). .

Aggregate results by province and type of respondents such as farm producers, processors, service providers and micro finance institutions (MFI) are shown in the table below.

Table 25 Aggregate result of Market Database

Province	Producers			Processors			Service Provider	MFI
	Cooperative	Enterprise	Total	Cooperative	Enterprise	Total		
BASULTA	31	15	46	1	6	7	37	9
Lanao del Sur	16	49	65	7	4	11	12	8
Maguindanao	26	35	61	5	5	10	33	2
Other CAMM	13	5	18	2		2	9	4
Grand Total	86	104	190	15	15	30	91	23

Note: BASULTA means Basilan-Sulu-Tawi-Tawi

Overview of the collected items for farm producers are as follows.

- General information: such as location, type of organization, type of main activity, size of employment, etc.
- Forward and backward linkage: such as input supply, output buyers, etc.
- Production capacity
- Production system: such as value chain of respondents
- Financial information: such as financial information, finance experience, experience with Islamic finance, experience with LBP, government registration, experience of support, certification, expansion plans, etc.

Please refer to ANNEX for details of items including processors, service providers and MFI.

ANNEX

- Market Database: Harvest Key Findings
- Market Database: Tools for HARVEST Market Database Survey
- Market Database: Explanation on the variables
- Market Database: Database sheet

2.2.1.4 Selection of excellent companies (R/D 5.4)

TA team selected 30 agricultural cooperatives and SMEs, which can be borrowers of HARVEST sub-loans in the future, as excellent companies. In the selection, TA team utilized the data of the above market database survey as well as emphasizing collaboration/synergy with existing JICA activities Comprehensive Capacity Development Project for the Bangsamoro (CCDP) in ARMM.

Based on the SMEs/Cooperatives data collected at the Market database survey, TA team considered to include the organization corresponding to the following Criteria for agricultural cooperatives and SMEs of which information is collected in Market Database. In practice, we used actual filtering items based on the collected data in Market Database

Table 26 Criteria of selection of excellent agricultural cooperatives

Conceptual criteria	Actual filtering items based on collected data
Producing good products	For producers, 6 priority commodities in AICCEP such as coconut, oil palm, cassava, abaca, seaweeds, coffee, and cacao were applied as filtering.
Likely to develop linkage/matching with large enterprises	Number of members and plan to expand (not less than PHP 1million) were applied as filtering. Combined land area is also considered.
Including members of cluster of AICCEP	We checked those are included.
Not borrowing from LBP	We applied not have experience of LBP services for cooperatives, except one cooperative which in operation of seed growers.
ARMM and conflict-affected area	All collected data in Market Database is located in ARMM and conflict affected area.
3years track record of financial report and business operation	Not less than 3 years in operation is applied as filter.
Good governance	Years since establishment, percentage of active members are considered.

Trough those process of screening, 14 agricultural cooperatives are selected. On top of those, 5 processors are selected with similar criteria/filtering excluding conditions of percentage of active members.

In addition, 11 cooperatives, of which 2 are also included in Market Database, were recommended for good organizations from CCDP which preceded and supported by JICA/DTI-ARMM within ARMM.

As a result, 30 entities were selected as excellent companies, which are invited to training course.

Table 27 Selected farm producer cooperatives

No	NAME OF COOP - PRODUCERS	PROVINCE	TYPE	DATE ESTABLISHED	NO. OF MEMBERS	% ACTIVE MEMBERS	AICRCP PRIORITY INDUSTRY	SUPPLYING PRIMARY PROCESSORS	MAJOR BUYERS LOCATION WITHIN PROVINCE	SIZE OF TOTAL LAND AREA (ALL MEMBER)	AVERAGE LAND AREA PER MEMBER (HA)	INITIAL CAPITAL	CAPITAL DECEMBER 2017	GROWTH IN CAPITAL (INITIAL OVER 2017)	HAS AVALLED OF LBP SERVICES	PLANNING TO EXPAND	HOW MUCH DO YOU NEED FOR EXPANSION?
1	TIPARBECO	BASULTA	Cooperative	2001	165	80%	Rubber	No	Yes	337	2.04	90,000	118,000	31%	No	Yes	30,000,000
2	BARBEMPCO	BASULTA	Cooperative	1990	423	65%	Rubber	No	Yes	1,910	4.52	20,000	10,000	-50%	No	Yes	50,000,000
3	ALMARBEMPCO	BASULTA	Cooperative	1993	666	95%	Rubber	Yes	Yes	2,600	3.90	80,000	150,000	88%	No	Yes	2,500,000
4	MARBEDCO	BASULTA	Cooperative	1994	246	80%	Copra, cacao, coffee, rubber	No	Yes	970	3.94	500,000	10,000,000	1900%	No	Yes	30,000,000
5	Sampanit Agrarian Reform Beneficiaries Integrated Development Cooperative	BASULTA	Cooperative	1999	421	100%	Cocunut	No	Yes	1,785	4.24	200,000	500,000	150%	No	Yes	30,000,000
6	Cabato Tabajid Agrarian Beneficiaries Development Cooperative	BASULTA	Cooperative	1993	232	90%	Copra, coffee	No	Yes	690	2.97	20,000	50,000	150%	No	Yes	15,000,000
7	CARBALDECO	BASULTA	Cooperative	1997	181	30%	Cocunut, copra, coffee, rubber	No	Yes	569	3.14	50,000	N/A	N/A	No	Yes	50,000,000
8	Limo-ok Producers Livelihood Program Cooperative	BASULTA	Cooperative	2014	30	100%	Rubber	No	No	40	1.33	300,000	300,000	0%	No	Yes	500,000
9	Ubit Community Livelihood Producers Cooperative	BASULTA	Cooperative	2014	120	100%	Livestock	No	Yes	30	0.25	300,000	150,000	-50%	No	Yes	500,000
10	BALIMOSA Cooperative	BASULTA	Cooperative	1984	60	100%	Rice and veg	No	Yes	30	0.50	10,000	10,000	0%	No	Yes	500,000
11	Uthame Agrarian Reform Multi-Purpose Cooperative	BASULTA	Cooperative	1994	117	51%	Rubber	No	Yes	356	3.04	94,000	1,000,000	964%	No	Yes	1,500,000
12	Upi Agricultural Ventures Corporation	Magindanao	Cooperative	2007	50	100%	Organic fertilizer	No	No	50	1.00	1.1 M to 5.5 M	1.0 M to 5.5 M	Same range	No	Yes	5,000,000
13	South Upi Pasian Fruit Growers and Marketing Association - Copra Producer	Magindanao	Cooperative	2010	102	50%	Cocunut	No	Yes	112	1.10	160,000	80,000	-50%	No	Yes	5,000,000
14	Sultan Mastura Steeds Grower Multipurpose Cooperative	Magindanao	Cooperative	2013	30	100%	N/A	No	Yes	15	0.50	20,000 to 50,000	50,000 to 100,000	Above range	Yes	Yes	5,000,000

Table 28 Selected processors

No	NAME OF PROCESSORS	PROVINCE	TYPE	DATE ESTABLISHED	NO. OF EMPLOYEES	% ACTIVE MEMBERS	AICRCP PRIORITY INDUSTRY	SUPPLYING PRIMARY PROCESSORS	MAJOR BUYERS LOCATION WITHIN PROVINCE	SIZE OF TOTAL LAND AREA (if applicable)	AVERAGE LAND AREA PER MEMBER	INITIAL CAPITAL	CAPITAL DECEMBER 2017	GROWTH IN CAPITAL (INITIAL OVER 2017)	HAS AVALLED OF LBP AND OTHER FINANCIAL SERVICES	PLANNING TO EXPAND	HOW MUCH DO YOU NEED FOR EXPANSION?
15	Efren Waton New Processing Plan	Basilan	Enterprise	1985	100		rubber	Yes	No	6,800		5,000,000.00	10,912,300.00	118%	Yes	Yes	5,000,000
16	United Agrarian Reform Beneficiaries Multipurpose Cooperative	Basilan	Enterprise	1993	366		rubber	Yes	No	60		1,150,000.00	60,000.00	-95%	Yes	Yes	100,000,000
17	Modern Farmers Multipurpose cooperative	Lanao del Sur	Enterprise	1993	237	75%	Coffee, salabat/turmeric	Yes	Yes	1,296		150,000.00	160,000.00	7%	Yes	Yes	10,000,000
18	HAJ Agri-Venture (Cassava Granules)	Magindanao	Enterprise	2013	70		Cassava Granules with contract in premium	Yes	No	1,500		500,000.00	700,000.00	40%	Yes	Yes	20,000,000
19	Mirdanao Integrated Rural Development Multi - Purpose Cooperative	Magindanao	Cooperative	2002	343	25%	Cocunut husk and including the whole nut for the processing of edible oil	Yes	Yes	300		12,000,000.00	100,000.00	-98%	Yes	Yes	25,000,000

Table 29 Recommended cooperatives from CCDP which are Market Database

No	In the list by JICA/DTI-ARM Recommendations and in Market Database	PROVINCE	TYPE	DATE ESTABLISHED	NO. OF MEMBERS	% ACTIVE MEMBERS	AICRCP PRIORITY INDUSTRY	SUPPLYING PRIMARY PROCESSORS	MAJOR BUYERS LOCATION WITHIN PROVINCE	SIZE OF TOTAL LAND AREA (ALL MEMBER)	AVERAGE LAND AREA PER MEMBER (HA)	INITIAL CAPITAL	CAPITAL DECEMBER 2017	GROWTH IN CAPITAL (INITIAL OVER 2017)	HAS AVALLED OF LBP SERVICES	PLANNING TO EXPAND	HOW MUCH DO YOU NEED FOR EXPANSION?
20	Dalmutan Amiral Agri-marine Producers Cooperative	BASULTA	Cooperative	2013	70	79%	cocunut, cassava, abaca, banana	No	Yes	20	0.29	300,000	4,000,000.00	1233%	Yes	No	5,000,000.0
21	Kankitap Consumers Cooperative	Basilan	Cooperative	2011	108	74%	Coffee	Yes	Yes	5 tons		9,200	3,300,000	35770%	No	Yes	4,000,000.0

Table 30 Recommended cooperatives from CCDP

No	Name	Office Address	Activity	Number of members	Trading Record	Area of Operations
20	DALMATUAN AMIRUL AGRIMARINE PRODUCERS COOP	Sapah Maulum, Indana, Sulu	Coffee production	67	810 kg/season	Indanan, Sulu
21	KANKITAP CONSUMER COOPERATIVE	Latih, Patikul, Sulu	Coffee production	112	5,600 kg/season	Patikul, Sulu
22	PEOPLE'S ALLIANCE FOR PROGRESS, MPC	Kandayok, Panamao, Sulu	Coffee production	374	10.2 MT annually	Panamao, Sulu
23	LAMITAN AGRARIAN REFORM BENEFICIARIES COOPERATIVE (LARBECO)	Limook, Lamitan City, Basilan	Rubber production	N/A	124.05 MT/year	Lamitan City, Basilan
24	BUAN SEaweEDS FARMERS MARKETING COOPERATIVE	Buan, Panglima Sugala, Tawi-Tawi	Seaweeds production	32	4860 kg/harvest season	Panglima Sugala, Tawi-Tawi
25	AL-MANI FARMERS MARKETING COOPERATIVE	Guinibon, Datu Abdullah Sangki, Maguindanao	Coconut and organic rice production	138	- 7,000 bags (7t) Conventional/Rice - 1,400 bags (Organic Rice) - Coconut 55,800 whole nuts	Datu Abdullah Sangki, Maguindanao
26	BADAK MULTI-PURPOSE COOPERATIVE	SITIO PANGANALAGA BULOD GEN. S K PENDATUN, Maguindanao	Organic fertilizer, coconut production	N/A	50 tons per month (thru buy and sell of de-husked nuts)	Gen. SK Pendatun, Maguindanao
27	SULTAN MASTURA VEGETABLE PRODUCER COOPERATIVE	Macabiso, Sultan Mastura, Maguindanao	Coconut (nut production)	20	45 tons/year	Sultan Mastura, Maguindanao
28	ABACA FARM PRODUCER COOPERATIVE	Pindolonan, Calanogas, Lanao del Sur	Abaca production/trading	81	50 tons per month	Calanogas, Lanao del Sur
29	Integrated Farmers Seaweeds Traders Marketing Cooperative		Seaweeds	16	30,000kg.(1.9M PHP): Only once	Sibutu, Tawi-Tawi
30	Busikong Greenland Multi-Purpose Cooperative	Sitio Busikong, Barangay Kibleg Upi, Maguindanao	Greenhouse vegetable cultivation business in highland Organic vegetable production	25	N/A	Upi, Maguindanao

Note: No 20 and No21 are duplicated in the previous table.

2.2.2 Capacity Development for SMEs and Agricultural Corporative (R/D 5.5 ~5.7)

2.2.2.1 Training needs assessment

TA Team conducted Training Needs Assessment (TNA) through outsourced contract with “Market Drive Management and Consultancy Services”.

(1) Review of existing training programs

Land Bank Countryside Development Foundation, Incorporated (LCDFI) provide trainings to SMEs and cooperatives. There are 12 programs such as;

- Strategic Planning
- Governance and Management of Cooperatives
- Entrepreneurial and Business Management
- Policy Rules and Formulation
- Remedial Management
- Risk and Control Self-Assessment
- Internal Control
- Basic Accounting for Non-Accountants
- Basic Bookkeeping
- Credit/Background Investigation (CBI) and Appraisal
- Account Management and Credit Administration
- Financial Management

Challenges of training programs of LCDFI are considered as follows according to TNA.

- Trainings are provided only to SMEs and cooperatives which already borrowed loan from LBP. Potential customers, who have not yet received loan disbursement, do not have access to those trainings by LCDFI.
- Training interventions is based on whatever weakness/es identified thru the conduct of the Enhanced Cooperative Operations Review Instrument (ECORI), as well as those mandated by regulating agencies.
- SMEs and cooperatives could request trainings by their own demand, but the costs must be shouldered by themselves.

The Cooperative Development Authority (CDA) also have a list of training modules for cooperatives. CDA prescribed training are classified into two: mandatory and recommended. The following table lists the mandatory training that officers of cooperatives are required to undergo.

Table 31 Mandatory Training Stipulated by the CDA

Category of Cooperative	Required Training Course	No. of Hours
Micro-Cooperatives (Assets of P3 Million and below)	Fundamentals of Cooperatives	8
	Governance and Management of Cooperatives	8
All Other Cooperatives with total Assets of more than P3 Million)	Fundamental of Cooperatives	16
	Governance and Management of Cooperatives	16
Additional Training for Cooperatives with Assets of P5 Million and above (on top of the Fundamentals of Cooperatives and Governance and Management of Cooperatives	Financial Management	8
	Risk Management	4
	Credit Management	4

The CDA also have a list of training that they are recommending officers of cooperatives to undergo. These may be provided or delivered by the CDA itself or by accredited service providers. The following are the highly recommended training according to an issuance of the Cooperative Development Authority.

1. Financial Management
2. Policy Development
3. Leadership and Values Re-Orientation
4. Conflict Management
5. Strategic Planning and Management
6. Orientation on Labor and Other Laws
7. Records Management (Financial and Non-Financial Transactions)
8. Cooperative Standards
9. Investment and Banking Procedures
10. Basic Accounting for Non-Accountants
11. Internal Control (including Inventory System)
12. Audit Management
13. Rules Formulation
14. Human Resource Management
15. Effective Communication Skills
16. Entrepreneurship and Business Management Skills

17. Basic Computer Literacy

The attendance of officers of each cooperative in the Mandatory and Recommended training was considered in the determination of the eligibility of cooperatives for renewal of their registration with the CDA. Since attendance to the Mandatory and Recommended training entailed expenses for registration, travel, food, and accommodation, there were many cooperatives who were not able to comply with the requirement and/or recommendation.

With failure of many cooperatives, especially those who are just starting, to comply with the training requirements, the CDA was forced to relax their regulation and unofficially required only the Mandatory training as a requirement for renewal of registration.

On top of LCDFI and CDA, Department of Agriculture (DA) also has programs focusing on farm production. Programs related to actual market, value chain and marketing are not provided.

Thus, challenges of existing training programs are summarized as below.

- Programs of LCDFI and CDA are well comprehensive in terms of management, financial reporting and governance. However, timing of availability of LCDFI training is limited only after loan contract. Some of programs might be better in advance of loan application.
- Programs of CDA faces difficulty of financial resources. Coordination among different capacity building providers might be effective for more efficiency in delivering trainings, and it is better to disseminate various trainings provided by different public and private entities by one-stop window to beneficiaries.

(2) Proposed training plan

TA Team put emphasis on the following viewpoints implicated from TNA survey.

- Some programs might be delivered to borrowers (especially excellent ones) prior to loan disbursement. The training prior to grant of loan should focus on improving the Business Plan of the cooperatives or SME applying for loan, as well as, help them understand the nature of the financial facility, HARVEST in particular, and improve their compliance with requirements, introduce good business management practices, and promote values (particularly towards group and individual financial responsibility).
- Programs are recommended to include production capacity by types of commodity.

Contents of those programs must be flexibly renewed according to the business and market situation. Therefore, trainings might be outsourced to third party.

- Real challenges which coops face are such as technical capacity of production and processing of crops and commodities, sales and marketing, business management and financial management. Those are better provided not with lecture, but on-site trainings and case studies of real business situation.
- Failure of repayment of loans care caused by way of thinking and lack of understanding of debt obligation. Programs had better include such topics.
- Coops just attend required trainings by CDA for renewal of certification, not for effective capacity building. Attendants are not sharing contents learned to other members. Therefore good governance and value-reorientation shall be included.

The following table shows the most recommended training to improve the selection of loan borrowers, hasten processing of loan applications, improve the performance of cooperatives and SMEs in doing their business, and ensure high repayment rates.

This list is only indicative and the training in the current menu of the Land Bank Countryside Development Foundation, Incorporated could still be implemented based on the need of the cooperatives and SMEs engaged in HARVEST.

Since its expertise in training is clearly on accounting, finance, risk assessment and management, and business planning, it is recommended that these type of capacity development activities be done by the LCDFI unless they are not available or there are local service providers with better grasp of the topic.

Table 32 Proposed Training and Details of Delivery

Title	Time of Delivery	Service Provider	Other Details
Basic Business Planning	During Loan Application	LCDFI or Outsourced	
Basics of Securing Funds from Financial and Other Institutions	During Loan Application	LDCFI or Outsourced	
Training on Filling-Up the Loan Application form for HARVEST	During Loan Application	LDCFI	
Good Governance and Values Transformation	During Loan Application	Outsourced	BDA may be considered
Basic Personal Financial Management	During Loan Application or Before Loan Release	Outsourced	
Basic Marketing	Before or immediately after Loan Release	Outsourced	
Basics of Obligations and Contracts	After Loan Release	LDCFI or Outsourced	

Title	Time of Delivery	Service Provider	Other Details
Basic Financial Management	After Loan Release	LDCFI	
Basic Farm Planning	Preferably before loan release	Outsourced (or by government agency)	Should include farm visit
Basic Bookkeeping	After Loan Release	LDCFI	
Account Management and Credit Administration	After Loan Release	LDCFI	
Proper Product Handling	After Loan Release	DTI or Outsourced	
Labeling and Packaging	After Loan Release	DTI or Outsourced	

Prepared Module

There were several modules prepared for the beneficiaries of the HARVEST. The following are the nine modules:

1. Good Governance and Values Transformation
2. Basic Business Planning
3. Basic Financial Management
4. Basic Marketing
5. Training on Filling-Up the Loan Application form for HARVEST
6. Basic Personal Financial Planning
7. Basic of Securing Funds from Financial and Other Institutions
8. Basics of Obligations and Contracts
9. Basics of Farm Planning

The first five (5) modules could be used prior to approval of HARVEST loans as these are useful for addressing the need to improve the behavioral and operational aspects of the applicants. The training on Business Planning would help to ensure that proponents would be submitting feasible business plans.

Other modules would be crafted to address the need to enhance the operational capacity of cooperatives and SMEs as they implement their projects.

Please refer to ANNEX for details.

ANNEX: Final Report for Training Needs Assessment

2.2.2.2 Implementation of Training

TA Team organized the trainings on September 3rd - 6th in Davao City, and September 10th -13th in Zamboanga City. Invited entities are 30 excellent cooperatives and SMEs described in the previous section.

Training program for that in Davao City is as follows.

The Basic Training Proposed for Selected Cooperatives and SMEs to be Accepted into the HARVEST Loan Facility

September 03-06, 2018
Mandaya Hotel, Davao City

Objective:

The objective of the basic training is to support the organizations selected as excellent cooperatives /SMEs to access the HARVEST loan.

Tentative Program

Day 1: Monday, September 03, 2018

Title of training: Organizational enhancement (Cooperative Leadership and Governance)

Participants: Cooperative Officers

8:00 -12:00	Arrival and Registration	Secretariat
13:00 -13:20	Preliminaries <ul style="list-style-type: none"> • Invocation & National Anthem • Introduction of Participants 	Secretariat
13:20-13:40	Opening Remarks	Merly Cruz/Mr. Shigeru Takagi TA HARVEST, JICA Study Team
13:40-14:00	Message of Welcome	Manager, Davao LC LBP Lending Center
14:00-15:30	Governance and coop management <ul style="list-style-type: none"> - Meaning of Governance - Test for Governance - Common Governance Issues and Problems - Philippine Laws on Cooperatives 	Ms Millet Ty, Independent Consultant
15:30-16:40	Strategic Cooperative Leadership <ul style="list-style-type: none"> - Common Management and Leadership Issues in Philippine Cooperatives - Developing Leadership and Values 	
16:40-17:40	Action Planning	
17:40-18:40	Reflection/ sharing of Experiences	Resource Person (Davao City Coop Dev Specialist)/ Secretariat
18:40-19:00	Synthesis/ Admin Arrangements	Facilitator/ Secretariat
End of Day 1		
19:00-20:00	Dinner and Socials	Secretariat

Day 2: Tuesday, September 04, 2018

Title of training: Organizational enhancement (Values re: orientation)

Participants: Cooperative and SME Officers

8:00-8:30	Registration	Secretariat
8:30-9:00	Overview of HARVEST Project	Mr Manabu Tsurutani/Ms. Merly Cruz HARVEST TA, JICA Study Team
9:00-11:00	Entrepreneurial Mindset	Resource Person: Mr. Arsenio Barcelona (GoNegosyo Mentor)
11:00-12:30	Coaching and Sharing of Experiences on Entrepreneurship	-do-
12:30-13:15	Lunch	Secretariat
13:15-15:45	Values re-orientation: Improving Commitment of Members to the Organization and its Business	Resource Person: Mr Arsenio Barcelona (Go Negosyo)
15:45-18:45	Coaching: Reflection/ sharing of Experiences	-do-
18:45-18:55	Synthesis/ Admin Arrangements	Facilitator/ Secretariat
End of Day 2		
18:55-20:30	Dinner	

Day 3: Wednesday, September 05, 2018

Title of training: Business Planning and Marketing

Participants: Cooperative and SME Officers

8:00 -8:30	Registration	Secretariat
8:30-10:30	Business Plan: Definition, Importance and Uses, Components and Processes for preparation of a Business Plan	Resource Person: Mr. Antonio Peralta (Freedom Fdn)
10:30-12:30	Coaching and Workshop for the preparation of a simple business plan (per cooperative/ SME)	-do-
12:30-13:30	Lunch	
13:30-15:30	Marketing: Market, Product and Business Reviews; and Processes for the preparation of a Marketing Plan	Resource Person: Mr. Antonio Peralta (FREEDOM Fdn)
15:30-17:00	Coaching and Workshop for the preparation of a simple marketing plan (per cooperative/ SME)	-do-
17:00-18:30	Presentation of Output	Resource person
18:00-18:30	Synthesis/ Admin Arrangements	Facilitator/ Secretariat
End of Day 3		
18:30-19:30	Dinner	Secretariat

Day 4: Thursday, September 06, 2018

Title of training: Basic Accounting and Financial management

Participants: Cooperative and SME Officers

8:00 -8:30	Registration	Secretariat
8:30-10:30	Accounting and Financial Management: Importance, Components and Framework	Resource Person: Masarina Banquerigo, CPA
10:30-11:30	Strategies of Financing Growth of the Business	
11:30-12:30	Evaluating Investment Opportunities/ Options	
12:30-13:30	Lunch	Secretariat
13:30-15:00	Presentation of loan application processes and forms	Resource Person (LBP-Lending Center)
15:00-17:00	Coaching on the preparation of loan application and forms	
17:00-18:30	Closing and Awarding of Certificates	Ms. Merly Cruz/Shigeru Takagi TA HARVEST, JICA Study Team
End of Day 4		

Co-Facilitators: M.Cruz and S.Sales

The primary intention of this activity is to prepare the potential loan customers of the project to borrow and effectively utilize their loans in their respective organizations and businesses. It also aims to provide the necessary learnings that will enhance the capacities of SMEs and Cooperatives to overcome the challenges in their respective organizations, business operations, and markets.

The two (2) leg of trainings was participated by 20 cooperatives and SMEs from the provinces of ARMM namely; Maguindanao (8), Lanao del Sur (1), Tawi-Tawi (1), Sulu (3) and Basilan (7). The attendance is equivalent to 67% of the total (30) invited cooperatives/ SMEs. Details on the number of participants per location are as follows:

Table 33 Participants of the training

Location of Training/ Address of Participants	Total number of Cooperative	Total number of SME	Total number of Participants
Davao City (Maguindanao and Lanao del Sur	8	1	28
Zamboanga City (Basilan, Sulu, Tawi-Tawi)	10	1	35
Total	18	2	63

The Resource Persons employed practical lectures/ exercises and necessary facilitation for every topic. The participants agreed and strongly agreed that the facilitators are knowledgeable on their respective topics; encouraged participatory and interactive learnings and shown preparedness in the conduct of the trainings. Below are the scores of the evaluation for the resource persons:

Table 34 Evaluation of resource persons

Topic	Resource Person	Average Score	Description
Organizational enhancement - Cooperative leadership and governance	Ms. Millet Ty	4.74	Very Good
Organizational enhancement -Entrepreneurial mindset	Mr. Arsenio Barcelona	4.55	Very Good
Marketing and Business Planning	Mr. Wilfredo Arcilla	4.97	Very Good
	Mr. Antonio Peralta	4.29	Good
Accounting and financial management	Ms. Masarina Banquerigo	4.29	Good

Note: 5 = Very Good; 4 = Good; 3 = Neutral; 2 = Unsatisfactory; 1 = Very Unsatisfactory

Overall, the participants strongly agree that the training objectives are met, the topics covered were relevant, and the training experience will be useful in their business/cooperative.

Table 35 Evaluation of the training

Evaluation statement	Average score	Description
The training objectives were met	4.71	Strongly agree
The topics covered were relevant	4.63	Strongly agree
The training experience will be useful in my business/cooperative	4.80	Strongly agree

Note: 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = disagree, 1 = strongly disagree

The participants strongly agreed that topic covered were relevant to them and their experiences from the training will be useful in their respective businesses and organizations (cooperative and SME). Some of the significant learnings of the participants for every topic are as follows:

Table 36 Evaluation of topics

Organizational enhancement - Cooperative leadership and governance	<ul style="list-style-type: none"> ✓ Different techniques and ways to handle various challenges in the cooperative ✓ As officer, more patience and understanding for every member is necessary ✓ Officers should have good attitudes and values
- Entrepreneurial mindset	<ul style="list-style-type: none"> ✓ Active involvement of members and officers in coming-up of business plan is very important success factor ✓ Perseverance and hard-work will lead to success ✓ Patience and experiences in making business with agriculture are needed because of the vulnerability of Agri-commodities in the world

	market
Business planning and marketing	<ul style="list-style-type: none"> ✓ Complying market standards are very important for the success of products/ brand ✓ Product name and packaging is essential ✓ Marketing techniques/ strategies on how to be effective in improving sales and profit ✓ “we want to innovate, expand and improve our existing business” ✓ “we will do re-planning and apply our learnings” ✓ “we have to widen our ideas and explore the world market”
Accounting and financial management	<ul style="list-style-type: none"> ✓ Analysis of financial status regarding expenses, profit, liabilities and other accounting terms ✓ Proper recoding of financial transactions is very important ✓ Accounting and financial monitoring should always be practiced in cooperative

Training Evaluation Form

for participants in HARVEST training for Cooperatives and SMEs

Date: _____

Topic: _____ Trainer: _____

Instructions: Please indicate your level of agreement with the statements as follows:

	Strongly Agree	Agree	Neutral	disagree	strongly disagree
1. The training objectives were met	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. The topics covered were relevant to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. This training experience will be useful in my business/ cooperative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. The topic content was organized and easy to follow	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. The trainer was knowledgeable about the topic	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. The trainer/ facilitator was well prepared	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Participation and interaction were encouraged	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. The time allotted for the training was sufficient	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. The training room and facilities were adequate and comfortable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

i. Cite a specific practice (in your cooperative/ personal) that could be change due to this training.

ii. What additional trainings/ topics would you like to have in the future?

iii. Other comments/ suggestions/ realizations/ learnings.

Name of Cooperative/ SME _____

Figure 18 Evaluation Form

LBP LC (Zamboanga LC and Davao LC) presented the processes and necessary forms for the application of HARVEST loan. During the discussion, the following transpired:

- Cooperatives raised concerns on the requirements to avail of the loan facility. They informed LBP that most of the cooperative's present lack some of the requirements. LBP were requested to be considerate in evaluating the eligibility of the cooperative to avail of the HARVEST loan facility.
- In response to the inquiry on the interest rate, LBP explained to cooperatives/SMEs the importance of cooperative credit rating in order for them to avail a lower interest rate.
- LBP AOs was requested to provide actual mentorship to every cooperatives/ SMEs present in complying with the necessary requirements of the loan facility.

Below are recommendation to improve training design based on the evaluation of the participants for succeeding trainings and activities of HARVEST TA;

- Actual training on technologies that will improved crop production and value-adding
- Training on Good Agriculture Practice (GAP) and certification
- Training on how to comply with business regulation, e.g., taxation, etc. especially for members who have their own business
- Detailed and actual training on product packaging, labeling and marketing/ branding
- Human Resource management
- Short course on project proposal development, accounting and financial management

2.3 Strengthening operation and monitoring function of LBP

2.3.1 Support HARVEST operation

2.3.1.1 Review and refine the current version of the OPG and PMO structure (R/D 6.1)

TA Team provided comments to draft Operation Policy Guideline (OPG) and held discussions with PMU several times to confirm some technical details.

Table 37 Comments to OPG from TA Team (selected)

Item	Comments
3.1 Coverage area	Coverage area c): “Other areas outside of ARMM* and identified conflict-affected areas, so long as the sub-projects are part of a value chain in the region” ↓ It had better to describe that “part of value chain” is defined in d) of 3.2 General criteria.
3.2 General criteria	General criteria d) : “In case of establishing processing facilities and warehousing equipment, the total cost of sub-project may be financed if more than 50% of volume of inputs or raw materials are sourced or traced from ARMM or other conflict-affected areas in Mindanao, as supported by PTMA*.” ↓ Unless this means to limit the targeted investment to “processing facilities and warehousing equipment”, it had better to use more appropriate wording to include distribution and retailing, input supply, etc.
3.6.4. Relending/rediscounting Lines (RL/RD)	Does this mean HARVEST funds are limited up to 85% of the total eligible amount of sub-projects? If so, it had better to clearly state so. It seems there is not clear stipulation of required documents in the case of "3-step loan"(Wholesale lending).
4.1. Interest rate	Spread of 0.50-1.00% looks small. This may not be applied to direct lending (retail lending by LBP), but only applied to wholesale lending?

Under HARVEST, JICA lends JPY loan to LBP with credit guarantee and foreign exchange risk coverage (FXRC) by Department of Finance (DOF). LBP provides sub-loans with 5.65% of minimum interest rate for PHP loan and 2.15% of minimum interest rate for JPY loan in fixed interest rate for both currency denomination.

Sub-loans can be provided to intermediary who provide end-borrowers with relending/rediscount (three-step loan) while sub-loans can be directly financed from LBP to end-borrowers, equally sub-borrowers (two-step loan).

Maximum funding from HARVEST is 85% of face value of promissory notes pledged by intermediaries in three-step loan through the conduit. In case of direct lending, two-step

loan, maximum funding from HARVEST is 80% of total project costs, while remaining 20% shall be contributed by sub-borrowers as capital including cash and in-kind. The total project costs shall be calculated without not-eligible cost items.

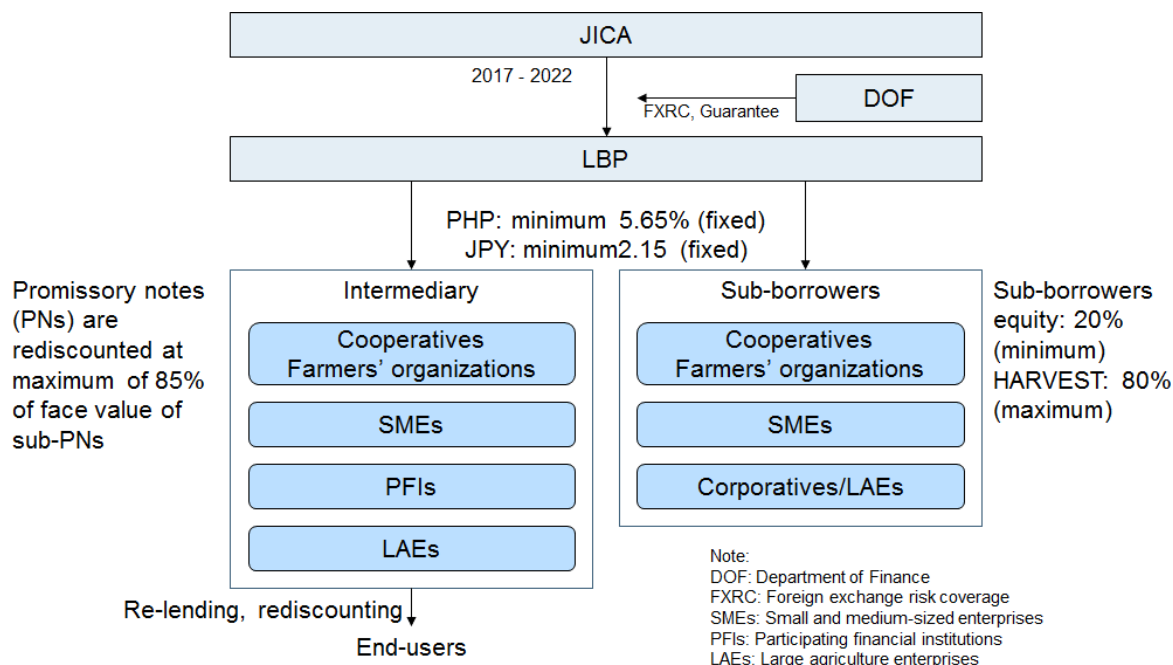


Figure 19 Structure of HARVEST two-step loan

Credit facility of sub-loans comprise of production loan, working capital, fixed asset and credit line for relending/rediscounting as shown in the next table.

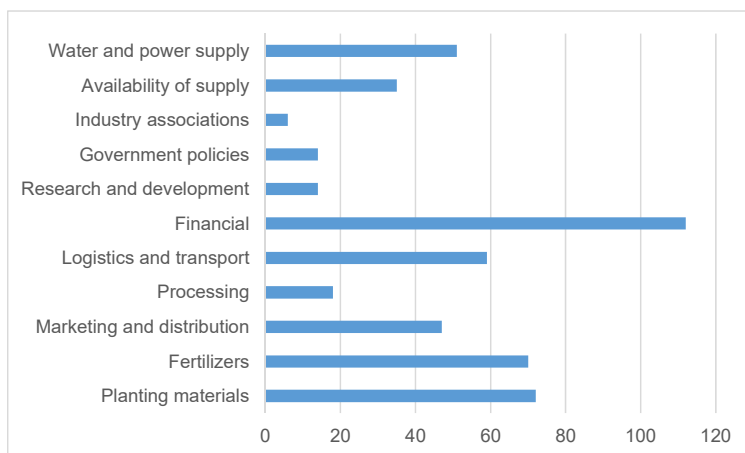
Table 38 Types of sub-loan credit facility

Credit facility	Short-term	Long-term
Production loan	180 days – 1 year	Not exceed 15 years, depending on the production cycle
Working capital	180 days – 1 year	Maximum of 5 years
Fixed asset	N/A	Up to 15 years but not exceed the economic useful life (maximum 3 years of grace period on principal repayments)
Credit line for relending/rediscounting	180 days – 1 year, depending on the production cycle/maturity of promissory note	Depending on the production cycle

Repayment shall be monthly, quarterly, or semi-annually based on the sub-borrower's sub-project cash flow (and production cycle).

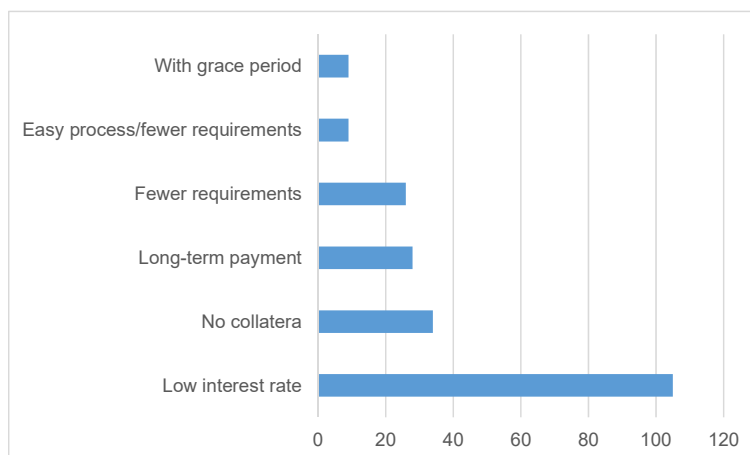
According to Market Database Survey, it is revealed most popular concerns is finance among agro-producers in ARMM and Conflict Affected Area in Mindanao. Besides, being asked about desired conditions to encourage the respondents to borrow loans, low interest

rate is most desired factor, as shown in the next charts. Long-term repayment is also significantly desired.



Note: N=186 for agricultural producers (coop 85, enterprise: 101)
 Source: HARVEST TA Market Database Survey 2018, surveyed in ARMM and Conflict-affected area

Figure 20 Factors with negative impact on current operation, all producers



Note: N=186 for agricultural producers (coop 85, enterprise: 101)
 Source: HARVEST TA Market Database Survey 2018, surveyed in ARMM and Conflict-affected area

Figure 21 Desired conditions to encourage loan/borrowing

In this regards, HARVEST loan has huge impacts to encourage potential borrowers in ARMM and the conflict-affected area.

OPG also stipulates that HARVEST shall facilitate Production/Technical/Marketing Agreement (PTMA). As explained earlier, there are two types of sub-borrowers, intermediary borrowers such as conduit and direct borrowers which are agriculture-related business entities including farmers. Sub-borrowers whose principal address/operation is within ARMM or the conflict-affected areas in Mindanao are eligible. Furthermore, Sub-borrowers

outside the target area with value chain linkage based on PTMA are also eligible. Conditions of eligibility on how sub-borrowers are involved in the target area summarized in the next chart, by types of their business.

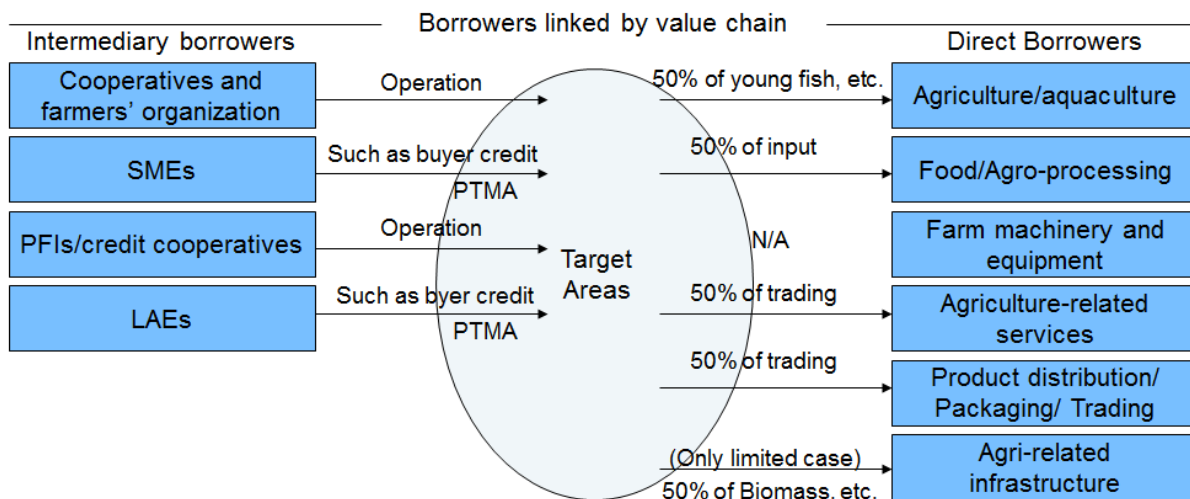
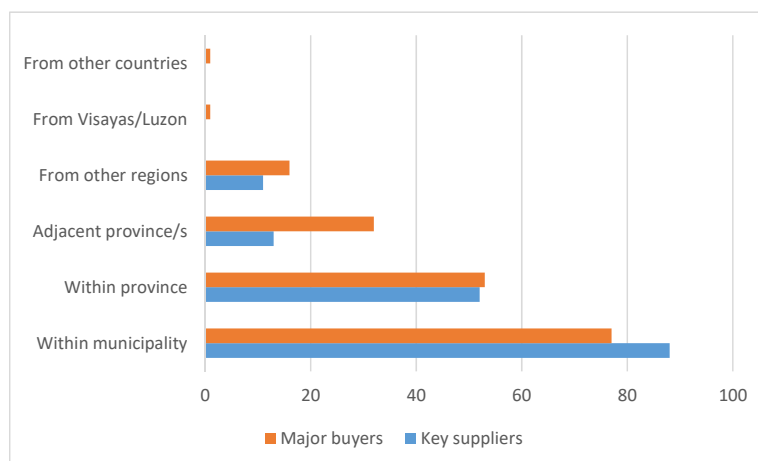


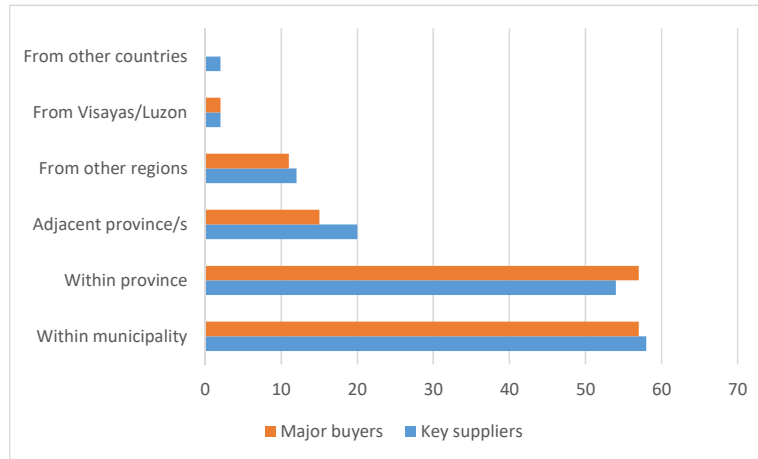
Figure 22 Eligible sub-borrowers outside the target area

Currently, farm producers in ARMM and the conflict-affected area are concentrated in trading with near-by and same provincial partners for both input and output sides (next charts). Facilitation of value chain linkage in broader geographical area by HARVEST would bring more opportunities of growth and more diversified business of those farm producers.



Note: N=186 for agricultural producers (coop 85, enterprise: 101)
 Source: HARVEST TA Market Database Survey 2018, surveyed in ARMM and Conflict-affected area

Figure 23 Location of backward and forward linkages (enterprises)

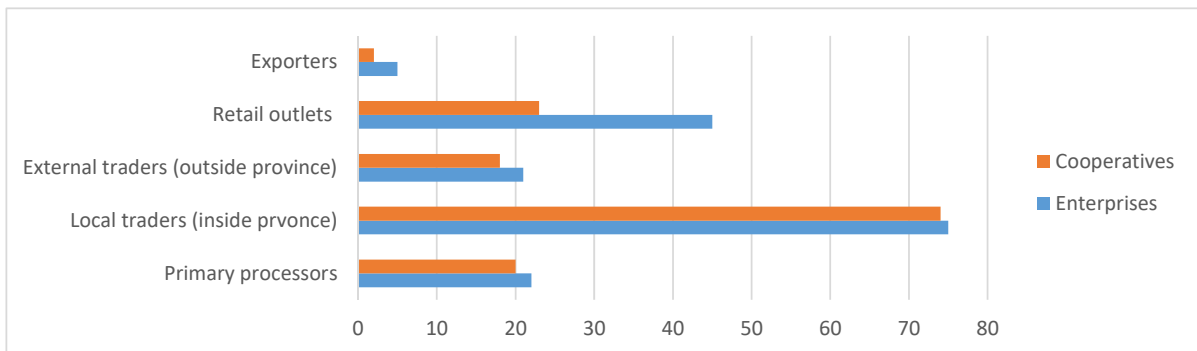


Note: N=186 for agricultural producers (coop 85, enterprise: 101)

Source: HARVEST TA Market Database Survey 2018, surveyed in ARMM and Conflict-affected area

Figure 24 Location of backward and forward linkages (cooperatives)

Looking at buyers of the farm producers by types, local traders account for majority. Considering that local traders, so-called middleman, often provide high interest credit in exchange of the trade, long-term loans under HARVEST shall help them in restructuring of existing debt.



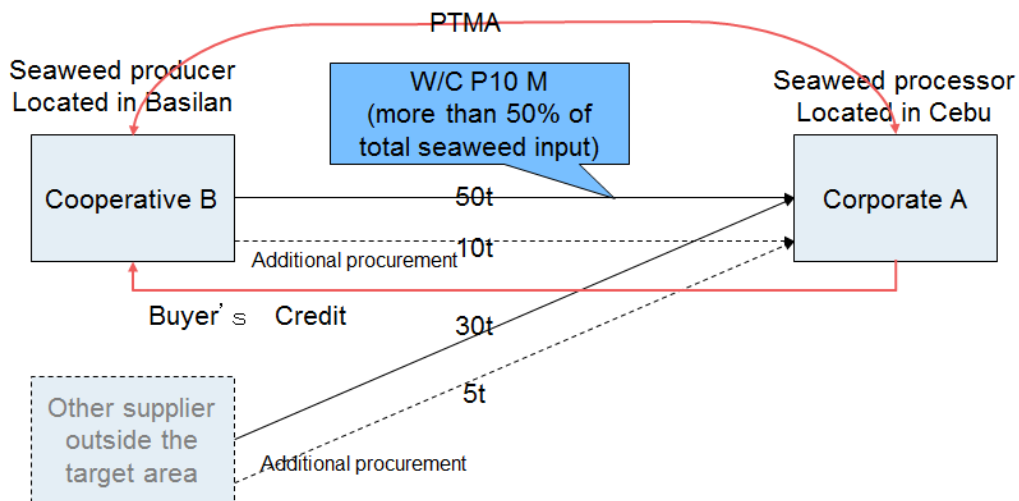
Note: N=186 for agricultural producers (coop 85, enterprise: 101)

Source: HARVEST TA Market Database Survey 2018, surveyed in ARMM and Conflict-affected area

Figure 25 Type of buyers

HARVEST must expand opportunities of availing finance for business entities which faced difficulty in getting finance.

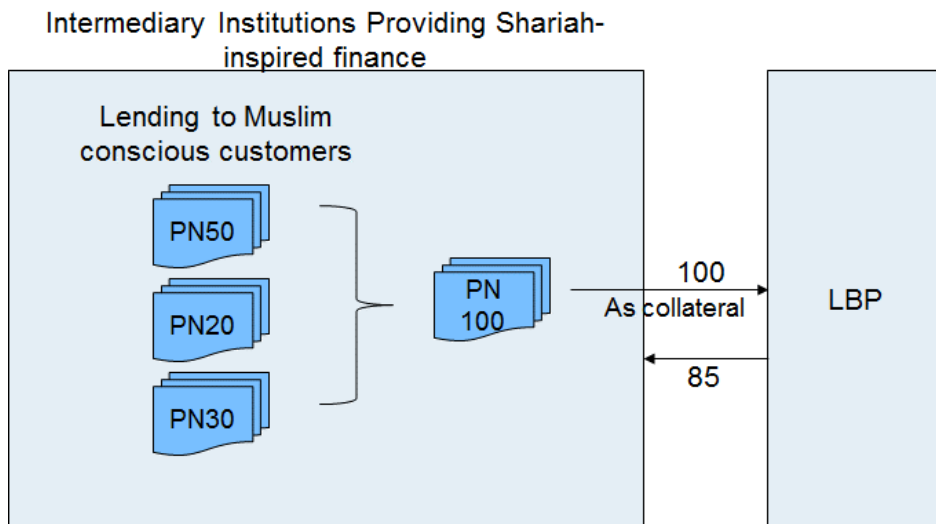
Seaweed producer located on Basilan could receive buyer's credit from seaweed processor located in Cebu in PTMA, for example, although the producer has no access to lenders including LBP.



Note: WC: working capital

Figure 26 Example of new benefit for producers in ARMM finance based on PTMA

Another example would be Muslim conscious business entities, including farmers, which are not familiar with borrowing, and/or which are hesitant to get finance from conventional financial institutions due to Shariah concept which does not allow interest and collateral. LBP could support them by providing funds through financial institutions which serve Shariah-inspired products. Shariah-inspired products¹³ are generally accepted by Muslim conscious business entities in ARMM according to Market Database Survey.



Note: PN: promissory note

Figure 27 Example of new benefit for Muslim conscious customers through conduit finance

¹³ Shariah-inspired products are credit scheme based on Shariah-banking structure without formal authorization by Islamic Scholar.

Following JICA's concurrence on OPG completed on August 28th 2018, TA Team supported LBP in launching HARVEST in Cotabato City on August 30th 2018. Total number of Attendants is 191, of which breakdown number by each types of participants are shown in the table below.

Table 39 Participants of HARVEST Launching

Date	Activity	Venue	No. of participants								
			LAE	SME	Coop	PFI	Others	JICA/TA team	LBP	Secretariat	Total
30-Aug	HARVEST Launching	Cotabao City	3	9	101	0	39	7	32	0	191

2.3.1.2 Prepare the HARVEST Monthly/Quarterly reports (R/D 6.7)

The Loan Agreement of HARVEST stipulates LBP shall furnish JICA with progress reports for the HARVEST Project on quarterly basis (in March, June, September and December of each year) until the project is completed.

TA Team proposed format of the report.

TA Team also support LBP in drafting quarterly report in TA component (there is no disbursement of HARVEST loan as of September 10th).

ANNEX: Format of reports

2.3.1.3 Development of Commodity Investment Module (R/D 6.5)

TA Team developed Commodity Investment Module for suitable crop/commodity for the pilot Corporative project (Coconut, Oil palm, and Rice) and 3 other crop/commodity for SMEs and agricultural cooperatives based on Market Database.

TA Team proposed rubber, cacao and coffee for SMEs and agricultural cooperatives by mainly the following conditions.

- a) Opportunity to scale up the rubber, cacao and coffee value chains thus encouraging more value adding investments in ARMM
- b) Majority of the identified and selected coops are in these 3 industries
- c) Improve technology are available
- c) Markets are sustainable

ANNEX: Commodity Investment Modules

2.3.2 Needs assessment and capacity building (R/D 6.4&6.8)

2.3.2.1 Needs assessment of the Lending Centers and other relevant LBP support units

TA Team discussed with PMU on needs of capacity building of Lending Centers (LCs), Program Management Department 1 (PMD1), and Environment Program and Management Department (EPMD). Candidate included Environmental and social consideration, Monitoring, and project assessment. Additionally, it is requested to deliver a training/seminar on Islamic Finance.

Environmental and social consideration

Based on requests on the meeting with LBP (EPMD), LBP side considers that it is necessary to understand about the processes both (1) JICA ESC Guideline (Environmental and Social Considerations Guideline: 2010) and (2) ESMF (Environmental and Social Management Frameworks: 2017) for LBP/LCs staff before appraisal of sub projects will be started. Among them it is especially needed to develop simplified flow chart in order to facilitate staffs of LCs to make initial action and consideration on E&S. Those items are covered by training course.

Project assessment

As credit and project assessment of HARVEST loan to SMEs and agricultural cooperatives are similar to regular loan and project assessment of LBP, except monitoring of impacts of HARVEST. Instead, it is requested to provide input for assessment of Corporate project, especially basic study on environmental and social consideration of the pilot sites of Corporate. TA Team drafted study reports (details are described in “2.3.3.2 Support appraisal on social and environmental considerations”).

Monitoring of impacts of HARVEST

LBP (EPMD) requested a capacity building to clarify the measurement of key performance indicators (KPIs) set to evaluate the performance of HARVEST for LBP's staff in Program Management Department 1 and Account officers of Loan Centers (LCs) in Mindanao. The TA Team planned an Orientation workshop on the Key Performance Indicator (KPIs) under HARVEST

Islamic Finance

LBP requested a capacity building on Islamic finance (Banking). This is because majority of population of ARMM are Muslim (91.3% according to Philippine Statistics Authority, 2015 Census of Population) while LBP has not yet developed Islamic Window under its business line. In this regards, TA Team prepares Islamic Finance Workshop.

Table 40 Total Population by Religious Affiliation, Region and Province: Mindanao, 2015

AREA	TOTAL (A)	ISLAM (B)	NON ISLAM	NO RELIGION	NOT STATED	Islam % (B/A)
MINDANAO	24,135,775	5,646,010	18,451,813	11,105	26,847	23.4%
Region IX	3,629,783	603,289	3,019,275	6,815	404	16.6%
Region X	4,689,302	378,019	4,309,731	1,294	258	8.1%
Region XI	4,893,318	167,879	4,721,292	516	3,631	3.4%
Region XII	4,545,276	1,032,824	3,505,354	598	6,500	22.7%
CARAGA	2,596,709	12,355	2,583,720	589	45	0.5%
ARMM	3,781,387	3,451,644	312,441	1,293	16,009	91.3%

Source: Philippine Statistics Authority, 2015 Census of Population

2.3.2.2 Conduct trainings on Project effect/impacts (Target : Program Management Department 1 of LBP, Accounting officers of LCs)

TA Team conducted an Orientation workshop on the Key Performance Indicator (KPIs) under HARVEST on the 2nd of August, 2018, at The Royal Mandaya Hotel, in Davao City. The trainer was the consultant in charge of Monitoring and Evaluation/ Database Management and about 50 persons attended the training, which explained the objective and KPIs in detail and introduced the Excel Template for the easy input of the KPIs, as well as some methods to avoid double counting

ANNEX: Orientation for the HARVEST Key Performance Indicators

As most of the attendants have been working on similar ODA loan projects in the past, the attendants seemed to fully understand the purpose and content of the KPIs. Although they did not raise any specific issue/questions during this session, previous introduction of the KPIs at an earlier stage has raised questions on the methods to count non-full time employment and difficulty to avoid double counting of “3 step loan” borrowers. Attendants interviewed after the workshop mentioned that they didn’t find anything difficult to understand, and found the explained method to avoid double counting useful, and just asked

for the template to be distributed to the LCs, so that they can easily count the “full time equivalent” employees.

Having an earlier sounding of the questions from the LCs have made it possible to prepare the contents to address the potential issues of the attendants.

2.3.2.3 Conduct trainings on Social and environmental considerations (Target : Program Management Department of LBP, staffs of LCs)

The Land Bank conducted series of roadshows in which during these activities orientation of the ESMF was facilitated. A total of five (5) Orientation Seminars were conducted in General Santos City, Kidapawan, North Cotabato, Butuan, Cagayan de Oro and Zamboanga City.

In order to follow up the above activities, a Seminar-training on Environment and Social Considerations (ESMF) was conducted on 01-02 August 2018 at the Royal Mandaya Hotel, Davao City. The objectives of the seminar-training is shown below

- To enhance the capacity of the account officers in the 12 lending centers of Land Bank to manage the Environmental and Social Considerations processes and requirements under HARVEST ESMF ;
- To advanced understanding of the participants on the current environmental management system focusing on the laws and regulations covered in the granting of clearances and licenses to operate and implement agriculture projects; and

Mechanics of the seminar is shown in the table below while the program of activities is shown in the next table. Also refer to Annex for the presentation materials used during the seminar-training.

Table 41 Mechanics of the Seminar

Activity/Session	Description	EOs	Speaker/Presenter	Requirement/s
Session 1 Overview of HARVEST and Brief Presentation of the JICA's Technical Assistance Project	The presentation reviews the overall objectives of HARVEST and JICA's Technical Assistance Project. It hopes to provide the context of the conduct of the seminar to LCs. Part of the presentation explains the objectives and expected outputs of the seminar.	Enhanced understanding of HARVEST and the JICA TA Project	LBP and TA Team	- PP Presentation materials
Session 2 Presentation of OPG and Overview of ESMF	This session provides an overview of the OPG that set out the requirement of an environment and social diligence under the ESMF.	Enhanced knowledge and awareness of OPG and ESMF	LBP (HARVEST PMO and EPMD)	- PP Presentation materials
Session 3 Environment and Social Safeguard, Policies and Procedures under ESMF	This session reviews environmental safeguard, policies and procedures under the ESMF.	Improved understanding and knowledge on polices and processes required in granting approvals of loans under HARVEST.	EPMD and TA HARVEST Team	- PP Presentation materials
Session 4 Presentation of JICA' ESC Guideline under ESMF	This session provides an overview of the JICA's environment and social considerations guidelines. It focuses discussion on the classification and categorization of projects based on impact of the projects with particular focused on agriculture projects as well as on infra projects that relates to the development of agricultural industries. The presentation also explains environmental monitoring checklist.	Fostered awareness and understanding of JICA's ESC guidelines as it relates to HARVEST.	TA HARVEST Team	- PP presentation materials - Reference materials
Session 5 Presentation of the Environmental Management System in the Philippines	This session presents the current environmental management system in the country with particular focus on the laws and regulations, process and procedures in granting clearances and licenses to operate agriculture projects.	Strengthened understanding on the current environmental policies that relates to the granting of clearances and licenses to operate agriculture projects.	DENR Davao	- Official Invitation from LBP - PP Presentation materials from presenter

Table 42 Program of Activities

Seminar on Environment and Social Management Framework (ESMF)



Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation (HARVEST)



Program of Activities

Day 1

Part 1: 01 August 2018

12:00 -13:30	Registration/Lunch	Secretariat
13:30-13:40	Preliminaries • Innovation & National Anthem • Introduction of Participants	Secretariat
13:40-13:50	Welcome Address and Opening Remarks	Mr. Jose Eneclito Faune AVP/Head Davao LC
		Ms. Sherilyn Aoyama Senior Program Officer, JICA Philippines
13:50- 14:00	Overview of HARVEST Program	Mr. Eduardo Luzano AVP/Director HARVEST PMO
14:00-14:15	Brief Presentation of HARVEST Technical Assistance Project	Mr. Manabu Tsurutani HARVEST TA, JICA Study Team Leader
14:15-14:35	Presentation on the Commodity Investment under HARVEST/Objectives and Expected Outputs of the Seminar	Ms. Merly Cruz HARVEST TA, JICA Study Team
14:35- 14:50	Presentation of Operations Policy Guideline of HARVEST	Mr. Laurence Hidalgo HARVEST PMO, PMD Land Bank
14:50-15:10	Presentation of Environmental Management System in the Philippines	Ms. Sheena Mari S. Campos Senior Environmental Management Specialist Environmental Management Bureau Department of Environment and Natural Resources - Region 11
15:10-15:40	Q & A/ Coffee Break	
15:40 -16:00	Presentation of JICA Guidelines on Social and Environmental Considerations	Ms. Gloria Sato HARVEST TA, JICA Study Team
16:00-16:30	Presentation of ESMF and Implications to the Environmental Due Diligence Policy of Land Bank	Mr. Paolo Gerard Tolentino EPMD, Land Bank
16:30-17:10	Environment and Social Safeguard, Policies and Procedures under ESMF	Mr. Paolo Gerard Tolentino EPMD, Land Bank Ms. Gloria Sato HARVEST TA, JICA Study Team
17:10-18:00	Q & A	Mr. Laurence Hidalgo Moderator, HARVEST PMO
18:00-18:10	Wrap up of Day 1	Ms. Gloria Sato HARVEST TA, JICA Study Team
18:10-19:00	Dinner	The Royal Mandaya Hotel

Day 2

Part 1: 02 August 2018

08:00–08:30	Preliminaries	Secretariat
08:30–08:40	Recap of Day 1	LC Participant
08:40-09:15	Presentation on Social and Environmental Checklist under ESMF	Ms. Gloria Sato HARVEST TA, JICA Study Team
09:15-10:00	Q & A	Mr. Laurence Hidalgo Moderator, HARVEST PMO
10:00-10:20	Wrap up Part 1 and Next Steps	Ms. Gloria Sato HARVEST TA, JICA Study Team
10:20-10:45	Coffee Break	

Salient Results

- 1) A total of around 40 participants attending the seminar representing 12 lending centers in Mindanao.
- 2) Issues and concerns during the seminar centered on the following:
 - a. The ESMF requirement is an additional layer of works by the account officers in their respective lending centers.
 - b. Technical capacity of the account officers to adopt the ESMF requirement needs to be enhanced by intensive trainings, mentoring and coaching.
 - c. Areas of differences between the new LBP due diligence policies and that of the ESMF and how to harmonized them
 - d. Approval process of the loan application prior to ESMF requirement compliance
 - e.
- 3) Some recommendations were also put forward, including the following items:
 - a. Regular and visible support of the EPMD and the TA HARVEST Team to the Lending Centers to provide technical support though mentoring and coaching
 - b. Come up with various screening templates based on eligible sub-projects under HARVEST
 - c. Regular trainings and seminar to equip the account officers with knowledge,

skills and orientation about the processes, evaluation procedures on eligible sub-projects under HARVEST.



Note: Pictures taken during the Seminar on ESMF in Davao City last 01-02 August 2018

ANNEX: Training materials on Environment and Social Management Framework (ESMF)

2.3.2.4 Orientation on Islamic Finance

The objective of the Orientation on Islamic Finance is to review the basics of Islamic Finance and current Philippines' regulation on Shariah Banking and discuss plans/roadmap to address the concerns of the Muslims in Mindanao. It was held in the afternoon of September 17th from 1PM at a meeting room in the New World (Manila Bay) Hotel and the target participants are the LBP-HQ staff who may be involved in the planning or developing of LBP's Islamic Finance service (from PMD1, Mindanano Lending Group, product development, legal, marketing dept., etc.).

The contents of the orientation included capacity building on the basic concept, products,

required infrastructure, Philippines' regulation of Islamic Finance and its applications for agriculture business.

Based on such knowledge, participants discussed when and what kind of products/service can be rolled out by LBP for the Muslim customers in Mindanao. For example, selection on the level of Shariah compliance: (Shariah-inspired) Quasi-Islamic finance products vs Pure Islamic Finance Products; delivery channel via Microfinance/Cooperatives/Finance company/Branch, or via Islamic Banking Window vs Subsidiary Bank; Funding methods: Islamic Deposit vs Bond(Sukuk) was discussed.

Regarding HARVEST loan targeting Muslim customers, there might be 3 levels of approach.

Outreach by existing products

Under OPG, sub-borrowers outside the target area with value chain linkage based on Production/Technical/Marketing Agreement PTMA are eligible. There are two channels to supply HARVEST loan to Shariah conscious Muslim customers. First is to finance through conduit such as micro finance institutions (MFIs) which have access to such customers through Shariah-inspired banking. Second is direct loan by LBP to business partners such as buyers of those Muslim producers/processors based on PTMA which often includes supply chain credit to farm producers/processors.

Develop Shariah-inspired products

Shariah-inspired products are just based on practice, especially replicating formal Shariah financing (lending) product scheme without confirmation by Shariah Scholar. According to Market Database Survey, those types of products are more or less prevalent in ARMM. Therefore, LBP could directly provide such Shariah-inspired finance to Shariah conscious Muslims in ARMM under HARVEST.

Formal Islamic banking

In order to provide formal Islamic banking credit products, LBP must be funding Shariah compliant funding source such as Sukuk, and HARVEST loan is not eligible as a formal Islamic financial resource.

As discussed above, the first and second levels can be financed by HARVEST loan.

ANNEX: Orientation materials on Islamic Finance

2.3.3 Activities for social and environmental considerations

2.3.3.1 Finalizing ESMF for HARVEST (R/D6.1)

The Environment and Social Management Framework (ESMF) is developed in 2016 in collaboration with World Bank, JICA and Land Bank in order to define a system that will guide the sub-borrowers in ensuring that the subprojects are environmentally and socially viable and sustainable and that the anticipated adverse environmental and social impacts are avoided, minimized and mitigated.

The ESMF demonstrates a comprehensive compliance with relevant government rules and regulations under DENR, LANDBANK's environmental due diligence policies, and the environmental and socials guidelines of JICA. Other legal frameworks were also being considered in the drafting of the ESMF.

The TA HARVEST Team conducted a review of the ESMF and recognizing that the ESMF have underwent series of revisions in the past already. During the review, it was recommended that some modifications can be put forward only to simplify processes and procedures. Areas where simplifications are considered were in the context of the following:

- Possible adoption of LBP Due Diligence Policy (2017) in evaluating cooperatives and SMEs to access HARVEST Credit Facility. The previous version only consider environmental safeguards, but this new version has included social safeguards.
- Translate significant aspects of the ESMF into “tables and figures” for easy reference and the use of schematic presentations/flow charting of significant ESMF processes to simplify the procedures, including screening, review and approval of the loan application.
- Checklists under the JICA's Guideline can be modified and incorporated into the ESMF's checklist.

Moreover, during the series of meetings and consultation conducted by the TA HARVEST Team and EPMD of Lank Bank, it was concluded that the following points of modification to the ESMF were effected until such time the ESMF are put to practice. Hence, the following areas of modifications were done namely:

- Delete word “World Bank” from the original document
- Add Header in significant sections of the document

- Change the composition of the Table of Contents (Add TOC for ESSR)
- (P29) Change Step 1(Negative list) and Step 2 (OPG eligibility)
- (P39) Delete 1 old Table
- (P42) Delete report description and add JICA policy for public consultation
- (P63,69 GRM) Use “refer to P47” because same description of P42-44
- (P69) Delete report description
- ANNEX 3 Add new version
- Others (minor change: spelling check, reform tables etc.)

Given the above, the major modifications of the ESMF were on the aspects of refining the screening format and the establishment of an indicative checklist to be used by the Lending Centers in evaluating project applications in the view point of the environment and social aspects. Refer the following tables for the refined screening format and the checklist.

Table 43 Environmental and Social Screening Checklist

Environmental and Social Screening Checklist

BASIC INFORMATION	
Name/Title of Sub-project	
Location of Sub-project	
Name of Proponent and/or Organization	
Contact Person	
Address of Proponent	
Contact Details	
Estimated Investment Required	
Status of the Proposed Sub-project	<input type="checkbox"/> New <input type="checkbox"/> On-going <input type="checkbox"/> Expansion

SUB-PROJECT ELIGIBILITY

1. Is the subproject or its activities are included in the Negative List based on defined exclusion criteria under OPG?

Yes. No

2. Is the sub-project or its activities are included in the OPG List?

Yes. No

If Yes, kindly check appropriate box.

- | | |
|---|--|
| <input type="checkbox"/> Agriculture/Aquaculture | <input type="checkbox"/> Food/Agroprocessing |
| <input type="checkbox"/> Farm Machinery and Rquipment | <input type="checkbox"/> Agri-culture related services |
| <input type="checkbox"/> Product Distribution/Packaging | <input type="checkbox"/> Agri-related infrastructure |

3. Is the sub-project location are within the specified areas stipulated in the OPG?

- | | |
|---|---|
| <input type="checkbox"/> ARMM | <input type="checkbox"/> Conflict affected areas confirmed by OPPAP |
| <input type="checkbox"/> Within/part of the value chain | |

ENVIRONMENTAL AND SOCIAL CHECK ITEMS

1. Is the sub-project or its activities have the possibility to affect the quality of the environment within or its neighboring area?

Yes. No

If Yes, kindly check appropriate box.

Ambient air quality Water quality of river, creeks & other water bodies

2. Is there a possibility that the sub-project or its activities can cause or worsen soil contamination of irrigated lands by agrochemicals, heavy metals and other hazardous substances? Briefly describe.

Yes. No. to be determined/unclear

3. Does the sub-project will affect ecologically valuable habitats or habitats of engaged plants and animals? Briefly describe.

Yes. No

4. Is the sub-project site located within or near protected area or conservation area as designated by the laws and regulations in the Philippines? Briefly describe.

Yes. No

5. Is the sub-project or its activities will involve voluntary or involuntary resettlement?

Yes. No

If yes, how people? _____ No. of HH _____

6. Does the sub-project or its activities will have an impact on minorities and indigenous peoples? Briefly describe.

Yes. No

If yes, how people? _____ No. of HH _____

If impact is expected, is the sub-project comply with the requirements of the Philippine law under

Ethnic Minorities and Indigenous People's Rights?

Yes. No

7. Will the sub-project involve the land conversion, land development and substantive land clearing? Briefly describe.

Yes. No

If yes, how many hectares? _____ . Scale _____

8. Does the sub-project or its activities will include substantive use of pesticides?

Yes. No

9. Is there a possibility that the sub-project or its activities will adversely affect the living conditions and wellbeing of the people in the community? Briefly describe.

Yes. No

10. Based on the thresholds and parameters contained in the revised guidelines for coverage screening and standardized requirements under EMB MC 2014, kindly check assessment of the sub-projects.

Covered (Required to secure ECC)

Category A: ECP Category B: Non-ECP (EIS) Category B: Non-ECP (IEE)

Not Covered (may secure CNC)

PD (Part 1 Only)

SUB-PROJECT CATEGORY RECOMMENDATION	
<input type="checkbox"/> Category A	Basis and Justification:
<input type="checkbox"/> Category B	Basis and Justification:

<input type="checkbox"/> Category C	Basis and Justification:	
Prepared & Submitted by: <hr/> <p style="text-align: center;">Lending Units/Account Officer</p>		Date
Reviewed & Verified by: <hr/> <p style="text-align: center;">EPMD</p>		Date:
Approved by: <hr/> <p style="text-align: center;">HARVEST PMO</p>		Date:

Table 44 Environment and Social Considerations Checklist -a

Category	Environmental / Social Items	Checklist Details	Remarks				Confirmation of Social and Environmental Considerations
			Yes	Not Yet	No	unclear	
1	Licenses, Permits and Clearances	<input type="checkbox"/> Licenses and Permits and Clearances ① Are the required permits from respective local government been completed and obtained i.e. permit to operate, development permit, etc? Is Certificate of Non-Coverage (CNC) already obtain from DENR? ③ Is an ECC required and obtained from DENR? Is an EIA already completed? ④ In addition to the above approvals, are the environmental license and related permits have been obtained from other appropriate regulatory authorities? (sanitary and other related waste disposal permits, construction permits, etc)					
	Public Participation	① Are the contents of the project and its related impacts have been explained to the public based on EIA Law on public participation and information disclosure policy? Is awareness and understanding on the project and its impacts by the general public have been achieved? ③ Are comments and concerns on the project from the public and regulatory authorities have been properly responded and satisfied? ④ Are plans for continuing public participation or mechanisms for a sustainable public engagement have been considered as part of the monitoring mechanism of the project?					
	Examination of alternatives plans	① Have alternative plans been studied and examined for environmental and social considerations? Are these alternative plans understood by the stakeholders?					
2	Pollution Control Measures and Environmental Quality	<input type="checkbox"/> Air Quality ① Are adequate measures undertaken to mitigate the effect of ambient air quality as a result of the possibility of air pollutants emitted during project's operations and maintenance? Is the ambient air quality emitted by the project complies with the Air Quality Standard ? ③ With the existing air pollution sources in the project area, is there a possibility that the project will contribute to the worsening air pollution in the area?					
		<input type="checkbox"/> Water Quality ④ Are adequate measures have been undertaken to prevent/mitigate spills and discharges of crude oils and other hazardous materials to the surrounding water areas?					

Table 45 Environment and Social Considerations Checklist -b

Category	Environmental / Social Items	Checklist Details	Remarks				Confirmation of Social and Environmental Considerations	
			Yes	Not Yet	No	unclear		
		<p>⑤ If spills and discharges cannot be prevented, does the project comply with the environmental quality and effluent emissions standards in the Philippines?</p> <p>⑥ Do the effluents from the power plant in general comply with the effluent standards in the Philippines?</p> <p>⑦ Is there a possibility that the effluents generated by the project will worsen the ambient water quality standards or will cause any significant temperature rise in Infulene River? Any measures to mitigate this adverse condition?</p>						
	• Soil/Site Contamination	⑧ Are soils in the project site and its surroundings been examined for possible contamination considering its land use utilization in the past? If contaminations are found, are measures been undertaken to cure or minimize its tendencies to worsen?						
	•Waste Management	<p>⑨ Are sludge containing pollutants such as oils, greases, heavy metals generated, among others have been properly treated and disposed of in accordance to standards?</p> <p>⑩ Does the project consider developing a waste management plan?</p>						
	•Climate change factors	⑪ Are climate change factors been considered?						
3	Natural Environment	•Topography and Geology	① Is there a possibility that the sub-project will cause a considerable alteration of topographic and geological features around the project site?					
		•Hydrology	<p>② Are potential flood risks in the project have been studied and assessed considering the low elevation of the project site, its proximity to intertidal zone, saturated depression in the northwest side of the site caused by Infulene River, among other hydrological issues?</p> <p>③ Are adequate water quality control measures taken to minimize water quality degradation caused by the installation of structures?</p>					
		• Ecosystem	<p>④ Does the project site will encompass ecologically valuable habitats such as mangroves, rain forests, wildlife, etc?</p> <p>⑤ Does the project site will affect the habitats of endangered plants, animals species designated by the Philippines or other international treaties and conventions?</p> <p>⑥ If significant ecological impacts are expected, are adequate measures taken to mitigate its impacts?</p>					

Table 46 Environment and Social Considerations Checklist -c

Category	Environmental / Social Items	Checklist Details	Remarks				Confirmation of Social and Environmental Considerations	
			Yes	Not Yet	No	unclear		
	<ul style="list-style-type: none"> Protected Areas 	<p>⑦ Is the project site located within or near protected areas designated by the Philippines, international treaties and conventions?</p>						
	<ul style="list-style-type: none"> Areas of environmental significance 	<p>⑧ Does the project will affect any areas of environmental significance such cultural heritage, etc? ⑨ If significant impact is expected, are adequate measures undertaken to minimize/mitigate its impact?</p>						
4	Social Environment	<ul style="list-style-type: none"> Resettlement 	<p>① Is involuntary/ voluntary resettlement expected by the implementation of the project? If involuntary resettlement is expected, is adequate explanation on relocation and compensation provided to affected settlers prior to resettlement? ② Is resettlement plan, including among others compensation package, restoration of livelihoods developed based on socio-economic studies and in accordance to the guidelines and laws of the Philippines on Resettlement?</p>					
	<ul style="list-style-type: none"> Minorities and Indigenous Peoples 	<p>③ Does the sub-project will have an impact on minorities and indigenous peoples? If impact is expected, does the project comply with the Philippine's law on Ethnic Minorities and Indigenous People's rights? ④ Are considerations given to reduce the impact on the culture of indigenous peoples?</p>						
	<ul style="list-style-type: none"> Cultural Heritage 	<p>⑤ Is there a possibility that the project will affect or cause damage to archeological, cultural and religious heritage sites? ⑥ Are adequate considerations given to protect these sites in accordance to the laws and regulations in the Philippines?</p>						
5	Others	<ul style="list-style-type: none"> Accident Prevention Measures 	<p>① Are adequate prevention plans and mitigation measures developed and established, including safety rules, installation of prevention facilities and equipments, and safety education for project personnel and workers? ② Are adequate accident prevention measures, including installation of prevention facilities, equipments and prevention management system) developed to provide awareness and prevent any accidents?</p>					

	<ul style="list-style-type: none"> Monitoring Mechanism 	<p>① Does monitoring plan developed to monitor significant impacts contained in the environmental checklist? If so, are monitoring methods and frequencies included to evaluate its appropriateness? ② Does the project comply with any regulatory requirements on monitoring and reporting systems in accordance with the guidelines and other related laws and regulations in Philippines?</p>					
--	--	---	--	--	--	--	--

Furthermore, the TA HARVEST Team also recommended during the review process to come up and/or translate significant aspects of the ESMF into “tables and figures” for easy reference and the use of schematic presentations/flow charting of significant ESMF processes. This aimed to simplify the procedures, including screening, review and approval of the loan application, however, after series of consultations with EPMP and JICA Philippines, it was concluded for the time being the existing flowchart (see the following Table for the ESSP Process Flow and Figure for the general process for credit facility) of ESSP will be used in the interim and to test its appropriateness. It was concluded that the mentioned flowchart will be revised from time to time depending on the level of comfort of the account officers at the lending centers. It was noted that experiences and lessons learned will need to be documented during the initial implementation process to this effect.

Table 47 ESMF/ESSP Process flow

Key	Process	Reference Document	Institutional Arrangements		
			Sub project Proponent	LANDBANK	JICA
Initial Screening	<p>Is it part of Negative list?</p>	Annex 1 Negative List	Submits project Proposal to LBP LCs for financial assistance	LCs determines if projects eligible using HARVEST eligible project and negative list of projects, LCs provides sub project proponent with the loan and Environmental and Social Safeguards, requirements, LCs request data from the sub project proponent for the environmental and Social Screening.	
	<p>Is it part of OPG list?</p>	Annex 2 OPG List			
Environmental Screening	<p>Is the Project Category A? Is the Project Category B? Is the Project Category C?</p> <p>EIA/ESIA IEE/ESM</p>	Annex 3 ESSC, Annex 5 format for ESIA, Annex 6, Sample TOR for ESIA	<p>Conducts screening and scoping of sub project;</p> <p>Determines level of impact and mode of land acquisitions; Undertakes public consultations. Submits data and documents to LCs prepares and submits to LBP for review the follows;</p> <p>Category A: ESIA, Contingency plan and ESMP</p> <p>Category B: ESIA and ESMP</p> <p>Category C: Project description on size and nature of activities</p> <p>Due Diligence on Resettlement & Compensation Indigenous peoples; A-RAP, full RAP and IP if applicable</p>	<p>LCs (with assistance from PMO) verifies data submitted by the Sub project proponent for the Environmental and Social Screening. LCs determines category of projects as A, B or C. PMO validates and confirms results of environment and social screening/scoping and informs JICA.</p> <p>LBP-PMO provides technical & procedural advice during the process of hiring and review the results of sub borrowers final evaluation for consistency with JICA procurement guidelines. Transmits to JICA TOR for the EIA preparation for review and clearance.</p> <p>PMO provides technical & procedural advice to ensure that potential environmental impacts & procedures for environmental compliance are met.</p> <p>PMO or with assistance from LBP-EPMD, does substantive review on submitted safeguards documents to verify if necessary environmental and social safeguards are provided.</p> <p>Transmits safeguards document to JICA for reference, or if applicable, comment (applies to selected Category A projects for NOL issuance)</p>	<p>JICA is informed of the result of categorization, and issues a NOL or inform LBP of JICA's judgement of JICA Category.</p>
	<p>Will there be land acquisition resulting in displacement?</p> <p>Over 200 DPs? → ARAP</p> <p>Full RAP</p>	Resettlement Policy Framework			
Social Screening	<p>Will the project involve ancestral domain/presence of IPs?</p> <p>IPP</p>	Indigenous Peoples Plan Framework, Annex 17 Elements of an Indigenous Peoples Plan			
			Annex 14 Full RAP	Annex 15 A-RAP	
Review & Clearance			Transmits approved Environmental Clearance Certificates (ECCs) and other relevant permits and clearances to the LBP. Submit social safeguard documents (RAP, ARAP) to LBP.	PMO reviews documents for acceptability and submits to JICA, if required. Exercises environmental and social due diligence.	Reviews and issues No-Objection Letter (NOL) on all the final EA reports for Category A sub projects. JICA Advisory committee will advise Draft EIA report and RAP/IP.

Key	Process	Reference Document	Institutional Arrangements		
			Sub project Proponent	LANDBANK	JICA
Implementation M&S			Implement/monitors compliance to ESIA and ESMP, ECC RAP/ARAP and IP. Prepare semi-annual ESPMAR	PMO monitors project implementation and submit to JICA reviewed ESPMAR	Reviews ESPMAR: Undertakes supervision mission to ascertain safeguards, performance and identify measures to improve safeguards implementation

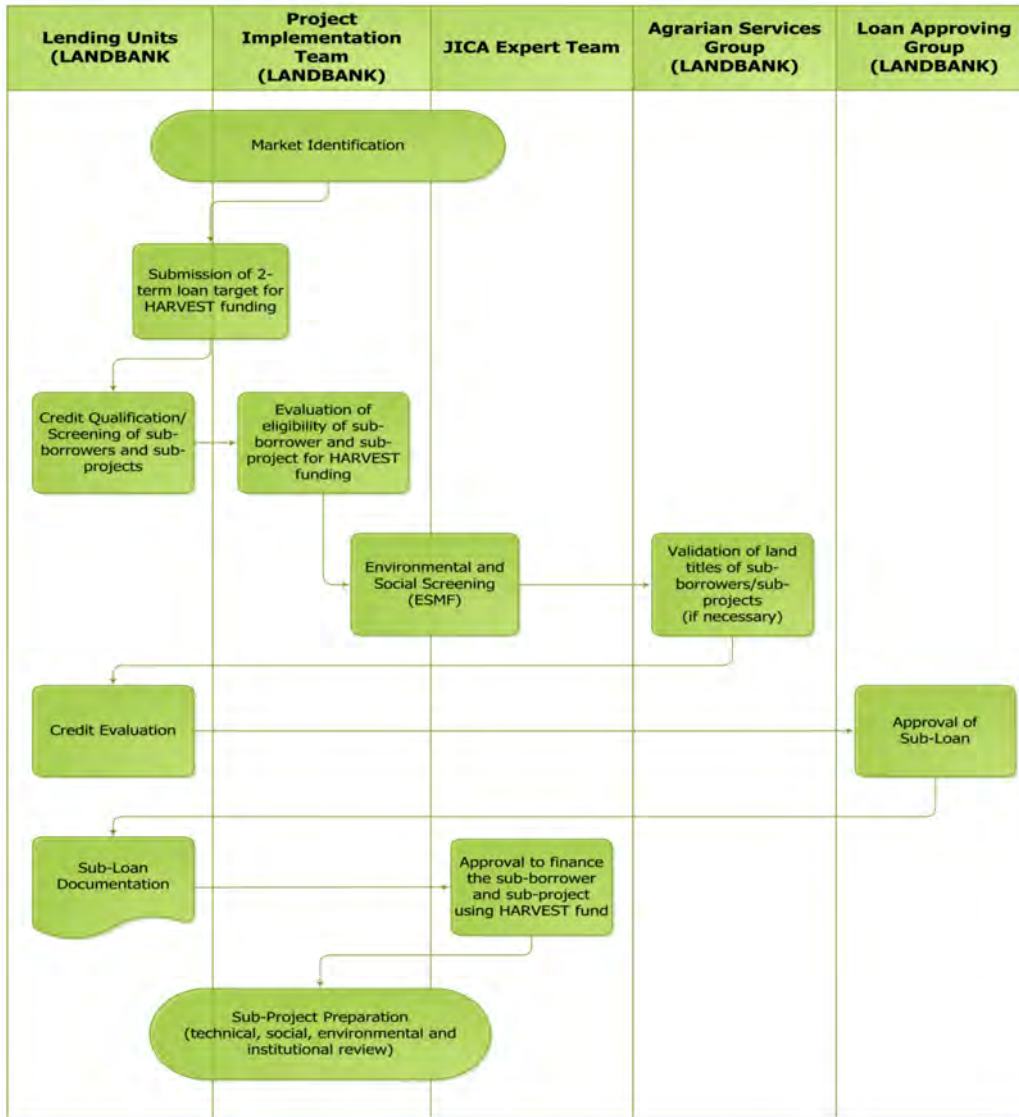


Figure 28 General Process for Credit Facility vis-à-vis ESMF

2.3.3.2 Support appraisal on social and environmental considerations (R/D 6.9)

(1) Support LBP in evaluating Corporative projects

Support of the TA HARVEST Team on social and environmental considerations is mainly centered on the planned “corporative” project. This is to ensure that the establishment of the Corporative, its location and proposed activities are compliant with the policies and requirements under the Environmental and Social Management Framework (ESMF) for HARVEST. To facilitate this, there are three steps that needs to be undertaken. This includes the following:

Table 48 Steps under ESMF

Step 1: Screening	
1-1	Once the pilot site/s of the Corporative are selected and its project activities are established, project screening shall be conducted to determine whether an Environmental and Social Consideration or an Environmental and Social Impact Assessment (ESIA) is required.
1-2	The site of the Corporative and its project activities will be classified and categorized based on the ESMF
Step 2: Scoping	
2-1	Scoping activities need to be undertaken in order to identify the likely significant effects of the selected Corporative site/s and the corresponding project activities. The scoping will identify not only the potential impact but will also facilitate selecting those impacts which are likely to be significant and therefore requires attention in the assessment.
2-2	The benefits of scoping: a) helps ensure that the environmental information used for decision making provides a comprehensive picture of the important effects of the project, including issues of particular concern to affected groups and individuals; b) focus resources on the important issues for decision-making and avoids wasted effort on issues of little relevance; c) ensure that the environmental information provides a balanced view and is not burdened with irrelevant information; d) identify alternatives to the proposed project and mitigating measures which ought to be considered; e) reduces the risk of disagreement about impact assessment methods (baseline surveys, predictive methods and evaluation criteria) after submission of the environmental information.
Step 3: Environmental Studies	
	Based on the results of the scoping, detailed environmental studies are conducted focusing on those impact that are significant.

TA Team facilitated the following activities to assist EPMD of Land Bank in evaluating the perceived impact of the planned corporative projects.

- 1) Collection and review of secondary data relative to the proposed locations of the planned corporative
- 2) Compilation of relevant secondary data on the natural environment and social environment of the proposed planned corporative
- 3) Coordination with the local government units for the provision of local development plans of the proposed location of the Corporatives
- 4) Based on available information, conduct an initial assessment of the proposed corporative in LasBueNasCar

Based on the above activities, the TA Team compiled the results of the data and information review into the two Reports namely:

Baseline Information of the Autonomous Region for Muslim Mindanao

The data compilation contained information as to the natural environment, the economy and the social environment of ARMM. Information were obtained through secondary data and were processed accordingly to its relevance to the proposed Corporative in Maguindanao and ARMM. Refer to the table below for the Report Outline and the full Report is contained in Annex.

ANNEX:

Baseline Information on the Existing Natural and Social Environment in ARMM
Outline of LasBueNasCar Corporative Environment and Social Considerations Preliminary
Screening/Scoping Report

Table 49 Baseline Information on the Existing Natural and Social Environment in ARMM

- 1. INTRODUCTION**
- 2. DESCRIPTION OF THE NATURAL ENVIRONMENT**
 - 2.1. Topography
 - 2.2. Geology
 - 2.3. Soil Type
 - 2.4. Climate
 - 2.5. Water Resources
 - 2.6. Biodiversity
- 3. DESCRIPTION OF THE SOCIO-ECONOMIC ENVIRONMENT**
 - 3.1. Demographic Information
 - 3.2. Indigenous Peoples Conditions
 - 3.3. Economy and Poverty Condition
 - 3.4. Land Tenure Conditions
 - 3.5. Peace and Order Conditions

Environment and Social Considerations Preliminary Screening-Scoping Report of the LasBueNasCar Corporative

As mentioned in the previous sections of this Report, there are three Corporatives to be anchored by Biotech Company based in General Santos City, LasBueNasCar which is located in Agusan del Norte province and the Central Maguindanao Development Cooperation Alliance (CMDCA), which is an initiative of the Autonomous Region in Muslim Mindanao and is modeled after Cotabato Province's PALMA-PB Alliance.

Considering the progress of works of these Corporatives, LasBueNasCar Corporative was advanced in terms of identification of the land to be allocated to the Corporative. Based on this, the TA HARVEST Team initiated an initial screening-scoping process. It is important to note though, only secondary data were used as the basis of the preliminary ESC studies.

The outline of Draft Report is contained in the table below and the full Draft Report is contained in Annex.

**Table 50 Outline of LasBueNasCar Corporative Environment and Social Considerations
Preliminary Screening/Scoping Report**

- 1. INTRODUCTION**
 - 1.1 BACKGROUND**
 - 1) Overview
 - 2) LasBueNasCar Corporative Project- The FELDA Model
- 2. PROJECT DESCRIPTION**
 - 2.1 Project Overview
 - 1) Project in Brief (to be confirmed)
 - 2) Background of the Project Site
 - 3) Project Location
 - 2.2 Proposed Development Scheme
 - 2.3. Proposed Profit Sharing
 - 2.4. Proposed High Value Crops
 - 2.5. Related Development
- 3. PROJECT CATEGORY**
- 4. PROJECT JUSTIFICATION AND ANALYSIS OF ALTERNATIVES**
- 5. DESCRIPTION OF NATURAL ENVIRONMENT AND THE SOCIO-ECONOMIC ENVIRONMENT**
 - 5.1. Natural Environment
 - 1) Topography
 - 2) Land Area
 - 3) Land Classification
 - 4) Existing Land Use
 - 5) Slope Classification
 - 6) Soil Type and Suitability Use
 - 7) Climate
 - 8) Fresh Water Body
 - 9) Land Resources
 - 10) Mineral Resources
 - 11) Ground Water
 - 12) Earthquake Prone Areas
 - 13) Flood Prone Areas
 - 14) Landslide Prone Areas
 - 15) Other Hazard Prone Areas
 - 16) Observed Climatic Changes
 - 5.2 Socio-economic Environment
 - 1) Demographic and Indigenous Peoples
 - 2) Economic and Poverty Condition
 - 3) Land Tenure
 - 4) Peace and Order Situation
- 6. ENVIRONMENT AND SOCIAL ISSUES AND PRELIMINARY ASSESSMENT OF IMPACTS**
 - 6.1 Preliminary Assessment of Impact to Natural Environment
 - 6.2 Preliminary Assessment of Impact to Socio-Economic Environment
- 7. AREAS SUBJECT FOR FURTHER STUDIES**

(2) Points to be considered from the viewpoint of conflict prevention and promotion of peace

The target area of HARVEST is an area that is strongly affected by conflict and still prone to the conflict. Therefore, avoiding negative impacts such as conflicts caused by the implementation of HARVEST is a prerequisite for project implementation. Although candidate subprojects have not been selected yet at the moment, from the viewpoint of conflict prevention consideration and promotion of peace, it is particularly necessary to pay attention to the following points when it comes to screening and monitoring them.

1) The Land issue

In the Philippines, a Torrens title system¹⁴ is used for land ownership. However, various government agencies are involved in land ownership system as follows:

- The Land Registration Authority (LRA) under the Department of Justice (DOJ) keeps the official registry.
- The Land Management Bureau (LMB) under the Department of Environmental and Natural Resources (DENR) administers the distribution of alienable and disposable public lands using patents of various forms; it also maintains technical information on land records based on cadastral surveys.
- The Forest Management Bureau (FMB), also under DENR, issues instruments of land rights for inalienable public forest lands.
- The Department of Agrarian Reform (DAR) implements the Comprehensive Agrarian Reform Program (CARP), and issues the Certificate of Land Ownership Award (CLOA) as proof of land transfer; this is registered with LRA with encumbrances.
- The National Commission on Indigenous Peoples (NCIP) issues instruments over lands in the ancestral domain (i.e., Certificate of Ancestral Domain Title and Certificate of Ancestral Domain Claim)

The involvement of various government offices in handling land tenure and ownership in the Philippines would eventually lead to challenges in coordination and organization of land information.¹⁵ Also in the target area of HARVEST, there are areas where lands are not registered, duplication of land titles, IPs (Indigenous Peoples) claim land ownership, and IDPs (Internal Displaced People) exist, and this situation often leads to land-related

¹⁴ Land registration system in which the government is the keeper of all land and title records, and a land title serves as a certificate of full, indefeasible, and valid ownership.

¹⁵ Comprehensive Capacity Development Project for the Bangsamoro, Sector Report 1-4, JICA 2016

conflicts.

The typologies of multi-dimensionality land-related conflict in Mindanao are shown below.¹⁶

- Land conflicts between Moro and Christian parties related to past forced displacement
- The conflict between IP parties against Moro or Christian parties relating to a primacy of rights
- Inter-clan and community-based rido related to competing for land claims
- Land disputes that escalate into a vertical conflict between the government and armed groups
- Competing claims between public institutions and private parties

Therefore, it is necessary for HARVEST to sufficiently grasp the current situation and respond to each factor of the land problem so that subprojects will not promote land disputes¹⁷. In the case of land acquisition, it is necessary to confirm the screening and monitoring system by the proponent, such as establishing consultation and consensus building process for that. TA team shall support LBP to implement its due diligence procedure appropriately for that. TA team also support LBP to refer Indigenous Peoples Policy Framework of EMSF when the land acquisition likely has the impact on the area of indigenous people's ancestral domain or customary land and their resources.

Furthermore, especially large agribusiness is assumed for Corporate, it is likely to be Category A. In the case of Category A, since it is necessary to be particularly careful in dealing with land issues, reviewing from the following seven viewpoints and confirming whether the subproject satisfies these elements are important.

- Land acquisition costs should not be included in the HARVEST loan.
- When involuntary resettlement occurs, appropriate consideration based on ESMF shall be made.

¹⁶ Land Disputes in Conflict Affected Areas of Mindanao: Report of the Joint World Bank – International Organization for Migration Scoping Mission, 2003

¹⁷ A Borrower should submit the copy of the land title certificate or land lease agreement in which the subproject will operate to the Lending Center (LC) of LBP. To confirm the authenticity of the evidence, LC will conduct the hearing to local government such as municipality and barangay offices, or NIA, MoA and MoLRA, etc. Cooperatives always have the land certificate or land agreement. (Source: by interview with LBP-EPMD)

- Promotion of understanding by prior consultation with the community and a good relationship between the land users and the community must be established.
- The participating private enterprise must implement social consideration measures for the community.
- Contracts such as land lease must be fair and transparent. Especially not to bring disadvantages to small farmers.
- A series of document preparation and procedures specified by ESMF are necessary.
- Monitoring and complaint handling systems must be established and functional.
-

2) Various stakeholders

Due to the government's immigration policy, many Moros and IPs were driven to areas with low agricultural productivity by migrating Christians, and economic gaps between Moros, IPs and Christians spread, which was one of the factors of conflict.

From this background, when implementing HARVEST subprojects in ARMM and conflict-affected areas, it is necessary to seek equitable coexistence among various stakeholders of Moros, Christians, and IPs, and Inclusive development. It is also necessary to consider carefully that subprojects will not increase the disparity or stimulate tensions among residents. For this reason, it is necessary to conduct consultation with a wide range of stakeholders and to obtain an understanding of HARVEST from all stakeholders.¹⁸

3) Vulnerable people

Many socially vulnerable people who have become female heads of households and people with disabilities due to the conflict are residing in the target area of HARVEST. Also, many IPs live there. While the rights of Moros have been focused on as in such as BBL, consideration is necessary such as recommending that these socially vulnerable people and IPs are members of the HARVEST subproject.

4) Insurgency problem

Armed rebels such as NPA (New People's Army) are still working around the Philippines and they harass companies to get money for their activities. For example, one of the reasons for the bankruptcy of Nalco, a big logging company that was doing business in Agusan del Norte, was this insurgency problem.¹⁹ In order to avoid such harassment, it is

¹⁸ In case the subproject relating to IPs or minorities, the borrower should hold the consultation meeting and acquire the agreement regarding the subproject from the concerned residents. Mobilization will be conducted by the local barangay office. (Source: by interview with LBP-EPMD)

¹⁹ NEWSBREAK, June 9, 2003

necessary to investigate the activity areas of these armed rebels carefully and decide the subproject target area.

5) Passage of the Bangsamoro Organic Law (BOL)

The Bangsamoro Organic Law (BOL) (Republic Act No. 11054), also known as Bangsamoro Basic Law (BBL) is a Philippine law providing for the establishment of an autonomous political entity known as the Bangsamoro Autonomous Region in Muslim Mindanao, replacing the Autonomous Region in Muslim Mindanao (ARMM). The legislation was ratified by both the Senate and the House of Representatives on July 23 and 24, 2018 respectively. The bill was finally signed into law by President Duterte on July 26, 2018.

Although the law has been passed, unstable situations such as the implementation of referendums for the approval of the bill by the residents, and the shift of administrative authority are expected to continue. Upcoming referendum is named “The Bangsamoro Autonomous Region creation plebiscite, 2019” in which registered voters covered by the proposed Bangsamoro Autonomous Region²⁰ will decide on the ratification of the BOL to be held on January 21, 2019.

In order to minimize the influence of such social instability on subprojects, it is necessary to examine the target area and starting timing of subprojects carefully. As mentioned above, HARVEST subprojects are not selected at this time, but when the screening of the subprojects, the above-mentioned points shall be reviewed for each subproject.

Training on Consideration for Conflict Prevention Regarding HARVEST Project

TA Team developed a training material on Consideration for Conflict Prevention Regarding HARVEST Project. The material has been delivered in training organized on July 26th 2018 to the attendants of LCs in Mindanao.

The training materials is attached in ANNEX.

ANNEX: Consideration for Conflict Prevention Regarding HARVEST Project

<http://archives.newsbreak-knowledge.ph/2003/06/09/death-of-a-company/print/>

²⁰ Current territory of the Autonomous Region in Muslim Mindanao, City of Isabela in Basilan, Cotabato City 6 municipalities in Lanao del Norte, 39 barangays in North Cotabato. Voters in the whole provinces of Lanao del Norte and North Cotabato will also have to vote if they consent the localities secession from their province to join the proposed Bangsamoro Autonomous Region.

2.3.4 Strengthen monitoring capacity of LBP (R/D 6.2)

2.3.4.1 Conduct baseline surveys (R/D 6.3)

TA Team have reviewed the Operation and Effect Indicators planned in the appraisal of HARVEST, and based on information identified through this Project, modified some Indicators. For example, indicators specific to Corporative and Large Agribusiness Enterprises (number of Production Technical Marketing Agreement) as well as indicators specific to small enterprises (growth of sales, excluding the micro enterprises) have been proposed.

TA Team will implemented a baseline survey for the updated indicators and set target level according to result of the baseline survey. Approval by LBP and JICA, as well as NEDA was made for the change or new setup of indicators.

ANNEX: Baseline Survey for KPI Target Setting

2.3.4.2 Support on structuring monitoring scheme (R/D 6.6)

TA Team has proposed a more efficient and clearly defined monitoring methodology compared to the current practice pf LBP, which is based on manual handling of data submitted by LCs at Headquarter of LBP and mixed reporting of number of full-time employees and part-time employees. The revised monitoring scheme is based on the needs assessment of LCs and Headquarter of LBP for a clear definition and easy input/tabulation of the KPIs, which utilizes customized Excel sheets as templates developed for the reporting of HARVEST monitoring indicators.

ANNEX: KPI Template Sheet

2.4 Draft PDM for the 2nd phase

TA Team suggest the PDM for Phase 2 based on assessment discussed in “4.Level of achievements of the project goals stipulated in PDM”, and “5.Proposal for achieving higher level goals”.

Table 51 Draft PDM of Phase 2

Project Design Matrix						
Project Title:						
Implementing Agency: Land Bank of the Philippines (LBP)						
Target Group:						
Period of Project:						
Project Site: the ARMM and other conflict-affected areas in Mindanao along other areas following the value chain concept						
Narrative Summary		Objectively verifiable indicators	Means of Verification	Important Assumption	Achievement	Remarks
Overall Goal (same as objective of HARVEST)		To be evaluated with HARVEST				
Project Purpose Contribute to smooth and effective implementation of HARVEST		To be evaluated with HARVEST		Security situation is maintained		
Outputs						
Component A: Corporative in operation		Number of Corporative in operation Number of farmers mobilized	HARVEST Progress Report MOU/agreement involving farmers			
1. Environmental and social safeguards are assured						
2. Business plan of Corporative is implemented						
3. Farmers are relocated/consolidated and settled						
Component B: Facilitated financial access of project beneficiaries		Number of PTMA under sub-loans Number of loan applications	HARVEST quarterly report			
4. Enhance capacity of farm production, post harvest and processing						
5. Value chain linkage based on PTMA is accelerated						
6. Financial services are disseminated among Muslim customers						
Component C: Strengthening of LBP's market penetration		Number of trainings Number of disbursed-sub-loans				
7. Product and marketing capacity of LBP is strengthened						
Activities		Inputs		Important Assumption		
		The Japanese Side	The Philippines Side			
Output 1		<Experts>	<Counterpart Personnel>			
1-1	Category assessment	Team Leader [CP: A-C]	Project Director			
1-2	EIA and RAP study	Co-Leader [CP:A-C]	Project Coordinator			
Output 2		Banking products [CP: B, C]	Project Management Office and staffs			
2-1	Pilot project with modern technology and mechanization	Agriculture technology 1(crops) [CP: A, B]	Lending centers in Mindanao			
2-2	Design production plan and benefits of farmers	Agriculture technology 1(commodities) [CP:				
2-3	Support OPAPP/LGUs in developing infrastructure design	Environmental safeguards [CP: A, C]	<Facilities>			
2-4	Design township structure	Social safeguards [CP: A, C]	Office space in LBP Head Office			
2-5	Farmers' livelihood plan	Township development [CP: A]				
2-6	Financial scheme to farmers' cooperative or alternative scheme	Agribusiness 1 (farm production) [CP: A, B]	<Local Cost>			
Output 3		Agribusiness 2 (down stream) [CP: A, B]	Travel allowances for LBP staff			
3-1	Agreement with farmers	Stakeholder relationship [CP: A, B]	Utility costs			
3-2	Relocation plan	Social marketing [CP: A, B]				
3-3	Implement relocation and settlement	Training/Project coordination [CP: A-C]				
Output 4						
4-1	Update training modules					
4-2	Implement trainings					
4-3	Technical support for production, postharvest and packaging capacity					
Output 5						
5-1	Develop potential value chain stakeholders map of priority commodities					
5-2	Design business matching scheme					
5-3	Implement business matching					
5-4	Facilitate PTMA					
Output 6						
6-1	Needs assessment of financial services in Muslim society					
6-2	Dissemination of financial services					
Output 7						
7-1	Based on needs assessment of financial services in ARMM, develop products/marketing design roadmap					
7-2	Design products/marketing such as 3 steps loan and supply chain credit					
7-3	Design and implement trainings on banking instruments					
7-4	Update training module on E&S					
7-5	Implement trainings on E&S based on case examples					
7-6	Support appraisal of LCs					
7-7	Support reporting					

3 Review of project implementation

Project have made a good progress despite difficulty and challenges as well as changes of outline of TA

Firstly, finalization of OPG has been delayed and received JICA concurrence only in late August of 2018. Therefore, no sub-loan has been disbursed during the period of Phase 1.

Secondly, Corporative model has been changed in several times since the start of TA and it resulted in some revisions of PDM/TOR of the TA. Some of Pilot Corporative projects are development on government-owned land and require a large size of farmers' relocation which would take longer period. Therefore, farmers' mobilization has been omitted for government-owned project in Phase 1. Besides, Corporative is defined as Farm Management and Marketing Agreement rather than newly established corporation. Therefore, establishment of Corporative is changed to Agreement (joint venture) of Corporative project. Besides, it is added that JICA consultant support LBP by drafting initial field survey of pilot Corporative locations as part of "Support appraisal on social and environmental considerations" in Component C.

Another issue raised on Corporative in the course of TA is how HARVEST loan can be extended to Corporative project because interest rate of HARVEST loan is not attractive for larger and excellent customer of LBP due to change of market interest rates in recent years. It was discussed that farmers group or farmers' cooperative can be receiver of HARVEST loan for their investment, financial restructuring and livelihood purpose.

Considering small revisions of those tasks, completion schedule of TA was changed from October 2018 to November 2018.

TA Team flexibly address such change of schedule and contents of TA. TA Team proposed pragmatic restructuring of tasks mostly rooted from change of concept of Corporative model. After confirmation of 3 pilot projects of Corporative at JCC held in April 2018, facing standstill of some of those pilot projects, TA Team supported other possible candidates of Corporative through suggesting other possible projects and supporting arrangement of seminars initiated by LBO and OPAPP.

Achievements of the project will be discussed in the next section.

4 Level of achievements of the project goals stipulated in PDM

Component A

LBP and TA Team organized meetings and seminars with representative local governments of the Corporative pilot projects as well as potential investors, and reached to basic memorandum of understanding (MOU) for LASBUENASCAR project.

However, during Phase 1 of Technical Assistance (TA), the time was not enough to achieve determination of investors for government-owned land project, because it is necessary to implement on-site environmental and social study to clarify detailed conditions for investors. As for Corporative project of small farm land consolidation, it was revealed that modes of support by public entities such as LGUs and LBP are difficult to develop for investors-initiated project such as Biotech Farms.

Component B

Output such as trainings is achieved. Challenges include administration of seminars in locations where TA Tams is not allowed to enter due to security reasons, and accordingly, vivid information in the target areas are only available through second hand information.

Component C

Output such as trainings is achieved. However, there is no sub-projects have been reviewed and disbursed during period of Phase 1 due to delayed finalization of OPG. As a result, TA Team was not involved more deeply in cooperation to support actual appraisal process of LCs, and did not collect practical difficulties and demands of capacity buildings through actual implementation of HARVEST loan.

Table 52 Level of achievements of the project goals

Outputs	Objectively Verifiable Indicators	Means of verification	Achievement
Component A Establishment and capacity enhancement for Corporative	Number of trainings and seminars conducted. Number of farmers mobilized	HARVEST Progress Report MOU or any agreements between Corporative and farmers.	Trainings/seminars:12 Number of farmers mobilized: None
Component B Capacity Building of Other Potential Project Beneficiaries (SMEs, Cooperatives, Producers' Associations, etc.) Strengthening financial access from SMEs and agricultural Corporatives	Number of trainings and seminars conducted.- Number of participants in trainings and seminars		Number of trainings and seminars: 8 Number of participants: 832
Component C Strengthening operation and monitoring function of LBP for HARVEST	Number of training courses held. Number of sub projects reviewed.		Number of training courses: 4 Number of sub-projects: None

5 Proposal for achieving higher level goals

It is required to address the challenges revealed through Phase 1 to achieve project goals, and further, to design TA in further practical levels as usually assumed in TA for implementing two-step loan project.

Corporative project is expected to bring efficiently and effectively a large impact on viability and employment of poor farmers. It is necessary to complete E&S assessment, farm production design and township development before relocation of farmers for government-owned land project. On the other hand, for a project of small farm land consolidation, disadvantages is lack of clear supportive involvement of public sectors including LBP. In consideration of those constraints, it is recommended to strengthen concrete roles and commitment of LBP.

For strengthening capacity of SMEs and agricultural cooperatives, it is recommended TA Team assign more local support staffs in order to be more deeply involved in activities in the target area for achievement of project goals. On top of this, in order to foster linkage in value chain between farm producers in the target area with broader partners, it is recommended to implement support to beneficiaries in the target area in connecting linkage support and necessary capacity buildings. This would be implemented efficiently by combining Market Database with other available data source, and combining training programs provided by LBP and those provided various public and private entities.

For strengthening capacity of HARVEST operation of LBP, TA in the next Phase shall address pragmatic challenges raised in the process of marketing and origination of sub-project and sub-loan in order to achieve project goals as well as to achieve increase of general employment in the target area through value chain linkage. In particular, it is recommended to enhance capacity of marketing and outreach to the target area through linkage development and approach to Muslim customers. It would require detailed strategy and procedures compiled as a guideline of finance based on PTMA between farm producers in ARMM and buyers in non-ARMM area, and three-step finance through MFI and cooperatives. Based on the developed strategy, PMU might promote and monitor progress of achievements of LCs.

6 Annex

6.1 PDM (Updated, reasons of revision)

There is some changes in Component A (note in red). Corporate model has been changed in several times since the start of TA. Some of Pilot Corporative projects are development on government-owned land and require a large size of farmers' relocation which would take longer period. Therefore, farmers' mobilization has been omitted for government-owned project in Phase 1. Besides, Corporative is defined as Farm Management and Marketing Agreement rather than newly established corporation. Therefore, establishment of Corporative is changed to Agreement (joint venture) of Corporative project.

Besides, it is added that JICA consultant support LBP by drafting initial field survey of pilot Corporative locations as part of "Support appraisal on social and environmental considerations" in Component C.

Project Title: The Project for Capacity Building for Financial Access in Agribusiness (Phase 1) (Technical Assistance Grant for HARVEST)			
Implementing Agency: Land Bank of the Philippines (LBP)			
Target Group: Corporatives, LBP and SMEs			
Period of Project: 1 year (Following Phase 1, Phase 2 is expected to be conducted for 3-4 years)			
Project Site: the ARMM and other conflict-affected areas in Mindanao along other areas following the value chain concept			
	Narrative summary	Objectively Verifiable Indicators	Means of verification
Overall Goal			
Same as objective of HARVEST		To be evaluated with HARVEST	
Project Purpose			
Contribute to smooth and effective implementation of HARVEST		To be evaluated with HARVEST	Security situation is maintained
Outputs			
Component A Establishment and capacity enhancement for Corporative		- Number of trainings and seminars conducted. - Number of farmers mobilized.	• HARVEST Progress Report • MOU or any agreements between corporative and farmers.
1 Corporative model refinement Corporative			
1-1 Review the FELDA and FELCRA Model and extract lessons learnt.			
1-2 Review previous efforts in the Philippines similar to the FELDA and FELCRA Model and extract lessons learnt.			
1-3 Consider mechanisms for providing social services to farmer communities (ex. Establishment of Farmers Cooperative)			
1-4 Refine the "Corporative Model" based on the above reviews			
2 Mobilize farmers who participate to the Corporatives Revised Only "Site Selection and Attain in-principle agreement from local leaders" for government owned land project			
2-1 Identify at least 3 potential locations for applying the "Corporative Model".			
2-2 Site Selection and Attain in-principle agreement from local leaders			
2-3 Develop social marketing plan, info campaign material for the promotion of the "corporative" to target stakeholders			
2-4 Conduct seminars to the farmers of the potential locations			
2-5 Identify farmer-participant to the "corporative" program and secure their commitment through the signing of a participant's agreement or similar document			
3 Investors are mobilized			
3-1 Identify potential investors (such as Agricultural Processing Corporations) to Corporative..			
3-2 Conduct seminars to the potential investors and collect their comments			
3-3 Improve the "Corporative" model based on the investors' comments			
4 Corporatives are established			
4-1 Assist establishment of corporative preparation team (task force) for each potential corporative.			
4-2 Assist development of Business Plans of corporatives.			
4-3 Assist drafting of documents necessary for corporative registration (company charter, etc.) Revised: Business Plan and Agreement			
4-4 Assist drafting of human resources plan including necessity, identification, selection and negotiation with Third Party management contractor Revised: Business Plan and Agreement			
Component B Capacity Building of Other Potential Project Beneficiaries (SMEs, Cooperatives, Producers' Associations, etc.) Strengthening financial access from SMEs and agricultural Corporatives		- Number of trainings and seminars conducted. - Number of participants in trainings and seminars	
5 The capacity of other potential project beneficiaries is strengthened. Support Activities for expanding outreach by LBP			
5-1 Develop marketing plans/kits on information dissemination strategies/activities such as posters, flyers, leaflet/brochure. Developing PR tools			
5-2 Conduct seminar, stakeholder meetings and road shows in the target area.			
5-3 Develop market database (producers, buyers, processors, integrators, traders/exporters, suppliers and service providers including their products, capacity, size, etc.)			
5-4 Selection of excellent companies (Identify priority areas, products, potential project beneficiaries and assist facilitation and sustenance of market linkages).			
5-5 Conduct training needs assessment and develop training plan and modules			
5-6 Conduct trainings and provide on the job trainings to support establishment of market linkages between small farmers groups/buyers/processors/manufacturers.			
5-7 Assist the development of project proposals/business plans.			
Component C Strengthening operation and monitoring function of LBP for HARVEST		- Number of training courses held. - Number of sub projects reviewed.	
6 LBP's capacity of program implementation and monitoring is strengthened			
6-1 Review and refine the current version of the OPG (including ESMF).			
6-2 Based on the business plans of the corporatives, develop the implementation program of HARVEST including disbursement forecast, output and outcome indicators, monitoring mechanism, etc..			
6-3 Conduct baseline surveys of the project output and outcome indicators.			
6-4 Conduct needs assessment of the Lending Centers and other relevant LBP support units then develop action plans for their strengthening.			
6-5 For Corporatives, identify 3 commodities and develop its commodity investment modules. For SMEs, identify 3 investment targets and develop their investment modules			
6-6 Prepare the template for capturing non-credit indicators of sub-projects (ex. Credit Facility Proposal (CFP), Subsidiary Loan Agreement (SLA), etc. for the project).			
6-7 Prepare the HARVEST Monthly/Quarterly reports			
6-8 Conduct trainings based on needs assessment of 6-4, including environmental and social safeguards policies (perhaps including trainings on Project effect/impacts)			
6-9 Support appraisal on social and environmental considerations (Support the evaluation of the Environment Impact Assessment Reports, Social Impact Assessment Reports, and Environmental Management Plans for sub-projects under HARVEST, particularly those projects that would fall as Category A under the ESMF of the program.) Add initial field survey of pilot corporative locations.			
6-10 Draft PDM for the 2nd phase (Consider and implement towards the establishment of a necessary mechanism for collaboration on providing trainings and solving technical issues of the projects (such as land titling, market linkage etc.) among LBP and relevant stakeholders in ARMM such as central and regional offices of BOI, DTI, DAR, DA/DAF, DENR, CDA, NCIP/ OSCC etc.)			

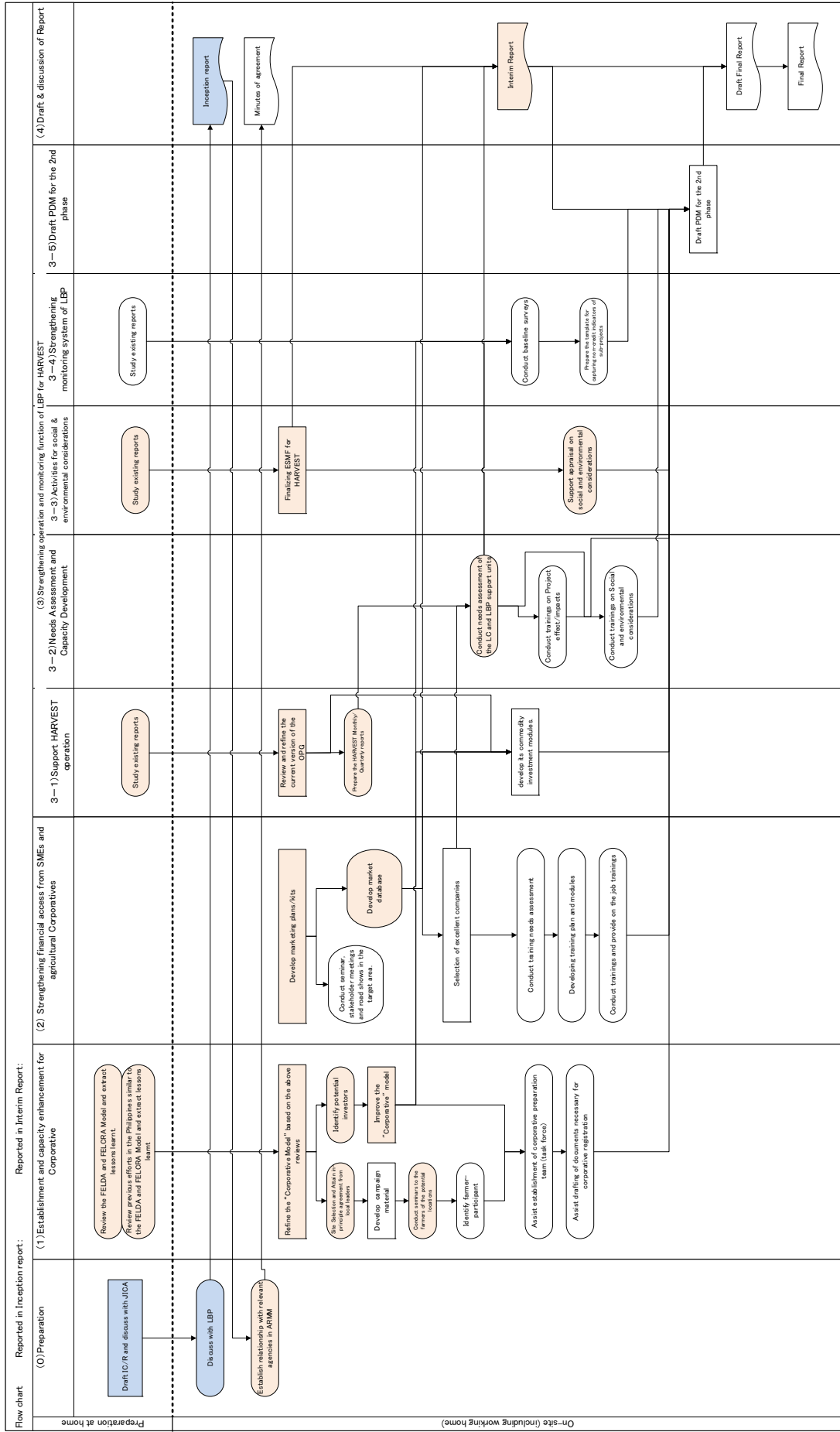
6.2 PDM (Phase 2) (Recommended)

Project Design Matrix						
Project Title:						
Implementing Agency: Land Bank of the Philippines (LBP)						
Target Group:						
Period of Project:						
Project Site: the ARMM and other conflict-affected areas in Mindanao along other areas following the value chain concept						
Narrative Summary		Objectively verifiable indicators	Means of Verification	Important Assumption	Achievement	Remarks
Overall Goal (same as objective of HARVEST)		To be evaluated with HARVEST				
Project Purpose Contribute to smooth and effective implementation of HARVEST		To be evaluated with HARVEST		Security situation is maintained		
Outputs						
Component A: Corporative in operation 1. Environmental and social safeguards are assured 2. Business plan of Corporative is implemented 3. Farmers are relocated/consolidated and settled		Number of Corporative in operation Number of farmers mobilized	HARVEST Progress Report MOU/agreement involving farmers			
Component B: Facilitated financial access of project beneficiaries 4. Enhance capacity of farm production, post harvest and processing 5. Value chain linkage based on PTMA is accelerated 6. Financial services are disseminated among Muslim customers		Number of PTMA under sub-loans Number of loan applications	HARVEST quarterly report			
Component C: Strengthening of LBP's market penetration 7. Product and marketing capacity of LBP is strengthened		Number of trainings Number of disbursed-sub-loans				
Activities		Inputs		Important Assumption		
		The Japanese Side	The Philippines Side			
Output 1		<Experts>	<Counterpart Personnel>			
1-1	Category assessment	Team Leader [CP: A-C]	Project Director			
1-2	EIA and RAP study	Co-Leader [CP:A-C]	Project Coordinator			
Output 2		Banking products [CP: B, C]	Project Management Office and staffs			
2-1	Pilot project with modern technology and mechanization	Agriculture technology 1(crops) [CP: A, B]	Lending centers in Mindanao			
2-2	Design production plan and benefits of farmers	Agriculture technology 1(commodities) [CP: A, B]				
2-3	Support OPAPP/LGUs in developing infrastructure design	Environmental safeguards [CP: A, C]				
2-4	Design township structure	Social safeguards [CP: A, C]	<Facilities>			
2-5	Farmers' livelihood plan	Township development [CP: A]	Office space in LBP Head Office			
2-6	Financial scheme to farmers' cooperative or alternative scheme	Agribusiness 1 (farm production) [CP: A, B]	<Local Cost>			
Output 3		Agribusiness 2 (down stream) [CP: A, B]	Travel allowances for LBP staff			
3-1	Agreement with farmers	Stakeholder relationship [CP: A, B]	Utility costs			
3-2	Relocation plan	Social marketing [CP: A, B]				
3-3	Implement relocation and settlement	Training/Project coordination [CP: A-C]				
Output 4						
4-1	Update training modules					
4-2	Implement trainings					
4-3	Technical support for production, postharvest and packaging capacity					
Output 5						
5-1	Develop potential value chain stakeholders map of priority commodities					
5-2	Design business matching scheme					
5-3	Implement business matching					
5-4	Facilitate PTMA					
Output 6						
6-1	Needs assessment of financial services in Muslim society					
6-2	Dissemination of financial services					
Output 7						
7-1	Based on needs assessment of financial services in ARMM, develop products/marketing design roadmap					
7-2	Design products/marketing such as 3 steps loan and supply chain credit					
7-3	Design and implement trainings on banking instruments					
7-4	Update training module on E&S					
7-5	Implement trainings on E&S based on case examples					
7-6	Support appraisal of LCs					
7-7	Support reporting					

Plan of Operation (PO) (Recommended)

Main Responsibility	2019				2020				2021				2022			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
A. Corporate																
1. E&S assessment																
1-1 Category assessment																
1-2 EIA and RAP study																
2. Farm production design																
2-1 Pilot project with modern technology and mechanization																
2-2 Design production plan and benefits of farmers																
3. Township development and financial scheme design																
2-3 Support OPAP/LGUs in developing infrastructure design																
2-4 Design township structure																
2-5 Farmers' livelihood plan																
2-6 Financial scheme to farmers' cooperative or alternative scheme																
4. Mobilize farmers																
3-1 Agreement with farmers																
3-2 Relocation plan																
3-3 Implement relocation and settlement																
B. Financial access of SMEs/cooperatives																
1. Capacity building of SMEs and cooperatives																
4-1 Update training modules																
4-2 Implement trainings																
4-3 Technical support for production, postharvest and packaging capacity																
2. Facilitation of Production Technical Marketing Agreement (PTM/A)																
5-1 Develop potential value chain stakeholders map of priority commodities																
5-2 Design business matching scheme																
5-3 Implement business matching																
5-4 Facilitate PTMA																
3. Promotion of financial services to ARMM																
6-1 Needs assessment of financial services in Muslim society																
6-2 Dissemination of financial services including shariah-inspired banking																
C. Capacity building of LBP																
1. Develop specific products/marketing to be focused in loan demands in ARMM																
7-1 Based on needs assessment of financial services in ARMM, develop products/marketing design roadmap																
7-2 Design products/marketing such as 3 steps loan and supply chain credit																
7-3 Design and implement trainings on banking instruments																
2. Support E&S assessment and reporting to JICA																
7-4 Update training module																
7-5 Implement trainings on E&S based on case examples																
7-6 Support appraisal of LCs																
7-7 Support reporting																

6.3 Flowchart



6.4 Activity plan in details

6.4.1 Component 1

		2018									
		4	5	6	7	8	9	10			
Tasks											
1-2	Mobilize farmers who participate to the Corporatives (A) Site Selection and obtain in-principle agreement from local leaders.										
	LASBUENASCAR	April 19 meeting at Butuan	Site Profiling		Site Profiling						
	Biotech		May 10 meeting								
	CMDCA	April 20 meeting at Davao			Site Profiling						
		(B) Develop social marketing plan, info campaign material for the promotion of the "corporate" to target stakeholders									
	LASBUENASCAR										
	Biotech				Discuss on FS & mechanization	Support develop marketing plan					
	CMDCA (Or other project)										
	(C) Conduct seminars to the farmers of the potential locations.										
	LASBUENASCAR										
	Biotech										
	CMDCA	(D) Identify farmer-participant to the "corporate" program and secure their commitment through the signing of a participant's agreement or similar document									
LASBUENASCAR											
Biotech											
CMDCA	Law was published										
(A) Identify potential investors (such as Agricultural Processing Corporations) to Corporateize. Conduct seminars to the potential investors and collect their comments											
LASBUENASCAR											
Biotech											
CMDCA	(B) Improve the "Corporate" model based on the investors' comments										
LASBUENASCAR											
Biotech											
CMDCA											
	(B) Improve the "Corporate" model based on the investors' comments										
LASBUENASCAR											
Biotech											
CMDCA											
	Cooperatives are established										
(A) Assist establishment of cooperative preparation team (task force for each potential cooperative)											
LASBUENASCAR											
Biotech											
CMDCA	(B) Assist drafting of documents necessary for cooperative registration (company charter, etc.). Assist drafting of human resources plan including necessity, identification, selection and negotiation with Third Party management contractor										
LASBUENASCAR											
Biotech											
CMDCA											
	(4) イテラティブなプロセスによる協議、Draft & discussion of Interim Report										
	(5) イテラティブなプロセスによる協議、Draft and discussion of DPR										
	(6) イテラティブなプロセスによる協議、Draft and submission of PR										
	7) 共同で提出 Submission of reports										

6.4.2 Component 2

Tasks	2018																			
	4	5	6	7	8	9	10													
2. Strengthening financial access from SMEs and agricultural Corporatives																				
2-1 Support Activities for expanding outreach by LBP																				
(A) Develop marketing plans/kits on information dissemination strategies/activities such as posters, flyers, leaflet/brochure. Developing PR tools																				
(B) Conduct seminar, stakeholder meetings and road shows in the target area.																				
(C) Develop market database (producers, buyers, processors, integrators, traders/exporters, suppliers and service providers including their products, capacity, size, etc.)																				
(D) Selection of excellent companies (Identify priority areas, products, potential project beneficiaries and assist facilitation and sustenance of market linkages).																				
2-2 Capacity Development for SMEs and Agricultural Coporative																				
(A) Conduct training needs assessment																				
(B) Developing training plan and modules																				
(C) Conduct trainings and provide on the job trainings to support establishment of market linkages between small farmers groups/buyers/processors/manufacturers.																				
(4)インテリム・レポートの作成・協議																				
(5)ファイナル・レポート(ドラフト)の作成・協議																				
(6)ファイナル・レポートの作成・提出																				
レポート提出 Submission of reports																				

6.4.3 Component 3

Tasks	2018											
	4	5	6	7	8	9	10					
3. Strengthening operation and monitoring function of LBP for HARVEST												
3-1 Support HARVEST operation												
(A) Review and refine the current version of the OPG (including ESMF).												
(B) Prepare the HARVEST Monthly/Quarterly reports												
(C) For Corporates, identify 3 commodities and develop its commodity investment modules. For SMEs, identify 3 investment targets and develop their investment modules												
3-2 Needs Assessment and Capacity Development												
(A) Conduct needs assessment of the Lending Centers and other relevant LBP support units then develop action plans for their strengthening.												
(B) Conduct trainings on Project effect/impacts	Interview											
(C) Conduct trainings on Social and environmental considerations		Interview										
3-3 Activities for social and environmental considerations												
(A) Finalize ESMF for HARVEST												
(B) Support appraisal on social and environmental considerations (Support the evaluation of the Environment Impact Assessment Reports, Social Impact Assessment Reports, and Environmental Management Plans for sub-projects under HARVEST, particularly those projects that would fall as Category A under the ESMF of the program.)												
3-4 Strengthening monitoring system of LBP												
(A) Conduct baseline surveys of the project output and outcome indicators.												
(B) Prepare the template for capturing non-credit indicators of sub-projects (ex. Credit Facility Proposal (CFFP), Subsidiary Loan Agreement (SLA), etc. for the project).												
3-5 Draft PDM for the 2nd phase (Consider and implement towards the establishment of a necessary mechanism for collaboration on providing trainings and solving technical issues of the projects (such as land fitting, market linkage etc.) among LBP and relevant stakeholders in ARMM such as central and regional offices of BOI, DTI, DAR, DA/DAE, DENR, CDA, NGIP/ OSCC etc.)												
(4) インテグレーションの作成・協議												
(5) ファイナルレポート (プラン) の作成・協議												
(6) ファイナルレポートの作成・提出												
レポート提出 Submission of reports												

6.5 Project member assignment

There is no change.

6.6 List of record of discussion

Date	Meeting with/ agenda	Location
2017/11/23	Embassy of Japan	Manila
2017/11/24	Office of the Presidential Adviser on the Peace Process (OPAPP)	Manila
2017/11/27	Department of Finance	Manila
2017/11/27	Land Bank of the Philippines, Programs Management Department Mindanao Lending Group	Manila
2017/11/28	Land Bank of the Philippines (LBP), Davao Lending Center	Davao
2017/11/28	Federation of Cooperatives in Mindanao (FEDCO)	Davao
2017/11/29	Agricultural Cooperative Development International and Volunteer	Davao
2017/11/29	ミンダナオ日本人商工会議所 (Japanese Chamber of Commerce of Mindanao)	Davao
2017/11/29	Davao City Chamber of Commerce and Industry, Inc.	Davao
2017/12/1	Meeting with PMU, PRM (JCC)	Manila
2017/12/11	Mr Keiichi Yoshin, CEO, Dari-K Co. Ltd.,	Davao
2017/12/11	Mr Ramon Floresta, CEO, RNF Industries Corporation, Makilala, North Cotabato Mr Ramon & Nathan Floresta	Davao
2017/12/11	Mr Dante Muyco, Marketing Director, Chocolate de San Isidro, Inc.,	Davao
2018/1/16	LBP, Mr. Prudencio E Calado III (Assistant Vice President, Mr. Prude) Mr. Jose C. Diaz, JR (Program Officer, Mr. Jojo)	Manila
2018/1/17	JICA PH/J-BIRD 山岸真希 Expert on Economic Enhancement: Ms. Yamagishi	Davao
2018/1/18	Board of Investments (BOI)	Davao
2018/1/18	Creative Connections & Commons Inc. (CCC)	Davao
2018/1/19	DTI, DENR, CDA, Davao social welfare departmen	Davao
2018/1/24	LBP, Mr. Alex V. Buenaventura, President & CEO, LBP Ms. Kathryn T. Lopez, Special Assistance to the President & CEO Mr. Joselito P. Gutierrez, Senior Vice President, Mindanao Lending Group Mr. Lito	Manila
2018/1/25	LBP PMU, Mr. Joselito Gutierrez - Senior Vice President, Head of the Mindanao, Lending Group, Ms, Kathy	Manila
2018/1/29	Japan International Cooperation System Philippines Project Office (JICS) 頼経慎治 Assistant Project Manager : Mr. Yoritsune	Davao
2018/2/1	Briefing/presentation on the Status of the TA program of the JICA HARVEST Project; Consultation/Interaction with the Economic Cluster Heads/representatives of ARMM regarding the JICA HARVEST Project.	Davao
2018/2/5	Davao Lending Center Ms. Charlotte I. Conde (Vice President and Head of Davao Lending Center)	Davao
2018/2/14	LBP	Manila
2018/2/19	1. Mr. Arturo M. Milan – President (Davao City Chamber of Commerce, Inc.)	Davao
2018/2/28	Representatives of LGU of Agusan del Norte, OPPAP, LBP	Davao
2018/3/1	Biotech Farms	Davao
2018/3/1	University of Mindanao	Davao
2018/3/7	LBP	Manila
2018/3/12	Brief Report of Study Tour to Malaysia	Malaysia
2018/3/13	Ateneo	Davao
2018/3/14	Mr. Henry Schumacher (Former EVP of ECCP) Mr. Florian Gottein (ED)	Manila
2018/3/15	Malaysia Chamber of Commerce	Manila
2018/3/15	Mr. John Forbes (Chairman of Amchan)	Manila

Date	Meeting with/ agenda	Location
2018/3/19	Inviting possible corporations willing to invest in the Conceptual Framework of Davao City development plan for its conflict-affected areas (Marilog and Paquibato) as potential project under the HARVEST Project.	Davao
2018/3/19	DTI Misamis Oriental Office Director Ms. Eliza BOI Misamis Oriental Office Director Ms. Elena	CDO
2018/3/19	Coops and enterprises	CDO
2018/3/20	LBP	Manila
2018/3/21	MinSAAD (Mindanao Sustainable Agrarian and Agriculture Development Project)	Davao
2018/3/21	Dr. Katsuhisa OTA (President) Pistacia.	Davao
2018/3/22	Mr. John Perrain (Former President of Uni Frutti)	Davao
2018/3/23	Mr. Fujimoto Atsuto (Sumitomo Fruit: SumiFul)	Davao
2018/3/27	□ Subasta Integrated Multipurpose Cooperative (SIMC)	Davao
2018/3/27	Biao Agrarian Reform Beneficiaries Cooperative (BARBCO)	Davao
2018/3/28	LBP	Manila
2018/4/2	LBP	Manila
2018/4/6	LBP	Manila
2018/4/10	Mr. Naoyuki Ochiai, former Team leader of CCDP (落合直之氏 前CCDPチームリーダー、現JICA安全管理部参事役)	Manila
2018/4/17	Preparatory meeting for the upcoming LBP-OPPAP site visit.	Manila
2018/4/19	LasBueNasCar Project Technical Working Group Meeting (TWG)	Butuan
2018/4/20	CMDCA Project Technical Working Group Meeting (TWG)	Davao
2018/4/23	JCC	Manila
2018/5/10	LBP	Manila
2018/5/10	Biotech Corporative Project Technical Working Group Meeting (TWG)	Manila
2018/5/18	LBP	Manila
2018/5/21	Farmers Development Cooperative (FARDECO) Mr. Nelson Tagud (Chairman)	Davao
2018/5/29	HARVEST Promotional Roadshow – General Santos Leg	GenSan
2018/6/8	PMU meeting	Manila
2018/6/14	Ateneo de Davao	Davao
2018/6/25	CARD Inc., Mr. Vicente Briones Jr. ("Jun"), Deputy Executive Director for Operations Ms. Christine	San Pablo City
2018/7/6	PMU meeting	Manila
2018/7/14	[Topic] Briefing/Dialogue on the proposed project with the Mindanao IP Tribal representatives (Datu/Bai) using the Corporative business model.	Davao
2018/7/20	LBP, LANDBANK Countryside Development Foundation, Inc. (LCDFI)	Manila
2018/8/1	PMU meeting	Davao
2018/8/16	Meeting with Investors	Davao
2018/9/7	LBP, President	Manila
2018/9/17	PMU meeting	Manila
2018/10/10	JCC	Manila

- 6.7 Other output (Deliverables of the Project)
 - 6.7.1 Record of Discussion (selected)
 - 6.7.2 Report on Study Tour to Malaysia
 - 6.7.3 Sample Framework on Social Marketing Plan (LBNC)
 - 6.7.4 Sample Framework on Social Marketing Plan (Biotech Farms)
 - 6.7.5 Project Study on LASBUENASCAR Pilot Corporative
 - 6.7.6 Draft MOU for Corporative Program (LBNC)
 - 6.7.7 Sample memorandum of agreement (MOA) for Corporative project
 - 6.7.8 Final Report on Market database
 - 6.7.8.1 8_1_Market Database: Harvest Key Findings
 - 6.7.8.2 8_2_Market Database: Tools for HARVEST Market Database Survey
 - 6.7.8.3 8_3_Market Database: Explanation on the variables
 - 6.7.8.4 8_4_Market Database: Database sheet
 - 6.7.9 Final Report for Training Needs Assessment (TNA)
 - 6.7.9.1 9_1_TNA_Final Report
 - 6.7.9.2 9_2_TNA_Annexes
 - 6.7.9.3 9_3_TNA_Surveys_Cooperatoves
 - 6.7.9.4 9_4_TNA_Surveys_SME
 - 6.7.10 Format of Reports
 - 6.7.11 Commodity Investment Module
 - 6.7.11.1 11_1_Rice Investment Module
 - 6.7.11.2 11_2_Palm Oil Investment Module
 - 6.7.11.3 11_3_Rubber Investment Module
 - 6.7.11.4 11_4_Coconut Investment Module
 - 6.7.11.5 11_5_Cacao Investment Module
 - 6.7.11.6 11_6_Coffee Investment Module
 - 6.7.12 Orientation for the HARVEST Key Performance Indicators
 - 6.7.13 Training Materials on ESMF
 - 6.7.14 Orientation materials on Islamic Finance
 - 6.7.15 Baseline Information on the Existing Natural and Social Environment in ARMM
 - 6.7.16 Screening and Scoping Report on LASBUENASCAR
 - 6.7.17 Consideration for Conflict Prevention Regarding HARVEST Project

6.7.18 Baseline Survey for KPI Target Setting

6.7.19 KPI Template Sheet