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Department of Environment and Natural Resources
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MEMORANDUM

FOR : **The Directors**
Biodiversity Management Bureau
Climate Change Service
Ecosystems Research and Development Bureau
Environmental Management Bureau
Forest Management Bureau
Land Management Bureau
Mines and Geosciences Bureau

The Administrator
National Mapping Resource and Information Authority

The Executive Director
National Water Resource Board
Palawan Council for Sustainable Development Staff

The General Manager
Laguna Lake Development Authority

FROM : **The Director**
Policy and Planning Service

SUBJECT : **REQUEST FOR INPUTS/COMMENTS ON THE PHILIPPINE RURAL DEVELOPMENT PROJECT (PRDP) SCALE-UP OF THE DEPARTMENT OF AGRICULTURE**

DATE : **18 APR 2023**

This pertains to the letter dated 28 February 2023 from Senior Undersecretary Domingo F. Panganiban of the Department of Agriculture (DA) regarding the request for endorsement of the Philippine Rural Development Project (PRDP) Scale-Up of the DA.

The PRDP Scale-Up is DA's response to address the gaps in the food value chain with a focus on improving the efficiency in the supply chain for greater connectivity, mobility, accessibility, availability and affordability of food in the market. Building on the gains and lessons learned from the original PRDP, it will roll out a regional perspective planning process to expand key investments at an interprovincial or regional scope, promote clustering and consolidation of farmers and fisherfolk cooperatives and associations (FCAs) to attain economies of scale and strengthen private sector engagement for greater market linkage.

PRDP Scale-Up will be implemented in all provinces of the country. Interventions will focus on climate-resilient value chain infrastructure and enterprise development investments

as well as the provision of technical assistance and other agri-fishery support services to the proponent Local Government Units (LGUs) and FCA/cluster FCAs.

Please be informed that the proposed US\$600 million loan for the PRDP Scale-Up is already endorsed to the National Economic and Development Authority (NEDA) last February 17, 2023, and is currently under review and evaluation by the Investment Coordination Committee (ICC).

In this regard, may we request your inputs/comments and/or recommend concurrence on the said Project to facilitate the Department's endorsement as required by the NEDA ICC on or before April 24, 2023. Attached is the list of Frequently Asked Questions (FAQs) on the PRDP Scale-Up for your reference.

For your information and appropriate action.


CHERYL LOISE T. LEAL



Republic of the Philippines
OFFICE OF THE SECRETARY
 Elliptical Road, Diliman
 1100 Quezon City

February 28, 2023



HON. MARIA ANTONIA Y. LOYZAGA
 Secretary, Department of Environment and Natural Resources
 Visayas Avenue, Diliman, Quezon City

Subject: Request for Endorsement of the Philippine Rural Development Project (PRDP) Scale-Up of the Department of Agriculture

Dear **Secretary Loyzaga**:

The Department of Agriculture (DA) is pleased to inform you that its proposed US\$600 million loan for the Philippine Rural Development Project (PRDP) Scale-Up is already endorsed to the National Economic and Development Authority (NEDA) last February 17, 2023, and is currently under review by the Investment Coordination Committee (ICC).

The PRDP Scale-Up is DA's response to address the gaps in the food value chain with focus on improving the efficiency in the supply chain for greater connectivity, mobility, accessibility, availability and affordability of food in the market. Building on the gains and lessons learned from the original PRDP, it will roll out a regional perspective planning process to expand key investments at an interprovincial or regional scope, promote clustering and consolidation of farmers and fisherfolk cooperatives and associations (FCAs) to attain economies of scale and strengthen private sector engagement for greater market linkage.

PRDP Scale-Up will be implemented in all provinces of the country. Interventions will focus on climate-resilient value chain infrastructure and enterprise development investments as well as provision of technical assistance and other agri-fishery support services to the proponent Local Government Units (LGUs) and FCA/cluster FCAs. Attached is the list of Frequently Asked Questions (FAQs) on the PRDP Scale-Up for your reference.

To facilitate project review and evaluation, the NEDA ICC has required the Department to submit an endorsement from other relevant/collaborating agencies. In this regard, **the Department respectfully requests your office for an official endorsement of our proposed PRDP Scale-Up.** We look forward to receiving your official endorsement **within the month of March.** Your favorable response would help expedite the ICC review process toward the project approval.

For clarifications and inquiries, your office may contact the PRDP National Project Coordination Office (NPCO) at 928-8756 local 2866 or e-mail at prdpnpcoadmunit4@gmail.com.

Thank you for your continued support to the Department.

Very truly yours,

DOMINGO F. PANGANIBAN
Senior Undersecretary



DA-CO-PRDP-LE20230227-00011



Do you have questions about the Philippine Rural Development Project (PRDP) Scale-Up?

Are you curious about how agri and fishery-based rural development is being implemented by the Department of Agriculture and its partners? We have listed down the most relevant questions and answers to give you quick information about the PRDP Scale-Up.

If you are looking for specific information about the project, please send an email to prdpnpcoadminunit@gmail.com.

Ask us anything about the Philippine Rural Development Project (PRDP), the flagship rural development project of the DA, and we will provide factual responses. #FAQcheck

1 What is PRDP Scale-Up?

The Philippine Rural Development Project (PRDP) Scale-Up is one of the flagship programs of the Department of Agriculture designed to address the gaps in the commodity value chains by improving the efficiency of the food supply chain towards greater connectivity, mobility, accessibility, availability, and affordability of food in the market.

2 How does the PRDP Scale-Up differ from the PRDP Original Loan, AF1, and AF2? (How to brand the PRDP Scale-Up)

The Philippine Rural Development Project has evolved over the years, responding to the needs and peculiarities of challenges and demands of the agri-fishery sector. The PRDP Original Loan was implemented in 2014. It received its first additional financing in 2018. The Original Loan and the First Additional Financing were committed to achieving increased productivity, incomes, and climate resiliency in rural communities. The PRDP's second additional financing received in 2022 was retrofitted to address the demands of the New Normal post-

COVID pandemic. It supports agri-fishery recovery and stimulus programs (PLANT, PLANT, PLANT, KADIWA, etc.) of the DA through interventions such as logistics and food access.

Considered a new project, the PRDP Scale-Up will address the persistent challenges besetting the sector. Notably, the project will highlight clustering and consolidation as a strategy, enhanced participation of the private sector, and climate resiliency of project interventions. In a nutshell, the PRDP Scale-Up will be a bigger, expanded version of the original project.

3 What is the aim of the PRDP Scale-Up?

The PRDP Scale-Up aims to contribute to developing the sector by improving farmers' and fisherfolk's access to markets and increasing income from selected agri-fishery value chains.

4 Where will the PRDP Scale-Up be implemented?

The PRDP Scale-Up covers all 16 regions composed of 82 provinces in the country.



5 Who are the beneficiaries of the PRDP Scale-Up?

Actors within the commodity value chains such as smallholder farmers and fisher groups, farmers and fishers' cooperatives and associations (FCAs), clusters of FCAs, producers, associations, federations, processors, consolidators, food manufacturers, and other players within the value chains will directly benefit from the project. They are also eligible proponents of enterprise investments in partnership with the private sector. Moreover, the Local Government Units (LGUs) at the provincial, municipal, and city levels as primary project implementers will benefit the project and are eligible proponents for infrastructure and enterprise investments.

6 Who are the FCAs and FCA clusters?

FCA (Farmers Fisherfolk Cooperatives and Associations)

FCA refers to farmers and fisherfolk cooperatives, associations, or non-stock corporations duly registered with appropriate government agencies (i.e. CDA, SEC, DOLE-BRW), and which are composed primarily of small agricultural producers, farmers, farm workers, agrarian reform beneficiaries, and fisherfolk who voluntarily join together to form business enterprises.

FCA Cluster

FCA Cluster shall be defined as a group of crops, livestock and/or fish producers within a community or adjacent communities on the basis of proximity of their production areas; similarity of inputs; and shared production activities/processes and/or common final products.

Supplemental Guidelines on the Implementation of F2C2 Program: mc21_s2022

7 Who are the partners in implementing the PRDP Scale-Up?

The project will partner with the private sector for enterprise development. These are private business entities that are willing to enter into a marketing contract or buy-back agreement with partner FCAs/FCA cluster. They can provide cash/in-kind investments such as equipment, facilities, or infrastructure to the SPs. Relevant national government agencies such as the DPWH, DTI, DILG, DAR, and DENR, and regional administrative bodies such as BARMM, MinDA, and others are considered partners in the project implementation through leveraging and convergence initiatives. Financing institutions (e.g. Landbank of the Philippines, DBP, ACPC, etc.) and insurance companies (e.g. PCIC) will be tapped to help FCAs/cluster FCAs with their financing requirement and insurance coverage. Within the DA, the Project will forge closer coordination with BAFE, CRAO, BSWM, Banner Programs, AMAS, PhilMECH, and PDS-PPP, among others.

8 When will the PRDP Scale-Up be implemented?

The PRDP Scale-Up is targeted to be implemented for six years from 2023 to 2029.

9 What are the components of the PRDP Scale-Up?

The PRDP Scale-Up will be implemented through its four (4) components, namely, (1) I-PLAN or Local and National Level Planning, (2) I-BUILD or Rural Infrastructure Market Linkage, (3) I-REAP or Rural Enterprise Development, and (4) I-SUPPORT or Project Implementation Support.



10 What are the key features of the I-PLAN Component?

The I-PLAN Component will lay down the strategic framework in the context of overall project operation and implementation of project interventions. The component will strengthen the framework and linkages for the delivery of devolved but integrated agriculture and fishery services by the national and local government units. Operationally, I-PLAN will facilitate a planning process with a regional perspective, taking a spin on the Provincial Commodity Investment Plans and integrating the DA's Farm and Fisheries Clustering and Consolidation (F2C2) Cluster Development Plans (CDPs) to develop the Regional Agriculture and Fisheries Investment Portfolio (RAFIP). The RAFIP will ensure the linkage from a regional perspective and alignment of local plans to the directions and strategies at the national level.

11 What is the Provincial Commodity Investment Plan (PCIP)?

The Provincial Commodity Investment Plan or PCIP is a three-year rolling plan introduced by DA-PRDP for effective, technically-based planning and for leveraging resources for investments from government agencies as well as the private sector. By using the PCIP, LGUs are able to identify specific rural infrastructure or enterprise interventions to address constraints in the value chains of the priority commodities in their provinces. The PCIP, together with the Cluster Development Plans (CDPs), will define the Regional Agri-Fishery Investment Portfolio and will become the basis for all project interventions.

12 What is the Regional Agri-Fishery Investment Portfolio?

The Regional Agri-Fishery Investment Portfolio (RAFIP) is the outcome document of the planning process underlining a regional

perspective on the PCIPs and integrating the Cluster Development Plans (CDPs) of the clustering and consolidation strategy of the DA. It contains the list of interventions potential for upscaling through clustering and consolidation based on regional analysis. It will serve as the basis for proposals to be submitted to the project for funding, as well as input to the DA regional planning and budgeting process to identify areas of investment for funding by the DA or other funding agencies.

13 What are the key features of the I-BUILD Component?

The I-BUILD Component will focus on delivering climate-resilient access and value chain infrastructure support to build up food distribution hubs and logistics systems. It aims to provide unhampered mobility, access, and a stable supply of food commodities and other agri-fishery products with reduced transport, handling, and hauling costs thereby improving product quality and prices in target markets. I-BUILD is in charge of the project's rural infrastructure development portfolio and processing of submitted infrastructure development proposals anchored on the PCIP/RAFIP.

14 What are the key features of the I-REAP Component?

The I-REAP Component aims to increase productivity, value addition and improve access to the market of enterprise clusters through efficient cluster-based agricultural and fishery productivity enhancement interventions. The component aims to support small to large-scale, high-impact investments and enterprise development through common service facilities, capacity-building, and other agri-aqua support services for FCAs and FCA clusters. I-REAP is in charge of the project's enterprise development portfolio and processing of submitted rural enterprise development proposals anchored on the PCIP/RAFIP.



15 What are the key features of the I-SUPPORT Component?

The I-SUPPORT Component provides the backbone of PRDP Scale-Up implementation. It will ensure coordinated approaches and strategies among the three components by providing support for effective and efficient project management, project oversight, capacity building/strengthening complementary project staffing, technical assistance, and operating costs for the six-year implementation.

16 What are the sub-project proposals eligible for I-BUILD and I-REAP Components funding?

Proposals anchored on the PCIPs and RAFIP focused on the following infrastructure subprojects are eligible for I-BUILD funding:

- Farm-to-Market Road (FMR)
- Bridge
- Irrigation
- Potable Water System (PWS)
- Value Chain Rural Infrastructures (examples: slaughterhouse, dressing plant, fish landing, tramlines, feeder ports)

Proposals anchored on the PCIPs and RAFIP focused on the following enterprise development subprojects are eligible for I-REAP funding:

- **Input Supply/ Sourcing:** seedling nurseries and seed banks, tissue culture laboratories/ centers, organic fertilizer production/ composting centers, fish hatcheries and nurseries, feed milling plants, multiplier farms, breeding centers for livestock and poultry
- **Production:** crop, livestock, dairy, and fish production enterprises (communal farming facilities i.e. greenhouse, grow-out houses/pens, cattle feedlots, fishponds, etc.), Common Service Facilities for mechanized farming/ farm

machinery and equipment service centers (land preparation, direct seeding, transplanting, spraying, harvesting, repair services, etc.) including the local fabrication and manufacturing of agri-fishery machinery and equipment

- **Consolidation:** buying, consolidation, and packaging centers for high-value crops with logistics service facilities (hauling trucks, refrigerated vans, etc.)
- **Postharvest:** establishment and operation of Common Service Facilities for primary post-harvest processes (drying facilities, fermentation houses, HWT/VHT facilities, etc.), storage for grain, high-value crops, meat and fish products (cold storage facilities, warehouses with drying and postharvest equipment, silos, etc.)
- **Processing:** rice and corn processing centers, GMP-compliant crop/ meat/ dairy/fish processing facilities, Non-food products processing facilities (abaca, coco coir, rubber, etc.)
- **Marketing:** GMP-compliant food supply hubs, i.e. trading posts/centers, and food terminals equipped with cold or dry storage facilities pre-processing/ processing facilities, and logistics facilities, establishment of auction market facility complete with equipment and the holding pens for large animals including the auction market system

17 How much is the budget for the PRDP Scale-Up?

Financially, the project will be supported by a USD 600 million (around PhP 33 billion) loan from the World Bank with counterpart funds from the national government amounting to PhP5.57 billion, and LGUs and/or farmer/ fisherfolk cooperatives and associations (FCAs) costing PhP 6.44 billion. Notably, 92% of the total project cost will fund rural infrastructure and enterprise investments.



18 What is the PRDP Scale-Up implementation structure?

The PRDP Scale-Up will maintain the existing original PRDP implementation structure. At the national level, the National Project Coordination Office (NPCO), under the direct supervision of the Office of the Assistant Secretary for Operations, is in charge of the overall project operations, coordination, and external communication. The four Project Support Offices (PSOs) will oversee regional cluster operations and support services covering Luzon, Visayas, and Mindanao. At the regional level, the Regional Project Coordination Offices (RPCOs) lodged at the 16 DA Regional Field Offices (RFOs) will provide backstopping work and direct coordination with the proponent LGUs and FCAs/ cluster FCAs of the various subprojects.

19 How is the PRDP Scale-Up different from the Original PRDP?

Banking on the gains of the Original PRDP, the PRDP Scale-Up is an expanded version of the original project implemented in 2014. PRDP Scale-Up will roll out a new basis for investment through a regional and interprovincial perspective in investment planning, and the inclusion of rice and corn as priority commodities. Also, the PRDP Scale-Up will utilize a new approach to agri-fisheries development to focus on clustering and consolidation strategies and promote a productive partnership with FCAs/cluster FCAs and the private sector for value-adding and increased market access, which is a level-up from the proponent group-specific approach. The project will also highlight climate resilience as a common feature across interventions. It will also establish scaled-up enterprise investments to include small to large-scale enterprises as common service facilities.

20 How can the LGUs participate in the PRDP Scale-Up?

LGUs that are interested to participate in the PRDP Scale-Up must send a Letter of Intent (LOI) to the Project through the concerned DA-RPCO. In most cases, the participating provincial LGU shall identify the interventions for the development of its priority commodities as embodied in the PCIP. Moreover, the municipal LGUs identified as critical in strengthening the gaps within the value chain as determined by the VCA and included in the PCIP are eligible to participate in the Project. The DA and the LGU shall enter into a Memorandum of Agreement (MOA) to officially commence the partnership of both parties.

21 How can the private sector participate in the PRDP Scale-up?

Through a strengthened productive alliance, the PRDP Scale-up will enhance the participation of the private sector as either partners, co-managers, or co-implementers of sub-project interventions. These productive alliances could include but are not limited to, the private sector as co-managers of common service facilities such as processing centers, warehouses, cold storage, and others. The private sector could also serve as a marketing conduit for agri-fishery produce of Farmer Cooperatives and Associations (FCA) or clusters of FCAs. The private sector could be included in the PRDP Scale-Up as a source of needed technologies, parallel financing, capacity building for FCAs/FCA clusters, and markets for agri-fishery products.