ADB ASIAN DEVELOPMENT BANK

Philippines: Infrastructure for Rural Productivity Enhancement Sector Project

Project Name	Infrastructure for Rural Productivity Enhancement Sector Project
Project Number	30552-013
Country	Philippines
Project Status	Closed
Project Type / Modality of Assistance	Loan
Source of Funding / Amount	**Loan 1772-PHI: Infrastructure for Rural Productivity Enhancement Sector Project** Ordinary capital resources — US$ 75.00 million **Loan: Infrastructure for Rural Productivity Enhancement Sector Project** International Labour Organization — US$ 1.00 million
Strategic Agendas	Inclusive economic growth
Drivers of Change	Governance and capacity development
Sector / Subsector	**Agriculture, natural resources and rural development** - Agricultural policy, institutional and capacity development
Gender Equity and Mainstreaming	No gender elements
Description	The long-term development goal is increased rural incomes in areas with high agricultural potential. The immediate objective of the Project is the removal of constraints to the improvement of productivity caused by the lack or inadequacy of rural infrastructure. This will be achieved by the provision of infrastructure in areas where there is potential for sustainable gains in productivity that will, in turn, lead to increases in rural incomes, particularly for smallholders and the poor. The Project will have three components: (i) improved rural infrastructure; (ii) capacity building for devolved project implementation and project management; and (iii) project management and coordination.
Project Rationale and Linkage to Country/Regional Strategy	Most of the rural poor are engaged in subsistence agriculture and are concentrated in the eastern-central and southern Philippines, particularly in the Bicol region, Eastern Visayas, the Autonomous Region of Muslim Mindanao (ARMM), and Central Mindanao. The Government?s Medium Term Philippine Development Plan (MTPDP) for 1999 to 2004 and the Agriculture and Fisheries Modernization Act (AFMA) of 1997 emphasize the importance of mechanisms for the realization of agricultural production potentials and the creation of viable employment and income opportunities in rural areas, particularly in the southern part of the country. Inadequate rural infrastructure stands out as a principal cause of constraints that smallholders face in becoming more productive and profitable. Chief among them is the difficulty and cost of hauling their inputs to the farm and their outputs to market caused by the lack of access infrastructure. The Project aims to remove these constraints. ADB's operational strategy for the Philippines emphasizes on poverty reduction and social development. It promotes equitable growth, better provision of basic social services, and environmental protection. It also recognizes that rural development is a key to advancing equitable growth and poverty reduction, and supports more balanced regional development, with special emphasis on the southern Philippines. The Project is fully consistent with ADB's country and sector strategy, and contributes to achieving ADB's overarching objective of poverty reduction.
Impact	Increased rural incomes with distributional gains favoring the poor in the project areas

Project Outcome	
Description of Outcome	Increased agricultural productivity and profitability and decreased poverty incidence
Progress Toward Outcome	As of 30 March 2011, achievements of three outcomes indicators are estimated as follows: (i) annual farm household incomes in the project areas were estimated to have increased from P35,000 to the range of P60-65,000 per annum for approximately 70% of the households; (ii) average poverty incidence in the project areas was estimated to have reduced from 60% to the range of 35-50% in municipalities with completed subprojects; and (iii) transportation costs for agricultural products were estimated to have reduced between 30-50% depending on specific local market and farm conditions.

Implementation Progress	
Description of Project Outputs	Improved Rural Infrastructure Capacity Building for Devolved Project Implementation
Status of Implementation Progress (Outputs, Activities, and Issues)	This component comprises 141 contract packages (CP) implemented by 92 LGUs . As of 31 March 2011, the Project has constructed 1,382 km out of 1,435 km of farm-to-market roads (FMR) (96.5% of the March 2011 target or 93% of the global target). Irrigation services (new construction and rehabilitation) have been improved covering 1,454 ha of farm lands (100% of the March 2011 target and 76% of the global target), and 28 potable water schemes (PWS) (100% of target) have been established and put into operation. Nine (9) PWSs are scheduled for completion by 30 June 2011. Planned activities under this component have been completed. However, capacity building for local government units (LGUs) is still in high demand. As agreed in the review mission of April 2009, the PCO and PO have continued to provide assistance on capacity building and knowledge transfer to LGUs and regional field units (RFUs) focusing on engineering contract management, financial management, engineering and contract variation order preparation, agricultural intensification planning (AIP), and land acquisition and resettlement plan (LARP) title consolidation practices. Since the November 2009 review mission, capacity building and technical assistance to LGUs has been a high priority especially for finance and accounting procedures. Training of trainers workshops have been conducted to prepare DA-RFU staff to train LGU personnel in financial closure, subproject completion report preparation, operation and maintenance (O&M) and Benefit Monitoring and Assessment (BIA).
Geographical Location	Island provinces of Region 4-Southern Tagalog;cities of Davao and Zamboanga; and all the provinces of Regions 5- Bicol, 8- Eastern Visayas, 9-Western Mindanao, 10-Northern Mindanao, 12I-Central Mindanao, 13 or CARAGA-Northeastern Mindanao, and the ARMM.

Safeguard Categories	
Environment	B
Involuntary Resettlement	
Indigenous Peoples	

Summary of Environmental and Social Aspects
Environmental Aspects
Involuntary Resettlement
Indigenous Peoples

Stakeholder Communication, Participation, and Consultation	
During Project Design	Policy dialogue during project preparation has focused on advancing decentralization, improving operation and maintenance for infrastructure, and promoting beneficiary participation.
During Project Implementation	

Business Opportunities	
Consulting Services	A total of about 243 person-months of specialist services from short-term domestic consultants and about 42 person-years of long-term domestic and international consultants are required for the duration of the Project. Consultants will be selected and engaged in accordance with ADB's Guidelines on the Use of Consultants and other arrangements satisfactory to ADB for the selection and engagement of domestic consultants.
Procurement	Procurement of civil works/goods shall be subject to the provisions of the "Guidelines for Procurement under Asian Development Bank Loans: revised February 1999, as amended from time to time.

Responsible ADB Officer	Bui Minh Giap
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Environment, Natural Resources & Agriculture Division, SERD
Executing Agencies	*Dept. of Agriculture (Office of the Secretary)* *Roy Abaya* *Elliptical Road, Diliman Quezon City* *Municipal Dev'l Fund Office-(Implementing Agency)* *Ms. Helen Habulan* *Roxas Boulevard corner Pablo Ocampo, Sr.* *Street, Manila* *1004*

Timetable

Concept Clearance	07 Mar 2000
Fact Finding	21 Feb 2000 to 29 Mar 2000
MRM	27 Apr 2000
Approval	31 Oct 2000
Last Review Mission	-
PDS Creation Date	12 Dec 2006
Last PDS Update	30 Mar 2012

Loan 1772-PHI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
31 Oct 2000	22 Oct 2001	04 Feb 2002	30 Jun 2008	30 Jun 2011	16 Aug 2012

Financing Plan		Loan Utilization			
	Total (Amount in US$ million)	Date	ADB	Others	Net Percentage
Project Cost	150.00	Cumulative Contract Awards			
ADB	75.00	31 Oct 2000	50.44	0.00	86%
Counterpart	74.00	Cumulative Disbursements			
Cofinancing	1.00	31 Oct 2000	58.41	0.00	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Project Page	http://www.adb.org/projects/30552-013/main
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