



**PHILIPPINE RURAL DEVELOPMENT
PROGRAM**

**Investment for AFMP
Planning at the
Local and National
Levels**

December 11, 2014

Table of Contents

i.	ABBREVIATIONS AND ACRONYMS.....	1
1	INTRODUCTION.....	4
1.1	Operations Manual: Its Purpose and Audiences.....	4
1.2	Scope and Limitations	4
1.3	I-PLAN Component: General Description.....	4
1.4	Background and Key Institutional Issues	5
2	THE I-PLAN COMPONENT	7
2.1	Objectives.....	7
2.2	Expected Outcomes and Outputs	7
2.3	Major Activities under I-PLAN	11
2.3.1	Enhancing the AFMP Process.....	11
2.3.2	Supporting AFMP Implementation	12
2.4	Target Beneficiaries.....	12
2.5	Strategies.....	12
2.6	Risks and Mitigation Measures in I-PLAN Implementation	13
2.7	Social and Environmental Safeguards.....	13
3	IMPLEMENTATION POLICIES.....	14
4	IMPLEMENTATION PROCESSES.....	17
4.1	NAFMP/RAFMP Enhancements and PCIP Preparation	17
4.1.1	Enhancing the National AFMP	17
4.1.2	Enhancing the Regional AFMP	23
4.1.3	Preparing the Provincial Commodity/ies Investment Plan.....	28
4.1.4	Successor National and Regional AFMPs.....	32
4.1.5	GEF Implementation	32
4.2	Supporting AFMP Implementation	32
4.2.1	Harmonization of DA's Planning and Budget Process	32
4.2.2	Planning for Improved Support Delivery to LGUs.....	35
4.2.3	Technical Assistance through Other Partner Agencies/Institutions.....	37
5	INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS	39
5.1	Implementing Organizational Structure, Roles and Responsibilities.....	39
5.2	Proposed Staffing Pattern for I-PLAN Component.....	40
5.3	Project Cost	41

5.4	Financial Management.....	42
5.5	Procurement Process	42
6	I-PLAN MONITORING & EVALUATION	42
6.1	Results-Based Monitoring & Evaluation System.....	42
6.2	Measurement Indicators & Standards	43
1.1.1	43
7	INSTITUTIONALIZATION OF THE I-PLAN PROCESS	45
8	Bibliography	46

List of Tables

Table 2-1.	Expected Outcomes per I-PLAN Activity	7
Table 4-1.	Criteria for Prioritizing Commodities	20
Table 5-1.	I-PLAN Roles & Functions of Organizational Units.....	39
Table 5-2.	I-PLAN Staff Complementation	41
Table 6-1.	I-PLAN Outputs, Outcomes and Contribution to PHL Dev't. Objectives.....	43

List of Figures

Figure 2-1.	I-PLAN Framework	9
Figure 2-2.	Interplay of PRDP Components	10
Figure 4-1.	Opportunities for Convergence along Sectoral Strategic Plans	36
Figure 5-1.	Implementing Organizational Structure for I-PLAN.....	39

List of Annexes

- Annex 1. The Value Chain Approach
- Annex 1A. Farmer's Interview Questionnaire
- Annex 1B. VCA Report Outline
- Annex 1C. Processor's Interview Questionnaire
- Annex 1D. Trader's Interview Questionnaire
- Annex 1E. Interview Questionnaire Interview Form
- Annex 1F. List of VCA Players in the Value Chain
- Annex 2. Commodity Prioritization Tool Guide
- Annex 2A. Commodity Prioritization Work Sheet
- Annex 2B. Emerging Commodity / Product Prioritization Worksheet
- Annex 3. Focus Group Discussion
- Annex 4. Conducting a Rapid Market Appraisal
- Annex 5. Contents of the Provincial Commodity/ies Investment Plan
- Annex 6-1. Stakeholder's Workshop Design for VCA
- Annex 6-2. Stakeholder Consultation for PCIP
- Annex 7. Participatory Resource Assessment - Resources and Social Assessment
- Annex 8. Allocation of I-PLAN Budget
- Annex 9. Logical Framework for PRDP Implementation of the I-PLAN

List of Appendices

- Appendix 1A. Commodity Prioritization Process Flow for Commodities with National Significance
- Appendix 1B. Commodity Prioritization Process Flow for Commodities with Regional Significance
- Appendix 2A. VCA Preparation Process Flow for Commodities of National Significance
- Appendix 2B. VCA Preparation Process Flow for Commodities of Regional Significance
- Appendix 2C. VCA with NOL Localization Process Flow
- Appendix 3A. Process flow for Enhancing the National AFMP
- Appendix 3B. Process flow for Enhancing the Regional AFMP
- Appendix 4. PCIP Preparation Process Flow
- Appendix 5. Comprehensive Land Use Plan - Comprehensive Development Plan Process
- Appendix 6. Synchronized Local Planning and Budgeting Calendar

i. ABBREVIATIONS AND ACCRONYMS

ACABC	Agri-clinics and Agribusiness Centres
AF	Agriculture and Fisheries
AFCs	Agriculture and Fishery Councils
AFMA	Agriculture and Fisheries Modernization Act
AFMP	Agriculture and Fisheries Modernization Plan
AMAD	Agribusiness and Marketing Assistance Division
AMAS	Agribusiness and Marketing Assistance Service
ARBO	Agrarian Reform Community Organization
ATI	Agricultural Training Institute
BAFPS	Bureau of Agriculture and Fisheries Products Standards
BAR	Bureau of Agricultural Research
BDS	Business Development Services (DTI)
BFAR	Bureau of Fisheries and Aquatic Resources
BPI	Bureau of Plant Industry
BSMED	Bureau of Small and Medium Enterprises Division (DTI)
BSWM	Bureau of Soils and Water Management
CADP	Convergence Area Development Plan
CC	Climate Change
CO	Central Office
CSO	Civil Society Organizations
CPT	Commodity Prioritization Tool
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DBM	Department of Budget and Management
DCF	Data Capture Form
DENR	Department of Environment and Natural Resources
DFIMDP	Diversified Farm Income and Market Development Project
DILG	Department of Interior and Local Government
DOE	Department of Energy
DOF	Department of Finance
DOST	Department of Science and Technology
DPs	Displaced Persons
DPWH	Department of Public Works and Highways
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
ECPs	Environmentally Critical Projects
ExeCom	Executive Committee (DA)
FBS	Farmer Business School
FFS	Farmer Field School
FGD	Focused Group Dialogue
FIDA	Fiber Industry Development Authority
GA	Government Agencies
GAD	Gender and Development
GEF	Global Environment Facility

GOP	Government of the Philippines
HVCDP	High Value Crops Development Program
I-BUILD	Intensified Building-Up of Infrastructure and Logistics for Development
I-PLAN	Investment for AFMP Planning at the Local and National levels
IPM	Integrated Pest Management
IPRA	Indigenous Peoples Rights Act
I-REAP	Investments for Rural Enterprises and Agricultural and Fisheries Productivity
I-Support	Implementation Support to PRDP
ITCAF	Information Technology Center for Agriculture and Fisheries
LDIP	Local Development Investment Plans
LDP	Local Development Plans
LGUs	Local Government Units
LPDC	Local Planning and Development Council
M&E	Monitoring and Evaluation
MFIs	Micro Finance Institutions
MIS	Management Information System
MLGU	Municipal Local Government Unit
MOA	Memorandum of Agreement
MPA	Marine Protected Areas
MRDP	Mindanao Rural Development Program
NAFC	National Agricultural Fishery Council
NAFMP	National Agriculture and Fisheries Modernization Plan
NAPC	National Anti-Poverty Council
NBSAP	National Biodiversity Strategy and Action Plan
NCI	National Convergence Initiative
NCIP	National Commission of Indigenous People
NCPT	National Core Planning Team
NEDA	National Economic and Development Authority
NG	National Government
NGAS	National Government Accounting System
NGO	Non-Government Organization
NIA	National Irrigation Administration
NPAAD	Network of Protected Areas for Agricultural Development
NPAB	National Program Advisory Board
NPCO	National Program Coordination Office
NRM	Natural Resource Management
NTA	National Tobacco Administration
OM	Operations Manual
PCA	Philippine Coconut Authority
PDP	Philippine Development Plan
PhilMech	Philippine Center for Postharvest Development and Mechanization
PAs	Program Agreements
PAB	Program Advisory Boards
PCIPs	Provincial Commodity/ies Investment Plans
PECAs	Projects in Environmentally Critical Areas
PLGU	Provincial Local Government Unit
PMD	Planning and Monitoring Division

PO	People's Organizations
PPDC	Provincial Planning and Development Coordinator
PPMIUs	Provincial Project Management and Implementation Units
PPP	Public Private Partnership
PRA-RSA	Participatory Resource Appraisal-Resource and Social Assessment
PRDP	Philippine Rural Development Program
PS	Planning Service
PSO	Program Support Office
RAFC	Regional Agricultural Fishery Council
RAFMP	Regional Agriculture and Fisheries Modernization Plan
RBME	Result-Based Monitoring and Evaluation
RCPT	Regional Core Planning Team
RFUs	Regional Field Units
RMA	Rapid Market Appraisal
RMC	Regional Management Committee
RPAB	Regional Program Advisory Board
RPCO	Regional Program Coordination Office
RRA	Rural Rapid Appraisal
SALT	Sloping Agricultural Land Technology
SC	Service Contract
SO	Special Order
SRA	Sugar Regulatory Agency
SUCs	State Universities and Colleges
VCA	Value Chain Approach/Analysis
VSA	Vulnerability & Suitability Assessment
WB	World Bank

1 INTRODUCTION

1.1 Operations Manual: Its Purpose and Audiences

The operations manual (OM) on Investment for AFMP Planning at the Local and National Levels (I-Plan) Component of the Philippine Rural Development Program (PRDP) of the Department of Agriculture (DA) will provide the users with a step by step guide on the implementation of the I-PLAN activities, from the prioritization of national and regional commodities, to the conduct of the value chain analyses for the selected priority commodities, up to the preparation of the Provincial Commodity/ies Investment Plans. The manual defines the processes, procedures and guidelines for enabling the national and regional AFMPs to be the main basis for the DA's priority setting, resource allocation and support service delivery. This entails institutionalizing the Department-wide use of the AFMP as the strategic and operational road map for national and regional agriculture and agribusiness development. Further, results of the OM processes will be an input in making adjustments in the regional and national AFMPs.

The users of the manual are all the stakeholders concerned in preparing the national, regional and provincial plans for the implementation of the PRDP. These include the concerned units of the DA particularly its Regional Field Units (RFUs), provincial local government units (LGUs), the farmer leaders, local organizations and private sector representatives.

The OM will be the official reference of the proponents, implementers, decision-makers, beneficiaries, partner organizations and other stakeholders in the implementation of the PRDP I-PLAN component.

1.2 Scope and Limitations

The Manual does not attempt to provide courses of action for every decision point. Rather, it lays down the procedures for the implementation of the I-PLAN Component under the PRDP relating to the conduct of the prioritization of commodities and value chain analyses for the selected priority commodities at the national and regional levels, enhancing the NAFMP and RAFMP, and preparation of the Provincial Commodity/ies Investment Plans.

It also provides processes for the harmonization of plans within DA, with PLGUs and with national agencies that are concerned in the provision of services for the implementation of the AFMP.

1.3 I-PLAN Component: General Description

The I-PLAN component aims to strengthen the DA's planning and budget execution processes through the institutionalization of the AFMP as the basis for resource allocation and prioritization of DA programs, projects, and activities implemented at the national and regional levels.

Further and equally important is giving emphasis to monitoring and evaluation at various levels and purposes. Both operations and results monitoring and evaluation need to be improved and assigned to the appropriate offices.

Resource allocation will include, among others, developing institutional arrangements and mechanisms to facilitate co-financing with participating LGUs and funds flow to programs, with the end in view of transferring authority and accountability for AFMP implementation and budget execution from the DA Central Office to the RFUs since recent DBM reforms have enabled the downloading of budgets directly to the RFUs.

Cognizant of the importance of optimizing the use of scarce resources, prioritization of commodities and programs has to be done. I-PLAN will provide tools for prioritization of both commodities to be supported and the critical public programs and services and investments needed to effectively support the development of these commodity value chains. I-PLAN will also ensure the integration of the small farmers and fishers in these priority value chains.

Strengthening the budgeting and planning processes would involve the following strategic thrusts:¹

- a. Convergence on integrated ridge-to-reef planning involving multiple agencies;
- b. Planning techniques incorporating disaster risk reduction, climate change adaptation and participatory resource assessments; and
- c. Development of value chain maps including LGU clusters to provide economies of scale for particular commodities that would provide inputs to the selection and prioritization of investments to be supported under the PRDP.

I-PLAN support will be by way of appropriate combinations of technical assistance, capacity building, and science-based planning tools for mainstreaming the DA's AFMP Planning Framework. It will build on the gains and in-roads made from bottom-up planning through other foreign-assisted projects or initiatives, specifically the Mindanao Rural Development Program or MRDP, and learning from the implementation of the Diversified Farm Income and Market Development Project (DFIMDP).

1.4 Background and Key Institutional Issues

If the goals set in the Agri-Pinoy 2011, PDP 2011-2016, and AFMP 2011-2017 of inclusive growth and reduced poverty, food security and increased incomes, increased resilience to climate change risks, global competitiveness and sustainability are to be achieved, there is a need for a re-orientation of all planners, especially in the agriculture and fishery sector.

The following issues have been observed in the current planning and budgeting processes:

- a. **Focus on production systems.** Programs and resources are currently focused on the production systems of commodities. This situation fails to optimize the use of finite resources because all commodities in a given region are equally given emphasis and

¹Department of Agriculture, Feasibility Study – Philippine Rural Development Program Main Report, p. 72

allocated resources.

- b) **Lack of harmonization and coordination of plans and programs.** There is apparent lack of harmonization and integration of plans and programs generated by the Central Office and those produced at the local levels. This harmonization is supposed to be most visible at the level of the DA-RFUs. However, it is observed that regional DA operations continue to be strongly managed at the DA Central Office².

It has further been observed that certain agencies of the DA generate plans on their own without coordinating with the DA Planning Service and with minimal or no local stakeholder participation. This emphasizes the role of the Planning Service to provide macroeconomic frameworks and benchmarks for planning for all DA units.

- c) **Not all that is planned is actually funded and implemented.**³ This issue points to the need to prioritize commodities and value chain components to be supported with public programs and services, given very scarce resources.
- d) **Global climate change.** The current global climate change has altered the traditional rainfall patterns, among others, that render confusion in the planting calendar of the farmers and the fishing schedule of the fisherfolk. It has also wreaked havoc on their means of livelihood. These circumstances point to the need for disaster and risk mitigation factors that need to be established to minimize losses in production volume and deterioration of the quality of agricultural produce. Research and development efforts could be focused on adaptation measures such as developing seeds and planting materials, as well as animal genetic materials engineered while current infrastructure protocols should be improved to be more resilient to a changing climate.
- e) **Lack of coordination between research functions and activities as inputs to plan formulation.** A review undertaken under MRDP1 of on-going research activities at the national and regional levels revealed overlapping of functions of the various concerned agencies. Moreover, research activities at the regional level are similarly not well coordinated; the organizational arrangements are inefficient and confusing; and they are not as responsive as they should be to the real needs of the LGUs and communities.⁴

The I-PLAN Component of the PRDP aims to address these issues through the refinement of the AFMP Planning Framework and Guidelines that would serve as basis for plan iteration.

²Department of Agriculture, *Feasibility Study- Philippine Rural Development Program : Investments for AFMP Planning at the Local and National Levels, I-PLAN Component*, p. 1

³ *ibid.*

⁴Investments for Governance Reforms Main Report, p. 10.

2 THE I-PLAN COMPONENT

The I-PLAN Component of the PRDP involves the strengthening of the planning and budgeting processes of the DA by enabling the national and regional AFMPs to be the main rationalizing element for priority setting, resource allocation and support service delivery.

2.1 Objectives

The main objective of the I-PLAN Component of the PRDP is to strengthen the framework and linkages for the delivery of devolved but integrated agriculture and fishery services by the national and local government units through the institutionalization of the AFMP as the basis for the rationalization of DA plans and budgets.

Specifically, it aims to:

- a. Strengthen the Department of Agriculture's planning, programming and budget execution processes supportive of AFMP implementation;
- b. Improve the delivery of support services to provinces implementing agriculture and fishery projects from the value chains and subprojects prioritized in the PCIP.⁵

2.2 Expected Outcomes and Outputs

Enhancing the AFMP Planning Process. The corresponding expected outcome is that the AFMP effectively becomes the basis for rationalizing, prioritizing, and coordinating investment and support service delivery by DA Central technical agencies and RFUs. Through the I-PLAN the PRDP aims to achieve the intermediate results in the form of agreed-upon Provincial Commodity/ies Investment Plans (PCIPs) based on the regional AFMPs and national AFMP.

Table 2-1 summarizes the expected outcomes resulting from a well-implemented I-PLAN:

Table 2-1. Expected Outcomes and Outputs per I-PLAN Activity

Major Activities	Inter-related Processes & Outputs	
	Improving the DA planning and budgeting process	Enhancing the Plan outputs
Crafting, piloting and finalization of the OM	Operations Manual for I-PLAN, covers prioritization of commodities, conduct of VCA, PCIP preparation, and N/RAFMP iteration using science-based tools and methodologies, i.e.,	*Provincial Commodity/ies Investment Plans (PCIPs)
Conduct of briefing and orientation on the OM to RFUs and bureaus, attached agencies, attached corporations		*Enhanced Regional Agriculture and Fisheries Modernization Plans (RAFMPs)

⁵Department of Agriculture, *Feasibility Study- Philippine Rural Development Program : Investments for AFMP Planning at the Local and National Levels, I-PLAN Component*, p. 2

Table 2-1. Expected Outcomes and Outputs per I-PLAN Activity

Major Activities	Inter-related Processes & Outputs	
	Improving the DA planning and budgeting process	Enhancing the Plan outputs
Coaching and provision of technical support to RFUs in their planning activities i.e. training on planning and Climate Change tools and methodologies, workshops on PCIP preparation & RAFMP iteration, mapping	VSA, E-VSA, RMA, and considering the principles of PRA-RSA, etc.	*Enhanced National AFMP
Stakeholders consultation for the plan outputs		
Conduct of joint planning and budgeting workshop at the regional level	Work and Financial Plans reflecting commitments of bureaus, attached agencies, and attached corporations to the RFUs	Harmonized / integrated annual plan and budget proposals
Conduct of various workshops/ consultations and refinements on the systems and procedures	Enhanced DA systems and procedures: *e-planning & budgeting *Results-based M&E *MIS with geo-tagging *Planning & Budgeting Manual	
Continuing monitoring and evaluation of annual plans and budgets	Continuing updating of National and Regional AFMP	Successor AFMP

The use of various assessment tools such as the RMA, VSA and E-VSA shall be done at the national and regional levels with the participation of the concerned stakeholders to generate the commodity priority list. Value chain analysis (VCA) and studies shall be prepared for the priority commodities, the result of which shall be the basis for the preparation of the Provincial Commodity/ies Investment Plan (PCIP) and interventions to be provided support by the PRDP. Figure 2-1 shows the inter-relationships among the major outputs and inputs.

As a result of the enhanced planning process using science-based tools, the DA-RFUs particularly through the PRDP shall allocate its resources to eligible interventions that have been identified through the VCA and included in the PCIPs. In the PRDP, completion of the 80 PCIPs is targeted in Year 2. The PCIPs of provinces where new commodity/es and/or products line/s need to be supported based on new VCAs conducted shall be updated during years 3 to 6 of the Program.

The PCIPs shall form part of the enhanced regional and the national AFMPs. As a result of the improved planning process, a DA Planning and Budgeting Manual and Guidelines shall be followed and be the basis for the integrated planning and budgeting in year 3 (2016) of the PRDP. Likewise, the crafting of the successor AFMP shall commence in 2016.

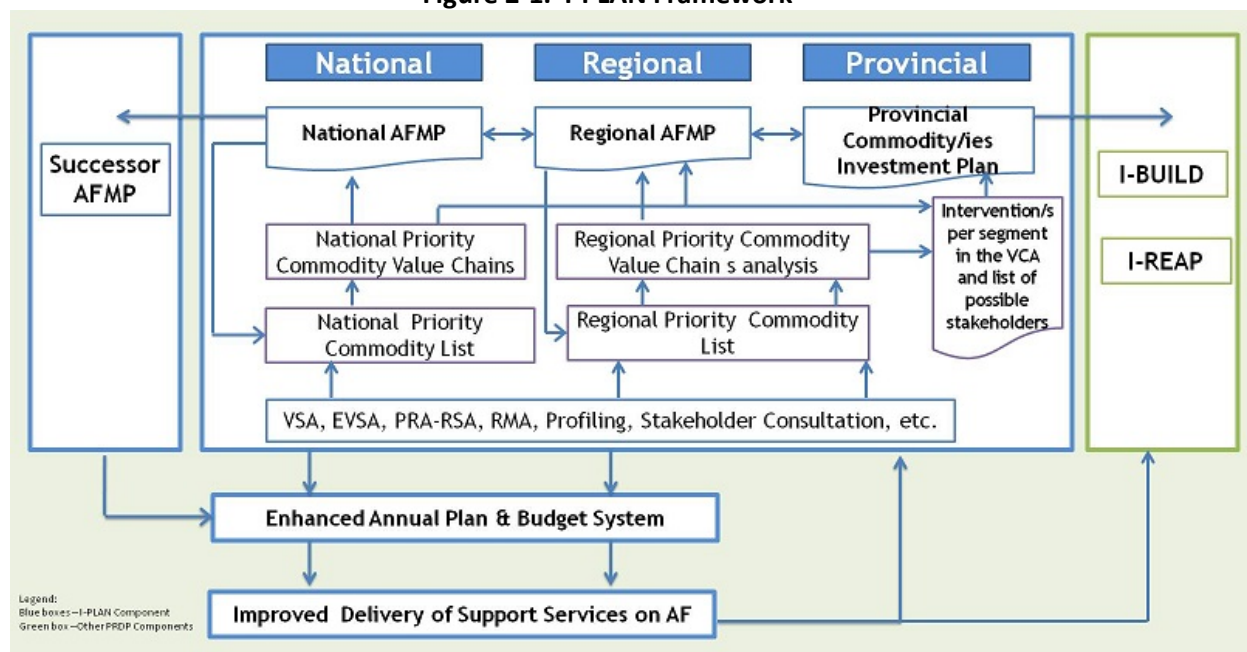
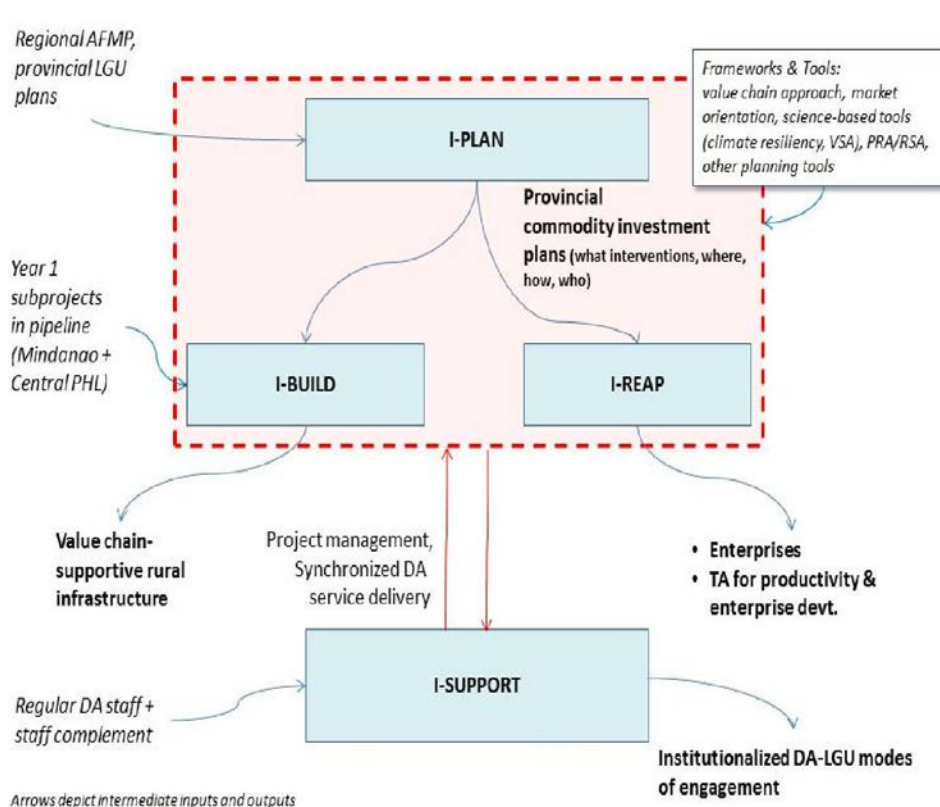
Figure 2-1. I-PLAN Framework

Figure 2-2 further illustrates the relationship of the I-PLAN component with the other components of the PRDP, i.e., the I-REAP, the I-BUILD, and the I-SUPPORT.⁶ The Provincial Commodity/ies Investment Plan is the major output of the I-PLAN Component; it will be the principal basis for the I-BUILD and I-REAP interventions.

⁶Department of Agriculture, *Feasibility Study – Philippine Rural Development Program, Main Report*, p. 58

Figure 2-2. Interplay of PRDP Components



The I-BUILD or the Intensified Building Up of Infrastructure and Logistics for Development involves the setting up of a flexible menu of public good infrastructure that are strategic and climate-resilient, while the I-REAP or Investments for Rural Enterprises and Agricultural and Fisheries Productivity will develop farm and fisher households into enterprise units to contribute to the national goals of modernizing agriculture, improving rural incomes and generating agri-based jobs. On the other hand, the I-SUPPORT or Support to Program Implementation ensures the provision of technical and capability building services to identified beneficiaries and at the same time sees to it that all interventions in the implementation of the PRDP are synchronized, coordinated, integrated and synergistic.

GEF Support. The following selected biodiversity and/or international waters are Program target areas that will simultaneously be covered in the next five years:

1. Tayabas Bay in Quezon Province (Region 4A),
2. Southeast Iloilo, Guimaras Province (Region 6),
3. Guian Coast, Eastern Samar Province (Region 8),
4. Danajon Bank, Bohol Province (Region 7),
5. Donsol-Ticao-Burias Pass, Albay, Sorsogon & Masbate Provinces, Bicol (Region 5),
6. Green Island Bay, Palawan Province (Region 4B).

All of these project sites have been listed as priority conservation areas in the National Biodiversity Strategy and Action Plan (NBSAP). The Department of Agriculture's Bureau of Fisheries and Aquatic Resources (DA-BFAR) also recognizes these sites as major coastal and fishery resource areas.

As a policy, the GEF financed activities within each GEF target area will be concentrated in close proximity to areas where priority commodity value chain interventions are to be implemented in order to better integrate sustainable ecosystem management. Hence, marine protected areas (MPAs) would be selected for GEF financing based on both their distance from commodity intervention areas, their global biological significance and where local demand for improved management effectiveness is high. The types of activities supported at each GEF target area would be adaptable based on regional and local needs. In certain cases, where an MPA does not exist close to commodity intervention areas, the GEF financing could assist with the MPA establishment as long as significant community support exists. As well, there might also be cases where fisheries co-management outside of the MPA boundaries would be the most beneficial for local small holder producers and therefore, GEF financing would be allocated accordingly.

2.3 Major Activities under I-PLAN

The I-PLAN has two major activities: enhancing the AFMP process and supporting AFMP implementation.

2.3.1 Enhancing the AFMP Process

The existing AFMP was prepared following the current DA planning and budgeting guidelines. Enhancing the process of preparing the AFMP implies improving the current planning, programming and budgeting policies, guidelines and processes and mainstreaming these within the DA. Two major outputs are expected from this component therefore: the improved National AFMP and RAFMP, and the improved DA Planning and Budgeting Manual.

Enhancing the process of planning and budgeting entails the use of scientific tools such as the vulnerability and suitability assessment (VSA), expanded VSA (E-VSA), rapid market analysis (RMA) and value chain analysis (VCA). The conduct of natural resource management assessment in an area using another scientific tool, the participatory resource appraisal - resource and social assessment (PRA-RSA), shall be done at two modalities: a comprehensive PRA-RSA in the 6 pre-identified GEF sites and a rapid approach for enterprise based sub-project level: the former to be facilitated by the I-PLAN component and the latter by the I-REAP component of PRDP. Further, elements of the tool will also be incorporated in the conduct of VCA by the I-PLAN component.

2.3.2 Supporting AFMP Implementation

By using the value chain approach, it is expected that the requirements of each link in the value chain will be identified. This will be the basis for formulating priority programs to strengthen the links. This is in line with function-based planning and budgeting where support services will be grouped under: 1) Infrastructure Support; 2) Research, Development and Extension; 3) Regulation; 4) Policy and Planning; and 5) Risk Reduction and Climate Change Adaptation.

The other required interventions, if any, will be opportunities for public-private partnership or stakeholder participation.

2.4 Target Beneficiaries

The ultimate beneficiaries of the I-PLAN component are the planning units of the DA, as well as the DA RFUs, the Agriculture and Fishery Councils (AFCs) and other support institutions in the agriculture and fishery sector.

Benefits will also accrue to the provincial LGUs in that they will learn from the process of plan and budget formulation.

2.5 Strategies

The strategies for the achievement of the objectives of the I-PLAN run parallel with the achievement of the objectives of the AFMP. The modernization strategies include: ⁷

1. Functional budgeting in addition to purely commodity-based budgeting;
2. RFU-led spatial integration that involves the development of provincial commodity/ies investment plans to support the regional AFMP;
3. Development of engendered regional value chain roadmaps including LGU clusters to provide economies of scale for particular commodities that would provide inputs to the selection and prioritization of investments to be supported under the PRDP;
4. Consultation of all stakeholders in the agri-fishery sector for the identification of specific priority needs so that activities may be focused on the weak links in the value chain;
5. Multi-agency involvement including DA-LGU engagement and private sector partnerships to leverage the funding requirement of programs;
6. Capacity building of all units on improved planning techniques, incorporating disaster risk reduction and climate change adaptation drawing on resource persons and experts of local centers of technology and excellence; and
7. Regular updating and improvement of the I-PLAN to keep pace with the needs of the times.

⁷ Department of Agriculture, *Planning Manual: Formulation of the AFMA 2011-2017*, p. 4

2.6 Risks and Mitigation Measures in I-PLAN Implementation

Some LGU executives may want to promote certain commodities other than those identified as priority commodities. This can be addressed by getting the buy-in of these local executives and the various stakeholders throughout the planning process.

Planners may lack the skills and knowledge on science-based tools such as the VCA, RMA, VSA, E-VSA and PRA-RSA. Hence, intensive training is required for the planning officers of all DA units and PLGU concerned on these tools.

2.7 Social and Environmental Safeguards

Planning under the I-PLAN Component subscribes to the principle of human development within the carrying capacity of the ecosystem that supports it. Hence, the planning process will observe the safeguard policies and the Grievance Mechanism Framework set by the World Bank and the Philippine Government as described in the Integrated Environmental and Social Safeguards Framework of PRDP.

Specifically, I-PLAN activities shall observe the provisions of the Philippine Environmental Impact Statement Law (Presidential Decree 1586), the Philippine Indigenous Peoples Rights Act (Republic Act 8371), the Right of Way Acquisition Law (Republic Act 8974) and their implementing rules and regulations and the operational policies of the World Bank on Environmental Assessment (Operational Policy/Bank Policy 4.01), Natural Habitats (Operational Policy/Bank Policy 4.04), Pest Management (Operational Policy 4.09), Indigenous Peoples (Operational Policy/Bank Policy 4.10) and Involuntary Resettlement (Operational Policy/Bank Policy 4.12).

3 IMPLEMENTATION POLICIES

The Department of Agriculture's planning and budgeting processes operates on the general principle that "planning shall be participatory, dynamic and iterative."

Specifically, the following shall be the guiding principles in the design and implementation of the I-PLAN component⁸.

- a. **The AFMP as basis for prioritizing public agriculture and fishery investments.** The AFMP is the translation of the goals, agenda and policies espoused in the Philippine Development Plan (PDP), Agriculture and Fisheries Modernization Act (AFMA), and other policy and program issuances into strategic programs and projects to be implemented over the medium term. As such, it should be the continuing basis and consistent context for the DA's investment programming, annual plan and budget proposals and actual fund allocation across operating units and functions.
- b. **DA-LGU partnership in the formulation of the plan to ensure smooth implementation of agriculture and fishery (AF) projects.** Full partnership with LGUs is attained through constant dialogues and collaborative activities. MRDP has significantly succeeded mainly because of this process. For its part, the DA needs to recognize that planning is done at all levels. It is the role of the DA that its plans (e.g. AFMP) reflect what it is able to synchronize from the ground with macroeconomic goals. This partnership process can be significantly improved and will be a focus point under PRDP.

In addition, the PRDP through the I-PLAN will combine "top-to-bottom" and "bottom-up" approaches to planning and programming. This two-pronged approach will help ensure that the Department's budgetary resources will be prudently allocated to priority programs, projects and activities that are supportive of the PDP 2011-2016 goals and strategies for the agriculture and fisheries sector.

- c. **Use of science-based tools for resilient and sustainable agriculture and fisheries sector.** The need to make the sector sustainable and resilient has been a long-standing concern in the face of expanding land and water degradation and the realities of climate change (CC). The AFMP framework and guidelines call for the identification of innovative measures to respond to climate change and mainstream climate change adaptation and risk reduction in the various DA interventions. The PRDP will move towards using improved tools for assessing CC vulnerability. One refinement will be the use of the vulnerability and suitability assessment in the planning process.
- d. **Value chain development context for subproject design.** A value chain refers to the full range of activities which are required to bring a product or service through the different phases of production, including physical transformation, the inputs of

⁸Lifted from Department of Agriculture, *Feasibility Study – Philippine Rural Development Program, Guiding Principles*, Volume I, p.6

various producer services, and response to consumer demand. When carefully implemented, it will determine the “value” that is created in a product or service resulting from a determined set of value-adding processes and the participation of actors of the sector (i.e., farmers/fishers, private sector).

The framework and guidelines for the preparation of the AFMP 2011-2017 specifically espoused the identification of projects using a value chain framework that aims to equalize income opportunities for men and women and promote more efficient linkages among producers, processors, marketing channels, and consumers. The tool for assessing value chains was simplified in the AFMP preparation. The I-PLAN’s use of the full process in the conduct of value chain approach, including complementary market analysis at the local, national and international levels, will deepen the analysis to come up with the interventions to be supported in I-BUILD and I-REAP.

- e. **Geo-tagging**, an information and communications technology (ICT) tool will be used to enhance appreciation of information on commodities especially in the establishment of the situation obtaining in a commodity chain during value chain mapping. It saves time and resources by enabling analysts and stakeholders to visualize the field situation without actually going to the locality. Hence, it is a useful tool not only in plan formulation but also in the monitoring and evaluation of plans.

Geo-tagging is the process of attaching location-specific information to various media types, such as pictures of project sites before, during and after project implementation, using a GPS-enabled android phone with Google as the platform.⁹

- f. **Integrated service delivery through synergistic partnership.** The PRDP will enhance delivery of critical services by instituting a mechanism to get the appropriate technical service providers, including the DA operating units, other government agencies (GAs), academe, civil society organizations (CSOs), and other value chain participants (e.g. processors, exporters) involved in a synergistic manner. This will involve scoping of existing modalities for providing AF technical support services, benchmarking vis-à-vis best practices and taking part or all of the steps within these modalities, as deemed appropriate, to institutionalize an integrated AF service delivery. Tailor fitting of technical services to commodity requirements as well as standardization are expected under PRDP. As such, service units can no longer afford to be standalone units with unclear connection of their contribution to particular commodity value chains.
- g. **Natural resource management** in globally significant biodiversity areas, seascapes and landscapes, and priority degraded coastal areas. This will be given attention through the Global Environment Facility (GEF)-funded PRA-RSA activities. PRA-RSA will be used as a tool for the NRM interventions geared towards rebuilding marine fisheries, coastal pollution reduction, management of trans-boundary water systems,

⁹ World Bank, *Geo-Tagging: An Innovative Tool to Enhance Transparency and Supervision of Development Projects in the Philippines*, 13 February 2013, Available at Geo-Tagging Philippines website <<http://geotaggingphilippines.blogspot.com/2013/02/geo-tagging-innovative-tool-to-enhance.html>> (accessed 26 February 2013),

and effective management of local marine areas; and management of globally biodiversity significant protected area systems, landscapes / seascapes and sectors.

The PRA-RSA shall include the following GEF interventions: 1) habitats and species assessment; 2) change assessment; 3) marine protected areas; and 4) socio-cultural and geopolitical profile.

4 IMPLEMENTATION PROCESSES

4.1 NAFMP/RAFMP Enhancements and PCIP Preparation

The process of planning for PRDP as envisaged in this manual consists of two complementary tracks, namely, the enhancement of the AFMPs (national and regional) and the preparation of the Provincial Commodity(ies) Investment Plans.

The leadership in planning for agricultural development is lodged with the Department of Agriculture with pre-determined objectives tied to national targets. Moreover, local governments, by their very nature are less aware of national economic growth potentials. Thus, it is the mandate of DA, being at the top of the government set up, and having a wider perspective, to provide guidance in planning the investments from public sector and invites much larger stakeholder consultation, particularly with the private sector, in selecting and planning for the development of priority commodity value chains.

The planning approach to be espoused shall be anchored on the use of the value chain approach (VCA) for more objective identification of interventions for the development or enhancement of priority commodities. A value chain is defined as *the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final customers, and final disposal after use.*¹⁰ It involves an analysis of the vertical and horizontal process and players that add value to the product. A detailed discussion on the conduct of the VCA is included in Annex 1.

4.1.1 Enhancing the National AFMP

4.1.1.1 Formation of the National Core Planning Team (NCPT). The planning process shall be facilitated by the NPCO thru the DA Planning Service. A National Core Planning Team (NCPT) shall be formed to undertake the whole planning process of a priority commodity at the national level. This may be composed of:

- DA Planning Service representative
- BSWM representative
- I-BUILD Component Representative/Field Operations Service
- I-REAP Component Representative/ DA AMAS
- BFAR Representative
- Commodity Program/Agency representative concerned
- BAS representative
- VCA Expert
- ITCAF
- NAFC- assist in the stakeholders consultation; and the involvement of NAFC's Sectoral Committees by Commodity as a player in the VCA of a particular commodity

¹⁰J. Hellin and M Meijer. *Guidelines for Value Chain Analysis*, (FAO) November 2006, p. 4.

The team shall be augmented with members coming from other bureaus, attached agencies and corporations concerned with the subject commodity. It shall also include heads of RFU-PMD, AMAD, PLGU-PPDC, and representatives from regional AFCs of the highest producing regions and provinces of the subject commodities. These representatives will ensure the capture of provincial and regional nuances in the conduct of VCA for national priority commodities. Representatives from DAR, DENR, DTI, DOST and DOE, among others, shall also be invited as members of the NCPT, as needed. To ensure that the interests, needs and concerns of the indigenous cultural communities or indigenous peoples (ICC/IPs) are taken into consideration in the enhancement of the AFMP, the National Commission on Indigenous Peoples (NCIP) shall also be included in the NCPT (as necessary).

The involvement of the National Core Planning Team from the DA units shall be sanctioned through a Special Order (SO) from the DA Secretary. The involvement of DAR, DENR and DILG personnel shall be ensured through the National Convergence Initiative among these agencies and DA. Other team members from DOST, DOE, DTI, SUCs, LGUs and private sector shall be invited by the DA Secretary.

4.1.1.2 Training of NCPT. The DA PS shall conduct 5-day intensive training for the NCPT on the value chain approach (VCA) and other science-based tools to be used in the planning process. This will be led by the VCA expert, complemented by resource persons for the other tools, to be hired by the DA under the PRDP.

To optimize use of resources, the participants will also include the regional core planning teams (RCPT) that will lead the regional planning process. A separate training on the VCA and other tools shall also be conducted for the planning staff of bureaus, attached agencies and corporations and banner programs to ensure proper and correct use of these tools in the preparation of their agencies' plans and programs. A general orientation on the VCA will also be provided to DA MANCOM.

4.1.1.3 Prioritization of Commodities at National Level. After the capacity training, the NCPT shall start the planning process with the prioritization of commodities to be subjected with value chain analysis. The process flow in the prioritization of the commodities at the national level is shown in Appendix 1A. The following steps shall be followed:

Step 1: Review of Existing AFMP and Preparation of List of Commodities for Prioritization.

The NCPT shall review the existing AFMP and identify commodities for prioritization. Commodities that have been pre-determined by the national government as priority commodities because of their importance in the attainment of national goal of food sufficiency such as rice and corn, both of which are supported with a national program, shall be given priority. Other commodities of national importance, such as coconut (which affects a third of the country's population, most of whom belong to the bottom of the pyramid) and sugarcane shall also be included as priority commodities. All other commodities with national scope, especially those that are supported by the High Value Crops Development Program

(HVCDP),¹¹ fisheries and livestock shall be included in the list of commodities that will go through a prioritization process.

Step 2. Concurrence of NPCO on Commodity List. The NCPT shall present to the NPCO two lists of commodities: a list of commodities that are considered national priorities and will not have to go through the prioritization process, and another list of commodities that shall go through the prioritization process. The NPCO shall approve these lists before the NCPT shall proceed with the prioritization process.

Step 3. Gathering and Analysis of Data for Commodity Prioritization. The NCPT shall conduct the following data gathering and analysis tools:

- Review existing literature, like BAS reports, industry studies, sectoral reports, Local Development Plans, Local Development Investment Plans, etc.
- Suitability Assessment. This tool will take off from the Vulnerability and Suitability (VSA) developed by the DA's BSWM¹² and shall be used as a guide to determine the suitability of a particular area that could affect the production and suitability of a particular commodity. It also shows the areas where particular commodities can be best grown or raised.
- Rapid Market Appraisal (RMA). RMA is an iterative and interactive research methodology, which is used to better understand complex market systems in a short time. (Adapted from *Young 1994*).¹³ It is a methodology that facilitates the identification of proper interventions or support programs to improve efficiency or strengthen the marketing system in a way that would bring the broadest benefits to the most number of participants in the system. The focus of the RMA shall be on market size, market growth potential, ease of entry and potential for value addition. Although the conduct of the RMA is described in Annex 4, secondary data on the market may suffice when using the prioritization tool. A deeper analysis of the market may be done during the conduct of the VCA.

The use of these science-based tools shall include thorough consultation and participation of stakeholders. This is necessary because with limited resources and a multiplicity of stakeholders and their needs, legitimate competition for assets and resources is inevitable. But it can be resolved if an effective strategy of stakeholder consultations and negotiations is thoroughly planned. It is especially important to ensure participation of women in general and those from the disadvantaged sections in particular. In the agriculture sector, the absence of adequate participation of women, the view of many important issues may remain highly biased in favor of the male population. The participation of women can lead to a more

¹¹ DA's list of HVCDP include the following: banana, coffee, rubber, oil palm, mango, pineapple, calamansi, white potato, cabbage, carrots, broccoli, cauliflower, asparagus, habichuelas, lettuce, eggplant, tomato, garlic, onion, ginger, pechay native and Chinese, ampalaya, stringbeans, squash fruit, gourd, okra.

¹²For a complete guide on how to do the VSA, refer to S.Q. Tejada, G.P. Nilo, J.R. Manguerra, D.E. Margate, S.B. Buarao, *Ranking of Municipalities in Support to Vulnerability Mapping of the Central Philippines Rural Development Project*, Bureau of Soils and Water Management, Philippines, 2012.

¹³S. Joss, H. Schaltenbrand, P. Schmidt, *A Rapid Market Appraisal Tool Kit: Theoretical Background and Experiences from various RMA Events*, Helvetas Publications, No. 3, Switzerland, February 2002.

balanced view of agricultural development. It is, therefore, necessary that the planning team regularly invites stakeholder representatives in the conduct of the various analysis tools for prioritization and in finalizing the plans.

The members of the NCPT shall be assigned in sub-groups for data gathering according to their expertise following criteria used in the CPT (Table 4-1):

Table 4-1. Criteria for Prioritizing Commodities

Criteria	Sub –criteria	Data Source & NCPT Member Responsible
Suitability		BSWM. This criterion shall be accomplished by the team composed of the staff of BSWM using the suitability aspect of the VSA tool. The BSWM representative in the NCPT shall be responsible to assemble the data for this criterion.
Market Potential	Market size	RMA /FGD. The data will be collected through focused group dialogue (FGD – Annex 3) with industry market players and growers, and will be limited to the needs of the prioritization tool. For this criteria group, the team shall be led by the DA-AMAS. The FGD participants shall also include marketing officers of the bureaus, attached agencies and corporations, program directorates and other national agencies (such as DAR, DENR, DTI), SUC experts, and private sector representatives.
	Market growth potential	
	Ease of entry	
	Potential for value addition	
Impact on the Poor	Number of poor people involved	BAS. For this criterion, the team shall be composed of PS and BAS staff to gather and analyze data. Secondary data sources will also be useful to determine impact based on the management, technical and financial aspects of the commodity.
	Potential to raise / create income	
Number of Growers/Producers		BAS. For this criterion, the team shall be composed of PS and BAS staff to gather and analyze data from BAS.

Step 4. Actual Commodity Prioritization. The Commodity Prioritization Tool (CPT) in Annexes 2, 2A or 2B shall be used in preparing the priority commodity list. After all the necessary data are gathered by each sub-group, the NCPT shall conduct a one-day workshop session to analyze and consolidate all data, accomplish the CPT and rank each commodity based on the result of the CPT to come up with the draft commodity priority list to be recommended for national VCA.

Step 5: Approval of prioritization commodities. The NCPT through the NPCO shall present the list of priority commodities to the DA-ExeCom and get its approval for national value chain analysis. The DA ExeCom may recommend an additional analysis to be done by the NCPT should it find the list inadequate. Otherwise, the final list of commodities for VCA shall be confirmed by the DA ExeCom.

4.1.1.4. Conduct of Value Chain Analysis. The NCPT shall conduct the VCA for each of the approved priority commodities using the value chain approach (Annex 1) except for commodities with existing updated and adequate VCAs. The NCPT shall be divided into smaller groups to handle the various commodities. The small groups that are assigned for each commodity will be guided by the VCA expert hired by NPCO.

The conduct of new VCAs and enhancement of existing VCAs will be guided by the processes discussed in Annex 1 and Appendix 2A. The process flow involves the following steps:

Step 1. Validation of Existing VCA studies. From the approved priority commodity list, the VCA expert shall conduct an inventory of existing VCA studies (on the concerned commodity or product) in order to avoid duplication.

Step 2. Mapping the Value Chain. Value chain mapping involves the gathering of data to establish the current industry condition or current situation in the selected commodity or product. Complete and correct data on each of the segments and participants lead to correct analysis. The conduct of the VCA at the data gathering stage shall require the participation of commodity experts from the bureaus, attached agencies and corporations (that are involved in specific commodities) and other national agencies (such as DAR, DENR, DTI), SUC experts, top producing PLGUs, and private sector representatives through focus group discussions at the regional and provincial levels where the commodities are produced.

The VCA Questionnaires (Annex 1A, 1C and 1D) for farmers, processors and traders (respectively) have been prepared as guide for primary data collection. A consolidation matrix (Annex 1E) is also included.

For areas identified as GEF sites, Participatory Resource Assessment- Resources and Social Assessment (PRA-RSA) will be conducted through a technical assistance. Annex 7 is a guide on how the PRA-RSA may be conducted. PRA-RSA concerns with questions on resource management to capture how the potential interventions in the segments of the value chain affect the environment, especially in areas with GEF sites or where biodiversity or the ecosystem may be disturbed or threatened. The responses to these questions will be used to analyze problems and constraints so that proper natural resource management and conservation measures shall be prescribed.

Once the needed data are in, the commodity's **value chain map** can be constructed/drawn. The value chain map helps in determining the current situation of the commodity or the current condition in the industry that will facilitate identification of opportunities, constraints and issues in each of the segments of the chain.

Step 3. Analysis of the value chain. Value chain analysis involves both horizontal and vertical analysis. One-at-a-time focus may be given on the following aspects, always mindful of constraints, potential for upgrading and existing synergies: product flows -involving data on the actors per segment or functions in the chain and determines the most important actors within the value chain; process flow - involving data on technology, which includes machines, manpower and production systems; costs involved - determining costs, prices and margins

per actor in the chain, most value added to the value chain; and end markets- in-depth market analysis to assess the value chain growth and competitiveness.

Step 4. Formulation of the Competitiveness Strategy and Identification of Interventions.

Formulating the competitiveness strategy for a commodity involves developing the commodity's value chain upgrading strategy. Upgrading refers to the innovation that increases competitiveness in the value chain or moving towards sustained higher rates of growth or expansion. Keeping in mind the principles involved in formulating competitiveness strategies, the stage has been set for the identification of interventions and programs that will strengthen the weak links in the chain.

Should an intervention be indicated, in any segment of the VCA, the location best suited for the intervention shall be determined through the VSA & E-VSA tool (a E-VSA tool Guide is available through PRDP website and a Manual is available at the PRDP I-SUPPORT –Geo mapping and Governance Unit) . For this activity, the NCPT shall be trained to conduct of the E-VSA.

Step 5. Writing the VCA report and Initial discussion of VC results with NPCO. The VCA outputs shall be a comprehensive VCA report (Annex 1B) and a matrix of interventions along the chain and shall be the basis for the concerned provinces that are identified in the value chain in the preparation of their respective PCIPs (Annex 5). These VCA outputs shall also be used in enhancing the NAFMP (Appendix 3A) and the RAFMP (Appendix 3B) of the regions concerned in the value chain.

However, it is recommended that prior to the stakeholders consultation, the initial VC findings will be discussed with the NPCO-NCPT.

Step 6. Stakeholder consultation/validation. The NCPT will conduct stakeholder validation/consultation on the output of the value chain analysis per commodity with the representatives of concerned players in the VCA such as the businessmen, farmers' groups, and NGOs and also may include government agencies and SUCs who are involved in the commodity. ICC/IPs representatives shall be made critical participants in the consultation process, whenever necessary.

At this step of the process, it is recommended that a VCA expert/practitioner should facilitate the stakeholders consultation/workshop. Annex 6.1 serves as guide in the conduct of stakeholders workshop for the VCA.

Step 7. Submission of the Final VCA report. The Final VCA report shall incorporate the inputs generated from the Stakeholders Consultation and shall be submitted to the NPCO.

Step 8. Approval and Issuance of NOL. All final VCA reports must be submitted the NPCO for issuance of No Objection Letter (NOL). If the result of the VCA report is not acceptable, the process from Step 3 must be repeated. If the VCA report is acceptable, the NPCO will issue a NOL. After which, a memorandum will be sent by the NPCO IPLAN to the DA RED re the results of the VCA concerning his region and provinces. Upon receipt of the Memo, the

concerned RED will communicate with the concerned PLGU re the start of the PCIP formulation.

As a quality check for the VCA report, the final document must have followed the prescribed VCA report format in the I-PLAN OM (Annex 1B); must have done a stakeholders consultation workshop (a report must be attached) and all pertinent annexes – questionnaires (1A, 1B, 1C, 1E) and the list of VCA players must form part of the VCA report.

4.1.1.5: Enhancement of National AFMP. The DA-Planning Service shall enhance the national AFMP based on the results of the value chain analysis. The results of the VCAs are consolidated by the DA Planning Service and incorporated in the national AFMA, as an addendum. This addendum will contain all changes in the AFMP as approved by the DA Executive Committee. See Appendix 3A for the process flow of the AFMP enhancement.

The improvements in the commodity sector plans of the AFMP come in the form of modifications and enhancements in validated commodities, implementation areas, strategies and interventions.

4.1.2 Enhancing the Regional AFMP

The I-PLAN activities at the regional level shall be done simultaneously with the national level planning activities. The planning process will be facilitated by the Regional Program Coordinating Office in the RFUs, to be led by the PMD and guided by a VCA expert. The steps in the planning process are similar to those at the national level, with as follows:

4.1.2.1 Formation of a Regional Core Planning Team (RCPT). The composition of the planning team at the regional level is listed below, to be led by the RFU Planning and Monitoring Division.

- RFU Planning and Monitoring Division
- BSWM-SWAC
- I-BUILD Component
- I-REAP Component / RFU- AMAD
- BFAR Regional Office
- Commodity coordinator concerned
- BAS representative
- VCA Expert
- RAFC – assist in the stakeholders consultation

This team shall be augmented with members coming from bureaus, attached agencies and corporations concerned with the subject commodities. It shall also include the regional/provincial and/or municipal AFCs, provincial agriculturist (PA) and selected provincial planning and development coordinators (PPDC) of the highest producing provinces of the subject commodities.

Representatives from regional level DAR, DENR, DTI, DOST, NEDA, DPWH and DOE, among others, shall also be invited as resource persons. Where the production areas of regional commodities include indigenous cultural communities, a representative of the NCIP shall be included in the RCPT to safeguard the interests, needs and concerns of the ICC/IPs.

The involvement of the Regional Core Planning Team shall be sanctioned through a Special Order (SO) from the DA Secretary. The involvement of DAR, DILG, and DENR personnel shall be ensured through the National Convergence Initiative among these agencies and DA. Team members from other agencies such as DOST, DOE, DTI, SUCs, LGUs and private sector, as needed shall be invited by the DA Secretary. The VCA experts shall be fielded by the consulting firm to be engaged by the NPCO through the DA PS in each region or cluster of regions.

4.1.2.2 Training of the RCPT. The RCPT shall undergo 5-day intensive training on the value chain (VCA) approach and other tools to coincide with the training of the NCPT. The Regional Executive Director, Regional Technical Directors and other officers of the RFU shall also undergo extensive briefing on VCA.

4.1.2.3 Prioritization of commodities for regional VCA. The process flow for the prioritization of the commodities that will be subjected with VCA at the regional level will involve the following steps:

Step 1: Review of Existing RAFMP and Preparation of List of Commodities for Prioritization. The RCPT shall review the existing RAFMP and identify commodities for prioritization. Commodities that have been included in the national VCAs shall no longer be included in the regional commodity list.

Step 2. Concurrence of RPCO on Commodity List. The RCPT shall present to the RPCO a tentative list of commodities that shall go through the prioritization process. The RPCO shall approve the list of commodities before the RCPT shall proceed with the prioritization process.

Step 3. Gathering of Data for Commodity Prioritization. The process flow in the prioritization of the commodities at the regional level is shown in Appendix 1B. The RCPT shall start the data gathering by reviewing existing literature, like BAS reports, industry studies, sectoral reports, Local Development Plans, Local Development Investment Plans, etc. The tools such as Suitability Assessment and RMA shall be used to generate additional data that are not contained in the existing literature. The members of the RCPT shall be assigned in data gathering according to their expertise. Data to be gathered shall be those on:

Criteria	Data Source & RCPT Member Responsible
Suitability:	For this criterion, the appropriate portion of VSA tool of BSWM will be used. The suitability assessment shall be led by BSWM- Soil Water Access Coordinator.

Criteria	Data Source & RCPT Member Responsible
Market Potential:	For this criteria group, the team shall be led by the AMAD. Using the RMA as guide, the data to be used for this criterion will be generated thru FGD. The participants shall include industry players from the private sector, marketing officers of the regional bureaus, attached agencies and corporations, program directorates and other national agencies (such as DAR, DENR, DTI) and SUC experts, for market data gathering using the RMA tools.
Impact on the poor	For this criterion, the team shall be composed of the Planning and Monitoring Division of the RFU and BAS regional staff to gather and analyze data from both BAS and other secondary data, such as industry studies, feasibility studies, commodity cultural practices, technology requirements, labor requirements and income potential.
Number of Growers/Producers:	For this criterion, the team shall be composed of the Planning and Monitoring Division of the RFU and BAS regional staff to gather and analyze data from BAS.

Step 4: Actual Prioritization of Commodities for Regional VCA. Like in the national priority commodities, the CPT Annex 2 shall also be used to prioritize commodities approved by the RPCO. The RCPT shall conduct a one-day workshop session to consolidate and analyze all data, accomplish the CPT and actually rank each commodity based on the result of the CPT to come up with the regional commodity priority list.

Emerging commodities and products that are not included in the list and does not have an existing VCA but are being pushed by PLGUs because they are critical in provincial development, as contained in their respective comprehensive development plans (CDP) and Local Development Investment Plans (LDIP), shall be graded based on suitability and market potential using a modified tool (Annex 2B). Emerging commodities with a total weighted score of at least 5.0 shall be included in the list of priority commodities.

Step 5: Approval of Priority Commodities. The RCPT shall present the list of priority commodities to the RPCO and get its approval on the top 5 commodities for regional value chain analysis that will be funded by PRDP.

The VCAs of commodities that do not land in the top 5 will use other sources of funds, if the RPCO would still want to pursue it. The results of the VCA of these commodities may still be considered in generating the PCIP of a particular province, as long as the VCA was prepared following the PRDP process.

4.1.2.4 Conduct of Regional VCA. The RCPT shall conduct the VCA for each of the approved priority commodities in the region using the value chain approach (Annex 1), except for commodities with existing adequate VCAs. The Regional Core Planning Team will be joined by

the PPDCs of the top producing provinces for the specific commodity for the conduct of VCA. The RCPT will also be guided and supported by the VCA expert that will be hired by PRDP through the NPCO or PSO.

For commodities not in the priority list but with existing VCA reports, it may be considered and graded using the Annex 2A or 2B. The commodities with a total weighted score of at least 5.0 shall be included in the list of priority commodities to be included in the PCIP. However, the VCA of these commodities shall be reviewed for completeness and adequacy by the NPCO. If the VCA for a commodity is found insufficient in substance, the VCA shall be subject for enhancement by the RCPT and the province concerned.

The conduct of new VCAs and enhancement of existing VCAs will be guided by the processes discussed in Appendix 2B and in Annex 1 which is similar to the conduct of national VCAs as described above.

Step 1. Validation of Existing VCA studies. From the approved priority commodity list, the VCA expert shall conduct an inventory of existing VCA studies (on the concerned commodity or product) in order to avoid duplication.

Step 2. Mapping the Value Chain. Value chain mapping involves the gathering of data to establish the current industry condition or current situation in the selected commodity or product. Complete and correct data on each of the segments and participants lead to correct analysis. The conduct of the VCA at the data gathering stage shall require the participation of commodity experts from the bureaus, attached agencies and corporations (that are involved in specific commodities) and other national agencies (such as DAR, DENR, DTI), SUC experts, top producing PLGUs, and private sector representatives through focus group discussions at the regional and provincial levels where the commodities are produced.

The VCA Questionnaires (Annex 1A, 1C and 1D) for farmers, processors and traders (respectively) have been prepared as guide for primary data collection. A consolidation matrix (Annex 1E) is also included.

For areas identified as GEF sites, Participatory Resource Assessment- Resources and Social Assessment (PRA-RSA) will be conducted through a technical assistance. Annex 7 is a guide on how the PRA-RSA may be conducted. PRA-RSA concerns with questions on resource management to capture how the potential interventions in the segments of the value chain affect the environment, especially in areas with GEF sites or where biodiversity or the ecosystem may be disturbed or threatened. The responses to these questions will be used to analyze problems and constraints so that proper natural resource management and conservation measures shall be prescribed.

Once the needed data are in, the commodity's **value chain map** can be constructed/drawn. The value chain map helps in determining the current situation of the commodity or the current condition in the industry that will facilitate identification of opportunities, constraints and issues in each of the segments of the chain.

Step 3. Analysis of the value chain. Value chain analysis involves both horizontal and vertical analysis. One-at-a-time focus may be given on the following aspects, always mindful of constraints, potential for upgrading and existing synergies: product flows -involving data on the actors per segment or functions in the chain and determines the most important actors within the value chain; process flow - involving data on technology, which includes machines, manpower and production systems; costs involved - determining costs, prices and margins per actor in the chain, most value added to the value chain; and end markets - in-depth market analysis to assess the value chain growth and competitiveness.

Step 4. Formulating the Competitiveness Strategy and Identifying Interventions. Formulating the competitiveness strategy for a commodity involves developing the commodity's value chain upgrading strategy. Upgrading refers to the innovation that increases competitiveness in the value chain or moving towards sustained higher rates of growth or expansion. Keeping in mind the principles involved in formulating competitiveness strategies, the stage has been set for the identification of interventions and programs that will strengthen the weak links in the chain.

Should an intervention be indicated, in any segment of the VCA, the location best suited for the intervention shall be determined through the VSA & E-VSA tool (a E-VSA tool Guide is available through PRDP website and a Manual is available at the PRDP I-SUPPORT –Geo mapping and Governance Unit). For this activity, the RCPT shall be trained to conduct of the E-VSA.

Step 5. Writing the VCA report and Initial discussion of VC results with NPCO. The VCA outputs shall be a comprehensive VCA report (Annex 1B) and a matrix of interventions along the chain and shall be the basis for the concerned provinces that are identified in the value chain in the preparation of their respective PCIPs (Annex 5). These VCA outputs shall also be used in enhancing the RAFMP (Appendix 3B) of the regions concerned in the value chain.

However, it is recommended that prior to the stakeholders consultation, the initial VC findings will be discussed with the RPCO-RCPT.

Step 6. Stakeholder consultation/validation. The RCPT will conduct a stakeholder validation/consultation on the output of the value chain analysis per commodity with the representatives of concerned players in the VCA such as the businessmen, farmers' groups, and NGOs and also may include government agencies and SUCs who are involved in the commodity. ICC/IPs representatives shall be made critical participants in the consultation process, whenever necessary.

At this step of the process, it is recommended that a VCA expert/practitioner should facilitate the stakeholders consultation/workshop. Annex 6.1 serves as guide in the conduct of stakeholders workshop for the VCA.

Step 7. Submission of the Final VCA report. The Final VCA report shall incorporate the inputs generated from the Stakeholders Consultation and shall be submitted by the RPCO to the PSO and NPCO.

Step. 8. Approval and Issuance of NOL. All final VCA reports must be submitted to the NPCO for issuance of No Objection Letter (NOL). If the result of the VCA report is not acceptable, the process from Step 3 must be repeated. If the VCA report is acceptable, the NPCO will issue a NOL to the RPCO through the PSO. Upon receipt of the NOL, the concerned RED will communicate with the concerned PLGU re the start of the PCIP formulation.

As a quality check for the VCA report, the final document must have followed the prescribed VCA report format in the I-PLAN OM (Annex 1B); must have done a stakeholders consultation workshop (a report must be attached) and all pertinent annexes – questionnaires (1A, 1B, 1C, 1E) and the list of VCA players must form part of the VCA report.

4.1.2.5. Localization of VCAs. For regions/cluster with the same priority commodity as those that already have VCA studies conducted under PRDP and issued No Objection Letter by the NPCO, localization shall be done.

Localization primarily entails a review of the existing VCA by the RPCO to determine if the VCA study may be adopted to the area. If so, then data gathering should be done to adjust the data for the region/province. The localization of VCAs with NOL will be guided by the process flow shown in Appendix 2C.

4.1.2.6 Enhancement of regional AFMP. The RFU PMD shall enhance the regional AFMP based on the results of the value chain analysis. The results of the VCAs are consolidated by the RFU PMD and incorporated in the regional AFMA, as an addendum. This addendum will contain all changes in the AFMP as approved by the Regional Management Committee. The process flow for the enhancement of the RAFMP is shown in Appendix 3B.

The improvements in the commodity sector plans of the regional AFMP are seen to be in the form of validated commodities, strategies for upgrading value chains, production areas and interventions.

4.1.3 Preparing the Provincial Commodity/ies Investment Plan

4.1.3.1 Overview

The PCIP is a strategic plan that rationalizes the interventions within the various segments of the value chain of commodities that are of significance to the province and that will contribute to the national goals of the agriculture and fishery sector. It is 3-year rolling consensus plan between the DA and PLGU based on the value chain analyses of these commodities conducted with strong participation of the various stakeholders. The PCIP shall situate these interventions with the overall development of the province in general and in its agricultural and agribusiness development in particular.

Included in the PCIP are commodities where the province is the critical area for the development of the commodity value chain as shown in the analyses conducted at the national and regional levels. Thus, there is no fixed number of commodities to be prescribed in the PCIP.

As an input to both the I-BUILD and I-REAP components of the PRDP, based on the VCA results the I-PLAN team shall, in addition to the PCIP, recommend the timing or sequencing of interventions to be funded, from the most crucial down to the least significant.

4.1.3.2 PCIP Preparation: Details

Like any other plan, the preparation of the PCIP shall follow the framework provided in the formulation of the AFMA in that it should be able to answer the following core questions in the context of the priority commodity:¹⁴

- Where are we now? This question pertains to the state of affairs of the commodity in terms of volumes of production, market/technology potentials and challenges to be overcome.
- Where do we want to go? This question can be answered by specifying the commodity objectives and targets.
- How shall we go to where we want to go? This question will bring out the strategies to be undertaken to achieve the commodity objectives and targets. Included here are the priority programs, projects and activities to be undertaken, as well as the resources and manpower needed.

The actual preparation of the PCIP shall be triggered by a letter of the Regional Executive Director to the Governor of the province regarding the VCA results concerning a particular province.

A **provincial core planning team (PCPT)** in each province shall be formed to prepare the PCIP. The PCPT shall be assisted and supervised by the DA RFU-PMD. This team should be formed even at the onset of the conduct of commodity VCAs that involve the provinces concerned. The team will be led by the Provincial Planning and Development Coordinator (PPDC), with the Provincial Agriculturist, Provincial Veterinarian, Provincial Fishery Officer (if applicable), Provincial Enterprise Coordinator and Provincial Engineer as members.

The steps in the preparation of PCIP shall involve the following:

Step 1: One-day Orientation for Presentation of VCA Results to LCEs. The process starts with a morning session with the political leaders (governor & Sangguniang Panlalawigan), Provincial Development Council members and core PLGU planning team as participants. In this session the DA Regional Executive Director shall present the following:

- Commodity value chains in which the province is included, and the results of the analyses done for each commodity, including the interventions identified that may be implemented in the province;

¹⁴Department of Agriculture, *Formulation of the Agriculture and Fisheries Modernization Plan for 2011-2017: Planning Framework and Guidelines*, p. 7

- Eligible support from the DA and its bureaus/agencies/corporations, and from PRDP;
- Preparation of the PCIP, its rationale and contents, and the need for a core team from the province for its preparation; and
- Need for the Provincial Development Council and/or Sanguniang Panlalawigan approval of the PCIP and the PLGU expressing willingness to provide the counterpart budget for the eligible intervention that may be funded thru PRDP.

It is in this session that the PLGU leadership and the RFU shall agree on the interventions identified in the value chain analysis to be given priority support by the PLGU and the DA.

In the afternoon session the RFU-PMD shall take the lead in the detailed presentation on how to prepare the PCIP. The results of the various VCAs where the province is included will be provided by RFU PMD to the PLGU Core Planning Team.

Step 2: Preparation of Draft PCIP. Within 10 working days, the PCPT shall prepare the draft PCIP based on the proposed format and required content (Annex 5). The basic work of the team is to rationalize the interventions that came out of the VCAs at the national and regional levels in relation to the overall development framework of the province. The PCIP shall also identify strategies that mitigate identified risks, especially measures to ensure sustainability of the interventions. Where the commodities production areas in the province include indigenous cultural communities, a representative of the NCIP and IP leaders shall be invited as resource person of the PCPT to make sure that the interests, needs and concerns of the ICC/IPs are included in the PCIP.

As an important tool in the preparation of the PCIP, the PPMIU together with the RPCO RCPT shall include in the PCIP the mapping and ranking of municipalities by commodity concerned using the E-VSA tool (a E-VSA tool Guide is available through PRDP website and a Manual is available at the PRDP I-SUPPORT –Geo mapping and Governance Unit).

Step 3: Joint Technical Review of draft PCIP by Experts & PRDP units and the Enhancement of draft by the PCPT. In a 2-day workshop organized by the RCPT, the draft PCIP prepared by the PCPT shall be presented to the RCPT headed by the RFU-PMD for technical review. This session includes the participation of concerned DA units to assist the PMD and other resource persons that may be invited by the RPCO to critic the draft PCIP. The PCPT shall enhance the draft PCIP based on comments and suggestions of the review team.

Step 4. Conduct Stakeholders Consultation to Present the Draft PCIP. This session will be participated in by selected producers, traders, support service providers, input dealers, SUCs and other relevant stakeholders. The PAFC shall lead in ensuring the participation of the private sector in the consultation. The consultation shall include representatives of the ICC/IPs and shall adopt strategies to ensure their meaningful participation.

Annex 6.2 provide as guide for the PCIP stakeholders consultation.

Step 5. Finalization of PCIP. The PCIP shall be finalized by the PCPT with assistance from the RFU-PMD considering the comments and suggestions gathered during the stakeholders’

consultation. At this stage, the RCPT shall closely supervise and assist the PCPT in order that all relevant recommendations of stakeholders are included in the final PCIP.

As a quality check for the PCIP, the final document must be consistent with the finding in the VCA report of the commodity that is being proposed. The PCIP must follow the format provided for in the I-PLAN OM (Annex 5) and must have undergone a stakeholders consultation before approval & endorsement by the PDC/SP (the report on the stakeholders consultation must be provided as part of the PCIP endorsement).

Step 6. Presentation of Final PCIP to LCEs and PDC. The PCPT shall present the final PCIP to the Governor, SP members and PDC members for deliberation and approval.

Step 7. Review and Endorsement of the Final PCIP. The PCIP shall be approved and endorsed to the RPCO by the Governor with a resolution of the Provincial Development Council (PDC) and/or Sanggunian Panlalawigan (SP).

Step 8. RPCO receives endorsed PCIP and furnishes PSO and NPCO for the Issuance of Letter of Acknowledgement. After the endorsement of the PCIP by the PPMIU to the RPCO, the RPCO shall copy the PSO and NPCO of the said PCIP. The NPCO in return will issue a letter of acknowledgement on the concerned PCIP.

The RPCO I-PLAN shall also furnish the RPCO I-REAP and I-BUILD Components of the endorsed PCIP. The PCIP as endorsed to the RPCO shall be the basis for the I-REAP and I-BUILD components in the PLGU's identification of their respective sub-project, subject to the conditions in their respective Operations Manuals of the I-REAP and I-BUILD components.

The PLGUs may also use the PCIPs to mobilize resources from other sources such as other NGAs, the private sector and banks. Thus, it is also important that critical interventions in the development of the commodity concerned (from the VCA) that can be financed through other NGAs and the private sector be reflected in the PCIP.

In most cases, the PLGU shall identify the interventions for the development of its priority commodities as embodied in the PCIP that is consistent with the VCA findings. However, municipalities critical in the strengthening and addressing the gaps within the value chain as determined by the VCA, but are not identified by the PLGU in the PCIP, are eligible to submit proposals directly to the RPCOs provided that these conform to the critical criteria in the Operations Manual and copy the same to the PLGU, for subsequent deliberation and integration in the PCIP.

4.1.4 Successor National and Regional AFMPs

A successor AFMP shall be prepared starting in 2015, building on the lessons from the implementation of the I-PLAN component. The various tools that were used in enhancing the DA planning process - VCA, RMA, VSA, E-VSA and PRA-SRA - shall be utilized extensively to ensure that the successor AFMP will be rational, market-oriented, climate resilient and inclusive.

The framework and guidelines, including the detailed steps and process that will be followed in generating the successor AFMP, shall be finalized by the Planning Service with extensive consultation with other DA units and with the approval of the DA Management in the early part of 2015.

4.1.5 GEF Implementation

To institutionalize the process of natural resource management and conservation (NRM) in development planning and in support to GEF activities to be undertaken under the I-REAP component, the activities under the I-PLAN shall:

- a. Determine as part of information gathering the effect of NRM interventions that support the value chain;
- b. Oversee the conduct of detailed PRA-RSA in the six (6) GEF sites (see Annex 7. Participatory Resource Assessment – Resources and Social Assessment (PRA-RSA) in PRDP). Specialists who are competent in the conduct of the PRA-RSA will be hired to conduct the comprehensive studies in the GEF sites.
- c. Conduct training, conferences and assessment workshops for planning officers of DA and its bureaus, attached agencies and corporations, including those from the PLGU and MLGUs, to enhance knowledge and skills on natural resource management and conservation and in the conduct of PRA-RSA. These will ensure that sustainable natural resource management practices will be incorporated in all plans of the Department, the local government units, and other concerned NGAs.

4.2 Supporting AFMP Implementation

4.2.1 Harmonization of DA's Planning and Budget Process

As a result of the enhanced national and regional AFMPs brought about by the value chain analysis (VCA) of commodities to be supported by DA, the delivery of support services to partner LGUs are harmonized among the DA's RFUs, bureaus, attached agencies and corporations, banner program directorates as well as from other national government agencies. The improved delivery of support services shall be achieved through:

- a. Conduct of annual joint work and financial planning workshop among DA units to synchronize and harmonize physical and financial interventions identified in the VCA/s by ensuring that funds are available in the succeeding year's budgets.

To be done in each region, the planning team shall be led by the RFU-Planning and Monitoring Division and composed of representatives of the RFU Divisions, Bureaus, attached Agencies and Corporations and Banner Program Directorates that are concerned in providing technical assistance to the interventions to be pursued by the RFU. From the results of the VCAs, the DA-Planning Service shall provide planning parameters that will ensure the national goals and targets are achieved.

The output of the joint planning workshop is a consolidated regional plan and budget proposal for the next year. Within two months, two other outputs that will harmonize plans and budgets within DA are:

- Plan and Budget Proposals of the DA- bureaus, attached agencies and corporations for the next year, which incorporates the needs of the RFUs; and
- Consolidated DA Plan and Budget Proposals for the next year that includes bureaus, attached agencies and corporations and RFU Plans.

To achieve the objectives of the harmonization workshop, the following roles and functions shall be performed by concerned DA units:

- DA-RFU
 - Manage the conduct of the regional Joint Planning Workshop with the guidance of the DA-Planning Service
 - Submit expected outputs as follows:
 - Comprehensive Plan and Budget Proposal for the region
 - Plan and Budget Proposal for RFU Regular Fund
- Regional bureaus, attached agencies and corporations and concerned Service Units
 - Provide inputs during the regional Joint Planning Workshop
 - Submit expected output: Firm-ed-up regional plan and budget proposal for the next year
- National bureaus, attached agencies and corporations/concerned Service Units/Banner Program Directorates
 - Cascade regional physical and financial targets to all concerned regions
 - Submit a consolidated Plan and Budget Proposal for the next year based on the regional inputs
- DA-Planning Service and DA-Financial Management Service
 - Provide overall guidance and technical assistance related to the conduct of the activity
 - Consolidate/integrate the outputs of the regional joint planning workshop

The yearly conduct of the joint planning shall be institutionalized in the DA. A comprehensive Planning and Budgeting System Manual shall be prepared. The

Manual will improve on the present practice of piecemeal and uncoordinated issuance of planning and budgeting guidelines by the various DA units. A Planning consultant will be hired by the NPCO through the I-PLAN to generate the Manual in the 3rd year of I-Plan implementation.

The manual shall also be translated to an e-Planning and Budgeting System. This electronic system shall facilitate the access and retrieval of the data and information for planning and budgeting by the various DA units at the regional and national level. It shall also hasten the analysis and consolidation of plans and budget by the central offices of DA units, and the over-all DA Plan and Budget Proposals. An IT consultant shall be hired by the NPCO through the I-PLAN to design and install the e-Planning system.

Corollary to the enhancement of the planning and budgeting system in the DA, the agency's Management Information System (MIS) and Monitoring and Evaluation (M&E) System shall also be enhanced to reflect the improvements in the Planning and Budgeting System.

The MIS should be able to provide the data and information needed for planning and to process information for decision-making. Quick response mechanism shall be included in the system to respond to the needs of management for information.

The M&E system to be designed shall be results-based. The Results-based M&E System is a management tool to measure how well governments are performing. It emphasizes assessing how outcomes are being achieved over time. It provides credibility and public confidence by reporting on the status and results of project, program, or policy over time.¹⁵ Consultants shall be hired by the NPCO through the I-Plan to design the improved MIS and the RB-M&E System.

The procurement of all consultants will follow the guidelines on the selection of individual consultants outlined in the procurement manual of PRDP.

- b. DA-Planning Service shall intensify participation in DA-DAR-DENR National Convergence Initiative to influence complementation of services for farmers and fisherfolk in the NCI identified ecosystems. Joint Memorandum Circular No. 1, series of 2010 mandates the harmonization of the services of the three agencies in selected provinces, in recognition of the primacy of the local government unit as the integrating body for sustainability of interventions, through the Convergence Area Development Plan (CADP) with the integrated ecosystem management approach. Given that these convergence areas include services to be provided upland farmers, agrarian reform beneficiaries, lowland farmers and fisherfolk, the DA through the Planning Service and

¹⁵Kusek, J.Z. and Rist, R.C., Ten Steps to a Results-Based Monitoring and evaluation System: A Handbook for Development Practitioners, The World Bank, 2004.
Available at <<http://www.oecd.org/derec/worldbank/35281194.pdf>.

the Planning & Monitoring Division shall integrate the VCA or PRA-RSA results in the CADP.

To ensure that the interventions in the CADP are adequately funded, the DA shall forge memoranda of agreement (MOAs) with the NGAs involved in providing critical support services for priority commodity value chains. Though the MOA, DA may need to provide counterpart funding for services to be provided by the identified beneficiaries who are clearly within the ambit of DA's mandate.

- c. DA Planning Service shall conduct periodic joint assessment conferences (with participation of key stakeholders of value chain implementation at the regional and national levels) to identify gaps in support services which could be provided by units within DA and those that are better served by other agencies and the private sector. The results of these assessment conferences shall provide inputs to the joint planning workshops for inclusion in the plans and budget of the DA units concerned.

Services needed that are better served by other agencies shall be inputted by DA in convergence committees for the consideration of the agencies concerned. DA may need to forge MOAs with concerned agencies, SUCs and private sector institutions to ensure that the interventions needed in the upgrading of commodity value chains supported by DA are implemented. DA may need to provide counterpart funding for these interventions.

4.2.2 Planning for Improved Support Delivery to LGUs

4.2.2.1 Engagement of DA-RFU in the PLGU Planning Processes

DA-RFUs shall participate in the regular PLGU planning cycle to ensure that the required investments to improve the competitiveness of commodities that are to be supported by DA budget will be incorporated in the plans and budget of the local governments.

The involvement of the PLGU in the DA planning process starts from the conduct of the value chain analyses for priority commodities produced by the province, led by the national and regional DA units, the result of which is an itemized list of interventions for the commodities. This list of interventions shall be presented to the PLGU's LDC by the DA-RFU so that they can be considered in the overall development of the province in general and in its agricultural and agribusiness development in particular. DA-RFU shall provide the details of the interventions required.

Following the planning guidelines set by the Department of Interior and Local Government (DILG), the commodity interventions shall be inputs under Sectoral Development Plans under Module 4 in the PLGU's Comprehensive Land-Use Plan – Comprehensive Development Plan Process Flow¹⁶As shown in Appendix 5.

¹⁶Department of Interior and Local Government, *Guide to Comprehensive Development Plan Preparation for Local Government Units*, 2009, p. 4.

The DA-RFU's participation in the planning sessions of the LDC shall be by way of giving a presentation on the commodity value chains in which the province is included, and the results of the analyses done for each commodity, including the interventions identified that may be implemented in the province.

These RFU inputs shall be taken up by the PLGU's Sectoral Committee which may schedule other planning sessions. The RFU shall request participation in all steps of the PLGU planning process where the commodity interventions are concerned because other steps remain to be undertaken:

- a. Agreement on the priority commodities to be invested on;
- b. Agreement on the priority interventions per commodity;
- c. Identification of risks and mitigation measures to ensure continuity of projects, with particular focus on projects that have been approved for implementation either with private, non-government or government partners;
- d. Further stakeholder consultations, if necessary;
- e. Sharing of investment costs;
- f. Finalization of agreements; and
- g. Presentation to the Governor and the Provincial Development Council for resolution on appropriation of the counterpart budget.

The PLGU's synchronized local planning and budgeting calendar (Appendix 6) should always be consulted to ensure that the needed commodity interventions are accommodated by the PLGU. The months of January-March therefore are critical for the DA-RFU if the commodity interventions are to have a chance of being accommodated by the appropriate PLGU sectoral committee for inclusion in the in the PLGU's sectoral plans and programs (Figure 4-1).

Figure 4-1. Opportunities for Convergence along Sectoral Strategic Plans

PLAN	SECTORAL COMMITTEE
1. Action Plan for the Council for the Protection of Children	Social
2. Annual Culture and Arts Plan	Social
3. Agriculture and Fisheries Management Plan	Economic
4. Coconut Development Plan	Economic
5. Local Entrepreneurship Development Plan	Economic
6. Local Tourism Development PLAN	Economic
7. Small and Medium Enterprise Development Plan	Economic
8. Revenue Generation Plan	Institutional
9. Information and Communication Technology	Institutional
10. Local Shelter Plan	Social

4.2.3 Technical Assistance through Other Partner Agencies/Institutions

Under the I-PLAN, DA-ATI and concerned bureaus (BAS, BPI, BAR) and attached agencies (PhilMech, etc.) shall conduct the inventory of good and promising practices/modalities for the provision of integrated service for farmers, that respond to gaps that are identified in the VCA. The inventory may start with the innovative schemes in providing climate smart, market-oriented and integrated support services:

- a. Evaluate and plan the bigger scale implementation in the extension system of DA of the Climate Smart Farmer's Field School (CSFFS). The Farmer Field School (FFS) is described as a Platform and "School without walls" for improving decision making capacity of farming communities and stimulating local innovation for sustainable agriculture. It is a participatory approach to extension, whereby farmers are given opportunity to make a choice in the methods of production through discovery based approach.¹⁷ The CSFFS, incorporating climate change considerations in the FFS curriculum, is now being pilot tested by ATI in the provinces of Cagayan and Iloilo.
- b. Evaluate and plan for the up scaling of the public-private partnership scheme where agricultural graduates of selected SUCs, provide agricultural advisory services to farmers at the barangay level. The Central Luzon State University (CLSU) has started this modality of support services delivery. This scheme is similar to the agriclincs and agribusiness centres (ACABC) scheme of India, wherein agriculture graduate-service providers, known as "agripreneurs," are provided bank loans to start an agriclinc. The central government provides 25 percent of the cost as a subsidy. In addition, the state has adopted the approach and adds its own additional subsidies for agriclinc implementation. The objectives of the program are to supplement the public extension system, increase the availability of inputs and services for farmers, and provide employment to agriculture graduates (Global AgriSystem 2008). The role of an agriclinc is to provide expert services and advice to farmers, while agribusiness centers provide inputs and farm equipment for hire. This service aims to fill the gap in the public-sector extension system where currently the input dealer plays a major role in providing advice to guide input use. The program is open to agricultural graduates nationwide and has been implemented since 2002 (Karjagi et al. 2009). The centers provide a wide range of services, depending on the interests of the graduates, and can include, but are not limited to soil, water quality, and input testing laboratory; plant

¹⁷ Khisa, G., Farmers Filed School Methodology: Training of Trainers Manual, 2004. Available at <<http://www.share4dev.info/kb/documents/3000.pdf>> (Accessed January 20, 2013).

protection services; vermin composting units; horticulture; veterinary clinic; and agro-service centers for farm machinery and primary processing.¹⁸

- c. Plan and pilot test the scheme where extension services are outsourced from the state colleges and universities in the province where the project is located. Business development services (BDS) for “market-oriented” are outsourced from private institutions and NGOs with business development expertise, including financial management, market management and organization management. The scheme of service delivery is expected to tap the available expertise that will fit the specific needs of the farmers.

The scheme is being tested in the ARCESS Project of DAR. In the Project, agrarian reform beneficiary organizations (ARBO), which are rated with high organizations maturity, are provided grants for the development and operation of their farm enterprises. The support provided by the DAR through MOAs is in the form of profession services that include agricultural extension and business development, and common service facilities (CSF) in the form of production and post-harvest machineries. The ARBOs that are provided with the grants are expected to be the hub of the enterprise in a district. These lead ARBOs, as provided in the MOAs with DAR, will serve the other ARBOs and individual ARBs who are not members of organizations.

- d. Evaluate and plan in 2015 the up scaling of the implementation of the Farm Business School (FBS) being pilot tested by DA-ATI with FAO assistance in the provinces of Nueva Vizcaya and Nueva Ecija. The FBS is focused on farm business management and marketing and complements the traditional technology-focused FFS. It is an extension modality that builds the capacity of farmers to manage increasingly complex farm management opportunities and challenges that comes with globalization of agricultural systems.

¹⁸Glendenning, C.J., Suresh Babu, S. and Asenso-Okyere, K., IFPRI Discussion, Paper 01048 December 2010, *Review of Agricultural Extension in India: Are Farmers' Information Needs Being Met?* Available at <<http://www.ifpri.org/publication/review-agricultural-extension-india>> (Accessed January 20, 2013).

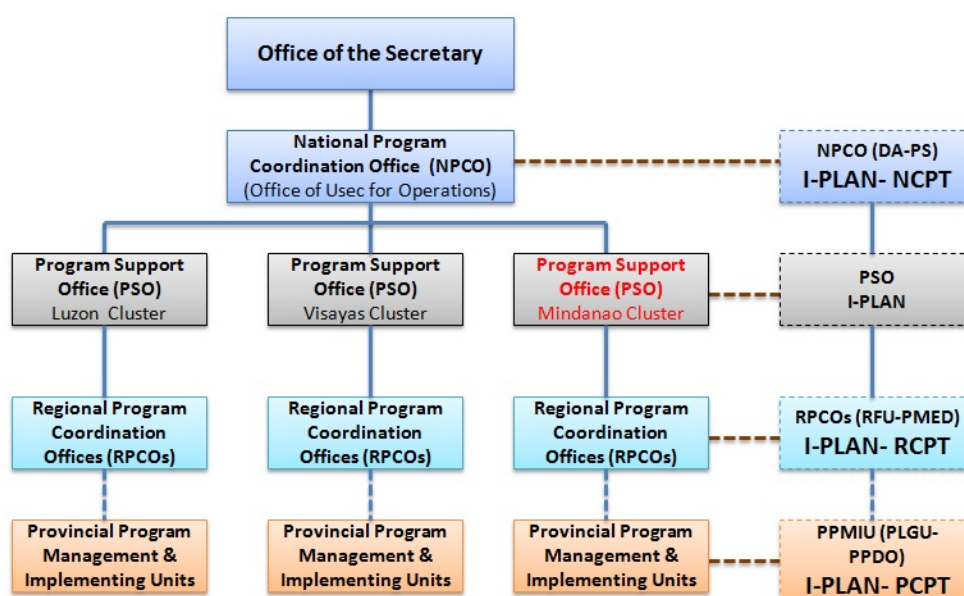
5 INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

5.1 Implementing Organizational Structure, Roles and Responsibilities¹⁹

The I-PLAN Component shall make use of the structure established to implement the PRDP wherein the DA Planning Service takes the lead role in implementing the I-PLAN activities.

The organizational units involved – and their institutional links -- under the I-PLAN are shown in Figure 5-1.

Figure 5-1. Implementing Organizational Structure for I-PLAN



The major role of each unit in the structure is defined in Table 5-1 below.

Table 5-1. I-PLAN Roles & Functions of Organizational Units

Organizational Unit	Roles/Functions Under I-PLAN
National Program Advisory Board (NPAB)	Provides policy advisory services at the national level. This national level body shall be headed by the Secretary of Agriculture.
National Program Coordination Office (NPCO)	Provides lead program coordination and support across program components and program operating units, particularly in the coordination of the program management information including internal and external communications, and monitoring and evaluation. This shall be headed by the DA Undersecretary for Operations and lodged in the DA Operations Office.

¹⁹Department of Agriculture, Feasibility Study – Philippine Rural Development Program Main Report, Program Management and Implementation Arrangements, p. 63

Organizational Unit	Roles/Functions Under I-PLAN
	<p>Approves priority commodities for VCA and the results of the VCA interventions for commodities of national significance.</p> <p>At the NPCO, the DA Planning Service will provide leadership in implementing I-PLAN activities at the national level and in overseeing and coordinating I-PLAN activities at the regional level thru the RPCO. The PS will solicit support from other DA units, depending on technical inputs needed.</p>
Program Support Offices (PSOs)	<p>Facilitate the technical, financial and administrative requirements of the I-PLAN component at various levels of the structure.</p> <p>Facilitate the required information of the NPCO and serve as the venue for inter-regional sharing of experiences.</p>
Regional Program Coordination Offices (RPCOs)	<p>Coordinate I-PLAN activities in the region thru the RFU's Planning and Monitoring Division.</p> <p>The staff of the Planning and Monitoring Division of the RFU shall head the I-PLAN component at the RPCO. It shall provide leadership in the regional I-PLAN activities, with assistance from the other DA technical units, as needed.</p>
Provincial Project Management and Implementation Unit (PPMIU)	<p>Assisted by the RPCOs, implement provincial-level I-PLAN activities, particularly the preparation of the PCIPs.</p>
Regional Program Advisory Board (RPAB)	<p>Provides advisory services at the regional level, guidance to the RFUs.</p> <p>Approves priority commodities for VCA and the results of the VCA interventions for commodities of regional significance.</p>

Likewise, the DA-PS and RFU-PMD at the national and regional levels, respectively, shall establish links and partnership arrangements with other national agencies, state universities, research and academic institutions, and private sector groups in the conduct of planning activities, particularly the conduct of the value chain analysis.

5.2 Proposed Staffing Pattern for I-PLAN Component

In order to achieve the objectives of the I-PLAN component and to augment the present staffing complement of the DA's planning units to effectively deliver its functions in the Program, a set of technical staff at each level are proposed. It is also recommended that the PLGU through the PPMIU designate the PPDC and one (1) full-time staff for its I-PLAN component. Table 5-2 below presents the proposed staff complement of the I-PLAN component at various levels.

Table 5-2. I-PLAN Staff Complement

Organizational Unit	Proposed Staff Complement	Status/Remarks
National Program Coordination Office (NPCO)	Component Head: DA-PS Director	Part-time engagement
	Alternate: DA-PS Planning Chief level	Full-time engagement
	Staff support: 1 Planning Specialists (PS) 2 Planning Officers (PO)	Permanent DA staff (full-time) or Contractual staff; with background on Ag Econ., Agribusiness or other related courses; & working experience in planning as follows: for PS –at least 5 years; for PO- at least 3 years
	2 Project Development Associate (PDA)	Contractual staff; with background on Ag Econ., Agribusiness or other related courses; & working experience of at least 1 year in planning
Program Support Offices (PSOs)	Component Head: DA Planning Chief level (from RFUs or any other DA operating units)	Full-time engagement
	Staff support: 1 Planning Specialist	Permanent DA staff (full-time) or Contractual staff; with background on Ag Econ., Agribusiness or other related courses; & working experience in planning of at least 5 years
Regional Program Coordination Offices (RPCOs)	Component Head: DA RFU Planning & Monitoring Chief	Part-time engagement
	Staff support: 3 Planning Officer	Permanent DA staff (full-time) or Contractual staff with background on Ag Econ., Agribusiness or other related courses; & working experience in planning of at least 3 years
Provincial Project Management and Implementation Unit (PPMIU)	Component Head: Provincial Planning and Development Coordinator	Part-time engagement
	Staff support: 1 PLGU Planning Officer	Full-time engagement; with background on Ag Econ., Agribusiness or other related courses; & work experience in planning of at least 3 years

5.3 Project Cost

The total cost for the I-PLAN Component is PhP 789.9 million, broken down into a PhP 57.4 million (7% of total cost) in grants from the Global Environment Facility, a loan of PhP 586 million (74%) from the World Bank, and PhP 146.5 million (19%) as GOP counterpart. A 5-year timetable is projected to be able to achieve the objectives of the I-PLAN.

Annex 8 presents the budget allocation for I-PLAN based on the FS. Annex 8 presents the revised I-PLAN budget schedule. The total budget allocation remains the same however, the amount required for year 1 is greater than that identified in the FS.

5.4 Financial Management

The PRDP Financial Management Guidelines shall follow the accounting, financial reporting and auditing systems prescribed by the National Government Accounting System, with due consideration of World Bank financial policies and requirements.

Particularly, the I-PLAN component funding allocation shall be for consultancy services and the conduct of workshops, consultations, meetings and training. Funds for the operating expenses and recurrent cost required by the units implementing the I-PLAN activities shall be charged against the I-SUPPORT component fund allocation. These funds shall be disbursed by the NPCO, PSOs and the RPCOs through an approved annual work and financial plan. Release of funds from PSO to RPCO shall be based on the approved work and financial plan and a Program Contract. Annual planning and budgeting will be conducted by the I-PLAN component at all level to prepare the annual WFP.

Further, liquidation of previously released amount (i.e. RPCO liquidates to PSO) shall be required prior to additional or new budget releases.

The PRDP Financial Management Guidelines describes the financial activities for the I-PLAN component.

5.5 Procurement Process

The procurement needed by the I-PLAN component include among others consultancy, workshops and training services. The detailed procurement process for these services is described in the PRDP Procurement Guidelines.

6 I-PLAN MONITORING & EVALUATION

6.1 Results-Based Monitoring & Evaluation System

A monitoring and evaluation system for the I-PLAN will be installed in order to track the progress of the implementation of planning activities to determine areas for improvement. A tool will be developed, containing indicators, means of verification of results, and means of data collection, including use of geo-tagging tool, as indicated in the logical framework attached as Annex 9. The monitoring and evaluation shall be handled by the I-SUPPORT Component (refer to the PRDP M&E Guidelines.)

6.2 Measurement Indicators & Standards

Table 6-1 provides an overview of the I-PLAN expected outputs, outcomes, key indicators, and how the component ultimately contributes to the national development goals.

Table 6-1. I-PLAN Outputs, Outcomes and Contribution to PHL Dev't. Objectives

Output	Outcome	Key Indicator	Contribution to the PDO
Enhanced NAFMP and RAFMPs	Refined national and regional AFMPs using the value chain approach; Enhanced planning, programming and budgeting guidelines, with the RFUs at the core	Number of RFU plans, budgets and programs harmonized and integrated using enhanced guidelines	<p>More effective public sector support to farmers, fishers and agribusiness through:</p> <p>i) Shift to more rationalizes systems approach to sector development from the present focus on production system to value chain development approach</p>
Enhanced Planning, Programming and Budgeting Guidelines			
Enhanced Operation Manual for planning, programming and budgeting (after 3 years)			
3-year Provincial Commodity Investment Plans (PCIPs)	PCIPs developed	Number of Provincial LGUs with approved PCIPs	<p>ii) Shift to more performance-based systems: Greater complementarities between targeted production levels and realistic performance indicators</p> <p>iii) DA-RFU empowerment: move from centralized planning and decision-making to a well-coordinated decentralized and devolved agricultural support system</p> <p>iv) Rationalized budgeting across commodities and functions.</p>
Inventory of promising innovative modalities of Integrated Technical Support Delivery identified for pilot-testing	Menu of innovative modalities	Number of agreed innovative modalities for pilot testing	

The outputs per major activity shall be measured, thus:

- a. Enhancement of the AFMPs Process
 - i. Three-year Provincial Commodity/ies Investment Plans (PCIPs) targeted as follows:

PROGRAM YEAR	NO. OF PROVINCES
1	50
2	80
3	80
4	80

There will be 50 PCIPs generated in Year 1. For year 2, additional 30 provinces will have their PCIP and those 50 PCIPs generated in year 1 will either be the same or an enhancement of the PCIPs prepared in the previous year. Years 3-4 will refer to enhanced PCIPs from the previous years.

- ii. Harmonized and Integrated NAFMP and RAFMPs;
 - iii. Enhanced Annual Plan and Budget System²⁰ referring to an improved and updated Operations Manual for planning and budgeting, containing an enhanced DA Management Information System (MIS) and AFMP Results-Based Monitoring and Evaluation System; and
 - iv. Successor National and Regional AFMPs
- b. Supporting AFMP Implementation
- i. Program Agreements (PA) of the RPCO with PSO to support the I-PLAN activities at the regional level; and
 - ii. Inventory of promising and innovative modalities of integrated technical support delivery identified for pilot testing.

²⁰Department of Agriculture, *Feasibility Study – Philippine Rural Development Program, Component Design*, Volume I, p.6.

7 INSTITUTIONALIZATION OF THE I-PLAN PROCESS

As the lead national government agency for the modernization of the agriculture and fishery sector, enhancing the process of preparing the AFMP implies improving the current DA planning, programming, budgeting policies, guidelines and processes; and mainstreaming these enhanced planning processes within the DA's units, bureaus, attached agencies and corporations.

Under the PRDP I-PLAN component, the planning approaches to be espoused are the use of science-based tools and shall be anchored on the use of the value chain approach (VCA) for a more objective identification of climate-smart interventions for the development of the priority commodities. Further, institutionalizing the concept on natural resource management and conservation within biodiversity areas, seascapes, landscapes and coastal areas shall also be given focus.

As a result of the improved planning process, scarce resources and the delivery of support services to partner LGUs are harmonized.

After PRDP completion, it is envisioned that the enhanced planning processes are mainstreamed into the DA planning and budgeting system, which will be the basis for the formulation of the successor AFMP, the process of which will commence in 2016.

8 Bibliography

AccountAbility, United Nations Environment Programme and Stakeholder Research Associates Canada, Inc., *From Words to Action: the Stakeholder Engagement Manual, Volume 2: The practitioner's Handbook on Stakeholder Engagement*, 2005.

Asian Development Bank, *Safeguard Policies on Environment*, Available HTTP<<http://www.adb.org/site/safeguards/safeguard-categories>> (accessed December 20, 2012).

Barnes, M., *'Build Relationships' in Value Chain Guidebook A Process for Value Chain Development*, Agriculture and Food Council of Alberta (Value Chain Initiative), Second Edition, 2004, p. 14.

Brinkmann Consultancy for the NL Agency of the Dutch Ministry of Economic Affairs, Agriculture and Innovation, *How to execute a stakeholder consultation? A guidance note*, November 2011.

Budidarsono, S. , *Rapid Market Appraisal: Understanding Market Opportunity for Market-Oriented Smallholder Agroforestry Systems* (A Flyer produced by the TUL-SEA Project funded by the Federal Ministry for Economic Cooperation and Development), Available HTTP <http://www.icraf.com/sea/projects/tulsea/sites/default/files/inrm_tools/02_TULSEA_RMA.pdf> (Accessed November 14, 2012)

Center for Applied Transect Studies. *The Transect*, Available at HTTP <<http://www.transect.org/transect.html>> (Accessed December 16, 2012).

Crawford, I.M. (1997) *Marketing Research and Information Systems: Marketing and Agribusiness Texts*, Chapter 8, Available at HTTP <<http://www.fao.org/docrep/W3241E/W3241E00.htm>> (Accessed December 16, 2012).

Department of Agriculture, *Feasibility Study – Philippine Rural Development Program Main Report*, pp. 63 &72.

Department of Agriculture, *Feasibility Study- Philippine Rural Development Program: Investments for AFMP Planning at the Local and National Levels, I-PLAN Component*.

Department of Agriculture, *Manual of Operations, Mindanao Rural Development Program Adaptable Loan Program 2, Natural Resources Management Component*, Volume IV, October 2008, Version 6, pp. 62-63.

Department of Agriculture, *Formulation of the Agriculture and Fisheries Modernization Plan for 2011-2017: Planning Framework and Guidelines*, p. 7.

Department of Agriculture, *Draft Planning Manual: Agriculture and Fisheries Modernization Plan 2011-2017*, (June 2012), pp. 4 &68.

Department of Interior and Local Government, *Guide to Comprehensive Development Plan Preparation for Local Government Units*, 2009, pp. 4 & 8.

Florida Department of Health, Florida MAPP Field Guide: A Step-by-Step Approach to Conducting a Focus Group Dialogue, modified on: 04/18/2007, Available HTTP <http://www.doh.state.fl.us/planning_eval/chai/Resources/FieldGuide/4CommThemesStrength/TS_FocusGroup.htm> (accessed January 09, 2013).

Fraudenberger, K.S. (2011) *Rapid Rural Appraisal and Participatory Rural Appraisal: A Manual for CRS Field Workers and Partners*, p. 36.

Gerritsen, A., *Focus Group Discussions – A Step-by-Step-Guide*, April 2011, Available HTTP <Available HTTP, <http://www.epiresult.com/methods/focus-group-discussions-%E2%80%93-a-step-by-step-guide/>> (Accessed January 09, 2013).

Glendenning, C.J., Suresh Babu, S. and Asenso-Okyere, K., IFPRI Discussion, Paper 01048 December 2010, *Review of Agricultural Extension in India: Are Farmers' Information Needs Being Met?* Available at <<http://www.ifpri.org/publication/review-agricultural-extension-india>> (Accessed January 20, 2013).

Hellin, J. and M. Meijer. *Guidelines for Value Chain Analysis*, (FAO) November 2006, p. 4.

Investment for Governance Reforms Main Report, p. 10.

Joss, S., H. Schaltenbrand, P. Schmidt, *A Rapid Market Appraisal Tool Kit: Theoretical Background and Experiences from various RMA Events*, Helvetas Publications, No. 3, Switzerland, February 2002.

Kaplinsky, R. and M. Morris, *A Handbook for Value Chain Research*, Prepared for IDRC, 2000, p. 38.

Keyse, J.C., *Background Paper for the Competitive Commercial Agriculture for the Sub-Saharan Africa Study: Description of Methodology and Presentation of Templates for Value Chain Analysis*, July 2006, p. 9, Available at HTTP http://sitesources.worldbank.org/INTAFRICA/Resources/257994-1215457178567/CCAA_methodology.pdf (accessed November 1, 2012).

Khisa, G., *Farmers Field School Methodology: Training of Trainers Manual*, 2004. Available at <<http://www.share4dev.info/kb/documents/3000.pdf>> (Accessed January 20, 2013).

Kusek, J.Z. and Rist, R.C., *Ten Steps to a Results-Based Monitoring and evaluation System: A Handbook for Development Practitioners*, The World Bank, 2004. Available at <<http://www.oecd.org/derec/worldbank/35281194.pdf>> (accessed January 20, 2013).

Lantican, F.A., SEARCA Professorial Chair Lecture: Supply Chain Analysis of Philippine Fresh Mangoes, SEARCA ADSS, January 26, 2010, Available HTTP

<http://www.searca.org/web/adss/2010/handouts/ADSS_Lantican_26Jan2010.pdf>
(accessed December 2, 2012)

Microlinks, *Learning Value Chain Basics*, Available HTTP <http://microlinks.kdid.org/training-group/5139/launch-course> (accessed November 28, 2012).

Panlibuton, H. and M. Meyer, *Value Chain Assessment: Indonesia Cocoa*, ACDI/VOCA, June 2004, pp. 14 & 17.

Pilarica, R., *Accessing Markets through the Value Chain Approach*, Reference Document, (GTZ, DTI, DA, BIMP-EAGA), The Private Sector Promotion Program SMEDSEP, July 2008.

Rietbergen-McCracken, J. and N. Deepa, *Participation and Social Assessment: Tools and Techniques*, The World Bank, 1998.

Riisgaard, L. and S. Ponte, *Pro-poor Value Chain Development: 25 Guiding Questions for Designing and Implementing Agroindustry Projects*, UNIDO 2011, p. 5.

Stefan, J., H. Schaltenbrand, P. Schmidt, *A Rapid Market Appraisal Tool Kit: Theoretical Background and Experiences from various RMA Events*, Helvetas Publications, No. 3, Switzerland, February 2002.

Tejada, S.Q., G.P. Nilo, J.R. Manguerra, D.E. Margate, S.B. Buarao, *Ranking of Municipalities in Support to Vulnerability Mapping of the Central Philippines Rural Development Project*, Bureau of Soils and Water Management, Philippines, 2012.

USDA Natural Resources Conservation Service, *People, Partnerships, and Communities: Conducting Rapid Resource Appraisals for Watershed*, Issue 24, July 1997, Available HTTP <<http://www.nm.nrcs.usda.gov/technical/tech-notes/soc/soc24.pdf>> (accessed November 30, 2012).

Wandschneider, T., N.T.K. Yen, S. Ferris, and T.V. On, *A Guide to Rapid Market Appraisal (RMA) for Agricultural Products*, The International Centre for Tropical Agriculture, Catholic Relief Services and Helvetas, September 2012, Annex 1, pp. 98-99.

Webber, M. and P. Labaste, *Using Value Chain Approaches in Agribusiness and Agriculture in Sub-Saharan Africa: A Methodological Guide (Tools That Make Value Chains Work: Discussion and Cases)*, The World Bank, 2007, p. 45.

World Bank, *Geo-Tagging: An Innovative Tool to Enhance Transparency and Supervision of Development Projects in the Philippines*, 13 February 2013, Available at Geo-Tagging Philippines website <<http://geotaggingphilippines.blogspot.com/2013/02/geo-tagging-innovative-tool-to-enhance.html>> (accessed 26 February 2013)

Annex 1

THE VALUE CHAIN APPROACH

1 Value Chain Defined

A value chain can be defined as the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final customers, and final disposal after use.¹ Value chain analysis focuses on creating value along the chain, as well as the rational distribution of benefits among the actors participating in the chain. It involves an analysis of the vertical and horizontal processes and players that add value to the product. The driving forces behind a continuing value addition are competition and sustainability, i.e., remaining to have comparative advantage and being sustainable.

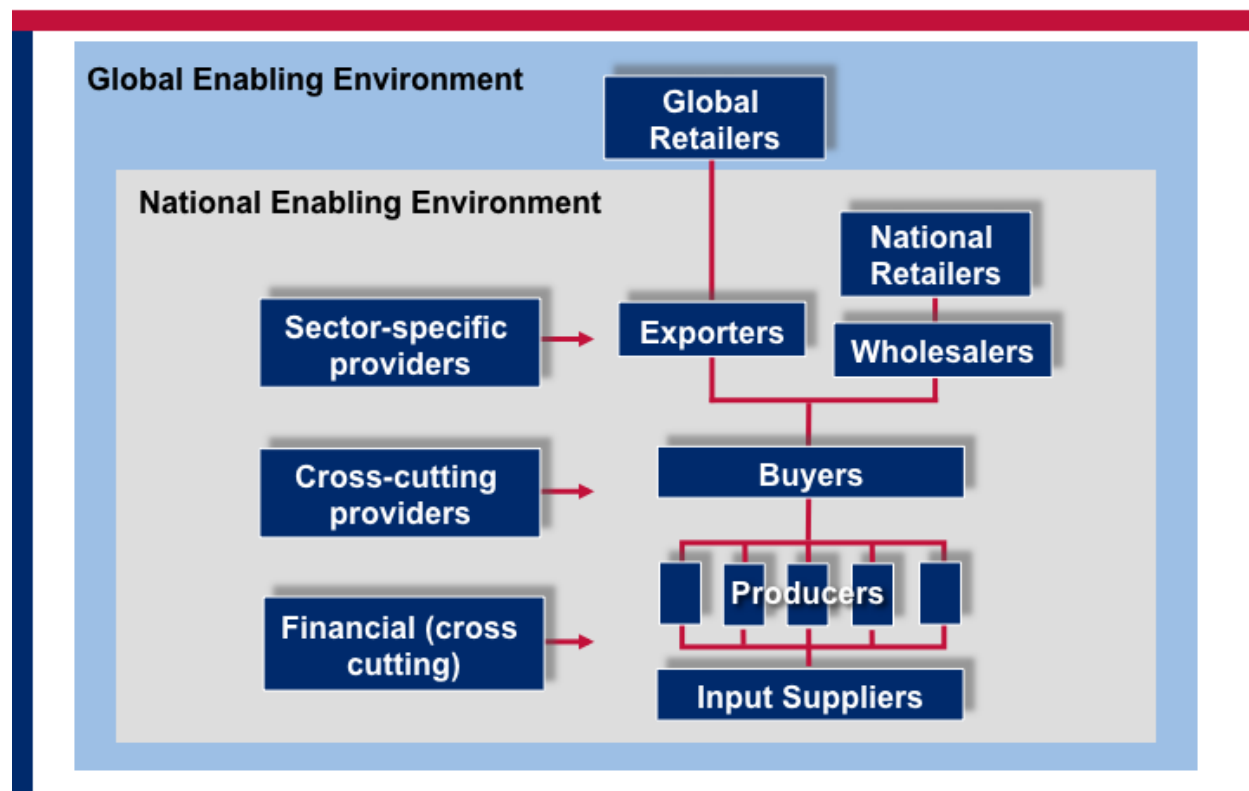
2 Rationale for Using the Value Chain Approach

The value chain approach is used in the preparation of the Provincial Commodity/ies Investment Plan for the following reasons:

1. To identify the priority interventions needed to strengthen links in the commodity value chain and therefore, the priority programs needed to be implemented to enhance the competitiveness and/or productivity of the selected commodities;
2. For efficient allocation of government resources by providing funds only to identified priority interventions and projects;
3. To promote public-private partnership by presenting opportunities for private sector investment to make agricultural production and processing a viable business.

¹J. Hellin and M. Meijer. *Guidelines for Value Chain Analysis*, (FAO) November 2006, p. 4.

3 Value Chain Development Framework



The Value Chain Analysis Framework is used to describe 1) the structure of the value chain, and all individuals and firms that conduct business through various value adding activities, and moving the product towards end markets, and 2) the dynamics of the value chain, which involves the behaviour of the individuals and firms, and its effects on the performance of the value chain.

The structure of the value chain includes the following:

- **End Markets:** determine price, quality, quantity and timing of a product or service. This provides end markets with the power to set the direction of the chain, and to also provide incentives for those who are willing to upgrade and conform with the market requirements. The value chain analysis should include all current and potential market opportunities, including the capacity of the chain to respond to end market demands.
- **Business Enabling Environment:** BEE includes all global, national and local norms, customs, laws, regulations, policies, international trade agreements, public infrastructure (roads, electricity, etc.), duties, business licensing procedures, and enacted regulations. The value chain analysis should include how the BEE hampers or facilitates value chain performance, so the corresponding reforms can be implemented.
- **Vertical Linkages:** inter-firm collaboration or linkages between firms performing different functions in the value chain, which is important in moving a product or service up and down

the chain. Increasing the efficiency of transactions within the chain also increases the overall competitiveness of the chain. Vertical linkages also provide the venue for the transmission of benefits, information, skills, innovations and incentives for upgrading. The value chain analysis describes the nature of these vertical relations.

- **Horizontal Linkages:** this type of inter-firm collaboration leads to the reduction of transaction costs, creation of economies of scale, lowering of cost of inputs, dissemination of best practices, and improvements in efficiency and overall chain competitiveness. The value chain analysis will assess where and how this type of collaboration can increase the benefits for micro and small enterprises.
- **Support Markets/ Services:** these are financial and non – financial services that support firm upgrading. These include cross – cutting services such as business consulting, legal advice, telecommunications, and more sector specific services such as irrigation, design services, and agri – extension services. Not all services can be offered as embedded services by value chain players, and NGOs, government, and individuals may act as stand – alone service providers. The value chain analysis looks toward strengthening these support markets to help support the upgrading requirements of individual firms.

The value chain development framework also evaluates the following dynamic factors that involves how decisions are made through the value chain structure.

- **Value Chain Governance:** this refers to the dynamic (shifting) relations that exist between buyers, sellers, service providers, and regulatory institutions within a value chain, including those that exert some influence on chain functioning. VC governance assesses the power that some firms wield over the others, in terms of the setting, monitoring and enforcing of rules and standards. Identifying and understanding the type and nature of VC governance provides critical information how to provide MSEs with the training and other assistance needed for upgrading, and for improving overall chain competitiveness.
- **Inter-firm relationships:** involves how stakeholders interact with each other within a value chain. Supportive relations facilitate vertical and horizontal collaboration. Value chain analysis determines whether these relations are mutually beneficial or adversarial, or whether they are sustainable or artificially crafted because of external pressure.
- **Upgrading:** shifting market preferences and opportunities requires continuous upgrading, such as adding value to existing products and services, or improving firm – level efficiencies. These results in a higher, more stable income. Chain competitiveness is dependent on the competitiveness of individual firms within the value chain. The value chain analysis determines constraints and opportunities for firm – level and industry – level upgrading, including the identification of catalyst firms who can drive upgrading by offering incentives and resources for other members of the chain.

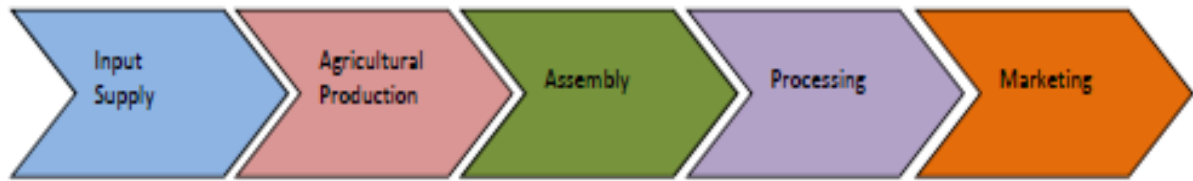
4 Stages in the Value Chain Approach

The value chain approach looks at the value added to the produce or product at all stages from sourcing of inputs, production, assembly, processing and marketing of agricultural products.² For purposes of the I-Plan, these stages shall be referred to as “*segments*.”

- a. **Input supply/sourcing** is concerned with the sourcing of raw materials required for the production of agricultural products, such as seeds, fertilizers and pesticides or fingerlings and thrush. For livestock and poultry, inputs come in the form of piglets or yearlings, feeds and biologics. Inputs may be purchased locally or imported. The total value of all inputs includes all manufacturing costs, i.e., raw materials, direct labor, overhead costs, and taxes incurred in purchasing the raw materials. Hence, the more efficient the supply system in a locality, the lower is the cost of production. Depending on the market prices, a lower cost of production will generally increase profits.
- b. **Production** is concerned with the transformation of the farm inputs into an agricultural product. Its end state is the raw commodity which the farmer sells, usually at farm gate, to the next participant in the chain. Sometimes, primary processing may be done at the farm, like cutting of the coconut and drying the meat into copra.
- c. **Assembly** involves the collection of a particular agricultural commodity from many farmers and delivery of the raw material to a factory for processing or packaging. The commodity may be at its raw state or may have undergone primary processing. For example, the whole coconut (raw state) or the copra (processed) may be collected at buying stations.
- d. **Transformation/Processing** involves the transformation of the raw agricultural commodity into one or more finished products. In this segment of the chain, other products lines may appear. For example, the coconut may be cut and its water harvested and packed as an energy drink, its meat dried and converted into cooking oil, its shell into charcoal briquettes, etc. For livestock and poultry, the animals may just be slaughtered, vacuum packed and frozen. Fish may be cleaned and dried, ready to be marketed.
- e. **Marketing** involves the trading of either the raw or processed agricultural commodity, either for further processing or for final consumption on either wholesale or retail basis. Market outlets may be the locality or the entire country, or the world. Markets may also be in terms of positioning, such as a niche market or an institutional market. The analysis of this section of the chain, however, will still be concerned with costs and competition.

²J.C. Keyse, *Background Paper for the Competitive Commercial Agriculture for the Sub-Saharan Africa Study: Description of Methodology and Presentation of Templates for Value Chain Analysis*, July 2006, p. 9, Available at http://sitesources.worldbank.org/INTAFRICA/Resources/257994-1215457178567/CCAA_methodology.pdf (accessed November 1, 2012).

A simple way of looking at the value chain is shown in the following illustration:

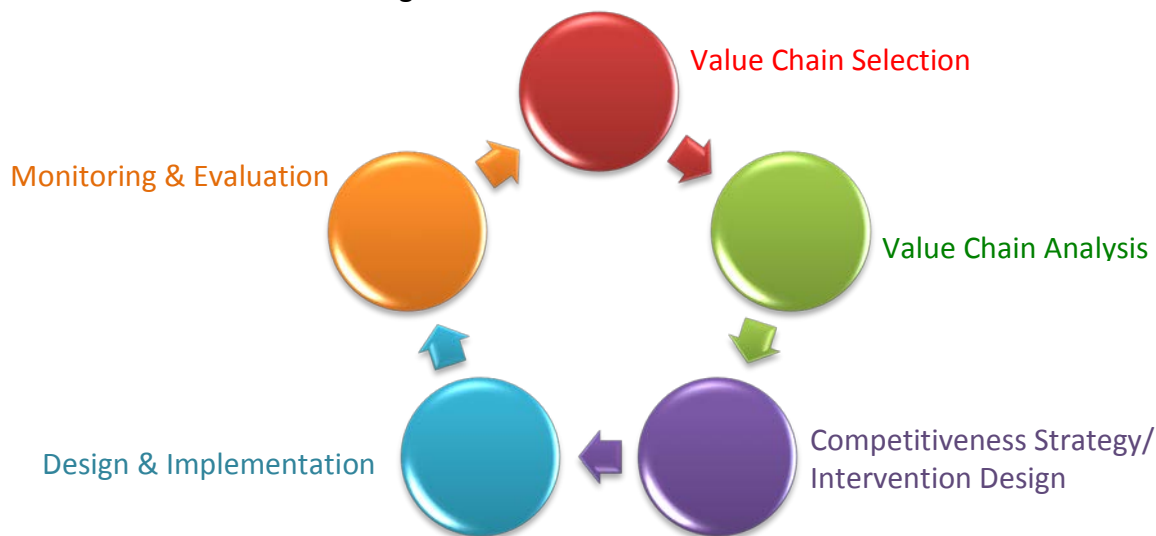


Value chains are much more complicated however. It must be remembered that at each segment of the chain, each of the chain actors run an enterprise, their end-market of which is either the next immediate segment of the chain or the succeeding segments after that. For example, the coconut produce may be bought by a cooperative (assembler) or may be bought directly by the oil miller (processor). On the other hand, the cooperative (assembler) may put the coconuts into the market (marketing) for processing into other higher value products. In other words, everyone in the chain is both a seller and a customer.

It may be then that after agricultural production, several products may be produced. For example, the coconut may be processed into copra for further processing by the oil mill into vegetable oil or into oleo chemicals.

5 Steps in Value Chain Approach/Project Cycle

Value chain development programs are designed and implemented involving 5 steps. The steps involved are shown in the following illustration:³



³Adapted from Microlinks, *Learning Value Chain Basics*, Available HTTP <http://microlinks.kdid.org/training-group/5139/launch-course> (accessed November 28, 2012).

5.1 Value Chain Selection

Selecting the commodity for promotion involves getting the buy-in of the private stakeholders, LGU representatives and government agencies in adopting the value chain analysis approach. The buy-in is important to get the commitment of all the stakeholders, starting from commodity selection and especially in the implementation of interventions and programs for the upgrading of links in the chain.

The objectives for doing the value chain approach will define the beneficiaries of value chain development.

In selecting the value chain to be developed, a set of criteria has to be used. The prioritization criteria as well as the weights assigned to each criterion are dependent on the current and future priority concerns of the sector, province or region. They may be set by the stakeholders during a consultation. A suggested prioritization tool is shown in Annex 2.

Data to be gathered should be criteria specific. Providing empirical evidence is obligatory and important for choosing the correct value chain and for its eventual analysis.

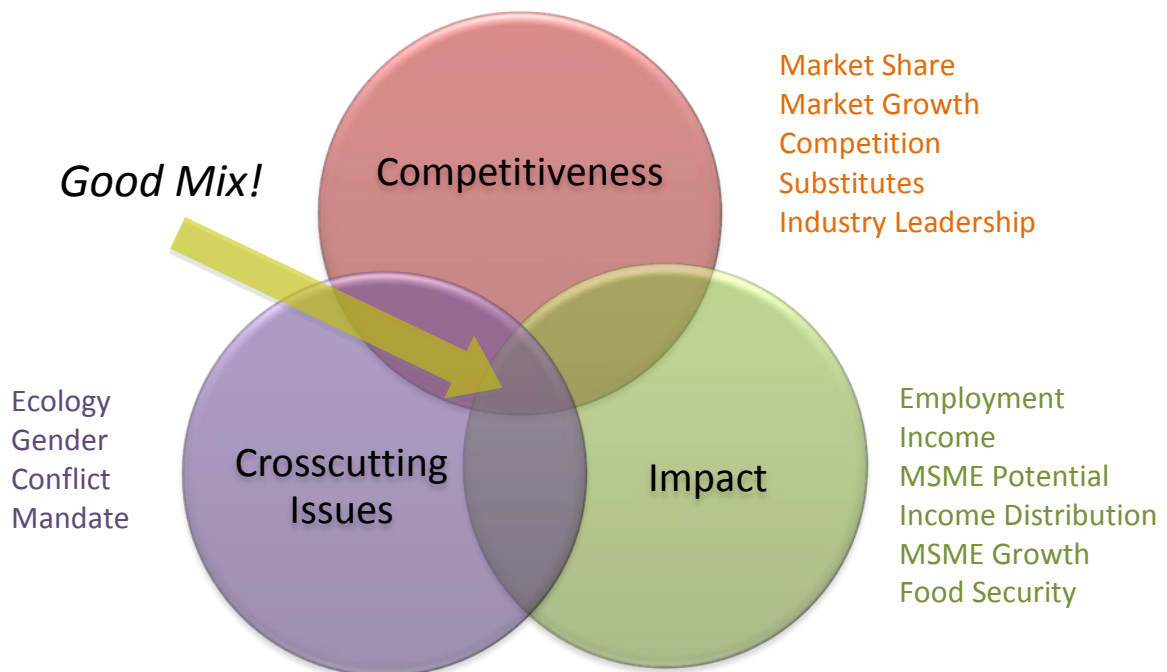


Figure 1. Competitiveness is the most important, but it is not the only criteria used for value chain selection. It should be a good mix between competitiveness, impact and crosscutting issues.

Commodity	1	2	3	4	5	Freq.	Rank
1							
2							
3							
4							
5							

This pairwise ranking tool is used to prioritize the shortlisted criteria and commodities. Each commodity is ranked for each selected criteria. The commodity with the highest overall ranking is selected for VC analysis.

Mapping the Value Chain

Data gathering. Value chain analysis entails the gathering of data to establish the current industry condition or current situation in the selected commodity. Complete and correct data on each of the segments and participants lead to correct analysis and recommendations. Realistically, however, all data required is not always available. In such case, representative data will do.

Data may be gathered from secondary sources. Quantitative data should be complemented by qualitative data. Qualitative data can be gathered from personal observations during field visits or during interactions with the players in each segment of the chain. Quantitative data can be gathered through structured or semi-structured interviews and focus group discussions (FGDs). Prepared questionnaires can aid in the interviews and FGDs. However, interviews are dynamic and iterative, where insights arise during conversations. Probing follow up questions therefore should be asked depending on answers to previous questions. Hence, the interviewer should have the skills to conduct the activity, armed only with a list of topics and suggested questions. That said, a sample interview questionnaire is shown in Annexes 1A, 1C, and 1D.

Focus on the market. The ultimate market, the consumer, should be the focus of data gathering following the principle that the production of a commodity should be market driven, and cognizant of the fact that the actors in each segment of the chain are both buyers and sellers at the same time. The users of the value chain analysis results would do well to understand the specifications of the market so that the correct specifications of the commodity or product may be produced and the efficient use of resources is promoted. Hence, both the domestic and international markets should be researched on. For the international market, the agricultural attaches, commercial attaches and even the ambassadors are a rich source of information.

Among others, the data to be gathered with regards to the market are the following:

- a) price structure by type of product segment and market level;
- b) product flow: geographic and market channels;

- c) number of buyers and sellers and volume of supply and demand;
- d) market structure including presence of middlemen and the support services that they provide;
- e) market trends;
- f) consumer tastes and preferences;
- g) terms of sale, e.g., credit terms.

FUNCTIONS	PARTICIPANTS			

This function/participant worksheet is used as a guide for VC mapping. The VC participants or actors are listed on the top row while the functions are listed on the left column. Boxes corresponding to the function/s of each participant are shaded accordingly.

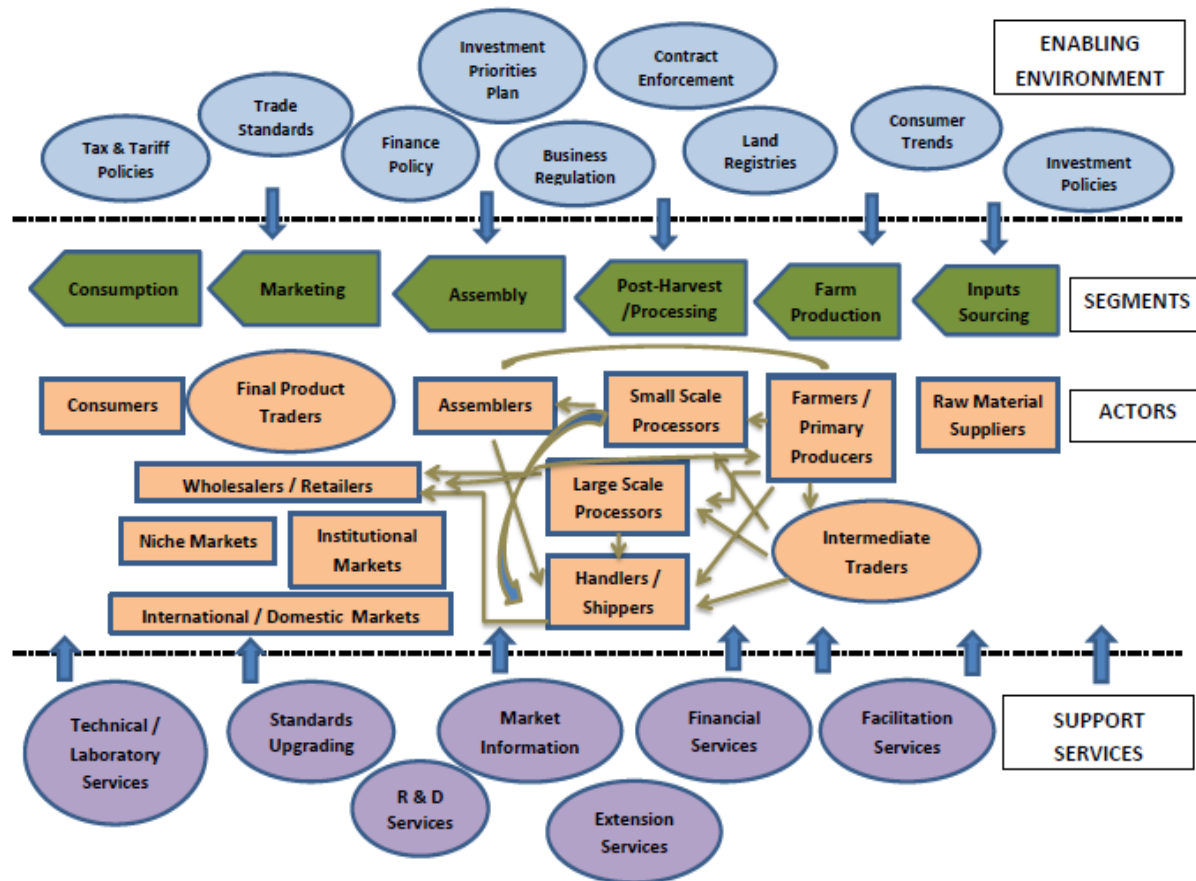
Drawing the value chain map. Once the needed data are in, the commodity's value chain map can be constructed. The value chain map helps in determining the current situation of the commodity or the current condition in the industry that will facilitate identification of opportunities, constraints and issues in each of the segments of the chain.

The value chain map is constructed to facilitate analysis. Hence, the value chain map should have a clear message and understandable to people who did not participate in its construction. Hence, each segment should be limited to three channels at a time and micro analysis should be distinguished from macro.⁴

The full value chain map, containing the major elements, is shown below: ⁵

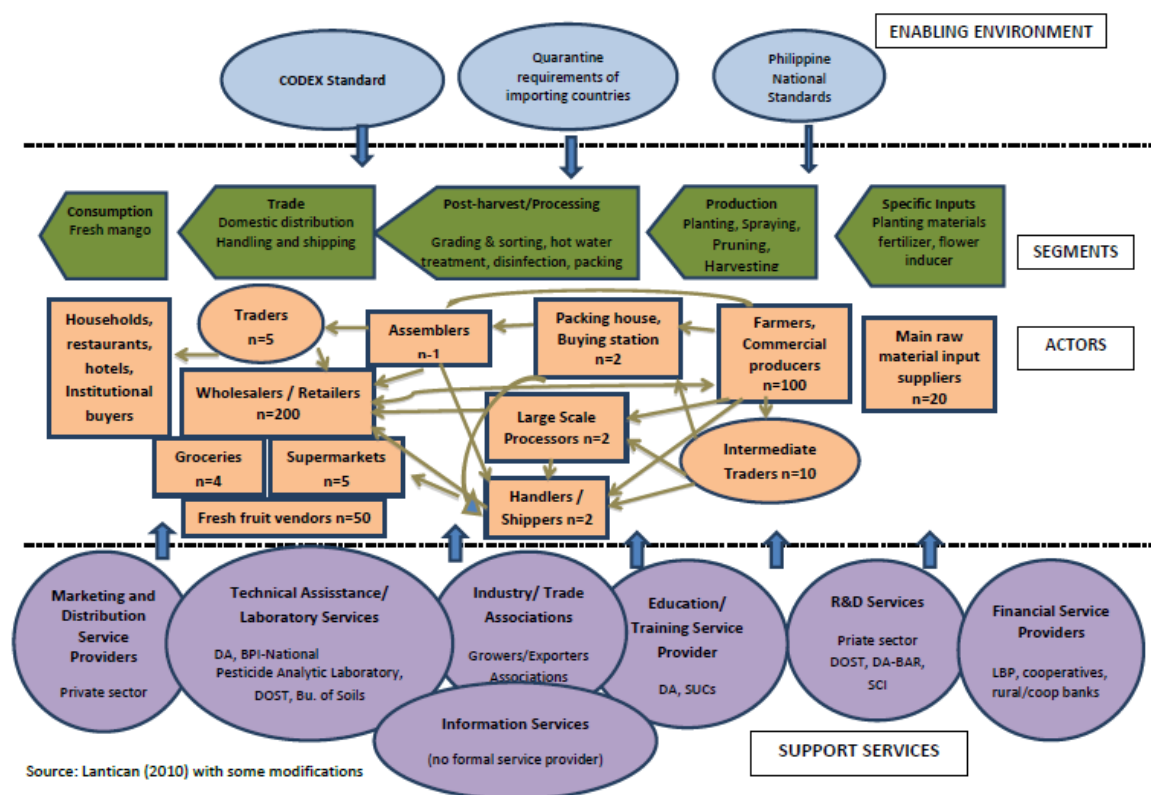
⁴R. Pilarica, *Accessing Markets through the Value Chain Approach*, Reference Document, (GTZ, DTI, DA, BIMP-EAGA), The Private Sector Promotion Program SMEDSEP, July 2008.

⁵Hellin, p.8



Jon Hellin and Madelon Meijer, with modifications

A full commodity value chain map should be accompanied by a full description not only of supply and demand but also of functions and actors, the enabling environment and service providers. The description should include the number of players, their relationships and behaviours. In the sample full commodity value chain map for fresh mangoes below, where the data on the number of actors are hypothetical, there are 20 raw material suppliers to 100 farmers and commercial producers. Part of the total fresh mango harvest is sold to 10 intermediate traders, part to 1 assembler and the rest to 2 packing houses and buying stations. The number of actors is identified for each of the segments. The relevant business environment factors and service providers are also identified in the map and included in the accompanying description of the map.



In mapping the chain for fresh mangoes, other product lines may appear under the processing segment, such as dried mangoes, or mango chips. A separate value chain map may be produced for each of these other product lines if the researcher so desires. The criteria suggested in the prioritization tool (Annex 2) may also be used to decide whether to pursue a separate value chain analysis should it be prepared for these other product lines.

5.2 Value Chain Analysis

It is important to remember that value chains are dynamic and hence need to be updated from time to time.

1. Horizontal and Vertical Analysis

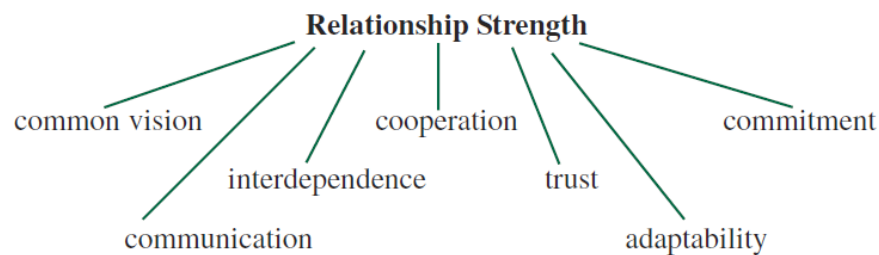
For a structured analysis of the value chain, one-at-a-time focus may be given on the following aspects, always mindful of constraints, potential for upgrading and existing synergies:

- a. **Analysis of product flow.** This involves data on the actors per segment or functions in the chain and determines the most important actors within the value chain. Included here are supply and demand and logistical arrangements.

In logistical requirements, the means of transport, speed of delivery to the next destination and the form of the product (fresh, frozen, semi-processed) while being transported shall be considered.

Likewise included under this aspect is the analysis of relationships among the actors in the value chain. A strong relationship is the most important element of a successful value chain⁶ since everyone in the chain is both a customer and a seller.

The following figure shows the success elements of relationships in the chain (adapted from B. Fryer's model presented in The Journal of Chain and Network Science):



Each of the actors of the chain, therefore, should exhibit the elements presented above to ensure that the full potential of each of the segments of the chain is achieved, i.e., the commodity being produced and traded gets the highest value at the most competitive price.

In the coconut industry where the coconut farmers remain poor and see no advantage in remaining to be coconut farmers, the millers will do well to promote the interest of the farmers to ensure stable and adequate supply of copra.

- b. **Analysis of process flow.** This involves data on technology, which includes machines, manpower and production systems.
- c. **Costs involved.** This involves determining costs, prices and margins per actor in the chain, most value added to the value chain.
- d. **End markets.**⁷ Understanding the end market requires an in-depth market analysis to assess the value chain growth and competitiveness. It is worth repeating here that at each segment of the value chain, each actor is both a supplier and a buyer. Hence, as a buyer, he informs the seller of his requirements. As a seller, he produces the requirements of the buyer. Sometimes, as a seller, he also makes known to the buyer the availability of new or a variant of existing products.

⁶M. Barnes, 'Build Relationships' in *Value Chain Guidebook A Process for Value Chain Development*, Agriculture and Food Council of Alberta (Value Chain Initiative), Second Edition, 2004, p. 14.

⁷Department of Agriculture, *Draft Planning Manual: Agriculture and Fisheries Modernization Plan 2011-2017*, (June 2012), p. 68.

Market analysis should give emphasis on the following:

- i. Market Trends (Global And National) In Terms Of Volume, Value, Market;
- ii. Growth And Share;
- iii. Price Trends Of The Final Product, And The Raw Materials Or Intermediate Inputs;
- iv. Composition, Structure Of The Industry And Market, Competition Levels And Barriers To Entry And Exit;
- v. Key Suppliers And Major Markets And Their Linkages In The Global Value Chains;
- vi. Most Effective And Efficient Market Channels And The Availability Of Communication Facilities;
- vii. Market Niche Potentials;
- viii. Required Quality And Safety Standards For Achieving Domestic And International Competitiveness; And
- ix. Trade Policies.

- e. **Inter-firm cooperation (vertical and horizontal linkages).**⁸ Inter-firm cooperation refers to the joint action between two or more players in a value chain. Strong cooperation between and among players through vertical or horizontal relationships is important to take advantage of market opportunities. Examples of strong inter-firm cooperation include information sharing, bulk buying of input, subcontract farming, and industry branding campaign.

It is useful to repeat here that inter-firm cooperation depends on the strength of relationships among the actors in the chain, as discussed under analysis of product flow above.

- f. **Supporting products/markets or services.**⁹ Supporting products or services are needed to support the main functions or vertical linkages in a value chain. Examples are finance, RD&E, logistics, laboratories for testing products, certification, product design and packaging, among others. It is important that supporting agencies and private institutions and their specific roles are also identified in the value chain.
- g. **Business enabling environment (national and international).**¹⁰ Business enabling environment covers factors that are beyond the control of, but affect, the actors in a chain. It includes trade agreements, product standards, specifications, and policy or regulatory issues which greatly influence the business growth and competitive advantage. The functions and incentives of players throughout the value chain are often based on the prevailing policies and regulations at different levels. Hence, it is important to understand the trends and relationships in this level to determine opportunities for intervention, especially in the aspect of policy change

⁸ibid.

⁹ibid.

¹⁰ibid.

5.2.1 Gap Analysis

FRAMEWORK	SITUATIONAL ANALYSIS	OPPORTUNITIES TO UPGRADING	CONSTRAINTS TO UPGRADING	RECOMMENDATIONS; WHAT CAN BE DONE
Structural Elements of the Value Chain				
End Markets				
BEE				
V Linkages				
H Linkages				
Support Markets/ Services				
Dynamic Elements of the Value Chain				
VC Governance				
Inter-firm Relations				

This value chain analysis table is to be used by the team during the value chain analysis and by the stakeholders during the vetting workshops.

The VC framework will identify the following:

- Best opportunities for growth and for improving overall competitiveness of the value chain
- Key constraints that prevent existing and potential opportunities from being exploited
- Nature and type of existing relations
- Data gaps
- Who among the stakeholders who will benefit from upgrading or investments made for upgrading
- Who among the stakeholders can be catalysis, providing incentives, skills, and resources to drive upgrading.

No doubt the value chain map contains voluminous data that have to be processed and made sense of. Following are the steps to be undertaken to be able to identify gaps, constraints, issues and problems:

- a. From the data provided in the map, conduct a value chain product unit financial analysis. Graph the unit costs, unit revenue, and unit profit for each step.

- b. To complement the financial and operational data, conduct an analysis of the value chain's strengths, weaknesses, opportunities and threats (SWOT), preferably in a participatory manner, with the lead actors of the value chain.

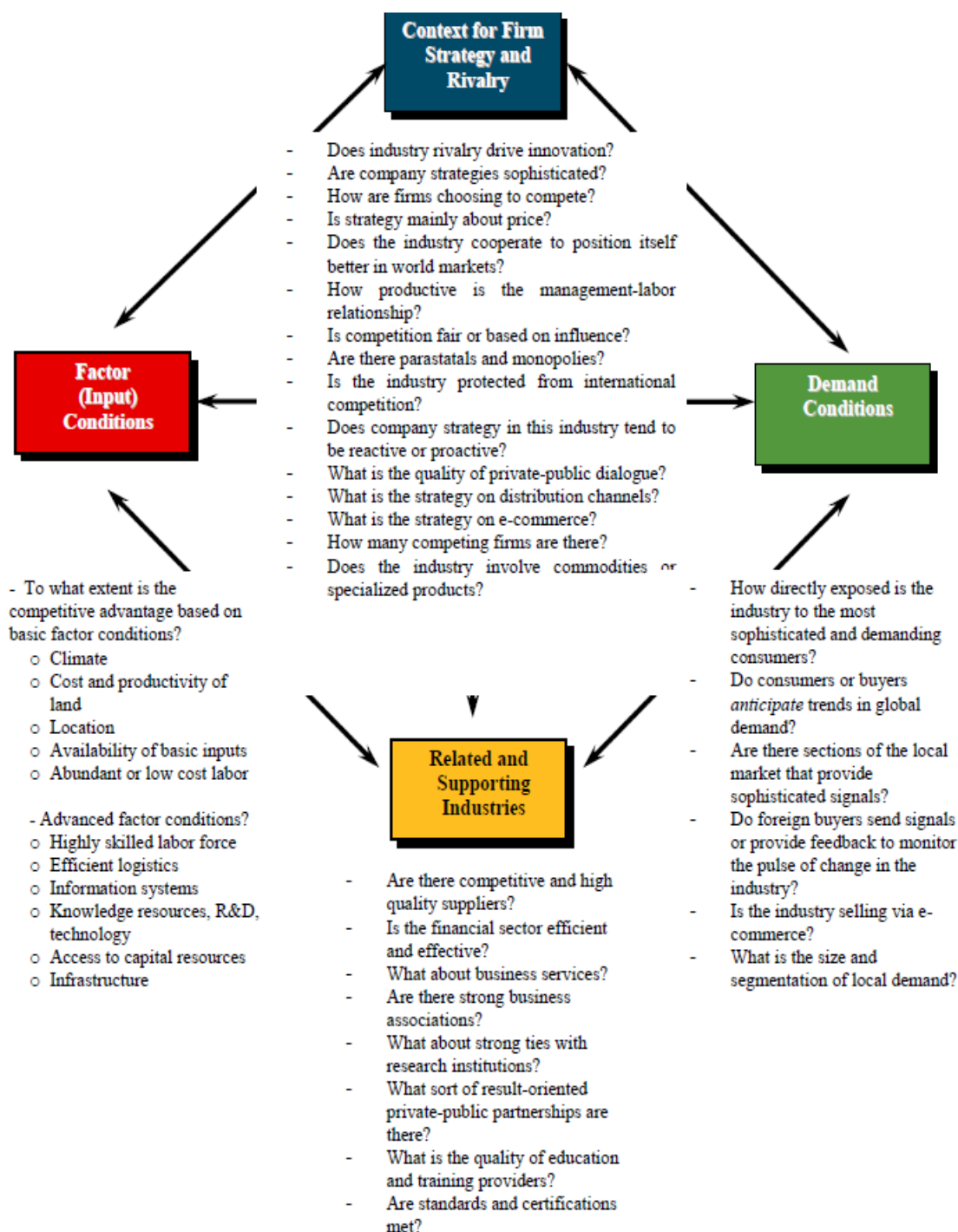
A sample SWOT analysis for Pakistan dairy (Source: J. E. Associates, Inc.) is shown below:¹¹

Strengths + Large population and high per capita consumption of dairy products, ahead of other regional markets in Asia + A high ratio of agricultural land to agricultural population + Large aggregate supply and breed potential of indigenous cattle/buffalo + Regular culling of less productive/unproductive animals + Internationally cost competitive farm types already exist in Pakistan + Willingness of processors to develop infrastructure linking them to the farmer because of consumer preferences against reconstituted milk. Larger and smaller processors are willing to invest given the right support + Central geographic location with easy access to large, potential regional markets	Weaknesses - Consumers are price sensitive & ignorant of quality requirements - Significant cost variation in milk production across sizes and types of farms - Poor quality of milk - A long chain of middlemen operating without regulations leading to significant value destruction - The existence of the bandi system (under which the middleman predetermines the producer's sale price for the entire year at the rate most beneficial to him) - Low animal productivity, no breed management and little productivity support services to farmers - Farmers not organized, general lack of able management structures in sector - Poor quality of animal health care and breeding services. Support structure and industry is not well developed to support animal productivity - Seasonality leading to fluctuations and uncertainty in feed supply and quality - Under-developed cold chain to consumers - Poor physical infrastructure - Small-scale and fragmented animal holdings - Lack of remunerative producer price for milk - Low utilization of installed capacity of dairy plants - Lack of a well-defined national policy for dairy development
Opportunities ↑ Consumption can be increased with the right emphasis on nutritional value, quality and price. Capitalize on traditional nutritional value placed in milk and related products ↑ Exploit potential to improve animal yield through better feed availability and breeding. Potential to do (maintain/establish) feasible larger farms. Interest in investing in larger model farms. ↑ Induce productivity & quality specific farmer cooperation around collection and possibly milking and support efficient collection at larger scales. ↑ Develop extension services model based on NRSP to promote farmer cooperation ↑ Encourage large farm types as well as give incentive to subsistence farmer to invest in productivity ↑ Emergence of commercial dairy farms on a large scale ↑ Large aggregate production of milk. Develop rural and urban markets to sell milk and dairy products from adjacent milk pockets	Threats × Farmer cooperation around collection and central milking is expensive and difficult to manage × Lack of breed management at the macro level and low potential of indigenous animals × Unregulated imports of dairy products & additives × Vested interests in perpetuating the dependence on imports of dairy commodities

- c. Conduct a Competitiveness Diamond Analysis. The Competitiveness Diamond, often called the Porter Diamond, was developed by Michael Porter of the Harvard Business School. It facilitates analysis of the following four pillars by posing key questions: demand conditions, factor inputs, context for firm strategy and rivalry, and related and supporting industries.¹²

¹¹M. Webber and P. Labaste, *Using Value Chain Approaches in Agribusiness and Agriculture in Sub-Saharan Africa: A Methodological Guide (Tools That Make Value Chains Work: Discussion and Cases)*, TheWorld Bank, 2007, p.45.

¹²ibid, p. 47.



Source: Michael Porter, J.E. Austin Associates, Inc

- d. Assess productivity with the use of analytical tools such as market segmentation and assessment, customer profiling, customer benefit analysis, and consumption chain mapping to understand the current strategic positioning of the value chain, as well as potential markets and product offerings.
- e. Assess operational productivity and performance of the value chain including per-unit economic cost-driver analysis, cost trend, and per-unit activity cost benchmarking.
- f. Assess the quality of supply chain management.

- g. Assess the human resources across the value chain in terms of quality.
- h. Assess the business environment.

A sample output of the various analyses done at each segment of the chain, done here for Indonesian cocoa, may look like the following:¹³

CONSTRAINT	DESCRIPTION
Detention of cocoa beans at U.S. ports to meet phyto-sanitary conditions of the FDA increases the cost to exporters which reduces the price they can pay to their suppliers.	<ul style="list-style-type: none"> – Since 1992, cocoa bean exports to the U.S from Indonesia (as well as Malaysia and Brazil) are automatically detained without inspection at the port of entry by the FDA due to the presence of live insects. – Some exporters claim that the additional time required to fumigate and pass FDA inspection at U.S. ports increases the cost, and decreases the competitiveness, of Indonesian cocoa bean imports.
Local processors are unable to procure adequate quantities of cocoa beans due to the reluctance of some traders/collectors (who are supposed to collect VAT on their sales) to sell to them.	<ul style="list-style-type: none"> – Traders/collectors are supposed to collect a Value-Added Tax (VAT) when they sell beans to processors. Many do not, and run the risk of being discovered by tax authorities. Therefore, most intermediaries prefer to sell their beans to exporters. – This creates logistical problems for the processors and reduces their efficiency and competitiveness.
The official registration options for rural businesses, including farmer groups, are limited. This restricts their ability to engage in formal commercial activities or transactions.	<ul style="list-style-type: none"> – Current Indonesian law makes it difficult for farmers groups specifically, and rural enterprises in general, to legally register as entities other than cooperatives or associations. – The designation of “cooperative”, however, has negative connotations in the Indonesian environment and is not appropriate for commercial business operations.

¹³H. Panlibuton and M. Meyer, *Value Chain Assessment: Indonesia Cocoa*, ACDI/VOCA, June 2004, p. 14.

5.3 Formulating the Competitiveness Strategy and Identifying Interventions.

5.3.1 Formulating the Competitiveness Strategy

Formulating the competitiveness strategy for a commodity involves developing the commodity's value chain upgrading strategy. Upgrading refers to the innovation that increases competitiveness in the value chain or moving towards sustained higher rates of growth or expansion. Through the value chain map, strategies are formulated to strengthen identified weaknesses of the particular segment of the chain. These strategies are then translated into interventions or services to enhance the competitiveness of the commodity. This may entail analysis of productivity, supply chain management, financial resources, human resources and the overall business environment.

Generally, the competitiveness strategy answers the following questions:

- a. What needs to be done to improve performance in the value chain?
- b. Who are the relevant stakeholders and what do they need to do?
- c. How will the value chain achieve the vision?

5.3.2 Principles in formulating upgrading strategies

In formulating the upgrading strategies, it is important to bear in mind the following principles:

- a. Build on the market and development potential. A growing market provides the farmer opportunities for increased production. The development potential of a commodity includes impact on income creation or increase, as well as women empowerment.
- b. Identify the actions needed to implement the strategies and achieve targets.
- c. Stick to clear division of tasks between private and public actors contributing to chain development.

5.3.2.1 Ways of Upgrading

Upgrading may be done in any or a combination of the following:¹⁴

- a. Process upgrading- increasing the productivity of the different factors of production (e.g., land, labor or capital) and reducing costs through the use of improved inputs and appropriate technologies such that these become better than competitors. Examples include technical assistance on proper cultural and postharvest handling practices and

¹⁴R. Kaplinsky and M.Morris, *A Handbook for Value Chain Research*, Prepared for IDRC, 2000, p. 38.

use of improved inputs (high yielding varieties, proper use and application of fertilizer and pesticides, right timing of harvesting, and better sorting, grading and packaging of agricultural products and more frequent on-time deliveries).

- b. Product upgrading –improving the quality of the product by complying with the quality standards and following the recommended production and postharvest handling practices.
- c. Functional upgrading- increasing value added by changing the mix of segments in the value chain or changing the locus of activities to new links within the chain. Examples include outsourcing of certain services like logistics or packing sugar in sachets instead of selling in sacks.
- d. Channel upgrading-operating in a new market channel within the same value chain. Examples include manufacture of progressively improved products, from lambanog to coconut sugar to coco diesel.
- e. Inter-sectoral Upgrading – using newly acquired knowledge, the firm enters a completely new or different value chain. Copra producers can acquire knowledge, skills and facilities to produce coco nets from coco coir.

5.4 Design and Implementation

The competitiveness strategy directs design and implementation. The project must be able to cause changes in the market system without becoming a part of that system. The goal of VC facilitators is to promote upgrading that result in improved firm and industry competitiveness by building on market – based incentives and cultivating collective action.

Key Constraint/ Opportunity	Affected Players	What to do?	How to do it?	Who will do it?		Incentives for Change
				Private	Gov't	

What to do?

- Directed towards addressing systemic constraints. The project must be able to motivate stakeholders to collectively respond to constraints and opportunities.
- Facilitate win – win relations. Transforming short – term and adversarial relations, into sustainable, mutually beneficial relations.
- Promote innovation and learnings. The project must promote continuous learning and dissemination of best practices, and help develop market – based incentives that will drive constant upgrading and maintain than high level of competitiveness.
- Increase breadth and depth of impact. Benefits should be long – term; increases in income are substantial enough to drive upgrading and keep effective relations

Who should do it? Identify chain actors who can perform the required activities. Internal actors or private stakeholders within the value chain should be given the major responsibility of transforming relationships and driving upgrading.

- Leverage points. Targeting areas of intervention that would have a big impact throughout the chain, affecting multiple value chain actors, resulting in increased competitiveness
- Catalysis. At the onset of project implementation, not many actors would be willing to invest on upgrading even if favourable conditions are present, in terms of incentives, skills, resources, etc... The project should identify lead firms or other chain actors who will invest on or promote upgrading.

How to do it? The value chain approach recommends a facilitation role, rather than the traditional practice of direct provision of services. Facilitation involves designing and implementing interventions that result in changes within the market system, without taking an active role as a participant in that system.

There are several factors to consider when designing interventions:

- Project Intensity. As much as possible, use the least amount of resources for the project's interventions. Harness the power of collaboration and buy – in when identifying the roles of VC actors and other stakeholders in the project. High project spending veers the chain players away from developing sustainable, market - based solutions.
- Smart Subsidies. Reasonable funding support can be provided for the following activities
 - Capacity – building of service providers so they can deliver quality services for the value chain
 - Promotion of the products and services of MSEs
 - Reforming the business enabling environment
- Limited relations with stakeholders. Always go back to the question, why specific relations between the VC actors have not yet formed. Keeping this goal in mind, the project must keep all interactions with VC players' time – bounded.
- Understanding knowledge flows. While knowledge gaps are abundant, addressing poor flow of knowledge in the chain has a more sustainable impact on the value chain. Are incentives present or attractive enough for players to support knowledge flows?

Keeping in mind the principles involved in formulating competitiveness strategies, the stage has been set for the identification of interventions and programs that will strengthen the weak links in the chain. A sample summary of suggested solutions, done here for Indonesian cocoa, is shown below:¹⁵

Key Constraints	Possible Commercially Viable Solutions
Cocoa farm productivity is decreasing, due to infestation of pests and diseases (CPB), age and variety of existing tree stock, poor soil nutrition, and drought.	<i>Access to commercial mechanisms to transfer and adopt the needed skills, know-how, and information to improve cocoa productivity</i>
Smallholder farmers unable to sell their production in large volume and benefit from direct sales with exporters and processors	<i>Access to up-country buying stations where smallholders can bring large volumes of cocoa beans for direct sale to exporters and processors.</i> <i>Access to an auction system for smallholder farmers to sell their beans more transparently</i>
Lack of incentives for farmers to invest in improving farm productivity or bean quality.	<i>Provision of enforcement mechanisms to ensure compliance with prevailing quality standards (SNI) for cocoa exports.</i>

The suggested interventions will have to be validated through a consultation to get feedback on the viability of each. The consultation will also bring out possible difficulties that may be encountered in the implementation of the suggested solutions.

¹⁵H. Panlibuton and M. Meyer, *Value Chain Assessment: Indonesia Cocoa*, ACDI/VOCA, June 2004, p. 17.

5.4.1.1 Prioritizing Interventions

It may be that a long list of interventions arises from the analysis of the value chain. Given limited resources, it is imperative to again prioritize these interventions. A suggested prioritization tool is a matrix of the following criteria:¹⁶

- *Potential for Growth and Expansion of the Value Chain*: the possibility of the proposed solution resulting in increased growth and expanded trade, investment, and/or competitiveness of the value chain (commodity/product line).
- *Potential Number of Smallholder Farmers that would benefit or increase participation in the value chain*: the increased number of smallholder farmers benefiting or participating in the value chain as a result of the proposed solution. This could also be a measure of outreach as well as potential employment opportunities.

A matrix is constructed using the suggested criteria. The suggested interventions are then numbered and pinned in the corresponding box in the matrix, as in the following example:

Potential for Growth and Expansion of Cocoa Industry

High	7	11	8, 10
Medium	1, 2	3, 6, 12, 13	5, 14
Low	4, 9		
	Low	Medium	High

Potential No. of Smallholders that would Benefit or Increase Participation in the Value Chain

Interventions located in the High-High box (nos. 8 & 10) are given priority, while interventions located in the Low-Low box (nos. 4 & 9) are given the lowest ranks.

5.5 VCA Action Plan

The team that will be conducting the Value Chain Analysis must develop an Action Plan that will guide them, and the RPCO, PSO and the NPCO in monitoring the progress of the VCA. The VCA Action Plan will be used to manage the proper implementation of all the necessary activities that will lead to the timely delivery of the final VCA report, which should be within the time frame indicated in the VCA process flow of 85 - 139 days (Appendices 2A and 2B).

¹⁶Ibid, pp. 46-47.

Here are some Important points to remember when preparing the VCA Action Plan

- break down major activities into smaller components to avoid missing out on smaller but nevertheless important activities
- assign only one responsible person for each activity so accountability can be clearly set right from the beginning
- provide ample time for the completion of one activity and the start of the succeeding activity to account for unforeseen delays
- identify all resources needed to support the proper implementation of each activity

The sample VCA Action Plan is shown below. Each VCA team should customize and complete this during the VCA planning stage.

Activity	Output	Person Responsible	Time Frame	Resources Needed
1. Customization of Survey Questionnaires	Customized Questionnaires	Name of staff in-charge	Actual date(s)	Computer, Printer, Paper
2. Recruitment of Enumerators	KII Team Hired	Name of staff in-charge		Budget for posting in newspaper, announcement in radios
3. Orientation of Enumerators	KII Team familiar with questionnaire	Name of staff in-charge		Venue, sound system, laptop, projector, snacks, 30 questionnaires
4. Conduct of KII	Completed interviews with farmers, traders, & processors	KII Team		
5. Consolidation of KII forms				
6. Desk research on all published data on the commodity				
7. Writing of the draft VCA				
8. Submission of draft VCA				
9. Revision of draft VCA incorporating comments during the VCA review				

Activity	Output	Person Responsible	Time Frame	Resources Needed
10. Orientation of the team on conducting Stakeholders Workshops				
11. Preparation of presentation materials for the SW				
12. Identification of participants for the Stakeholders Workshops				
13. Sending out of invitations for the SW				
14. Conduct of the SW				
15. Integration of inputs gathered during the SW				
16. Submission of Final Draft of the VCA				
17. ...				

5.6 Next Steps

The short-listed interventions then become the basis for design and implementation, where the functions of the I-REAP or the I-BUILD components of the PRDP begin.

The next step after design and implementation is evaluation and monitoring, which is still within the purview of the I-REAP or I-BUILD component of the PRDP. Results of monitoring and evaluation signal the beginning of the new cycle of the value chain approach, which will then be taken up by the I-PLAN component.

Annex 1A

FARMER'S INTERVIEW QUESTIONNAIREⁱ

I. Basic Information

1. Name of the farmer: _____
2. Address: _____
3. Cellphone Number: _____
4. Membership in Associations: _____
5. Number of Family members: _____
6. Total Farm Size: _____ hectares
7. Land Ownership (Mark with ☐): _____ Owned _____ Tenant _____ Leased
 Other, please specify _____
 If leased, what is the price per year or per season?

COMMODITY	ALLOCATED LAND AREA	NUMBER OF YEARS IN PRODUCTION
1.		
2.		
3.		
4.		
5.		

Note: Consider also those farmers who do inter-cropping or plant different crops per season (e.g. vegetables after rice).

II. Sources of Inputs:

INPUTS	SOURCE & LOCATION OF SUPPLIERS	NO. OF SUPPLIERS	MODE OF PAYMENT	QUANTITY USED PER YEAR	CONSTRAINTS
1. Planting Material					
2. Fertilizer					
3. Pesticides					
4.					
5.					

8. Does your supplier also provide additional services, (ex. demonstration on how to apply inputs; trainings, etc.?) (Mark with ☐): _____ Yes _____ No.
 If yes, what kind of services? _____

CONSTRAINTS ON SUPPLY, QUALITY & ACCESSIBILITY OF INPUTS	ACTIONS TAKEN or POTENTIAL SOLUTIONS to ADDRESS the CONSTRAINTS
--	---

CONSTRAINTS ON SUPPLY, QUALITY & ACCESSIBILITY OF INPUTS	ACTIONS TAKEN or POTENTIAL SOLUTIONS to ADDRESS the CONSTRAINTS

9. Do you work with other farmers in your area for bulk buying of inputs/raw materials?

(Mark with ☐ Yes ☐ No

If yes, what are the advantages of doing so? _____

If not, why not? _____

III. Production and Employment

PRODUCTION STEPS	NO. EMPLOYEES		CONSTRAINTS on LABOR	POTENTIAL SOLUTIONS
	F	M		

10. Does your farming activities result in waste products? (Mark with ☐ Yes ☐ No

If Yes, what are the actions taken to address waste management? _____

IV. Income & Costs

SOURCES OF INCOME	# HARVESTS PER YEAR	VOLUME PER HARVEST (MT)	UNIT PRICE (P)
1.			
2.			
3.			
4.			
5.			

11. Who sets the selling price? And how is it set? _____

12. How do you contact your buyer/s? _____

Other costs of production:

EXPENSE ITEM	COST Encircle <u>per Year</u> or <u>per Harvest</u>		
Inputs			
	Quantity	Price	Cost
a. Planting Material			
b. Fertilizer			
c. Pesticides			
d.			
e.			
Labor			
	# Workers	Rate/Worker	Cost
a. Planting			
b.			
c.			
d.			
e.			
Transportation			
Rent or Lease			
Communication			
Electricity			
Water			
Depreciation			
Others:			
a.			
b.			
c.			
Total Cost			

V. Buyers

COMMODITY	NAME & TYPE OF MAIN BUYERS	LOCATION	PAYMENT TERMS	SERVICES PROVIDED BY BUYERS	VERY HAPPY, HAPPY, JUST OK, SAD or VERY SAD with Buyers. Why?	MARKET \uparrow OR \downarrow IN NEXT 5 YEARS? WHY?
1.	a.					
	b.					
	c.					
2.						
3.						
4.						
5.						

Type of Buyer: **(A)** Assembler, **(W)** Wholesaler, **(R)** Retailer, **(P)** Processor

Profile of Top Buyer Name: _____ Location: _____	No. of workers						
	Type of Business						
	Provides Advances?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	Sometimes	<input type="checkbox"/>	No
	Reliability	<input type="checkbox"/>	Always	<input type="checkbox"/>	Sometimes	<input type="checkbox"/>	Very Poor
	Length of relation	<input type="checkbox"/>	Long term	<input type="checkbox"/>	Mid term	<input type="checkbox"/>	Short term (spot)
	What are the Buyer's Requirements (Vol & Quality)						
	Are you able to comply with the Buyer's Requirements? If No, explain why not.						
Constraints:							

13. What is the main source of market and price information? (Mark with ☐)
 _____ Radio _____ Farmers group _____ Newspapers _____ Other/s _____

14. Do you share information with other farmers who produce the same commodity ?
 (Mark with ☐) _____ Yes _____ No
 If No, why not? _____

15. What are the problems with obtaining production, price, and market information?

16. Do you grade/classify your commodity before you sell? (Mark with ☐} _____ Yes
 _____ No

If yes? What is your grading classification?

GRADING or CLASSIFICATION	DESCRIPTION

17. Do you have a post-harvest facility? (Mark with ☐} _____ Yes _____ No

If **Yes**, what is its capacity? _____

If **No**, where do you go to avail of post-harvest services?

How much do you pay for these services? Specify

18. Why do you think your buyer prefers to buy from you and not from other producers?

19. What threatens this competitive advantage? _____

20. Rate the following factors from 1 to 7, in accordance with your perceptions of your buyers' needs, 1 being Not Important and 7 being Critically Important to them :

FACTOR	RATING
a. Quality	
b. Price	
c. Delivery reliability	
d. Compliance with Buyers Requirements	
e. Packaging	
f. Flexibility	
g. Innovation	
h. Other:	

21. What are the other known markets accessible to the farmer?

COMMODITY	MARKET OUTLET	VOLUME	PRICE	Product or Quality Specifications	# Farmers Producing Same Product

VI. Support Markets (Business Development Services & Financial Services)

BDS	PROVIDER	MODE OF PAYMENT (Free, Sponsored by ____, Farmer Paid ____)	Did it help the farmer? Yes/No & How?
1.			
2.			
3.			
4.			
5.			

22. Do you have plans of expanding? (Mark with ☐) _____ Yes _____ No
 If Yes, by how much? (Describe in % or Volume) _____
 If No, why not? _____

ADDITIONAL SERVICE/S DO YOU NEED TO GROW YOUR BUSINESS	
Services Needed	Reason/s for not yet acquiring service: expensive, no providers, etc...
1.	
2.	
3.	
4.	
5.	

23. Are you getting financing for your business? (Mark with ☐) _____ Yes _____ No
 If Yes, how much and what is/are your source/s of financing: _____

VII. Enabling Environment

Identify government policies or regulations that have positive/negative impact on the farming business	Positive	Negative
What new policies or regulations are needed to support your business?		

Other Notes: _____

ⁱ The questions listed here are not exhaustive. The interviewer should add questions as he deems fit to be able to get as much information as possible, to be able to analyse the value chain accurately.

Annex 1B

VCA REPORT OUTLINE:

With a view of facilitating the preparation of the PCIP

COVER PAGE					
CONTENTS					
LIST OF TABLES AND FIGURES					
EXECUTIVE SUMMARY					
<ul style="list-style-type: none"> • Key findings: Value Chain Analysis and Market Analysis • Key constraints and opportunities • Competitiveness directions 					
SECTION 1: INTRODUCTION					
A.	BACKGROUND INFORMATION AND OBJECTIVES <ul style="list-style-type: none"> • Brief Background on PRDP • Introduce region and commodity chain • Rationale for selecting the chain/socio-economic importance of commodity to region/province • Importance of undertaking the value chain analysis 				
B.	OBJECTIVES OF VCA <ul style="list-style-type: none"> • Objectives of VCA 				
C.	METHODOLOGY <ul style="list-style-type: none"> • Brief description of sources of data/data gathering methodology • Brief description on how data was gathered/sources of data • Brief description on the overall process in coming up with the proposed interventions 				
SECTION 2: OVERVIEW OF THE INDUSTRY					
A.	PRODUCT DESCRIPTION <ul style="list-style-type: none"> • Product description • Forms • Uses/Industry users • Brief statement on what product forms are currently produced in the region • Brief statement on coverage of VCA in relation to product format 				
B.	PRODUCTION TRENDS <table> <tr> <td>1.</td> <td> Global Production <ul style="list-style-type: none"> • 5-year statistics and brief analysis • Philippine position/contribution to world production </td> </tr> <tr> <td>2.</td> <td> Domestic Production <ul style="list-style-type: none"> • Position of region vis-à-vis total Philippine Production • Region/Province: 5-year statistics and analysis • Brief presentation of Top 10 Producing Municipalities <i>(to aid PCIP preparation)</i> </td> </tr> </table>	1.	Global Production <ul style="list-style-type: none"> • 5-year statistics and brief analysis • Philippine position/contribution to world production 	2.	Domestic Production <ul style="list-style-type: none"> • Position of region vis-à-vis total Philippine Production • Region/Province: 5-year statistics and analysis • Brief presentation of Top 10 Producing Municipalities <i>(to aid PCIP preparation)</i>
1.	Global Production <ul style="list-style-type: none"> • 5-year statistics and brief analysis • Philippine position/contribution to world production 				
2.	Domestic Production <ul style="list-style-type: none"> • Position of region vis-à-vis total Philippine Production • Region/Province: 5-year statistics and analysis • Brief presentation of Top 10 Producing Municipalities <i>(to aid PCIP preparation)</i> 				
SECTION 3. NATURE AND STRUCTURE OF THE INDUSTRY					
A.	VALUE CHAIN MAPPING <ul style="list-style-type: none"> • Description of key value chains and market channels 				

	<ul style="list-style-type: none"> • Description of geographic flow of products including indicative volume levels • Synergies within provinces in region/island group/between and among regions in the Philippines 				
B.	<p>KEY PLAYERS AND FUNCTIONS</p> <ul style="list-style-type: none"> • Presentation of GIZ value chain map • Description of players and functions should include the following: <ul style="list-style-type: none"> - Number of players - Range of scale/capacity of operations - Number of employees - Typical suppliers/buyers - Existing common service facilities - Functions and Production/Operations system: Discussions to focus on analysis of variations in technology, knowledge, and practices for key typologies of players as well as regions/provinces - Benchmarking: Production/operations system – practices, technology, etc. - Firm level constraints <p>To the extent possible, distinction must be made for players in each of the identified chains/ market channels including geographic location</p>				
C.	<p>NATURE OF INTERFIRM RELATIONSHIPS</p> <table> <tr> <td>1.</td><td> <p>Horizontal Relationships</p> <ul style="list-style-type: none"> • Description and analysis of relationships: farmers – farmer; intermediaries – intermediaries; lead firms – lead firms. • Presentation of cooperatives and associations including analysis <p>There may be a need for description and analysis to be province specific and value chain/market channel specific (if there are obvious differences).</p> </td></tr> <tr> <td>2.</td><td> <p>Vertical Relationships and Supply Chain Governance</p> <ul style="list-style-type: none"> • Description and analysis of vertical relationships • Description and analysis of supply chain governance <p>There may be a need for description and analysis to be province specific and value chain/market channel specific (if there are obvious differences).</p> </td></tr> </table>	1.	<p>Horizontal Relationships</p> <ul style="list-style-type: none"> • Description and analysis of relationships: farmers – farmer; intermediaries – intermediaries; lead firms – lead firms. • Presentation of cooperatives and associations including analysis <p>There may be a need for description and analysis to be province specific and value chain/market channel specific (if there are obvious differences).</p>	2.	<p>Vertical Relationships and Supply Chain Governance</p> <ul style="list-style-type: none"> • Description and analysis of vertical relationships • Description and analysis of supply chain governance <p>There may be a need for description and analysis to be province specific and value chain/market channel specific (if there are obvious differences).</p>
1.	<p>Horizontal Relationships</p> <ul style="list-style-type: none"> • Description and analysis of relationships: farmers – farmer; intermediaries – intermediaries; lead firms – lead firms. • Presentation of cooperatives and associations including analysis <p>There may be a need for description and analysis to be province specific and value chain/market channel specific (if there are obvious differences).</p>				
2.	<p>Vertical Relationships and Supply Chain Governance</p> <ul style="list-style-type: none"> • Description and analysis of vertical relationships • Description and analysis of supply chain governance <p>There may be a need for description and analysis to be province specific and value chain/market channel specific (if there are obvious differences).</p>				
D.	<p>PRICE AND COST STRUCTURE</p> <table> <tr> <td>1.</td><td> <p>Income and Profits</p> <ul style="list-style-type: none"> • Description and analysis of cost components and implications to profitability – including variations between the key typologies of players and provinces (if applicable) • Benchmarking – productivity, profitability, cost centers/labor and material usage <p>There may be a need for description and analysis to be province specific and value chain/market channel specific (if there are obvious differences).</p> </td></tr> <tr> <td>2.</td><td> <p>Relative Financial Position of Players</p> <ul style="list-style-type: none"> - Description and analysis of the following: <ul style="list-style-type: none"> - Added Unit Costs/Value added - % Share in Profit - % Unit Margin <p>There may be a need for description and analysis to be province specific and value</p> </td></tr> </table>	1.	<p>Income and Profits</p> <ul style="list-style-type: none"> • Description and analysis of cost components and implications to profitability – including variations between the key typologies of players and provinces (if applicable) • Benchmarking – productivity, profitability, cost centers/labor and material usage <p>There may be a need for description and analysis to be province specific and value chain/market channel specific (if there are obvious differences).</p>	2.	<p>Relative Financial Position of Players</p> <ul style="list-style-type: none"> - Description and analysis of the following: <ul style="list-style-type: none"> - Added Unit Costs/Value added - % Share in Profit - % Unit Margin <p>There may be a need for description and analysis to be province specific and value</p>
1.	<p>Income and Profits</p> <ul style="list-style-type: none"> • Description and analysis of cost components and implications to profitability – including variations between the key typologies of players and provinces (if applicable) • Benchmarking – productivity, profitability, cost centers/labor and material usage <p>There may be a need for description and analysis to be province specific and value chain/market channel specific (if there are obvious differences).</p>				
2.	<p>Relative Financial Position of Players</p> <ul style="list-style-type: none"> - Description and analysis of the following: <ul style="list-style-type: none"> - Added Unit Costs/Value added - % Share in Profit - % Unit Margin <p>There may be a need for description and analysis to be province specific and value</p>				

		chain/market channel specific (if there are obvious differences).
SECTION 4: MARKETS AND MARKET OPPORTUNITIES		
A.	MARKETS AND MARKET TRENDS	
	1.	Export Markets <ul style="list-style-type: none">• Description and analysis of existing markets and its implications to upgrading trajectory<ul style="list-style-type: none">- Existing and evolving market standards (product and process standards)- Existing and forecasted supply and demand- Province and region competitiveness position• Description and analysis of potential markets and its implications to region/provinces
	2.	Domestic Markets <ul style="list-style-type: none">• Description and analysis of existing markets and its implications to upgrading trajectory<ul style="list-style-type: none">- Existing and evolving market standards (product and process standards)- Existing and forecasted supply and demand- Province and region competitiveness position• Description and analysis of potential markets and its implications to region/province
B.	PRICE TRENDS	
	1.	Export Markets <ul style="list-style-type: none">• Description and analysis of price trends in existing markets/market channels and its implications to region/provinces• Provinces/Region price competitiveness position
	2.	Domestic Markets <ul style="list-style-type: none">• Description and analysis of price trends in existing markets/market channels and its implications to region/provinces• Provinces/Region price competitiveness position
SECTION 5. SUPPORT SERVICES		
A.	FINANCIAL SERVICES <ul style="list-style-type: none">• Description and analysis of existing financial services and providers<ul style="list-style-type: none">- Existing providers and their services including requirements- Analysis in terms of their current outreach, relevance, and accessibility• Description and analysis of demand, acquisition, and use of financial services <p>There may be a need for province and market channel specific discussion</p>	
	B.	
	NON-FINANCIAL SERVICES <ul style="list-style-type: none">• Description and analysis of existing non-financial services and providers<ul style="list-style-type: none">- Existing providers and their services including delivery schemes- Analysis in terms of their current outreach, relevance, and accessibility• Description and analysis of demand, acquisition, and use of non-financial services <p>There may be a need for province and market channel specific discussion</p>	
SECTION 6: ENABLING ENVIRONMENT		
A.	FORMAL RULES, REGULATIONS, AND POLICIES <ul style="list-style-type: none">• Regulations, policies, international trade agreements and public infrastructure relevant to the commodity being analysed	
	B.	

	<ul style="list-style-type: none"> • Analysis on how above either facilitate or hinder the movement of a product or service along its value chain • Potential reform measures
B.	INFORMAL RULES AND SOCIO-CULTURAL NORMS <ul style="list-style-type: none"> • Key socio-cultural norms that affect business practices, promote or hinder gainful participation in markets and upgrading. • Implications to upgrading and design of interventions
SECTION 7: CONSTRAINTS AND OPPORTUNITIES	
	<p>Please refer to Table 1.</p> <ul style="list-style-type: none"> • Best opportunities for growth and improved industry performance • Systemic constraints that significantly affect chain competitiveness and prevent those unrealized opportunities from being exploited. <p>These are the constraints and opportunities presented during the stakeholders workshop in addition to key findings.</p>
SECTION 8: COMPETITIVENESS DIRECTIONS	
A.	COMPETITIVENESS VISION <ul style="list-style-type: none"> • Discussion on development vision and framework/priority development thrusts of players and stakeholders
B.	PRIORITY CONSTRAINTS AND INTERVENTIONS <ul style="list-style-type: none"> • Table 2 --- prioritization of constraints and identification of interventions are done during the stakeholders workshops --- and then further refined during the writing of the VCA. • Discussion to focus on how interventions will address constraints
SECTION 9: CONCLUSIONS AND RECOMMENDATIONS	
	<p>Conclusions and recommendations on competitiveness position of region and provinces, markets to focus on, and key directions for upgrading.</p>

VC Table 1. Constraints and Opportunities		
Opportunities	Constraints	Province
Description and implications to competitiveness	Description and implications to competitiveness	Indicate province having the constraint/opportunity
INPUT PROVISION		
FUNCTION 1		
FUNCTION 2		
FUNCTION 3		
INTERFIRM RELATIONSHIP/VC GOVERNANCE		

VC Table 2. Summary of Priority Constraints/Opportunities and Interventions				
Constraints/ Opportunities	Province	Intervention Strategy and Approach	Who can do it and Potential Roles	
			Public	Private
Input Provision				
Direct statement e.g., Lack of supply of good quality planting materials	To facilitate the preparation of the PCIP	Should correspond to province --- it may be possible that provinces would have a different intervention strategy or approach for same constraints	Should correspond to provincial intervention. It may be possible though that a lead firm is working in several provinces.	
Function 2				
Function 3				
Interfirm Relationship/Horizontal and Vertical Linkages/Supply Chain Governance				

Annex 1C

PROCESSOR'S INTERVIEW QUESTIONNAIREⁱ

I. Basic Information

1. Name of Processor: _____
2. Address: _____
3. Cellphone Number: _____
4. How many years have you been processing the commodity? _____
5. Capitalization: _____
6. Annual Income: _____
7. Assets & Facilities: _____
8. Membership in Associations: _____

II. Products & Supply

Commodity	Top 3 Suppliers (Name, Location)	No. of Suppliers	Mode of Payment	Vol. Bought per Month	Buying Price	Services Provided to Suppliers
1.	a.					
	b.					
	c.					
2.	a.					
	b.					
	c.					
Are you VERY HAPPY, HAPPY, JUST OK, SAD or VERY SAD with relationship with Suppliers. Why?						

9. Do you have particular product/quality requirements? (Mark with a ☐ Yes ☐ No
If yes? What are these characteristics?

10. Do your suppliers have difficulty in meeting these requirements?
(Mark with a ☐ Yes ☐ No
Why? _____

11. How do you acquire the commodities? _____ Delivered to me _____ I pick them up
12. How and when do you place your orders (Specify **Lead Time** & **Way of Communicating** with suppliers)
- _____

13. In the next 5 years, do you think supply of the commodity will **↑** or **↓** (Encircle)? Why?
- _____

III. Operations

PROCESSING STEPS	NO. EMPLOYEES		CONSTRAINTS (Raw Mat'l. Labor, etc...)	POTENTIAL SOLUTIONS
	F	M		
1.				
2.				
3.				
4.				
5.				

EXPENSE ITEM	COST (Encircle) per Cycle, Day, Week, Month		
	Quantity	Price	Cost
Materials			
a.			
b.			
c.			
d.			
Labor			
	# Workers	Rate/Worker	Cost
a.			
b.			
c.			
Transportation			
Rent or Lease			
Communication			
Electricity			
Water			
Depreciation			
Others:			

a.		
b.		
c.		
Total Cost		

IV. Buyers

Product	Top 3 Buyers (Name, Type, Location)	Volume Sold per month	Selling Price	Mode of Payment	Length of Relationship	Services Provided by Buyer if Any
1.	1.					
	2.					
	3.					
2.	1.					
	2.					
	3.					
3.	1.					
	2.					
	3.					
Is the Processor VERY HAPPY, HAPPY, JUST OK, SAD or VERY SAD with relationship with Buyers. Why?						

Type of Buyer: (W) Wholesaler, (R) Retailer, (C) Consumer

Profile of Top Buyer Name: _____ Location: _____	No. of workers						
	Type of Business						
	Provides Advances?		Yes		Sometimes		No
	Reliability		Always		Sometimes		Very Poor
	Length of relation		Long term		Mid term		Short term (spot)
	What are the Buyer's Requirements (Vol & Quality)						
	Are you able to comply with the Buyer's Requirements? If No, explain why not.						
	Constraints:						

If the buyer is the end consumer:

No. of workers					
Type of Business					
Provides Advances?		Yes		Sometimes	No

Product	Market Trend for the next 5 years Indicate ↑ or ↓ and Why?		Product Specifications Required By Buyers	Constraints that processor is facing (Volume, Quality, etc..)	
	Volume	Price		Supply	Markets
1.					
2.					
3.					

14. Who sets the selling price? And how is it set?

15. What is the main source of market and price information? (Mark with ☐)

_____ Radio _____ Producer group _____ Newspapers _____ Other/s

16. Do you share information with other processors who produce the same commodity ?

(Mark with ☐) _____ Yes _____ No

If No, why not?

17. What are the problems with obtaining production, price, and market information?

18. Do you know of any emerging products or potential market opportunities for your product and commodity? (Mark with ☐) _____ Yes _____ No

If Yes, describe

19. Rate the following factors from 1 to 7, in accordance with your buyers' needs, 1 being Not Important and 7 being Critically Important to your buyer :

FACTOR	RATING
a. Quality	
b. Price	
c. Delivery reliability	
d. Compliance with Buyers Requirements	
e. Packaging	
f. Flexibility	
g. Innovation	
h. Other:	

V. Support Markets (Business Development Services & Financial Services)

BDS	PROVIDER	MODE OF PAYMENT (Free, Sponsored by ____, Processor Paid ____)	Did it help the processor? Yes/No & How?
1.			
2.			
3.			
4.			
5.			

20. Do you have plans of expanding? (Mark with ☐ Yes ☐ No
 If Yes, by how much? (Describe in % or Volume)

If No, why not?

ADDITIONAL SERVICE/S DO YOU NEED TO GROW YOUR BUSINESS	
Services Needed	Reason/s for not yet acquiring service: expensive, no providers, etc...
1.	
2.	
3.	
4.	
5.	

21. Are you getting financing for your business? (Mark with ☐ Yes ☐ No

If Yes, how much and what is/are your source/s of financing:

If no, why not?

VI. Enabling Environment

Identify government policies or regulations that have positive/negative impact on the farming business	Positive	Negative
What new policies or regulations are needed to support your business?		

Other Notes:

ⁱ The questions listed here are not exhaustive. The interviewer should add questions as he deems fit to be able to get as much information as possible, to be able to analyse the value chain accurately.

Annex 1D

TRADER'S INTERVIEW QUESTIONNAIREⁱ

I. Basic Information

1. Name of Trader: _____
2. Address: _____
3. Cellphone Number: _____
4. How many years have you been trading the commodity? _____
5. Capitalization: _____
6. Annual Income: _____
7. Assets & Facilities: _____
8. Membership in Associations: : _____

II. Products & Supply

Commodity	Top 3 Suppliers (Name, Location)	No. of Suppliers	Mode of Payment	Vol. Bought per Month	Buying Price	Services Provided to Suppliers
1.	a. _____					
	b. _____					
	c. _____					
2.	a. _____					
	b. _____					
	c. _____					
Are you VERY HAPPY, HAPPY, JUST OK, SAD or VERY SAD with relationship with Suppliers. Why?						

9. Do you have particular product/quality requirements? (Mark with a ☐ Yes ☐ No
If yes? What are these characteristics? _____

10. Does your suppliers have difficulties in meeting these requirements?
(Mark with a ☐ Yes ☐ No. Why? _____
11. How do you acquire the commodities? _____ Delivered to me _____ I pick them up
12. How and when do you place your orders (Specify **Lead Time & Way of Communicating** with suppliers). _____
13. In the next 5 years, do you think supply of the commodity will **↑** or **↓** (Encircle)? Why?

III. Operations

TRADING STEPS	NO. EMPLOYEES		CONSTRAINTS (Raw Mat'l. Labor, etc...)	POTENTIAL SOLUTIONS
	F	M		
1.				
2.				
3.				
4.				
5.				

EXPENSE ITEM	COST (Encircle) per Cycle, Day, Week, Month		
Materials			
	Quantity	Price	Cost
a.			
b.			
c.			
d.			
Labor			
	# Workers	Rate/Worker	Cost
a.			
b.			
c.			
Transportation			
Rent or Lease			
Communication			
Electricity			
Water			
Depreciation			
Others:			
a.			
b.			
c.			
Total Cost			

IV. Buyers

Commodity	Top 3 Buyers (Name, Type, Location)	Volume Sold per month	Selling Price	Mode of Payment	Length of Relationship	Services Provided by Buyer if Any
1.	1.					
	2.					
	3.					
2.	1.					
	2.					
	3.					
3.	1.					
	2.					
	3.					
Is the Trader VERY HAPPY, HAPPY, JUST OK, SAD or VERY SAD with relationship with Buyers. Why?						

Type of Buyer: (W)Wholesaler, (R)Retailer, (C) Consumer

Profile of Top Buyer Name: _____ Location: _____	No. of workers						
	Type of Business						
	Provides Advances?		Yes		Sometimes		No
	Reliability		Always		Sometimes		Very Poor
	Length of relation		Long term		Mid term		Short term (spot)
	What are the Buyer's Requirements (Vol & Quality)						
	Are you able to comply with the Buyer's Requirements? If No, explain why not.						
	Constraints:						

Product	Market Trend for the next 5 years Indicate ↑ or ↓ and Why?		Product Specifications Required By Buyers	Constraints that trader is facing (Volume, Quality, etc..)	
	Volume	Price		Supply	Markets
1.					
2.					
3.					

14. Who sets the selling price? And how is it set? _____

15. What is the main source of market and price information? (Mark with ☐)
 _____ Radio _____ Farmers group _____ Newspapers _____ Other/s _____

16. Do you share information with other traders who buy and sell the same commodity ?
 (Mark with ☐) _____ Yes _____ No
 If No, why not? _____

17. What are the problems with obtaining production, price, and market information?

18. Do you know of any emerging products or potential market opportunities for your product and commodity? (Mark with ☐) _____ Yes _____ No
 If Yes, describe _____

19. Rate the following factors from 1 to 7, in accordance with your buyers' needs, 1 being Not Important and 7 being Critically Important to your buyer :

FACTOR	RATING
a. Quality	
b. Price	
c. Delivery reliability	
d. Compliance with Buyers Requirements	
e. Packaging	
f. Flexibility	
g. Innovation	
h. Other:	

V. Support Markets (Business Development Services & Financial Services)

BDS	PROVIDER	MODE OF PAYMENT (Free, Sponsored by ____, Trader Paid ____)	Did it help you? Yes/No & How?
1.			
2.			
3.			
4.			
5.			

20. Do you have plans of expanding? (Mark with ☐) _____ Yes _____ No
 If Yes, by how much? (Describe in % or Volume) _____
 If No, why not? _____

ADDITIONAL SERVICE/S DO YOU NEED TO GROW YOUR BUSINESS	
Services Needed	Reason/s for not yet acquiring service: expensive, no providers, etc...
1.	
2.	
3.	
4.	
5.	

21. Are you getting financing for your business? (Mark with ☐) _____ Yes _____ No
 If Yes, how much and what is/are your source/s of financing: _____

VI. Enabling Environment

Identify government policies or regulations that have positive/negative impact on the farming business	Positive	Negative
What new policies or regulations are needed to support your business?		

Other Notes: _____

ⁱ The questions listed here are not exhaustive. The interviewer should add questions as he deems fit to be able to get as much information as possible, to be able to analyse the value chain accurately.

ANNEX 1E

[illegible][illegible]

I. BASIC INFORMATION									
----------------------	--	--	--	--	--	--	--	--	--

[illegible]

[illegible][illegible]

IV. INCOME AND COSTS

[illegible]

Costs of Production	
Direct materials	100,000
Direct labor	100,000
Manufacturing overhead	100,000
Total	300,000

[illegible]

V. BUYERS

Main Buyers

[illegible]

Profile of Top Buyer	
1	100%
2	100%
3	100%
4	100%
5	100%
6	100%
7	100%
8	100%
9	100%
10	100%
11	100%
12	100%
13	100%
14	100%
15	100%
16	100%
17	100%
18	100%
19	100%
20	100%
21	100%
22	100%
23	100%
24	100%
25	100%
26	100%
27	100%
28	100%
29	100%
30	100%
31	100%
32	100%
33	100%
34	100%
35	100%
36	100%
37	100%
38	100%
39	100%
40	100%
41	100%
42	100%
43	100%
44	100%
45	100%
46	100%
47	100%
48	100%
49	100%
50	100%
51	100%
52	100%
53	100%
54	100%
55	100%
56	100%
57	100%
58	100%
59	100%
60	100%
61	100%
62	100%
63	100%
64	100%
65	100%
66	100%
67	100%
68	100%
69	100%
70	100%
71	100%
72	100%
73	100%
74	100%
75	100%
76	100%
77	100%
78	100%
79	100%
80	100%
81	100%
82	100%
83	100%
84	100%
85	100%
86	100%
87	100%
88	100%
89	100%
90	100%
91	100%
92	100%
93	100%
94	100%
95	100%
96	100%
97	100%
98	100%
99	100%
100	100%

[illegible][illegible]

[illegible]

VI. Support Markets											
BDS	Providers	Mode of Payment			Did it help farmer? (✓)			22. Plans of Expanding? (✓)			
		Free	Sponsored	Paid by Farmer	Yes	No	How?	Yes	No	If Yes by How Much?	If No, why Not?
Additional Services Needed					23. Are you getting financing for your business? (✓)						
Services Needed	Reasons for not acquiring service			Yes	No	If Yes, how much and what are the sources of financing?					

VII. Enabling Environment

[illegible]

ANNEX 1E

INTERVIEW QUESTIONNAIRE CONSOLIDATION FORM

for PROCESSOR

I. BASIC INFORMATION

1. Name of Processor	2. Address	3. Cellphone	4. Years Processing the Commodity	5. Capitalization	6. Annual Income	7. Assets & Facilities	8. Membership in Associations

II. PRODUCTS & SUPPLY						
-----------------------	--	--	--	--	--	--

Commodity						Top 3 Suppliers		# Suppliers	Mode of Payment	Vol Bought per Month	Buying Price	Services Provided to Suppliers	
						Name	Location						
						Supplier 1							
						Supplier 2							
						Supplier 3							
Satisfaction Level with Suppliers								9. Do you have Quality Requirements? (✓)			10. Does your suppliers have difficulties in meeting these requirements? (✓)		
Very Happy	Happy	Just OK	Sad	Very Sad	Why?	Yes	No	If Yes, What are these?	Yes	No	If Yes, What are these?		

11. How do you acquire the commodities? (✓)		12. Placing Orders (✓)		13. Supply of Commodity in Next 5 years (✓)		
Delivered to Me	Pick Up	Lead Time	Way of Communicating	Increase	Decrease	Why?

III. OPERATIONS					
Processing Steps		No. Employees		Constraints: Raw Mat'l, Labor, etc...	Potential Solutions
		M	F		

Costs of Production																	
Material A:			Material B:			Material C:			Labor A:			Labor B:			Labor C:		
Quantity	Price	Cost	Quantity	Price	Cost	Quantity	Price	Cost	# Workers	Rate/Worker	Cost	# Workers	Rate/Worker	Cost	# Workers	Rate/Worker	Cost
Transportation		Rent/Lease		Communication		Electricity	Water		Depreciation		Others A		Others B	Others C		Total Cost	

IV. BUYERS

Main Buyers

[illegible]

Profile of Top Buyer

[illegible]

Market Trend for Next 5 Years

[illegible]

V. Support Markets											
BDS	Providers	Mode of Payment			Did it help the processor? (✓)			20. Plans of Expanding? (✓)			
		Free	Sponsored	Paid by Processor	Yes	No	How?	Yes	No	If Yes by How Much?	If No, why Not?
Additional Services Needed					21. Are you getting financing for your business? (✓)						
Services Needed	Reasons for not yet acquiring service				Yes	No	If Yes, how much and what are the sources of financing?				

VII. Enabling Environment				
Policies Impacting your Trading Business?		New policies or regulations needed		Other Notes
Positive	Negative			

for TRADERS

I. BASIC INFORMATION

[illegible]

II. PRODUCTS & SUPPLY

[illegible]

[illegible][illegible]

Market Trend for Next 5 Years						
Product	Volume			Price		
	Increase	Decrease	Why	Increase	Decrease	Why

14. Who Sets Selling Price?	How is it Set?	15. Main Source of Market & Price Information (✓)				16. Share information with other traders? (✓)			17. Problems obtaining production, price, and market information			
		Radio	Farmers Group	Newspapers	Others	Yes	No	If No, why Not?				
18. Emerging products or potential market opportunities?(✓)					19. Rating of Buyers Needs (1-7)							
Yes	No	If yes, describe			Quality	Price	Reliability	Compliance	Packaging	Flexibility	Innovation	Other

V. Support Markets																
BDS	Providers	Mode of Payment			Did it help the trader? (✓)			20. Plans of Expanding? (✓)				Additional Services Needed		21. Are you getting financing for your business? (✓)		
		Free	Sponsored	Paid by Trader	Yes	No	How?	Yes	No	If Yes by How Much?	If No, why Not?	Services Needed	Reasons for not yet acquiring service	Yes	No	If Yes, how much and what are the sources of financing?
VII. Enabling Environment																
Policies Impacting your Trading Business?					New policies or regulations needed									Other Notes		
Positive		Negative														

I. BASIC INFORMATION

[illegible][illegible]

Production Steps	No. Employees		Constraints on Labor	Potential Solutions	10. Does your farming produce		
	M	F			Yes	No	If Yes, Actions taken to address wastes

Sources of Income	# Harvests per Year	Volume per	Unit Price	11. Who sets the	12. How do you

[illegible][illegible][illegible]

Profile of Top Buyer

Name	Location	No. Workers	Type Business	Provides Advances (✓)			Reliability (✓)			Length of Relation (✓)			Buyer's Requirements		Able to Comply with	
				Yes	Sometimes	No	Always	Sometimes	Very Poor	Long Term	Mid Term	Short Term (Spot)	Volume	Quality	Yes	No

13. Main Source of Market & Price				14. Share information with other			15. Problems obtaining productio	16. Grade before		If Yes, what is grading		17. Do you have a postharvest facility? (✓)				18. Why buyers prefer to buy from
Radio	Farmers Group	Newspapers	Others	Yes	No	If No, why Not?		Yes	No	Grading/Classification	Description	Yes	No	If Yes, Capacity?	If No, where is storage?	

20. Rating of Buyers Needs (1-7)								21. Other known markets accessible to farmer?					
Quality	Price	Reliability	Compliance	Packaging	Flexibility	Innovation	Other	Commodity	Market Outlet	Volume	Price	Product or Quality Specifications	# Farmers Producing Same Product

VI. Support Markets

BDS	Providers	Mode of Payment			Did it help farmer? (✓)			22. Plans of Expanding? (✓)				Additional Services		23. Are you getting financing for		
		Free												Yes	No	If Yes, how much and what are the sources of financing?
			Sponsored	Paid by Farmer	Yes	No	How?	Yes	No	If Yes by How Much?	If No, why Not?	Services Needed	Reasons for not acquiring service			

VII. Enabling Environment

Policies Impacting		New policies or	Other Notes
Positive	Negative		

ANNEX 1E
INTERVIEW QUESTIONNAIRE CONSOLIDATION FORM
for TRADERS

I. BASIC INFORMATION

[illegible]

II. PRODUCTS & SUPPLY

[illegible][illegible]

III. OPERATIONS

Grading Step	No. Employees		Constraint s: Raw	Potential Solutions
	M	F		

Costs of Production

[illegible][illegible]

IV. BUYERS

Main Buyers

[illegible]

Profile of Top Buyer

[illegible][illegible]

[illegible][illegible]

Policies Impacting		New policies or	Other Notes
Positive	Negative		

[illegible]

18. Emerging products or			19. Rating of Buyers Needs (1-7)							
Yes	No	If yes, describe	Quality	Price	Reliability	Compliance	Packaging	Flexibility	Innovation	Other

V. Support Markets

BDS	Providers	Mode of Payment			Did it help the processor? (✓)			20. Plans of Expanding? (✓)				Additional Services		21. Are you getting financing for		
		Free	Sponsored	Paid by Processor	Yes	No	How?	Yes	No	If Yes by How Much?	If No, why Not?	Services Needed	Reasons for not yet acquiring service	Yes	No	If Yes, how much and what are the sources of financing?

VII. Enabling Environment

Policies Impacting		New policies or	Other Notes
Positive	Negative		

Annex 1 F

List of Players in the Value Chain

[illegible]

Annex 2

COMMODITY PRIORITIZATION TOOL GUIDE

I. Introduction

Commodities that will be considered for the conduct of value chain analysis at the national and regional levels shall be prioritized to rationalize the allocation of resources and to ensure that commodities to be promoted are aligned with national goals. The Commodity Prioritization Tool shall serve as a guide in the prioritization of commodities to be promoted. This guide is by no means exhaustive and may accommodate other criteria or parameters based on local or expert opinion.

For this tool, the major criteria and the weights to be used are as follows:¹

Criteria	Weight
I. Suitability	20%
II. Market Potential	30%
III. Impact on the Poor	20%
IV. Number of Beneficiaries / Growers	30%
Total	100%

The indicators and weights for each major criterion are indicated below, including the guide to scoring each indicator or sub-indicator, to come up with the raw score of each commodity, and therefore, its rank within the area.

Scoring for each indicator shall generally be on a scale from 1 to 10, the highest being near 10. In actuality, a perfect score of 10 is not feasible. Hence, the highest score that can be garnered for each indicator is 9. Corollary to this, the highest weighted score for a commodity is 9.

The score measures the perceived value of each indicator vis-à-vis the commodity being evaluated. Therefore, a score of near 10 indicates that the commodity is the best for the given criterion and a score of 0 or near 0 would indicate the opposite.

¹Adopted from T. Wandschneider, N.T.K. Yen, S. Ferris, and T.V. On, *A Guide to Rapid Market Appraisal (RMA) for Agricultural Products*, The International Centre for Tropical Agriculture, Catholic Relief Services and Helvetas, September 2012, Annex 1, pp. 98-99 and R. Pilarica, *Accessing Markets through the Value Chain Approach*, Reference Document, (GTZ, DTI, DA, BIMP-EAGA), The Private Sector Promotion Program SMEDSEP, July 2008, p. 8.

To facilitate commodity prioritization, the Commodity Prioritization Worksheet (Annex 2A) shall be used so that computation and ranking can be done fast.

II. PRIORITIZATION CRITERIA

A. Suitability (20%)

A commodity can compete in the market if it can be produced at low-cost and with good quality. These factors are dependent on the suitability of the natural conditions of the place, i.e., rainfall patterns, underground water, soil quality, temperature levels and distribution throughout the year; location, such as upland, lowland, coastal area.

Areas near the river or the sea may be suitable for fish production. Many upland areas are appropriate for the production of tree crops and non-timber forest products. Lowlands may be suitable for livestock and poultry.

These commodities, however, are affected by climate change and may limit their suitability in the area.

This shall be assessed by the BSWM using the appropriate aspects of the Vulnerability and Suitability Assessment Tool² to determine the suitability of a particular commodity for production in the area. The indicators are not limited to land-based commodities but shall include those that can be produced from water resources.

The BSWM will do the analysis for this criterion and will submit the results to the National and/or Regional Core Planning Team.

Under suitability, the score or standardized value to be assigned shall be based on Table 1 below.

Table 1. Standardization matrix for suitability

Level of Suitability	Standardization Values
Highly Suitable	9
Suitable	6
Moderately Suitable	3
Marginally Suitable	1

²Tejada, S.Q., Nilo, G.P., Manguerra, J.R., Margate, D.E., Buarao, S.B., *Ranking of Municipalities in Support to Vulnerability Mapping of the Central Philippines Rural Development Project*, Bureau of Soils and Water Management, Philippines, 2012.

Not Suitable	0
--------------	---

B. Market Potential (30%)

1. Description

Market potential includes market size, its growth potential, the ease of entry of the commodity into the market and the commodity's potential for value addition. When assessing market potential, the PRDP objective of increasing the value of marketed outputs in the program areas by 20% should be borne in mind.

Data inputs for this aspect may be sourced from the results of the rapid marketing appraisal.

2. Assessment and Scoring

Market size (20%). Market refers to both domestic and international markets. In assessing market size, only the existing size is considered, not its potential. Potential expansion shall be considered under market growth.

Rural markets are normally smaller than urban or export markets. It is important to note that markets can be large but may already be oversupplied. Likewise, Markets for traditional commodities may already be saturated. Oversupplied or saturated markets lead to falling prices. Hence, in looking at market size, there must be a supply gap that is large enough to be filled. Table 2 shall be used as a guide in assessing market size. Data inputs shall come from results of FGD.

Table 2. Standardization matrix for market size

Market Size	Classification	Standardization Values
Existing supply gap can absorb 2x the potential new or increased production	High	9
Existing supply gap can absorb 100% of the potential new or increased production	Medium	6
Existing supply gap can absorb < 100% of the potential new or increased production	Low	3

Market growth potential (20%). Growing markets have much greater potential for absorbing additional supplies and generating remunerative opportunities than stagnant markets. Growth potential expands market size.

Products may be categorized depending on the annual rate of expansion and may be scored based on Table 3.

Table 3. Standardization matrix for market growth potential

Annual Demand Expansion	Classification	Standardization Values
more than 5%	high-growth	9
3% - 5%	intermediate	6
less than 3%	low-growth	3

Ease of entry (20%). Barriers to entry refer to obstacles erected that hinder entry into the industry. Barriers to entry may be grouped into four:

- Group A. Government regulations such as taxes and high tariffs, zoning regulations, registration and licensing processes and costs, product certification
- Group B. Investment requirements, such as capital, proprietary technology, availability of raw materials or manpower, research and development, sunk costs
- Group C. Market conditions, such as customer loyalty, inelastic demand
- Group D. Competitors' reaction, such as predatory pricing, heavy advertising

Some products, such as organics, have very high entry barriers, such as stringent quality specifications and standards, product certification, and tracing of its origin and source down the market chain. There is a huge China market for coco coir but the entry process is long and hard.

For this criterion, assessment is a two-step process:

- Step 1 : Score the Ease of Entry using the scoring matrix below, as follows:
- a. Using the barriers to entry grouping above, put a score on each barrier group using the following:

Score	Description
4	Easy
3	Relatively Easy
2	Relatively Difficult
1	Difficult

0	Very Difficult
---	----------------

- b. Get the total score.
- c. Compute for the average score and round it off to the nearest whole number

Table 3A. Scoring matrix for Ease of Entry

Classification	Score
Group A	
Group B	
Group C	
Group D	
Total Score	
Ave. Score (Rounded Off)	

Step 2: Transport the rounded average score to the following standardization matrix:

Table 3B. Standardization matrix for Ease of Entry

Average Score	Classification	Standardization Values
4	Easy	9
3	Relatively Easy	7
2	Relatively Difficult	5
1	Difficult	3
0	Very Difficult	1

Potential for value addition (40%). Most of the time, commodities produced locally are exported to other countries in their raw state. Potential for further processing should be considered since this added activity enhances the value of the product and generates more and higher income for the local producers, e.g., processing of milk into other higher value dairy products, such as yogurt and cheese, producing free-range chicken or organic vegetables, producing coconut sugar instead of copra, etc. In assessing the added value to the product, the increase in gross sales or selling price is considered.

Scoring for potential for value addition shall be based on Table 4.

Table 4. Standardization matrix for Potential for Value Addition

Potential for Value Addition		Standardization Values
High	(>20% increase in value)	9
Medium	(10% - 20% increase in value)	6
Low	(< 10% increase in value)	3

C. Impact on the Poor (20%)

A. Description

Impact on the poor is given the weight of 20% in consideration of the government's objective of poverty alleviation and inclusive growth, as expressly indicated as objectives of the PRDP, thus: (a) 10% increase in real farm and fishery household incomes, including on-and off-farm, in the program areas; (b) 20% increase in the number of farmers and fishers with improved access to, and use of technologies and information in the program area (i.e., in regard to weather, market prices, quality, packaging requirement etc.).

Hence, commodities that have the potential to increase or create income for the most number of poor people, while providing opportunities for gender equality, shall be promoted.

Data inputs for this group of criteria shall be sourced from the results of the participatory resource assessment (PRA) and resource and social appraisal (RSA).

B. Assessment and Scoring

Number of poor involved (50%). Involvement of a large number of poor in the production and marketing of a commodity is desired. Generally, the more poor people are involved, the greater is its poverty reduction potential. Involvement may come in the form of employment or temporary hiring which leads to income creation or increase.

Most of the time, the poor choose agricultural commodities that require a relatively small investment and input needs, require traditional or low tech skills, can be produced on marginal land, are important for household consumption, and/or have low production and marketing risks. On the other hand, there are commodities that are naturally labor intensive to produce and further processing would also require a large pool of manpower. The importance of the value chain approach surfaces here in that it

identifies the needed interventions in the weak links where the poor may be assisted to be able to level up and get out of the cycle of poverty.

Table 5. Standardization matrix for number of poor people involved.

Number of Poor Involved	Standardization Values
> 40% of the poor in the province	9
36% - 40% of the poor in the province	8
31% - 35% of the poor in the province	7
26% - 30% of the poor in the province	6
21% - 25% of the poor in the province	5
16% - 20% of the poor in the province	4
11% - 15% of the poor in the province	3
6% - 10% of the poor in the province	2
1% - 5% of the poor in the province	1

Potential to raise/create income (50%). This criterion refers particularly to the poor (those belonging below the poverty threshold) and is the essence of the objective of the PRDP. To be able to use the matrix, the income profile of households in the project areas should be established.

Table 6. Standardization matrix for Potential to Raise/Create Income

Potential to Raise Income	Standardization Values
High (> 10% increase in income)	9
Medium (6% - 10% increase in income)	6
Low (< 6% increase in income)	3

For example, if the current average farm income in the locality is P10,000.00 per month and there is an opportunity (ref. to ease of entry) to produce bananas at a volume and that could raise the income of the family by 5% or from P10,000 to P10,500 then Commodity Banana will be rated as having a Medium potential to raise income and given a standardization value of 0.6.

Computing for the added income will follow standard accounting procedures:

Revenues (volume of bananas produced – projected selling price)
 Less: Cost of Production (raw materials or inputs + direct labor + overhead)
 Equals: Gross Profit
 Less: Operating Costs
 Equals: Net Income before Taxes
 Less: Taxes
 Equals: Net Income

D. Number of Growers/ Producers (30%)

1. Description

Number of growers/producers is given a 40% weight in consideration of the government's objective of poverty alleviation and inclusive growth, as expressly indicated as objectives of the PRDP, thus: (a) 10% increase in real farm and fishery household incomes, including on-and off-farm, in the program areas; (b) 20% increase in the number of farmers and fishers with improved access to, and use of technologies and information in the program area (i.e., in regard to weather, market prices, quality, packaging requirement etc.).

Hence, commodities that have the potential to increase or create income for the most number growers, most of whom are poor, while providing opportunities for gender equality, shall be promoted.

Data inputs for this criterion shall be sourced from the data of BAS.

2. Assessment and Scoring

Involvement of a large number of growers in the production and marketing of a commodity is desired. Generally, the more poor people are involved, the greater is its poverty reduction potential. Involvement may come in the form of employment or temporary hiring which leads to income creation or increase.

Most of the time, the poor choose agricultural commodities that require a relatively small investment and input needs, require traditional or low tech skills, can be produced on marginal land, are important for household consumption, and/or have low production and marketing risks. On the other hand, there are commodities that are naturally labor intensive to produce and further processing would also require a large pool of manpower. The importance of the value chain approach surfaces here in that it identifies the needed interventions in the weak links where the poor may be assisted to be able to level up and get out of the cycle of poverty.

Table 7. Standardization matrix for number of growers/ producers involved

Number of Growers/Producers Involved	Standardization Values
> 40% of the target growers/producers in the province	9
36% - 40% of the target growers/producers in the province	8
31% - 35% of the target growers/producers in the province	7
26% - 30% of the target growers/producers in the province	6
21% - 25% of the target growers/producers in the province	5

16% - 20% of the target growers/producers in the province	4
11% - 15% of the target growers/producers in the province	3
6% - 10% of the target growers/producers in the province	2
1% - 5% of the target growers/producers in the province	1

III. RANKING AND PRIORITIZATION

Use of Annex 2B shall facilitate ranking and prioritization.

Step 1: Compute for the weighted score of each Criterion.

For Suitability, a major criterion without any sub-criterion under it, its raw score is multiplied by its weighted score.

For example: If the score is 9 (Highly Suitable), this score is multiplied by the weight of Suitability, i.e., 20%:

Criteria	Weight	Commodity 1 Score	Weighted Score
I. Suitability	20%	9	1.8

For Market Potential which has various sub-criteria, the weighted score of a sub-criterion is arrived at by multiplying its score (standardization value) by its given weight.

Ex. Market size: $20\% \times 9 = 1.8$

Step 2: Add up the weighted scores of each indicator to get the weighted score of the criteria group.

Ex. The weighted score of Market Potential below is **3.04** ($1.8 + 1.2 + 1.0 + 3.6 = 7.6$; $40\% \times 7.6$).

Criteria	Weight	Commodity 1 Score	Weighted Score
II. Market Potential	30%		2.28
1. Market size	20%	9	1.80
2. Market growth potential	20%	6	1.20
3. Ease of entry	20%	5	1.00
4. Potential for value addition	40%	9	3.60

The same process shall be repeated for Impact on the Poor. Hence:

Criteria		Weight	Commodity 1 Score	Weighted Score
III. Impact on the Poor		20%		1.50
	1. Number of Poor People Involved	50%	9	4.50
	2. Potential to Raise/Create Income	50%	6	3.00

The same process shall be repeated for Number of Growers/Producers Involved. Hence:

Criteria		Weight	Commodity 1 Score	Weighted Score
IV. Number of Growers/Producers Involved		30%	6	1.80

Step 3: The weighted score for all four criteria groups shall be summed up to get the total weighted score per commodity.

Criteria		Weight	Commodity 1 Score	Weighted Score
I. Suitability		20%	9	1.80
II. Market Potential		30%		2.28
	1. Market size	20%	9	1.80
	2. Market growth potential	20%	6	1.20
	3. Ease of entry	20%	5	1.00
	4. Potential for value addition	40%	9	3.60
III. Impact on the Poor		20%		1.50
	1. Number of Poor People Involved	50%	9	4.50
	2. Potential to Raise/Create Income	50%	6	3.00
IV. Number of Growers/Producers Involved		30%	6	1.80
Total Weighted Score				7.38

Step 4: The commodity with the highest weighted score shall be given the highest rank.

For example:

Criteria	Commodities			
	Commodity 1	Commodity 2	Commodity 3	Commodity 4
Total Weighted Score	7.38	7.62	8.45	6.52
Rank	3	2	1	4

The scoring and ranking shall be done for all commodities in the commodity list. The top 5 commodities will be forwarded for value chain analysis based on their ranking.

IV. Emerging commodities and products. As stated in the main report of the I-PLAN manual, emerging commodities or product lines not included in the priority list of commodities and products to be subjected for VCA at the national and regional levels but are being pushed by the LGUs due to their importance in local development and the LGUs' willingness to subject these commodities to VCA, shall still be considered in the PCIP of the province. However, they will be graded on suitability and market potential using a modified scoring sheet in **Annex 2B**. Emerging commodities with a total weighted score of at least 5.0 shall be included in the list of priority commodities.

Annex 2A
Commodity Prioritization Worksheet

Criteria	Weight	Priority Commodities					
		Commodity 1		Commodity 2		Commodity 3	
		Raw Score	Weighted Score	0	Weighted Score	Raw Score	Weighted Score
I. Suitability	20%	0	0.00	0	0.00	0	0.00
II. Market Potential	30%		0.00		0.00		0.00
1. Market size	20%	0	0.00	0	0.00	0	0.00
3. Market growth potential	20%	0	0.00	0	0.00	0	0.00
4. Ease of entry	20%	0	0.00	0	0.00	0	0.00
5. Potential for value addition	40%	0	0.00	0	0.00	0	0.00
III. Impact on the Poor	20%		0.00		0.00		0.00
1. Number of Poor People Involved	50%	0	0.00	0	0.00	0	0.00
2. Potential to Raise/Create Income	50%	0	0.00	0	0.00	0	0.00
IV. Number of Growers/Producers	30%	0	0.00	0	0.00	0	0.00
Total Weighted Score	100%		0.00		0.00		0.00
Rank							

Instructions:

- Use the value points in Tables 1-5 of Annex 2 (Guide to Commodity Prioritization Tool) for the different parameters as indicated in the worksheet above.
- Enter the scores in the shaded column for each commodity being evaluated.

SAMPLE COMPUTATION

Criteria	Weight	Priority Commodities					
		Tomato		Onion		Goat	
		Raw Score	Weighted Score	Raw Score	Weighted Score	Raw Score	Weighted Score
I. Suitability	20%	9	1.80		0.00		0.00
II. Market Potential	30%		1.38		1.56		1.50
1. Market size	20%	6	1.20	6	1.20	3	0.60
3. Market growth potential	20%	6	1.20	9	1.80	3	0.60
4. Ease of entry	20%	5	1.00	5	1.00	7	1.40
5. Potential for value addition	40%	3	1.20	3	1.20	6	2.40
III. Impact on the Poor	20%		1.00		1.20		1.10
1. Number of Poor People Involved	50%	4	2.00	6	3.00	2	1.00
2. Potential to Raise/Create Income	50%	6	3.00	6	3.00	9	4.50
IV. Number of Growers/Producers	30%		0.00		0.00		0.00
Total Weighted Score	100%		4.18		2.76		2.60
Rank			1		2		3

Annex 2B

Emerging Commodity / Product Prioritization Worksheet

Criteria		Weight		Priority Commodities									
				Commodity 1		Commodity 2		Commodity 3		Commodity 4		Commodity 5	
				Raw Score	Weighted Score	Raw Score	Weighted Score	Raw Score	Weighted Score	Raw Score	Weighted Score	Raw Score	Weighted Score
I. Suitability		40%			0.00		0.00		0.00		0.00		0.00
II. Market Potential		60%			0.00		0.00		0.00		0.00		0.00
	1. Market size		20%		0.00		0.00		0.00		0.00		0.00
	3. Market growth potential		20%		0.00		0.00		0.00		0.00		0.00
	4. Ease of entry		20%		0.00		0.00		0.00		0.00		0.00
	5. Potential for value addition		40%		0.00		0.00		0.00		0.00		0.00
Total Weighted Score		100%			0.00		0.00		0.00		0.00		0.00
Rank													

Instructions:

- 1. Use the value points in Tables 1-5 for the different parameters as indicated in the worksheet above.
- 2. Enter the scores in the shaded column for each commodity being evaluated.

Annex 3

FOCUS GROUP DISCUSSION

I. Definition

Focus group discussion is a structured way of gathering information from a group of people on a subject of interest¹ either by face-to-face interaction or via a video conference.

II. Uses of FGD

The FGD is often the fastest way of:

1. gathering data, including: opinions, beliefs, attitudes, perceptions, behaviors
2. validate or test ideas, programs, proposed policies and regulations
3. get feedback, identify or assess the need for programs and services

III. Steps in Conducting a Focus Group Dialogue²

Below is a brief outline of the eight steps recommended in the conduct of focus group dialogue:

1. Decide if focus groups are the right tool for you to get the information you need. Focus groups are useful if the discussion among participants will help provide insight, the group atmosphere will stimulate honest response, the discussion can be limited to well-defined topics, and the logistics can be managed.
2. Determine who should participate in your focus group(s). Consider factors such as social class, life cycle, user and nonuser status, age, culture, literacy/formal education, etc.
3. Draft a screening questionnaire to help recruit and place participants.
4. Develop a topic guide. There are four primary stages of the focus group discussion; the topic guide should follow this basic flow:
 - A. Introduction

The moderator provides an overview of the goals of the discussion and introductions are made. (Approximately 10 minutes.)

¹Gerritsen, A., *Focus Group Discussions – A Step-by-Step-Guide*, April 2011, Available HTTP, <http://www.epiresult.com/methods/focus-group-discussions-%E2%80%93-a-step-by-step-guide/> (Accessed January 09, 2013).

²This section was lifted from Florida Department of Health, Florida MAPP Field Guide: A Step-by-Step Approach to Conducting a Focus Group Dialogue, modified on: 04/18/2007, Available HTTP <http://www.doh.state.fl.us/planning_eval/chai/Resources/FieldGuide/4CommThemesStrength/TS_FocusGroup.htm> (accessed January 09, 2013).

B. Rapport Building Stage ☐

Easily answered questions are asked to encourage participants to begin talking and sharing.

(Approximately 10 minutes.)

C. In-depth Discussion

☐ The moderator focuses on the main questions in the topic guide, encouraging conversation that reveals participants' feelings and thoughts.

(Approximately 60 minutes.)

D. Closure ☐

The moderator summarizes the impressions or conclusions gathered and participants clarify, confirm or elaborate on the information.

(Approximately 10 minutes.)

5. Design forms for the moderator and note taker to use. The moderator may want a summary sheet with a reminder of key information about participants. The recorder (which all focus groups should have) can use forms with the focus group questions on it or another option is a two-column format organizing comments and quotes in one column and observations and interpretations in the second.
6. Draft a self-evaluation form. The self-evaluation form can help the moderator to improve his/her skills over time.
7. Practice a focus group discussion in advance so that everything will run smoothly. Then, conduct the focus group(s), being sure to tape them so that everything is captured.
8. Organize your notes for the focus group report. After conducting the focus groups, the moderator and note-taker should review notes to fill in gaps and ensure accurate and complete information has been gathered. Keep a list of participants who were at the focus group sessions (i.e., have a sign-in sheet) so that you can keep them informed about next steps and gather additional feedback.

IV. Report Outline

Results of the FGD should be contained in a report, with the following information:

1. Title Page : Title, Researcher/s, Date
2. Introduction : Problem Statement, Rationale, Significance, Objectives
4. Process: setting, participants, questions, method/s of analysis
5. Synthesis of Data Around Key Themes

Annex 4

CONDUCTING A RAPID MARKET APPRAISAL (RMA)

I. Rationale and Objectives for the Conduct of a Rapid Market Appraisal

A Rapid Market Appraisal (RMA) is an iterative and interactive research methodology, which is used to better understand complex market systems in a short time. (Adapted from *Young 1994*).¹ It is a methodology that facilitates the identification of proper interventions or support programs to improve efficiency or strengthen the marketing system in a way that would bring the broadest benefits to the most number of participants in the system.

It facilitates understanding of how products or commodities flow to end users. It makes evaluation of the marketability of a commodity easier. For farmers who often sell their products to middlemen and are not too keen on studying the end customer's needs or desires, the RMA will make the farmers aware of other opportunities that could increase their incomes.

In summary, the objectives of RMA are to:

- a. obtain information about how a commodity sub-sector is organized, operates and performs;
- b. reorient production to respond to changing demand or adapt production and marketing strategies to improve market position;
- c. identify market constraints and opportunities;
- d. identify and diagnose policy and regulatory problems that require government (and donor) and private sector analysis, attention and action;
- e. recommend interventions in commodity system organizations and technologies.²

However, for the purpose of PCIP preparation, since the RMA results are inputs to the Commodity Prioritization Tool and to the VCA, the activities will concentrate in objectives a-c.

II. Steps in Rapid Market Appraisal

The sub-planning team shall undergo the following RMA steps that are summarized in the following table:³

¹S. Joss, H. Schaltenbrand, P. Schmidt, *A Rapid Market Appraisal Tool Kit: Theoretical Background and Experiences from various RMA Events*, Helvetas Publications, No. 3, Switzerland, February 2002.

²S. Budidarsono, *Rapid Market Appraisal: Understanding Market Opportunity for Market-Oriented Smallholder Agroforestry Systems* (A Flyer produced by the TUL-SEA Project funded by the Federal Ministry for Economic Cooperation and Development), Available HTTP http://www.icraf.com/sea/projects/tulsea/sites/default/files/inrm_tools/02_TULSEA_RMA.pdf (Accessed November 14, 2012)

³ Joss, *op.cit.*, p.18

1 Day	1 Week	3 days
<ul style="list-style-type: none"> • Set objective • Identify RMA participants • Set framework (commodity, markets to be expected, clients, traders, producers) • Identify various logistics and documents needed <p>If FGD is needed:</p> <ul style="list-style-type: none"> • Identify local resource and contact persons • Identify key questions 	<ul style="list-style-type: none"> • Brief and train all participants about the exercise (objective, methodology, marketing terms) • Collect and study secondary market data on market size, growth, ease of entry and potential for value addition • Validate secondary with primary sources through FGD, if necessary • Present and discuss result of the secondary data 	<ul style="list-style-type: none"> • Complete and analyze data report • Prepare RMA report <ul style="list-style-type: none"> - Size of market - Potential for growth - Barriers - Potential for value addition

III. Outline of RMA Report

The RMA Report shall follow the following outline:

1. Commodity / Product Characteristics
2. Marketing System Organization
3. Existing Supply and Demand and Trends
4. Market Conditions and Prospects (including External Trade and Competition)
5. Government /Policies and Regulations
6. Investment Requirements
7. Problems and Constraints

[illegible]

Contents of the Provincial Commodity/ies Investment Plan (PCIP)

(Brief description of issues and challenges in the province's overall development in general and in agriculture and agribusiness development in particular)

(Brief description of the overall development goals and agriculture/agribusiness development goals, approach/strategy and target outcomes/results)

(This section will be repeated as many times as there are commodity value chains for the province)

A. Commodity Profile

*Analysis of the province by municipality using the E-VSA tool using selected indicators/data

- Brief description of role of value chain in agriculture development in the province (1` paragraph)
- Analysis and prioritization of the target location (by municipality) of interventions using the E-VSA tool
- PCIP Matrix: (prepared for each commodity value chain in the province)

[illegible]

Assembly									
Transformation									
Marketing									
Final Market									
Support Services:									
Logistics									
Financing									
R & D									
Extension									
Laboratory									
Enabling Environment:									
Policy									

Explanatory Notes and Guide to PCIP matrix preparation:

Column 1 – Value Chain Segment and Services

This column refers to the segment of the VC analysis but only affected part/s of the value chain that requires improvement or intervention shall be filled up.

Column 2 – Key Gap/ Constraint in VC Development in the Province

Based on national and regional VCAs, identify the gap and the corresponding constraint in the development of the affected part of the value chain. For the VC segment, information for this column can be taken from VCA Table 1 of the VCA report; while for the support services (except Logistics) and enabling policy, information can be taken from the VC report section 5 and section 6, respectively. Logistics can also be supported by VC Table 1 of the VCA report.

– Brief Description of Potential Intervention

Also called Upgrading Strategy, this column identifies the intervention (service, project/enterprise, infrastructure, business enabling program, etc.) that will ease, if not eliminate, the constraint or gap identified in the preceding column. If the intervention identified in the VCA is stated in general terms (e.g. access to quality seedlings), the planning team should identify more specific project/enterprise, infrastructure, etc. Information for this column can be taken from VC Table 2 of the VCA report.

Column 4 – Target Result/ Outcome

This column indicates the quantifiable result of the intervention, including # of farmers/ fisherfolk reached (if applicable) in connection with the overall objectives of the PRDP.

Column 5 – Target Areas to be covered

The municipalities and barangays that are to be covered in the implementation, including extent of coverage, are identified. This section will be enhance by using the E-VSA tool.

Column 6 – Proposed Lead & Other Players

The lead and other players in the implementation of the intervention shall be identified. This section is application only for potential interventions that may be developed into an enterprise. For interventions that are public goods like FMR, the implementor will be the PLGU.

Column 7 – Estimated Project Cost

The cost of the intervention shall be estimated, however, for those interventions that will qualify under the I-REAP and/or I-BUILD details cost estimates will be done during the Business Planning and /or FS/DED preparation.

Column 8 – Proposed Sources of Funds

Identify whether the proposed intervention will be funded by the PLGU regular funds, the DA-PRDP, other DA funded sources, other NGAs i.e. DOST, DTI. DAR, through banks or through the

Column 9	private sector.
	– Remarks
	Other observations, notes or ideas in relation to any of the inputs in any of the columns are indicated here.
Column 10	– Rank
	The rank of the proposed intervention is indicated in this column. Ranking of interventions is important for the PLGU to determine optimum allocation of scarce resources. However, what ranking provided by the PLGU may not automatically be the priority for sub-project under I-REAP or I-BUILD components, as each component has its own selected criteria.

IV. Institutional Arrangements for PRDP-funding

Brief statements on:

1. Implementation/ implementation supervision
2. Organization & Management
3. Monitoring & Evaluation
4. Safeguards

V. PDC and/or SP Resolution endorsing the PCIP and the PLGU commitment for budget counterparting.

Annex 6.1

STAKEHOLDERS WORKSHOP DESIGN FOR VCA

1. **Getting to Know All Players** – who they are, and what their roles in the value chain are, their strengths and position in the value chain. The stakeholders will also be tasked to characterize their relationships with the other industry players. This light, informal activity will help the participants prepare themselves mentally and emotionally for the rest of the workshop.

Paint Me a Picture

It is important to break the ice and build trust between the facilitators and the participants, and among the participants when stakeholders workshops are conducted for the first time. Instead of doing a roll call or asking the participants to briefly introduce themselves, the process can be made more exciting and more meaningful by getting everybody to share their perceptions of who or where they are in the value chain, what their roles are and what are their strengths and weaknesses as a key player in the value chain.

The outputs of the exercise, though revealing in nature, in terms of the nature of relationships between and among players, can be openly discussed as these are anecdotal in nature and are by no means meant to be offensive for other players.

Providers, processors and exporters, who are used to these type of structured workshops, can easily describe what are their backgrounds and working environments, but for farmers and traders, making the session visual, where they literally paint the context of their working environment will facilitate the drawing out of key information that would set the tone of the rest of the workshops.

This less formal activity also prepared the participants mentally and emotionally for the workshops, in lieu of the usual Ice Breaker.

Steps

- a. The participants are grouped according to their functions in the value chain
- b. Each group is given a poster paper and pen and they draw a symbol representing themselves, in relation to their roles or functions in the industry.
- c. The participants identify other industry players: farmers, traders, small processors, or big processors/exporters, government and other providers, that they do business with, and draw them around their personal symbol
- d. The groups describes the status, or their personal satisfaction levels on these relationships with the other players, using the following symbols:

😊 very happy

😐 indifferent

😞 very unhappy

- e. The participants then make a 1 minute oral presentation to elaborate on the highlights of their drawing, and to answer questions.

- f. The drawings are kept as a baseline reference

2. Presentation of Value Chain Analysis Findings

Presentation of the summary and highlights of the findings of the snapshot value chain analysis. Production and marketing trends are described. Key constraints and opportunities that were obtained from the desk research and the key informants interviews are also presented.

3. **Validation of the VCA Findings.** Participants are given the opportunity to validate the findings of the Snapshot Value Chain Analysis by personally contributing additional information, and by supporting or questioning the data that was presented.

Highlights of the snapshot VCA is posted on big manila papers and displayed on various corners of the workshop venue. Participants are asked to walk through these posters like bees or flies, hence the name for the workshop: **Info Buzz**. The stakeholders place a “check mark” on specific points in the study that they fully agree with, and a “question mark” on specific points that they don’t agree with. Comments and additional relevant information are also welcome, so it can be properly considered in the final version of the study.

4. **Describing the “Competitiveness Vision of the Industry”** *How would the industry look like if it were more competitive?*

The competitiveness criteria will focus on: Efficiency, Product Differentiation and Taking Advantage of New Markets.

This workshop will make use of drawings and use of key words to facilitate the drawing out of inputs from all stakeholders.

The industry will collectively formulate their working vision, describing their desired situation vs. their current situation after 2 years. Since it is a working vision, bounded by a 2 year time frame, it should be realistic.

Focus Questions:

- Markets that the VC will penetrate within the next three years
- Product formats that industry will offer to the market
- Product characteristics that the value chain will be identified with
- Relationships and work environment among players in the industry
- Ways that the industry can compete more efficiently in target markets
- Ways that the industry can provide more economic opportunities for the poor

5. **Identifying Underlying Causes** - identification of main constraints and opportunities faced by the specific stakeholders. The stakeholders need to identify the major constraints that prevent them from getting bigger incomes, from taking advantage of given opportunities, from making the industry more competitive.

This will weed out the symptoms from the underlying causes so that the appropriate interventions are formulated. A haphazardly done root cause analysis will result in the formulation of intervention strategies which will fail to address the root cause and which can also potentially do more harm than good.

Root Cause Analysis

- Participants write down main constraints faced by the industry; 1 constraint per meta card
- Members present meta cards to the group with a brief elaboration.
- Similar constraints are grouped together
- Up to 3 priority constraints – most number of times the constraint came up – are identified
- And for each priority constraint, a series of 3 or more why questions is asked to determine the root cause

Top 3 Constraints	1 st Why	2 nd Why	3 rd Why
1.			
2.			
3.			

6. Identification of Potential Solutions – these will be used as inputs for the Program Design/Industry Development Plan

Based on the identified key constraints, the stakeholders collectively identify what needs to be done. And each of them will take concrete steps towards the realization of these targets by staking what they can contribute and what they can commit.

Constraint	Root Cause	What Needs to be Done?	Our Commitment and Contribution
1.			
2.			
3.			

The stakeholders are asked these questions:

- What can I do to address the constraints and opportunities?
- Who among the value chain players can assist in addressing the constraints and opportunities? Who can make it work?
- What can I offer to people who can assist me?
- What incentives can I offer for positive change to take place?

This part of the workshop will try to harness the potentials of each value chain player to sustainably contribute to industry development.

The groupings and the workshop methodology will ensure that the stakeholders will be thinking and brainstorming as a collective group rather than as an individual enterprise.

PROPOSED 1-DAY PROGRAM OF ACTIVITY

TIME	ACTIVITY/WORKSHOP
9:00 – 10:00 am	1. Getting to Know All Players
10:00 – 10:30 am	2. Presentation of Value Chain Analysis Findings by RPCO
10:30 – 11:00 am	3. Validation of the VCA Findings (Info Buzz)
11:00 – 12:00 nn	4. Describing the Competitiveness Vision of the Industry
1:00 – 2:30 pm	5. Identifying Underlying Causes
2:30 – 4:00 pm	6. Identification of Potential Solutions

Annex 6.2

STAKEHOLDER CONSULTATIONS FOR PCIP

I. Definition

Stakeholder consultation is a process by which people who may affect or be affected directly or indirectly, positively or negatively by the actions related to the implementation of a project are invited to express or exchange views on a subject of interest.¹

The stakeholder then is an individual or a group of people who may affect or be affected by an organization or its activities.²

II. Value and Principles for Stakeholder Engagement

There is a long list of values and guiding principles for stakeholder engagement. The most common are the following:³

- a. Stakeholder consultation is always a two-way process.
- b. Stakeholders have a say in decision making on actions that may affect their lives.
- c. Stakeholder consultation provides stakeholders with the information that they need to be able to participate meaningfully.
- d. Stakeholder consultation reports to the stakeholders how their inputs affected decisions on issues consulted.
- e. Stakeholder consultation listens and takes into consideration the diverse voices, especially those of the vulnerable groups.

III. Steps in Stakeholder Consultation

Stakeholder consultations are recommended to be undertaken at the very start of a proposed project. This gives the project a better chance of success in that consultations provide information that promote opportunities for making correct decisions and project designs. This is not to say that stakeholder consultation stops at project inception. Stakeholder consultation should likewise be done during project implementation, this gives the implementer the opportunity to adjust project design and respond better to the needs of the stakeholders.

A stakeholder consultation has five major steps which may be reiterated:⁴

¹Brinkmann Consultancy for the NL Agency of the Dutch Ministry of Economic Affairs, Agriculture and Innovation, *How to execute a stakeholder consultation? A guidance note*, November 2011, p. 7.

²AccountAbility, United Nations Environment Programme and Stakeholder Research Associates Canada, Inc., *From Words to Action: the Stakeholder Engagement Manual, Volume 2: The practitioner's Handbook on Stakeholder Engagement*, 2005, p. 136.

³Brinkmann, p.11.

⁴Brinkmann, p. 13.

Step 1. Identification of stakeholders

The success of a consultation is dependent on the adequate representation and nature of the participants. Care should be taken, therefore, in identifying and selecting the stakeholders to ensure a successful consultation.

Everyone who has a stake in the project or issue must be considered as a participant in the consultation. A list of known stakeholders is useful in prioritizing and identifying the final participants.

It may be that some groups lack organizational or financial means to make their voices heard, while some groups are more established. Effort should be made to include the weaker stakeholder groups. One way to do this is to hold separate or special consultations with them.

Step 2. Conduct of meetings to prepare for stakeholder consultation

A stakeholder consultation should provide for the most appropriate venue, time and duration, and adequate resources both financial and human. The stakeholder participants should be provided with enough information on the issues or projects to be discussed and invited well in advance.

The most appropriate stakeholder approaches should be planned in consideration of the participants' level of maturity and knowledge about the subject of the consultation. The stakeholder approaches that may be used are discussed in section IV below.

In preparing for the consultation, a plan and a checklist of things and activities to be performed and the attendant requirements are useful tools. A sample plan cum checklist follows: ⁵

Overview	
Subject of Engagement - Scope:	
Strategic Objectives - Intended Outcomes:	
Engagement Approach - Method(s):	
Targeted Stakeholder Groups & Representatives:	

⁵AccountAbility, p. 116.

Practical Plan			
	Activities & Resources	Responsibility	Timeframe
Preparation			
Invitation / publicity			
Pre-information			
Logistics			
Venue, timing			
Transport, food, lodging etc.			
Equipment etc.			
Participants reimbursement			
Process to meet desired outcomes			
Agenda/plan for the event			
Ground rules and terms of reference			
On the day roles and facilitation			
Record keeping and Assurance			
Assurance Procedure			
Feedback to participant			
Wider communication of results			
Signals of success (hoped for inputs and outcomes)			
Participant satisfaction feedback method			
Risk Assessment			
Risks:			
Contingency plan:			

Step 3. Execution of stakeholder consultation

The consultation meeting is the very essence of the process of stakeholder consultation and the size of the meeting impacts on the quality of participation of the stakeholders. In deciding on the size of the meeting, the following shall be borne in mind:⁶

⁶Brickmann, p. 15

Size	Participation
3-6 people	Everyone speaks
7-10 people	Almost everyone speaks; quieter people speak less; one or two may not speak at all.
11-19 people	5 or 6 people speak a lot, 3 or 4 join occasionally
19-30 people	3-4 people dominate
> 30 people	Little participation in a discussion is possible

No matter what the size, the role of the facilitator is crucial to the success of the consultation. The facilitator makes sure that the agenda is understood by all participants and steers the meeting so that the objectives of the consultation are achieved. He engages all people present and makes sure that everything said is understood by all. The facilitation techniques that the facilitator may use are discussed in section V below.

The planners of the consultation shall see to it that the proceedings of the consultation are documented, especially all comments, reactions, and recommendations from the stakeholders.

Step 4. Analysis and dissemination of consultation process results

From the documentation proceedings, the participants' comments and recommendations shall be sifted and analysed as to reasonableness. These shall form the bases for the conceptualization or any change in the design of a project. It is important that all project features or changes in project design as a result of stakeholder comments and suggestions are communicated to these stakeholders. Doing so will increase the sense of ownership of the project by the stakeholders.

Step 5. Follow-up steps

The consultation report shall be disseminated to the stakeholders, especially on aspect of the consultation that formed the basis for the design of the project. This reporting may be done in a subsequent feedback meeting to allow for elaboration on the results of the consultation.

In case the resulting project design is barraged by negative feedback, which could not be addressed immediately, another assessment may be needed, this time by a third party.

It must be remembered that consultation should be an iterative process. Hence, consultation should be done not only at the start of a project (as basis for project conceptualization or design) but also throughout project implementation. The continuous

process of consultation maintains or improves stakeholder relationships and keeps the project relevant.

IV. Stakeholder Consultation Approaches

The most common stakeholder engagement approaches are described below.⁷ These approaches may be used alone or in combination with other approaches. The selection of the best approach to use is often determined by the availability of resources needed to implement them as well as the most effective means of achieving the researcher's objectives.

- a. Written responses or reply slips – stakeholders are invited to provide information, feedback, advice, opinion or recommendation on certain on-going or proposed issues or projects.
- b. Telephone hotlines – the counterpart of written responses, these are verbal over the phone responses requested from stakeholders on certain on-going or proposed issues or projects.
- c. One-to-one meetings – these are face-to-face (or internet facilitated) meetings used to gather data, feedback, advice, opinion or recommendations from stakeholders on certain on-going or proposed issues or projects.
- d. Online mechanisms – these are internet based facilities, like emails, social networking, video conferencing, etc.
- e. Focus groups – these are small group meetings to get feedback on a particular issue or project
- f. Public meetings – these are meetings that are open to the public because the stakeholders constitute a large number and are widely spread. This approach may be useful for the discussion of non-controversial issues.
- g. Surveys – research on general or specific issues may be done through surveys of all or a representative sample of the stakeholders. This may be done by telephone, online, by post or in-person.
- h. Stakeholder advisory – stakeholders may be invited to provide advice or recommendations on certain issues or projects
- i. Multi-stakeholder forums – dialogue between representatives of different stakeholder groups focused around an issue of mutual concern

V. Facilitation Techniques

The success of a stakeholder consultation may lie in the skill of the facilitator in the technique that he decides to employ, especially if the consultation approach used involves

⁷AccountAbility, pp. 100-108.

the gathering of a group or groups of stakeholders at one time in one venue. The most common facilitation techniques are presented below:⁸

⁸AccountAbility, p. 109.



Common Facilitation Techniques

The table below outlines, very briefly, some of the facilitation techniques that can be used in small or large group meetings. In most cases you would need an experienced facilitator to guide the process.

Name	Purpose	Description
Appreciative Inquiry	Identity and leverage resources and positive experiences which have contributed to success in the past.	Appreciative inquiry used in stakeholder engagement seeks to identify “what works” through inviting participants to recount individual success stories regarding the relationship between a corporation and its stakeholders. These stories serve to inspire a more positive approach to the relationship, and more creativity. Once discovered, these stories are shared throughout the organisation. What is “wrong”, “inadequate” and/or “not good enough” moves out of awareness as the organisation taps into positive possibilities rather than past failings. Appreciate inquiry is based on the idea that a positive future can be built on the successes of the past.
Consensus Building	Collaborative decision making and partnership building between diverse stakeholders.	With the assistance of an unbiased mediator or facilitator, participants are guided through a structured process of raising issues, understanding each other’s views, and then cooperatively developing an agreed upon resolution. A short guide to consensus building: http://web.mit.edu/publicdisputes/practice/cbh_ch1.html
Consensus Conference, Citizens Jury	Stimulate informed public debate.	A panel of stakeholders is brought together and asked to investigate a particular question. The panel selects and then publicly cross-examines experts and produces a report of its findings. Most often used in relation to questions relating to new science or technology.
Nominal Group Technique	Generate and organise ideas quickly.	Break down into small groups to discuss clearly articulated question. Note ideas on 5-8 cards per group. Cards grouped into logical categories and displayed on wall. Groups can prioritise ideas using voting with paper dots. Ideas are shared with larger group in a ‘marketplace’ display.
Open Space Technology	Giving everybody the opportunity to surface and engage on his/her ‘issues’, concerns or ideas.	In Open Space meetings, events and organisations, participants create and manage their own agenda of parallel working sessions around a central theme of strategic importance. Open Space conferences therefore have no keynote speakers, no pre-announced schedules or workshops and no panel discussions. Instead, sitting in a large circle, participants learn in the first hour how they are going to create their own conference. Anyone who wants to initiate a discussion or activity, writes it down on a large sheet of paper in big letters and then stands up and announces it to the group. After selecting one of the many pre-established times and places, they post their proposed workshop on a wall. When everyone who wants to has announced and posted their initial offerings, participants mill around the wall, putting together their personal schedules for the remainder of the conference. The first meetings begin immediately.
Planning for Real	Collaborative decision making in local communities.	Planning for Real is a process trademarked by the Neighbourhood Initiatives Foundation (www.nifonline.org.uk). The process uses large-scale maps and three-dimensional models to promote discussion of planning and community development options.
Scenario Planning	Creative thinking and communication of complex ideas.	A small panel of stakeholders including decision makers and experts are guided by a facilitator to identify key issues relevant to the issue under discussion. From this key trends and driving force are determined. The most important possible trends are then fleshed out into contingent futures.
Visioning	Creative thinking and collaborative planning.	In a visioning process individuals and groups develop a vision for the future. Having developed the vision they then go through a process of ‘back casting’ to translate the vision into more concrete goals and action plans.
World Café	Generate ideas, share knowledge, stimulate creative thinking, and explore action possibilities with quite large groups.	Seat people at tables of 4 or 5 set up informally in a café style. Each table is hosted by one person who stays there. Each table discusses a related question linked to the overall theme, drawing and writing on the tablecloth to record ideas. After 30 minutes people move to a new table and are encouraged to link and carry over ideas from one conversation to the next. After several rounds draw together a final synthesis discussion through a whole group discussion. www.theworldcafe.com

Annex 7

Philippine Rural Development Program

PARTICIPATORY RESOURCE APPRAISAL – RESOURCES AND SOCIAL ASSESSMENT (PRA-RSA)

Background

The Philippine rural economy has been characterized for many years by the low income levels of primary producers, low levels of rural employment, lack of food security, weak agricultural competitiveness and an overall high level of rural poverty. The underlying reasons for the relatively poor performance of the sector have been extensively studied¹. Among the factors affecting the sector are poorly developed infrastructure and limited production areas.

Beyond these institutional issues, the Philippines must also contend with the continuing degradation of its natural resources and loss of biodiversity. It has experienced one of the highest biodiversity loss rates in the world with 284 species considered endangered. Likewise, coastal and marine resources continue to be degraded, with less than 3% of the coral reefs still in excellent condition and only 5% of mangrove cover considered to be “old-growth”. Although the Philippines has established approximately 1,300 marine protected areas (MPAs), unfortunately only 10 to 15% are managed properly. Around 50% of these MPAs are less than 10 hectares in total area; hence, only 2% of the country’s marine area is under any form of protection. The inadequacy of technical and human resource capabilities along with the lack of sustainable management of coastal and marine areas has greatly reduced the health of local fisheries and ecosystem services.

Compounding the environmental degradation is the damage caused by frequent destructive weather conditions, which over the past decade have resulted in losses averaging US\$ 500 million annually. Losses have been most severe in the agriculture sector and on the lives of those affected, for whom it can take several years to recover. With the Philippines being ranked high among the major global climate hotspots, sea level rise, temperature increase, changes in rainfall patterns and increasing frequency and intensity of extreme weather events can also be expected.

Results from the Coastal and Marine Biodiversity Conservation (CMBC) component, implemented under the first phase of the Mindanao Rural Development Program (MRDP-1), provided valuable experiences and lessons, such as the need to undertake a landscape/ecosystem approach to ensure sustainable conservation and management of the coastal resources. Experiences in CMBC1 show that siltation and sedimentation, brought about by destructive agricultural land utilization in the

¹World Bank Analytical and Advisory Assistance for Agriculture and Rural Development in the Philippines (Agricultural productivity and Agribusiness); a Synthesis Paper (2011).

upland and forest areas, threaten the condition and recovery of coral reefs, mangroves and seagrass beds.

By integrating upland development with coastal resources management as an overall approach of natural resources management, there is potential for broader and sustainable impact on the income of communities and overall improvement in their quality of lives.

For the second phase of MRDP 2, interventions in coastal resources management incorporated the lessons from CMBC1 and was scaled up to include sustainable land management in the uplands, where land degradation affects the biodiversity and productivity of coastal areas, and expanded to other sites where such upland-lowland-coastal linkages are evident. An integrative ecosystem/watershed management approach was utilized and implemented in 35 municipalities where local NRM benefits and multiple global environmental benefits could be generated from sustainable land management and in selected critical biodiversity-rich sites' municipalities.

The NRM and GEF activities under MRDP2 also featured key institutional partnerships at the regional, provincial, municipal and barangay levels. These included several national government agencies and the entire LGU communities, households, people's organizations, non-government organizations, academic institutions and other civil society sectors in Mindanao.

To ensure that NRM is fully and successfully integrated in the broader value chain of the priority commodity under PRDP it is important that the stakeholders, most specially the project implementers, gain a shared understanding of its operating mechanisms through participatory and demand-driven approaches and strategies.

Rationale

The implementation of the NRM interventions within the commodity value-chain, a fundamental operational and strategic feature of the Philippine Rural Development Program (PRDP) requires the understanding of the current status of the products' natural resource base and the factors affecting its condition and sustainability.

Communities settled within and around the target coastal and watershed areas are the immediate beneficiaries or users of the natural resources. However, they and their practices are also the major causes that result in the degradation and destruction of the upland and coastal ecosystems, the resource base from which the priority commodities rely upon. It is therefore important to involve the communities or resource users in the identification of problems, formulation, implementation and monitoring of any developmental effort that will address enhancement and sustaining the integrity of the critical and relevant ecosystems.

It is thus important to conduct a landscape characterization both for the coastal and upland ecosystems through a Participatory Resource Appraisal-Resource and Social Assessment (PRA-RSA) that would focus on the current situation of the environment and natural resources. The process should be consultative, multi-sectoral and multidisciplinary that would ensure participation and cooperation among the different stakeholders that include NGOs, POs and communities, LGU, RPCO, and support from local and national agencies. The approach would also minimize organizational problems because stakeholders are involved in all stages of problem identification and project identification and planning. The process also emphasizes that the different communities are not only resource users but key decision makers as far as the health and well-being of their immediate environment and sustainable use of the natural resources are concerned.

The conduct of PRA-RSA activities therefore would generate appropriate data and information on biophysical features, demography, socio-economic and political characteristics and the current status of the environment and natural resources with emphasis on the watershed area. The activity also would generate appropriate intervention strategies for landscape enhancement and rehabilitation and livelihood activities that would be sustainable and which will either support sustainable resource utilization or draw the communities away from practices that are destructive to the environment.

Objectives

The primary objective of PRA-RSA is to assess the status of the priority commodities' natural resources base through a participative, consultative, multisectoral and multidisciplinary process.

Specifically, the PRA-RSA will seek to achieve the following:

- Measure, analyze and establish relevant information on forestland, upland, lowland, settlements/ built-up, fresh water and coastal ecosystems both qualitatively and quantitatively within the major watershed area(s).
- Identify and establish the current and potential environment and natural resources management issues, problems, concerns that need to be addressed.
- Identify strength, weaknesses, opportunities and threats that pertain to the current status and sustainability of the natural resources;
- Identify practices, sources of livelihoods and other economic activities and examine the extent to which communities depend on natural resources for their sustenance and day-to-day household requirements.
- Identify and assess past and current NRM efforts.
- Assess the capacity of the stakeholders and beneficiaries to undertake NRM intervention activities.
- Provide recommendations pertaining to the conservation, protection and enhancement of natural critical to the priority commodity.

Modalities

Under PRDP, PRA-RSA will be done in two modalities. The first modality is a comprehensive and technically detailed PRA-RSA design adapting from the MRDP2's PRA-RSA framework. In this modality, the PRA-RSA will cover both the broad and detailed assessment of the ecosystems directly relevant to the identified marine protected areas (MPAs) within the selected GEF sites. Both terrestrial and coastal resources will be surveyed and analyzed with respect to their condition, management, and utilization. There will be special emphasis on the factors affecting biodiversity conservation and improving management effectiveness. The PRA-RSA will provide the key technical baseline information complementing the results of the METT and MEAT for each of the GEF sites. This modality will be coordinated and facilitated through the I-PLAN component.

The second modality is the rapid and purposive approach. This modality is enterprise-based, as opposed to the ecosystems-based orientation of the first modality. The purpose of this approach is to determine the relationship between the prioritized commodity and the natural resource base. The determination of this relationship, along with understanding the threats and opportunities that relate to the natural resource base, will aid in assessing the needed NRM interventions that are expected to contribute to ensuring quality and sustained inputs within the commodity value-chain. This modality will mainly employ simple participatory rural assessment methods such as community mapping, focus group discussions, ocular inspections, and key informant interviews, among others. This modality will mainly be done in the I-REAP component. The rapid PRA-RSA will be part of the formulation of the Business Plan.

Procedures and Processes

For the Full PRA-RSA modality, activities will be mainly conducted by qualified specialists (entities can take the form of a consultancy firm, academic institution, or civil society organization). Through a contract, the services of the entity are specified as well as the levels of supervision and expected deliverables. The Full PRA-RSA for the GEF sites is expected to cover not more than 90 days, inclusive of stakeholder consultation, map generation, and report writing.

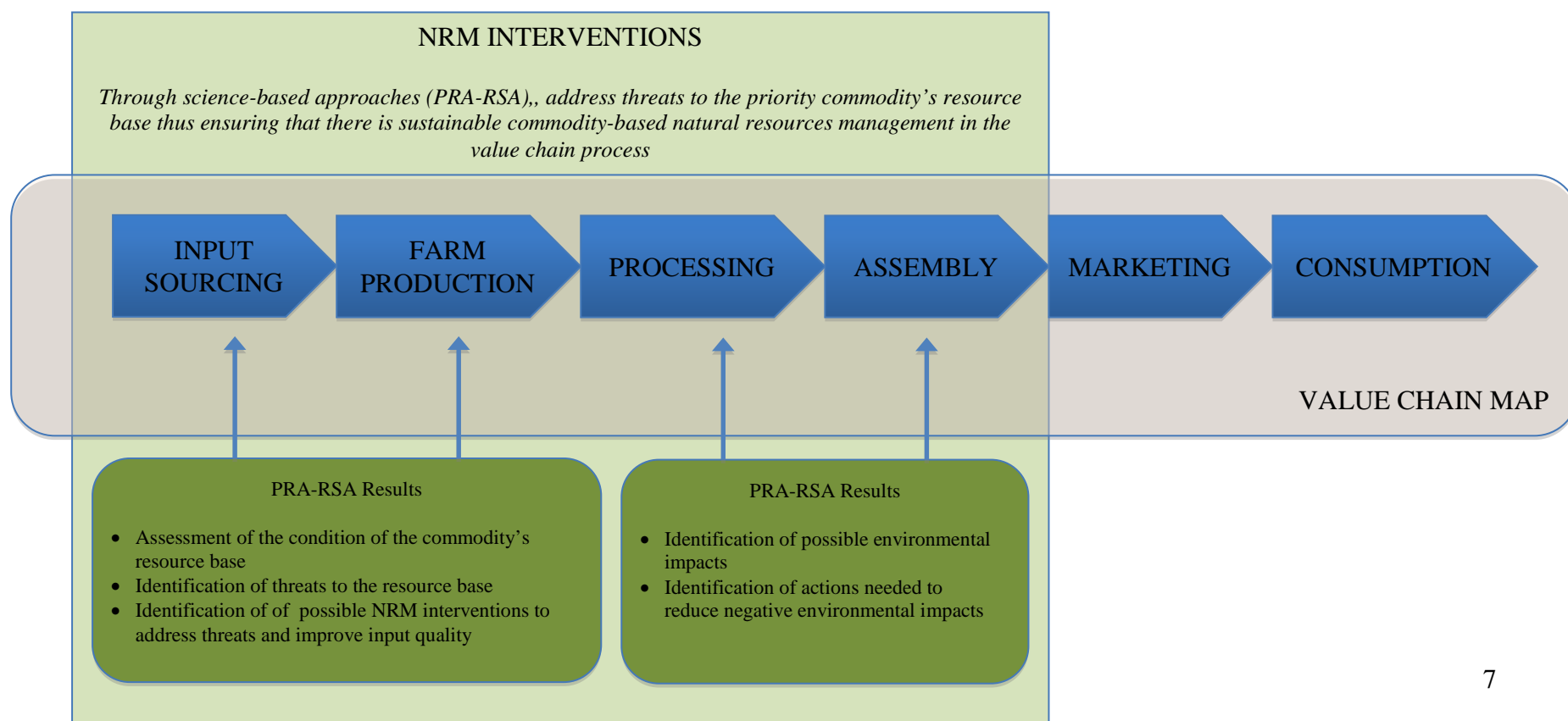
The Rapid PRA-RSA for identified priority commodities will be undertaken by the designated NRM focal person in the RPCO assisted by local technicians from DA, BFAR, DENR, and BSWM. This modality should not take more than 10 days. The table below shows, in a summary and indicative format, the relevant features of each of the PRA-RSA modality.

Modality	PRDP Component	Objective	Activities	Methodologies (indicative)	Office Responsible
Full PRA-RSA	I-PLAN	To assess the condition and management effectiveness of the ecosystems in the GEF sites	<p><u>For the Coastal Ecosystems: Assessment and Analysis on the Biophysical, Physio-Chemical, Socio-Economic aspects in coastal areas, and the threats/pressures of the Coastal Ecosystems</u></p> <ul style="list-style-type: none"> • Conduct Hands-on Training on PRA-RSA to the RPCO/PPMIU/MPMIU TWGs • Conduct survey, mapping, establish stations for study areas during the scientific and extensive assessments of the coastal ecosystems; • Assess, gather, determine, analyze and management of data gathered on the current situation of the biophysical, physio-chemical, socio-economic and the threats/pressures of the coastal ecosystems; • Determine and make analyses on the status of the existing Projects/Programs interventions at all levels; • Conduct Resource and Social Assessment (through Questionnaires, Interviews, Focus Group Discussions using PCRA Tools, Secondary Data Gathering); and • Establish Demography, Socio-economic and Coastal Environmental Profile as a whole. • Expected Outputs and Deliverables are the following (all deliverables should be submitted in both hard and electronic copies) <p><u>For the Forestland/Upland Ecosystems: Social Profiling, Mapping and Situational Analysis</u></p> <ul style="list-style-type: none"> • Guide/coach MTWGs with technical assistance from the regional TWGs/PSO specialists in collection, processing and analysis of the required bio-physical, socio-economic and cultural data and maps from secondary sources; 	<p><u>Overall:</u> FGD, KII, secondary data review, community mapping, SWOT analysis, Institutions Mapping, Issues Tree/Web Mapping, GIS (Geo-mapping and Geo-tagging)</p> <p><u>Coastal:</u> manta-tow, quadrant plots, line transect, trawl, CPUE, etc.</p> <p><u>Terrestrial:</u> transect, quadrant plots, mapping</p>	<p>PSO/RPCO to engage consultants or organization (CSO or SUC)</p> <p>RPCO to supervise and monitor</p>

			<ul style="list-style-type: none"> • Determine data gaps and plan out measures to address them, such as the conduct of community mapping exercises, surveys, key informant interviews, etc. • Supervise preparation of thematic maps according to specifications and standards; • Conduct inventory and assessment of resources in key watersheds and river systems affecting the MPAs in the GEF sites • Identify activities that are threatening the upland ecosystems as well as the local policies and projects related to upland resources management • Organize consultations with key stakeholders to validate the accuracy and completeness of the bio-physical, socio-economic and cultural information and the completed maps; • Guide/coach MTWGs in refinement/revision of data sets and maps as a result of the consultations; • Train the municipal and RPCO TWGs in relevant data gathering and profiling tools and technologies; • Facilitate the review of the MDP and BDPs of the LGUs and beneficiary communities; and • Assess the implementation capacity of the LGU and the POs in the area. • Generate technical and community-based thematic maps, required Outputs and Deliverables are the following 		
Rapid PRA-RSA	I-REAP	To assess the condition of the natural resource base of the priority commodity and	<p>Depending on the priority commodity, the activities for the rapid PRA-RSA are as follows.</p> <p><u>Coastal</u></p> <ul style="list-style-type: none"> • Meeting with the LGU and the MPA managers to review of MPA plans and budget • Conduct assessment of relevant ecosystem and 	FGD, KII, secondary data review, community mapping, SWOT analysis,	RPCO in coordination and with assistance from BFAR, BSWM, and DENR

		provide recommendations for addressing threats and concerns regarding the management of the resource base	<p>habitat (e.g., mangroves, coral reefs, etc.)</p> <ul style="list-style-type: none"> • Inventory of relevant resource base • Identify and agree on proposed interventions <p><u>Terrestrial</u></p> <ul style="list-style-type: none"> • Meeting with the LGU and the PO to review of CLUP and FLUP and budget • Conduct of site visit survey and assessment (e.g., forests, riverbanks, water sources and systems, etc.) • Identify and agree on proposed interventions 	Institutions Mapping, Issues Tree/Web Mapping, GIS (Geo-mapping and Geo-tagging)	
--	--	---	---	--	--

Conceptual and Analytical Diagram



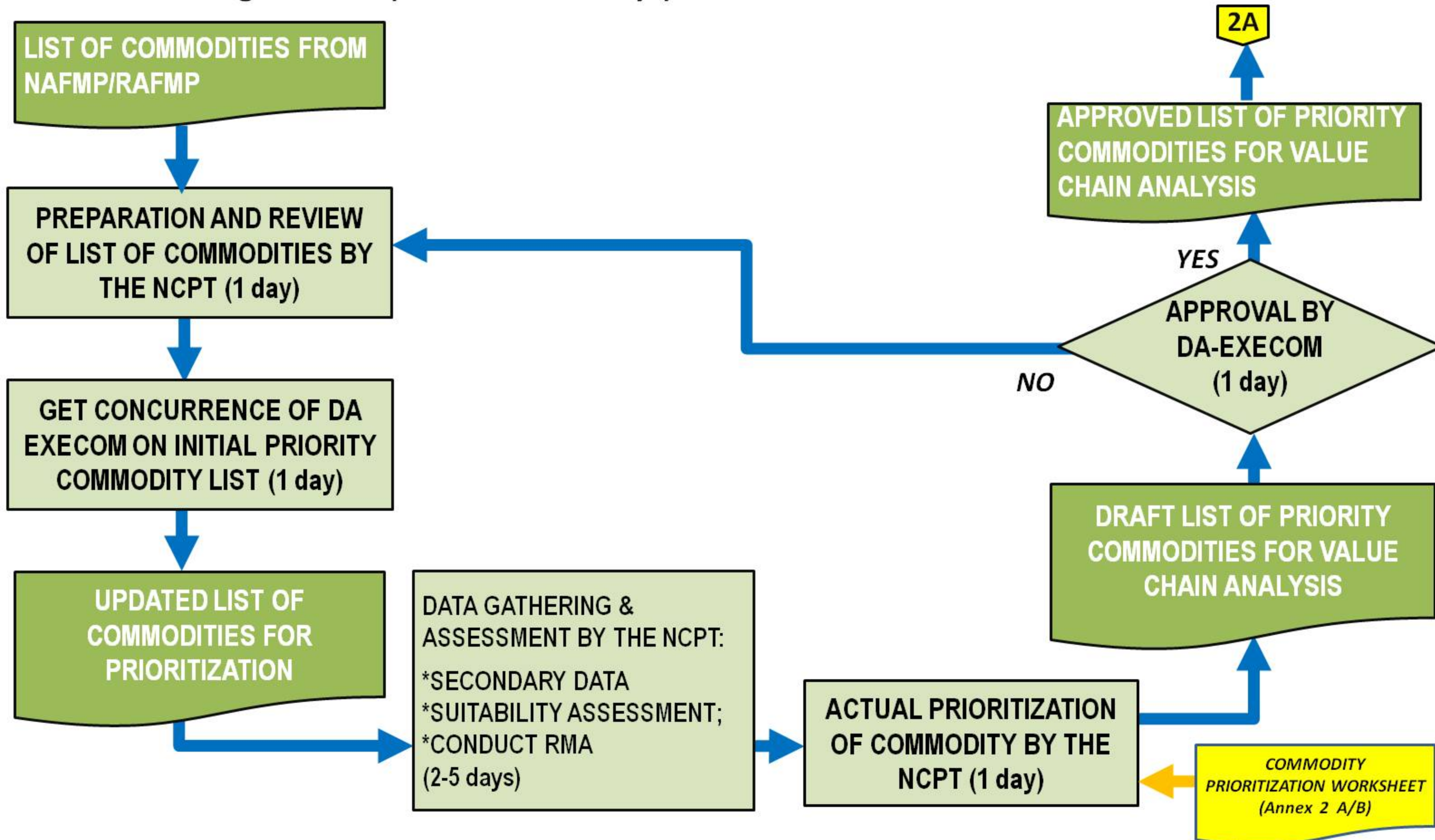
Annex 8

ALLOCATION OF I-PLAN BUDGET (P'M)

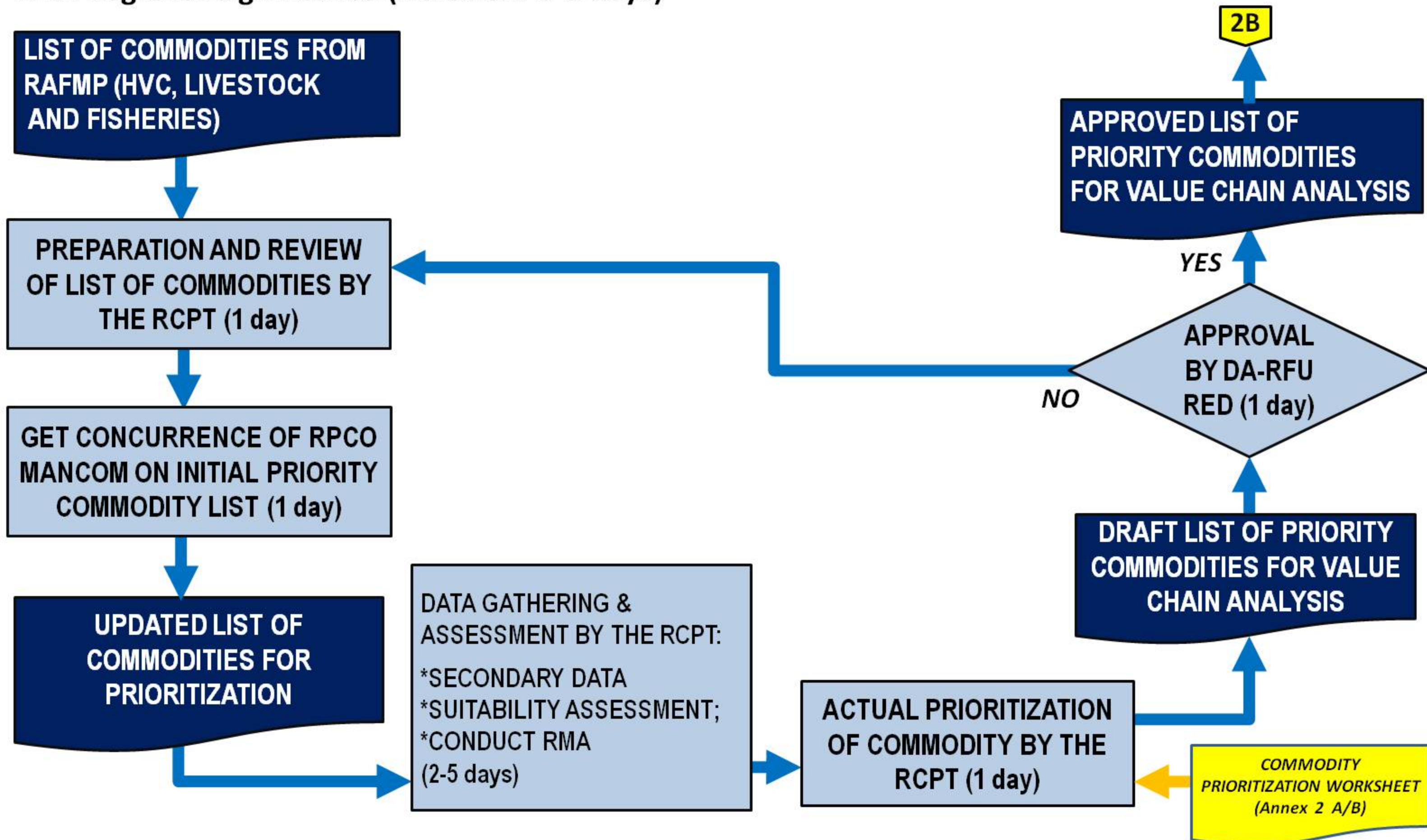
Component Activities		Year 1	Year 2	Year 3	Year 4	Year 5	Total
Major Activity 1: Preparation of Provincial Commodity Investment Plans as bases for Program Implementation under the I-REAP and I-BUILD	TA on Value Chain	30.80					30.80
	Conduct of national level VCA	30.00					30.00
	Conduct of rapid marketing appraisals	30.00					30.00
	Mapping of regional value chains	0.20	175.90	15.90			192.00
	Conduct of VSA and PRA-RSA	0.20	211.10	3.10			214.40
	Preparation of Provincial Commodity Investment Plans	4.80	33.00	25.00	25.00	10.00	97.80
	Sub-Total	96.00	420.00	44.00	25.00	10.00	595.00
Major Activity 2: Improvement of the DA Planning and Budgeting Process	Enhancement of DA Management Information System	10.50	0.50				11.00
	Enhancement of RAFMPs		13.30	13.30			26.60
	Development of E-Planning and budgeting system	0.10	10.50	2.40	1.00		14.00
	Development of AFMP results-based M & E System	0.10	22.45	2.45			25.00
	Planning and Budgeting Manual	0.10	11.44	0.96			12.50
	Harmonize Annualized Plans and Budgets		4.30	2.50			6.80
	Contracts / Agreements between BACs and RFUs on providing technical support services	0.50	0.25	0.25			1.00
	Inventory of existing modes of and						

Component Activities				Year 1	Year 2	Year 3	Year 4	Year 5	Total	
	development of integrated technical support service delivery									
				10.50	2.25	2.25			15.00	
	Integrated RFU Plans and Budgets				12.80	12.80			25.60	
	Sub-Total			21.80	77.79	36.91	1.00	-	137.50	
Total Cost for Planning & Budgeting				117.80	497.79	80.91	26.00	10.00	732.50	
Loan Component (80%)					94.24	398.23	64.73	20.80	8.00	586.00
Counterpart - GOP - NG				23.56	99.56	16.18	5.20	2.00	146.50	
PRA-RSA in International Waters - focal coastal areas		Projected No. of PLGUs engaged		3	5	6	7	7	7	
		Cost		7.53	5.19	2.51	2.10	0.07	17.40	
PRA-RSA in Biodiversity focal areas		Projected No. of PLGUs engaged		3	5	6	7	7	7	
		Cost		16.60	12.65	4.75	3.00	3.00	40.00	
Total Environment - Related Activities				24.13	17.84	7.26	5.10	3.07	57.40	
Total I-PLAN Cost					141.93	515.63	88.17	31.10	13.07	789.90
Percentage Disbursement				18%	83%	94%	98%	100%		

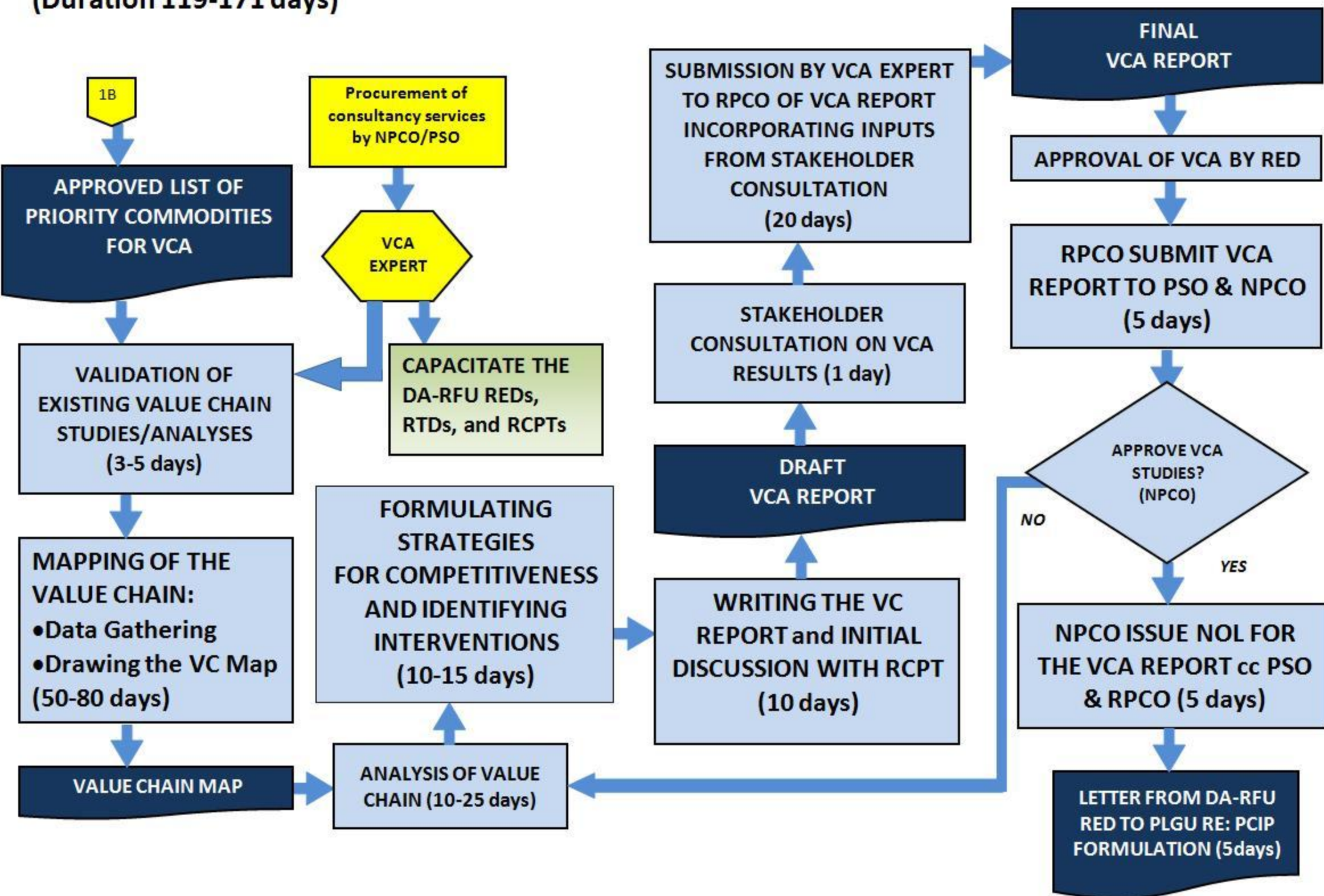
Appendix 1A: Commodity Prioritization Process Flow-for Commodities with National Significance (Duration: 6- 9 days)



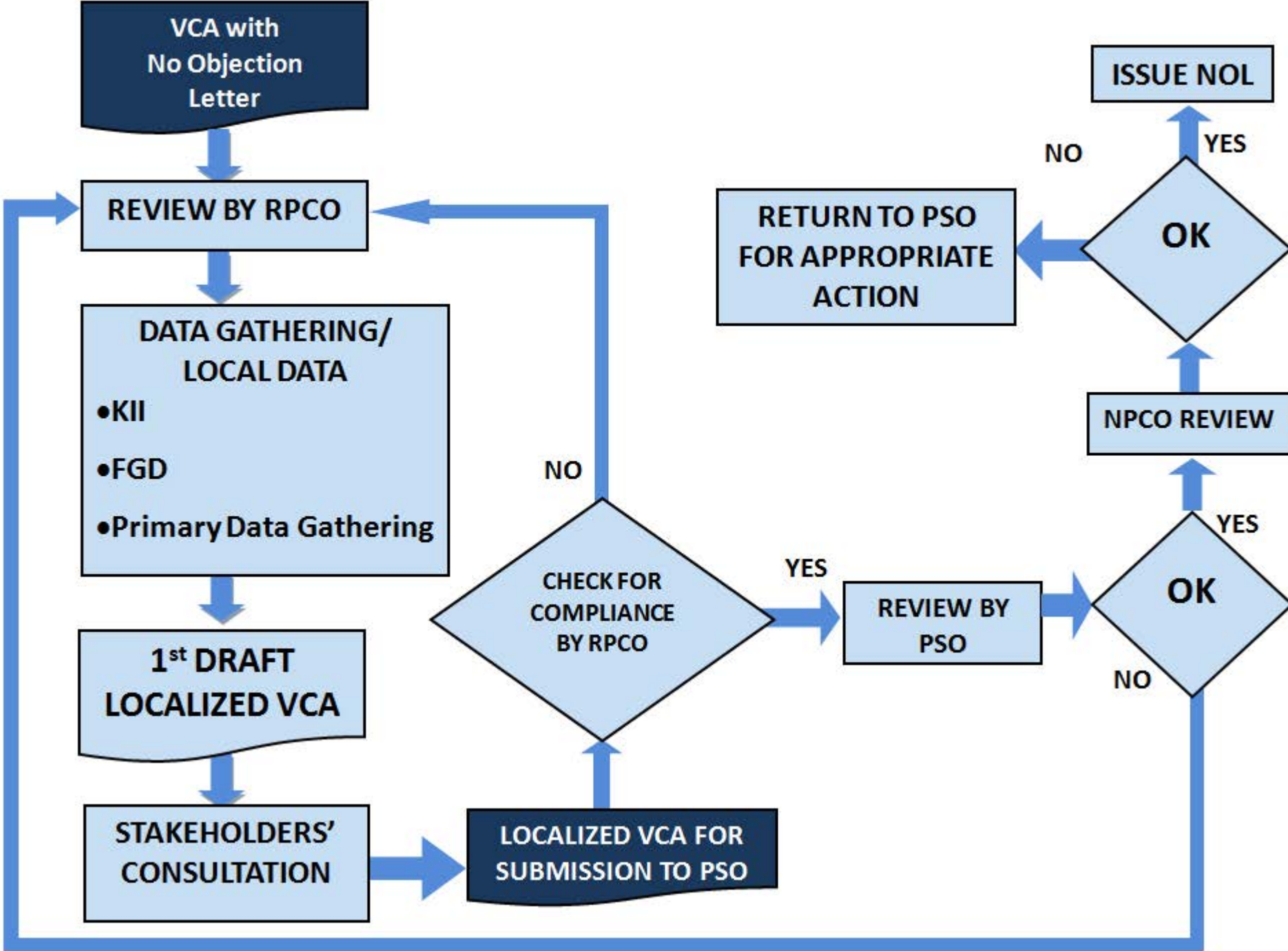
Appendix 1B: Commodity Prioritization Process Flow-for Commodities with Regional Significance (Duration: 6-9 days)



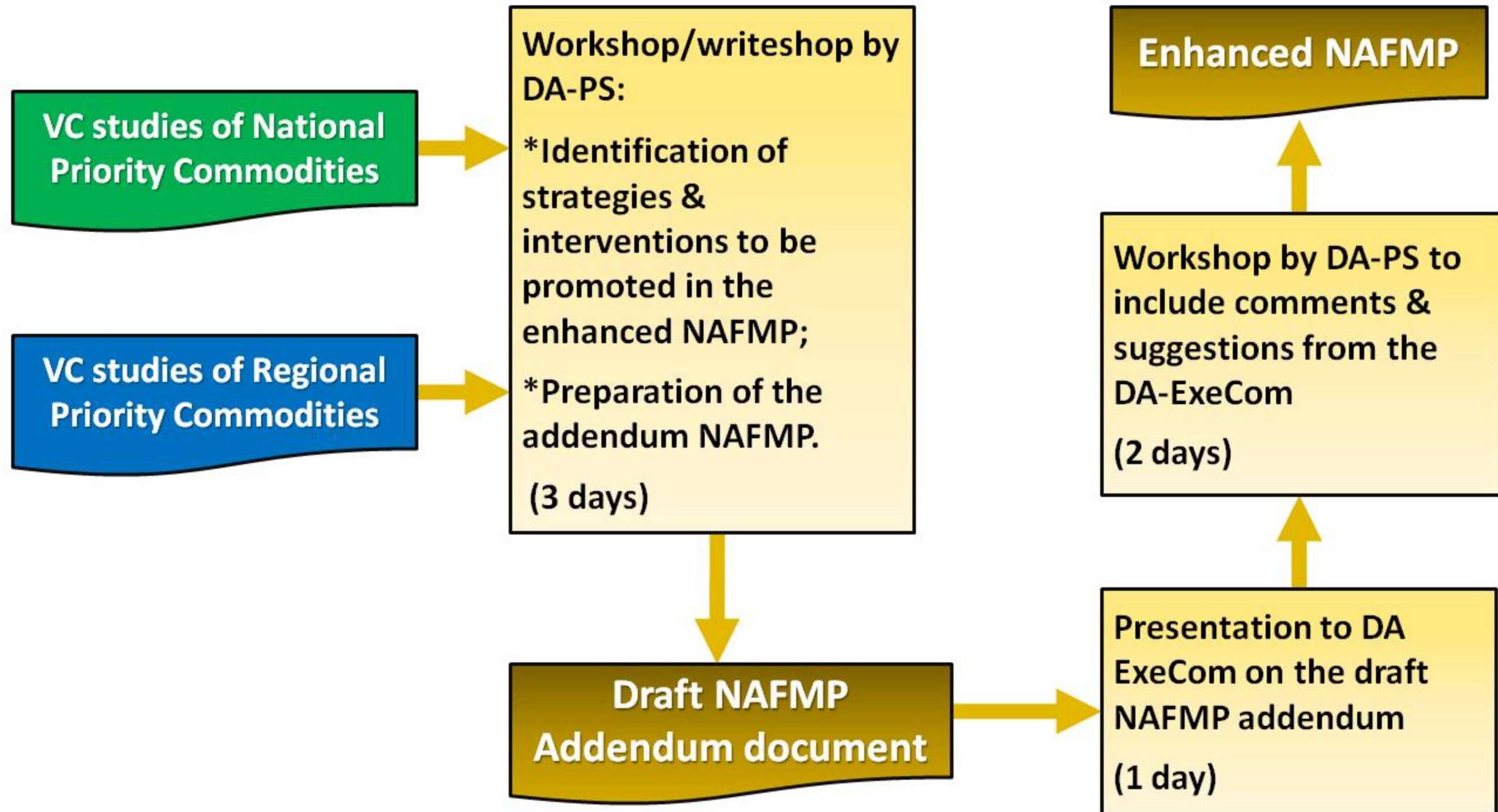
Appendix 2B:VCA Preparation Process Flow-for Commodities of Regional Significance (Duration 119-171 days)



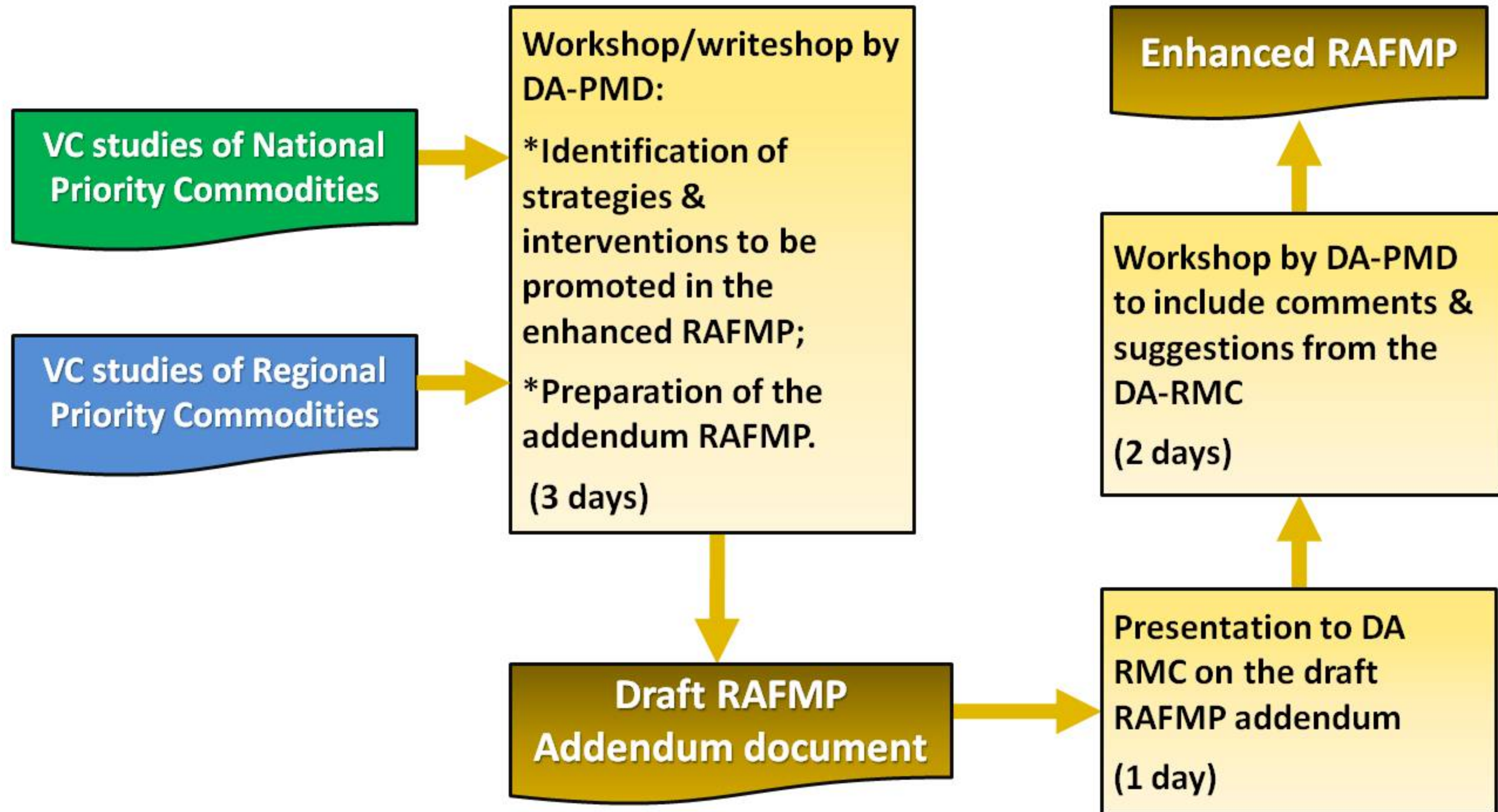
Appendix 2C: VCA with NOL Localization Process Flow



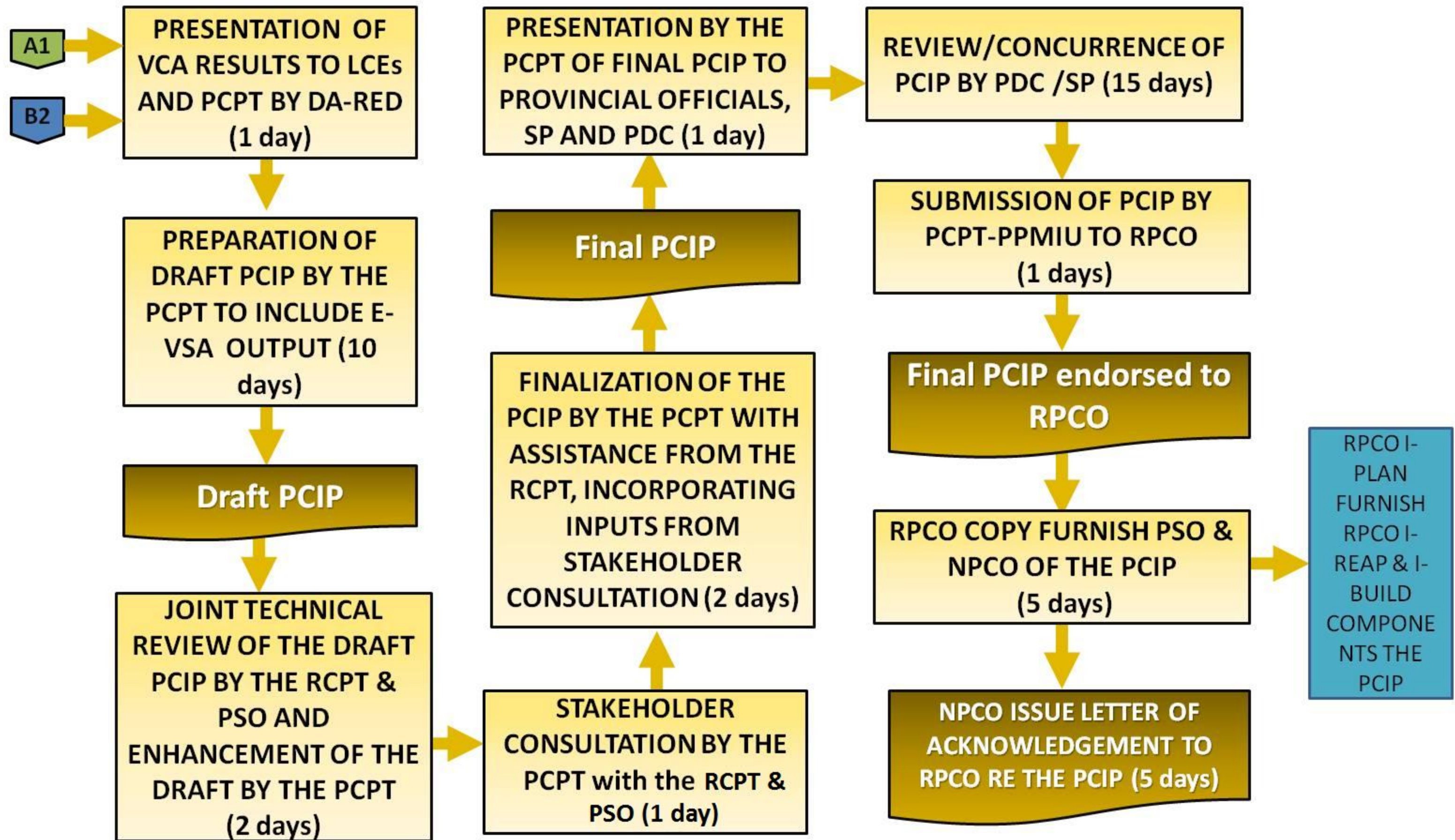
Appendix 3A: Process Flow for Enhancing the National AFMP (Duration: 6 days)



Appendix 3B: Process Flow for Enhancing the Regional AFMP (Duration: 6 days)

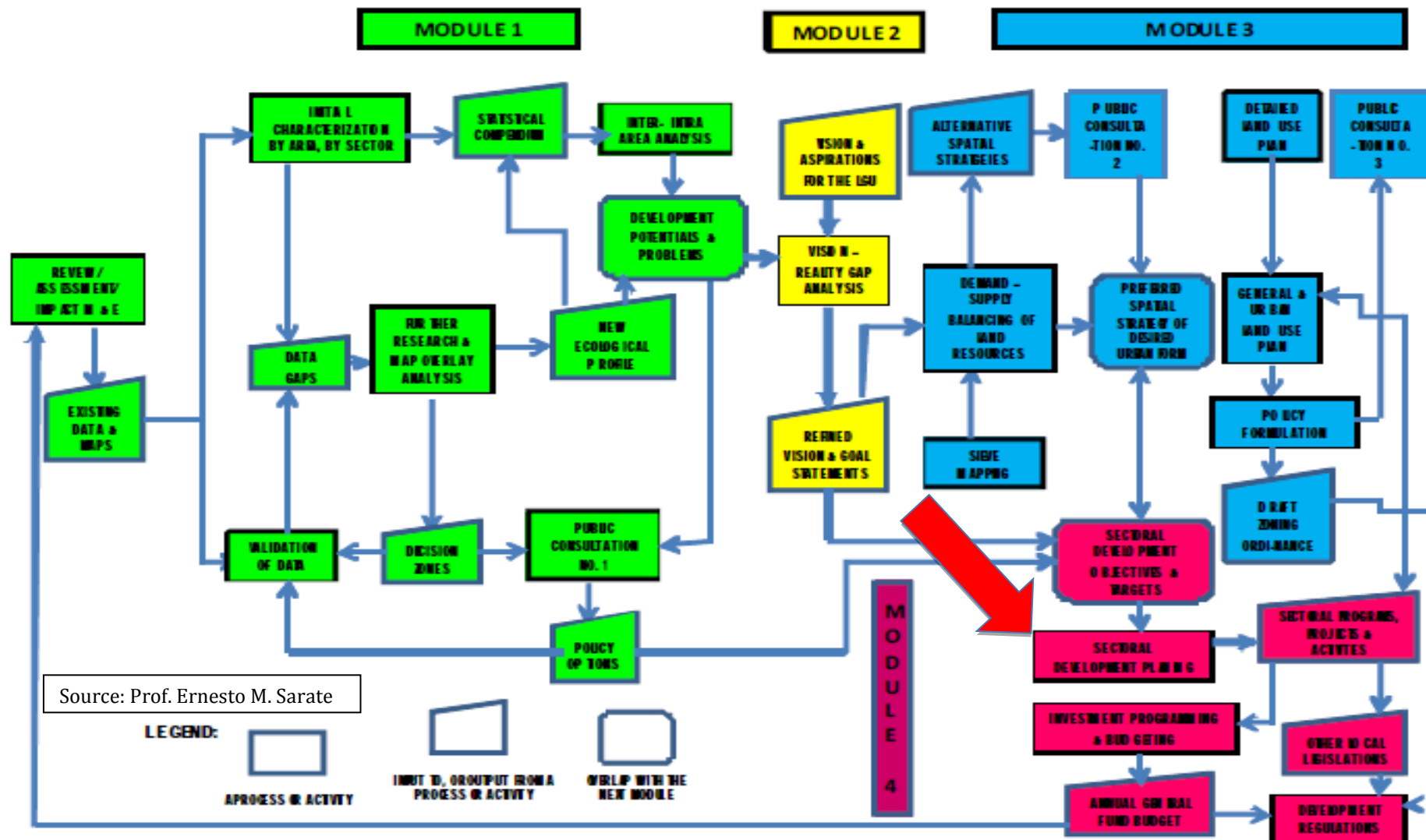


Appendix 4: PCIP Preparation Process Flow (Duration: 43 days)



Appendix 7

Comprehensive Land Use Plan – Comprehensive Development Plan Process Flow



Appendix 8

Synchronized Local Planning and Budgeting Calendar¹

PERIOD COVERED	ACTIVITY	OUTPUT/S	ACTOR/S
1 ST Week of January	PPDC sets guidelines for data gathering	Guidelines for Data Gathering	Provincial Planning and Development Coordinators (PPDCs)
January to March	Updating of planning and budgeting database (socioeconomic, physical resources, time series revenue and expenditure data, project profiles/status, among others)	Updated Planning, Budgeting and Financial Database	Local Planning and Development Coordinators (LPDCs), Budget Officers, Treasurers, Department Heads, National Government Agencies (NGAs), Regional Line Agencies (RLAs)
April to May	Analysis of the planning environment for plan preparation/ review/ updating	Draft situational analysis and assessment of plan implementation	LPDCs, NGAs, RLAs
	Updating of appropriate Annual Investment Plan (AIP) in the Local Development Investment Program (LDIP) as input to budgeting	Indicative AIP (the 1 st year of the LDIP in the case of election year)	Local Development Councils (LDCs), LPDCs
June 1 - 15	Preparation of the AIP using the AIP Summary Form (Annex A) for the Budget year	AIP Summary Form	LPDCs, Local Budget Officers
Not later than the 1 st Week of August	Approval of the AIP	AIP for the Budget Year	Local Sanggunians
1 st Week of July during Election Year	Reconstitution of the LDCs	Timetable and tasking for plan preparation / updating	Local Chief Executives (LCEs)
June 1 – July 31 during Election Year	LDIP PREPARATION		
June 1 – July 31 during Election Year	Identification of areas for complementation of PPAs between and among provinces and their component cities/ municipalities	Joint programs / projects	Provinces and their component cities and municipalities

¹ Department of Interior and Local Government, *Guide to Comprehensive Development Plan (CDP) Preparation for Local Government Unit*, 1009, pp.27-30.

PERIOD COVERED	ACTIVITY	OUTPUT/S	ACTOR/S
June 1 – July 31 during Election Year	Prioritization of PPAs	Prioritized PPAs	LDCs, Local Finance Committees (LFCs), NGAs/ RLAs
	Matching of PPAs with available financing resources and determination of additional revenue sources to finance the PPAs	LDIP, revenue generation measures	LDCs, LFCs, NGAs/ RLAs
	Approval of the LDIP	Approved LDIP	Sanggunian
June 16 – 30 or 1 st Week of July during election year	BUDGET PREPARATION		
	Issuance of Budget Call	Budget Call	LCEs of Provinces, Cities and Municipalities
July 1 - 15	Submission to LCE of detailed 3 – year Statement of Income and Expenditures	Certified Statement of Income and Expenditures	Local Treasurers (Provinces, Cities and Municipalities)
July 16 – August 31	Conduct of budget technical budget hearings on budget proposals submitted by Department Heads	Reviewed Budget Proposals	Local Department Heads
On or before September 15	Submission to the Punong Barangay of the Estimated Income and Expenditure for the ensuing fiscal year	Certified Statement of Income and Expenditure	Barangay Treasurer
On or before September 15	Preparation and submission of budget proposals	Budget proposals	Local Department heads
September 16 - 30	Consolidation of Budget proposal into the Local Expenditure Program (LEP) and Preparation of the Budget of Expenditures and Sources of Financing (BESF)	LEP and BESF	LFCs
Not later than October 16	Preparation of the Budget Message and submission of Executive Budget to the Sanggunian	Budget Message and Executive Budget	LCEs (Provinces, Cities and Municipalities)
October 17 - Onwards	Enactment of the Annual Budget of the ensuing fiscal year by the Sanggunian concerned	Enacted Annual Budget	Sanggunian (Provinces, Cities, Municipalities and Barangays)

On or before September 15	Preparation and submission of budget proposals	Budget proposals	Local Department heads
September 16 - 30	Consolidation of Budget proposal into the Local Expenditure Program (LEP) and Preparation of the Budget of Expenditures and Sources of Financing (BESF)	LEP and BESF	LFCs
Not later than October 16	Preparation of the Budget Message and submission of Executive Budget to the Sanggunian	Budget Message and Executive Budget	LCEs (Provinces, Cities and Municipalities)
October 17 - Onwards	Enactment of the Annual Budget of the ensuing fiscal year by the Sanggunian concerned	Enacted Annual Budget	Sanggunian (Provinces, Cities, Municipalities and Barangays)

GLOSSARY OF TERMS

PRDP I-PLAN Component

Agriculture and Fisheries Modernization Plan - The AFMP is the translation of the goals, agenda and policies espoused in the Philippine Development Plan (PDP), Agriculture and Fisheries Modernization Act (AFMA), and other policy and program issuances into strategic programs and projects to be implemented over the medium term.

Agri-Pinoy – also called the Agrikulturang Pilipino, Agri-Pinoy is the over-all strategic framework of the Department of Agriculture that guides the various services and programs of the DA from 2011-2016 and beyond. It incorporates principles and practices that optimize the development of Philippine resources, natural and human, to achieve Philippine goals in agriculture and fisheries, and contribute to national development.

Farmer Field School - Farmer field school (FFS) is described as a Platform and “School without walls” for improving decision making capacity of farming communities and stimulating local innovation for sustainable agriculture. It is a participatory approach to extension, whereby farmers are given opportunity to make a choice in the methods of production through discovery based approach.

Focus Group Discussion - Focus group discussion is a structured way of gathering information from a group of people on a subject of interest either by face-to-face interaction or via a video conference.

Intensified Building Up of Infrastructure and Logistics for Development – also called I-BUILD, this is a component of the PRDP that sets up a flexible menu of public good infrastructure that are strategic and climate-resilient.

Investment for AFMP Planning at the Local and National Levels – also called I-PLAN, is the component of the PRDP that aims to strengthen the DA’s planning and budget execution processes through the institutionalization of the AFMP as the strategic and operational road map for resource allocation and prioritization of DA’s programs, projects, and activities implemented at the national and regional levels, through the use of science-based tools.

Investments for Rural Enterprises and Agricultural and Fisheries Productivity – also called I-REAP, this is the component of the PRDP that develops farm and fisher households into enterprise units to contribute to the national goals of modernizing agriculture, improving rural incomes and generating agri-based jobs.

Participatory Resource Appraisal-Resource and Social Assessment - Participatory Resource Appraisal-Resource and Social Assessment (PRA-RSA) is a multi-disciplinary and systematic but semi-structured process that involves the community and the stakeholders not only in determining the condition and status of the natural resources within a defined geo-physical area but more importantly in community planning, which necessitates participatory decision making for the common good.

Philippine Development Plan 2011-2016 - The PDP is the PNoy administration's guide in formulating policies and implementing development programs that adopts a framework of rapid, inclusive and sustainable economic growth and development, with good governance and anticorruption as the overarching theme of each and every intervention and enhance the social cohesion of the Filipinos as a nation.

Philippine Rural Development Program - The PRDP is the instrument of the DA to roll out a nationwide program of integrated investments on support services and infrastructure to operationalize the AFMP at the local (regional) level, with a programmatic approach to rural development whereby the DA engages the LGUs and other development stakeholders to effectively implement the AFMPs for the attainment of national food security targets and in improving agricultural and fisheries productivity and rural incomes and reducing vulnerabilities through disaster risk reduction and climate change adaptation.

Provincial Commodity/ies Investment Plan – The PCIP is a strategic plan that rationalizes the interventions within the various segments of the value chain of commodities that are of significance to the province and that will contribute to the national goals of the agriculture and fishery sector. It is a 3-year rolling consensus plan between the DA and PLGU based on the value chain analyses of these commodities conducted with strong participation of the various stakeholders.

Rapid Market Appraisal - Rapid Market Appraisal (RMA). RMA is an iterative and interactive research methodology, which is used to better understand complex market systems in a short time. It is a methodology that facilitates the identification of proper interventions or support programs to improve efficiency or strengthen the marketing system in a way that would bring the broadest benefits to the most number of participants in the system.

Results-Based Monitoring and Evaluation - The Results-based M&E System is a management tool to measure how well governments are performing. It emphasizes assessing how outcomes are being achieved over time and provides credibility and public confidence by reporting on the status and results of project, program, or policy over time.

Stakeholder Consultation - Stakeholder consultation is a process by which people who may affect or be affected directly or indirectly, positively or negatively by the actions related to the implementation of a project are invited to express or exchange views on a subject of interest.

Support to Program Implementation – also called the I-SUPPORT, this is the component of the PRDP that ensures the provision of technical and capability building services to identified beneficiaries and at the same time sees to it that all interventions in the implementation of the PRDP are synchronized, coordinated, integrated and synergistic.

Value Chain/ Value Chain Analysis - A value chain is the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final customers, and final disposal after use. Value chain

analysis focuses on creating value along the chain, as well as the rational distribution of benefits among the actors participating in the chain.

Vulnerability and Suitability Assessment - Developed by the DA's BSWM, this scientific tool is used as a guide to determine the vulnerability of a particular area that could affect the production and suitability of a particular commodity. It also shows the areas where particular commodities can best be grown or raised.