
President's report

Proposed loan

Republic of the Philippines

**Value Chain Innovation for Sustainable
Transformation in Agrarian Reform Communities
Project (VISTA)**

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 75.

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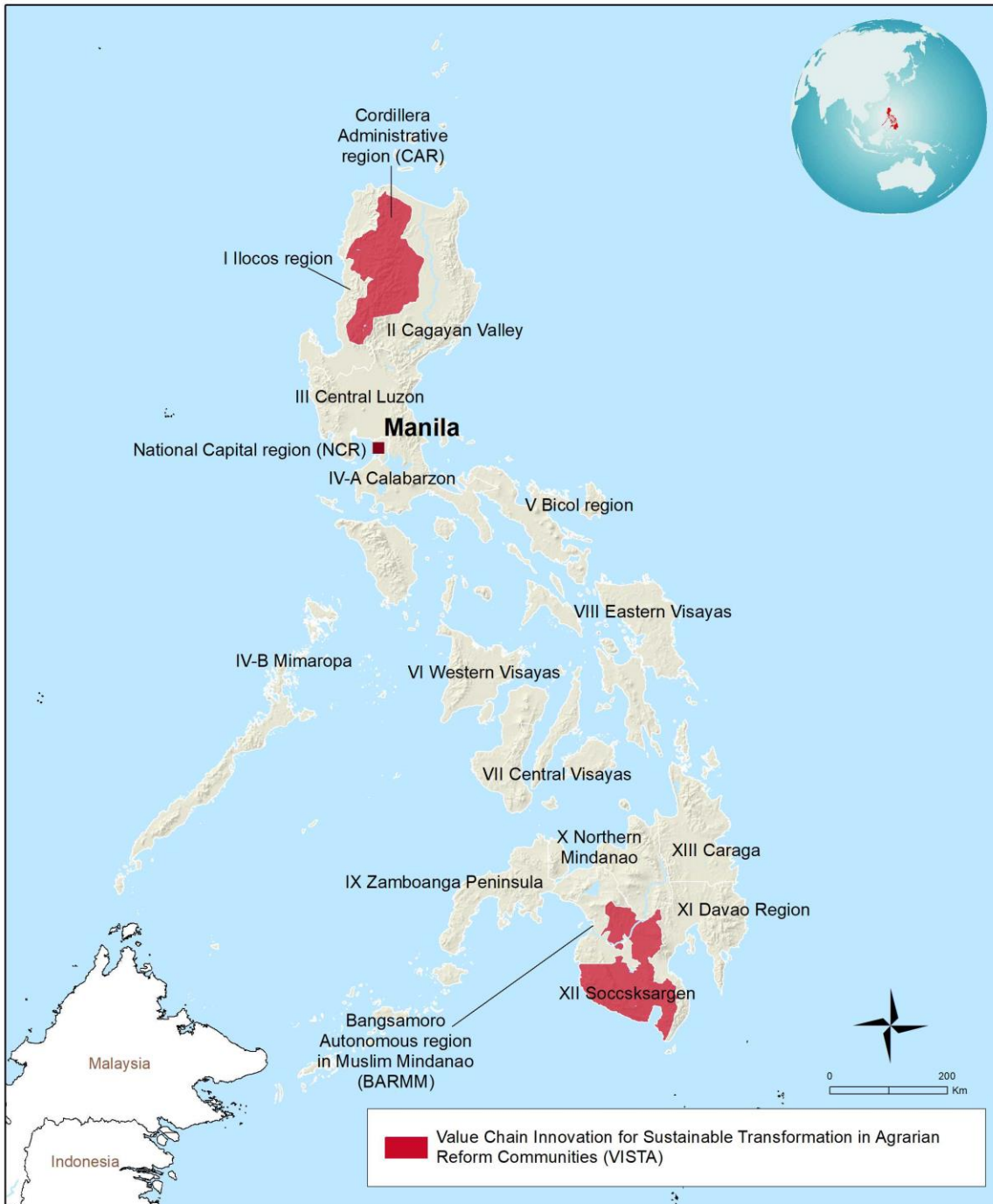
Appendices

- I. Negotiated financing agreement (to be made available prior to the session)
- II. Logical framework
- III. Integrated project risk matrix

Project delivery team

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Map of the project area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.
Map compiled by IFAD | 09-01-2024

Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Republic of Philippines
Executing agency:	Department of Agrarian Reform
Total project cost:	US\$112.8 million
Amount of IFAD loan 1:	US\$25.0 million (performance-based allocation system [PBAS])
Terms of IFAD loan 1 (PBAS):	Ordinary terms: 27 years, including a grace period of 8 years, subject to interest at a rate equal to the IFAD reference interest rate including a variable spread
Amount of IFAD loan 2:	US\$60.0 million (Borrowed Resource Access Mechanism [BRAM])
Terms of IFAD loan 2 (BRAM):	Ordinary terms: 27 years, including a grace period of 8 years, subject to interest at a rate equal to the IFAD reference interest rate including a variable spread
Contribution of borrower/recipient:	US\$24.2 million
Contribution of beneficiaries:	US\$3.6 million
Amount of IFAD climate finance:	US\$48.2 million
Cooperating institution:	Directly supervised by IFAD

I. Context

A. National context and rationale for IFAD involvement

National context

1. In 2021, the Republic of the Philippines, a middle-income country, recorded a 9.5 per cent contraction in its economy, followed by a rebound in growth to 5.7 per cent in 2021 and 7.6 per cent in 2022.¹ Approximately 19.9 million Filipinos were living below the poverty line in 2021 (18.1 per cent),² with severe food insecurity prevalent at 54.9 per cent for women and 56 per cent for men.³
2. The population totalled 109.04 million in 2020, with 52 per cent residing in rural areas.^{4,5} The agricultural sector has an ageing workforce, where the median age is 46 for men and 52 for women. The GDP share of agriculture declined from 14.1 per cent in 2011 to 10 per cent in 2021.⁶ Key crops include rice, corn, coconut, sugarcane, banana, cassava, pineapple and vegetables.
3. Agricultural challenges in the Philippines include rising input costs, low productivity and susceptibility to weather shocks. Other issues, such as inadequate irrigation, low mechanization, limited post-harvest facilities and barriers to credit and insurance also persist. In addition, gender disparities arising from societal norms hinder easy access to agricultural extension services, which are of varying quality.
4. The Philippines struggles with fragile ecosystems uniquely impacted by climate-related hazards and is the fifth country in the world most affected by extreme weather events.⁷ Those most vulnerable are the poor residing in the most fragile environments, which are susceptible to typhoons, monsoon rains and other climate-related risks.

Special aspects relating to IFAD's corporate mainstreaming priorities

5. In line with IFAD's mainstreaming commitments, the project has been validated as:
 - Including climate finance
 - Gender-transformational
 - Prioritizing Indigenous Peoples
 - Including adaptive capacity
6. The project aligns with IFAD's cross-cutting commitments and will adopt a climate-focused and gender-transformative approach, while paying attention to Indigenous Peoples and the engagement of youth.
7. Persisting gender disparities in the agricultural and rural sector are affecting agricultural performance and preventing the country from achieving sustainable growth. While there has been progress in gender equality and women's empowerment in agriculture and food production, women's role and workload therein remain to be recognized and valued.
8. It is estimated that between 10 and 20 per cent of the country's population comprises Indigenous Peoples. They continue to live in geographically isolated areas, with a lack of access to basic social services and few opportunities for widespread economic activities, education or political participation.⁸

¹ Philippine Statistics Authority (PSA), 2022. <https://psa.gov.ph/poverty-press-releases/nid/167972>.

² Ibid.

³ UN Women, [Philippines](#).

⁴ DataReportal, [Digital 2022: The Philippines](#).

⁵ PSA, 2021. [Highlights of the Philippine Population 2020 Census of Population and Housing \(2020 CPH\)](#).

⁶ Statista, [Philippines: Share of economic sectors in the gross domestic product \(GDP\) from 2012 to 2022](#).

⁷ Eckstein, D, Hutfils, M and Wings, M, 2017, [Global Climate Risk Index 2019](#).

⁸ International Work Group for Indigenous Affairs, [Indigenous peoples in Philippines](#).

9. Youth in rural areas often choose to leave their parents' farms to seek jobs in urban areas. Today, the average age of farmers is 57, posing a serious threat to national food security by 2030. Young farmers are burdened by their lack of: (i) access to knowledge, information and education, (ii) available land to till or affordable credit, (iii) green jobs, and (iv) consultation venues for youth.⁹
10. The Philippines is one of the most vulnerable countries in the world to the impact of storm surges, with increased wave heights due to climate change. Climate projections in the Philippines highlight extreme spatial and temporal variability, but generally indicate increasing temperatures and changing seasonality of rainfall.

Rationale for IFAD involvement

11. **IFAD's comparative advantage** is its commitment to working with the poorest and most vulnerable people in rural Philippines. IFAD's global experience has given it a deep understanding of the challenges and opportunities facing the most vulnerable groups. It has built strong relationships in the Philippines with government agencies, NGOs and increasingly with the private sector to work together for long-term benefits for vulnerable communities.
12. There are also three main factors behind the rationale for IFAD's involvement in supporting value chain development in upland areas where environmental fragility and poverty levels are high: (i) to capitalize on IFAD's demonstrated success with regard to value chain development as a means of rural poverty reduction; (ii) further lessons drawn from the portfolio which show that investment in fragile ecosystems can produce multiple benefits, including economic value, securing local livelihoods and protecting natural resources; and (iii) the urgent need to prevent the negative conversion of degraded land and increase resilience to climate and natural hazards.

B. Lessons learned

13. The Value Chain Innovation for Sustainable Transformation in Agrarian Reform Communities Project (VISTA) builds on the experience of the previous Rural Agroenterprise Partnerships for Inclusive Development and Growth Project (RAPID), emphasizing the importance of strategic investment plans to improve value chains. The project will invest based on an enhanced approach to strategic investment planning.
14. Learning from RAPID and the Convergence on Value Chain Enhancement for Rural Growth and Empowerment Project (CONVERGE), VISTA recognizes the limited sustainability of agricultural extension services due to partner capacity. The project supports an extension approach focusing on sustainable and climate-resilient practices.
15. Leveraging lessons from CONVERGE and RAPID, VISTA adopts a hybrid approach to value chain development, which integrates smallholder farmers. The emphasis on merging production and marketing aspects aligns with effective strategies demonstrated by these projects.
16. Inspired by the success of the Fisheries, Coastal Resources and Livelihood Project (FishCORAL), VISTA's ecosystem planning, protection and enhancement component adopts a holistic planning approach, aligning with lessons learned in ecosystem-wide planning under FishCORAL.
17. Drawing on lessons from the Second Cordillera Highland Agricultural Resource Management Project, VISTA integrates community-level infrastructure, adopts a gender-transformative approach, and includes a response to emergency and disaster subcomponent to enhance household resilience.

⁹ <http://legacy.senate.gov.ph/lisdata/3128228181!.pdf>

18. Informed by the findings of IFAD's value chain stocktake, VISTA prioritizes market demand. By strengthening private sector partnerships through partner organizations' support and a robust extension services component, VISTA's rural finance strategy adopts a market-driven approach, incorporating internal value chain finance.

II. Project description

A. Objectives, geographical area of intervention and target groups

Goal and objectives

19. The **project goal** for VISTA is to reduce rural poverty and increase food security while protecting and enhancing the natural ecosystems in vulnerable upland areas. The **project development objective** is to increase the income and employment of target groups in fragile upland areas, including women, youth and Indigenous Peoples, by strengthening inclusive value chains through conservation, sustainable use of natural resources and climate-resilient practices.

Geographical area

20. The proposed project area covers the upland areas in all provinces of two regions: Soccsksargen (Region XII) on the island of Mindanao and the Cordillera Administrative Region in Luzon.

Target groups

21. The VISTA interventions will directly benefit 70,000 smallholder households (approximately 350,000 people) producing selected crops. Of the total beneficiaries, at least 50 per cent will be women, 30 per cent Indigenous Peoples and 20 per cent young people between 18 and 35 years of age. As a gender-transformative project, strategies to encourage women's participation will be implemented in all of its aspects, including by supporting women's leadership, identifying the specific needs of local women's groups, Indigenous women and young women.

B. Components, outcomes and activities

22. The project will have the following components:
23. **Component 1 – Ecosystem planning, protection and enhancement.** This component aims to promote: (i) the development of natural resource planning; (ii) communities' capacity to adapt to climate change and to conserve natural resources; and (iii) inclusive approaches and innovations to provide sustainable and green benefits across value chains.
24. **Subcomponent 1.1 – Identify and prioritize sustainable investments.** This subcomponent focuses on reviewing existing plans, datasets and investments affecting target areas. The technical provider will create geospatial maps based on the review, aligning results with value chain analyses in component 2 to identify feasible options for supporting enhanced production of natural resources.
25. **Subcomponent 1.2 – Enhance natural resources management for value chains and resilience.** One priority is to strengthen communities' capacity to adapt to climate change, conserve water, improve soil health, reduce slope erosion and increase biodiversity. Investments will support improved water use in upland ecosystems for sustainable coffee and cacao value chain development. This subcomponent also includes climate information services for target value chains.
26. **Subcomponent 1.3 – Greening the value chain.** This subcomponent supports applied research, piloting and innovations for sustainable natural resource use, reducing environmental impacts in value chains and climate-proofing through resilience measures. While subcomponents 1.1 and 1.2 focus on public goods, by

managing resources for overall benefit, subcomponent 1.3 emphasizes greening business operations, with direct economic implications for businesses.

27. **Subcomponent 1.4 – Response to emergency and disaster.** This subcomponent includes a disaster response contingency to prevent disruption in the project areas. Project financing prioritizes investments aiming to safeguard assets, restore agricultural land, water and irrigation systems, and enhance rural community organizations’ ability to respond to crises and their consequences. This subcomponent maintains a zero balance until activated by triggers identified in the design report. Upon activation, the budget will be updated for Fund approval.
28. **Component 2 – Sustainable value chain development.** This component aims to: (i) enhance smallholder farm productivity through farming system interventions, agricultural practices and improved access to post-harvest facilities and infrastructure; (ii) strengthen and expand the commercialization of selected value chains and adopt greening investments by building value chain organizations’ capacity in the project areas; and (iii) address climate-resilient infrastructure needs to support value chain development.
29. **Subcomponent 2.1 – Sustainable improvements to agricultural production and enhanced extension services.** This subcomponent focuses on enhancing agricultural production by investing in farming models, technologies and systems. It supports good agricultural practices and improved access to post-harvest facilities, including sustainable extension services designed for coffee and cacao. VISTA will set up a farm business school to test, adopt and replicate environmentally sustainable and climate-resilient agricultural practices and technologies in the target areas.
30. **Subcomponent 2.2 – Value chain commercialization and rural finance.** This subcomponent aims to commercialize and enhance the competitiveness of target value chains. It includes investments in farmers and value chain participating organizations to expand their businesses. The strategic investment plan will include targeted investments based on value chain analyses, potentially covering capacity-building for value chain participating organizations, farm-level interventions, post-production investments and facilitation of access to rural finance.
31. The project will provide grants to farmers for farm-level investments. Matching grants of up to 50 per cent will support post-production investments, complementing other government programmes and covering non-infrastructure post-production investments for access to high-quality and specialty markets. For expanded outreach and sustainability in a diverse financial environment, VISTA will develop a comprehensive rural finance strategy.
32. **Subcomponent 2.3 – Value chain-related infrastructural support.** To address critical infrastructure gaps that may undermine project benefits, VISTA will address constraints linked to access infrastructure, such as farm-to-market roads. This subcomponent also includes post-harvest facilities, including solar-drying pavements, storage warehouses and processing centre buildings, as well as greenhouses with drip irrigation for vegetable production using solar-powered fertigation systems.
33. **Component 3 – Project management.** This component aims to ensure strong links among components, efficient and integrated planning, monitoring and evaluation processes, coordination mechanisms and partnerships with key stakeholders.
34. **Subcomponent 3.1 – Project operations management.** This subcomponent will focus on the enhanced implementation and coordination capability and capacity of the Department of Agrarian Reform and the Department of Agriculture and other

implementing agencies and partners for effective and efficient provision of project services.

35. **Subcomponent 3.2 – Project monitoring and evaluation, and knowledge management.** This aims to capture and analyse robust data and information in a timely manner, and report to project management and stakeholders for evidence-based decision-making.

C. Theory of change

36. Upland farming communities face rural poverty linked to diminishing natural resources and the effects of climate change. Limited resources, knowledge and technology hinder these communities' ability to access value chains, resulting in underperforming markets and weak business capacity among the poorest households.
37. VISTA's first component focuses on identifying and prioritizing on-the-ground investments to improve community access to sustainable natural resources. These investments aim to enhance climate resilience through infrastructure, technology adoption and capacity-building, benefiting various groups such as women, youth, and Indigenous Peoples.
38. In the second component, VISTA will invest to support the adoption of new or improved agricultural inputs, technologies and practices for value-adding activities and to strengthen the capacities of rural producers' organizations and their smallholder members in the selected value chains, by improving their access to business development and financial services, markets and productive facilities.
39. The project aims to reduce rural poverty, bolster livelihoods and enhance food security in a sustainable environment by improving resilience to climate risks. This will be achieved through the increased production and marketing of key value chains and greater economic benefits from new green jobs and income opportunities from resource-based enterprises.
40. Women's empowerment will be achieved through economic empowerment, improved decision-making and representation, and by promoting an equitable workload balance. Further, VISTA will support the empowerment of Indigenous Peoples, particularly Indigenous women and youth, through initiatives that consider intergenerational relations, to ensure that their knowledge, identity and traditions are passed on to the next generation.
41. The project's success depends on smooth government collaboration, secured allocations and unimpeded land management, assuming active private sector engagement in favourable market conditions. Additionally, it assumes minimal climate disruptions and the relevance of knowledge products for wider stakeholders to enable replication and scaling up.

D. Alignment, ownership and partnerships

42. VISTA will contribute to Sustainable Development Goals (SDGs) 1, 2, 5, 8, 10 and 13. The project directly contributes to the achievement of outcomes 2 and 3 of the United Nations Sustainable Development Cooperation Framework (2024–2028).
43. VISTA's overarching goal is closely aligned with IFAD's overarching corporate goal of prioritizing poverty reduction, food security and remunerative, sustainable and resilient livelihoods. It is fully aligned with the two strategic objectives of the Philippines country strategic opportunities programme (COSOP) for 2023–2028.
44. VISTA's design directly responds to key government priorities, particularly by contributing to increasing the productivity and competitiveness of the agriculture sector, as outlined in the Philippine Development Plan (2023–2028). VISTA is aligned with key national policies, including the National Agricultural and Fisheries Modernization and Industrialization Plan 2021–2030, the National Convergence

Initiative for Sustainable Rural Development and the Philippines Nationally Determined Contribution 2021.

E. Costs, benefits and financing

Project costs

45. The total project cost amounts to US\$112.8 million, including IFAD financing of US\$85.0 million over a six-year implementation period.
46. Project components 1 (ecosystem planning, protection and enhancement) and 2 (sustainable value chain development) are partially counted as climate finance. As per the multilateral development banks' methodologies for tracking climate change adaptation and mitigation finance, the total amount of IFAD climate finance for this project is estimated at US\$48,173,000 (56.7 per cent of the total IFAD financing).

Table 1

Project costs by component and financier

(Thousands of United States dollars)

Component	National Government		Local Government		Beneficiaries			IFAD PBAS		IFAD BRAM		Total	
	Cash	%	Cash	%	Cash	In-kind	%	Amount	%	Amount	%	Amount	%
	1. Ecosystem planning, protection and enhancement	4 222	14.9	1 007	3.5	-	277	1.0	6 712	23.7	16 109	56.9	28 327
2. Sustainable value chain development	8 613	12.0	7 737	10.7	3 047	321	4.7	15 398	21.4	36 956	51.2	72 072	63.9
3. Project management	2 592	20.9	-	-	-	-	-	2 890	23.2	6 935	55.9	12 417	11.0
Total	15 427	13.7	8 744	7.8	3 047	598	3.2	25 000	22.1	60 000	53.2	112 816	100

Table 2

Project costs by expenditure category and financier

(Thousands of United States dollars)

Expenditure category	National Government		Local Government		Beneficiaries			IFAD PBAS		IFAD BRAM		Total	
	Cash	%	Cash	%	Cash	In-kind	%	Amount	%	Amount	%	Amount	%
	Investment costs												
1. Works	8 725	20.0	8 127	18.6	-	598	1.4	7 698	17.6	18 476	42.4	43 625	38.7
2. Good, services and inputs	3 239	19.0	616	3.6	-	-	-	3 877	22.8	9 304	54.6	17 037	15.1
3. Grants and subsidies	-	-	-	-	3 047	-	11.8	6 671	26.0	16 011	62.2	25 729	22.8
4. Consultancies	1 457	8.7	-	-	-	-	-	4 519	26.8	10 846	64.5	16 822	14.9
5. Operating costs	2 006	20.9	-	-	-	-	-	2 235	23.2	5 363	55.9	9 603	8.5
Total	15 427	13.7	8 743	7.8	3 047	598	3.2	25 000	22.1	60 000	53.2	112 816	100.0

Table 3

Project costs by component and project year (PY)

(Thousands of United States dollars)

Component	PY1		PY2		PY3		PY4		PY5		PY6		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
	1. Ecosystems planning, protection and enhancement	3 137	11.1	10 158	35.9	8 522	30.1	5 088	18.0	1 048	3.7	374	1.3
2. Sustainable value chain development	1 792	2.5	11 827	16.4	20 838	28.9	23 320	32.4	12 998	18.0	1 297	1.8	72 072
3. Project management	2 520	20.3	2 937	23.7	2 310	18.6	1 613	13.0	1 249	10.1	1 788	14.4	12 417
Total	7 449	6.6	24 922	22.1	31 670	28.1	30 021	26.6	15 295	13.6	3 459	3.1	112 816

Financing and cofinancing strategy and plan

47. IFAD will finance the project through contributions from the IFAD performance-based allocation system (PBAS) with a loan of US\$25.0 million (22.1 per cent) and the IFAD Borrowed Resource Access Mechanism (BRAM) with a loan of

US\$60.0 million (53.2 per cent). National Government will provide US\$15.4 million (13.7 per cent). Local government will provide US\$8.7 million (7.8 per cent). Beneficiaries, including the value chain producers' organizations, will contribute US\$3.05 million (2.7 per cent) in cash and US\$598,136 in kind.

Disbursement

48. IFAD will transfer funds to the project through a revolving fund mechanism following the IFAD Project Financial Management and Financial Control Handbook, and the Project Financial Management and Financial Control Arrangements Letter.
49. The Department of Agrarian Reform will prepare the consolidated interim financial report and withdrawal application and submit to IFAD through the IFAD Client Portal for cash forecasts and disbursement requests from IFAD.
50. The Bureau of the Treasury through the Department of Agrarian Reform will maintain a designated account for the receipt of loan proceeds. The pooled designated accounts for both financing instruments of the loan (PBAS and BRAM) will be confirmed during negotiations.
51. The Bureau of the Treasury will transfer funds from the designated accounts to the project accounts in local currency and effect the full funds transfer.
52. Disbursement will be based on schedule II developed on the basis of Costab, but adjusted to the required number of cost categories and split by PBAS and BRAM for easy monitoring of disbursement by financing instrument.

Summary of benefits and economic analysis

53. The economic internal rate of return is 29.4 per cent and the economic benefit-cost ratio is 1.2. The sensitivity analysis indicates that the enterprise models and VISTA overall are both financially and economically justifiable, even in most of the adverse risky environments.

Exit strategy and sustainability

54. VISTA's sustainability hinges on scaling up value chain enterprises, emphasizing capacity-building, partnerships, finance access and effective management. It prioritizes participatory approaches, community capacity-building, policy reform and resilient, scalable value chains. The project adopts a convergence approach, fostering stronger connections among agencies and establishing direct ties between stakeholders, support agencies and private sector value chain players. VISTA aims to establish sustainable value chain partnerships with the private sector, incentivizing investment for mutual benefits. Proposed financing mechanisms focus on improved financial management, access to formal and self-sustaining finance. Infrastructure sustainability is ensured by aligning with government policies, constructing durable roads and transferring ownership to local groups for maintenance.

III. Risk management

A. Risks and mitigation measures

55. Overall, the country context risk is substantial and expected to be moderate after mitigations during implementation. The economic outlook is mainly positive, and IFAD will closely communicate with the Government at national and local levels to monitor any emerging issues in the face of economic and political constraints. The project's inherent risk is assessed as substantial and residual risk is moderate for sector strategies and policies. This is mainly because of the complex nature of land tenure and land reform in the Philippines. To mitigate this risk, the project will rely on institutional agreements and other measures described in the design report. The Philippines is prone to environmental risks and natural calamities. The Social, Environmental and Climate Assessment Procedures (SECAP) measures will apply and compliance with safeguarding requirements will also be observed. All other risk

categories are identified as moderate and risk mitigation measures will be implemented and monitored as described in the design.

Table 4

Overall risk summary

<i>Risk areas</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>
Country context	Substantial	Moderate
Sector strategies and policies	Substantial	Moderate
Environment and climate context	Substantial	Moderate
Project scope	Moderate	Moderate
Institutional capacity for implementation and sustainability	Moderate	Low
Financial management	Substantial	Substantial
Project procurement	Moderate	Moderate
Environment, social and climate impact	Moderate	Moderate
Stakeholders	Moderate	Low
Overall	Moderate	Moderate

B. Environment and social category

56. The environmental and social risk category is rated moderate. An environmental, social and climate management framework has been prepared in addition to a stakeholder engagement plan, free prior and informed consent implementation plan, Indigenous Peoples framework, abbreviated resettlement plan, targeted adaptation assessment, annotated outline of a pest management plan and guidance on cultural heritage.

C. Climate risk classification

57. The project is classified substantial for climate risk. The project areas are impacted by extreme climatic events, such as flooding, tropical storms, typhoons and drought. SECAP measures will be combined with targeted climate adaptation strategies to mitigate risk. Additional details about climate risks and mitigation measures are provided in the SECAP review note and its annexes.

D. Debt sustainability

58. The Philippines is at a low overall risk of sovereign stress and debt. Most indicators have started to normalize following recovery from the COVID-19 shock. Public debt is expected to gradually decline to about 57 per cent of GDP over the medium term, driven mainly by a favourable interest growth differential. Debt coverage at the national level is adequate, as local government units and social security institutions have surpluses. The realism tools suggest projections of key debt drivers are within norms. Medium-term solvency and liquidity risks are manageable. Over the longer run, structural reforms to boost growth potential and tackle risks from climate change should continue.

IV. Implementation**A. Organizational framework****Project management and coordination**

59. The Department of Agrarian Reform will have overall responsibility for implementing the project and will use its existing structures at national, regional and provincial levels to implement the project activities.
60. The Department of Agriculture will assist the Department of Agrarian Reform in implementing subcomponents 1.2 and 2.1. The central office of the Department of Agriculture will mobilize its attached bureaux and offices to play a key role in project implementation. The local government units in the target provinces and municipalities will be involved in the implementation of subprojects related to

agroforestry and rural infrastructure in close coordination with regional and provincial offices.

61. The project steering committee, chaired by the Department of Agrarian Reform and consisting of members of relevant national government agencies and other institutions, will serve as the governing body and provide policy direction and overall coordination mechanism for the project.

Financial management, procurement and governance

62. The financial management of the project will follow the government public financial management systems, government accounting manual, and other regulations and procedures on receipts and disbursements of proceeds from loans, so far as these are consistent with IFAD's standard disbursement procedures and financial management guidance. Disbursement of funds will be based on the quarterly interim financial reports submitted to IFAD within 30 days following each reporting quarter. The commission on audit will review VISTA based on the consolidated financial reports and submit its audit reports to IFAD within six months after the end of financial year.
63. Procurement will be carried out in accordance with the national procurement law and its implementing rules and regulations provided that these are consistent with IFAD's Project Procurement Guidelines. The project will follow the project procurement strategy as provided for in the design. Online project procurement plans will be prepared via IFAD's Online Project Procurement End-To-End System (OPEN). The IFAD contract monitoring tool will be used for managing and updating contracts. Applicable procurement methods and prior review requirements will be observed.
64. On governance, procuring entities will benefit from capacity-building at start-up with an emphasis on post-qualification. BUILDPROC procurement training will be provided at all levels as required. The ombudsman of the Philippines is tasked with receiving administrative and criminal complaints for graft and corruption, including those relating to projects receiving foreign assistance.

Target group engagement and feedback and grievance redress

65. VISTA will be implemented with the engagement of a wide range of stakeholders, and project investment planning will include communities on the ground. The project will tackle gender-based constraints using household methodologies as an entry point, with a view to achieving gender transformation. VISTA will pay particular attention to the engagement of Indigenous women by recognizing their role as stewards of natural resources and biodiversity, and as bearers of rich traditional knowledge systems.

Grievance redress

66. The central project management office will be the unit primarily responsible for ensuring that the grievance redress mechanism works effectively and that the appropriate authorities are informed in a timely manner for resolution purposes. At the community level, farmer- and village-level feedback can also be communicated to farmers' cooperatives and associations. The documentation of stakeholder engagement and free prior and informed consent processes will form part of project report submissions. Action plans per project site will be prepared to incorporate stakeholder feedback.

B. Planning, monitoring and evaluation, learning, knowledge management and communications

67. The monitoring and evaluation (M&E) system will provide reliable data to support results-based management and evidence-based decision-making. The project will perform: (i) process monitoring; (ii) performance monitoring; and (iii) outcome monitoring. M&E plans will be developed and the execution of the plans will be

assessed annually. The project will use IFAD's core outcome indicators measurement guidelines for baseline, midline and endline surveys to measure changes.

68. VISTA's communication strategy will involve a diverse range of stakeholders, including local communities, government bodies, NGOs and farmers. The project will include the development of a comprehensive communication plan from the outset. This strategic blueprint will be developed collaboratively with the IFAD communication specialists, ensuring alignment with corporate practices and organizational objectives.

Innovation and scaling up

69. The project will pioneer a regional approach, which consolidates natural resource management plans to align investment priorities among agencies. It integrates environmental considerations into value chains, piloting innovative greening practices. A comprehensive rural finance strategy will be pursued to overcome obstacles hindering access to finance. VISTA will also focus on climate adaptation research and, notably, will merge natural resource management into value chain development, targeting a selection of crops for cultivation. The project emphasizes sustainable farming practices, reforestation and shade-grown coffee initiatives to benefit quality and the environment.

C. Implementation plans

Implementation readiness and start-up plans

70. The project contains a retroactive financing option for initial project activities. The retroactive financing will provide up to US\$1.0 million after the date of project approval up to the date of entry into force, for eligible expenditure incurred during this period. The initial three months focus on establishing project offices, commencing integrated planning and finalizing the annual workplan and budget, and procurement plan. A programme implementation manual, including key service providers' terms of reference, has been prepared. The Government is encouraged to initiate the procurement process for these service providers before programme start-up.

Supervision, midterm review and completion plans

71. Every year, IFAD and the Government will undertake an annual supervision mission. Furthermore, annual support missions focusing on specific technical needs will also be carried out. A midterm review is planned at the end of the third year, and a project completion mission will evaluate and document the overall implementation performance and attained results.

V. Legal instruments and authority

72. A financing agreement between the Republic of the Philippines and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement will be made available prior to the session.
73. The Republic of the Philippines is empowered under its laws to receive financing from IFAD.
74. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

75. I recommend that the Executive Board approve the proposed financing in terms of the following resolutions:

RESOLVED: that the Fund shall provide a loan on ordinary terms to the Republic of the Philippines in an amount of twenty-five million United States

dollars (US\$25,000,000) from the performance-based allocation system and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a loan on ordinary terms to the Republic of the Philippines in an amount of sixty million United States dollars (US\$60,000,000) from the Borrowed Resource Access Mechanism and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario
President

Negotiated financing agreement

(To be made available prior to the session)

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project				Project MIS data	Annually	NPCO	The targeted rural areas are accessible and have the necessary infrastructure for effective outreach. The local communities are open to engagement and trust the intentions and benefits of the VISTA and participate actively. The existing government policies that support or do not hinder the project will remain stable throughout the project duration. The existing government policies that support or do not hinder the rural development project will remain stable throughout the project duration.
	Males - Males	0	14000	35000				
	Females - Females	0	14000	35000				
	Young - Young people	0	5600	14000				
	Indigenous people - Indigenous people	0	8400	21000				
	Total number of persons receiving services - Number of people	0	28000	70000				
	Male - Percentage (%)	0	20	50				
	Female - Percentage (%)	0	20	50				
	Young - Percentage (%)	0	8	20				
	1.a Corresponding number of households reached				Project MIS data	Annually	NPCO	
	Women-headed households - Households	0	5600	14000				
	Non-women-headed households - Households	0	22400	56000				
	Households - Households	0	28000	70000	Project MIS data	Annually	NPCO	
	1.b Estimated corresponding total number of households members							
Household members - Number of people	0	140000	350000					
Project Goal Reduce rural poverty and increase food security while protecting and enhancing the natural ecosystems in vulnerable upland areas in CAR and Region XII	Increase in housing and farm asset indices from baseline data				Baseline, Mid term, and End-Line Studies	Start, Mid term, and EOP	Third Party Service Provider	Stable macroeconomic and fiscal outlook with no major changes in food security policies. The region is not affected by geopolitical conflicts that may cause instability,
	Percentage Increase - Households - Percentage (%)	0	3	10				
	Increase in the ratio of food expenditure to total family expenditure from baseline data							
Percentage increase - Households - Percentage (%)	0	5	15	Baseline, Mid term, and End-Line Studies, PSA	Start, Mid term and EOP	Third Party Service Provider	Implementing and partner agencies, including LGUs fulfill their commitments and work effectively in coordination under NCI.	
Development Objective Increase income and employment of target groups in fragile upland areas, including women, youth and IPs, through the strengthening								
2.2.1 Persons with new jobs/employment opportunities								Project M&E/MIS

of inclusive value chains with conservation and sustainable use of the natural resources and climate resilient practices	Total number of persons with new jobs/employment opportunities - Number of people	0	4000	10000			Project M&E/MIS Unit	Project area is not affected by major natural disasters or calamities. No major changes to government incentive programs and/or policies related to domestic agriculture and trade of value chain products.
	increase in crop yield among local communities in upland agriculture ecosystems.				Baseline, Mid term, and End-Line Studies, COI Survey	Start, Mid term, and EOP, Annually	Third Party Service Provider	
	Crop Yield - Percentage (%)	0	10	20				
	IE.2.1 Individuals demonstrating an improvement in empowerment				Project M&E/MIS	Annual	Project M&E/MIS Unit	
	Total persons - Number of people	0	20000	48000				
	SF.2.1 Households satisfied with project-supported services				Baseline, Mid term, and End-Line Studies	Start, Mid term, and EOP	Third Party Service Provider	
Household members - Number of people	0	210000	280000					
Outcome 1. Improved sustainable use of natural resources for sustainable production systems that can cope with negative impacts of climate change	1.2.1 Households reporting improved access to land, forests, water or water bodies for production purposes				Baseline, Mid term, and End-Line Studies, COI Survey	Start, Mid term, and EOP, Annually	Third Party Service Provider	Local institutions and communities are willing to engage and adequately capacitated by the Project on natural resource and environment protection. No major calamities and natural hazards affecting the project area.
	Total no. of households reporting improved access to land - Households	0	10000	30000				
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices				Baseline, Mid term, and End-Line Studies, COI Survey	Start, Mid term, and EOP, Annually	Third Party Service Provider	
	Total number of household members - Number of people	0	50000	150000				
	Increase in adoption of NRM plans by participating local government units				Project M&E/MIS	Annually	Project M&E/MIS Unit	
	LGUs - Percentage (%)	0	30	80				
Output 1.1. High quality, VC-focused NRM plans implemented	Sub-project proposals (SPs) and VISTA investment plans approved				Project M&E/MIS	Quarterly, Annually	Project M&E/MIS Unit	
	Investment Plans - Number	0	20	30				
Output 1.2. Households supported with activities to improve agroforests, enhance soil management, improve water resources, and conserve biodiversity	Area supported for agroforestry activities				Project M&E/MIS	Quarterly, Annually	Project M&E/MIS Unit	No major calamities and natural hazards affecting the project area. and the social and environmental safeguards are applied properly.
	Agroforestry activities - Area (ha)	0	5000	6000				
Output 1.3. Innovative, inclusive and sustainable approaches on green value chains developed	Sub-project proposals on mechanisms for greening the VC (manual, guideline, and skills trainings) approved and implemented				Project M&E/MIS	Quarterly, Annually	Project M&E/MIS Unit	No major calamities and natural hazards affecting the project area.
	Proposals Approved - Number	0	20	50				
Output 1.4. Response to Emergency and Disaster (RED)	Households supported by the disaster fund							Will be activated based on Government request if one or several of the expected shocks
	Number of Household supported - Households							

								have occurred. Targets will be set when the fund is activated.			
Outcome 2. Developed commercially viable and environmentally sustainable Value Chains of selected commodities	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices				Baseline, Mid term, and End-Line Studies, COI Survey, Project M&E/MIS	Start, Mid term, and EOP, Annually	Third Party Service Provider	No major calamities and natural hazards affecting the project area. Strong planning and coordination efforts between DA , DAR , LGUs and other implementing partners is ensured. No major changes in the availability, and prices of agricultural inputs. Training partners and extension specialists are available in the market.			
	Total number of household members - Number of people	0	49000	115500							
	1.2.4 Households reporting an increase in production										
	Total number of household members - Number of people	0	42000	98000							
	1.2.5 Households reporting using rural financial services										
	Total number of household members - Number of people	0	30000	80000							
	2.2.6 Households reporting improved physical access to markets, processing and storage facilities										
	Households reporting improved physical access to markets - Percentage (%)	0	40	50							
	2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities								Project M&E/MIS	Annually	Project M&E/MIS Unit
	Number of POs - Organizations	0	100	250							
	2.2.5 Rural producers' organizations reporting an increase in sales								Project M&E/MIS	Annually	Project M&E/MIS Unit
Number of Rural POs - Organizations	0	40	80								
Rural producers' organization reporting an increase in net profit				Project M&E/MIS	Annually	Project M&E/MIS Unit					
VPO given intensive training - Percentage (%)	0	40	80								
Output 2.1. Rural producers and their members provided with sustainable technologies, practices and agricultural inputs	1.1.3 Rural producers accessing production inputs and/or technological packages				Project M&E/MIS	Quarterly, Annually	Project M&E/MIS Unit	Private sectors are active and willing to engage with rural producer organizations based on the Project terms. Government, private sector, and all other main stakeholders work in coordination, particularly during the investment planning stage. Social and environmental safeguards are followed strictly.			
	Total rural producers - Number of people	0	4000	10000							
	1.1.4 Persons trained in production practices and/or technologies										
	Total number of persons trained by the project - Number of people	0	10000	20000							
	Number of farms receiving standard certifications (i.e. GAP)				Project M&E/MIS	Quarterly, Annually	Project M&E/MIS Unit				
Farmers - Number	0	2500	5000								
2.1.3 Rural producers' organizations supported				Project M&E/MIS							

Output 2.2. Rural producer organizations and their members supported with investments for viable and inclusive VC	Rural POs supported - Organizations	0	200	500		Quarterly. Annually	Project M&E/MIS Unit	Private sectors are active and willing to engage with rural producer organizations based on the Project terms. Government, private sector, and all other main stakeholders work in coordination, particularly during the investment planning stage. Social and environmental safeguards are followed strictly.
	2.1.4 Supported rural producers that are members of a rural producers' organization				Project M&E/MIS	Quarterly. Annually	Project M&E/MIS Unit	
	Total number of persons - Number of people	0	8000	20000				
	1.1.5 Persons in rural areas accessing financial services				Project M&E/MIS	Quarterly. Annually	Project M&E/MIS Unit	
	Total persons accessing financial services - savings - Number of people	0	4000	10000				
	1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services				Project M&E/MIS	Quarterly. Annually	Project M&E/MIS Unit	
	Persons in rural areas trained in FL and/or use of FProd and Services (total) - Number of people	0	8000	20000				
Output 2.3. Rural producers supported with access to new or improved access and productive infrastructure and facilities	Rural Producers' organizations accessing investment matching grants				Project M&E/MIS	Quarterly, Annually	Project M&E/MIS Unit	
	VC Participating Organizations	0	200	580				
	2.1.6 Market, processing or storage facilities constructed or rehabilitated				Project M&E/MIS	Quarterly, Annually	Project M&E/MIS Unit	
Outcome 3. Strengthened national and local institutional frameworks with policy initiatives on sustainable use of natural resources and environmentally responsible Value Chains	Total number of facilities - Facilities	0	40	100				
	2.1.5 Roads constructed, rehabilitated or upgraded				Project M&E/MIS	Quarterly, Annually	Project M&E/MIS Unit	
	Length of roads - Km	0	20	80				
Output 3.1. Operational implementation arrangements established at all project management levels	Existing/new laws, regulations, policies or strategies proposed to policy makers (national/local) approved and ratified				Project M&E/MIS	Annually	Project M&E/MIS Unit	A proper M&E/KM set up and plans at start up. Government interest and willingness to engage in policy development. Active engagement with stakeholders including effective implementation of GRM.
	Proposal - Number	0	2	5				
	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers				Project M&E/MIS	Annually	Project M&E/MIS Unit	
Output 3.2. Functional M&E/MI systems supportive of generating knowledge products for learning and policy engagement	Household members - Number of people	0	35000	122500				
	Coordination mechanisms with complete representations established				Project M&E/MIS	Quarterly, Annually	Project M&E/MIS Unit	Competent staff/consultants are available at project start up
Output 3.2. Functional M&E/MI systems supportive of generating knowledge products for learning and policy engagement	EARCC mechanisms - Number	0	27	27				
	Knowledge products on natural resources and responsible VCs published							Competent staff/consultants are available at project start up
	Learning materials - Number	0	8	20				
Policy briefs - Number	0	2	5					

Integrated project risk matrix

Risk Categories and Subcategories	Inherent	Residual
Country Context	Substantial	Moderate
Political Commitment	Moderate	Low
<p>Risk(s): No major risks expected in Government's commitment or its political strategy that may affect the project's implementation and success. The current administration has recently been appointed and there is strong commitment from the top Government to attain food security and zero hunger as well as boosting the agriculture sector. The new President appointed himself agriculture secretary after he won the Philippines presidency in May 2022, to make agriculture a key priority of his government.</p>		
<p>Mitigations: Approval processes in the government are managed through a standard process and there is unlikely to be significant change. Continuous communications between IFAD and the Government at all levels to be aware of emerging issues in the face of political constraints. Focus on rural poor, women and youth can have an important comparative advantage to ensure ongoing support and favorable public opinion. VISTA implementation is less likely to be effected with political risks given the strong commitment from DAR, the collaborating agency DA, as well as oversight agencies NEDA and DoF.</p> <p>VISTA is fully aligned with the key government priorities on poverty reduction, food security, environment protection and climate resilience. The project will directly contribute to the growth of agriculture in marginalized upland areas, which is consistent with Government's commitment to strengthen inclusive and resilient agriculture sector.</p>		
Governance	Substantial	Moderate
<p>Risk(s): The weak capacity of the national government in managing public finances especially at the local level continues to be a challenge. The incidence of fraud and corruption is not uncommon especially at the local level that requires careful management of fiduciary aspects. Politicization of appointments and inefficient coordination mechanisms poses some risks, however, these risks are manageable at the agency and project level. DAR has long term partnership with IFAD and have extensive experience in implementing IFAD financed projects.</p>		
<p>Mitigations: The Philippines has a robust Commission on Audit and procurement standards. IFAD CO to maintain transparency of operation and portfolio supervision to assess procurement and financial management regularly. The project activities on institutional strengthening, particularly those in the dedicated component 3, will increase the capacity of institutions involved during implementation. Interagency governance structure at the national and regional level is setup considering the risks involved. The standard implementation procedures and systems will be set up</p>		

Risk Categories and Subcategories	Inherent	Residual
during the startup and supported with TA during the implementation. VISTA will develop robust information monitoring and audit systems, including third-party evaluations and oversight by PSC, NEDA and DoF.		
Macroeconomic	Substantial	Moderate
<p>Risk(s):</p> <p>The Philippines' economy was adversely hit by the COVID-19 pandemic but has rebounded to almost previous growth levels. This illustrates the steady growth pattern. The impact of the Russia-Ukraine conflict is expected to be temporary on Philippines relying on strong domestic economy that can withstand the adverse effects. The country's fiscal deficit improved from 8.3 percent of GDP in 2020 to 6.5 percent of GDP in 2022, but stimulus expenditure during the pandemic caused the national debt ratio to rise to 63.7 percent of GDP. That said, this uptick in public indebtedness is not a matter of concern as a large portion of national debt is denominated in local currency.</p> <p>The economic outlook is mainly positive; however challenges exist. Rising interest rates, a potential recession in major economies, and geopolitical tensions could dampen global trade and investment flows, impacting the Philippines indirectly. High inflation remains a concern, eroding purchasing power and potentially pushing the central bank to raise interest rates further, which could slow economic activity. The Philippines is heavily reliant on imported goods and energy, making it sensitive to fluctuations in global commodity prices.</p>		
<p>Mitigations:</p> <p>IFAD will closely communicate with the Government at national and local level to monitor any emerging issues in the face of economic and political constraints. ICO will monitor the developments in global markets and their potential impact on the Philippines (i.e. consulting with local experts and financial advisors for specific guidance tailored to needs).</p> <p>VISTA presents a sustainable approach that addresses both immediate challenges and long-term prospects through modernizing agricultural practices through technology adoption, infrastructure development, and improved access to financing. Encourage diversification and sustainable farming practices to boost productivity and resilience. VISTA will ensure that economic benefits reach all segments of society, particularly marginalized communities and rural areas, particularly in geographically isolated areas (uplands). VISTA will also invest in disaster preparedness and mitigation measures to minimize the economic impact of natural disasters, which are becoming increasingly frequent due to climate change.</p> <p>Contingencies are included in the costing structure. MTR will provide an opportunity to adjust/modify the project assumptions and costing as well as respond to issues that may arise from potential economic fluctuations. IFAD ICO will maintain close coordination with national and regional government to make contingency plans for timely response and monitor that counterpart allocations are made timely and in line with the AWPB.</p>		
Fragility and security	Substantial	Moderate

Risk Categories and Subcategories	Inherent	Residual
<p>Risk(s): There are civil conflicts in the Philippines, but these tend to be localized and sporadic. Risk of insurgency of minority groups, although unlikely could affect security for project implementation. The project areas are inherently fragile to climatic shocks due to their vulnerable location. Worldwide, rising prices of food, energy, and fertilizer further exacerbated the impacts on climate crisis and particularly worsen the household economies in rural areas.</p>		
<p>Mitigations: The VISTA is designed to foster active community engagement and participation to ensure that local stakeholders’ concerns and grievances are addressed promptly as well as will have mechanisms to maintain ongoing dialogue with community leaders. SECAP safeguards will be fully implemented to ensure sustainable and equitable natural resource management practices, which will have clear guidelines and agreements for resource use, such as land and water, to minimize disputes. The project also has a clear and strong targeting strategy to prevent unequal access to project resources or opportunities. The Project has allocated disaster risk fund to respond in the event of natural disasters which could reduce the risk of social unrest. Also, the strong coordination mechanism will ensure close coordination with local government authorities including NCIP and IFAD CO’s engagement with the UNDRR will ensure timely access to early warnings and rely on advice from these authorities on further measures to be adopted depending on the context. The project will follow standard emergency guidelines for calamities. As identified by the SECAP and ESCMF, project resources will be allocated to address climate risks. The budget reserved for disaster risk fund (in component 2) will strengthen the crisis response capacity. Project interventions aimed at increasing income and food/nutritional security will build the resilience of rural households against the economic and environmental shocks. The capacity building of state actors and communities through the provision of equipment and access to climate proof infrastructure, climate information, as well as vulnerability and risk analysis, natural resource management plans, and surveillance tools that are integrated to LGUs and local organizations will contribute to protect the fragile ecosystems of the most vulnerable populations.</p>		
Sector Strategies and Policies	Substantial	Moderate
Policy alignment	Substantial	Moderate
<p>Risk(s): Although VISTA aligns well with the existing national and regional priorities, the issues tend to arise at the local level, particularly related to the activities under the responsibility of LGUs, where lack of understanding or low capacity may lead to delays and overall lack of effectiveness and barriers to achieving strategic objectives. Fragmented policy frameworks on land tenure and implementation plans of agencies on natural resources, and overlap with other development projects (i.e. PRDP) operating in the same locations may create duplications, redundant work, and conflicting priorities.</p>		
<p>Mitigations:</p>		

Risk Categories and Subcategories	Inherent	Residual
<p>The Project is designed to align and directly contributes to the Philippines Development Plan (2023-2028). VISTA aligns with the key national policies including the National Agricultural and Fisheries Modernization and Industrialization Plan 2021-2030, the National Convergence Initiative (NCI) for Sustainable Rural Development aiming to address fragmentation and protect natural resources through environment-friendly enterprises and livelihood opportunities and the Philippines Nationally Determined Contribution (NDC) 2021. It also supports the National Greening Program of the Department of Environment and Natural Resources (DENR). 204. The project is also aligned with cross-cutting strategies identified in the Cordillera Regional Development Plan (RDP) 2023-2028.</p> <p>At present, the project is not expected to encounter any identified risks concerning the absence or conflict of legal frameworks pivotal to its implementation. The established safeguards measures and relevant instruments within the country's system align reasonably well with IFAD's SECAP, ESCMF and DAF. Any certifications and clearances, such as Environmental Compliance Certificate (ECC), FPIC or CP clearances from NCIP, will be obtained as per the practices implemented in previous projects.</p> <p>The National Convergence Initiative provides an important framework for each government agency to pursue its own programs but also secure a mandate to coordinate with other agencies in relation to rural poverty, particularly regarding sector policy and strategy. PSC will be established to provide strategic guidance and platform for policy cohesion among the all parties involved. The two main development projects (PRDP and MIADP) operational in the area are implemented by DA. A comprehensive analysis is conducted to identify common areas, build complementarities and avoid redundant/duplicated work with VISTA. A dedicated sub-component 1.1 is designed to conduct comprehensive review and assessment of existing plans across the agencies on natural resources and climate adaptation and ensure collaboration with local communities for wider consensus as well as integration of these consolidated plans into the LGUs and local organizations.</p>		
Policy development & implementation	Substantial	Moderate
<p>Risk(s):</p> <p>The complex nature of land tenure and land reform in the Philippines is a potential risk to project progress. Tenurial overlaps are common and the nature of these will be different in every context. There are several legal land use and management instruments which are implemented by the government in response to these overlaps. However, these processes take time, often beyond the life of a single project. Lack of structured and disciplined approach to coordination among many actors and donors may cause conflicting agendas and priorities in the development of policies and their integration into the national programmes.</p>		
<p>Mitigations:</p> <p>There are alternatives to legal resolutions to overlaps that involve joint understanding between the parties involved to progress activities. It is likely these types of arrangements, tailored to each situation, will be pursued by the Project. To mitigate, the Project will rely on institutional agreement among DAR, DA, NCIP and DENR in</p>		

Risk Categories and Subcategories	Inherent	Residual
<p>formulating the MOA among the four agencies, the following provisions will be included: (i) areas targeted for inclusion in Project VISTA should be free of tenurial concerns and agreed upon by the four agencies using evidenced-based data such as maps and surveys; (ii) for ancestral lands and domain, NCIP will commit to facilitate approval of FPIC/CP; and (iii) establishment of a working group at various levels if any conflicts arise. Coordination with RLUC/RDC. At the regional level, coordination among the four agencies can be facilitated through the Regional Land Use Committee (RLUC) of the Regional Development Council (RDC), supported by NEDA. The RCC can also provide support in resolving land tenure issues.</p> <p>Philippines has an active suite of policies and strategies related to the agriculture and SME sectors. VISTA is designed to influence these sector policies and strategies, The non-lending activities will be promoted in annual KLMPE, IPGN, ARDKPP, and ACPoR events organized by IFAD Country Office involving also the donor community to assist in raising strategic and policy issues and develop dialogue and action in relation to any identified concerns.</p> <p>A Project Steering Committee (PSC) will be established at national level to: i) provide policy guidance and strategic directions, ii) facilitate coordination to ensure alignment/complementarity of Programme interventions with other donors, and iii) ensure AWPB is prepared in a consultative manner. IFAD Supervision Missions will provide guidance and closely monitor the effectiveness of coordination mechanism with stakeholders.</p>		
Environment and Climate Context	Substantial	Moderate
Project vulnerability to environmental conditions	Substantial	Moderate
<p>Risk(s): Natural ecosystems in the Philippines have been radically altered, especially in the last century. The main drivers of ecosystems change are anthropogenic activities and as a consequence, its ability to provide ecosystem services has been highly degraded. The impacts of degraded natural capital have been manifested in numerous ways, for example flooding has become more common as a consequence of impaired hydrology and mismanaged watersheds. In addition, there are also governance issues that constrain the country's ability to conserve its biodiversity resources.</p> <p>Upland farms and other production areas involved in the project are vulnerable to disruptions in the value chains particularly brought about by landslides during heavy rains and cyclone events, and earthquakes. These would lead to crop failure and damage to farm lands. Flooding also occurs in high elevation around rivers and tributaries and may cause damage to bridges and roads at the edges of the river systems. The lack of water, or the excess of water during high rainfall events and cyclones, also would lead to crop failure and damage to farmlands. Frequent tropical cyclones and strong winds shape the architecture of Philippine forests and influenced the rich biodiversity. The project activities will be vulnerable the extremes in water availability and extreme events, effecting agricultural value chains and supporting ecosystems.</p>		
<p>Mitigations: Project component targeted to address risks to the ecosystems and</p>		

Risk Categories and Subcategories	Inherent	Residual
<p>environmental considerations relevant for target value chains. SECAP measures will apply as embedded in the project design and compliance to safeguards requirements will be observed ie preparation of ESCMPs, enhancement of existing disaster risk management plans, and other applicable instruments defined within the country system that is relatively equivalent with IFAD’s SECAP.</p> <p>Soil and water conservation technologies would be introduced to the target regions such as agroforestry, terracing or contour farming, reforestation. Rural infrastructure will be climate-proofed to be included in their design from the outset. Technical assistance will be provided to the project beneficiaries to mitigate the environmental risks and at the same time increase their income.</p> <p>The project will follow the SECAP procedures and mitigation measures identified in the ESCMP. The project will also prepare a Regulatory Framework or Risk Assessment of Invasive Species and incorporate in the implementation plans.</p>		
Project vulnerability to climate change impacts	Substantial	Moderate
<p>Risk(s): Research has established the Philippines as one of the most vulnerable countries in the world to the impact of storm surges with increased wave heights due to climate change. Climate projections from PAGASA find increasing trends in rainfall observed over central portions of Luzon and southern sections of Mindanao (within the project areas of VISTA) which may drive increases in landslides and damage from extreme rainfall. Target communities have low adaptive capacities to climate change impacts. Many of the climate changes projected are likely to disproportionately affect the poorest groups in society and may exacerbate this trend.</p>		
<p>Mitigations: The project design will be informed by a strong evidence base and analysis on the impacts of climate change on the interventions and be designed with climate resilience considerations across all interventions. The assessment of climate risks will be an integral consideration in all planning processes to ensure that vulnerability to risks is mitigated. Value chain interventions will include climate risk assessment to identify measures to ensure climate resilient VCs. SECAP measures will apply as embedded in the project design and compliance to safeguards requirements will be observed ie preparation of ESCMPs, enhancement of existing disaster risk management plans, and other applicable instruments defined within the country system (includes the NDC) that is relatively equivalent with IFAD’s SECAP.</p> <p>VISTA will align with the Philippines’ Nationally Determined Contributions (NDCs) climate action plan which identified priority mitigation and adaptation strategies. The project will continue to monitor the impacts and provide technical assistance, when needed; introduce cultural practices that would favorably change the micro-climate of the production areas to prevent high moisture that induce fungal growth (disease) and damage the crops; Apply agroforestry practices such as planting nurse trees to protect the coffee and cacao from high intensity rainfall that would cause damage to the crop trees. Tree planting in open areas to mitigate high</p>		

Risk Categories and Subcategories	Inherent	Residual
temperatures in the long term when trees grow and provide shade and lower temperatures for higher farmer productivity. This in turn would protect the water sources from high temperatures and evaporation thus having more water during the dry season. The project will apply SECAP measures identified in the Targeted Climate Adaptation Assessment.		
Project Scope	Moderate	Moderate
Project relevance	Low	low
<p>Risk(s): No risks envisioned. The project relevance is ensured through the parallel process of the country strategic opportunities programme (COSOP) for 2023-2028 design which ensures alignment of IFAD's programme with national priorities and IFAD corporate priorities. The COSOP is guided by the preparation for the Philippines Development Plan (PDP) 2023-2028, the IFAD Strategic Framework 2016-2025 and IFAD's diverse programmatic and operational experiences in the country. It responds to the Government's interests in adding value to its development efforts through strong partnerships between government, private and social sector actors.</p>		
<p>Mitigations: The project design is conducted in a participatory Manner with wide range of stakeholders including beneficiaries and regional/national agencies. The design is fully aligned with the national development plans as well as agencies' priorities in the target region.</p>		
Technical soundness	Substantial	Moderate
<p>Risk(s): The project structure includes implementation of complex activities that necessitates technical support on natural resource management and value chain components. Involving two implementing agencies add more complexity to the institutional set-up, coordination, and implementation arrangements.</p>		
<p>Mitigations: The design considers key measures to mitigate the project complexity. The engagement with DA, as a collaborating agency providing technical assistance/support, although it seems adding more complexity in the institutional arrangements, will provide significant benefits to the implementation of technical components given the agency's in-depth experience in NRM and production enhancement activities. The institutional arrangement is not new in the Philippines and is used in other similar projects. The Coordination mechanism combined with IFAD CO support, capacity development, pre-start-up financing, are already put in place in the design modalities. The Project carefully assessed the requirement/need for external service providers to ensure that the implementing agency (DAR) receives critical support during the implementation, particularly from DA. The key project tools including PIM, action plans, and MoAs and key implementation manuals (i.e. grant manual) will be fully developed during the pre-start up period and comprehensive start up workshop will be organized. Adequate budget has been allocated for the provision of technical services to develop NRM plans and on-site technical</p>		

Risk Categories and Subcategories	Inherent	Residual
<p>designs to support implementing agencies. Rural finance component will be supported by a qualified service provider. The roles and responsibilities are clearly defined and the tasks are assigned considering the comparative advantages of both agencies. Financial management and procurement arrangements are built on the previous experiences of IFAD financed projects in the country. Before the start-up, the Project Implementation Manual will be further developed by groups of experts to provide necessary guidelines and manuals to streamline the processes especially with regards to investment planning, grant procedures, coordination mechanisms, monitoring and reporting, and extension/capacity development services.</p>		
Institutional Capacity for Implementation & Sustainability	Moderate	Low
Implementation arrangements	Moderate	Low
<p>Risk(s): DAR and DA had been working with IFAD with several projects in the country which were successful in their implementation (i.e. CHARM Project under DA, ConVERGE Project under DAR), this will be the first time that the two national agencies will collaborate to implement a project on both ARCs and non-ARCs. In addition, the DAR will be working with LGUs which have varied capacities in implementing sub-projects like rural infrastructure. A twin approach of natural resource management and value chain will be challenging to DAR especially that there will be several stakeholders involved like the DA, NCIP, DENR, private sector and people's organizations.</p>		
<p>Mitigations: Capacity building. To ensure effective project implementation, an in-depth capacity assessment of the DAR staff involved in the project at various levels will be conducted, along with a quick assessment of the implementing partners' capacities, particularly the LGUs. Based on the assessment results, the CPMO will design and deliver a capacity improvement program in the first year of the project. The progress of capacity building will be evaluated in the second year, and further capacity strengthening will be provided as needed. Coordination mechanism: To ensure the full involvement of government agencies in project implementation, the following measures will be put in place: (i) Formalize institutional commitment to the project through Memoranda of Agreement (MOAs) with clear roles and responsibilities; (ii) Conduct project orientation for the assigned staff of each agency; (iii) Establish a Project Steering Committee at the national level, Regional Coordination Committee (RCC) at the regional level, and Expanded ARC Cluster Coordination Committee (EARC-CC) which will be composed of relevant public and private organizations.</p>		
M&E arrangements	Moderate	Low
<p>Risk(s): Project VISTA will be collecting, processing and reporting several output and outcome indicators related to NRM and VC. In addition, there will be several stakeholders who will be involved in the collection and usage of data/information from the community up to the national level. The risks involved here include the completeness</p>		

Risk Categories and Subcategories	Inherent	Residual
of data, timely processing and reporting so that the M&E results can be available on time for project management decision making.		
Mitigations: A robust M&E system with a web-based MIS will be established by the Project in the first year of implementation. There will be M&E guidelines/plan and implementation will have adequate and competent M&E staffing at all levels. The M&E/MI systems will build on the M&E experiences of the CHARM Project and Project ConVERGE. The data/information flow will be embedded in the Project's organizational structure. DAR has put premium on a functional M&E system, thus, it will not be difficult to introduce improvement in the Project's M&E system.		
Procurement	Moderate	Moderate
Legal and regulatory framework	Low	Low
Risk(s): The risk that the Borrower's regulatory and institutional capacity and practices (including compliance with the laws) are inadequate to conduct the procurement in a manner that optimizes value for money with integrity.		
Mitigations: At start up, capacity developments interventions will be provided with emphasis on procurement planning		
Accountability and transparency	Moderate	Moderate
Risk(s): The risk that accountability, transparency and oversight arrangements (including the handling of complaints regarding, for example, SH/SEA and fraud and corruption) are inadequate to safeguard the integrity of project procurement and contract execution, leading to the unintended use of funds, misprocurement, SH/SEA, and/or execution of project procurements outside of the required time, cost and quality requirements.		
Mitigations: At start up, orient DAR organic/project hired personnel on IFAD Revised Policy on Preventing Fraud and Corruption in its Activities and Operations including its policy on preventing sexual harassment/exploitation and abuse. Provide capacity development interventions for ARBOs to act as NGO observers during the procurement process. ARBOs to be engaged as observers during contract implementation.		
Capability in public procurement	Moderate	Moderate
Risk(s): The risk that the implementing agency does not have sound processes, procedures, systems and personnel in place for the administration, supervision and management of contracts resulting in adverse impacts to the development outcomes of the project.		
Mitigations: DAR organic/project hired personnel including MLGU procurement personnel will be trained on the key aspects of procurement (procurement planning and post qualification stages) and contract management		
Public procurement processes	Moderate	Moderate
Risk(s):		

Risk Categories and Subcategories	Inherent	Residual
The risk that procurement processes and market structures (methods, planning, bidding, contract award and contract management) are inefficient and/or anti-competitive, resulting in the misuse of project funds or sub-optimal implementation of the project and achievement of its objectives.		
Mitigations: At start up, procurement and contract management capacity training to be provided to DAR organic and project hired staff. Similar training to be provided for Implementing Partner MLGUs upon execution of Memorandum of Agreement. IFAD will require the presence of at least three bidders in all procurement activities as provided in its IFAD Project Procurement Guidelines.		
Financial Management	Substantial	Substantial
Organization and staffing	Substantial	Substantial
Risk(s): <ul style="list-style-type: none"> DAR's finance organization is established but its staff number and capacity may vary at sub-project levels and may be constrained in some cases considering that they also must perform and prioritize government regular duties and functions. As experienced in past IFAD projects, regular government staff could not provide full time or focus time for project implementation. In most cases, assigned government staff could provide support in complying with government requirements and thus rely on hired staff in project implementation. Past experiences showed the projects have difficulty in recruiting experienced individuals and retaining competent technical staff and in addressing turnover of contracted staff. Coordination among finance counterparts could be hindered by ambiguities in FM arrangements due to various levels of project implementation and agencies involved. 		
Mitigations: <ul style="list-style-type: none"> A steady complement of government delegated regular staff and recruited project finance staff will be maintained at all levels during the entire project duration. Regular DAR officers and staff at the central, regional, and provincial offices will be delegated. A special order (S.O.) will be issued by DAR and collaborating agencies to assign regular staff and define roles and responsibilities. Project finance staff will be contracted on a fixed term basis to augment DAR government staff in performing day-to-day project FM functions at all levels. TORs will be specifically defined for each position. Project setting up and recruitment of key staff will be done at early stage by utilizing the retroactive financing. The Project organogram as well as specific tasks and functions of each unit in the organizational structure including accountabilities and responsibilities should be agreed by DAR and other parties involved. To attract and retain hired competent technical staff, the Project should (i) ensure competitive salary and attractive benefit package, (ii) undertake less bureaucratic application, referral, and hiring processes; (iii) provide further capacity enhancement training to staff. Continuous capacity building of government finance staff and project-hired staff on procurement, FM and anti-corruption policies. Detailed collaboration agreements for coordination between DAR, DA, and LGUs will be implemented. 		
Budgeting	Substantial	Substantial
Risk(s):		

Risk Categories and Subcategories	Inherent	Residual
<ul style="list-style-type: none"> VISTA is required to follow National Government (NG) budget processes and procedures of the Department of Budget Management (DBM) to obtain annual budget cover for IFAD loan proceeds and GoP counterpart fund requirements under DAR's regular agency budget in the General Appropriations Act (GAA). Otherwise, there might be significant delays in the use of project funds due to additional processes, and further review and approval by the DBM and Office of the President (OP) of budget authorization. Annual budgets might not be realistic considering actual project implementation conditions and budget execution issues. Implementing units (R/PPMOs) and collaborating agencies (DA and LGUs) having distinct budget concerns and varying absorptive capacity that could lead to slow implementation progress. 		
<p>Mitigations:</p> <ul style="list-style-type: none"> DAR must secure annual budget cover for VISTA through the annual GAA. Synchronize annual preparations of AWPB and agency budget for respective submissions to IFAD and DBM. Conduct of start-up training on IFAD AWPB and regular budget workshops for a participatory and wholistic budget preparations (involving all DAR implementing units and collaborating agencies such as DA and LGUs) early on covering the approaching budget period. Allocate resources strategically and set periodic disbursement milestones. Consolidated AWPBs to be submitted to IFAD for prior review and approval no later than 60 days before the start of the covered budget period. Government and/or IFAD will conduct supervision and implementation support missions on a regular basis or as needed to monitor and follow-through on budget execution and implementation issues. 		
Funds flow/disbursement arrangements	Substantial	Substantial
<p>Risk(s):</p> <ul style="list-style-type: none"> Delays in preparation and consolidation of IFRs and WA for submission to IFAD. Low liquidity and delays in transferring funds to sub-recipients. Long outstanding fund transfers and advances to operating units and collaborating agencies. 		
<p>Mitigations:</p> <ul style="list-style-type: none"> eNGAs will be customized for project IFR and financial reporting and regular training to be provided for eNGAS users. Clear funds flow and management, including reporting processes, procedures, and responsibilities must be defined in the PIM and MOAs with collaborating agencies. Monthly reporting and reconciliation of bank account balances. DAR to strictly implement and monitor compliance with relevant COA accounting and audit rules involving fund transfers and advances. 		
Internal controls	Moderate	Moderate
<p>Risk(s):</p> <ul style="list-style-type: none"> There is risk of internal control weakness or ineffective implementation of internal control systems as indicated by COA observations in the annual consolidated agency audit report of DAR for CY2022. 		
<p>Mitigations:</p> <ul style="list-style-type: none"> DAR CPMO will ensure timely issuance of further guidance on project internal control procedures during implementation. The PIM will provide for project internal control systems and any updates to the PIM will be made and disseminated accordingly. DAR Central Office will cause VISTA to be covered by internal audit activities of DAR Internal Audit Service. 		
Accounting and financial reporting	Moderate	Moderate

Risk Categories and Subcategories	Inherent	Residual
<p>Risk(s):</p> <ul style="list-style-type: none"> Project accounting will conform to the Government Accounting Manual (GAM) and will be done through the e-NGAs. However, existing government accounting systems are not integrated and automated to generate the consolidated financial reports of all implementing units and collaborating agencies by components and categories as per IFAD financial reporting requirements. There could be errors and delays in consolidating and reporting project financial transactions of all operating units and collaborating agencies to IFAD and COA. 		
<p>Mitigations:</p> <ul style="list-style-type: none"> The e-NGAs (e-National Govt Accounting System) will be used for IFAD reporting purposes of project financial transactions by component and categories.. Separate books of accounts and/or records will be maintained for VISTA by all implementing units and collaborating agencies. DAR Central Office will perform the consolidation of project financial transactions for submissions of IFRs and financial statements or reports. The PIM, in conjunction with existing COA accounting and audit rules, will include policies, procedures, and timelines in recording, reporting, and consolidating project financial transactions. 		
External audit	Substantial	Substantial
<p>Risk(s):</p> <ul style="list-style-type: none"> The Commission on Audit (COA) will conduct the project audits of VISTA at all project levels. There could be delays in the completion of project audits of implementing units and collaborating agencies by their respective COA regional offices, and the consolidation of the results at DAR Central Office. Prior year audit findings could be reiterated in the current year audit report and remain outstanding and unresolved. COA could issue an unsatisfactory audit report. 		
<p>Mitigations:</p> <ul style="list-style-type: none"> DAR will closely coordinate the annual project audit TORs and timeline with the COA, implementing units, and collaborating agencies to monitor status for timely completion, resolution of issues, consolidation, and submission to IFAD of satisfactory audit report and project financial statements, including management letter no later than six (6) months after the covered calendar year. DAR will ensure that any audit observation and recommendation will be resolved within 6 months after COA issuance of audit report and submit status for IFAD review and monitoring 		
Environment, Social and Climate Impact	Moderate	Moderate
Biodiversity conservation	Moderate	Moderate
<p>Risk(s):</p> <p>Species selection for reforestation and other agroforest crops may Challenge the biodiversity structure of the area; Genetic erosion of traditional crop varieties due to introduction of exotic crops, hybrids and entry of invasive species.</p>		
<p>Mitigations:</p> <p>Selection of indigenous and/or commonly found tree-crop species to be planted; Select species that are able to adapt to the projected climate conditions of the project site; Apply precautionary principle</p>		

Risk Categories and Subcategories	Inherent	Residual
and follow the mitigation hierarchy ¹⁰ . Participatory land use planning/zoning for protection of soil, water, biodiversity, forestry and climate change initiatives. Engage and consult a species specialist to evaluate species in target areas. Use SECAP and Abbr. ESCMF (Appendix 7) to guide implementing agencies in management of biodiversity.		
Resource efficiency and pollution prevention	Moderate	Moderate
Risk(s): Unregulated pesticide use & fertilizers would pollute water sources, reduce population of beneficial insects thereby reducing crop yield & eventually the income of beneficiaries. Agri & nursery waste management is non-existent or is minimal - pollutes waterways & bodies of water.		
Mitigations: The Project will strictly implement the provisions of PD 1144 governing the sale & use, storage of fertilizers & pesticides; Support local government initiatives on waste management; Provide trainings on organic agriculture to convert agri-wastes into organic fertilizer. The Project will ensure procurement of natural-resource commodities certified under appropriate certification and verification systems accepted for sustainable management of living natural resources in the Philippines. Extraction of construction aggregates only from approved quarry sites. Limit to suppliers that can demonstrate that they are not contributing to significant conversion or degradation of natural or critical habitats. The Project will ensure that individual Certificates of Land Ownership Award (CLOA) recipients are informed of or linked to existing government programs on sustainable farming that they can readily access, including trainings on resource efficiency and pollution control, capacity development, integrated pest management, organic/ natural farming systems, rainwater harvesting, soil and water conservation, slope stabilization and erosion control, among others.		
Cultural heritage	Moderate	Moderate
Risk(s): Project may impact features or physical and religious values of UNESCO sites that are present for CAR and Region 12 (i.e. Ifugao Rice Terraces and Allah Valley). The project interventions are limited to intangible aspects since there will be no massive earth-moving activities. Civil works are limited to rehabilitation of Communal Irrigation System (CIS) and FMRs and some community infrastructure like PHFs.		
Mitigations: All issues related to IP traditions and culture as well as traditional knowledge are robustly considered as part of Standard 4 on Indigenous Peoples and addressed through FPIC-IP and IPPF. Implement FPIC-IP and IPPF Capacity-building on FPIC and IPP implementation, monitoring, and reporting; Implement SEP & FPIC-IP; and IP Plan as provided in design.		
Indigenous Peoples	Substantial	Moderate
Risk(s): Exclusion of women including young women and indigenous women		

¹⁰ The mitigation hierarchy is applied by (a) anticipating and avoiding risks and impacts; (b) where avoidance is not possible, minimizing or reducing risks and impacts; (c) once risks and impacts have been minimized or reduced, mitigating them; and (d) where residual adverse impacts remain, compensating for or offsetting them, where technically and financially feasible.

Risk Categories and Subcategories	Inherent	Residual
from community decision making for project investments; Project may result in temporary impacts on rights of IPs with regards to their lands, territories, and resources, especially during constructions of rural infrastructure.		
<p>Mitigations: Community sensitization, adopting quota for women’s participation in local decision making (through ARBOs/ARCs); Develop gender and social inclusion checklist for community level trainings/ meetings/workshops/decision making forums (logistical arrangements, facilitation, training/meeting materials used, special measures to ensure women and other marginalised groups’ participation etc.).</p> <p>Implement FPIC-IP and the IPP as found in the Appendices of the SRN. IP Plans will be prepared for SP/BP and the Free and Prior Informed Consent (FPIC) under IPRA will be processed to secure the Certificate Precondition.</p>		
Community health and safety	Moderate	Low
<p>Risk(s): Unregulated pesticide use & fertilizers would expose women (of child bearing age) to health risks; Women farmers’ increased exposure to health hazards due to women more likely to grow crops on contaminated land. Project may be at risk from vector-borne (ie malaria), water-borne (ie hepatitis) and other communicable diseases (i.e. Covid, AIDS)</p>		
<p>Mitigations: Pertinent public health laws will apply to all workers on the Project as well as the host community. Community workers and other employees should be provided with the same personal protective equipment when working in hazardous areas as the project sites are also vulnerable to extreme climate events. Strictly implement the provisions of PD 1144 governing the sale & use, storage of fertilizers & pesticides; provide technical assistance and trainings in the use and application of agri-chemicals; Promote organic farming practices and integrated pest management. Prepare Abbr. ESCMP reflects relevant requirements of SECAP standard 6 (Community Health and Safety).</p>		
Labour and working conditions	Moderate	Moderate
<p>Risk(s): The Project engages contractors for civil works who will largely hire local communities as laborers. Resistance within community towards women’s empowerment and gender transformative actions; Project operate in sectors or value chains that are characterized by working conditions that do not meet national labor laws or international commitments (e.g. discriminatory practices).</p>		
<p>Mitigations: The country’s labor laws contain key elements of Standard 5, including prohibition against child labor, women’s rights, freedom of association, grievance and arbitration. GRM will need to be functional prior to implementation. Project GRM is incorporated in the Stakeholder Engagement Plan (SEP; See SRN Appendix 11). Involve men & community leaders throughout the process of gender transformative actions, invest in shifting perceptions & practices around the recognition & promotion of women’s empowerment to the whole community; community awareness raising on Gender</p>		

Risk Categories and Subcategories	Inherent	Residual
Equality and Women Empowerment (GEWE) (incl. on gender-based violence).		
Physical and economic resettlement	Moderate	Low
Risk(s): Physical & economic displacement may occur with investments requiring space or restricting access to formerly utilized areas.		
Mitigations: Uphold the Abbreviated Resettlement Framework (Abbr. Resettlement Framework; See Social, Environment, and Climate Assessment Procedure (SECAP) Review Note (SRN) Appendix 11) & prepare an Abbreviated Resettlement Action Plan (Abbr. RAP). Install a grievance redress mechanism (GRM) as avenue for information disclosure & serve as feedback loop for appropriate action.		
Greenhouse gas emissions	Moderate	Low
Risk(s): Increase in emissions from heavy equipment during construction of FMRs. Lightning strikes and forest fires increases GHG emissions		
Mitigations: Keep the engines of equipment well-maintained by conducting periodic maintenance servicing. DRRM preparedness for forest fires grass fires.		
Vulnerability of target populations and ecosystems to climate variability and hazards	Substantial	Moderate
Risk(s): Projected climate impacts in the project areas are likely to disproportionately affect the poorest groups in society and may exacerbate this trend. In the Philippines, it is often the poor who are most exposed to its numerous natural hazards, with an increase in heavy rainfall, floods and mudflow exacerbated from climate change more likely to destroy the homes of the country's poor. Typhoons, strong winds and heavy rainfall events damage farm lands, induce crop failure and damage rural infrastructures; Prolonged drought / dry season causes crop failures and dry up ecosystems rendering them vulnerable to forest/grass fires; Target populations become vulnerable to diseases due to lack of water and poor hygiene; Earthquakes induce landslides in production areas, damage rural infrastructures;		
Mitigations: The VISTA project is guided by the national priorities for climate change adaptation and environmental management, and the adaptation options assessment will be further explored during the planning and prioritization exercises under sub-component 1.1 of VISTA. A targeted adaptation assessment has been prepared to inform the design the of project. Specifically, all infrastructure will be climate – proofed including storage facilities, roads and other infrastructure through the use of climate resilient materials and planning. The project focus on reforestation and agroforestry activities will aim to mitigate the impact of high temperature, rainfall, and stabilize slopes at the same time protect water sources and increase quantity & quality of water.		

Risk Categories and Subcategories	Inherent	Residual
<p>The project will also invest in resilient of target population and ecosystems through DRRM preparedness for extreme climatic and environmental events such as typhoons, landslides, flooding and earthquakes.</p> <p>Project allocated disaster risk contingency fund to respond for early action and provide immediate and appropriate assistance to the affected communities, as well as support actions to prevent value chain disruptions.</p>		
Stakeholders	Moderate	Low
Stakeholder engagement/coordination	Moderate	Low
<p>Risk(s): Lack of active participation from vulnerable groups and ineffective mechanisms that may not adequately capture the stakeholders' concerns, needs, and priorities.</p>		
<p>Mitigations: IFAD CO to monitor setting up of an accessible and culturally and socially appropriate consultations and GRM in SEP during the initial phase of the project and monitor the progress during the supervision missions. Inclusion of non-state actors in the workshops and consultation during the missions will be key to ensure their involvement. IFAD will also use invite relevant stakeholder groups to KLMPE, IPGN annual workshops to strengthen the relationship between the project and diverse interest groups.</p>		
Stakeholder grievances	Moderate	Low
<p>Risk(s): Ineffective procedures or lack of trust to grievance mechanism may cause reputational risks to the Project and jeopardize beneficiaries' confidence. Investments may impinge on tenure arrangements of IPs along with social & institutional arrangements around customary use of land and natural resources.</p>		
<p>Mitigations: At the community level, farmers and village level feedback can also be communicated to farmer's cooperatives and associations, at the ARC level through the EARCC-CC, and if not addressed to the PPMOs, RPMOs, and CPMO. Documentation of stakeholder engagement and FPIC processes will form part of project report submissions. Project will observe Indigenous Peoples Planning Framework (IPPF; See SRN Appendix 9) & Free and Prior Informed Consent Implementation Plan (FPIC-IP; See SRN Appendix 10) & Indigenous Peoples Plan (IPP). The project will set-up GRM as avenue for information disclosure & serve as feedback loop for appropriate action.</p>		