



Invertir en la población rural

Junta Ejecutiva

141.º período de sesiones
Roma, 24 de abril de 2024

Informe del Presidente

Propuesta de préstamo

República de Filipinas

Proyecto de Innovación en las Cadenas de Valor para la Transformación Sostenible de las Comunidades de Reforma Agraria

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Medida: Se invita a la Junta Ejecutiva a que apruebe la recomendación que figura en el párrafo 75.

Preguntas técnicas:

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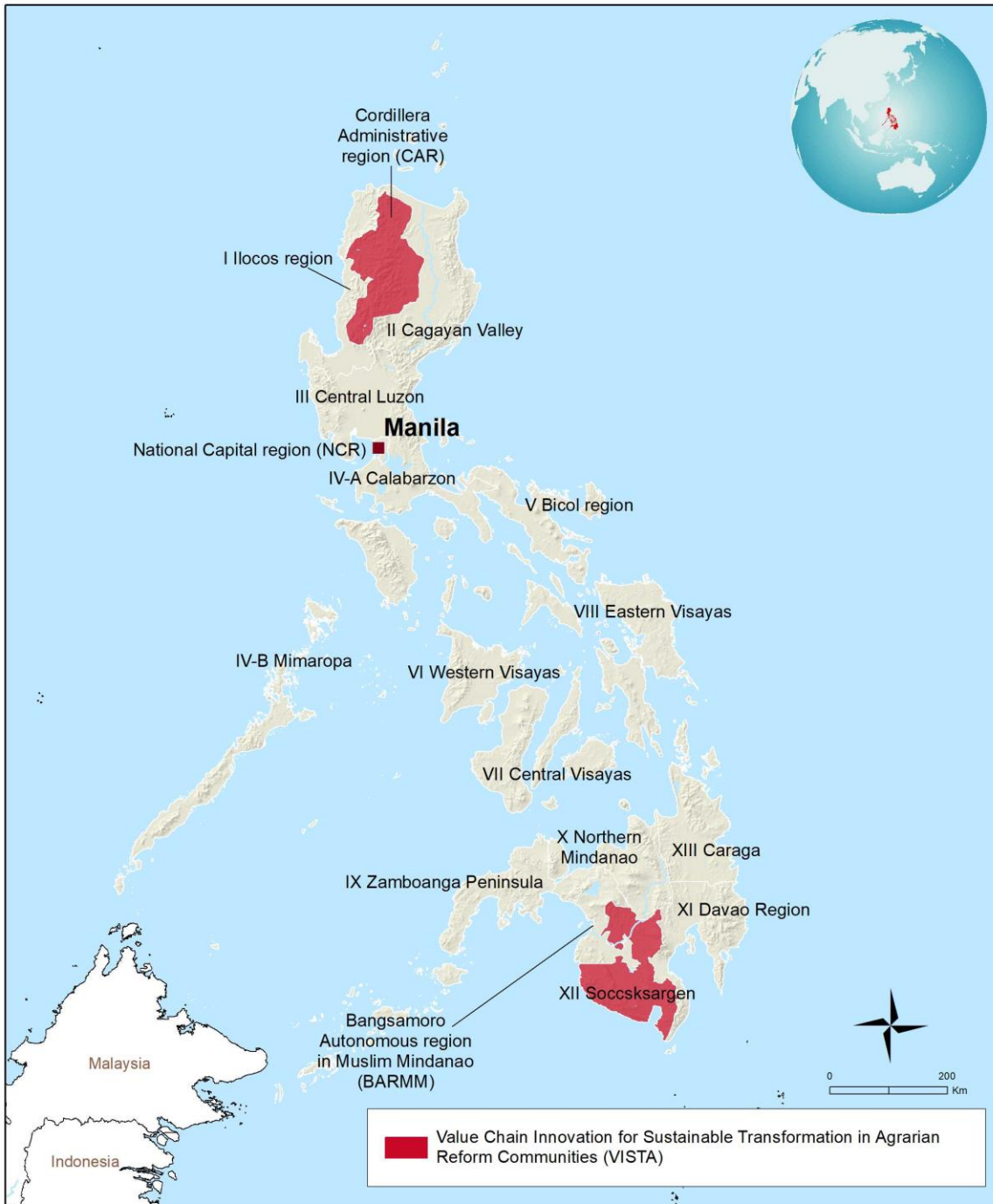
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Equipo encargado de la ejecución del proyecto

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Mapa de la zona del proyecto



Las denominaciones empleadas y la forma en que aparecen presentados los datos en este mapa no suponen juicio alguno del FIDA respecto de la demarcación de las fronteras o límites que figuran en él ni acerca de las autoridades competentes.

Fuente: FIDA | 9-1-2024

Resumen de la financiación

Institución iniciadora:	FIDA
Prestatario/receptor:	República de Filipinas
Organismo de ejecución:	Departamento de Reforma Agraria
Costo total del proyecto:	EUR 104,35 millones
Monto del préstamo 1 del FIDA:	EUR 23,12 millones (Sistema de Asignación de Recursos basado en los Resultados (PBAS))
Condiciones del préstamo 1 del FIDA (PBAS):	Ordinarias: 27 años, incluido un período de gracia de 8 años, sujeto a un interés equivalente a la tasa de interés de referencia del FIDA, incluido un diferencial variable.
Monto del préstamo 2 del FIDA:	EUR 55,5 millones (Mecanismo de Acceso a Recursos Ajenos (BRAM))
Condiciones del préstamo 2 del FIDA:	Ordinarias: 27 años, incluido un período de gracia de 8 años, sujeto a un interés equivalente a la tasa de interés de referencia del FIDA, incluido un diferencial variable.
Contribución del prestatario/receptor:	EUR 22,36 millones
Contribución de los beneficiarios:	EUR 3,37 millones
Monto de la financiación del FIDA para el clima:	EUR 44,56 millones
Institución cooperante:	Proyecto supervisado directamente por el FIDA

I. Contexto

A. Contexto nacional y justificación de la actuación del FIDA

Contexto nacional

1. En 2021, la República de Filipinas —país de ingreso mediano— registró una contracción de su economía del 9,5 %, seguida de un repunte al 5,7 % el mismo año y luego al 7,6 % en 2022¹. Alrededor de 19,9 millones de filipinos vivían por debajo del umbral de pobreza en 2021 (el 18,1 %)² y un 54,9 % de las mujeres y un 56 % de los hombres enfrentaban una inseguridad alimentaria grave prevalente³.
2. En 2020, la población ascendía a 109,04 millones de habitantes, de los que el 52 % vivía en las zonas rurales⁴,⁵. La fuerza de trabajo del sector agrícola está envejeciendo, con una media de edad de 46 años entre los hombres y 52 entre las mujeres. La agricultura pasó de constituir el 14,1 % del producto interno bruto (PIB) en 2011 a representar el 10 % en 2021⁶. Los principales cultivos son el arroz, el maíz, el coco, la caña de azúcar, la banana, la yuca, la piña y las hortalizas.
3. Los desafíos que enfrenta la agricultura en el país son el aumento del costo de los insumos, la baja productividad y la susceptibilidad a las perturbaciones climáticas. También persisten otras dificultades como la falta de riego adecuado, la baja mecanización, las escasas instalaciones poscosecha y los obstáculos para el acceso al crédito y los seguros. Además, las disparidades de género derivadas de las normas sociales dificultan el acceso a los servicios de extensión agrícola, cuya calidad es variable.
4. Filipinas enfrenta el problema de tener ecosistemas frágiles que se ven singularmente afectados por los peligros relacionados con el clima, y es el quinto país del mundo más perjudicado por fenómenos meteorológicos extremos⁷. Las más vulnerables son las personas pobres que viven en los entornos más frágiles, susceptibles a tifones, monzones y otros riesgos vinculados al clima.

Aspectos específicos relativos a las esferas transversales prioritarias del FIDA

5. En consonancia con los compromisos transversales asumidos por el FIDA, el proyecto ha recibido las clasificaciones que se detallan a continuación:
 - abarca la financiación para el clima;
 - incluye una perspectiva transformadora de género;
 - prioriza las cuestiones relacionadas con los Pueblos Indígenas, y
 - tiene en cuenta la capacidad de adaptación.
6. El proyecto es coherente con los compromisos transversales del Fondo y adoptará un enfoque centrado en el clima y transformador en materia de género, prestando atención al mismo tiempo a los Pueblos Indígenas y a la participación de la gente joven.

¹ Oficina de Estadísticas de Filipinas, 2022. <https://psa.gov.ph/poverty-press-releases/nid/167972>.

² *Ibid.*

³ Entidad de las Naciones Unidas para la Igualdad de Género y el Empoderamiento de las Mujeres (ONU-Mujeres), [Filipinas](#).

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

⁵ Oficina de Estadísticas de Filipinas, 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. y Wings, M., 2017. [Global Climate Risk Index 2019](#).

7. Las disparidades de género que persisten en el sector agrícola y rural están afectando los resultados agrícolas e impidiendo que el país logre un crecimiento sostenible. Aunque ha habido avances en la igualdad de género y el empoderamiento de la mujer en la agricultura y la producción de alimentos, su rol y su carga de trabajo aún no se reconocen ni se valoran.
8. Se estima que entre el 10 % y el 20 % de la población del país está compuesta por Pueblos Indígenas, que continúan viviendo en zonas geográficamente aisladas con falta de acceso a los servicios sociales básicos y pocas oportunidades para las actividades económicas, la educación o la participación política en general⁸.
9. La gente joven de las zonas rurales a menudo opta por abandonar las explotaciones de sus padres y buscar trabajo en las zonas urbanas. Hoy en día, la edad media de los agricultores es 57 años, lo cual representa una importante amenaza para la seguridad alimentaria nacional de cara a 2030. Los agricultores jóvenes se ven abrumados por la falta de i) acceso a los conocimientos, la información y la educación; ii) disponibilidad de tierras para cultivar o crédito asequible; iii) empleo verde, y iv) vías de consulta para la juventud⁹.
10. Filipinas es uno de los países más vulnerables del mundo a los efectos de las mareas meteorológicas, con olas de alturas cada vez mayores debido al cambio climático. Las proyecciones climáticas para el país destacan la variabilidad espacial y temporal extrema, pero en general señalan un aumento de las temperaturas y cambios en la estacionalidad de las precipitaciones.

Razones que justifican la intervención del FIDA

11. La **ventaja comparativa del FIDA** radica en su compromiso de trabajar con la población más pobre y vulnerable de las zonas rurales de Filipinas. Su experiencia en todo el mundo le ha permitido adquirir un conocimiento profundo de las oportunidades que tienen y las dificultades que enfrentan los grupos más vulnerables. En Filipinas, ha cultivado relaciones sólidas con los organismos gubernamentales, las organizaciones no gubernamentales (ONG) y, cada vez más, con el sector privado para colaborar en la generación de beneficios a largo plazo en favor de las comunidades vulnerables.
12. También existen tres factores principales detrás de las razones que justifican la intervención del FIDA para prestar apoyo al desarrollo de las cadenas de valor en las zonas altas donde los niveles de fragilidad ambiental y pobreza son elevados, a saber: i) para capitalizar la eficacia demostrada del Fondo con respecto al desarrollo de las cadenas de valor como forma de reducir la pobreza rural; ii) para extraer más enseñanzas de la cartera de actividades que demuestren que la inversión en los ecosistemas frágiles puede producir múltiples beneficios, tales como el valor económico, la protección de los medios de vida locales y la salvaguarda de los recursos naturales, y iii) para atender la necesidad urgente de evitar la conversión negativa de las tierras degradadas e incrementar la resiliencia a los peligros naturales y climáticos.

B. Enseñanzas extraídas

13. El Proyecto de Innovación en las Cadenas de Valor para la Transformación Sostenible de las Comunidades de Reforma Agraria (VISTA) se apoya en la experiencia del Proyecto de Asociaciones de Agroempresas Rurales en favor del Desarrollo y el Crecimiento Inclusivos (RAPID) y hace hincapié en la importancia de los planes de inversión estratégica para mejorar las cadenas de valor. Los recursos del proyecto se invertirán sobre la base de un enfoque mejorado de planificación de la inversión estratégica.

⁸ Grupo Internacional de Trabajo sobre Asuntos Indígenas (IWGIA), [Pueblos Indígenas en las Filipinas](#).

⁹ <http://legacy.senate.gov.ph/lisdata/31282281811.pdf>

14. A partir del aprendizaje derivado del proyecto RAPID y del Proyecto de Convergencia acerca de la Potenciación de las Cadenas de Valor en favor del Crecimiento y el Empoderamiento en las Zonas Rurales (CONVERGE), el proyecto VISTA tiene en cuenta la limitada sostenibilidad de los servicios de extensión agrícola debido a la capacidad de los asociados. Por esa razón, apoya un enfoque de extensión centrado en prácticas sostenibles y resilientes al clima.
15. Sacando provecho de las enseñanzas extraídas de los proyectos CONVERGE y RAPID, el proyecto VISTA adopta un enfoque híbrido con respecto al desarrollo de las cadenas de valor, que integra a los pequeños agricultores. El énfasis en combinar los aspectos relativos a la producción con los vinculados a la comercialización se ajusta a las estrategias cuya eficacia quedó demostrada en estos proyectos.
16. Inspirándose en los logros del Proyecto de Desarrollo de la Pesca, los Recursos Costeros y los Medios de Vida (FishCORAL), el componente relativo a la planificación, protección y mejora de los ecosistemas adopta un enfoque de planificación integral que incorpora las enseñanzas extraídas de este proyecto en relación con la planificación integral de los ecosistemas.
17. Tomando en cuenta las enseñanzas del Segundo Proyecto de Ordenación de los Recursos Agrícolas en las Tierras Altas de la Cordillera, el proyecto VISTA integra la infraestructura comunitaria, adopta un enfoque transformador en materia de género, e incluye un subcomponente de respuesta ante emergencias y desastres para contribuir a la resiliencia de los hogares.
18. En función de los hallazgos del balance sobre las cadenas de valor realizado por el FIDA, el proyecto prioriza la demanda del mercado. Al fortalecer las asociaciones con el sector privado mediante el apoyo de las organizaciones asociadas y un sólido componente de servicios de extensión, la estrategia de financiación rural utilizada adopta un enfoque impulsado por el mercado e incorpora la financiación interna de las cadenas de valor.

II. Descripción del proyecto

A. Objetivos, zona geográfica de intervención y grupos objetivo

Objetivo general y objetivo de desarrollo

19. El **objetivo general** del proyecto VISTA es reducir la pobreza rural e incrementar la seguridad alimentaria, protegiendo y mejorando al mismo tiempo los ecosistemas naturales en las zonas vulnerables de las tierras altas. El **objetivo de desarrollo** es aumentar los ingresos y el empleo de los grupos objetivo de esas zonas, entre ellos, las mujeres, la gente joven y los Pueblos Indígenas, fortaleciendo las cadenas de valor inclusivas a través de la conservación, el uso sostenible de los recursos naturales y prácticas resilientes al clima.

Zona geográfica

20. La zona del proyecto abarca las tierras altas de todas las provincias de dos regiones: Soccsksargen (Región XII) en la isla de Mindanao y la Región Administrativa de la Cordillera en Luzón.

Grupos objetivo

21. Las intervenciones beneficiarán de forma directa a 70 000 hogares de pequeños agricultores (alrededor de 350 000 personas) que producen cultivos seleccionados. Del total de beneficiarios, al menos el 50 % serán mujeres, el 30 % personas pertenecientes a Pueblos Indígenas y el 20 % jóvenes de entre 18 y 35 años de edad. Por ser un proyecto de carácter transformador en materia de género, se aplicarán estrategias para estimular la participación de las mujeres en todos los aspectos, por ejemplo, apoyando su liderazgo, determinando las necesidades específicas de los grupos de mujeres locales, mujeres Indígenas y mujeres jóvenes.

B. Componentes, efectos directos y actividades

22. El proyecto tendrá los componentes que se indican a continuación.
23. **Componente 1: Planificación, protección y mejora de los ecosistemas.** Este componente se orienta a promover: i) el desarrollo de la planificación de los recursos naturales; ii) la capacidad de las comunidades para adaptarse al cambio climático y preservar los recursos naturales, y iii) enfoques inclusivos e innovaciones para generar beneficios sostenibles y respetuosos con el medio ambiente en todas las cadenas de valor.
24. **Subcomponente 1.1: Determinación y priorización de inversiones sostenibles.** Este subcomponente se centra en el examen de los planes, los conjuntos de datos y las inversiones existentes que afectan a las zonas seleccionadas. El proveedor técnico creará mapas geoespaciales sobre la base del examen, y cruzará los resultados con los análisis de las cadenas de valor realizados en el marco del componente 2 con objeto de definir las opciones viables para apoyar una mejor explotación de los recursos naturales.
25. **Subcomponente 1.2: Mejora de la gestión de los recursos naturales en favor de las cadenas de valor y la resiliencia.** Una de las prioridades es el fortalecimiento de la capacidad de las comunidades para adaptarse al cambio climático, conservar el agua, mejorar la salud de los suelos, reducir la pendiente de erosión y acrecentar la biodiversidad. Las inversiones impulsarán un mejor uso del agua en los ecosistemas de las tierras altas para facilitar el desarrollo sostenible de las cadenas de valor del café y el cacao. Este subcomponente también comprende la prestación de servicios de información sobre el clima para las cadenas de valor seleccionadas.
26. **Subcomponente 1.3: Desarrollo más ecológico de las cadenas de valor.** Este subcomponente respalda la investigación aplicada, la puesta a prueba de iniciativas piloto y la utilización de innovaciones para fomentar el uso sostenible de los recursos naturales, la reducción de los efectos ambientales en las cadenas de valor, y la aplicación de medidas de defensa contra el cambio climático basadas en la resiliencia. Mientras los subcomponentes 1.1 y 1.2 se centran en bienes públicos, al gestionar recursos para beneficio general, el subcomponente 1.3 hace hincapié en un enfoque más ecológico de las operaciones comerciales, con repercusiones económicas directas para las empresas.
27. **Subcomponente 1.4: Respuesta ante emergencias y desastres.** Este subcomponente incluye un plan de contingencia en el marco de la respuesta ante desastres con el fin de prevenir las perturbaciones en las zonas del proyecto. La financiación del proyecto dará prioridad a las inversiones destinadas a salvaguardar activos, restaurar tierras agrícolas y sistemas de suministro de agua y riego, y mejorar la capacidad de las organizaciones comunitarias rurales para responder a las crisis y sus consecuencias. No se asignarán recursos a este subcomponente hasta que se ponga en marcha en caso de darse las condiciones establecidas en el informe de diseño. Una vez se ponga en marcha, el presupuesto se actualizará para ser aprobado por el Fondo.
28. **Componente 2 – Desarrollo sostenible de las cadenas de valor.** Este componente se orienta a i) incrementar la productividad de las pequeñas explotaciones por medio de intervenciones relativas a los sistemas agrícolas, el uso de prácticas agrícolas y la mejora del acceso a instalaciones e infraestructura poscosecha; ii) fortalecer y ampliar la comercialización de las cadenas de valor seleccionadas, además de adoptar inversiones más ecológicas mediante el fomento de la capacidad de las organizaciones de las cadenas de valor en las zonas del proyecto, y iii) atender las necesidades relativas a la infraestructura resiliente al clima para impulsar el desarrollo de las cadenas de valor.

29. **Subcomponente 2.1: Mejoras en la producción agrícola sostenible y los servicios de extensión.** Este subcomponente se centra en la mejora de la producción agrícola mediante la inversión en modelos, tecnologías y sistemas agrícolas. Tiene por finalidad apoyar el uso de buenas prácticas agrícolas y mejorar el acceso a instalaciones poscosecha, así como a servicios de extensión sostenibles diseñados para los cultivos de café y cacao. Se establecerá una escuela de administración de empresas agrícolas para poner a prueba, adoptar y reproducir prácticas y tecnologías agrícolas sostenibles desde el punto de vista ambiental y resilientes al clima en las zonas del proyecto.
30. **Subcomponente 2.2: Comercialización de las cadenas de valor y financiación rural.** Este subcomponente tiene por objeto comercializar las cadenas de valor seleccionadas y mejorar su competitividad. Incluye inversiones en las organizaciones de agricultores y de las cadenas de valor participantes para ampliar las empresas. El plan de inversión estratégica incluirá inversiones específicas sobre la base de los análisis de las cadenas de valor, y podrá comprender iniciativas de fomento de la capacidad dirigidas a las organizaciones de las cadenas de valor participantes, intervenciones en las explotaciones, inversiones poscosecha y la facilitación del acceso a la financiación rural.
31. El proyecto proporcionará donaciones a los agricultores para las inversiones en las explotaciones. Las donaciones de contrapartida de hasta el 50 % respaldarán las inversiones posproducción, complementando otros programas gubernamentales y cubriendo inversiones posproducción no vinculadas a la infraestructura para favorecer el acceso a mercados especializados y de alta calidad. Para lograr un alcance más amplio y mayor sostenibilidad en un entorno financiero diverso, el proyecto formulará una estrategia integral de financiación rural.
32. **Subcomponente 2.3: Apoyo a la infraestructura relacionada con las cadenas de valor.** Con el fin de resolver las carencias básicas en materia de infraestructura que puedan dificultar la generación de beneficios del proyecto, se abordarán las limitaciones vinculadas a la infraestructura de acceso, como, por ejemplo, las carreteras entre las explotaciones y los mercados. Este subcomponente también incluye instalaciones poscosecha, tales como superficies para secado solar, almacenes y centros de elaboración, así como invernaderos con riego por goteo para la producción de hortalizas utilizando sistemas de riego con fertilizante alimentados con energía solar.
33. **Componente 3: Gestión del proyecto.** Este componente tiene por finalidad garantizar la solidez de los vínculos entre los componentes, y la eficacia e integración de la planificación, los procesos de seguimiento y evaluación, los mecanismos de coordinación y la asociación con las principales partes interesadas.
34. **Subcomponente 3.1: Gestión de operaciones del proyecto.** Este subcomponente se centrará en la mejora de la capacidad de ejecución y coordinación del Departamento de Reforma Agraria, el Departamento de Agricultura y otros organismos y asociados involucrados en la ejecución para lograr la prestación eficaz y eficiente de los servicios del proyecto.
35. **Subcomponente 3.2: Seguimiento, evaluación y gestión de los conocimientos del proyecto.** Este subcomponente se orienta a registrar y analizar datos e información sólidos de modo oportuno, y a presentarlos a los encargados de la gestión del proyecto y a las partes interesadas para contribuir a la toma de decisiones basadas en datos empíricos.
- C. Teoría del cambio**
36. Las comunidades agrícolas de las tierras altas enfrentan una situación de pobreza rural vinculada a la reducción de los recursos naturales y a los efectos del cambio climático. Sus posibilidades de acceder a las cadenas de valor se ven limitadas por

la escasez de recursos, conocimientos y tecnologías, lo que ocasiona que los mercados tengan un desempeño bajo y la capacidad empresarial de los hogares más pobres sea escasa.

37. El primer componente del proyecto se centra en seleccionar y priorizar inversiones sobre el terreno para mejorar el acceso de las comunidades a recursos naturales sostenibles. Esas inversiones tienen por objeto mejorar la resiliencia al clima por medio de la infraestructura, la adopción de tecnologías y el fomento de la capacidad, beneficiando así a diversos grupos, entre ellos, las mujeres, las personas jóvenes y los Pueblos Indígenas.
38. En el marco del segundo componente, el proyecto invertirá en el apoyo a la adopción de nuevos o mejores insumos, tecnologías y prácticas agrícolas para el fomento de actividades que agreguen valor, así como en el fortalecimiento de las capacidades de las organizaciones de productores rurales y los pequeños agricultores que las integran en el ámbito de las cadenas de valor seleccionadas, para lo cual se mejorará su acceso a los servicios financieros y de desarrollo empresarial, los mercados y las instalaciones productivas.
39. El proyecto se propone reducir la pobreza rural, dar impulso a los medios de vida y mejorar la seguridad alimentaria en un entorno sostenible mediante la mejora de la resiliencia a los riesgos climáticos. Para ello, se incrementará la producción y comercialización de las principales cadenas de valor, y se derivarán mayores beneficios económicos de nuevos empleos verdes y oportunidades de generación de ingresos a partir de empresas dedicadas al uso de recursos.
40. El empoderamiento de las mujeres se logrará por medio del empoderamiento económico, la mejora en la toma de decisiones y la representación, y la promoción de un equilibrio equitativo de la carga de trabajo. Asimismo, el proyecto impulsará el empoderamiento de los Pueblos Indígenas, en particular de las mujeres y los jóvenes indígenas, a través de iniciativas que tengan en cuenta las relaciones intergeneracionales para velar por que sus conocimientos, su identidad y sus tradiciones se transmitan a la siguiente generación.
41. La buena marcha del proyecto depende de la colaboración eficaz con el Gobierno, las asignaciones presupuestarias y la gestión sin obstáculos de las tierras, dando por supuesto que se contará con la participación activa del sector privado en condiciones de mercado favorables. Además, se adopta el supuesto de que las perturbaciones climáticas serán mínimas y los productos del conocimiento serán pertinentes para una amplia gama de partes interesadas con el fin de posibilitar la reproducción y la ampliación de escala.

D. Armonización, sentido de apropiación y asociaciones

42. El proyecto contribuirá a los Objetivos de Desarrollo Sostenible (ODS) 1, 2, 5, 8, 10 y 13, y también de forma directa a los resultados 2 y 3 del Marco de Cooperación de las Naciones Unidas para el Desarrollo Sostenible para el período 2024-2028.
43. El objetivo general del proyecto es plenamente coherente con la meta institucional del FIDA de priorizar la reducción de la pobreza, la mejora de la seguridad alimentaria y el fomento de medios de vida rentables, sostenibles y resilientes. También está en consonancia con los dos objetivos estratégicos del programa sobre oportunidades estratégicas nacionales (COSOP) para Filipinas para el período 2023-2028.
44. El diseño del proyecto responde de forma directa a las principales prioridades del Gobierno, en particular al contribuir a incrementar la productividad y competitividad del sector agrícola, como se establece en el Plan de Desarrollo de Filipinas para 2023-2028. El proyecto es coherente con las políticas nacionales fundamentales, entre ellas, el Plan Nacional para la Modernización e Industrialización de la Agricultura y la Pesca (2021-2030), la Iniciativa de Convergencia Nacional para el Desarrollo Rural Sostenible y la contribución determinada a nivel nacional para 2021.

E. Costos, beneficios, y financiación

Costos del proyecto

45. El costo total del proyecto asciende a EUR 104,35 millones, incluida la financiación del FIDA por valor de EUR 78,62 millones para un período de ejecución de seis años.
46. Parte de los componentes 1 (planificación, protección y mejora de los ecosistemas) y 2 (desarrollo sostenible de las cadenas de valor) se contabiliza como financiación para el clima. De conformidad con las metodologías que emplean los bancos multilaterales de desarrollo en el seguimiento de la financiación para la adaptación al cambio climático y la mitigación de sus efectos, se estima que el monto total de la financiación para el clima concedida por el FIDA a este proyecto será de EUR 44 560 000 (el 56,7 % de la financiación total aportada por el Fondo).

Cuadro 1

Costos del proyecto desglosados por componente y entidad financiadora (en miles de euros)

Componente	Gobierno nacional		Autoridades locales		Beneficiarios			PBAS del FIDA		BRAM del FIDA		Total	
	Efectivo	%	Efectivo	%	Efectivo	En especie	%	Monto	%	Monto	%	Monto	%
1. Planificación, protección y mejora de los ecosistemas	3 905	14,9	932	3,5	-	257	1,0	6 207	23,7	14 901	56,9	26 202	25,1
2. Desarrollo sostenible de las cadenas de valor	7 964	12,0	7 158	10,7	2 819	297	4,7	14 241	21,4	34 185	51,2	66 664	63,9
3. Gestión del proyecto	2 400	20,9	-	-	-	-	-	2 672	23,2	6 415	55,9	11 487	11,0
Total	14 269	13,7	8 090	7,8	2 819	554	3,2	23 120	22,1	55 500	53,2	104 353	100

Cuadro 2

Costos del proyecto desglosados por categoría de gasto y entidad financiadora (en miles de euros)

Categoría de gasto	Gobierno nacional		Autoridades locales		Beneficiarios			PBAS del FIDA		BRAM del FIDA		Total	
	Efectivo	%	Efectivo	%	Efectivo	En especie	%	Monto	%	Monto	%	Monto	%
Costos de inversión													
1. Obras	8 070	20,0	7 517	18,6	-	554	1,4	7 120	17,6	17 090	42,4	40 352	38,7
2. Bienes, servicios e insumos	2 996	19,0	573	3,6	-	-	-	3 585	22,8	8 605	54,6	15 759	15,1
3. Donaciones y subvenciones	-	-	-	-	2 819	-	11,8	6 170	26,0	14 810	62,2	23 799	22,8
4. Consultorías	1 348	8,7	-	-	-	-	-	4 180	26,8	10 032	64,5	15 560	14,9
5. Gastos de funcionamiento	1 855	20,9	-	-	-	-	-	2 065	23,2	4 963	55,9	8 883	8,5
Total	14 269	13,7	8 090	7,8	2 819	554	3,2	23 120	22,1	55 500	53,2	104 353	100,0

Cuadro 3

Costos del proyecto desglosados por componente y año del proyecto (en miles de euros)

Componente	Primer año		Segundo año		Tercer año		Cuarto año		Quinto año		Sexto año		Total
	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto	%	Monto
1. Planificación, protección y mejora de los ecosistemas	2 902	11,1	9 396	35,9	7 883	30,1	4 706	18,0	969	3,7	346	1,3	26 202
2. Desarrollo sostenible de las cadenas de valor	1 657	2,5	10 940	16,4	19 275	28,9	21 571	32,4	12 023	18,0	1 200	1,8	66 665
3. Gestión del proyecto	2 331	20,3	2 717	23,7	2 137	18,6	1 492	13,0	1 155	10,1	1 654	14,4	11 486
Total	6 890	6,6	23 052	22,1	29 294	28,1	27 769	26,6	14 148	13,6	3 200	3,1	104 353

Estrategia y plan de financiación y cofinanciación

47. El FIDA financiará el proyecto mediante un préstamo de EUR 23,12 millones (el 22,1 %) con arreglo al PBAS y un préstamo de EUR 55,50 millones (el 53,2 %) con arreglo al BRAM. El Gobierno nacional proporcionará EUR 14,27 millones (el 13,7 %) y las autoridades locales EUR 8,09 millones (el 7,8 %). Los beneficiarios —entre ellos, las organizaciones de productores de las cadenas de valor seleccionadas— aportarán EUR 2,82 millones (el 2,7 %) en efectivo y EUR 0,55 millones en especie.

Desembolsos

48. El FIDA transferirá los fondos con arreglo al procedimiento de fondos rotatorios descrito en el Manual de gestión financiera y control financiero de proyectos para prestatarios y en la carta sobre la gestión financiera del proyecto y las disposiciones relativas al control financiero.
49. El Departamento de Reforma Agraria preparará la versión consolidada del informe financiero provisional y la solicitud de retiro de fondos para su envío al FIDA, por medio del Portal de los Clientes del FIDA (ICP), para los pronósticos de liquidez y las solicitudes de desembolso del Fondo.
50. La Oficina del Tesoro, a través del Departamento de Reforma Agraria, mantendrá una cuenta designada para recibir los recursos de los préstamos.
51. La Oficina del Tesoro transferirá los fondos de las cuentas designadas a las cuentas del proyecto en moneda local y efectuará la transferencia del total de fondos.
52. Los desembolsos se basarán en el anexo II elaborado en función del cuadro de costos, pero se ajustarán al número requerido de categorías de costo y se dividirán por PBAS y BRAM a fin de facilitar el seguimiento de los desembolsos por instrumento de financiación.

Resumen de los beneficios y análisis económico

53. La tasa interna de rendimiento económico es del 29,4 % y la relación costo-beneficio es 1,2. El análisis de sensibilidad señala que los modelos de empresa y el proyecto en general son justificables tanto en el aspecto financiero como en el económico, incluso en la mayoría de situaciones de riesgo adversas.

Estrategia de salida y sostenibilidad

54. La sostenibilidad del proyecto depende de la ampliación de escala de las empresas de las cadenas de valor seleccionadas, el énfasis en el fomento de la capacidad, las asociaciones, el acceso a la financiación y la gestión eficaz. El proyecto da prioridad a los enfoques participativos, al fomento de la capacidad de las comunidades, a la reforma en materia de políticas, y a la promoción de cadenas de valor resilientes y cuya escala se pueda ampliar. Adopta un enfoque de convergencia que promueve conexiones más firmes entre los organismos y establece vínculos directos entre las partes interesadas, los organismos de apoyo y los actores del sector privado que participan en las cadenas de valor. La finalidad es establecer asociaciones sostenibles con el sector privado dentro de las cadenas de valor, incentivando así la inversión para beneficio mutuo. Los mecanismos de financiación propuestos se centran en la mejora de la gestión financiera y el acceso a la financiación formal y la financiación autosostenible. La sostenibilidad de la infraestructura se garantiza mediante la armonización con las políticas del Gobierno, la construcción de carreteras duraderas y la transferencia de la responsabilidad del mantenimiento a los grupos locales.

III. Gestión de riesgos

A. Riesgos y medidas de mitigación

55. En términos generales, el riesgo que representa el contexto nacional es considerable y se prevé que será moderado tras la aplicación de medidas de mitigación durante la ejecución. La perspectiva económica es mayormente positiva

y el FIDA mantendrá una estrecha comunicación con el Gobierno en los ámbitos nacional y local para vigilar las dificultades que puedan surgir a causa de las limitaciones económicas y políticas. El riesgo inherente del proyecto se clasifica como considerable y el riesgo residual, como moderado para las estrategias y políticas sectoriales, lo que obedece principalmente a la compleja naturaleza de la tenencia de la tierra y la reforma agraria en Filipinas. Para mitigar este riesgo, el proyecto se basará en acuerdos institucionales y otras medidas que se describen en el informe de diseño. Filipinas es un país expuesto a los riesgos ambientales y a los desastres naturales. Se aplicarán las medidas estipuladas en los Procedimientos del FIDA para la Evaluación Social, Ambiental y Climática (PESAC) y también se observará el cumplimiento de los requisitos de salvaguarda. Todas las demás categorías de riesgos se clasifican como moderadas y las medidas de mitigación se aplicarán y someterán a seguimiento según lo establecido en el diseño.

Cuadro 4

Calificación general de los riesgos

<i>Esferas de riesgo</i>	<i>Calificación del riesgo inherente</i>	<i>Calificación del riesgo residual</i>
Contexto nacional	Considerable	Moderado
Estrategias y políticas sectoriales	Considerable	Moderado
Medio ambiente y clima	Considerable	Moderado
Alcance del proyecto	Moderado	Moderado
Capacidad institucional de ejecución y sostenibilidad	Moderado	Bajo
Gestión financiera	Considerable	Considerable
Adquisiciones y contrataciones en el marco del proyecto	Moderado	Moderado
Impacto ambiental, social y climático	Moderado	Moderado
Partes interesadas	Moderado	Bajo
General	Moderado	Moderado

B. Categoría ambiental y social

56. El riesgo ambiental y social se considera moderado. Se ha elaborado un marco de gestión ambiental, social y climática además de un plan de participación de las partes interesadas, un plan centrado en el consentimiento libre, previo e informado, un marco para los Pueblos Indígenas, un plan de acción abreviado para el reasentamiento, una evaluación específica de la adaptación, un esquema anotado de plan de gestión de las plagas, y material de orientación sobre el patrimonio cultural.

C. Clasificación del riesgo climático

57. El riesgo climático se clasifica como considerable. Las zonas del proyecto se ven afectadas por fenómenos climáticos extremos, tales como inundaciones, tormentas tropicales, tifones y sequías. Las medidas de los PESAC se combinarán con estrategias de adaptación al clima específicas para mitigar el riesgo. En la nota analítica de los PESAC y sus anexos se ofrece información adicional detallada sobre los riesgos climáticos y las medidas de mitigación.

D. Sostenibilidad de la deuda

58. Filipinas presenta un riesgo general bajo con respecto a la tensión y el endeudamiento soberanos. La mayor parte de los indicadores han comenzado a normalizarse tras la recuperación de la perturbación generada por la COVID-19. Se prevé que la deuda pública disminuirá de forma gradual a un porcentaje aproximado del 57 % del PIB en el mediano plazo, principalmente gracias a un diferencial favorable entre el crecimiento y las tasas de interés. La cobertura de la deuda a nivel nacional es adecuada, dado que las dependencias gubernamentales y las instituciones de la seguridad social tienen superávits. Las evaluaciones realistas señalan que las proyecciones de los principales factores que generan la deuda se encuentran dentro de las normas. Los riesgos relativos a la solvencia y la liquidez a

mediano plazo son manejables. En el largo plazo, deberían continuarse las reformas estructurales para impulsar las posibilidades de crecimiento y abordar los riesgos derivados del cambio climático.

IV. Ejecución

A. Marco organizativo

Gestión y coordinación del proyecto

59. El Departamento de Reforma Agraria tendrá la responsabilidad general con respecto a la ejecución del proyecto y utilizará las estructuras que posee en los ámbitos nacional, regional y provincial para llevar adelante las actividades.
60. El Departamento de Agricultura asistirá al Departamento de Reforma Agraria en la ejecución de los subcomponentes 1.2 y 2.1. La oficina central del Departamento de Agricultura movilizará sus direcciones y oficinas para desempeñar un papel clave en la ejecución del proyecto. Las dependencias gubernamentales locales de las provincias y municipalidades seleccionadas participarán en la ejecución de subproyectos relacionados con la agrosilvicultura y la infraestructura rural en estrecha coordinación con las oficinas regionales y provinciales.
61. El comité directivo del proyecto estará presidido por el Departamento de Reforma Agraria e integrado por miembros de los organismos gubernamentales nacionales pertinentes y otras instituciones, será el órgano rector y brindará orientación con respecto a las políticas y actuará como mecanismo de coordinación general del proyecto.

Gestión financiera, adquisiciones y contrataciones y gobernanza

62. La gestión financiera del proyecto se ajustará a los sistemas de gestión de las finanzas públicas y al manual de contabilidad del Gobierno, así como a otras normativas y procedimientos sobre la recepción y el desembolso de los recursos procedentes de los préstamos, siempre que estos sean compatibles con los procedimientos estándar de desembolso y la orientación sobre la gestión financiera del FIDA. El desembolso de los fondos se basará en los informes financieros provisionales trimestrales presentados al FIDA en el plazo de los 30 días posteriores a cada trimestre sobre el que se informe. La comisión de auditorías analizará el proyecto sobre la base de los informes financieros consolidados y remitirá sus informes de auditoría al FIDA en el plazo de los seis meses siguientes al final del ejercicio económico.
63. Las adquisiciones y contrataciones se llevarán a cabo de conformidad con la legislación nacional en la materia y las normas y reglamentaciones que la implementan, siempre que sean compatibles con las directrices del FIDA para la adquisición de bienes y la contratación de obras y servicios en el ámbito de los proyectos. El proyecto se ceñirá a la estrategia de adquisiciones y contrataciones según lo establecido en el diseño. Se formularán planes de adquisiciones y contrataciones en línea para el proyecto a través del sistema integral de adquisiciones y contrataciones en línea del FIDA (OPEN). Para la gestión y actualización de los contratos se utilizará el instrumento de seguimiento de los contratos del FIDA. Se respetarán los métodos de adquisición y contratación aplicables y los requisitos de examen previo.
64. En cuanto a la gobernanza, las entidades contratantes se verán beneficiadas por actividades de fomento de la capacidad durante la puesta en marcha con énfasis en la poscalificación. Se proporcionará capacitación en todos los niveles según sea necesario mediante el programa BUILDPROC. El Defensor del Pueblo de Filipinas se encargará de recibir las denuncias administrativas y penales de irregularidades y corrupción, incluidas aquellas relacionadas con los proyectos que reciben asistencia extranjera.

Participación y observaciones del grupo objetivo y resolución de reclamaciones

65. El proyecto se ejecutará con la participación de una amplia gama de partes interesadas y la planificación de las inversiones incluirá a las comunidades sobre el terreno. Las limitaciones en función del género se abordarán utilizando metodologías basadas en los hogares como punto de partida, con miras a lograr una transformación en la materia. Se prestará especial atención a la participación de las mujeres Indígenas reconociendo su papel como guardianas de los recursos naturales y la biodiversidad y como transmisoras de los sistemas de conocimientos tradicionales.

Resolución de reclamaciones

66. La oficina central de gestión del proyecto será la principal responsable de garantizar que el mecanismo de resolución de reclamaciones funcione con eficacia y de que se informe a las autoridades correspondientes de manera oportuna a los efectos de la resolución. En el ámbito de las comunidades, las observaciones de los agricultores y las comunidades también pueden comunicarse a las cooperativas y asociaciones de agricultores. La documentación relativa a la participación de las partes interesadas y los procesos de otorgamiento del consentimiento libre, previo e informado formará parte de los informes sobre el proyecto. Se elaborarán planes de acción por cada lugar donde se ejecute el proyecto para incorporar las observaciones de las partes interesadas.

B. Planificación, seguimiento y evaluación, aprendizaje, gestión de los conocimientos y comunicación

67. El sistema de seguimiento y evaluación (SyE) proporcionará datos fiables en los que se apoyará la gestión basada en los resultados y la toma de decisiones fundada en datos empíricos. El proyecto llevará adelante: i) el seguimiento de los procesos; ii) el seguimiento del desempeño, y iii) el seguimiento de los efectos directos. Se formularán planes de SyE y su ejecución se evaluará de forma anual. Con el fin de medir los cambios, se utilizarán las Directrices de evaluación de los indicadores básicos de efectos directos para las encuestas de referencia, a mitad de período y finales.
68. La estrategia de comunicación del proyecto conllevará la intervención de diversas partes interesadas, entre ellas, comunidades locales, órganos gubernamentales, ONG y agricultores. El proyecto incluirá la elaboración de un plan de comunicación amplio desde el inicio. Este modelo estratégico se desarrollará de forma colaborativa con los especialistas del FIDA en materia de comunicación, garantizando así la aplicación de las prácticas y el cumplimiento de los objetivos institucionales.

Innovación y ampliación de escala

69. El proyecto será pionero en la aplicación de un enfoque regional, que consolida los planes de gestión de los recursos naturales para armonizar las prioridades de inversión entre los distintos organismos. Además, integra consideraciones ambientales en las cadenas de valor y pone a prueba prácticas más ecológicas e innovadoras. Con objeto de superar los obstáculos que dificultan el acceso a la financiación, se aplicará una estrategia de financiación rural integral. El proyecto también prestará especial atención a la investigación sobre la adaptación al clima y, en particular, incorporará la gestión de los recursos naturales al desarrollo de las cadenas de valor, seleccionando algunos cultivos. Se pondrá el énfasis en el uso de prácticas agrícolas sostenibles, la reforestación y las iniciativas de café cultivado a la sombra para contribuir a la calidad y al medio ambiente.

C. Planes para la ejecución

Preparación para la ejecución y planes para la puesta en marcha

70. El proyecto incluye una opción de financiación retroactiva para las actividades iniciales, que permitirá proporcionar un monto de hasta EUR 1,0 millón entre la fecha de aprobación y la fecha de entrada en vigor del proyecto para los gastos admisibles en que se incurra en ese período. Los tres primeros meses se centrarán en el establecimiento de las oficinas del proyecto, el inicio de la planificación integrada y la finalización del plan operacional anual y presupuesto conexo y el plan de adquisiciones y contrataciones. Se ha elaborado un manual de ejecución del proyecto que comprende los mandatos de los principales proveedores de servicios. Se animará al Gobierno a iniciar el proceso de contratación de estos proveedores de servicios antes de que el proyecto se ponga en marcha.

Supervisión, examen de mitad de período y planes de finalización

71. El FIDA y el Gobierno llevarán a cabo una misión anual de supervisión; también se realizarán misiones anuales de apoyo en relación con necesidades técnicas concretas. Para el final del tercer año se prevé llevar adelante un examen de mitad de período, y mediante una misión de finalización del proyecto se evaluará y documentará el desempeño general de la ejecución y los resultados logrados.

V. Instrumentos jurídicos y facultades

72. Un convenio de financiación entre la República de Filipinas y el FIDA constituye el instrumento jurídico para la concesión de la financiación propuesta al prestatario/receptor. Se adjunta una copia del convenio de financiación negociado como apéndice I.
73. La República de Filipinas está facultada por su legislación para recibir financiación del FIDA.
74. Me consta que la financiación propuesta se ajusta a lo dispuesto en el Convenio Constitutivo del FIDA y en sus Políticas y Criterios en materia de Financiación.

VI. Recomendación

75. Recomiendo a la Junta Ejecutiva que apruebe la financiación propuesta de acuerdo con los términos de las resoluciones siguientes:

RESUELVE: que el Fondo conceda un préstamo en condiciones ordinarias a la República de Filipinas por un monto de veintitrés millones ciento veinte mil euros (EUR 23 120 000) con arreglo al Sistema de Asignación de Recursos basado en los Resultados, conforme a unos términos y condiciones que se ajusten sustancialmente a los presentados en este informe.

RESUELVE ADEMÁS: que el Fondo conceda un préstamo en condiciones ordinarias a la República de Filipinas por un monto de cincuenta y cinco millones quinientos mil euros (EUR 55 500 000) con arreglo al Mecanismo de Acceso a Recursos Ajenos, conforme a unos términos y condiciones que se ajusten sustancialmente a los presentados en este informe.

Álvaro Lario
Presidente

Negotiated financing agreement

Value Chain Innovation for Sustainable Transformation in Agrarian Reform Communities (“VISTA”)

(Technical Discussion concluded on 12 April 2024 and Negotiations officially concluded on 03 May 2024)

Loan No: _____

Project name: *Value Chain Innovation for Sustainable Transformation in Agrarian Reform Communities* (“the Project” or “VISTA”)

The Republic of the Philippines (the “Borrower”)

and

The International Fund for Agricultural Development (the “Fund” or “IFAD”)

(each a “Party” and both of them collectively the “Parties”)

WHEREAS the Borrower has requested a loan from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS, the Fund has agreed to provide financing for the Project;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

- 1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).
- 2. The Fund’s General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, and as may be amended hereafter from time to time (the “General Conditions”) are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.
- 3. The Fund shall provide a Loan (the “Financing”) to the Borrower, which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

- 1. The total amount of the Loan is Seventy-eight million six hundred and twenty thousand EURO (EUR 78 620 000)
 - A. The amount of the first Loan (Performance Based Allocation System - “PBAS”) is Twenty-three million one hundred and twenty thousand EURO (EUR 23 120 000) - Loan 1.

- B. The amount of the second Loan (Borrowed Resources Access Mechanism - "BRAM") is Fifty -five million five hundred thousand EURO (EUR 55 500 000) - Loan 2.
2. The first Loan (PBAS) funds and the second Loan (BRAM) funds are granted on ordinary terms and shall be subject to interest on the principal amount outstanding of the Loan at a rate equal to the IFAD Reference Interest Rate including a variable spread, payable semi-annually in the Loan Service Payment Currency, and have a maturity period of twenty-seven (27) years, including a grace period of eight (8) years, starting from the date as of which the Fund has determined that all general conditions precedent to withdrawal have been fulfilled in accordance with Section 4.02 (b) of the General Conditions and Section E.2 of the Financing Agreement.
 3. The Loan Service Payment Currency shall be in EURO.
 4. The first day of the applicable Fiscal Year shall be the 1st of January and ends on the 31st of December.
 5. Payments of principal and interest shall be payable on each 15 April and 15 October.
 6. The Loan proceeds shall be deposited in the account of the Treasurer of the Philippines, the Designated Account in EURO, in the Bangko Sentral ng Pilipinas. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account. The Withdrawal Application shall be submitted in EURO.
 7. There shall be a Project Account in Philippine Pesos (PHP) for the benefit of Implementing Partners in the Treasury.
 8. The Borrower, through the DAR and partner local government units (LGUs), shall provide counterpart financing for the Project in the approximate amount of twenty-two million three hundred and sixty thousand EUROS (EUR 22 360 000) in the form of taxes and duties, salary and operating cost from the Government of the Republic of the Philippines. Meanwhile, the Beneficiaries of the Project [value chain participating organizations] shall provide counterpart financing in the approximate amount of three million three hundred and seventy thousand EUROS (EUR 3 370 000).

Section C

1. The Lead Project Agency shall be the Department of Agrarian Reform ("DAR"), which will be assisted by the Department of Agriculture ("DA") of the Borrower.
2. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.
3. The Project Completion Date shall be the sixth (6th) anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be six (6) months later, or such other date as the Fund may designate by notice to the Borrower.
4. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines.

Section D

1. The Fund shall administer the Loan and supervise the Project.

Section E

1. The following are designated as additional (general/specific) conditions precedent to withdrawal:

- (a) The IFAD no objection to the Project Implementation Manual (PIM) shall have been obtained.
- (b) The Key Project Personnel has been appointed as per section 9 Schedule 3 of this Agreement.
- (c) The first Annual Work Plan and Budget (AWPB) shall have been submitted and received no-objection from IFAD.

2. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower:

Secretary of Finance
Department of Finance
DOF Building, Roxas Blvd. corner Pablo Ocampo St, Manila 1004

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

Copy to: Country Director of Philippines

[If applicable, the Parties accept the validity of any qualified electronic signature used for the signature of this Agreement and recognise the latter as equivalent to a hand-written signature.]

This Agreement, [dated _____], has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the [Borrower].

THE REPUBLIC OF THE PHILIPPINES

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Alvaro Lario
President

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. **Target Population.** The Project shall benefit 70,000 smallholder households (approximately 350,000 people) engaging with the production of selected crops. At least 50% of the total beneficiaries will be women. The total number of beneficiaries should also include at least 30% Indigenous People ("IPs"), and 20% should be young people (18-35 years).

2. **Project area.** The Project will cover the upland areas in all provinces of two regions: Region XII on the island of Mindanao, and the Cordillera Administrative Region ("CAR") in Luzon (the "Project Area").

3. **Goal.** The Project's goal is to reduce rural poverty and increase food security while protecting and enhancing the natural ecosystems in vulnerable upland areas.

4. **Objectives.** The Project Development Objective is to increase income and employment of target groups in fragile upland areas, including women, youth and IPs, through the strengthening of inclusive value chains with conservation and sustainable use of the natural resources and climate resilient practices.

5. **Components.** The Project shall consist of the following Components:

5.1 Component 1: Ecosystem Planning, Protection, and Enhancement: This component aims to promote: (i) the development of natural resource planning; (ii) enhancing communities' capacity for climate change adaptation and conservation of natural resources; and (iii) inclusive approaches and innovations for sustainable and green benefits across value chains.

5.1.1 Sub-Component 1.1: Identify and Prioritize Sustainable Investments. This subcomponent focuses on reviewing existing plans, datasets, and investments affecting target areas. The Technical Provider ("TP") will create geospatial maps based on the review, aligning results with simultaneous Value Chain analyses in Component 2 to identify feasible options for supporting enhanced production from natural resources.

5.1.2 Sub-Component 1.2: Enhance Natural Resources Management for Value Chains and Resilience. A priority is to strengthen communities' capacity for climate change adaptation, water conservation, soil health improvement, slope erosion reduction, and biodiversity increase. Investments will support improved water-use in upland ecosystems for sustainable coffee and cacao value chain development. The subcomponent backs climate information services (CIS) for target value chains.

5.1.3 Sub-Component 1.3: Greening the Value Chain. This sub-component 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 good, managing resources for overall benefit, sub-component 1.3 emphasizes greening business operations, with direct economic implications for businesses.

5.1.4 Subcomponent 1.4: Response to Emergency and Disaster ("RED"). This subcomponent includes a disaster response contingency to prevent disruptions in project areas. Project financing prioritizes investments to safeguard assets, restore agricultural land, water/irrigation systems, and enhance rural community organizations' capabilities in handling crisis consequences. Until initiation, this sub-component maintains a zero balance, activating based on triggers identified in the design report.

5.2 Component 2: Sustainable Value Chain Development (“VCD”): This component aims to achieve three main objectives: (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 VC organizations' capacity in the project area; and (iii) address climate-resilient infrastructure needs to support VCD.

5.2.1 Subcomponent 2.1: Sustainable Agriculture Production Improvements 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. The Project will implement a Farm Business School (FBS) to test, adopt, and replicate environmentally sustainable and climate-resilient agriculture practices and technologies in the project areas.

5.2.2 Subcomponent 2.2: VC 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 (“VPOs”) to expand their VC businesses. The Strategic Investment Plan (“SIP”) will articulate targeted investments based on VC analyses, potentially covering VPO capacity building, farm-level interventions, post-production investments, and facilitation of access to rural finance.

The Project will provide grants to farmers through VPOs for farm-level investments (seedlings, initial organic fertilizers). Matching grants of up to 50% will support post-production investments for VPOs, complementing other government programs and covering non-infrastructure post-production investments for access to high-quality and specialty markets.

Rural Finance Strategy: For expanded outreach and sustainability in a diverse financial sector environment, the Project will develop a comprehensive rural finance strategy. This strategy will focus on the development and piloting of financial instruments for more effective and catalytic use of matching grants, addressing both capitalization needs and the ability to leverage additional finance.

5.2.3 Subcomponent 2.3: VC-related Infrastructure Support. To address critical infrastructure gaps that may undermine project benefits, the Project will provide support in this sub-component covering access infrastructure constraints, such as farm-to-market roads (FMRs). It includes post-harvest facilities like solar drying pavements, storage warehouses, and processing center buildings, as well as greenhouses with drip irrigation for vegetable production using solar-powered fertigation systems for organized VPOs.

5.3 Component 3 - Project Management: This component aims to ensure strong links among components, efficient, integrated planning, monitoring and evaluation processes, coordination mechanisms, and partnership with key stakeholders.

5.3.1 Sub-Component 3.1: Project Operations Management. This sub-component will focus on enhanced implementation and coordination capability and capacity of DAR and DA, and other implementing agencies and partners for effective and efficient provision of project services.

5.3.2 Sub-Component 3.2: Project Monitoring, Evaluation, and Knowledge Management. This sub-component 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.

II. Implementation Arrangements

6. *Lead Project Agency.* The Lead Project Agency shall be the DAR, which will be assisted by the DA of the Borrower. Moreover, the DA will assist DAR in implementing Sub-component 1.2: Enhance natural Management for Value Chains and Resilience and 2.1: Sustainable Agriculture Production Improvements and Enhanced Extension Services.

7. *Project Steering Committee.* The Project Steering Committee will be chaired by the DAR and consisting of members of the DA, Department of Environment and Natural Resources (DENR), Department of the Interior and Local Government (DILG), Department of Public Works and Highways (DPWH), Department of Trade and Industry (DTI), National Economic and Development Authority (NEDA), Department of Finance (DOF), Department of Budget and Management (DBM), National Commission on Indigenous Peoples (NCIP), Philippine Commission on Women (PCW), Private Sector, Value Chain Participating Organizations Representatives, and other relevant institutions, will serve as the governing body and provide policy direction and overall coordination mechanism.

8. *Project Management Unit.* At the national level, the Central Project Management Office (CPMO) will be established, led by the DAR's Undersecretary of Foreign Assisted and Special Projects Office (FASPO). A designated National Project Manager will be appointed to handle the day-to-day operations. The CPMO will assume complete accountability for project performance, implementation, and fund utilization, with a direct responsibility for fostering convergence among national agencies. At the regional level, Regional Project Management Offices (RPMO) will be instituted in the Cordillera Administrative Region (CAR) and Region XII. Each RPMO will be headed by a DAR Regional Director and supported by a Deputy Project Manager responsible for the daily project operations. Project Provincial Management Offices (PPMO) will be established within the Provincial Support Services Division (SSD), under the authority of DAR Provincial Agrarian Reform Program Officer (PARPO). The daily operations at the provincial level will be overseen by a hired Provincial Project Coordinator. Coordination Committees will be organized at the Regional and Expanded Agrarian Reform Cluster levels.

9. *Implementing partners.* Overall, the DAR will take the lead in implementing the Project with support from the DA, Local Government Units (LGUs) and other relevant agencies, including the DENR, the DTI, and the NCIP as implementing partners. Implementation of activities will be in collaboration with multi-stakeholders such as the business service providers, private sector, financial institutions, Non-Governmental Organizations (NGOs), academes, among others.

10. *Monitoring and Evaluation.* 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 formulated by the M&E staff and the execution of the plans will be assessed annually. The Project will use IFAD's core outcome indicators measurement guidelines for baseline, mid-line, and end-line surveys to measure changes.

11. *Knowledge Management.* Knowledge management ("KM") will be done systematically throughout the entire project duration. There will be three key thrusts under KM: (i) knowledge generation; (ii) knowledge use; and (iii) building an enabling environment for evidence-based learning and knowledge sharing. In generating knowledge, the M&E system will be the main feeder of knowledge created from the Project. From project reports, lessons learned will be produced by the M&E staff. Other sources of knowledge include mission reports and results of research, assessments and evaluations, case studies, among others. Knowledge topics will cover processes, good practices, and innovations on upland agriculture development, linking the NRM and VC, lessons from each component, among others. Knowledge use is targeted. The main users of knowledge from and for the Project include the project management and staff, Agrarian Reform Beneficiaries, Farmer Cooperatives and Associations, Indigenous Peoples Organizations, enterprises, implementing partners, oversight agencies, development partners including IFAD.

12 *Project Implementation Manual.* A project implementation manual will be prepared by the DAR and will include all project procedures, including financial management procedures, procurement, monitoring and evaluation, as well as all operational procedures, in line with the FA. The project implementation manual and/or any provision thereof shall not be amended or modified without the prior agreement of the Fund if the Fund, after consultation with the Borrower, has determined that the change or modification has or is likely to have a material adverse effect on the Project.

Schedule 2

Allocation Table

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan 1 and Loan 2 and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

Category	PBAS (Loan 1) (expressed in EUR)	BRAM (Loan 2) (expressed in EUR)	Total (EUR)	Percentage eligible for IFAD financing
Works	7,120,000	17,090,000	24,210,000	100%
Goods, Services & Inputs	3,585,000	8,605,000	12,190,000	100%
Grants and Subsidies	6,170,000	14,810,000	20,980,000	100%
Consultancies	4,180,000	10,032,000	14,212,000	100%
Operating Costs	2,065,000	4,963,000	7,028,000	100%
TOTAL	23,120,000	55,500,000	78,620,000	

(b) The terms used in the Table above are defined as follows:

- (i) "Works": includes works and infrastructure-related expenditures.
- (ii) "Goods, Services and Inputs": includes goods, equipment and materials, vehicles and non-consultancy services.
- (iii) "Grants & Subsidies": includes grants and subsidies.
- (iv) "Consultancies": includes training, workshops, studies and capacity building.
- (v) "Operating Costs": includes Salaries & Allowances related to the Programme's management and coordination, and other operating expenditures, and excludes salaries and operational costs of deputed staff that will be financed by the Republic of the Philippines.
- (vi) The Percentage is applied to Project expenditures, excluding indirect taxes and shares of other financiers.

2. *Disbursement arrangements*

(a) *Retroactive financing.*

As an exception to section 4.07 (a) (ii) of the General Conditions, specific eligible expenditures incurred as of the date the project has been approved by the IFAD Executive Board, until the date of entry into force of this Agreement shall be considered eligible up to an amount equivalent to one million EURO (EUR 1,000,000.00) for activities relating to the project's start-up activities including recruitment and salary of staff, configuration of e-NGAs accounting software, honorarium allowances, office set-up costs and procurement of office equipment. Activities to be financed by retroactive financing and their respective category of expenditures and source of financing will require prior no objection from IFAD to be considered eligible. Pre-financed eligible expenditures shall be reimbursed to the

Borrower once additional conditions precedent to the first disbursement of funds are fulfilled.

(b) *Audit arrangements.*

The Commission on Audit (COA) of the Republic of the Philippines will audit, in accordance with acceptable to IFAD audit standards, project financial statements each year. It will send audit reports to IFAD within six months of the end of the financial year.

Schedule 3

Special Covenants

I. General Provisions

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan Account if the Borrower has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within six (6) months of entry into force of the Financing Agreement, the implementing agency will procure and install a customize accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. Within six (6) months of entry into force of the Financing Agreement, the Project will enter into a Memorandum of Understandings (MoU) with implementing partners that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.
3. *Planning, Monitoring and Evaluation.* The Borrower, through the DAR, shall ensure that a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
4. *Gender.* The Borrower, through the DAR, shall ensure there will be strategies to encourage participation of women that will be implemented in all aspects of the project, including a focus on supporting women leadership, identifying specific needs of local women's groups, IP women and young women.
5. *Indigenous People Concerns.* The Borrower, through the DAR, shall ensure that the concerns of IPs are given due consideration in implementing the Project and, to this end, shall ensure that:
 - (a) the Project is carried out in accordance with the applicable provisions of the relevant IP national legislation;
 - (b) IP are adequately and fairly represented in all local planning for Project activities;
 - (c) IP rights are duly respected;
 - (d) IP communities, participate in policy dialogue and local governance;
 - (e) the terms of Declarations, Covenants and/or Conventions ratified by the Borrower on the subject are respected; and
 - (f) the Project will not involve encroachment on traditional territories used or occupied by indigenous communities.
6. *Anticorruption Measures.* The Borrower, through the DAR, shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
7. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower, through the DAR and the Project Parties shall ensure that the Project is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.
8. *IFAD Client Portal ("ICP") Contract Monitoring Tool.* The Borrower, through the DAR, shall ensure that a request is sent to IFAD to access the project procurement Contract Monitoring Tool in the IFAD Client Portal (ICP). The Borrower, through the DAR, shall

ensure that all contracts, memoranda of understanding, purchase orders and related payments are registered in the Project Procurement Contract Monitoring Tool in the IFAD Client Portal (ICP) in relation to the procurement of goods, works, services, consultancy, non-consulting services, community contracts, grants and financing contracts. The Borrower, through the DAR, shall ensure that the contract data is updated on a quarterly basis during the implementation of the Project.

9. The Key Project Personnel are: National Project Director, National Project Manager, Regional Deputy Project Manager, Finance Officers, Procurement Officers, and Monitoring and Evaluation (M&E) Officer. In order to assist in the implementation of the Project, the CPMO/RPMO/PPMO, unless otherwise agreed with IFAD, shall employ or cause to be employed, as required, key staff whose qualifications, experience and terms of reference are satisfactory to IFAD. Key Project Personnel shall be seconded to the CPMO/RPMO/PPMO in the case of government officials or recruited under a consulting contract following the individual consultant selection method in the IFAD Procurement Handbook, or any equivalent selection method in the national procurement system that is acceptable to IFAD. The recruitment of Key Project Personnel is subject to IFAD's prior review. Key Project Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Project Personnel shall be compliant with the national labour regulations or the ILO International Labour Standards (whichever is more stringent) in order to satisfy the conditions of IFAD's updated SECAP. Repeated short-term contracts must be avoided, unless appropriately justified under the Project's circumstances.

10. *Budget Approval.* With respect to subcomponent 1.4 - *Response to Emergency and Disaster* ("RED"), the Borrower, through the DAR and the DBM, shall ensure, upon activation, that the budget will be updated for Fund's approval.

II. SECAP Provisions

1. The Borrower, through the DAR, shall carry out the implementation of the Project in accordance with the measures and requirements set forth in:

- (a) the Abbreviated Environmental, Social and Climate Management Framework (ESCMF);
- (b) the Abbreviated Resettlement Plan (RAP);
- (c) the Stakeholder Engagement Plan (SEP);
- (d) the Free, Prior and Informed Consent (FPIC) Implementation Plan;
- (e) the Indigenous Peoples Framework (IPF); and
- (f) Guidance for Cultural Heritage.

Measures will be taken in accordance with SECAP requirements and updated from time to time by the Fund.

The Borrower shall not amend, vary or waive any provision of the Management Plan(s), unless: (i) agreed in writing by the Fund; and (ii) the Borrower has complied with the requirements applicable to the original adoption of the Management Plan(s).

2. The Borrower, through the DAR shall not, and shall cause all its contractors, its sub-contractors, and suppliers not to commence implementation of any works, unless all Project affected persons have been compensated and/or resettled in accordance with the specific Abbreviated RAP, FPIC and/ or the agreed works and compensation schedule.

3. The Borrower, through the DAR, shall disclose the draft and final Environmental and Social Impact Assessment (ESIA) reports and all other relevant Management Plan(s) with Project stakeholders and interested parties in an accessible place in the Project-affected

area, in a form and language understandable to Project affected persons and other stakeholders. The disclosure will take into account any specific information needs of the community (e.g. culture, disability, literacy, mobility or gender).

4. The Borrower, through the DAR, shall ensure that all bidding documents and contracts for goods, works and services contain provisions that require contractors, sub-contractors and suppliers to comply at all times in carrying out the Project with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s), if any.

5. This section applies to any event which occurs in relation to serious environmental, social, health & safety (ESHS) incidents (as this term is defined below); labor issues or to adjacent populations during Project implementation that, with respect to the relevant IFAD Project:

- (i) has direct or potential material adverse effect;
- (ii) has substantially attracted material adverse attention of outside parties or create material adverse national press/media reports; or
- (iii) gives rise to material potential liabilities.

In the occurrence of such event, the Borrower, through the DAR shall:

- Notify IFAD promptly;
- Provide information on such risks, impacts and accidents;
- Consult with Project-affected parties on how to mitigate the risks and impacts;
- Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements; and
- Adjust, as appropriate, the Project-level grievance mechanism according to the SECAP requirements; and
- Propose changes, including corrective measures to the Management Plan(s) (if any), in accordance with the findings of such assessment and consultations, for approval by IFAD.

Serious ESHS incident means serious incident, accident, complaint with respect to environmental, social (including labor and community), health and safety (ESHS) issues that occur in the context of the loan or within the Borrower's activities. Serious ESHS incidents can comprise incidents of (i) environmental; (ii) occupational; or (iii) public health and safety; or (iv) social nature as well as material complaints and grievances addressed to the Borrower (e.g. any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual harassment and violence involving Project workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement (including the right of indigenous peoples to free, prior and informed consent), any allegations that require intervention by the police/other law enforcement authorities such as loss of life, sexual violence or child abuse, which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties or (iii) to create substantial adverse media/press reports; or (iv) give, or are likely to give rise to material potential liabilities).

6. The Borrower, through the DAR, shall ensure that the relevant processes set out in the SECAP 2021 Edition as well as in the Management Plan(s) (if any) are respected.

7. Without limitation on its other reporting obligations under this Agreement, the Borrower, through the DAR, shall provide the Fund with:

- Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs and the management plan (if any) on a semi-annual basis - or such other frequency as may be agreed with the Fund;
- Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Project and propose remedial measures. The Borrower will disclose relevant information from such reports to affected persons promptly upon submission of the said reports; and
- Reports of any breach of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s) (if any) promptly after becoming aware of such a breach.

8. In the event of a contradiction/conflict between the Management Plan(s), if any, and the Financing Agreement, the Financing Agreement shall prevail.

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				
1.b Estimated corresponding total number of households members				Project MIS data	Annually	NPCO		
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					
Development Objective Increase income and employment of target groups in fragile upland areas, including women, youth and IPs, through the strengthening	Increase in income of participating households from baseline				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.
	Increase in household income - Percentage (%)	0	10	30				
	2.2.1 Persons with new jobs/employment opportunities				Project M&E/MIS	Annual		

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				Project M&E/MIS	Annually	Project M&E/MIS Unit		
	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				Project M&E/MIS	Quarterly, Annually	Project M&E/MIS Unit		
	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				
	Rural Producers' organizations accessing investment matching grants				Project M&E/MIS	Quarterly, Annually	Project M&E/MIS Unit	
VC Participating Organizations	0	200	580					
Output 2.3. Rural producers supported with access to new or improved access and productive infrastructure and facilities	2.1.6 Market, processing or storage facilities constructed or rehabilitated				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. Social and environmental safeguards are followed strictly.
	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					
Outcome 3. Strengthened national and local institutional frameworks with policy initiatives on sustainable use of natural resources and environmentally responsible Value Chains	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	
Household members - Number of people	0	35000	122500					
Output 3.1. Operational implementation arrangements established at all project management levels	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
	EARCC mechanisms - Number	0	27	27				
Output 3.2. Functional M&E/MI systems supportive of generating knowledge products for learning and policy engagement	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.</p>		

Risk Categories and Subcategories	Inherent	Residual
<p>The standard implementation procedures and systems will be set up 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.</p>		
Macroeconomic	Substantial	Moderate
<p>Risk(s): 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: 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>		

Risk Categories and Subcategories	Inherent	Residual
Fragility and security	Substantial	Moderate
<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 UNDSS 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>		
Mitigations:		

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 designs to support implementing agencies. Rural finance</p>		

Risk Categories and Subcategories	Inherent	Residual
<p>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 of data, timely processing and reporting so that the M&E results can</p>		

Risk Categories and Subcategories	Inherent	Residual
be available on time for project management decision making.		
<p>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.</p>		
Procurement	Moderate	Moderate
Legal and regulatory framework	Low	Low
<p>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.</p>		
<p>Mitigations: At start up, capacity developments interventions will be provided with emphasis on procurement planning</p>		
Accountability and transparency	Moderate	Moderate
<p>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.</p>		
<p>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.</p>		
Capability in public procurement	Moderate	Moderate
<p>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.</p>		
<p>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</p>		
Public procurement processes	Moderate	Moderate
<p>Risk(s): The risk that procurement processes and market structures (methods, planning, bidding, contract award and contract</p>		

Risk Categories and Subcategories	Inherent	Residual
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): <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 		

Risk Categories and Subcategories	Inherent	Residual
<p>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.</p> <ul style="list-style-type: none"> 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
<p>Risk(s):</p>		

Risk Categories and Subcategories	Inherent	Residual
<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. 		
Mitigations: <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
Risk(s): <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. 		
Mitigations: <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
Risk(s): 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.		
Mitigations: 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 and follow the mitigation hierarchy ¹⁰ . Participatory land use		

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,

Risk Categories and Subcategories	Inherent	Residual
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
<p>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.</p> <p>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.</p> <p>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.</p>		
Cultural heritage	Moderate	Moderate
<p>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.</p> <p>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.</p> <p>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.</p>		
Indigenous Peoples	Substantial	Moderate
<p>Risk(s): Exclusion of women including young women and indigenous women 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</p>		

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
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 Equality and Women Empowerment (GEWE) (incl. on gender-based violence).</p>		
Physical and economic resettlement	Moderate	Low

Risk Categories and Subcategories	Inherent	Residual
<p>Risk(s): Physical & economic displacement may occur with investments requiring space or restricting access to formerly utilized areas.</p>		
<p>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.</p>		
Greenhouse gas emissions	Moderate	Low
<p>Risk(s): Increase in emissions from heavy equipment during construction of FMRs. Lightning strikes and forest fires increases GHG emissions</p>		
<p>Mitigations: Keep the engines of equipment well-maintained by conducting periodic maintenance servicing. DRRM preparedness for forest fires grass fires.</p>		
Vulnerability of target populations and ecosystems to climate variability and hazards	Substantial	Moderate
<p>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;</p>		
<p>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. 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>		

Risk Categories and Subcategories	Inherent	Residual
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.		
Stakeholders	Moderate	Low
Stakeholder engagement/coordination	Moderate	Low
Risk(s): Lack of active participation from vulnerable groups and ineffective mechanisms that may not adequately capture the stakeholders' concerns, needs, and priorities.		
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.		
Stakeholder grievances	Moderate	Low
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.		
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.		