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Investing in rural people

President's report on a proposed grant under  
the country-specific grants window to the  
Republic of the Philippines for the Fisheries,  
Coastal Resources and Livelihoods Project

Note to Executive Board representatives

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For: Approval

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## Abbreviations and acronyms

ARMM	Autonomous Region in Muslim Mindanao
BFAR	Bureau of Fisheries and Aquatic Resources
FishCORAL	Fisheries, Coastal Resources and Livelihoods Project
LGU	local government unit
PO	people’s organization

## Recommendation for approval

The Executive Board is invited to approve the recommendation for a proposed grant under the country-specific grants window to the Republic of the Philippines for the Fisheries, Coastal Resources and Livelihoods Project (FishCORAL) as contained in paragraph 5.

## President's report on a proposed grant under the country-specific grants window to the Republic of the Philippines for the Fisheries, Coastal Resources and Livelihoods Project (FishCORAL)

### Part I – Introduction

1. This report recommends the provision of an IFAD grant in the amount of US\$0.69 million under the country-specific grants window to the Republic of the Philippines for the Fisheries, Coastal Resources and Livelihoods Project (FishCORAL). The grant proposal document is contained in the annex to this report.
2. The goal of IFAD grants is to significantly broaden and add value to the support provided to smallholder farming and rural transformation, thereby contributing to rural poverty eradication, sustainable agricultural development, and global food security and nutrition. In order to achieve these goals, IFAD grants should adhere to three basic principles: (i) make a significant contribution to a global, regional or national public good related to IFAD's mandate; (ii) focus on interventions where grant financing has clear added value and a comparative advantage over regular loans; and (iii) not be used as a substitute for resources from IFAD's administrative budget.
3. The objectives of IFAD grant financing are to: (i) promote innovative, pro-poor approaches and technologies with the potential to be scaled up for greater impact; (ii) strengthen partners' institutional and policy capacities; (iii) enhance advocacy and policy engagement; and (iv) generate and share knowledge for development impact. Rural poor people and their organizations should be squarely positioned at the centre of each grant submission to fulfill IFAD's mandate to enable poor rural people to improve their food security and nutrition, raise their incomes and strengthen their resilience.
4. The proposed project is in line with the goal and objectives of IFAD grant financing as stated in the IFAD grant policy, in particular strengthening partners' institutional and policy capacities.

### Part II – Recommendation

5. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, the Fisheries, Coastal Resources and Livelihoods Project (FishCORAL), shall provide a grant not exceeding six hundred ninety thousand United States dollars (US\$690,000) to the Republic of the Philippines for a five-year project upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Kanayo F. Nwanze  
President

# Fisheries, Coastal Resources and Livelihoods Project (FishCORAL)

## I. Background

1. The Fisheries, Coastal Resources and Livelihoods Project (FishCORAL) of the Department of Agriculture – Bureau of Fisheries and Aquatic Resources was designed to address the key issues that have impoverished many members of fishing communities, and to reduce poverty in coastal communities in the 11 target bays and gulfs in regions V, VIII, XIII (Caraga) and the Autonomous Region in Muslim Mindanao (ARMM).
2. The project was approved by the National Economic Development Authority on 17 October 2014 and the forward obligational authority was issued by the Department of Budget and Management on 6 March 2015. Negotiations on the financing agreement between the Government of the Republic of the Philippines and IFAD took place on 19 June 2015. The Philippine delegation requested that the grant financing agreement be separated from the loan financing agreement, as there are different government procedures for each type of funding.

## II. Rationale and relevance to IFAD

3. Fishers are among the poorest groups in the country, with a poverty incidence of 41.4 per cent in 2009, higher than the 35 per cent posted in 2003. Municipal fishers<sup>1</sup> and their families remain poor due to: (i) low coastal productivity owing to habitat and watershed degradation; (ii) fish stock depletion resulting from illegal fishing practices, pollution and overfishing; (iii) lack of access to basic services and institutional support; (iv) high population density in coastal areas; (v) poor post-harvest handling and distribution systems; (vi) lack of alternative income-generating activities; and (vii) weak political will on the part of local leaders to enact and/or enforce fishery laws.
4. Project intervention will focus on activities that will: (i) protect both aquatic and coastal zone habitats, including mangroves, coral reefs and sea grasses; (ii) increase the incomes of households living in the coastal zone; and (iii) improve stakeholders' capacity for sustainable fishery and coastal resources management.
5. The project is complementary to and supportive of the Government's reconstruction assistance to the areas affected by Typhoon Haiyan and the Department of Agriculture's rehabilitation plan for the agriculture sector. These initiatives will help rebuild fishing communities and rehabilitate coastal resources affected by Typhoon Haiyan in the Eastern Visayas Region, through rehabilitation of coastal and fishery resources and recovery of the livelihoods of fishing communities – contributing to increasing community resilience to natural disaster and climate change risks. The project is consistent with the strategic objectives of the country strategic opportunities programme (COSOP) 2010-2016 in: (i) improving fisheries and coastal resource management and the livelihoods of poor coastal communities; and (ii) managing natural resources within the context of climate change, gender mainstreaming, policy dialogue and support for decentralization.
6. The project design is consistent with the third strategic objective of the COSOP<sup>2</sup> and aligned with the IFAD Strategic Framework 2011-2015, which focuses on: secure access to natural resources; climate change adaptation and mitigation; improved agricultural technologies and effective production services; more comprehensive financial services; integration into value chains through competitive agricultural

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<sup>1</sup> Those who fish within 15 km of the shoreline, 12 km in ARMM.

<sup>2</sup> Selected marginalized and poor communities dependent on coastal resources in Bicol, eastern Visayas, northern Mindanao and ARMM have sustainable access to fisheries and other productive coastal resources, use sustainable management practices and diversify livelihood opportunities to meet their basic needs (in particular, food)."

input and produce markets; rural enterprise development and off-farm employment opportunities; technical and vocational education and training; and empowerment of rural poor people through effective and sustainable rural producers' organizations. In this context, agriculture includes fisheries. Under the Philippine Environmental Impact Statement System, the project is classified in both category C and category D, as it is intended to enhance the quality of the environment or address existing environmental problems in coastal areas, and the rural infrastructure components are small-scale and do not fall under other categories.

### III. The proposed project

7. The overall goal of the project is to contribute to reducing poverty in the target coastal communities of the 11 target bays in regions V, VIII, XIII and ARMM. The project's objectives are that coastal communities sustainably manage their fishery and coastal resources, generating livelihood benefits for the targeted households. The project design contributes to the United Nations Millennium Development Goals, namely poverty reduction (goal 1), gender equality (goal 3) and environmental sustainability (goal 7).
8. The project will target 11 bays/gulfs in regions V, VIII and XIII in Luzon and Visayas, and in ARMM. The targeted bays are located in 14 provinces, with 103 municipalities or cities bordering the bays/gulfs and 1,098 coastal villages or barangays. Approximately 724,000 poor people in 188,000 households live in these coastal villages. Of these, 90,596 are fishing households, and an estimated 38,050 of them are living below the poverty line, including households headed by women or out-of-school youth. The main criteria for selection of project beneficiaries will be based on the socio-economic conditions of fishing households, using up-to-date lists of poor households from the Department of Social Welfare and Development. The project will identify potential beneficiaries by targeting eligible existing registered people's organizations (POs) and their fishing community members. The target group will include PO members, either self-selected, based on their interest in the proposed livelihood enterprises or through participatory wealth ranking. The project will also establish new POs in response to demand from the target group.
9. The project will be of a five-year duration and will comprise three components: (i) coastal resource management, (ii) livelihood development; and (iii) project management and coordination.
10. Component 1 – Coastal resource management will focus on the enforcement of relevant laws and policies for fisheries and coastal resource management. This includes activities to promote conservation, protection and rehabilitation of critical habitats and resources in the identified project areas. The project will provide infrastructure and equipment support for effective law enforcement and protection of resources.
11. Component 2 - Livelihood development will provide opportunities to increase household incomes. Investments in microenterprises, both fishery and non-fishery, will be provided for beneficiaries at both the organizational and household levels. Organizational strengthening of community-based organizations and POs will be provided to enable individuals and their POs to become entrepreneurs. The project will also provide the infrastructure needed to support the development of these enterprises.

## IV. Expected outputs

12. The project is expected to have the following outputs:
  - Component 1: Fishing communities having adopted sustainable management of fishery and coastal resources.
  - Component 2: Income of fishing households in target coastal communities increased through sustainable engagement in diversified livelihood activities.

## V. Implementation arrangements

13. The key elements of the project's implementation approach include: (i) use of the ecosystem approach for fisheries management; (ii) financing of activities identified by coastal communities and municipal/city authorities and included in the local government unit (LGU) development/investment plans; (iii) implementation arrangements that will follow the Government's procedures and mandate at all levels and will operate within the government framework for decentralization and as part of the National Convergence Initiative; and (iv) consultation with the National Commission on Indigenous Peoples, if indigenous peoples are found to live in any of the target coastal communities – following IFAD's approach and procedures for engaging indigenous peoples in development. The phasing of project implementation will be based on the readiness of POs, LGUs, bay management councils (BMCs) and regional agencies. The livelihood development subprojects will be aligned with the priority commodities identified by the Bureau of Fisheries and Aquatic Resources (BFAR) regional roadmaps to ensure their suitability for the target locations and thus contribute to their sustainability. BFAR will be the project's lead implementing agency, with full responsibility for project administration and management, and will use its existing structures at national, regional, and provincial levels to implement project activities. The municipalities and cities are responsible for managing municipal waters and coastal zones. A high-level inter-agency project steering committee at the national level will provide policy guidance; approve project implementation guidelines, annual workplan and budgets (AWP/Bs) and procurement plans; and resolve implementation issues that cannot be decided at the regional level. A regional coordination and steering committee will serve as the policy and institutional advisory committee for project implementation at that level, and will facilitate effective and efficient delivery of various agencies' services in support of the project. A bay coordination and support committee will coordinate project activities within each bay. A project support and coordination office at BFAR central office will be responsible for supporting, coordinating and monitoring project implementation, coordinating within BFAR and with government oversight agencies, LGUs, project management teams at regional, municipal and bay/gulf levels, and IFAD. Regional project management offices will be established in each target region. Municipal/city project management offices will be based at the municipal or city LGU in regions V, VIII and XIII, while in ARMM a municipal project implementing unit will be based at the BFAR Provincial Fisheries Office under the leadership of the provincial fisheries officer. The project will operate as part of the National Convergence Initiative, with assistance from other government agencies as needed.
14. Planning, monitoring and evaluation and financial management, procurement and governance of this project will follow the FishCORAL arrangements as presented and approved by the IFAD Executive Board.
15. Learning and knowledge management. The project will generate and manage knowledge in order to: improve implementation; contribute to BFAR's body of knowledge; aid in raising awareness of stakeholders; and enhance future policy development and project implementation. It will support innovative approaches, document lessons learned and organize knowledge-sharing among project staff,

BFAR and other implementing agencies. It will also share knowledge with other IFAD-assisted projects across the country and the region.

16. The project will support policy/case studies for policy dialogue and consultation with the relevant national and local institutions relating to the management by LGUs of municipal/city fisheries and coastal resources and development of alternative livelihood enterprises for coastal communities. The project will provide support in reviewing existing relevant legislation on municipal fisheries, the Coastal Zone and Fisheries Code, possible duplication between the roles and responsibilities of BMCs and integrated fisheries and aquatic resource management councils; and the future management role of existing fisheries management systems. The project will also support the review of other relevant legislation such as the Agriculture and Fisheries Management Act. After the midterm review, it will pilot proposed changes to the codes with respect to municipal fisheries in selected locations.

## VI. Indicative project costs and financing

17. In addition to FishCORAL's loan financing of EUR 27.31 million (equivalent to approximately US\$29.96 million) approved by the Executive Board at its 115<sup>th</sup> Session,<sup>3</sup> a grant of US\$0.693 million will be provided for the project.

Table 1  
**Costs by component and financier**  
(Thousands of United States dollars)

	Approved IFAD loan		IFAD grant		Government		LGU		Beneficiary/ sponsor		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Coastal resources management	18 751.2	77.0	211.9	0.9	2 537.4	10.4	2 725.8	11.2	128.3	0.5	24 534.6	55.8
2. Livelihood development	10 988.2	70.5	480.8	3.1	1 721.1	11.0	1 199.8	7.7	1 199.83	7.7	15 589.7	35.7
3. Project management and coordination	216.4	5.7	-	-	1 866.1	49.2	1 710.5	45.1	-	-	3 793.0	8.5
<b>Total</b>	<b>29 955.7</b>	<b>68.8</b>	<b>692.7</b>	<b>1.6</b>	<b>6 124.6</b>	<b>14.0</b>	<b>5 636.1</b>	<b>12.9</b>	<b>1 328.1</b>	<b>3.1</b>	<b>43 737.3</b>	<b>100.0</b>

Table 2  
**Costs by expenditure category and financier**  
(Thousands of United States dollars)

	Approved IFAD Loan		IFAD grant		Government		LGUs		Beneficiary/ sponsor		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Works	1 726.8	80.3	-	-	230.4	10.7	193.4	9.0	-	-	2 150.6	4.9
2. Equipment, materials and supplies	17 734.0	76.4	-	-	2 486.1	10.7	1 735.9	7.5	1 247.4	5.4	23 203.4	53.1
3. Consultancies	10 494.9	84.5	692.7	5.6	1 071.2	8.6	80.8	0.7	80.8	0.7	12 420.4	28.4
4. Government staff	-	-	-	-	367.1	16.1	1 915.5	83.9	-	-	2 282.6	5.2
5. Operation and Maintenance	-	-	-	-	1 969.8	53.5	1 710.5	46.5	-	-	3 680.3	8.4
<b>Total project costs</b>	<b>29 955.7</b>	<b>68.5</b>	<b>692.7</b>	<b>1.6</b>	<b>6 124.6</b>	<b>14.0</b>	<b>5 636.1</b>	<b>12.9</b>	<b>1 328.1</b>	<b>3.0</b>	<b>43 737.3</b>	<b>100.0</b>

<sup>3</sup> <https://webapps.ifad.org/members/eb/115/docs/EB-2015-115-R-12.pdf>

## Results-based logical framework

Narrative Summary	Performance Indicators	Means of Verification	Assumptions/Risks
Goal			
Contribute to reduce poverty in target coastal communities/ ecosystems in Regions V, VIII, XIII and ARMM	By end of project(EOP) in the covered municipalities/provinces: <ul style="list-style-type: none"> <li>• <i>Decreased poverty incidence by 5% from baseline of 42% (mean poverty incidence)</i></li> </ul> By EOP 60% of the targeted 90,596 poor households in the project area: <ul style="list-style-type: none"> <li>• <b>Increased ownership of household assets by 20% of baseline.</b></li> <li>• <b>Decreased child malnutrition (ages 0-5 years) by 4% from baseline of 24.4%.</b></li> </ul>	<ul style="list-style-type: none"> <li>• Results and Impact Management System (RIMS)+ Impact survey</li> <li>• NSCB FIES survey</li> <li>• LPGPMS</li> <li>• CBMS</li> </ul>	<ul style="list-style-type: none"> <li>• Controlled/managed calamity/disaster in the target coastal communities</li> </ul>
Development Objective			
Realize increase in annual income of participating community households and employment of women engaged in income generating activities.	By EOP, in the project area: <ul style="list-style-type: none"> <li>• <i>Annual income of participating fishing community households increased by 10% of baseline</i></li> <li>• <i>Employment of women engaged in income-generating activities increased to 40% from baseline of 20%.</i></li> </ul>	<ul style="list-style-type: none"> <li>• RIMS+ Impact survey</li> <li>• Outcomes surveys</li> <li>• LGU budget/ finance document.</li> <li>• LGPMS</li> </ul>	<ul style="list-style-type: none"> <li>• Climate variability does not overcome the resilience of subprojects supported by the project</li> <li>• No major financial shocks, stable inflation rate and purchasing power of fishing households maintained or increasing</li> </ul>
<b>Component outcomes and outputs</b>			
<b>Component 1 Outcome:</b> Fishing communities adopted sustainable management of fishery and coastal resources.	By EOP, in the project area: <ul style="list-style-type: none"> <li>• Fish density in coral reefs increased by an average of 15% from baseline.</li> <li>• Hard coral cover improved in selected sample protected areas where scientific sampling of coral takes place by an average of 15% from baseline.</li> </ul>	<ul style="list-style-type: none"> <li>• RPRSA result</li> <li>• Project monitoring and evaluation (M&amp;E)</li> <li>• LGU annual financial report</li> </ul>	<ul style="list-style-type: none"> <li>• LGUs, DENR and other agencies are vigilant in protecting and rehabilitating natural resources (ridge to reef)</li> </ul>
<b>Component 1, Output 1:</b> Capabilities of LGUs and fishing communities to enforce sustainable management of fishery and coastal resources established.	<ul style="list-style-type: none"> <li>• 103 municipal/city fishery law enforcement teams and 103 M/C FARMCs formed, strengthened and sustained.</li> <li>• 11 bay management councils formed, strengthened and sustained with their bay-wide fishing ordinances implemented.</li> <li>• 103 LGUs implementing fisheries and Coastal Resource Management plans and ordinances.</li> <li>• 103 LGUs delineated municipal waters with accompanying zoning ordinances.</li> <li>• 103 sets of patrol boat equipment for surveillance sustainably operated.</li> <li>• 11 climate proofed bay management, multi-purpose buildings constructed and maintained with 103 climate proofed watch towers constructed and maintained.</li> </ul>	<ul style="list-style-type: none"> <li>• Project M&amp;E</li> <li>• LGU records</li> <li>• NAMRIA record on delineation</li> <li>• Law enforcement records</li> </ul>	<ul style="list-style-type: none"> <li>• National/local laws/ordinances favour the protection and rehabilitation off the municipal fisheries and coastal resources</li> </ul>
<b>Component 1, Output 2:</b> Municipal/city and bay-wide fishery and coastal resources management and investment plans	<ul style="list-style-type: none"> <li>• 103 LGUs formulated/updated multi-year CRM and fishery management/investment plans which are integrated into the CLUP/MDP and AIPs.</li> <li>• 11 bay-wide multi-year CRM and fishery management/investment plans</li> </ul>	<ul style="list-style-type: none"> <li>• Project M&amp;E</li> <li>• LGU records</li> <li>• LGU Annual Investment Plans</li> </ul>	<ul style="list-style-type: none"> <li>• LGU leadership support to fishery/CRM development.</li> </ul>



Narrative Summary	Performance Indicators	Means of Verification	Assumptions/Risks
implemented	adopted by LGUs involved.		
<b>Component 1, Output 3:</b> Habitats for fishery and coastal resources rehabilitated and established.	<ul style="list-style-type: none"> <li>• 1,100 ha of critical mangrove areas rehabilitated and managed sustainably.</li> <li>• 21,456 ha of established and delineated or rehabilitated fish sanctuaries managed sustainably.</li> <li>• 3,814 ha of rehabilitated/protected sea grass beds managed sustainably.</li> <li>• 22 marine species stock enhancement projects implemented.</li> <li>• 5,200 units of supplemental artificial reef deployed.</li> <li>• 5,150 ha of fish sanctuary provided with delineation markers.</li> </ul>	<ul style="list-style-type: none"> <li>• Project M&amp;E.</li> <li>• LGU records.</li> </ul>	<ul style="list-style-type: none"> <li>• LGU leaderships support fishery / CRM protection and rehabilitation.</li> <li>• Laws/ordinances support protection and the sustainable management of the municipal fisheries/coastal resources.</li> </ul>
<b>Component 2 Outcome</b> Income of fishing households in target coastal communities increased through sustainable engagement in diversified livelihood activities.	By EOP, in <b>103</b> target municipalities and cities: <ul style="list-style-type: none"> <li>• Fishing households involved in fishery enterprises increased to 30% from a baseline of 20%, (30% are women from a baseline of 20%).</li> <li>• One micro-enterprise established per coastal <i>barangay</i> operating.</li> </ul>	<ul style="list-style-type: none"> <li>• RIMS + Impact Survey.</li> <li>• Outcome Survey.</li> <li>• Project M&amp;E.</li> <li>• LGU records.</li> </ul>	<ul style="list-style-type: none"> <li>• No major financial shocks that affect the growth of livelihood enterprises.</li> </ul>
<b>Component 2, Output 1:</b> Fishing households organized into livelihood groups	<ul style="list-style-type: none"> <li>• 4,158 groups generating profit from aquaculture and marine enterprises, including seaweed farms, fish culture, fish processing and other fishery-related enterprises (50% of members are women).</li> </ul>	<ul style="list-style-type: none"> <li>• Project M&amp;E.</li> <li>• Group/cluster financial records.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued willingness of fishing and other poor hhs in coastal communities to work collectively in livelihood groups/clusters.</li> </ul>
<b>Component 2, Output 2:</b> Livelihood projects (fishery and non-fishery) with corresponding climate-proofed infrastructure/facility support implemented	<ul style="list-style-type: none"> <li>• 1 BFAR fully operational hatchery assisted.</li> <li>• 7 community-based hatchery development and enhancement facilities established.</li> <li>• 515 communal seaweed solar dryer with storage constructed.</li> <li>• 49 mobile ice makers and 294 chest freezers managed sustainably.</li> <li>• 4,825 linear meters of fish-landing facilities constructed.</li> <li>• 50% of the livelihood projects will be implemented by women.</li> </ul>	<ul style="list-style-type: none"> <li>• Project M&amp;E.</li> <li>• LGU records.</li> </ul>	<ul style="list-style-type: none"> <li>• LGU leadership continuing support to allocate timely counterpart funds.</li> </ul>