

The Philippines' Community-Based Resource Management Program

Willie Osita

Department of Finance, Ermita, Manila, Philippines

ABSTRACT

Community-Based Resource Management is a \$US50M project financed by the World Bank and the Philippine government, designed to address the twin objectives of ameliorating rural poverty and resource degradation through support for locally generated and implemented natural resource management projects. The project aims to strengthen the capacity of local communities in forest, upland and near-shore areas, and that of Local Government Units (LGUs) to plan and implement investments for community-initiated development projects to reduce poverty and environmental degradation. Coordination is provided by the Department of Finance, with projects implemented through the LGUs. Loan and grant assistance are provided to LGUs, the balance of which depends on the financial class of the LGU applicant.

Keywords: community-based reforestation; upland resources; innovative financing mix; World Bank; project cycle.

INTRODUCTION

The Community-Based Resource Management Project (CBRMP) is designed to support community-based resource management investments, community organisation, capacity strengthening of involved national government agencies and provincial and municipal LGUs, and environmental technology transfer in rural areas in the Philippines (DOF, 1999, Vol. 2). This project was introduced in October 1998, with an initial term of five years, and initially limited to Regions 5 (Bicol), 7 (Central Visayas), 8 (Eastern Visayas) and 13 (Caraga). These regions were targeted because of their high level of environmental degradation, priority for poverty alleviation, and presence of related national programs.

In particular, CBRMP enhances the capacity of low-income LGUs and communities to plan, implement and sustain high-priority natural resource management projects. At the same time, the project strengthens central government systems to transfer finance (as financial intermediaries) and environmental technology, and improves the implementation of environmental policies.

Specific project components include:

- Grant and loan finance for eligible LGUs for community-based resource management projects.
- A project management office – the Community Based Resource Management Office – and a rural window of the Municipal Development Fund for channeling finance to LGUs.
- Support for technical assistance, training and introduction of systems to help LGUs, including barangays and communities, to become more efficient managers of upland watersheds and near-shore areas. This involves social preparation and community organising, with the assistance of non-government organizations (NGOs).
- Assistance to national government agencies (NGAs) including the Department of Environment and Natural Resources (DENR) and the Department of Agriculture (DA) to support locally-driven CBRM efforts, monitor resource trends, and provide technical advice and services.

The CBRMP is coordinated by the Department of Finance (DOF) under an innovative financing facility through the Municipal Development Fund (MDF) concept. The major source of finance for CBRM is the World Bank, under Loan No. PHP 4299. However, as indicated by DOF (1999, Vol. 4, p. 1), finance for the CBRM project will come from four different sources namely:

- a. IBRD (WB) Loan Proceeds
- b. National Government (GOP Counterpart Fund)
- c. Municipal Development Fund (MDF Rural Window)
- d. Local Government Units (LGU Equity).

Procurement guidelines have been established for LGUs for procuring works, goods and services (including consultancies) involved in the implementation and management of projects (also referred to as 'sub-projects').

The remainder of this paper examines the scope and implementation arrangements for the CBRM project, with particular reference to forestry projects.

UNIQUE FEATURES OF THE PROGRAM

CBRMP has three unique features. First, it has a focus on LGUs. Being a demand-driven program, the LGUs are placed in the 'driver's seat' in managing development and environment-related projects. They are given the chance to develop, implement and manage their own sub-projects. Being LGU-led, the project ensures that it has appropriate mechanisms to catalyse the support of technical agencies including the Department of Agriculture (DA) – including the Bureau of Fisheries and Aquatic Resources (DA-BFAR) – and the DENR, these agencies being traditionally the prime movers of such projects.

The second unique feature is that of an innovative financing mix. LGUs are placed in six classes – class 1 representing the highest per capita incomes, and class 6 being the weakest financially. CBRMP offers a loan-grant-equity mix of financing to jumpstart LGU development efforts, recognising that the fourth to sixth class LGUs have limited repayment capacity.

The third feature is that the project is led by the Department of Finance (DOF). It was placed with this overseeing agency, because of the program's role in initiating the rural window of the Municipal Development Fund Office (MDFO). The program was designed to establish the necessary systems and procedures for the operation of a lending program for LGUs for natural resource related projects. It is envisaged that eventually the MDFO will sustain the activities of the CBRMP.

PROJECT COMPONENTS AND IMPLEMENTATION ARRANGEMENTS

As lead implementing agency, the DOF has established a Central Project Management Office headed by a Project Manager, and supervised by a Project Director who is a senior staff officer of the DOF. In the four regions where CBRMP is operating, Regional Coordination Offices handle the day-to-day coordination, validation and appraisal of sub-projects.

The participation of other agencies is vital to the operation of the project. Inter-agency participation and coordination is being facilitated through the National Technical Review Committee (NTRC) composed of senior officials (Undersecretaries) of the DENR, DA, National Economic and Development Authority (NEDA), Department of Interior and Local Government (DILG) and DOF. The NTRC oversees project implementation and reviews the level of participation of agency staff at the regional level. A parallel Regional Technical Review Committee (RTRC) is established in each region to review and approve sub-project proposals from LGUs and coordinate inter-agency cooperation at the regional level. The RTRCs are represented by Regional Directors.

Other agencies have defined responsibilities under the CBRMP. The Local Government Academy is responsible for the provision of training to LGUs, related to capability building. DENR, DA, and DA-BFAR are responsible for providing technical assistance related to environmental technology and other appropriate technology to LGUs and in the conduct of policy studies supportive to CBRM. The MDFO is responsible for the processing of financial releases to LGUs and acts as a financial intermediary.

REQUIREMENTS FOR ACCESS TO THE PROGRAM

CBRMP sub-projects eligible for financing fall into the following areas: upland agriculture and forestry; coastal and near-shore fisheries; and small-scale rural infrastructure specifically designed to support sustainable management and

use of natural resources for agriculture, forestry and coastal and near-shore fisheries. There is specific targeting of low-income LGUs and marginal farmers and fishermen. Identified projects must be situated in and integrated into an agreed community-based resource management strategy.

Activities which are eligible for funding under CBRMP are indicated in Table 1. These include a wide variety of investment and environmental protection activities, including various forestry activities.

Table 1. Activities eligible for CBRMP funding

Activity group	Specific activities
Upland resources	Agroforestry
	Micro-watershed development
	Community-based reforestation
	Nursery seedling production
	Riverbank stabilisation and reforestation
	Industrial tree plantations
Coastal and nearshore resources	Minor forest products management
	Mangrove rehabilitation
	Artificial reef establishment
	Seagrass sanctuary establishment
	Coastal reef management
Resort development	Sanctuary/marine protected areas and reserves
	Community-based resort ecotourism
Livelihood projects	Livestock raising (cattle, pigs, goats)
	Poultry (broiler and egg production)
	Duck raising
	Cottage industries and handicrafts using indigenous materials (but not resource extractive)
	Fish-attracting device (passive gear)
	Offshore fishing
	Mariculture
	Nipa thatch and shingle production
	Fish cage production for mariculture and aqua-silviculture
	Mudcrab fattening
	Lobster production
	Eucheuma (seaweed) farming
	Shellfish (oyster and mussel) production
	Upland fishponds
	Animal feed production
Small-scale infrastructure	Road construction and rehabilitation (farms to market)
	Construction of graded trails
	Construction of patrol footpaths
Bridges and drainage	Minor river crossings
Water supply	Spring boxes, water reservoirs and deep wells
	Level 1 and level 2 water systems

Any CBRM project (sub-project) must proceed through a 'project cycle' or number of stages (DOF, 1999, Vol. 1). The pre-implementation phase involves orientations and consultations with LGUs and communities, selection of eligible participants, establishment of CBRM units at various levels, community organising and social preparation, and development planning. Plans and sub-project proposals are then prepared by communities, barangays, municipalities and provinces. Review, appraisal and approval of sub-project proposals takes place at central and regional CBRMP and MDF offices. Funds are then accessed for approved projects through the MDF and LGUs. Detailed design and implementation of projects follows. Supervision, monitoring and evaluation of projects then takes place.

Local Government Units (provinces and municipalities) in the four eligible regions are required to submit letters of interest and become pre-qualified under the project's procedures and requirements. Municipalities belonging to 4th, 5th and 6th classes are given better financing terms than better-off municipality applicants. The requirements for pre-qualification are:

1. Letter of Intent from the Local Chief Executive (LCE), also indicating a commitment to hire a community organizer;
2. Borrower's Information Sheet;
3. Sub-project Profile (which includes sub-project justification);
4. MDC Resolution recommending to the Savings Bank (SB) the availment of the CBRM project of the DOF; and
5. SB resolutions authorising the Local Chief Executive, on behalf of the municipality, to enter into a Savings Bank Loan Agreement (SBLA) and other transactions with the DOF, including provisions for dealing with payment default.

INGREDIENTS FOR SUCCESSFUL APPLICATIONS

In evaluating sub-project proposals from LGUs for financing, the following basic characteristics are sought:

- Sub-projects should demonstrate clearly their strategic linkage to the municipality's local development plan;
- The active participation and ownership of communities in natural resource management and other sub-project activities should form part of the major strategy for sub-project implementation;
- There should be adequate provision for operation and maintenance of a sub-project after implementation; and
- The overall feasibility of sub-projects should be demonstrated in terms of technical, financial, economic, institutional and social criteria.

FINANCE MIX PROVIDED

The mix between grants, loans and equity varies between project type and financial class of the LGU, as indicated in Table 2. In all cases, arrangements are more generous for less well-off municipalities. Highest grant levels are provided for environmental projects, and lowest for rural infrastructure. Grant levels are not more than 50% except for environmental projects in class 4 to 6 LGUs. Highest equity levels are required for revenue generating projects, with equal equity levels for environmental and rural infrastructure projects.

Table 2. Finance mix by project type and class of LGU

Project type	LGU class	Finance mix (%)		
		Grant	Loan	Equity
Environmental projects	1	20	60	20
	2, 3	50	35	15
	4-6	70	20	10
Rural infrastructure	1	10	70	20
	2, 3	20	65	15
	4-6	30	60	10
Revenue generating	1	0	70	30
	2, 3	30	50	20
	4-6	50	40	10

SUMMARY

CBRMP is designed to provide financial support for a wide variety of natural resource and environmental projects, including community forestry and mangrove protection and regeneration. The balance between grant and loan funds is designed to provide greatest assistance to those municipalities least able to fund natural resource and environmental programs themselves. Implementation arrangements are quite complex, and it would appear that adoption has been delayed in some cases by the need to prepare complex business plans involving consultant's reports. However, this has been a welcome addition to sources of funding for forestry and other environmentally-beneficial projects.

REFERENCES

- DOF (DEPARTMENT OF FINANCE). 1999. *CBRMP Manual of Operations*. Volumes 1 to 4. Manila.