

Towards a Pro-poor Reward Mechanism with the Bago-Kankanaey Indigenous Peoples in Bakun, the Philippines

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Summary

The Bakun indigenous peoples (IPs) in the municipality of Bakun, a province of Benguet, Philippines, are aiming to develop a pro-poor reward mechanism from their watershed services. In 2002, through the efforts of Bakun Indigenous Tribe Organization (BITO), the IPs were awarded a municipal-wide Certificate of Ancestral Domain Title (CADT) by the national government, enabling them to exercise their traditional rights to their ancestral land. Agreements under the Philippine law and voluntary assistance have given some benefits to Bakun over the years from the hydroelectric companies. Now, development of a conditional, realistic and pro-poor reward mechanism as a new environmental instrument comes as a challenge for the IPs since it entails a major change in the roles they would be playing. This paper presents the struggle of the Bakun IPs and the strategies and actions they have taken towards a pro-poor reward mechanism.

Introduction

Bakun, situated in the northwestern tip of the Province of Benguet, Cordillera Administrative Region (CAR), Philippines (Figure 1), is the home to a group of IPs collectively known as the *Bago-Kankanaey* tribe. The IPs have been in the area since time immemorial and have been accustomed to its rugged mountainous conditions.



Figure 1. Map of Philippines, showing location of Bakun.



The Bago-Kankanaey tribe is also known for their rich socio-cultural heritage. Their indigenous way of life governs how they relate to the land and the forests, and among themselves. They manage and utilize natural resources using indigenous knowledge systems and practices.

Rights over ancestral land

These people have a history of struggle for rights to their ancestral land. In 2002, this mountain municipality was the first in the country to be awarded the Certificate of Ancestral Domain Title (CADT) by the National Commission for Indigenous People (NCIP). Through the efforts of the BITO, a municipal-wide grassroots people organization, the decades of struggle these people endured paid off. The Bago-Kanka-naey Ancestral Domain covers 29,444 hectares and is formally titled to be the traditional land of this tribe, and an Ancestral Domain Sustainable Development and Management Plan (ADS DPP) was also formulated. The issuance of CADT to the IPs of Bakun was a development that allows them to assert more of their rights over their ancestral domain, including the self-governance of their natural resources as stated in the Indigenous People’s Rights Act (Box 1).

Bakun’s Treasures

The Bakun communities consider their vegetable terraces and farms as their “green gold.” About 90 percent of IPs (or more than 12,000 people) are engaged in rice, cash crops and vegetable farming as their main livelihood. Major crops such as cabbage, potatoes, carrots and highland vegetables are produced and traded to urban areas. Since they do not have much good flatland to cultivate, most of their farms are found along suitable areas of mountainside and plateaus, and in plains along rivers and streams. The province of Benguet is also famous for their mineral deposits and “gold-panning,” as traditional small-scale mining has been part of their culture.

Box 1. The Indigenous Peoples Rights Act (Republic Act 8371)

The Indigenous Peoples Rights Act (IPRA) enacted in 1997, is one of the powerful laws for the indigenous people, in that it:

- recognizes, promotes, and protects the rights of the indigenous peoples including the right to ancestral domain and lands; and
- recognizes right to self-governance and empowerment, social justice and human rights, and right to cultural integrity.

To implement the law, the National Commission of Indigenous Peoples (NCIP), the primary government agency responsible, is tasked to convert ancestral land claims in the country into private collective titles called Certificate of Ancestral Domain Title (CADT). The processing of claims involves a number of requirements including geodetic surveys, gathering of anthological records and testimonies and facilitation of community meetings to resolve conflicts.

From 1997 to 2004, the NCIP has granted 24 ancestral domain titles representing 543,000 hectares. NCIP now targets 56 more CADTs covering around 1.7 million hectares.¹



Awarding of the CADT to the Bakun IPs (Photo credits: RUPES Bakun).

Another source of “gold” that local people have yet to realize is the watershed area of Bakun. This provides many environmental services not only to the local community but also to the whole Cordillera region. The watershed area covering 19,000 hectares is the source of domestic water supply downstream, and of irrigation water for the rice fields and the area’s expanding vegetable farms. And, most significantly from an economic perspective, the watershed provides water to the two hydropower plants in the area – HEDCOR Inc. and Luzon Hydro Corporation (LHC).

Poverty Traps

Unfortunately, poverty is pervasive in the area. Bakun has been considered as one of the poverty-stricken municipalities in the province of Benguet with approximately 84 percent of the households living below the poverty line. The poverty level is particularly high in the remote areas of the Bakun watershed, where many of marginalized farmers live.

One of the conditions that trap the upland people in poverty is the rugged terrain, which makes farming, from production to marketing of farm products, quite difficult and more expensive compared to their lowland counterparts. Fluctuating market prices of farm products, the continued rise in the cost of farm inputs, and yearly typhoon occurrences are also factors causing the farmers to experience alternating seasons of gains and losses.

Existing financing mechanism and its challenges

Some benefits are already provided to the local government units (LGUs) of Bakun by the hydroelectric companies, regulated by various laws and policies and defined through Memorandum of Agreements (MoAs) between the companies and the LGUs. The hydroelectric companies have also supported the host communities (at barangay, or village, level) with some voluntary community development and livelihood assistance, such as infrastructure projects. From 2000-2005, it is estimated that the financial



assistance as stipulated in the MoAs including the voluntary community assistance provided by these companies amounted to more than US\$ 3 million.ⁱ These funds were then integrated in the LGUs' annual budget appropriation for community development. It is the discretion of the LGUs to utilize the funds according to their own municipal development priorities.

The royalties and voluntary livelihood development assistance resulting from this financial mechanism would have been ideal for the upland people, who are living in chronic poverty.ⁱⁱ But according to the financial scheme as stipulated in the MoAs, very little or no direct assistance has so far been given to the upstream communities. LGUs have mostly directed the funds to the host communities where power plants are located. Moreover, even though, according to the Free, Prior and Informed Consent (FPIC) of the IPRA, the aspirations of IPs should be recognized and incorporated in any proposed development activity in their domain, this precondition did not exist when the MoAs were developed.

En Route to Pro-poor Reward Mechanism

The hydroelectric companies are under threat from the quickly accumulating silt loads, due to the expansion of commercial vegetable farming on the uplands as well as road widening, which leads to huge economic losses for the companies. The Rewarding Upland Poor for Environmental Service (RUPES) project in Bakun saw the potential to develop a mechanism of payments for reducing sedimentation in the Bakun River that would fulfill the criteria of being conditional, realistic and pro-poor. While the local community is the main supplier and user of the watershed services, the power generation companies, HEDCOR Inc. and LHC, stand out as the potential primary buyers of the watershed service since the sustained supply of clean water of the two rivers is imperative to the sustainable operation of the power plants.

The idea is for a new MoA to be proposed where IPs would reduce or slow down the sedimentation process and hydroelectric companies would reward them for doing so. Appropriately, BITO with its Council of elders, as the representatives of the IPs, would have the biggest role in the development of the reward mechanism. It would act as the intermediary or broker between the hydroelectric companies and the IPs (particularly the upstream Bakun communities), the decision-making body, and the

Box 2. Bakun Indigenous Tribe Organization (BITO)

BITO, established in 1998, is a people's organization that encompasses the whole municipality. The "Papangoan," or the Council of elders, is the highest policy-making body of the organization. This Papangoan recognizes the voices of both men and women in the Domain. The main objective of BITO is to promote: (1) social and human development; (2) economic growth; (3) cultural development; and (4) quality environment and sustainable use of resources in the Ancestral Domain.

ⁱ Based on the result of the research study on "Testing the Reward Mechanisms that benefit its upland Dwellers for the Watershed Services they Provide" by the RUPES Bakun, 2007.

ⁱⁱ Based on the result of the Participatory Poverty Assessment in Bakun, February 2007.

recipient of the rewards (Box 2). BITO would have the technical assistance of an established PES Technical Advisory Group (TAG) as represented by various private and government agencies.

RUPES Bakun team will strive to ensure that the proposed mechanism is pro-poor by incorporating the perceptions of the upland people on how environmental services could improve their conditions. For the upland people, having their voices heard and translated into action is a way to address poverty. In addition, they have indicated that they would like the rewards to be used in projects such as agroforestry plantations of high value fruit treesⁱⁱⁱ. One of the key rewards for the upland people is to ensure that the financial assistance is directed towards maintaining the integrity and suitability of their watersheds.

Conditionality and local knowledge

An important tool used in the process of developing a pro-poor reward mechanism is the Rapid Hydrological Assessment. The Bakun watersheds were assessed through integrating the different disciplines of participatory social survey, ecological modeling (hydrological-climatological-landscape modeling) and landscape spatial analysis (combined landscape ecology and land use change analysis). Based on this assessment, the environmental conditions in Bakun Watershed reveal that land use and ground cover changes appear to be the most significant change that have taken place in the watershed, which might explain the variations in the streamflow pattern.² Land cover changes are the results of forests converted to agriculture land because of the increasing demand for farming. Moreover, the application of RHA identified the perception and ecological knowledge of the local communities and institutional stakeholders on the hydrologic process of the watershed. Local communities raised specific problems and possible recommendations for their watershed, and local communities identified the existing indigenous technologies that conserve and maintain water services. This assessment highly recommended the development of a watershed plan, which is mentioned below.

Challenges to address on the way

Since RUPES is a new concept and instrument for the IPs, the biggest challenge for them in developing a conditional, realistic and pro-poor PES has been defining and managing their new roles. This requires a great deal of capacity building and technical assistance.

However, the division of roles between BITO and LGUs still needs to be clarified. As mentioned earlier, the LGUs have been managing the benefits, which have been coming from the hydropower companies in the form of royalties and voluntary assistance. In this new financial mechanism, BITO would be the recipient of the rewards. Although the new role of BITO is supported by the IPRA, there is still a risk of conflicting interests, and BITO and LGUs need to refine and settle their specific roles within the domain and municipality, respectively.

ⁱⁱⁱ Based on the result of the Participatory Poverty Assessment in Bakun, February 2007.



To address these challenges, RUPES assisted the IPs through BITO in developing the preconditions needed in setting up a fair and equitable reward mechanism. Actions for doing so were the following:

Increasing the capacity of the Bakun people to produce and market ES, and developing understanding of the environmental functioning that integrates indigenous and scientific knowledge. This capacity building and knowledge enhancement is essential for the Bakun people to determine and credibly explain how they will deliver environmental services. Through the application of the RHA, the local knowledge on the relationship of land cover and watershed functions in the major watersheds of Bakun was documented and integrated with the perception and logic used by government agencies and potential buyers of services, as well as for comparison with hydrological models.

Discussing with the hydropower companies to explain that the Bakun people voluntarily provide a service beyond legal requirements that adds value to the companies' operations. Through a series of dialogues and negotiations with the hydroelectric power companies, the companies have expressed willingness to reward the communities provided that there is a marked reduction in the volume of silt and sediments that flow to their facilities (i.e. turbines), especially during the rainy season. If this could be accomplished by the upland dwellers as a result of the municipal-wide adoption of improved land management practices, then the companies would grant more rewards to the communities. With this, conditional and realistic agreement with the Bakun people would be achieved.

Developing a forum that would bring the IPs, LGUs and other key stakeholders to work together and build partnerships. Formulation of the Bakun Integrated Watershed Development and Management Plan (BIWDMP), in which RUPES is one of the main components, is a good venue to exercise IPs' right to have an equitable share of the domain's natural resources. The plan integrates all piecemeal watershed management projects being implemented within the domain, and will serve as the main document to guide all watershed management projects and activities yet to be implemented.³

In addition, the plan can get real "buy in" from the hydropower plant companies on the basis of a realistic and conditional reward mechanism. Establishment of agroforestry farms (e.g. using natural vegetative strips) within open and critical portions of the watershed is one of the priorities of the plan, which will improve the water quality that supports the hydroelectric companies while simultaneously providing additional income to the upland farmers.⁴ It is envisioned that the hydropower companies would be encouraged to finance the development of more agro-forestry farms. Recently, the BITO has been able to secure financing from HEDCOR, Inc. for three community projects on agroforestry, solid waste management, and forest protection interventions.

Aside from actions described above, RUPES Bakun also assessed the social mobilization activities at the site. Also, as previously mentioned, a technical advisory group (TAG) from different key stakeholders was established and seen as beneficial in supporting the BITO's activities.

Challenges and opportunities

The IPs as represented by BITO are facing new challenges in realizing the reward mechanism. At this stage, identified capacity building activities necessary for equipping the IPs are vital (e.g. training on water quality monitoring, sustainable agroforestry/NRM systems and management of RUPES mechanisms; training on project development and management). A major question also remains whether the BITO is ready to take on their new role. Full support from the LGU for the BITO to implement RUPES concept is also essential.



*Dialogue with BITO, Hydropower Co., and RUPES Bakun
(Photo credits: Grace Villamor)*

From all the activities and the dialogues conducted, the hydropower companies now see potential gains both for the Bakun people and the company in rewarding watershed services. A new MoA is under negotiation in which the IPs of the upstream communities that actually supply the watershed services are the direct recipients of the reward.

References

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- ³ **RUPES. 2007.** RUPES Bakun. World Agroforestry Centre, Bogor.
- ⁴ **Garrity, D. P., 1995.** "Improved Agroforestry technologies for conservation farming: Pathways toward sustainability" in proceedings of the International Workshop on Conservation Farming for Sloping Uplands in Southeast Asia: Challenges, Opportunities and Prospects. IBSRAM, Bangkok, Thailand. Proceedings No 14, pp 145-168.