

Development Assistance to Upland Communities in The Philippines

C Jensen



Developing Mechanisms for
Rewarding the Upland Poor in Asia for Environmental Services They Provide

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EXECUTIVE SUMMARY

Over the last two decades, there has been a growing concern about the alarming rate of Philippines forest degradation and upland poverty. The government have initiated and implemented programs, and policy reforms adopted to address the problem. The country has also been recipient to substantial development assistance of loans and grants from international funding agencies in support of sustainable forest management and poverty reduction. Although there were some successes, upland development assistance has been short of its targets in addressing poverty reduction and natural resource degradation attributable to the following:

- ❑ **Sustainable forest management is a long and costly process.** Implementation periods are not long enough to achieve sustainable forest management and poverty reduction. As indicated in the program/projects reviewed, follow-on to previous endeavors become necessary to sustain program initiated activities.
- ❑ **Community based forest management democratizes resource use rights, but politics still has the "distributive power".** Enabling broad legal framework empowering the community to develop, utilize, manage and conserve forest resources is in place. However, policy implementers have deterred devolution and decentralization of resource management through unnecessary bureaucratic requirements.
- ❑ **Ineffective policy implementation contributes to deforestation.** Ineffective policy implementation have been attributed to lack of understanding, inconsistent interpretations, constant policy changes due to change in administration, "patronage politics" and lack of political will.
- ❑ **Ecological values of the forest are implicit in the programs.** The need to value resources is recognized, however this has not been an explicit program/project activity. Putting monetary value on the resources and the benefits therefrom could serve as an incentive to and make various stakeholders appreciate the need for resource protection and conservation.
- ❑ **Good environmental governance is key to effective forest management** as it promotes transparency and accountability, hence, could effectively address the systemic graft and corruption prevailing in the forest sector.

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INTRODUCTION

- ❑ This review provides background information to assist the development of the Philippine implementation design of the (IFAD/ICRAFT) program on "Rewarding the Upland Poor (in Asia) for Environmental Services that they Provide (RUPES)". Reviewed were published and unpublished evaluation reports and other program documents on selected foreign assisted activities, implemented by non-governmental organizations (NGOs), consulting firms or government agencies with the assistance of loans and grants from international agencies. This document attempts to reflect the perceived needs of the upland dwellers and provides insights on the lessons learned from development interventions to improve natural resources management and to reduce poverty in the upland communities.
- ❑ Some of the ideas generated from the "Philippine RUPES" inception/planning workshop held in the Philippines on January 14, 2002 are incorporated in this review.
- ❑ The workshop, with participants from government agencies, academe, non-

The present regional would of course, provide additional learnings and insights for the development of the "Philippine RUPES" program. Lessons from experiences of resource management projects in the region would further enhance the evolution of a Philippine RUPES.

- ❑ **Land Classification:** The 1999 Philippine Forestry Statistics (Table 1) shows that 15.88 million hectares are classified as forestland. These are more than half of the country's total land area of 30 million hectares. The remaining 14.12 million hectares are alienable and disposable land. The Philippine Department of Environment and Natural Resources (DENR) manages directly the 4.98 million hectares that consist of forest reserves, protected areas, military and civil reservations, game refuge and bird sanctuaries (GRBS) and wilderness areas (WA).
- ❑ Out of the 10 million hectares (Table 1-A) classified as established timberland or forestland, about 5 million hectares are under various types of community based management.¹ The rest are under different co-management schemes with the private sector.²

Table 1. Philippine Land Classification, 1999 (in million hectares)

	Area	% Share to Total Land Area
A & D	14.117	47.06
Forest land	15.883	52.94
<i>Forest Reserve</i>	<i>3.273</i>	<i>10.91</i>
<i>Timberland</i>	<i>10.016</i>	<i>33.39</i>
<i>Parks/GRBS/Wa</i>	<i>1.341</i>	<i>4.47</i>
<i>Military Reservation</i>	<i>0.130</i>	<i>0.43</i>
<i>Civil Reservation</i>	<i>0.165</i>	<i>0.55</i>
<i>Fishpond</i>	<i>0.076</i>	<i>0.25</i>
<i>Unclassified</i>	<i>0.881</i>	<i>2.94</i>
<u>Total</u>	<u>30.00</u>	<u>100.00</u>

Source of basic data: 1999 Forestry Statistics, DENR

government organizations (NGOs), peoples' organizations (POs), and donor agencies was an initial step for the conceptualization of the "Philippine RUPES". It was an exchange of information and experiences on efforts to address both resource conservation and economic needs of the upland communities.

¹ Tenure under CBFM: Community Based Forest Management Agreement (CBFMA), Certificate of Ancestral Domain Claim (CADC), Certificate of Ancestral Land Claim (CALC), Certificate of Community Forest Stewardship (CCFS), Mangrove Stewardship Agreement (MSA), Socialized Industrial Forest Management Agreements (SIFMA).

² Co-management: Timber License Agreement (TLA), Industrial Forest Management Agreement (IFMA), Industrial Forest Plantation (ITFLA), Provisional Timber License (PTL), Forest Land Grazing Lease Agreement (FLGLA)

Table 1-A Established Timberland, 1999

Tenure Instruments	In M hectares	As % of Total Timberland
CBFM	5.151	51.43
TLA	0.905	9.04
IFMA/ITFLA	0.529	5.28
Tree Farm/Agroforestry	0.109	1.09
Reforestation (Gov)	0.031	0.31
Reforestation (Prvt)	0.011	0.11
IFMA.	0.120	1.20
PTL	0.046	0.46
Forest Land for Grazing	0.153	1.53
Others	2.959	29.55
Total	10.016	100.00

Source of basic data: 1999 Forestry Statistics. DENR/FMB

- ❑ **Biodiversity:** The Philippines is one of the world's most important centers of tropical biodiversity. The country's high biodiversity in flora and fauna has stemmed from the varied and complex geological histories of the different parts of the Philippines and the unique sets of species found in the forests. Studies show that of the recorded 1,130 terrestrial wildlife species, more than half is estimated to be endemic to the Philippines. Similarly, about 50 percent of the estimated 10,000 to 12,000 floral species is endemic to the country. This rich biodiversity is threatened. Conservation International has described the Philippines as the 'hottest of the hotspots' in the world. Biologist Norman Myers has listed the country among the top ten world hotspots for tropical forest conservation.
- ❑ **Forest Resources:** Forest is one of the richest natural resources in the Philippines. It has been the major source of raw material supply for lumber, pulp and paper, furniture and plywood. It also gives invaluable environmental benefits. It provides protection/watershed forest for the conservation of soil and water and sanctuary for wildlife - an important role in maintaining biological diversity.
- ❑ The DENR classifies the country's forestlands into: Dipterocarp (old growth and residual), pine, mossy, mangrove and sub-marginal forest. The Dipterocarp forest is the most diverse type, where the Philippine mahogany used to be extensively harvested for exports and is the source of materials for housing, infrastructure, furniture and wood-based industries. It has given significant economic contributions over the years by bringing in foreign exchange through log and lumber exports, government revenues and employment.
- ❑ The forest resources of the Philippines today are inadequate to support the growing population's demand for forest goods and services. According to estimates (ESSC, 1999)³, forest cover at the beginning of 1999 was about 5.5 million hectares or 18.3% of the country's total land area. Of this, only about 800,000 hectares were primary or old growth forest. The rest was residual forest. In 1900, the forest cover of the country was 70% or 21 million hectares, reduced to 60% in the 1920's, to 50% or 15 million hectares in 1950 and, in 1960, to about 34%. Deforestation since 1987 has been estimated to be at the rate of 100,000 hectares a year. By 2010, 19% will be under forest cover if the "key role of the community in forest management will be recognized and supported. Otherwise, forest cover will reach a low of 6.3% due to inefficient management.
- ❑ **Deforestation:** Several studies have noted that rapid deforestation is caused by overexploitation (through extractive industries as logging and mining), agriculture expansion (slash and burn agriculture) and upland migration. Deforestation is exacerbated by unstable policies and inconsistent implementation. The inability of the government to provide economic opportunities to a growing population has caused the migration of the lowland dwellers to the forests. Thus, rainforests have been converted into agriculture and plantations. In addition, studies have pointed out that the "open access" nature of the Philippine forests is a major cause for deforestation.

³ Environmental Science for Social Change, Inc. (ESSC), "Decline of the Philippine Forest", 1999.

- The rapid forest depletion in the Philippines occurred during the post World War II (1947-1982) period. Studies have estimated that the annual rate of deforestation was highest in the 60's with 300,000 hectares deforested compared to 100,000 hectares deforested in 1935, and 150,000 hectares between 1940 and 1950. During the period 1960-1975, annual deforestation was at 172,000 hectares. An analysis of the causes of deforestation during this period (Guiang, 2000) is summarized below:

"...During this period logging boom became a byword in the national economy. The Philippines exploited the forest resources to support its planned industrialization program. The decade of the 60's landed the timber and forest products industry as one of the top foreign exchange earners. By 1970, forest products accounted for at least 27% of the Philippine foreign exchange earnings (Cheetam and Hawkins, 1976 as cited by Hyman, 1983). It was also during this period that the country's population doubled and tripled with growth rates ranging from 2.0-3.1% per annum. The country's population increased from 15 million in 1934 to 48 million in 1980 (DENR, 1990). The forest cover declined from more than 14 million hectares in 1950 to 10.4 million hectares in 1969, then to about 7.4 million in 1980.
- According to studies, "...logging operations [have] made the primary forests more accessible to the increasing population for slash and burn farming, agricultural expansion, and illegal logging activities. Many over-logged primary forests were subjected to forest fires and converted into upland farms. Extensive slash and burn farming in logged-over areas and brushlands [have] caused at least 60% of forest denudation in the Philippines. Agricultural expansion accounted for at least 30% of lost forest cover from 1955 to 1985 while annual deforestation due to commercial logging only averaged 9,000 per year. From 1934 to 1985, deforestation due to forest conversion for agricultural expansion averaged 185,000 hectares per year."
- Experts have noted that the conversion of forest into agricultural lands was due to the "increase in population [accompanied by] widespread poverty and inadequate economic opportunities in the industrial and service sectors." Distribution of land has been highly skewed. Fertile lowlands have been distributed in favor of a few landed elite. It has also been shown that "ineffective land reform program and the slow pace of industrialization forced many rural people to speculate for lands, clear logged over areas, and eke a substandard living in the uplands. Accordingly, agricultural farms in kilometer square almost doubled from 1948 to 1980 (DENR, 1990)."
- **Policies and enforcement:** Forest management in the Philippines has evolved from a highly centralized approach to a more decentralized mode. Observers have noted that the highly centralized approach has not promoted effective forest management. Rather, it has encouraged circumvention of the law through patronage politics, which has perpetuated various forms of graft and corruption. For example, the revised 1975 Philippine Forestry Code mandates the adoption of selective logging system. However, "patronage politics" has hampered the effective implementation of this provision. Holders of timber licensing agreements then were influential businessmen with personal stakes. They were able to practically control forest resource utilization in connivance with politicians. In addition, the high cost of obtaining information has made it difficult to monitor and manage timber harvesting and forest products movement. Hence, illegal logging has become rampant.
- To discourage illegal logging, regulation such as restriction on log transport was imposed. Logs cannot be taken out of the supplier's approved log pond unless processed into fitches with minimum thickness of two inches or cut to sizes. A permit is required to transport the processed logs outside of the source. Transport permit has an expiration date. Permit duration is limited to prevent "double shipment" (using the same permit twice). Because of the cumbersome system of getting a permit, shippers bribe their way through from the source to the final destination.
- In the eighties, forest policy shifted to people-oriented forestry program providing individual/family stewardships (through DENR's issuance of administrative orders). This was the government's way of addressing the issue on inequitable access to resources and poverty reduction as well as deforestation. A number of people-based projects were adopted by the government --- Forest Occupancy Management

Project (FOMP), Family Approach to Reforestation (FAR), Integrated Social Forestry Project (ISFP), National Forestry Project (NFP) and the Community Forestry Project (CFP). These projects' targets were reforestation of the open and denuded forests and mangroves by the occupants. Aside from reforestation, the projects provided employment to the occupants (as hired laborers), specifically the slash and burn farmers (kaingeros). The areas granted to individuals/families by the programs ranged from the actual size of areas occupied to 1,000 hectares (CFP). Under FOMP and ISFP, the area per family was limited to seven hectares while FAR was limited to five hectares.

- ❑ The passage of the Local Government Code in 1991 decentralized resource management and empowered the local governments (LGU) and communities to take the responsibility of protecting and conserving natural resources. The Code mandated the LGUs to "ensure the rights of inhabitants to a balanced ecology and to undertake initiatives for community-based forestry efforts as well as to protect the natural ecosystem". However, the implementation of the LGU's devolved function has been beset with numerous problems. Experience from the Canadian-funded Local Government Support Program (LGSP) reveals that the technical incapability of both LGUs and peoples' organizations (PO) to properly manage the resources has constrained the implementation of the devolved environmental functions. This has been aggravated by the LGU's lack of funds.⁴ Lack of capital has also been a constraining factor for the POs to pursue and manage enterprises. Other studies have pointed out that the diversified interests of the various stakeholders make it difficult for the LGUs to speed up and effectively implement the devolution of natural resources management.
- ❑ To further support and ensure the effective implementation of the devolution of environmental functions and development of sustainable community-based forest management, President Ramos signed Executive Order (EO) No. 263 in July 1995.

The EO is a people-oriented national strategy for sustainable forest management. It sets the legal basis for a more stable tenure and the structure for community-based forest management, where "people first and sustainable forest will follow" is the underlying principle and regards forest dwellers as the "de facto" managers. The communities are in a better position to protect and manage the forest because they live within and along the outlying areas of the forests. Their proximity to the forest enables them to have more knowledge about the forest features and their dependence on the natural resources for their economic needs makes it more logical for them to practice sustainable forest management. Hence, the communities can make a substantial contribution in protecting nature and conserving the biodiversity. The EO therefore is an enabling act that should motivate the communities to prevent further deforestation and restore the degraded forest.

- ❑ The EO is an integration of the previous people-oriented forest management programs. It put in place an implementation mechanism where a Community Forest Based Management Agreement (CBFMA) is executed between the DENR and the community organizations, providing for a 25 year production-sharing arrangements, renewable for another 25 years. The agreement allows the community to develop, utilize, manage, and conserve specific portions of the forestland. The process enables all stakeholders to participate in the process---from the identification to execution of the CBFM management and resource use plans.
- ❑ Although the EO recognizes the indigenous peoples' (IP) rights to their ancestral domain, the government nevertheless enacted the Indigenous Rights Act in 1997. The Act strengthened the role of IPs as it clearly defined and established their rights related to management of the resources that are present in their areas aside from promoting respect for their indigenous knowledge, systems and practices. The Act also established the guidelines to protect their rights to the resources within their domain.

⁴ LGC requires local governments to earmark 20% of their internal revenue allotment to development activities. Since no specific percentage is required for environmental activities, distribution of the 20% allotment is at the discretion of local government officials.

SELECTED UPLAND DEVELOPMENT PROGRAMS

- In the last decade, the Philippines has been recipient to substantial assistance from international development agencies in support of sustainable forest management. Major funds have come from the World Bank (WB), Asian Development Bank (ADB), European Commission (EU), and the U.S. Agency for International Development. The programs/projects included in the review (Annex 1 lists the major ongoing and recently completed programs/projects) have similarities with regard to 1) objectives; 2) approach/strategy; 3) implementation activities; and 4) legal bases.
- **Objectives:** The initiatives of the development agencies to support sustainable forest management have two broad objectives: 1) to reduce poverty in the upland communities while protecting the environment; and 2) to protect and conserve natural resources to alleviate poverty. These objectives are consistent with the Philippine Strategy for Sustainable Development (PSSD) and the Social Reform Agenda (SRA) - to address environmental concerns and poverty issues.
- The understanding of the link between poverty and environmental degradation is a critical factor for upland development assistance. As stated in the WB's community based resource management program description: "Checking and reversing environmental degradation of the forest and coastal ecosystem are major challenges facing the Philippines. Almost 10 percent of the population, or around 18 million people, live in upland areas because of land shortages and limited off farm rural employment opportunities. Up to 10 million Filipinos are farming on forestland, often with techniques that contribute to very high rates of erosion."
- **Approach:** As noted earlier, Philippine forest policy shifted from centralized approach to a highly participatory people-oriented or community based forest management (CBFM) mode at the turn of the century. The shift to community forestry has become the more acceptable approach because "CBFM is the linchpin of practical forest protection and regeneration, joining two other interrelated national policy statements: the National Integrated Protected Areas System (NIPAS)...and the Indigenous Peoples Republic Act." It has also "... established [a] functional forest management system providing land tenure rights and clarifying responsibilities for individuals, communities, LGUs and DENR ...", and [it is also] based upon sound economics" (NRMP, 1999).
- **Activities:** There are three activities common among the programs reviewed. These are social preparation, capability building, and income generating activities. Social preparation is the first step to a successful development program. This involves community organizing/mobilization and making sure that the community understands the issues and concerns that need to be addressed as well as the responsibilities that are expected of them. Community mobilization is also directed to raising people's consciousness and influencing their values, attitudes, and practices to reverse forest degradation. In addition, organized communities will enable members to help themselves and break away from the attitude of relying only on elected but perhaps ineffective officials.
- Building the capability of the peoples' organizations is an important element. Most peoples' organizations do not have the technical skills to perform the tasks related to effective forest management, organizational and financial management. More importantly, they do not have the entrepreneurial skills.
- It would be unrealistic to expect the communities to proactively pursue and sustain forest protection without attendant economic activities. Economic activities are a necessary component to meet their short-term subsistence needs and, in the long term, to enable them to engage in commercial production. Agro-forestry appears to be the priority in the list of livelihood projects, designed such that it would counter the destructive slash and burn agricultural practices. In most cases, flat areas have been used for short-term food crops and use of organic fertilizers has been encouraged.
- **Enabling Policy:** The development assistance listed in Annex 1 has evolved from the people-oriented programs initiated during the seventies and the eighties that have been based from presidential decrees during the Marcos administration to administrative order and

executive orders in the post-Marcos era. The programs in Annex 1 have been anchored on five enabling legal acts. These are the following:

1. Regalian Doctrine from the 1987 Constitution allows the state to undertake on its own the development and utilization of resources or to enter into co-production, joint venture or production agreements.
2. Local Government Code of 1991 devolves the management of natural resources to the local government units and communities.
3. Law on National Integrated Systems of 1992 provides the delineation and allocation of some portions of the forestland to preserve habitats, protect watersheds and maintain ecological balance. A feature of the law is the establishment of the Protected Area Management Board (PAMB). All stakeholders are represented in the board.
4. Executive Order No. 263 adopts community based management as a national strategy for sustainable forest and social justice.
5. Indigenous Peoples Right Act mandates the government to recognize, protect and promote the rights of the indigenous peoples to reside in their ancestral domain and benefit from the resources present within their areas.

LESSONS FROM THE THREE CASE STUDIES

- ❑ The findings from the three case studies (Annex 1 to 3) show that security of tenure and a people-oriented approach to resource management are critical but not sufficient elements to ensure effective resource management, and poverty reduction in the upland communities. Although the issuance of tenure instruments addresses, to a large extent, the "open access" land issue, human and financial resources are important factors as well.
- ❑ The case studies also reflect that the problems in the upland communities are not the dwellers' responsibility alone. These are concerns that need multi-sector effort. Technical and financial support from the

central government, LGUs, NGOs and the business sector need to be in place for upland development assistance to be successful.

However, this support is attainable only when there is an understanding of a common objective, and the formulation and implementation of development programs is a combined effort of the various stakeholders.

- ❑ In addition, social preparation is not merely creating awareness of the environmental issues. It also requires behavioral change, thus, making the process a long and costly one. The same is true with capability building efforts for the communities, the LGUs and other government agencies.
- ❑ More importantly, a sound policy environment must be in place to effect sustainable forest management.

SOME INSIGHTS

- ❑ The design and choice of an appropriate upland development program entails examining the nature and the intended or unintended consequences of past and ongoing activities. It starts with a rapid appraisal of the status of the target community resources and the available local and external support in the area to determine the felt needs and priorities of the people. In addition, dialogues with government agencies and other stakeholders are helpful in determining factors contributing to the success or failures that are external to the communities. More importantly, sustainability is a required element of most development programs. With this preparatory process, achieving program objectives should not be too difficult. Although there have been successes in program implementation, a number of forestry initiatives seem to have been short of their target outputs and have not addressed the twin problem of poverty and resource depletion too successfully. The following are some of the reasons gleaned from the review:
- ❑ **Sustainable forest management is a long and costly process.** - The list in Annex 1 shows that current development assistance is mostly follow-on from previous programs. From the point of resource efficiency, this makes sense as lessons learned from previous programs would strengthen succeeding programs. However, it is interesting to ask why activities initiated from previous programs are not sustained. Social preparation and capability building have been components of

most, if not all, of the programs. But it seems that the interest for community effort wanes when there are no direct personal benefits that will accrue to the members to compensate for the opportunity cost lost in terms of time and effort. External assistance apparently is seen by upland dwellers as a temporary measure to meet their subsistence needs and regards the community merely as a conduit for external assistance. Another possible factor is the location of the communities. The importance of this in successful implementation should be at par with training and capability building. Because of the distance from the service providers (project management), regular program monitoring has been a problem. Consequently, implementation problems are not addressed on a timely basis. The timely solution might have been critical to the successful implementation of the project. Moreover, observations show that POs have been at a loss when the service providers are not around to assist them.

- **CBFM democratizes resource use rights, but politics still has the “distributive power.** Forest management policies in the Philippines have been changing constantly in an effort to find an enabling legal framework for effective forest policy. Executive 263 (CBFM national strategy) and the Indigenous Peoples Right Act recognize the upland dwellers and the IPs as the “de facto” forest managers. These statutes set the policy environment for devolving resource management to the upland dwellers. However, field experience shows that the implementers of the policies seem to have not completely discarded the traditional “monopolistic role” that they were allowed previously on resources management. For example, the issuance by DENR of Administrative Order (DAO) 2000-29 in March 2000 mandates the National Resource Development Council (NRDC, a quasi government agency,) to assist the community, through a mutually agreeable arrangement with the POs, in processing, marketing and disposing market forest products. This is in contrast to CBFM’s spirit of empowering communities to engage in a free market enterprise. Perhaps, continuous environmental advocacy and coalition building from all sectors of the society will generate the necessary political will.
- **Ineffective policy implementation contributes to deforestation.** Policy experts have opined that the Philippines has

good and sound forestry sector policies. They have pointed out that, more often than not, the problem lies in implementing the policies. Field experiences reveal that the lack of understanding and the inconsistent interpretations of the implementing rules and regulations have been reasons for ineffective policy implementation. Confusion resulting from policy changes when administration changes has consistently been the pattern. An example was the impact of the suspension of resource use permit to CBFM communities in 1998 because of reported illegal forest activities. According to a site visit report (ESSC, 2000) an increase in illegal logging was recorded, the community members expressed disappointment and distrust in the government and its programs. The suspension was lifted with the issuance of DAO 2000-29. As mentioned above, the DAO was seen as an implicit curtailment of the community’s priority right to decide on how the resources would be used although the term “mutually agreeable arrangement” was in the provision. In addition, the patronage politics earlier discussed have been observed to be “active” at different levels of the bureaucracy and among members of the community organizations.

- **The ecological values of the forest are implicit in the programs.** There has been an increasing recognition of the ecological value of the resources - to conserve biodiversity. Except for the UNDP/GEF funded Samar Island Biodiversity Program, however, valuation of the forest resources seems not to have been included as an activity. Upland dwellers know the inherent values of the forest, but putting a monetary value on the benefits derived from the forest would probably be more meaningful as this is better internalized, and the urgent need to take mitigating measures to prevent further deforestation and rehabilitation of degraded areas would be much appreciated. Not only would resource valuation be a useful tool for behavioral change among the local communities, but it would provide a more informed guide for policy makers. Knowing the benefits and costs from resource use could lead to the efficient use of the government’s scarce resources by being able to develop the appropriate forestry program. Furthermore, knowledge on the value of a resource to off-site users can potentially be a source of revenue for the communities. An example is the hydrological function of watersheds.

Lowland farmers depend upon the watersheds being protected by the host communities for their irrigation.

- **There is recognition that good environmental governance is a key to an effective forest management.** The systemic graft and corruption and illegal activities have been mentioned as obstacles to effective forest management and efficient resource use. However, a head on solution to these has been lacking in most of the programs reviewed except for the recently launched USAID project (EcoGovernance). EcoGovernance recognizes the futility of a sound legal framework and good implementation if good environmental governance. Transparency and accountability are promoted to address illegal logging, conversion of forest lands, illegal fishing and destructive fishing practices.

IMPLICATION TO RUPES

There are a number of upland development activities where the Philippine RUPES can potentially consider for collaboration and complementation for resource use efficiency and higher probability of success. For example, EcoGovernance promotes economic incentives to encourage effective resource management by the LGUs. That is, making protection and conservation efforts a source of revenue rather than a cost center. Potentially, RUPES can offer to value the benefits that would be derived from the resources, and determine how these benefits could be equitably distributed among the different stakeholders considering their conflicting interests. EcoGovernance may be able to support training and follow-on technical assistance, and could help in determining the feasibility of making local governments as the potential conduit for payments of environmental services of the upland dwellers.

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ANNEX 1

Selected Upland Development Assistance (on-going and recently completed)

Funding Agency/ Duration/ Project Title	Description	Sites	Implementing Agencies
Grant			
WB/GEF (1994-2002) Conservation of Priority Protected Areas Project (CPPAP)	<p>Establish ten priority sites as protected areas (PAs) pursuant to the NIPAS Law to undertake biodiversity conservation and sustainable development of natural resources.</p> <ul style="list-style-type: none"> - 2nd phase of Integrated Protected Areas Systems (IPAS) through a grant implemented by World Wildlife Fund (WWF); identified 10 priority sites - NIPAS areas are the protected areas and the buffer zone area (provides protection around PA while providing livelihood opportunities based on sustainable resource allocation. 	<ul style="list-style-type: none"> ▪ Batanes Protected landscape and seascape ▪ Northern Sierra Madre Natural Park ▪ Subic-Bataan National Park ▪ Apo Reef ▪ Natural Park ▪ Mt. Kanlaon ▪ Natural Park ▪ Mt. Kitanglad ▪ Natural Park ▪ Mt. Apo Natural Park ▪ Agusan Marsh Wildlife Sanctuary ▪ Protected Landscape and Seascape ▪ Turtle Island Wildlife Sanctuary 	DENR NGO
UNDP/ GEF (2000-2008) Samar Island Biodiversity Conservation Project (SIBP)	<p>Conservation and sustainable use of the biodiversity and other resources within the Samar Island Forest Reserve (SIFR, and determine the management system for efficient use of natural resources within and along the outlying areas of the SIFR.</p> <ul style="list-style-type: none"> - SIFR has the largest remaining tropical rainforests with diversified population of rare, endemic, endangered and economically significant biodiversity. - SIFR is in general a lowland forest. - Samarenos are active in environmental advocacy because of the 1988 flooding of farmlands and lowland communities leaving several villages buried and thousands of families displaced and crop losses. 	Communities within the boundaries of Samar Island Forest Reserve	DENR local NGOs LGUs POs

Funding Agency/ Duration/ Project Title	Description	Sites	Implementing Agencies
Grant			
European Commission (1997-2004) Economic Self Reliance Programme – Caraballo and Southern Cordillera Agricultural Development (ERP-CASCADE)	<p>Helps indigenous people establish agro-based economy through appropriate upland technologies, removal of financial bottleneck and development of peoples owned and managed rural financial systems.</p> <p>Builds on the success of the Earthquake Rehabilitation Programme (1992-1997)</p> <p>Has a social development component focused on water and sanitation facilities and support to barangay health workers</p> <p>Seed capital to complement the rural organizations own capital build-up for their enterprises</p> <p>Productive potential of resources managed through agricultural technologies consistent with peoples' cultural practices.</p>	Benguet, Nueva Ecija and Nueva Viscaya	Consulting Firm DA NGOs Pos
European Commission (1995-2002) Palawan Tropical Forestry Protection Programme (PTFPP)	<p>Conserve forests in Palawan through an area-based programme emphasizing community based sustainable and development strategy.</p> <p>Within the framework of NIPAS Act</p> <p>Builds upon the Palawan Integrated Aread Development Programme, Phase I, co-financed with ADB. EU funded the environment component.</p> <p>Has socio-economic component focused on health and income generating activities.</p>	<ul style="list-style-type: none"> ▪ Mt. Mantalingahan ▪ Irawan-Iwahig Watersheds ▪ St. Paul's National Park ▪ Critical watershed areas in North ▪ Palawan 	Consulting firm Palawan Council for Sustainable Development Staff (PCSD)

Funding Agency/ Duration/ Project Title	Description	Sites	Implementing Agencies
European Commission (1999-2006) Upland Development Programme for Southern Mindanao (UDP)	Improve living conditions of communities and strengthen their capability to manage upland resources particularly small watersheds. Builds upon the gains of EU's Southern Mindanao Agricultural programme (SMAP) Response to Philippine government's request to increase development assistance to Mindanao	<ul style="list-style-type: none"> ▪ Davao ▪ Davao del Sur ▪ Davao Oriental ▪ South Cotabato ▪ Sarangani 	Consulting firm DA LGU
European Commission (1995-2001) Agrarian Reform Support Project (ARSP)	Supports the implementation of the Comprehensive Agrarian Reform Programme (CARP) to alleviate rural poverty and agricultural stagnation in a sustainable way. Facilitates the transfer of land titles of about 171,000 has of public and private lands First EU project focusing on agrarian reform issues and within the context of the Comprehensive Agrarian Reform Law (CARL) Has assistance in the construction or rehabilitation of small scale rural infrastructure	Agrarian reform beneficiaries in five provinces: Irosin, Sorsogon <ul style="list-style-type: none"> ▪ Camarines Sur ▪ Negros Occidental ▪ Agusan del Norte ▪ Agusan del Sur 	DAR LGUs
USAID (1992-2002) Natural Resources Management Program Forestry Sector Component (NRMP/FRM)	Help establish a foundation for sustained ecological and economic growth in the Philippines through policy reforms in the protection and management of natural resources. A follow-on to Rainfed Resources Development Project (RRDP). RRDP focused on communities that were boundaries of upland agriculture, agroforestry and standing timber. Established the CBFM program which became the official strategy under EO 263 in 1995 for sustainable forest management Emphasis on old-growth and residual forest	Regions 2, 4, 5, 10, 11 and 13 targeted at open access land where forest are rapidly disappearing , inactive timber license agreement lands, watersheds and protected areas Focus on communities of indigenous people (IP), settlers, and ex-loggers	Consulting firm DENR NGO LGUs

Funding Agency/ Duration/ Project Title	Description	Sites	Implementing Agencies
Grant			
USAID (2001-2004) Protection of Productive and Life Sustaining Resources through Improved Environmental Management and Enforcement (ECOGOV)	Will address critical threats to the country's coastal and forest resources, primarily illegal logging and conversion of natural resources and over-fishing and use of destructive fishing practices, and communities' implementation of integrated solid waste management. 60% of program resources to Mindanao to assist in the on-going peace process. Implementation in collaboration with other USAID projects in Mindanao.	Nationwide but focus on central, western and Southern Mindanao Region 2 Central Visayas	Contracting firm DENR NGOs LGUs Academe
International Tropical Timber Organization (ITTO) (1995-2001) Developing Tropical Forest Resources Through Community-Based Forest Management	Improve the productivity of degraded and regenerating forestlands through CBFM Complemented by application of research validated methods and experimental station used as learning center for local and foreign visitors including students and faculty members Co-finance by a Japanese supermarket, ITO-Yokado Co.	Forest occupants of Buenavista, Bayombong, Nueva Vizcaya	DENR LGUs Federation of 3 upland farmers' associations
GTZ (1994-2001) Philippine-German Community Forestry Project- Quirino (CFPQ)	Conserve and protect the forest within the project area through sustainable management practices and community organization and self-help. Beneficiaries include both indigenous people and community dwellers	Upland farmers in 5 municipalities in the province of Quirino	DENR LGUs Local commu nities

LOAN

ADB Community Based Forest Resources Management (CBFRM)	<p>Encourage establishment of tree, rattan, and bamboo plantations, rehabilitate degraded and barren forestlands and supplement declining supplies of industrial raw materials from natural forests.</p> <p>Has a strong private sector orientation to complement government's efforts Forest plantations and home gardens (agro-forestry) using appropriate tenure instruments</p> <p>Regional management plans for both natural and forest plantations Recently approved and to start 2003</p>	Selected provinces to be determined	DENR Local communities LGUs NGOs
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Loan

ADB 2000-2005) Agrarian Reform Communities (ARC)	<p>Complements the GOP's land distribution program by providing basic infrastructure and development support services, and increased agriculture production</p> <p>Land survey for 100,000 has of public lands</p> <p>Financing by Land Bank for rural enterprise and agricultural production</p>	Nationwide covering 140 out of 984 ARCs with focus on the Special Zone of Peace and Development (SZOPAD) area.	Department of Agrarian Reform Local communities LGUs
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Funding Agency/ Duration/ Project Title	Description	Sites	Implementing Agencies
loan			
ADB (1999- 2003) Cordillera Highland Agricultural Resource Management Project (CHARM)	<p>Aims at reducing poverty among smallholder farm families by increasing disposable farm incomes and creating jobs primarily through reforestation and civil works activities.</p> <p>Focuses on community mobilisation and resource management, rural infrastructure development, agricultural support services. Activities will include</p> <p>Integral part is the promotion of sustainable resource management practice to protect the environment and mitigate adverse development impacts</p> <p>Reforestation of selected grassland and brushland areas including watersheds and inadequately stocked forest</p> <p>Agroforestry and bamboo plantation</p>	16 municipalities of Abra, Benguet and Mountain Province	Department of Agriculture, LGUs:
Loan			
World Bank (1998-2004) Community Based Resource Management Project (CBRM)	<p>Seeks to reduce rural poverty and environmental degradation</p> <p>Provides a loan-grant-equity financing mix to support locally generated and implemented NRM projects</p> <p>A means to set up the rural window of the Municipal Development Fund – a facility for financing rural development projects of the LGUs</p> <p>No pre-identified LGUs: demand driven putting the LGUs in the “driver’s seat” in partnership with the communities with DA and DENR providing the technical assistance</p>	Regions V, VII, VIII and XIII: 125 poorest municipalities belonging to Class IV, V and VI	Department of Finance LGUs NGOs DA DENR

ANNEX 2

Case No. 1 Sustainability of Community Forestry in the Philippines⁵

This is an assessment of the sustainability of community forestry in the Philippines by a Forestry Team from IPC/Ateneo de Manila and the UPLB College of Forestry and Natural Resources, funded by the World Bank. Out of the 34 sites visited by the team, 29 were CBFM⁶ sites, established between the 1974 - 1997. Four CBFM sites were self-initiated and the rest were supported by NGOs, government and donor agencies.

The study recorded four general objectives: 1) upland production system (upland agriculture, agroforestry, tree farming); 2) natural and plantation management (residual forests for timber and non-timber, plantation, contract reforestation, fuelwood production and food production); 3) watershed management for irrigation and domestic use; 4) knowledge promotion and training including site visits; 5) biodiversity conservation; and 6) Ecotourism promotion and management. The parameters used to measure the achievement of the CBFM's objectives were: improvement of natural resource assets, community organizations, social status of the community, incentives systems, issues and threats to natural resource sustainability.

Improvement of Natural Resources: The study noted that impacts of improved natural resource management under community forestry "are not tangible in the short run; most will only become visible and effective after a few years. Cited were the sites supported by the Ford Foundation and the USAID (Rainfed Resource Development) in the 1980's - the once degraded forestland are now covered with trees and agricultural crops. Those interviewed in the sites said that they notice improvement in the microclimatic condition, top soil erosion reduced and water is now from the springs and did not dry up even during the height of El Nino. Other areas have started harvesting 10-12 year old plantation trees.

Increased Capacities of Community Organizations: It was reported that the capacities of the communities to protect, develop and manage their areas have increased over time. This has been manifested by the increased in PO membership, emergence of enterprises, organized and collective efforts to enforce laws and protect the forests, maintenance of community revolving

funds, increased individual farm development, apparent higher level of trust among members and increased household income.

Social Status: As a result of the increased knowledge acquired by the members from project training, site visits, hands-on training in accomplishing CBFM's required forestry management and resource use plans, the self-esteem of the POs was elevated especially when their organizations have become one of those recognized farmer instructor groups. Being a member of this core group that conducts training is in itself a source of pride for the members. More importantly, some of the POs took pride for just being a holder of the CBFM stewardship. This is perceived as a status symbol.

CBFM Incentives: Tenure and the resource use rights allowed to the CBFM holders are the primary incentives for the POs to protect and conserve the forests, notwithstanding the employment created from reforestation activities. These incentives provided the "psychological security of land ownership" and enable, for example, the Dumagats in Gabaldon, Nueva Ecija to continue their traditional way of "hunting and gathering economy". The ability also of the communities to convert into cash the trees in the residual forests to finance their livelihood activities is another incentive.

Sustainability of CBFM in the Philippines: The report cited five factors influencing the sustainability of CBFM in the Philippines. These are: 1) stable and predictable policies; 2) appropriate support system; 3) market linkage; 3) decentralized and deregulated implementation scheme; and 4) partnership with NGOs, LGUs and the private sector. The team opined that the equity issue related to access to resources has been addressed, and the "CBFM communities have proven themselves to be able to rehabilitate degraded forestlands, protect remaining forests, conserve biodiversity, practice sustainable upland agriculture and organize for collective actions". However, the team noted that the many conceived benefits of the CBFM system have yet to be realized. The implementation of the Indigenous Peoples' Rights Act has yet to be fully funded, and the bureaucracy does not seem to have the political will to relinquish and empower the communities to manage and protect the forests as embodied in EO 263. The assessment report notes that "CBFM [will] continue to be an idea to . dream [about] and a passing fad without touching the lives of the poor and marginalized upland communities and Ips."

⁵ Not to be quoted. Unpublished draft written by ES Guiang - Forestry Assessment Project

⁶ The CBFM includes upland communities, indigenous people (IP) under CBFMS and CADC tenure instruments.

ANNEX 3

Case No. 2 Community-Based Resource Management Project (CBRMP)⁷

This report highlights the findings of the World Bank Mission team carried out to assess the achievements and progress of CBRMP's 2.5 years implementation. The assessment covered Regions V, VII, VIII and XIII.

Description:⁸ CBRMP is a multi-sector, five year program supporting environmental projects of the 4th to 6th class municipalities in Regions V, VII, VIII and XIII with loan assistance from the World Bank. The project seeks to reduce rural poverty and environmental degradation by supporting locally generated and implemented natural resource management projects. The project has four components, namely: 1) subloans for local government units to support investments in upland agriculture, community forestry, coastal resources and nearshore fisheries and small scale infrastructure; 2) environmental technology transfer and policy implementation; 3) planning and implementation support to LGUs; and 4) Municipal Development Fund (MDF) Rural Window initiative and project management, and the supporting financial and institutional delivery mechanisms.

The program has been described as a pioneering approach in local governance. It combines financing and "putting them [LGUs] on the driver's seat" in planning and implementing their natural resource management programs. The objective of the financing mix of loan-grant-equity is to support their capability building by establishing the program's management office (PMO) and training them in management and financial system, and financing the feasibility studies of their projects. The Development Fund (MDF) Rural Window is a financing conduit to support overall project management appraisal of subprojects for a transitional period of three years. The basis of this financing scheme was the Financing Framework provided under the Local Government Code (LGC) of 1991. A demand-driven, participatory strategy was adopted to ensure a high probability of success of the program. In addition, only LGUs that pass a selection criteria can avail of the program's assistance.

⁷ Source: Mission Review Team "Final Aide Memoir", April, 2001

⁸ Primarily based on "Putting LGUs on the Driver's Seat: Lessons and Experiences from CBRMP Implementation by F. Eleazar (Program Manager).

Lessons Learned: Below lists some key observations noted in the assessment:

- ❑ **Unclear, inadequate, and complicated project systems, mechanisms and procedures have hampered effective and timely subproject implementation.** The review noted that the Manual of Operations, which provided the basic policies, criteria and procedures, were adjusted to be more responsive to the needs of LGUs. Revisions, updating and reorientation have to be done while some LGUs were well underway in project implementation. This led to confusion and the project suffered setbacks because of the "ever changing guidelines" during its first year implementation. This confusion and delays would have been avoided. A pre-implementation phase would have allowed for the system to be fully developed. Furthermore, "the lack of immediate, accurate and effective feedback mechanisms on the status of pending financial and procurement transactions between and among project staff and the LGUs is lacking.
- ❑ **The demand driven approach is challenging.** The number of request for assistance has been more than anticipated to the point where a moratorium has been issued on pre-qualification of additional LGUs, and a cap was put on the cost of the subprojects. Because of the varying degree of the LGUs capabilities to develop project proposals, project appraisal and approval have been delayed. The review team noted that the lapses and deficiencies by implementing LGUs would have been minimized had there been closer monitoring and supervision in the preparation and implementation of the sub-projects. One reason is the difficulty encountered by the LGU in complying with the loan requirements. The voucher system was introduced, for LGUs to become responsible for identifying their training needs and priorities, and to avoid spending all the training money to the early LGUs..
- ❑ **The government service providers' readiness to provide support is an important factor in project implementation.** The project has not anticipated the time involvement the project would require from the service providers (DENR and DA/BFAR), and the kind of capacity needed by the LGUs. Since the capability of the LGUs vary, more time was needed in order for them to revise training modules adapted to the

needs and priorities of the trainees. Another reason for the delay is the shift of role from implementers to service providers has not been quick. Providing technical assistance to the LGUs has never been a regular function for them and the apparent lack of interest to devote more time for the project because their role has not been clearly understood. The perception has been of their supportive role to the Philippine Department of Finance, the lead agency. The unpreparedness and the insufficient skills of the service providers could constrain the sustainability of the project.

- **Limitation of policy support is a constraint.** CBRMP's implementation was anchored on the Local Government Code and the LGU Financing Framework. The project has shown that LGUs can perform more forest management functions than are stated in the LGC.

For example, under the Code, LGUs forest management is limited to five hectares but has extended their protection and enforcement of the law as far as the virgin forests and the rest of the timberlands within their municipal jurisdiction. They are expected to enforce the law and yet they are not given to apprehend violators.

- **Few of the LGU CBRMP partners have the capability to implement projects.** Most of the LGUs belonging to the 4th to 6th class municipalities are inexperienced because they have not been recipients of external assistance before. These have been regarded as the most eager and committed, and have resorted to hiring specialists, forging close relationships with technical agencies and have been frequently visiting CBRMP offices to seek assistance.

ANNEX 4

Case No. 3 Integration Report on Area Resource Management Programs for the Uplands⁹

This note summarizes the lessons learned from three upland resource programs of the Philippine Business for Social Progress (PBSP), a non-governmental organization. The programs Cebu Hillyland Development Program (CHDP), Cebu City and the Antique Area Resource Management Program (ARM) were completed in 1996 and the Ihan Upland Development Program (UDP) in Davao del Sur was in its third year implementation when the integration report was written. The primary objectives of the integrated area management programs were to reduce poverty and environmental degradation.

Description: A total of 17 barangays were served by the programs; thirteen in Antique, three in Cebu City and one in Davao del Sur. Common to the barangay¹⁰ sites were eroded lands (due to upland farming and the destruction of the areas forest cover), consisting of shrublands and secondary growth forests and lack of water. Program beneficiaries were low-income households, with farming lands of 0.25 hectare to 0.50 hectare mostly planted with root crops, corn, bananas and vegetables. The program area in Cebu was 90% public lands while in Antique and Ihan, the lands were mostly alienable and disposable, where farmers worked as tenants. There was low acceptability of reforestation and contouring activities among the beneficiaries because of security of tenure. For the tenants, there was the fear of the returns will ultimately go to the landlords or to the government.

Implementation Strategy: Two modes of implementation were adopted in the areas. In CHDP, PBSP directly implemented the project while in ARM and UDP, the locally based non-governmental NGOs were the implementers. The implementation of the CHDP project by PBSP had the advantage of direct access to resources, technical expertise and other administrative support to the PBSP's regional and central offices.

The direct access facilitated the timely flow of funds to the sites and the timely solutions to implementation problems.

The implementers for the ARM and the UDP projects were local NGOs with past relationships with PBSP and implementation was easier because of the NGO's familiarity with PBSP's operating systems and procedures. It was noted that the entry of the program in the community was not that difficult because the NGOs were familiar with the communities. Compared to the Cebu program, entry to the community had been difficult.

Resource Mobilization: Aside from the PBSP's internal funds, the programs were able to generate resources from government and private sector organizations. In Cebu, PBSP was able to generate funds from both its member and non-member companies. Non cash inputs were also received. It was noted that resource mobilization was more successful in Cebu because of a common concern for water in addition to the presence of big businesses and influential patronage. On the other hand, the two projects relied most from resources of the community, barangay and the municipality.

Lessons Learned: Following were lessons learned from the three area management programs:

- ❑ **Environmental concern as a rallying point to unify various sectors.** This strategy has been very effective element in mobilizing resources from the various sectors of the community.
- ❑ **Integrated approach is a more viable strategy.** Since environmental problems affect not only the upland dwellers but also of those in the lowlands, upland development assistance would likely be more effective if it is consistent and complementary to other activities in the municipalities and provinces.
- ❑ **Partnership as facilitating and enhancing factor to area resources management.** The partnership build in the course of the project implementation was an important factor in achieving results in the three program areas. The partnership developed shared vision and responsibility from the various sectors in the community.

⁹ Written by Lorna B. Balina & Luzviminda Villanueva under the supervision of Ethelyn C. Balenton, December 1997.

¹⁰ Lowest level of political unit,