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REGIONAL STUDY ON FOREST POLICY AND INSTITUTIONAL REFORM

FINAL REPORT

OF

THE PHILIPPINES CASE STUDY

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CURRENCY EQUIVALENTS

(as of December 2001)

Currency Unit – Peso (P)

\$1.00 = P52

ABBREVIATIONS

ACMNR	-	Adaptive Community Management of Natural Resources
ADSDP	-	Ancestral Domain Sustainable Development Plan
ADMP	-	Ancestral Domain Management Plan
ADTA	-	Advisory Technical Assistance
AusAID	-	Australian Agency for International Development
CADC	-	Certificate of Ancestral Domain Claim
CBFMA	-	Community-based Forest Resources Agreement
CDM	-	Clean Development Mechanism
CHARMP	-	Cordillera Highland Agricultural Resource Management Project
CENRO	-	Community Environment and Natural Resources Office
CIDA	-	Canadian International Development Agency
CLUP	-	Comprehensive Land Use Plan
CO	-	Community Organizer
COA	-	Commission on Audit
CRMF	-	Community Resource Management Framework
CSD	-	Comprehensive Site Development
CSC	-	Civil Service Commission
DA	-	Department of Agriculture
DANIDA	-	Danish International Development Agency
DAR	-	Department of Agrarian Reform
DBM	-	Department of Budget Management
DENR	-	Department of Environment and Natural Resources
DMC	-	Developing Member Country
DOLE	-	Department of Labor and Employment
ENRAP	-	Environment and Natural Resources Assessment Project
ENR-SECAL	-	Environment and Natural Resources Sectoral Adjustment Loan
EPOCH	-	Environment Policy Operations Clearing House
ESSC	-	Environmental Science for Social Change
FLOMC	-	Forest Land Occupants' Multipurpose Cooperative
FLUP	-	Forest Land Use Plan
FMB	-	Forest Management Bureau
FTAA	-	Financial and Technical Assistance Agreement
GIS	-	Geographic Information System
GEF	-	Global Environment Facility
GTZ	-	German Agency for Technical Cooperation
HLURB	-	Housing and Land Use Regulatory Board

HRD	-	Human Resource Development
IEC	-	Information, Education, Communication
IP	-	Indigenous People
IRR	-	Implementing Rules and Regulations
JBIC	-	Japan Bank for International Cooperation
KFW	-	Kreditanstalt fur Wiederaufbau
LCMS	-	Log Control Monitoring System
LGU	-	Local Government Unit
LUMADS	-	Livelihood United Manpower Development Services of the Philippines
MASAU-FLOMPC	-	Mapaga, Sta. Maria, Aurora-Forest Land Occupants Multipurpose Cooperative
MEC	-	Monitoring Enforcement Component
MFPC	-	Multisectoral Forestry Protection Committee
MOA	-	Memorandum of Agreement
MTPDP	-	Medium-term Philippine Development Plan
NAPC	-	National Antipoverty Commission
NCIP	-	National Commission on Indigenous People
NEDA	-	National Economic Development Authority
NGO	-	nongovernment organization
PENRO	-	Provincial Environment and Natural Resources Office
PD	-	Presidential Decree
PIEP	-	Philippine Institute of Environmental Planners
PO	-	People's Organization
PPTA	-	Project Preparatory Technical Assistance
PSTFAD	-	Provincial Special Task Force on Ancestral Domains
RED	-	Regional Executive Director
SAMBIO	-	Samar Island Biodiversity Program
TLA	-	Timber License Agreement
TPLA	-	Timber Production Lease Agreement
UNDP	-	United Nations Development Programme
USAID	-	United States Agency for International Development
WB	-	World Bank

MEASURES

ha	-	hectare
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NOTES

In this Report, "\$" refers to US dollars and P refers to Philippine peso.

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EXECUTIVE SUMMARY

The Philippines Country Case Study is an integral component of the Asian Development Bank's (ADB) *Regional Study on Forest Policy and Institutional Reforms* (RETA 5900). The overall purpose of RETA 5900 is to continue the development of ADB's forest sector and strategies for improved livelihood systems, and poverty reduction through sustainable forest resource development and management. Its immediate objective is to revise ADB's forest policy and sector strategy so that they will be consistent with and reflective of the needs of the Developing Member Countries' recent thinking and developments in the sector, and align the policy with ADB's overarching objective of poverty reduction.

The Philippines Country Case Study utilized a diagnostic approach at two levels. The first involved a: (i) review of studies related to the causes of the country's deforestation; (ii) analysis of emerging trends in Philippine forestry; and (iii) a portfolio analysis of both ADB and nonADB forestry projects and programs in the last 10 years. From these reviews and analyses, thematic priority areas for policy and institutional reforms were identified and lessons learned in project and program implementation were drawn out. An Inception Workshop with key forestry stakeholders was then held on 23 March 2001 to validate the portfolio analysis findings and to get suggestions on the conduct of site visits for further field validation of initially identified key forestry policy and institutional issues.

The second diagnostic level was project-site specific observations. Two general areas were selected by the stakeholder participants in the Inception Workshop: (1) Cordillera Region in Luzon for a look at the relationship of forest resource management and indigenous culture; and (2) CARAGA Region in Mindanao since the region is where shifts from commercial logging to community-based forestry is being attempted. The municipalities of Besao and Sagada in the Cordillera and Prosperidad in Agusan del Sur were eventually visited.

A Final Consultative Workshop was held to inform key government, civil society, private sector, academe, research, and indigenous people sectors of the consolidated findings and conclusions of the portfolio analysis and field visits for their validation and additional inputs.

Philippine forests are characterized by variations in typology and are spread over 15 biogeographic zones. The dipterocarp forest is the most extensive and diverse type and where Philippine hardwoods commonly known in the market as Philippine mahogany used to be extensively harvested for commercial export. In the 1950s to early 1970s, timber extraction was the main role perceived of the forest. During this period, timber export was once the top foreign exchange earner for the country.

By the 1970s, however, forest cover was down to 30 percent from 90 percent in the 1900s. Projections of forest cover show that it has further gone down to 18.3 percent by 1999. Overexploitation through logging has caused rapid forest denudation. Since the reduction of logging in the 1980s, agricultural expansion through slash-and-burn cultivation and small-scale logging have gained prominence as the cause. Other studies pointed at more comprehensive causes that include elite control and corruption and the slow growth of the Philippine economy.

The impact of forest denudation on watershed stability has led to the increased importance placed on the ecological role of forests. The Philippine Master Plan for Forest Development estimated that hydrological deterioration of watersheds has on-site costs of at least P4.9 billion per year. Concern has also increased on the role of the forest in biodiversity conservation and in climate change, both at the local level and at the global level especially when the Philippines became a party to the Convention on Biodiversity and the Framework Convention on Climate Change. With the ratio of forest land-based population coming to at least a third of total Philippine population, with 4.9 million hectares effectively transferred to community-based forest land use, and with the passage of the Indigenous Peoples Rights Act of 1997, the role of the forest in community livelihood and as a cultural base for various ethnolinguistic groups, has gained prominence.

The rapidly-diminishing forest resources and ineffectiveness of traditional approaches have led to new thinking in Philippine forestry and in certain cases to change in management of forest resources.

The Department of Environment and Natural Resources (DENR) would have to share its lead role in forest management with other agencies and institutions given the need to manage multistakeholder groups and take on multisectoral approaches as well as raise the massive resources needed for forest rehabilitation, management, protection, and livelihood creation. The DENR, together with its partner government agencies and Local Government Units (LGUs), would have to shift from being mainly regulatory in its role to being a service provider and facilitator. All partners in forest management should be able to implement an adaptive management approach. The wood industry would have to shift from resource utilization (i.e., logging) and into resource generation (i.e., plantation development). For donors, there is need for a “one portfolio-many accounts” approach and there should be one framework where all the donors and projects come into play.

The institutional reform will require giving importance to capacity building of the DENR, LGUs, other government agencies particularly the National Commission on Indigenous Peoples (NCIP) as well as civil society groups. Of utmost importance is capacity building in data gathering for developing the knowledge base for comprehensive planning and management, timely monitoring, and in effective information, education, and communication (IEC).

The purpose of the Case Study was to learn lessons, both positive and negative, from the actual experience of key stakeholders and to validate observations and hypotheses that came out from desk reviews.

Case I The Prosperidad Reforestation Project is an ADB-assisted project to support a Community-based Forest Management Agreement (CBFMA) project between the DENR and the people’s organization (PO) representing three *barangay* (village) associations in Prosperidad, Agusan del Sur.

In the area of social development, the study found success of the project was attributed to the strong human capital development, which comprised more than half of the total project cost. The PO members felt empowered by the new knowledge acquired from training and their eventual success in getting tenure security. But it was also noted that strong personal leadership of the PO chairman also played an important role.

Pro-poor growth was manifested in the potential income of the project which was estimated at P270,000 per member but its realization depended on plantation maintenance and in post-project wood processing for which no capital has been yet raised. There was also the critical problem of cash flow during the waiting years and alternative sources of income had to be resorted to.

In good governance, the PO members participated in collective activities particularly in the *Bantay Gubat* (Guarding the Forest) which made them feel that they are truly stewards of their forest. Difficulties in project governance, however, had resulted from external sources such as cutbacks in project funding, failure of their charcoal briquette livelihood project due to a policy change of the DENR and fast turnover of DENR management.

Environmental sustainability on the other hand is linked to the success of plantation development. The PO having taken the responsibility of monitoring the forest had improved forest harvesting and regulated the clearing for farms.

The policy and institutional reform implications of this project were (i) the high investment given to community organizing and capacity building was well worth it; (ii) land and resource tenure security is a necessary and effective incentive for communities to commit to long-term forestry efforts; (iii) alternative livelihood is critical and institutional capacity building particularly for establishing linkages with other support groups and agencies (i.e., capital for livelihood projects during the waiting period) is important; (iv) the potential of forestry projects for poverty alleviation is high but there is need to support post-project maintenance and in later product processing and maintenance.

Case II was a study into the Certificate of Ancestral Domain Claims (CADC) Program in the Cordilleras. The DENR started the CADCs in the municipalities of Sagada and Besao in 1994. These two municipalities are situated adjacent to each other and the indigenous populations are highly dependent on their natural resources for their livelihood. By 1996, these CADCs were awarded. Information and education campaigns and community mapping to serve as basis for developing the Ancestral Domain Management Plans (ADMPs) were conducted. Besao has already completed its ADMP.

The main finding was that the beneficiaries placed importance on cultural integrity. For the indigenous communities of Besao and Sagada, social development aspects such as social protection and creation of equity are expressed in cultural practices and maintained through cultural integrity. CADCs are seen as a way to support cultural integrity but conflicting external development initiatives exert a counter influence.

Good governance for indigenous communities relates to the observance of their traditional governance practices. The CADC was expected to foster this but there were problems with the capacity of the traditional leadership as well as the formal elected leadership (i.e., technical skill to gather information and analyze data into required plans) to ensure the proper implementation of the policy behind the CADC program. Communities have also expressed lack of respect for government agencies because of their failure to rationalize conflicting resource management policies and programs, in particular that between tenure security provided by CADCs and what they saw as encroachment under the utilization provisions of the Forestry Code.

The indigenous peoples of Besao and Sagada have a resource management system rooted in their forefather's efforts and their devotion to what is spiritually and morally just. The persistent perception of the conflict between CADCs and the mandate of the Forestry Code as well as decisions supporting mining continues to erode traditional sustainable forestry.

The conclusions drawn from the two case studies were that (i) related policies need to be harmonized as well as projects and programs supported by them at the local level; (ii) recognition of cultural integrity has a developmental value and provision of land tenure security requires not just land delineation but also supporting needs for sustaining or renewing cultural integrity; (iii) external interventions necessitate a corresponding investment for indigenous communities to manage such interventions; (iv) it is vital that indigenous culture be well understood as it could inherently provide contextually relevant social development and governance mechanisms; (v) for indigenous people, the forest is not just a forest. The forest is integrated into their cultural practices and spiritual beliefs; (vi) national agency personnel should not only have technical expertise but cultural sensitivity as well; and (vii) there should be a common understanding developed on the concept of development between traditional leaders and nontraditional (elected) leaders.

Given the high population of well-established and rapidly-growing communities which are among the "poorest of the poor" in upland forest lands, the greatest challenge facing Philippine forestry is that of strengthening the role of forestry in poverty reduction.

This requires basic paradigm shifts: from forests as merely source of timber to forests as repository of economic, ecological, social, and cultural capital of local and indigenous people and communities. This means giving equal importance to human development concerns that include:

- Social development: social capital and human resource development, social inclusion, distributive equity;
- Pro-poor growth: community-based management, integrated approach to provide for basic needs, sustaining cultural integrity, capture of economic rents from forest services, innovative financing and social investment funds, alternative livelihoods;
- Good governance: local participation, control of graft and corruption, increase in local counterpart responsibility, policy coherence; and
- Environmental sustainability: reduction of natural resource degradation, recognition of the ecological values of the forest.

What is also important is that there should be capacity building so that the forestry sector can consider other nonforestry but related development needs in planning and decision making. An additional task is to link lowland development efforts to the forest and then utilize the political support and resource generated by such linkages into strengthened forestry efforts in the uplands.

Another challenge to take note of is that stakeholder consultations placed priority on policy reforms. These relate to policy coherence or harmonization of laws and the passage of an updated forestry code that provides for the "final delineation of the forest line"; equity and asset reform through tenure and resource security and community management of natural resources; capacity to provide counterpart funds and for

sustaining long-term efforts by capturing the large economic rents accruing from forest services and use; provision of incentives and instruments for the private sector to support communities in their poverty-reduction goals; mainstreaming forestry in other agencies; and development of a clear “map” or framework for a comprehensive program for sustainable forest management in the Philippines.

As regards priority action for institutional reforms, stakeholder consultations identified the following priorities: institutionalization of good governance to minimize graft and corruption; strengthening interagency, multisectoral, and donor coordination; enhancing the knowledge and information base; developing information, education and communication programs to build an advocacy constituency and political will; and supporting community organizations and Community-based Natural Resource Management.

It was also noted that the LGUs and the National Commission on Indigenous People (NCIP) are critical partners in forest management. Support for NCIP and indigenous people have come up as a significant niche in forestry sector support.

The implications for ADB’s strategic framework for forestry sector lie in fully utilizing the various lending modalities of the ADB to help meet the above priorities. Philippine stakeholders suggested that new and innovative modalities such as that of a “cross-subsidized environmental credit window” or where ADB deals directly with communities and not just with the Philippine Government should be explored.

Within existing modalities, ADB’s conditions should be made more flexible and should make sure that these are desired by not just the implementing agencies but by local and community stakeholders. It should consider absorptive capacities and support capacity building that corresponds to the size of investment activities. It should assess the distribution of risks and benefits beyond just financial concerns and provide for participation of credible civil society members in monitoring and evaluation.

For its nonlending role the ADB could take on the following task as a *convener* to bring together stakeholders and other donors; as a *facilitator* for strategic thinking on forestry issues; *improving joint monitoring* of policy and institutional reforms; *linking the country* to regional and global efforts; and *continual self-evaluation* internally and with experts and stakeholders.

I. INTRODUCTION AND BACKGROUND

A. Rationale for Case Study

1. The Philippines Country Case Study is an integral component of the Asian Development Bank's (ADB) *Regional Study on Forest Policy and Institutional Reforms* (RETA 5900). The overall purpose of RETA 5900 is to continue the development of ADB's forest sector and strategies for improved livelihood systems, and poverty reduction through sustainable forest resource development and management. Its immediate objective is to revise ADB's forest policy and sector strategy so that they will be consistent with and reflective of the needs of the Developing Member Countries' recent thinking and developments in the sector, and align the policy with ADB's overarching objective of poverty reduction.

B. Methodology

2. The Philippines Country Case Study utilized a diagnostic approach at two levels. The first involved: (i) a review of studies related to the causes of the country's deforestation; (ii) an analysis of emerging trends in Philippine forestry; and (iii) a portfolio analysis of forestry projects and programs in the last 10 years. (The portfolio analysis is included as Appendix 1). The portfolio analysis included both ADB and nonADB investment and noninvestment projects and programs in the forestry sector. From these reviews and analyses, thematic priority areas for policy and institutional reforms were identified and lessons learned in project and program implementation were drawn out. An Inception Workshop with key forestry stakeholders was then held on 23 March 2001 to validate the portfolio analysis findings and to get suggestions on the conduct of site visits for further field validation of initially identified key forestry policy and institutional issues.

3. The second diagnostic level was project site-specific observations. Two general areas were selected by the stakeholder participants in the Inception Workshop: (1) Cordillera Region in Luzon for a look at the relationship of forest resource management and indigenous culture; and (2) CARAGA Region in Mindanao since the region is where shifts from commercial logging to community-based forestry is being attempted. Eventually, the ADB-assisted Prosperidad Reforestation Subproject in Agusan del Sur, CARAGA Region was visited. In the Cordilleras, the site visits were to Besao and Sagada to observe the implementation of the CADC (Certificate of Ancestral Domain Claim) Program of the DENR.

4. The methodology used for the site visits was basically process documentation. Interviews with key informants and focused-group discussions generated information on project successes and failures as well as hindrances, difficulties, and supportive elements. The following aspects were also looked into: improvements in financial/economic capacity, strengthening of institutional/social capacity, active participation of beneficiaries, tenure security, political development, and environmental sustainability. Walk-throughs in reforestation, plantation, and farm areas were also conducted to make direct environmental assessments and verify certain information from interviews.

5. Data gathered were later analyzed and organized along well-recognized goals for projects that contribute to poverty reduction: (i) Social Development; (ii) Pro-poor

Growth; (iii) Good Governance, and; (iv) Environmental Sustainability. In the Cordillera site visit, Cultural Integrity came out strongly and was used as a theme for organizing observations along this desired goal.

6. A Final Consultative Workshop was held on 15-16 October 2001 at the Development Academy of the Philippines, Tagaytay City. It was designed to: (i) inform key government, civil society, private sector, academe, research, and indigenous people of the consolidated findings and conclusions of the portfolio analysis and field visits; (ii) secure responses and additional inputs to the consolidated findings and their policy and institutional reform implications; (iii) develop recommendations on how to strengthen the Philippine forestry sector particularly its role in poverty reduction; (iv) identify the possible role of ADB in supporting Philippine efforts in the forestry sector; and (v) initiate consensus and multisectoral support for needed policy and institutional reforms in Philippine forestry.

7. This paper consolidates the findings of the study, including the comments and added inputs from the Consultative Workshop. It summarizes major findings, lessons learned, and recommendations resulting from the Country Case Study.

II. FORESTRY SECTOR IN THE PHILIPPINES

A. The State of Philippine Forestry and its Role

8. The forests in the Philippines are categorized into six types: mangrove, beach, *molave*, dipterocarp, pine, and mossy or cloud forest. The mangrove forests are found along the coast and tidal flats while the beach forest occur in sandy coastal areas. *Molave* forests are usually found in dry areas of rocky limestone substrate. The pine forests are dominated by two species, the Benguet pine (*Pinus insularis*) in the Cordilleras and the Mindoro pine (*Pinus merkussii*) in Mindoro and Zambales. The mossy or cloud forest are upper montane forests usually above elevation of 1,000 meters.

9. The dipterocarp forest is the most extensive and diverse type and where Philippine hardwoods commonly known in the market as Philippine mahogany used to be extensively harvested for commercial export. DENR statistics for 1997 put the total area of dipterocarp forest at 11.77 percent of the total land area, with the old growth covering 804,900 ha and the residual at 2,731,117 ha. The remaining dipterocarp forests are not spread evenly across the country. The remaining big blocks of more than 200,000 ha are found only in Regions II, IV, VIII, X and XI.

10. These forests are in various land categorization (Table 1), a reflection of the variety of forest management regimes implemented across the country. While a substantial area is under Community-based Forest Management Agreements (CBFMAs)/Certificate of Ancestral Domain Claims (CADCs), established forest reserves, and Parks/GRBS/Wildlife Areas, a large area is still effectively considered as "open-access land".

Table 1: Land Mass Categorization in the Philippines

	(in million hectares)
Alienable and Disposable Land	14.117
National Forest Land	15.882
Established Forest Reserves (Watersheds)	3.273
Parks/GRBS/Wildlife Areas	1.341
Military Reservations	0.130
Civil Reservations	0.166
Fishpond Lease Agreements	0.075
Subtotal	4.985
Timber License Agreements(26, w/6 active)	0.518
IFMA/TPLA (plantations)	0,187
CBFMA/CADC Tenure Instruments	3.800
Subtotal	5.815
Open Access Land	5.052
Subtotal	5.052
Total Land Mass	30.000

11. It should also be noted though that these forests are spread over a geographic area of high variability. The Philippines is an archipelago of 7,107 islands and islets. The result is high endemism in flora and fauna of various island groups. In terms of species composition, the Philippines has 15 biogeographic zones. This necessitates the establishment of integrated protected-areas system and biodiversity-conservation corridors across the whole country.

12. Other factors of variability include climate and topography. The country's near equatorial position and topography results in four climate types based on variations in rainfall distribution. While a large area of the country, particularly forest lands, are still unclassified in terms of its soil type, high soil variability is evidenced by differences in runoff and erosion values in similar classes of watersheds.

13. Philippine forests and forest lands must also be associated with people. Early efforts to measure forest land-based households came up with varying results, from a low of 4 million households (FMB, 1992) to a high of 8 million (Cruz et al., 1992). Nonetheless, the ratio of forest land-based population could easily be a third of the country's population then. With high migration rates into forest lands, the ratio can easily still hold true at present. The upland population represents a variety of ethnolinguistic groupings, particularly for the indigenous peoples, although all generally share a common characterization as the "poorest of the poor".

14. The differences in types of forests, variations in physico-biological conditions across the country, on top of the management requirements imposed by their land-use

classification and the different ethnolinguistic groupings of populations dependent on the forest, imply the need to develop forestry management systems either expressly adapted or flexible enough to fit the requirements of particular conditions.

15. Estimates show that in 1900, the country was still under 70 percent forest cover. This was reduced to about 60 percent in the 1920s, then to estimates of anywhere from around 34 percent to 40 percent in the 1960s. The 1960s was the period when logging concession areas increased from 4.5 million ha to 11.6 million ha or more than one-third of the country's total land area of 30 million ha.

16. By the 1970s, the forest area was down to a low estimate of 30 percent and a high of 34 percent. The peak of deforestation, on the average of 300,000 ha a year, was recorded for the 1977 to 1980 period. By 1987, the remaining forest cover was estimated at 22.2 percent by the Philippine-German Forestry Resource Inventory Project and 23.7 percent by the Swedish Space Corporation (SPOT) study. Deforestation was estimated at 100,000 ha per year.

17. Projections put the forest cover at the beginning of 1999 at 5.5 million ha or 18.3 percent of the country's total land area. Of this, less than 1 million ha are primary or old-growth forests.

1. Causes of Deforestation

18. The causes of deforestation in the Philippines are many and relate to particular periods. Rapid deforestation started after the World War II. The two major causes pointed out by most were overexploitation through logging, both legal and illegal, as well as agricultural expansion. There has been continuous debate on which of the two has done the most damage. At one time, the wood industry contended that *kaingin* (slash-and-burn cultivation) was responsible for 75 percent of all deforestation while illegal logging was responsible for the remaining 25 percent.

19. The truth may be closer to the observation that there is a synergistic relationship between logging and agricultural expansion through *kaingin*. For one, logging facilitates agricultural expansion by building roads and opening up the forest (ADB 1976, Capistrano and Fujisaka 1984, World Bank 1989).

20. Other analysis takes on a more comprehensive view. Kummer (1992) looked at elite control and corruption and how it has caused deforestation in numerous ways: "First it facilitated the granting of primary forest resources to a small group of logging concessionaires; second, it led to corrupt and inefficient enforcement of government regulation of the logging process; third, it encouraged migration of the poor to previously forested areas in an attempt to preclude structural reform of the socioeconomic system; fourth, it led to deliberate manipulation of government data on forest cover designed to mislead the Filipino media and the forestry community and foreign researchers; fifth, the destructive logging set the tone for the poor migrants who followed and fueled the process of forest destruction; sixth, by concentrating financial returns in the hands of the elite, logging exacerbated the unequal distribution of income." ESSC (1999) basically has a similar analysis. Vitug (1993) on the other hand provides a comprehensive documentation of the politics of logging and how the use of power has led to deforestation.

21. Reasons for deforestation outside of the forestry sector have also been put forward. Nelson and Cruz (1985) argued that migration of lowlanders into recently-logged areas are due to the slow rate of growth of the Philippine economy relative to rapid population growth. The nonforestry sector is not able to absorb excess labor. The World Bank (1989) on the other hand argued that the large economic rents available to forest exploiters of every kind draw them to exploit the forest. Migration into the uplands was also seen as due to overpopulation and inequality of income and assets.

22. More recent analyses have looked at the “open access” nature of most of Philippine forests as a major cause of deforestation. This is supported by some observations that deforestation increased over areas where logging concessions were closed or where logging bans were implemented. Some other observers note, however, that large portions of the Palanan Wilderness Area or of Palawan, are in a sense also open-access areas because of the lack of stationed forest managers in these areas, yet deforestation has been relatively low. The lack of access roads and relatively lower population pressure seems to prevent high encroachment into these hinterlands.

23. Since the mid-1980s there has been continuous reduction in the number of logging concessions. The direct cause of deforestation has thus been increasingly tilted towards the side of agricultural expansion and small-scale illegal logging. Small-scale illegal logging may not have the heavy equipment capacity of previous logging concessionaires. Damage, however, is still significant because of the sheer numbers of those involved. Financiers and markets are easy to come by, even for illegal logging and its products, because of the large local demand.

B. State Forest Policy and Institutional Weaknesses

24. It has been noted that the Philippines has a most comprehensive array of forestry laws and regulations, yet has not had success in their effective implementation. For one, some of the provisions of the Forestry Code (PD 705) cannot inherently be properly implemented. For example, the policy declaration that areas with 18 percent slope should all be forest lands, thus preventing permanent tenure status to even well-developed communities within such lands, is an extremely difficult policy to enforce given that an estimated one-third of the population occupies these so-called uplands. The strict enforcement of such a policy is socially, economically, and politically impractical. In addition, there has been no extensive ground delineation of such areas.

25. Some 8.7 million ha may be considered as *de facto* open access as they are undelineated on the ground and have no management instrument and are thus highly susceptible to encroachment. Even now only a few local government units have developed and got approval for their Comprehensive Land Use Plans (CLUPs). Few have knowledge on how to incorporate Forest Land Use Plans within such CLUPs.

26. A selective logging system has been the basis for forest harvesting in the country. But such a system assumes that the regulatory agency has good information on the forest and can have complete control over the operations of logging concessions through regulations on inventory, tree marking, impact monitoring and eventually the threat of cancellation. The owners of logging concessions, however, are politically well-connected. They can easily file nuisance or harassment suits against those that make adverse reports on their operations. They can pull strings to have those that are strict in enforcing regulations transferred. When patronage politics was at its peak, particularly

during the Martial Law regime, many logging concessionaires were actually in effective control of what could be done with the forest and not the government forestry agency.

27. Where rampant illegal logging is involved, the operators of such illegal activities have been shown to resort to violence. In the Monitoring and Enforcement Component (MEC) of the World Bank-assisted Environment and Natural Resources Sectoral Adjustment Loan (ENR-SECAL), 14 DENR and Multisectoral Forest Protection Committee (MFPC) members were killed while performing their duties in forest protection. If the number of those killed in the previous years are added, the number would exceed 80. Foresters in the field are often forced to make a choice between either being at best harassed and at worst killed or taking a hefty bribe. The susceptibility, either inherent or as forced by the situation, of those tasked to guard the forest to threats and bribery is considered by some observers as an even greater problem than the lack of forest guards relative to the large forest areas that have to be protected.

28. One other institutional weakness is the lack of information to properly manage forest harvesting and forest products movement. The ENR-SECAL Program attempted to institutionalize a Log Control Monitoring System (LCMS). The Program's Implementation Completion Report, however, noted that the effort was only partially successful because the DENR does not yet have an adequate nationwide communication system that can handle data exchange in real time. The LCMS had difficulties in handling different transport systems, varying timber sales procedures, and harvests from plantations and private lands. There was also the absence of information about the residual stands, which serve as the basis for future decisions and flow of benefits. A Forest Stocks Monitoring System (FSMS) was developed to address these deficiencies. This FSMS, however, is implemented only in Region XIII.

29. The DENR's weakness in enforcement was also met by ENR-SECAL's sub-components on interdiction, legal technical assistance, and creation of Multisectoral Forest Protection Committees (MFPCs). Interdiction was made more effective through provision of equipment (e.g., radio communication, helicopter), preparation of air, sea, and ground surveillance operations plans, as well as administrative orders (i.e., confiscation of conveyance used in illegal transport), guidelines, directives and manuals and the training of DENR foresters, military and police personnel, and other cooperators on them. The legal technical assistance provided legal support in the filing of cases, seminars and workshops for judges, prosecutors, foresters, MFPC members and lawyers, and Memoranda of Agreements (MOAs) between the DENR and the Department of Justice, the Supreme Court, the Department of National Defense and the Philippine National Police. The MFPCs provided surveillance to monitor illegal forestry activities and was able in many occasions to provide DENR foresters needed moral and political support. The concept behind the MFPCs was that while it may be easy to threaten or bribe an individual, it would be very difficult to do so to a mixed group of environmental advocates which includes NGO leaders, priests, and civic leaders.

30. There was a high level of confiscation, filing of cases, and conviction at the time when these subcomponents were active. There was, however, a subsequent downturn when they closed or had less support from the DENR. In the case of the MFPCs, the institutional and working relationship between such committees and the DENR have to be made clearer. Tension in the working relationship has occurred between MFPCs and a number of DENR field offices when such committees also criticized DENR in its enforcement work.

31. Violations of forestry laws by the poor and needy are also difficult to deal with. In efforts to protect the forests of Palawan in the late 1980s, a campaign to arrest and jail *kaingineros* (shifting cultivators) was implemented. But this effort was short-lived as it was the courts and the local government officials themselves who asked that it be stopped. Court dockets were filled to overflowing and the penal system had no budget to take care of so many jailed farmers. More recently, the former Mayor Hagedorn of Puerto Princesa while in office also tried to put a stop to rampant forest clearing by migrant farmers. The campaign was also difficult to sustain as it required the Mayor to allot a substantial portion of the city budget to feeding the farmers (then rendered landless) and their families. In other parts of the Philippines, these difficulties would be exacerbated by the fact that arrests and dislocation would lead to increased recruitment of disgruntled farmers into the communist New People's Army and other rebel groups. At present the approach being supported by the European Community (EC)-assisted Palawan Tropical Forestry Program leans strongly on the formation of people's organizations for community-based forest management.

32. In many cases upland farmers are aware of the need to conserve the forest. The need, however, to clear the forest for food and livelihood is usually a more compelling one. A recent study for the Samar Island Biodiversity Program (SAMBIO) on the perceptions of communities adjacent the Samar Island Forest Reserve showed tension between the communities' desire to conserve the forest and their need to exploit it. Even the Local Government Units (LGUs) felt that the forest reserve was "environmentally good but developmentally bad". The study also showed that the willingness-to-pay (WTP) by members of communities adjacent to the forest for the protection of the forest reserve was even lower than the already low budget allotted by the Department of Environment and Natural Resources (DENR) for the island's three provinces.

33. The lack of funds, especially from government allocations, is a major problem in sustaining MFPCs, providing for legal assistance in the filing and prosecution of cases, and in supporting participatory upland development. Lack of funds has in fact been the traditional answer when concerns on the lack of enforcement of forest laws are raised. Such lack of funds, however, should not have been a problem had the government been able to effectively capture the large economic rents accruing from forest harvests and other forest values. The reasons are various, from the very low forest charges that used to be required of concessionaires, permit holders, and traders, the large losses due to rampant illegal logging and log smuggling, and the absence of economic instruments for other important forest values such as water, aesthetics and ecotourism, even bioprospecting. The need for a mechanism, such as a trust fund, to direct a substantial amount of captured rents to forest protection and development has also been pointed out.

34. Enforcement that is focused on confiscation has its own weakness. It does not prevent the loss of the forest as trees have already been cut before decisive action is made. Experience in confiscation also show one of the difficulties in enforcement – the "wiles of the bureaucracy" as former DENR Secretary Victor Ramos puts it (Ramos, 2000). He noted that "the most elusive problem that weakens the capacity of the DENR to implement environmental projects is the wily machinations of the bureaucracy. In designing the WB-funded ENR-SECAL program, we included a component called MEC or Monitoring and Enforcement Component ... I did not anticipate how it could be used for corruption and cause unintended damage to the forest that it was meant to protect.

Investigations showed the following *modus operandi*: arrangements were made with small-scale loggers in various areas to cut illegally. The initial production was ordered seized, including some decrepit trucks. The seized logs were then transferred for disposal ... and sold through public auction. Somehow the illegal loggers ended up buying the seized logs. But with the purchase, they got the legal papers to transport them. They then used the same papers to transport additional cuttings from the virgin forests. The more the confiscation the greater the damage to the virgin forests.”

35. A more effective approach therefore to forest protection would be of the preventive kind. This requires a pluralistic approach with appropriate checks and balances in place. This could come about when dedicated and organized groups such as MFPCs shift their focus from surveillance to that of advocacy on forestry and other environmental issues. Then such advocacy has to expand to the general public, even to those outside the country, to create what the Philippine Strategy for Sustainable Development has called a “political constituency for the environment” which with media support can make policy and decisionmakers take heed. There is also the idea of community-based forest management, the underlying purpose of which is also to create a “social fence” where organized and empowered communities protect forests that are the source of their livelihood and other needs. This has succeeded in pilot projects but such projects have yet to spread throughout larger areas of forest lands. The weakness of the DENR in organizing the manpower and generating the financial resources towards creating strong political constituencies and empowered communities would mean continued difficulties in implementing a preventive approach to forest protection. DENR would have to link up with other government, private sector, and civil society groups that could provide support in these efforts.

III. CASE STUDIES

A. Objective

36. The purpose of the site visits for the Country Case Study was to learn lessons, both positive and negative, from the actual experience of key stakeholders. The site visits were also to provide opportunities for validating observations and hypotheses developed out of document reviews, central-level interviews and the Inception Workshop discussions with key stakeholders.

37. Two regions were selected by the Inception Workshop participants from where specific project sites were to be selected. These regions were the CARAGA Region in Mindanao and the Cordillera Region in Luzon. The former is in the southern part of the country while the latter is in the north. CARAGA Region was selected because it is a region that had one of the most intensive logging activities and which is now shifting to plantation development and community-based forestry management. The Cordillera Region, on the other hand, represents resource management in an autonomous region that is predominantly of indigenous culture.

38. For the CARAGA Region, consultations with the DENR led to the selection of the ADB-assisted Prosperidad Reforestation Subproject in Prosperidad, Agusan del Sur. The project is considered by the DENR as one of the most successful of the community-based plantation development project in the region. For the Cordillera Region, Besao

and Sagada, where DENR provided large areas of Certificates of Ancestral Domain Claims (CADCs) to support community-based resource management were selected.

B. Case I: The Prosperidad Reforestation Project

1. Project History and Profile

39. ADB's assistance here covered only 390 ha of the 1,070.62 ha. A Community-based Forest Management Agreement (CBFMA) between the DENR and a people's organization (PO) called MASAU-FLOMPC was signed on 1 March 1999. The MASAU (short for Mapaga, Sta. Maria, and Aurora, the three *barangays* (villages) in Prosperidad, Agusan del Sur involved in the CBFMA) FLMOOC (acronym for Forest Land Occupants' Multipurpose Cooperative) is a merger of three associations from each of the three *barangays* involved. Its formation was facilitated by an assisting organization (AO), the Livelihood Unified Manpower Development Services of the Philippines, Inc. (LUMADS), an NGO based in Butuan City.

40. The People's Organization (PO) started its three-year Comprehensive Site Development (CSD) contract in August 1997, but this was shortened to just about two years because of ADB's loan program close. For this reason, the area coverage was not as expected by project ending in June 1999.

41. The Appraisal Report for the project showed that the area was logged over 25 years earlier and has become a denuded (with open access) area planted to bananas, coffee, corn, and other crops, with a few hectares of *falcata* trees. Just before the project started, banana farms were infested with "bunchy top" disease and had to be abandoned.

42. Each household, with an average size of seven members, earned an average annual income of about P33,500 which is way below the poverty line. The area was part of the communist rebel's Surigao-Agusan-Misamis corridor and several area residents were New People's Army supporters. There were efforts with development projects in the past but these have been failures.

43. Site development cost reached close to P6.6 million while community organizing costs totaled about P3.5 million. In the last quarter of 1999, the survival rate was determined to be 85 percent. The PO now has 225 active members and about 500 ha of three-year old *falcata* trees interspersed with a few hectares of *narra*, *mangium*, mahogany, rattan, and bamboo.

2. Summary of Findings, Lessons, and Broad Conclusions

a. Social Development

44. Strong project support was given to human capital development. The community organizing costs totaled about P3.5 million, more than half of the P6.6 million spent for site development.

45. The Community Organizer (CO), as part of his mandate, conducted various training seminars and workshops, particularly of two types. The Livelihood Training included food processing (for catsup), mushroom production, herbal medicine, swine

raising, and poultry. Institutional capacity building included training on leadership development, forestry laws and regulations, forest protection, timber inventory, monitoring and evaluation, bookkeeping, gender development, and establishment of linkages.

46. Participants were particularly proud of their accomplishments as a result of these capacity-building activities. They felt empowered by their renewed knowledge of herbal medicine, and the recognition of what used to be merely folk medicine. PO members have more knowledge and confidence on how to deal with the bureaucracy (e.g., permits, licenses), market hurdles (e.g., transport, pricing), and forest management (e.g., cultivation, inventory, monitoring). They have been empowered to organize a *Bantay Gubat* (Forest Protection Patrol) to protect their forest.

47. Some capacity-building activities, however, were not as successful. For catsup and mushroom production, for example, the PO members felt that these had not been useful because both required some substantial capital to start. The inability of the PO members to raise the capital resulted in the nonapplication of learned skills from the training.

48. What was also considered important for considering the project a success was evidence that the CO was able to wean the PO from dependence on its support. The PO was able to plan, access support, and implement other projects outside of the ADB-assisted reforestation project.

49. Personal leadership, however, has also played an important role. In terms of the local peace and order situation in the area, the PO chairman who used to be the former police chief used his background and connections to neutralize the communist influence and win over the PO members who were former communist supporters and sympathizers. The PO chairman is also able to access support from the provincial government because he has become a provincial board member. Personal leadership was also evident in the work contributions of the PO chairman's wife, a PO member and also the provincial budget officer. She was instrumental in having the provincial governor allocate funds for the PO's poultry project.

50. Gender and minority group equity and development were not proactive design elements of the project. The reason perhaps was that the participation of women and indigenous peoples were already well recognized and were not critical issues in the area. There is high and active participation by women. Many of the PO's officers and board of directors (about 50 percent) are women.

51. The population of indigenous people (IP) in the area is about 24 percent of the total. PO membership is at least 20 percent IP but with the top post also belonging to an IP. When asked why they joined the PO, they mentioned the CO convinced them and this had no regard to their IP status.

52. What is appreciated is the equity created in the PO's acquisition of the Community-based Forest Management Agreement (CBFMA). The CBFMA recognized the rights of the indigenous people and other community members to the lands they occupied and provided them long-term security for their utilization. The release of the CBFMA to the PO boosted its morale and credibility.

b. Pro-poor Growth

53. The project maybe worth nearly P78 million in market value (given that each ha could now fetch a price of P200,000 per ha). With 255 members, this PO has produced wealth (after liabilities) of over P270,000 per member. This promising situation is recognized by the projected Internal Rate of Return of over 42 percent in the Completion Report. All these, however, are potential income which would be very much influenced later on by market demand and price. In similar projects in the past, expected incomes did not come about because the price of the roundwood was even less than the cost of harvesting and hauling. For this reason, the PO chairman envisions investing in wood processing and integrated wood products business in the area itself and by the PO. The capital needed for this, however, is not yet at hand.

54. The critical problem is the cash flow during the waiting years. Alternative sources of income were needed as soon as income from the project ended. The PO sank close to P300,000 into a charcoal briquette project. But this project failed with only about one-sixth of the investment considered recoverable. The PO's cash status has gone down to only P20,000. Seed money of P150,000 was donated by the provincial government. After a poor start in broiler production, the shift to egg production started to produce a net income of P15,000 as of the close of 2000. Note, however, that hard cash and potential net income of the present livelihood alternative is much below income needs of PO members, particularly when divided by the PO membership of 255.

55. Another critical cash flow problem had to do with sustaining the plantations. At the time of the site visit about P50,000 were needed for weeding and thinning. This would not have been a problem had the charcoal briquette project not failed. The PO would have to tap into its existing asset of pre-project *falcata* plantings. A potential income of P2 million income could come from 2,000 cubic meters of pre-project *falcata* to be harvested at year-end.

c. Good Governance

56. The PO members' participation were in the collective activities related to project site development, training and workshops, monitoring through their *Bantay Gubat* program, and implementation of joint livelihood projects. The *Bantay Gubat* program gave the PO members the feeling that they are the stewards of the forest and therefore the major responsible party for its frontline monitoring.

57. The original set of officers has remained from the start of the PO and up until the site visit. There had been changes in committee assignments but the board of directors remains the same. There is confidence however in the smooth succession of future leaders.

58. Serious governance difficulties were with parties external to the participating PO. The decision to cut back funding for the project, which eventually covered only 36 percent of the 1,070.62 ha of the CBFMA was not the PO's decision but by DENR. The cut back eroded the project's credibility and resulted in the reduction of PO membership. The failure of the PO's charcoal briquette project was due to the sudden change of the interim forest-use policy for CBFMA holders of the DENR, a policy decision made without consultation with affected stakeholders.

59. During project implementation, a long wait for disbursement of funds was common. This was partly due to administrative requirements particularly the validation of claimed performance by at least three agencies (LGU, DENR and COA).

60. Fast turnover of DENR management affected this project. There were seven turnovers in the assignment of the Regional Executive Director (RED) in a six-year period in the area. The lack of institutional memory resulted in problems in as much as it was the RED who was the required signatory in major contracts. A lot of decision making is also centralized in the RED.

d. Environmental Sustainability

61. The achievement of the objective of environmental sustainability is premised on the success of reforestation activities. One observation was that where trees were formerly sporadic in the area, the area now boasts of expansive tree plantations. If the plantation is operated in consonance with the CRMF (Community Resource Management Framework) then it will lead to environmental sustainability. The PO's taking of the responsibility for monitoring of the forest and "*kaingin*-making" had been observed to have led to improved forest products harvesting and regulated clearing for farms.

3. Selected Policy and Institutional Reform Implications

62. The high investment given to community organizing and institutional capacity building is investment well worth it. Despite the skepticism of participants from previous failed projects, loss of project credibility due to the project cutback and failure of initial livelihood projects, the People's Organization and its other projects continue on.

63. The provision of land and resource-tenure security through the provision of a Community-based Forest Management Agreement is a necessary and effective incentive for community participants to join long-term forestry efforts and stick it out despite initial failures.

64. Livelihood training should be integrated with capital and resource generation efforts. New livelihood skills would be unused unless start-up capital is available.

65. Institutional capacity building is important and should include not only the development of management skills but also for establishing linkages with other support groups or agencies. It should instill confidence and create empowerment through lead participation by stakeholders in critical collective activities (i.e., *Bantay Gubat*).

66. Success of the PO is strongly influenced by strong leadership of its officers. The challenge is how to expand such leadership so that it is not dependent on a few individuals.

67. Decisions that impact on the activities of community-based stakeholders should be based on intensive consultations and on the basis of prior information. The community stakeholders should also be given time to adapt to policy changes (i.e., sudden shift in policy in forest use made the community unable to recoup investments in their charcoal briquette project). The psychological effect of these negative experiences is more debilitating to the overall effort than the physical impact.

68. Community-based initiatives should be buffered from frequent changes in its larger institutional environment (i.e., changes in DENR or LGU officials it has made agreements with).

69. Alternative livelihood is critical. Forestry projects require the beneficiaries to give up part or all of their existing livelihood means. But significant economic benefits would only come much later. Project designs should thus consider support for alternative livelihoods. This is most pressing when stakeholders are the poorest of the poor who have no savings nor other well-established options and are barely living at the subsistence level.

70. Even if the design includes alternative livelihoods, appropriate credit must still be available for funding gaps and delays in release of funds during the project and the end of such fund flows at project end. If there are existing forestry assets available, the community should be allowed their sustainable utilization till income from the project comes in.

71. The potential of forestry projects for poverty alleviation is very high. There is, however, the need to provide support in post-project maintenance and in later product processing and marketing.

72. There is a need to have a more systematic monitoring of forestry projects' environmental benefits and sustainability. The best approach would be for this monitoring to become part of the community-based monitoring (to be expanded beyond the usual forest-protection objectives) so that the community would also realize the benefits that accrue to them in environmental terms.

C. Case II: Certificate of Ancestral Domain Claim (CADC) Program in the Cordillera

1. Project History and Profile

73. In March 1996, the Department of Environment and Natural Resources (DENR) awarded Certificates of Ancestral Domain Claims (CADC) to the municipalities of Sagada and Besao located along the central western portion of Mountain Province. The CADC of Sagada covered 8,698 ha while the CADC of Besao covered 17,361.5 ha roughly indicating the traditional domain of activities of the Northern Kankaneys or Applais: the iSagadas and the iBesaos.

74. The process leading to the issuance of CADCs began in 1994 upon the initiative of the DENR's provincial and community offices (PENRO and CENRO) in Mt. Province. Consultation meetings conducted by the Provincial Special Task Force on Ancestral Domains (PSTFAD) of the DENR's PENRO at the municipal level were conducted by the DENR attended by the elders, *barangay* (village) captains and local government officials. A resolution which served as an application for the CADC resulted. These were followed by *barangay* level meetings that also provided opportunities to gather historical accounts, genealogy, and resource management systems. Validation activities followed along with an indicative mapping of the perceived ancestral domain. These were then consolidated and forwarded to the DENR Regional Office for affirmation. The DENR Central Office provided the final approval and issuance.

75. A number of activities have since been undertaken relevant to the CADC and natural resource management. In 1996, the Environmental Policy Operations Clearing House (EPOCH) conducted information education campaigns (IECs) on the CADC and initial cultural documentation in some of the CADC areas in Mt. Province. In 1998, the Community Environment and Natural Resources Office (CENRO)–Sabangan, with the assistance of the Institute of Environmental Science for Social Change (ESSC), facilitated community-mapping activities with the iBesao and iSagada communities in 1998 primarily to verify and document cultural resource management activities, issues and concerns. The maps were submitted to the LGUs and community representatives as the basis in developing the Ancestral Domain Management Plans (ADMPs).

76. Further assistance was sought from ESSC as well as from other organizations and interested groups such as the Cordillera Studies Center of the University of the Philippines in Baguio (CSC-UPB) and the Cordillera Highland Agricultural Resource Management Project (CHARMP) to facilitate the process for developing the ADMPs. The ADMP of Besao has been completed while Sagada’s ADMP is still awaiting the results of CHARM Program’s data gathering activities.

77. The municipalities of Besao and Sagada are situated adjacent to each other at the western side of Mt. Province. With only a small percentage of the population gainfully employed (mostly by the government), the iSagadas and iBesaos are highly dependent on the availability and sufficiency of their natural resources for their livelihood. Majority of the households are into wet-rice farming and rotational crop. Livestock and the main products – rice and sweet potato – are generally produced for local and domestic consumption. There are some households engaged in growing citrus and cash crops, like bell pepper, carrots, cabbage, beans, and potatoes which they sell either within the municipality or transport these to neighboring markets and as far as Baguio or La Trinidad in Benguet.

78. Other sources of livelihood include paid manual labor in infrastructure projects, house construction and farm tasks, retail stores, remittance from iSagadas and iBesaos working in other places and furniture making. There are six furniture-making shops in the municipality that get their supply of wood from individual pinelot owners. Sometimes, their finished products are transported outside the municipality (like Baguio, La Trinidad and Bontoc).

2. Summary of Findings, Lessons, and Broad Conclusions

a. Cultural Integrity

79. For the communities of Besao and Sagada, social development aspects such as social protection and creation of equity are expressed in cultural practices and maintained through cultural integrity. The provision of CADCs to these communities was seen as a way of supporting cultural integrity and providing for social development.

80. Social protection is embodied in the customary laws of the Besao and Sagada people, many of which are embodied in the *inayan* or *lawa* which proscribe any act that causes harm to anybody or anything and forbids the violation of norms. The *inayan* or *lawa* appeals to one’s conscience to judge the rightness or wrongness of what he/she does or plans to do, and cautions through some form of “punishment” to be carried out

by fate for wrongdoings. For example, it does not pay to grab another person's property or to enrich oneself by exploiting other people, as tragedies would beset the wrongdoer. It is a simple command of "don't" yet, on a deeper level, it speaks of values, like respect for other people and to nature, justice, morality, harmony, sharing resources, helping others, etc. *Inayan* is the local version of the Golden Rule: "Do not do unto others what you do not want them to do unto you".

81. Furthermore, *inayan* teaches self-restraint or discipline in use of the natural resources and discourages wasteful and destructive practices. Of trees that are burned or left rotting, elders would say, "*Inayan. Menbabawi datona ay nabiag.*" ("*Inayan*. These would be sorry they ever lived/grew up.") Or, of crops being wasted they would say, "*Lawa. Men-aga nan makan.*" (*Lawa*. The food would weep.") Butchering dogs near a spring is believed to be a show of disrespect to the water spirit. It is believed that the water spirit would be offended and leave. Likewise, burning in mountains believed to be inhabited by spirits or gods is *inayan*, as this can invite calamities to the entire *ili* (community) or to the offender.

82. Unfortunately, many community members have expressed concern over the deterioration of their cultural integrity. Various development-related initiatives like intensified crop production and new agricultural technologies as well as external social forces such as the introduction of new religions are undermining the foundation upon which contextually-relevant social development and sustainable resource management practices are built. The expected positive impact from the CADC program has yet to show effectiveness in mitigating cultural change due to influx of external development initiatives particularly as its implementation had problems as explained below.

b. Good Governance

83. Good governance in the context of indigenous communities relates to the observance of their traditional governance practices. While formal leadership and authority is attributed to elected local government officials, they are perceived to primarily function in terms of facilitating and coordinating activities related to national interests. Informal leadership and authority, on the other hand, is attributed to the community elders (*lallakay* or *amam-a*) due to their vast experience, wisdom, personal integrity and willingness to serve others and the social organizations such as the *dap-ay* which is still existent in a number of communities.

84. For the past years, the authority of the *lallakay* has been declining on account of the following reasons: the assumption of their leadership function by elected officials, the indifference and rejection of some community members to customary practices the elders implement, etc. Today, they are more or less relegated to cultural functions unless they do run for office and win.

85. The *lallakay's* functions and degree of influence vary from *ili* to *ili* (community to community). For example, the elders of the communities of Lacmaan and Kin-iway in Besao, the youngest among the other settlements in the municipality, are not accorded status or authority similar with their counterparts in the old *ili* like Payeo and Besao.

86. In the past, *dap-ays* served as the cultural, political, and social centers of the village. For example, it is the place and venue where men gathered to discuss important village matters, where elders facilitated rituals as their juniors assisted and

observed, where *lallakay* settled disputes between community members. The *dap-ay* was instrumental in maintaining unity and cooperation among the people of the *ili* or the *umili*. Every household is affiliated with a *dap-ay* of its choice, and *dap-ay* membership signified the household's oneness with the *ili*. The *dumap-ay*, or the group of household-members of a *dap-ay*, was responsible for maintaining its respective *dap-ay* and for providing assistance to members in time of need (e.g., when a family member dies).

87. Unlike before, the *dap-ay* is presently limited as venue for rituals and gathering place of men who are still interested in the traditional culture. The usefulness of the *dap-ay* at present is relative to the authority of the elders and varies from village to village. Some *dap-ays* have been or are almost abandoned (because their *dumap-ay* migrated or are no longer implementing the rituals) or are used only when there are rituals to be conducted.

88. With the introduction of the CADC, there has been a renewed sense of cultural awareness. Renewal of cultural awareness and revival of traditional practices is seen by the CADC program as a way to foster adaptive development for indigenous people. But there was also a sense of reluctance since the traditional leadership structures, as well as the formal elected leadership, had serious and obvious lack of capacity to ensure proper implementation of the policy behind CADCs. For example, in the development of the ancestral domain management plans, there was a serious lack of technical skill of the leadership to gather the necessary information, conduct proper process documentation, and analyze the data into operational aspects. In addition, concepts of development between traditional and elected leadership were often not congruent.

89. Weaknesses in governance mechanisms at the national agency level result in negative impacts at the local level. Community stakeholders have also strongly expressed their lack of genuine respect and appreciation of the National Government and the agency that is implementing the CADC program. This is mainly due to the fact that there has not been any serious effort on the part of the DENR and the National Government to rationalize government programs to resolve the seemingly conflicting national resource management policies and programs particularly between tenure security provided by CADCs and the encroachment allowed in forest utilization under PD 705 (Forestry Code).

90. The DENR admits that there have been lapses on their part in the proper implementation of programs and projects, but these are mainly due to lack of budget and personnel and their "moral dilemma" when their desire to work with communities on sustainable resource management are hindered by the limitations and differing priorities established within the agency. As such, the DENR staff is seen by community stakeholders as lacking in capacity and sensitivity for social work.

c. Environmental Sustainability

91. The people of Besao and Sagada possess a very unique and sophisticated resource management system that is rooted in their deep awareness of their forefathers' efforts, and the respect and profound devotion to what is spiritually and morally just.

92. Natural pine forests in the region are only found in small remote areas such as in northern Sagada. This has caused great difficulties for the elders who are tasked to

obtain fuelwood. They have to traverse great distances to be able to gather a sufficient supply of fuelwood.

93. This experience eventually prompted communities to plant pine trees in their respective areas. This initiative likewise led to the establishment of local sociopolitical institutions such that there is greater support and encouragement for maintenance and sustainability. In some cases, a family or group who refused to participate in this endeavor was either fined or subjected to ridicule and monitoring became the community's responsibility. As a result, communities became self-reliant in terms of protecting, accessing, and utilizing their forest resource, particularly timber.

94. Communities regard the forests as the source of both wood and water resource. The forest, or *batangan* is the source of timber for houses, furniture, granaries, schools and other buildings as well as fuelwood. On the other hand, the forest is a source for water used in domestic and agricultural activities. In the context of ownership and access, there are three types of woodlots: communal-owned (woodlot belonging to the municipality, a group of *barangays* or one *barangay* only), kinship- or clan-owned and individually-owned. In general, the owners of the pinelots determine who has access to the trees and how utilization is carried out and managed.

95. Community members may extract timber in their designated communal forest, or *komon*, provided they ask permission from their respective *barangay* captains or overseer. Timber from this forest is not supposed to be sold commercially. There are some areas where extraction and use of timber is restricted to *barangay* use only.

96. Clan-owned pine trees or *saguday di pangapo* belong to the descendants of the owner of the *batangan* who failed to bequeath ownership to any of his children. All the *pangapo* members have equal rights to extract timber from their *saguday di pangapo*. However, in most cases, the *sagudays* do not contain enough trees to provide the timber requirements of its members. Rules exist to ensure equal access to the available resource.

97. In individually-owned pinelots, only the owners can cut trees in their pinelots for fuelwood or for lumber whenever they need to. Cutting trees from somebody else's pinelot without the permission of the owner is illegal and socially unacceptable. Persons without pinelots can request free timber or buy lumber from the owner. The owner may borrow (and commit to return the favor) from other owners with mature trees while waiting for his trees to grow.

98. These forest resource management practices have been sustained for many generations and ensured the maintenance of the region's forest cover. While there is the prevailing practice of selective tree cutting (cutting mature trees only), communities have also engaged in the replanting of pine seedlings on the cleared area or simply allowing wildlings to regenerate naturally. Some *barangays* still practice the *mendepdep* (putting off forest fires), especially if there are private properties like granaries, timber, and fruit trees or animal fences that may be destroyed by the fire. The maintenance of the *batangans* is also based on the belief that many of these areas are sacred grounds, those identified as the dwelling place of gods or spirits and the site of the sacred tree or *patpatayan*.

99. Traditional sustainable forestry is, however, seriously compromised by the lack of land tenure security. The Forestry Code or PD 705 which mandated that lands not classified as alienable and disposable are public lands made the communities of Sagada and Besao, like other communities dwelling in mountainous terrain, virtually squatters in the lands they have occupied, utilized, and developed since time immemorial. This has led to communities perceiving the government as insensitive and has discouraged some community members from sustaining their traditional forest resource management practices. The persistent perception of conflict between CADCs and the mandate of PD 705, with the latter seen as more dominant, leads to continued erosion of the practice of traditional sustainable forestry.

100. Certificates of tax declaration became the formal documentation of land ownership claims. Some community members have made tax declarations on communal lands under their names, even without introducing improvements in these areas, resulting in the “privatization” of communal grazing grounds and forests.

101. The traditional environmental stewardship of the area is also endangered by an influx of exploitative development. Besao is covered by a Financial and Technical Assistance Agreement (FTAA) application of a mining corporation. During consultations in 1996, the iBesaos have expressed their opposition to this mining application because of the destruction mining operations would cause on their lives, environment, and culture. Final decisions on this matter, however, are centrally based. Without land tenure security, the decision can proceed over their opposition. The “voluntary, prior-informed consent” required of such projects by the Indigenous Peoples Rights Act (IPRA) only comes in over areas that are formally considered as ancestral domain.

3. Selected Policy and Institutional Reform Implications

102. Related policies (e.g., policy providing for tenure security through CADCs vis-a-vis ownership by the State of public land as the Forestry Code mandates) need to be harmonized with each other as well as the projects and programs supported by them at local levels.

103. In the case of the CADC, it should be stressed that the fundamental element that underscores this initiative is the recognition of culture integrity as having a developmental value. What is needed in the provision of land tenure security for indigenous communities is not simply the delineation of boundaries but also supporting their needs to sustain or renew cultural integrity.

104. External intervention necessitates a corresponding investment in building capacity for indigenous communities to be able to implement and eventually manage on their own such interventions.

105. It is vital that indigenous culture be well understood as it could inherently provide for contextually-relevant social development and governance mechanisms. This also implies that policies and institutions that would involve indigenous people should adapt to their culture and not the other way around.

106. What has been clearly presented in the cases of resource management approaches in the communities of Sagada and Besao is that forest management does not simply mean the forest. The forest is integrated into their cultural practices and

spiritual beliefs. Quality of life and not simply the increase of material well-being should be the goal of forest management for such indigenous communities.

107. With indigenous communities, national agency personnel should have not only technical capacity but also the sensitivity to relate to the cultural needs of such communities.

108. There should be a process by which a common understanding of basic concepts such as ancestral domain, resource management, development, etc., is achieved between indigenous and non-indigenous stakeholders. The difficulty experienced in developing an ancestral domain management plan was due to differences in the concepts of development between traditional leaders and the elected ones.

D. Conclusions on Key Issues in Philippine Forest Policy

109. The problem that Philippine forestry faces is both at the policy and implementation levels. This was apparent from the findings of the portfolio analysis and from empirical findings of the site visits including inputs from various stakeholders in the Inception and Final Consultative Workshops. Policy-related problems arise when the needed policy is absent, inadequate or inappropriate. There are also cases when policy is present but implementation is poor because of hindering factors.

110. National-level efforts thus should be made in parallel and in support to local level efforts. Attempts at improving project and program design and implementation at field levels become futile when systemic or macro-level barriers exist. On the other hand good policies do not lead to positive impacts, especially for the poor, when there is inefficient and ineffective implementation – hence the need to also identify key implementation problems.

1. Policy Gaps

111. Nonetheless, the policy gaps need to be addressed first and foremost. The absence of a policy on a “final forest line” creates insecurity for established forest communities. Farmers do not know how to identify areas for production, those for protection, and those for cultural needs.

112. There is a need to have a common definition of “sustainable forest management”. There is clear conflict between the environmental advocates and the wood industry sector. This conflict is further compounded at the local level where indigenous communities have their own definitions or practices on what constitute forest management.

113. There is an absence of mechanisms to effectively capture large economic rents accruing not only from harvests of timber and other forest products but also the benefits and use of other forest values. Related to this is the absence of appropriate market-based instruments and incentives like microfinance for forestry investments.

114. Notably, there seems to be an absence of any forward-looking provisions, or a global view on emerging trends like carbon offsets and timber certification that are impacting on Philippine forest products. As it is, the Philippines has been edged out by

its neighbors Malaysia and Indonesia in preparing its wood industry for global competitiveness.

2. Policy Inadequacies

115. The focus on poverty reduction as the main objective in forestry projects appears implicit rather than explicit. Hence social development aspects of the projects are weak. Benefits are measured in economic terms rather than in human development.

116. The lack of streamlined procedures leading to delays in implementation has resulted in loss of program credibility.

117. The lack of comprehensive and preventive approach to forest protection, i.e., the dependence on patrols and checkpoints have led to high numbers of arrests of illegal loggers, but that does not prevent trees from being cut.

118. Lack of harmonization between different laws on protected areas, ancestral domain, and mining has led to confusion among stakeholders, who encounter conflicting plans and decisions issued by different agencies. One clear example is the lack of guidelines for integrating forest land-use plans (FLUPs) in municipal and provincial comprehensive land-use plans. Thus the conflict arose between DENR's forest protection efforts and LGU's development plans.

119. Policies have not been culturally sensitive; and stakeholders are forced into inappropriate systems rather than into projects and programs that are adapting to local and indigenous systems.

3. Inappropriate Policies

120. The forest land classification criterion of 18 percent slope affects stakeholders' land tenure security, even of those in established upland communities. Moreover the formula for allowable cut and harvests of timber and non-timber forest products do not match the present state of the forests and stakeholder needs. The use of a formula designed for primary forest resources (which are now banned from being logged) on secondary forests would lead to overutilization of forest resources.

4. Policy Implementation Problems

121. Implementation of policies have been hampered by the lack of trained human resources, especially for skills and institutional capacity to meet needed shifts in forest management, for upscaling efforts and for resource management.

122. Graft and corruption has reduced the level of funds for effective project implementations, resulting in distrust and lack of support among stakeholders.

123. A weak knowledge and information base has led to costly errors in decision making, and hindered cooperation and coordination. The lack of interagency and multisectoral coordination has led to policy conflicts between agricultural development and agrarian reform on one hand and zoning of protected areas on the other. Due to the fast administrative turnovers, the lack of institutional memory has hindered planning for the next generation of projects and programs.

124. Weak public awareness about forestry issues and negative public perceptions of government “foresters” inevitably has led to a lack of public support, which in turn has affected budget support and political will to deal with sensitive forestry issues.

125. The lack of political will to support forestry efforts has given vested interests of the elite and powerful entities to move in, hence destroying the forestry sector’s good intentions for the poor.

IV. WHAT HAS TO BE DONE FOR PHILIPPINE FORESTRY

126. In looking at the list of possible instruments for resolving key forestry policy issues and improving project implementation, there is need for focus and identification of priorities. The first question therefore to answer is: forestry for what and for whom?

127. Given that majority of forest lands are already occupied by well-established communities which are among the “poorest of the poor” and that the imperatives of population growth vis-à-vis economic growth would further increase the number of forest-dependent and poor communities, then the greatest challenge facing Philippine forestry is that of *strengthening the role of forestry in poverty reduction*. It should, however, be noted that *poverty reduction* does not mean simply economic upliftment. The roots of poverty are complex and multidimensional and for such reason, what needs to be done includes not just pro-poor growth but also social development, good governance, and environmental sustainability, all taken together. It could indeed be said that *poverty reduction* actually means improvement of the poor’s *quality of life*.

128. A focus on poverty reduction requires basic paradigm shifts: from forests as source of timber to forests as repository of economic, ecological, social and cultural capital of local and indigenous peoples and communities. This means giving equal importance to social development concerns involving human resource development, social inclusion, creation of equity and pro-poor growth as well as governance issues in forestry projects and programs. Environmental sustainability, however, remains an important objective, since the fragile forest environment is the major resource for long-term development of local communities. Thus, these concerns and issues usually involve the management of “complexity” (e.g., economic needs vs. ecological requirements, provision of land tenure security vs. protected-area delineation). New approaches would therefore have to be developed to calibrate policy and action to diverse needs and situations.

129. Poverty reduction measures could be directed at the uplands or to areas outside it such as when forestry provides for watershed stability and irrigation of lowland farms. Forestry-supported development in the lowlands is in fact argued as the only way to prevent further migration and encroachment into still-forested uplands.

130. The question, however, is whether there is comparative advantage for forestry institutions and projects to focus on “areas outside the forest”. There are several arguments for why forestry institutions and projects, while giving strong considerations for such linkages, should focus on the upland forest lands. For one, there are already other institutions providing focused support on lowland development. In fact, the poverty of the uplands is due to the historical and present lack of sustainable development

support directed at the uplands. Secondly, practical realities dictate that a complete overhaul of the sectoral orientation of government agencies, and even of academic, private sector and NGO institutions would be too administratively painful and would take too much time relative to the urgent actions needed in the field. What is more possible is capacity building so that the forestry sector can consider other nonforestry but related development needs in planning and decision making. Rather than merger, what is needed is the development of a framework and establishment of mechanisms for interagency and multisectoral coordination.

131. The additional task of those involved in the forestry sector is to get lowland development efforts to recognize their links to forests and then utilize the political support and resource generated by such recognition into efforts targeted at sustainable development through forestry projects and programs in the uplands. The forestry sector has a definite comparative advantage in its focus for direct action in upland areas. It would itself put importance to the forestry sector as it takes the lead in the management of more than half of the country's total area and in the development partnership with over a third of its population.

1. Priority Action to Achieve Poverty Reduction

132. Table 2 provides a list of priority action needed to strengthen the role of forestry in poverty reduction. The Programmatic Objectives are expected to be pursued in an integrated manner so that none is sacrificed for the others. Environmental sustainability was in fact strongly suggested during the final stakeholder consultation as a basic consideration or overarching framework in the pursuit of the three other programmatic objectives of social development, pro-poor growth and good governance. Thus, while tenure security should be provided, resource security has to be assured by those giving and being given the title or stewardship for the resource.

133. The role of key participants in these actions has also been set in relation to others in recognition of the fact that no one group can manage to do all and that what is needed is complementation of efforts.

134. Additional note must be made here that Philippine forests are spread over a geographic area of high variability. The Philippines is an archipelago of 7,107 islands and islets with 15 biogeographic zones. Climate and topography result in four climate types. While much of forest-land soils are still unclassified, high soil variability is evidenced by differences in runoff and erosion values even in similar classes of watersheds. Philippine forests and forest lands are also associated with ethnic variations. Even just the upland indigenous population already represent a variety of ethnolinguistic groupings with different cultural values, needs and land-use practices. Differences in access and intensities of use have resulted in biodiversity hotspots where conservation is a greater priority relative to other less degraded or less ecologically-sensitive areas. All these variations imply the need to develop forestry management systems either expressly adapted or at least flexible enough to fit the requirements of particular conditions. The strategies in Table 2 must also be seen in this light.

Table 2: Key Strategies and Implementation Participants Needed to Meet Poverty Reduction Objectives

Programmatic Objectives	Strategies	Lead Participants
1. Social Development		
1.1 Social Capital and Human Resource Development	<p>Review and enhance manpower and institutional capacity in the DENR, LGUs, NCIP and other relevant agencies, particularly frontline offices, for efficient and people/community-friendly delivery of services</p> <p>Build capacity of community stakeholders to “manage the bureaucracy” and to link with those that can provide basic and other needed services</p> <p>Use forestry instruments for enhancing core competency and skill levels of the beneficiaries, in particular the socially-, locationally- and economically-disadvantaged groups</p>	<p>DENR, LGUs, NCIP to take lead with civil society organizations sharing experience and serving as feedback mechanism; grant-making donors for financial support</p> <p>NGOs/POs to take lead with DENR and other government agencies giving full support and participation</p> <p>For both, ADB Advisory Technical Assistance could be tapped</p>
1.2 Social Inclusion	<p>Specific targeting of unrepresented vulnerable groups and building approaches for “listening to the voices of the poor” with the objective of eventually making the poor “determiners” of their welfare and future</p> <p>Strengthen institutionalization of “social acceptability” and “prior informed-consent” principles</p>	<p>DENR, NCIP, and NAPC to take lead; NGOs/POs to provide assistance; private sector to also provide support; ADB’s Project Preparatory Technical Assistance (PPTA) could be used to bring about the strategy in project design phase</p>
1.3 Distributive Equity	<p>Provide tenure security for land and other natural resources</p>	<p>DENR to take lead for areas outside ancestral domains; NCIP for areas within; NAPC</p>

	<p>Improve access to the sustainable utilization of natural resources by giving priority to needs of the poor and vulnerable groups and streamlining approval and permitting procedures and making them relevant to local context and cultural needs and imperatives</p> <p>Promote gender equity</p>	<p>and NEDA to provide policy support; ADB Program Loan as this covers large areas and need policy and institutional reforms</p> <p>All implementing agencies to take lead with participation of the National Commission on the Role of the Filipino Women (NCRFW); ADB to implement its gender policy in project design and processing</p>
2. Pro-poor Growth	<p>Review CBFM (Community-based Forestry Management) and provide adequate support for its improvement; explore other concepts, e.g., CBNRM (Community-based Natural Resources Management) or ACMNR (Adaptive Community Management of Natural Resources)</p> <p>Explore need and mechanisms for integrated approaches that also provide for other basic needs, to include sustaining or renewing cultural integrity for indigenous communities</p> <p>Review of successful rural-based microfinance activities; explore commercial bank participation; adapt to upland/forest-based communities; implement as part of forestry projects and programs; strengthen DENR,</p>	<p>DENR, NCIP and LGUs to take lead roles; NGOs and POs to share experience and provide support; NEDA to bring it into the MTPDP; ADB to provide sector or program loan assistance; other donors and financial institutions including commercial banks to be also tapped</p> <p>DENR, NCIP and NEDA to take lead roles; other economic, social and infrastructure development agencies to assist; ADB to promote coordination of its forestry sector with other development sectors within the institution</p> <p>DENR and NCIP to take lead with assistance from NEDA and Department of Finance; NGOs and private sector particularly banks to share experience; academe to implement focused research; ADB to bring in its</p>

	<p>NCIP and other support agencies' capacity to link with financial institutions</p> <p>Development through executive fiat, legislation, and innovative means of mechanisms that capture large economic rents from the forest and its services (e.g., water, aesthetics) and directing it to support community-based natural resource management and protection; also to deal with distortions (i.e., illegally-sourced timber) that depress prices and profit for forestry stakeholders</p> <p>Promote social-investment funds</p> <p>Integrate agroforestry and plantation projects that includes value-added processing and marketing</p> <p>Support alternative livelihood as well as revolving funds and reinvestments as integral project and program components</p>	<p>experience on this and ADTA support</p> <p>DENR to take lead; private sector to take lead in some areas where appropriate joint-venture arrangements with communities are desired; local banks to participate in design and implementation; ADB Program or Sector Loan needed</p>
3. Good Governance		
3.1 Local Participation	<p>Support multisectoral participation in the design of projects and in decision making; provide enough time and resources for consultative processes as well as for organized action such as <i>Bantay Gubat</i> activities; in all these make use of sustainable and working local and indigenous processes and institutions</p>	<p>DENR, NCIP and LGUs to take lead as appropriate; NGOs to assist/participate and share experience; ADB and other donors to strengthen principle of local participation in project design</p>

<p>3.2 Control of Graft and Corruption</p>	<p>Promotion of transparency in policy decision making and funds allocation</p> <p>Multisectoral decision making (i.e., participation of third parties in looking at procurement decisions)</p> <p>Streamline permits and approval procedures</p> <p>Appraisals of projects and programs to include an analysis of possibilities of graft and corruption and mitigation measures</p> <p>Provide for transparent and highly participatory monitoring, evaluation, and reporting systems</p>	<p>DENR to take the lead in the forestry sector; NCIP and LGUs to also take strong action over their areas of jurisdiction; DBM to provide information; DOJ for justice system support; alternative law groups for legal assistance; NGOs, POs, church bodies, academe, and civic groups to participate in providing feedback and monitoring; ADB to share its experience on this from its governance programs and possible ADTA support; other grant-making donors to be also tapped</p>
<p>3.3 Increase in Local Counterpart Responsibility</p>	<p>Build LGU capacity in forest land-use planning (FLUP) and its integration into their comprehensive land-use plans (CLUP) as well as development plans; also integrate the ADSDP (Ancestral Domain Sustainable Development Plan) into the CLUP</p> <p>Build partnerships and alliances between and among stakeholders in forestry activities (i.e., with private sector for added-value processing and marketing support of community forest-based production)</p>	<p>LGUs to take the lead; DENR, HLURB and NEDA to assist; professional organizations such as the Philippine Institute of Environmental Planners (PIEP) can also assist; NGOs can participate in consultative processes; ADB ADTA can provide support; other grant-making donors should be tapped</p> <p>DENR and NCIP to take the lead; private sector as major partner; NGOs to provide assistance in conflict resolution and negotiations that assure community benefits; ADB Program or Sector Loan can be tapped</p>

3.4 Policy Coherence	<p>Adapt Implementation Rules and Regulations (IRRs) to local needs and situations</p> <p>Settle policy conflicts (i.e., protected areas vis-à-vis CADCs) through harmonized IRRs, Memoranda of Agreements on interpretation and field implementation, and policy dialogues</p>	<p>All government agencies with legal mandates that cover or affect forest lands (e.g., DENR, NCIP, DAR, DA, and DOLE) should be involved; NGOs/POs to assist in consultations; ADB ADTA or PPTA support be tapped should lack of policy coherence pose risks to effective project or program implementations</p>
4. Environmental Sustainability		
4.1 Reduction of Natural Resource Degradation	<p>Organization of strong local multisectoral forest protection councils or <i>Bantay Gubat</i> organizations; support successfully working local and indigenous forest-protection practices and institutions; provide for legal support and “judicial activism”</p> <p>Implement full protection over priority-protected areas particularly the few remaining lowland forests; establish corridor-wide protection and management wherever appropriate</p> <p>Development, adoption, and promotion of sustainable technology, including those from indigenous knowledge systems (IKS), in forest utilization and forest-land farming practices</p>	<p>DENR, LGUs, and NGOs/POs to take the lead; Department of Justice, Philippine National Police, Armed Forces of the Philippines, alternative law groups to provide assistance; other grant-making donors can be tapped</p> <p>DENR, LGUs and conservation NGOs/POs to take the lead; ADB in partnership with grant-making institutions (i.e., GEF) to be tapped</p> <p>DENR and research institutions to take lead; NGOs/POs to share local and indigenous knowledge and experience; ADB to incorporate this in its project and program loan assistance and coordinate with other donors assisting on this</p>
4.2 Recognition of the Ecological Values of the Forest	<p>Develop participatory forest survey and inventory methodologies; involve local people in their implementation so that they know their forest and can better protect it (i.e. from biopiracy)</p>	<p>DENR, research/academe, and NGOs to take lead; POs to actively participate; grant-making donors to be tapped; ADB could support this through a Project Preparatory Technical</p>

	<p>Extend capacities for environment and natural resources accounting studies that capture the true value of the forests (including the genetic potential of biodiversity) to the local levels taking note that with some communities, particularly indigenous communities, the value of the forest includes that of the spiritual</p> <p>Identify and implement full protection of biodiversity hotspots or high value conservation forests</p> <p>Develop knowledge- and information-generation systems for supporting forestry-related decisions</p>	<p>Assistance (PPTA) since such surveys and inventories are basic to project planning</p> <p>DENR, NCIP and NEDA to take lead; local academe to assist; LGUs and POs to actively participate; grant-making donors to be tapped although ADB PPTA could be used when local ENRAP studies are useful for project planning</p> <p>DENR, environmental NGOs/POs, LGUs, and academic institutions to take the lead; grant-making donors to be tapped as well as ADB PPTA when projects are within or adjacent such areas</p> <p>DENR, academic institutions, and NGOs to take the lead; ADB PPTA and other grant-making donors to be tapped</p>
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135. There are other critically important strategic interventions needed at the national or macrolevel. Forestry policy and institutional mechanisms in the Philippines are still highly centralized. National-level policy and institutional issues need to be also dealt with because they significantly impact on policy and institutional reforms that could be put in place at the local level through local legislation and through project and program design. Furthermore, the highly regulatory nature of national forestry policy creates hindrances in the implementation of innovative or adaptive forest management schemes.

2. Priority Directions for Forest Policy Reform

136. From stakeholder consultations, the priority directions for forest policy reform, especially as it shifts towards poverty reduction and sustainable development, included the following:

- Harmonization of laws on protected areas, ancestral domains, mining, decentralization and other pertinent laws; indigenous people stakeholders noted that standard concepts and procedures conflict with how IPs want to implement forestry activities, e.g., indigenous communities could resist

forest inventories for fear of poaching, landgrabbing, and biopiracy, landscape or watershed planning units may not conform to ancestral domain concepts where indigenous management, cultural and historical experiences, and other social issues determine the scope of community planning;

- Poverty reduction through equity and asset reform particularly the provision of tenure and resource security, prioritization of community management of natural resources, capacity building and empowerment of marginalized sectors, strengthening income-generating activities, promotion of social-investment funds, and linkages with donors;
- Creation of capacity to provide for counterpart funds and support for sustaining long-term efforts through economic reforms and mechanisms that approximate the true value of the forest and capture large economic rents accruing from forest use (to include water, aesthetics, and other values) and the specific allocation (i.e., through trust funds) of substantial amounts of collected rents for forestry projects and programs;
- Research in environmental economics and environment and natural resources accounting that builds strong arguments for needed forestry policy and institutional reforms and would be well understood and appreciated by economic development and finance officials; an analysis of the environment-poverty nexus, based on actual assessment of representative watersheds or landscapes are also needed;
- Provision of incentives and instruments for the private sector to support communities in their poverty-reduction goals which could include innovative financing (i.e., forest securitization), streamlined bureaucratic procedures (i.e., one-stop shop for permits and approvals), land-tenure security for partner communities, and the creation of markets free of distortions for the goods and services provided by the forestry sector;
- Development of an updated and relevant forestry code (to revise PD 705) that also provides for the “final delineation of the forest line”; consensus building and lobbying for its passage; stakeholder consultations, however, pointed at the need to make sure that: (i) the “final forest line” is not where the forest has already receded but rather the area in which forests have to be protected or rehabilitated to provide sustained ecological services, (ii) that the concept of a “forest line” is not to keep people out of the forest but rather to identify areas for focused assistance or investment and to provide a baseline for natural resources management accounting and project monitoring, and (iii) that in the meantime, community land-use plans that integrates land, forests, and water resources management be supported as a way to focus assistance and to build up comprehensive land-use plans for macroplanning.
- Mainstreaming forestry in other agencies that handle nonforestry concerns that are somehow still linked to forests such as water, energy, agriculture, fisheries, and tourism so that forestry is included as an important component in their policies, programs, and projects; forestry should also be brought in more strongly in rural-based projects; NCIP has particularly asked the DENR for the transfer of ancestral domain delineation and survey skills to their field staff;
- Development of a clear “map” or framework for a comprehensive program for sustainable forest management in the Philippines and integrating such

within an updated Master Plan for Forestry Development, within the Medium-term Philippine Development Plan and its Investment Plan, and into a National Comprehensive Land and Water Use Plan. The framework should take care to provide it a strong mandate and make it operationally relevant to diverse ecological, socioeconomic, cultural, and political situations prevailing over its provinces and regions; stakeholder consultations took note of the need for conflict resolution processes as there is yet no consensus on the meaning of “final forest line” or of “sustainable forest management”.

3. Priority Action for Institutional Reforms

137. As regards priority action for institutional reforms, stakeholder consultations identified the following:

- Institutionalization of “good governance” to minimize graft and corruption in project and program implementation, permits and regulatory procedures as well as in priority setting and resource allocation (i.e., proper budgetary allocation vis-à-vis pork barrel);
- Strengthening interagency and multisectoral coordination as well as between donors to pool resources, minimize policy and field implementation conflicts, create upscaling through activity and spatial complementation;
- Enhancing the knowledge and information base to support decision making through use of latest technologies as well as traditional or indigenous knowledge systems and a strengthened role for academic (i.e., forestry schools) and research institutions;
- Developing information, education, and communication programs in a strong partnership with media directed at policy and decisionmakers as well as the general public and designed to build an advocacy constituency and the deep understanding that builds political will for urgent policy and institutional reforms;
- Supporting community organizations and enhancing Community-based Natural Resource Management (CBNRM).

138. Note that in Table 2, the key participants in the implementation of forestry efforts in poverty reduction are not just DENR anymore. The National Commission on Indigenous Peoples (NCIP) and the Local Government Units (LGUs) and their associations are major participants. The participation of the National Antipoverty Commission (NAPC) would also have to be brought in. It should be noted here that support for NCIP and indigenous communities in forest management has come up as a significant niche for the forestry sector. The role of the academe should also be given attention particularly in education and research activities and as an important partner in policy-making and decision-support systems. While the shift has become strongly towards community forestry, the business sector would still play an important role particularly in terms of financing, marketing, processing, and transfer of technology.

139. Despite DENR’s long historical lead role in forestry management, its personnel still need major capacity building to support needed shifts from being regulators to being facilitators, from being simply learned about trees to one who is also skilled in sociology

and anthropology, and from monitoring movement of raw-forest products to helping with microfinance, value-added processing, and marketing. The NCIP and LGUs, being very new in the field of forestry would need more capacity-building support.

V. IMPLICATIONS FOR ADB'S STRATEGIC FRAMEWORK FOR FORESTRY SECTOR

140. **Lending role.** The role of ADB, as an institution fully supportive of country-led forest policy and institutional reforms, would also concomitantly expand. Its lending modalities in relation to various priority action is noted in Table 2. Philippine stakeholders, however, questioned whether these modalities are set or whether new ones such as the idea of a “cross-subsidized environmental credit window” or where ADB deals directly with communities or intermediaries aside from the Government of the Philippine can still be developed.

141. Within existing modalities, it should be emphasized that ADB's conditionalities should be made more flexible. The difficulties and the length of time it would take to meet policy and institutional reforms must be considered. ADB's lending policy should take care to consider absorptive capacities, or better still, to help build absorptive capacities. Support for capacity building must appropriately increase in relation to the size of investment activities. Loan conditionalities should be fully utilized to encourage policy and institutional reforms but making sure that such conditionalities are in the first place desired not only by the implementing agency but also its local and community stakeholders. In all these, ADB's links to grant-makers become important as capacity-building as well as policy and institutional reforms can best be supported with grants rather than assumed simply as part of Philippine government counterpart commitment.

142. Moreover, ADB lending eventually leads to donor dependence without systems to ensure post-project financial sustainability. There has to be new measures and instruments developed to capture the economic rents from forest products and divert them to forest development. ADB can provide financing in alternative livelihood, creation of revolving funds, and promoting reinvestments that are absent or weak in project design. Since there is a lack of microfinance components in community-based forestry projects, ADB can assist in reviewing successful rural-based microfinance activities and adapt them to upland/forest-based communities. ADB can further lend a hand in getting the private sector involved in the relending components of industrial forest plantation projects through reform in Philippine banking policies that currently discourage forestry investments.

143. ADB should also “know what its left hand is doing”. Participants to the stakeholder consultations observed that ADB-supported infrastructure projects have been responsible for forest loss and degradation.

144. Philippine forestry stakeholders also emphasized that ADB should:

- assess the distribution of risks and benefits (financial, environmental, social, cultural) of its projects and programs;
- integrate “environmental cost-benefit analysis” in its feasibility studies;
- hold up-front policy dialogues and resolve issues before implementation as conflicts could delay finalization of projects and programs;

- provide for participation of credible and independent members of civil society in the monitoring and evaluation of its projects and programs; public support and public awareness can be translated into political will to help ADB pursue difficult policy and institutional reform.

145. With all the above, ADB may need to extend the design process period and make it part of the development process by making studies and resource inventories as well as community consultations part of the planned social development and good governance components of the planned project or program. So far the link between environment and poverty is unclear in project design and monitoring. Poverty reduction aspects appear to be more support than being the main elements.

146. **Nonlending role.** For its nonlending roles, ADB could take the following tasks:

- *Convener:* ADB has the comparative advantage of huge investments that can be directed at the forestry sector. Such investments cover large areas and involve a large number of institutions at various levels. As such it can bring together many stakeholders, including donors, even at the design phase of major projects and programs. The role of ADB as convener is critical as there is need for partnerships with donor institutions that are able to add grants to ADB's loans.
- *Facilitating Strategic Thinking on Forestry Issues:* ADB technical assistance and funding support can be directed to needed strategic studies that can be implemented by relevant government and nongovernment bodies. ADB also has long and deep experience in other countries. In partnership with appropriate Philippine agencies and institutions, it can thus bring useful advice on how to improve the performance of forestry projects and programs and their contribution to the overall economy and particularly to the goal of poverty reduction.
- *Improving Joint Monitoring of Policy and Institutional Reforms:* ADB should strengthen the capacity of implementing agencies in monitoring the impact of forestry projects and programs and to relate this to progress in needed policy and institutional reforms. Joint monitoring results should be eventually owned by participating Philippine Government agencies and appreciated by them and their partner stakeholders. ADB and its Philippine Government agency partners could agree to provide enough funding reserves within project and program budgets to support capacity building for implementing policy and institutional reforms as the monitoring phase identifies the needs for such.
- *Linking the Country to Regional and Global Efforts:* ADB as a regional body with wide-ranging links at the global level can provide information updates and advice on forestry developments in other countries that are relevant to forestry work and decision making (i.e., trends in trade of forest products like forest/timber certification) in the Philippines. No such support has been asked for nor offered by ADB. ADB can sponsor feasibility studies for carbon offset mechanisms in plantations and reforestation projects. ADB can also support Philippine stakeholders' participation in regional and global dialogue in forestry and forest conservation. It can also initiate full utilization of available information technology to bring key forestry stakeholders across countries of the

region into a working network for the exchange of information and for dialogue to develop consensus and joint efforts on regional and global forestry concerns.

- *Continual Self-evaluation:* As the Philippines and other countries of the region shift their strategies and approach in forestry and as ADB takes on a strong support role, ADB would have to continually evaluate itself. Are ADB's present policies, structure, and procedures still appropriately aligned to its expected role? Does ADB have the required expertise? Answering these questions would need not only the services of professional evaluators. It is equally important that stakeholders in ADB-assisted projects and programs be given direct conduits for their observations of ADB performance.

FINDINGS OF THE PORTFOLIO ANALYSIS

1. To understand the challenges facing the Philippine forestry sector, an analysis was made on the dire state of Philippine forests and the reasons for its rapid loss as well as the difficulties of policy and law enforcement. Various studies (ADB 1976, Capistrano and Fujisaka 1984, Nelson and Cruz 1985, World Bank 1989, Kummer 1992, Vitug 1993, ESSC 1999) have focused on certain causes which independently or in combination have caused serious deforestation. The following were the key findings:

- (i) synergistic relationship between logging and agricultural expansion through *kaingin* (slash-and-burn) since logging facilitates agricultural expansion by building roads and opening up the forest;
- (ii) migration into recently-logged areas are due to the slow rate of growth of the Philippine economy relative to rapid population growth particularly when the nonforestry sector is not able to absorb excess labor and there is inequality of income and assets;
- (iii) large economic rents available to forest exploiters of every kind draw them to overexploit the forest;
- (iv) "open access" nature of most of the Philippine forests;
- (v) elite control and corruption that has led and leads to inequity in access to primary forest resources thereby exacerbating unequal distribution of income as well as to inefficient enforcement of government regulations; and
- (vi) incomplete and inaccurate data on the nature and extent of deforestation and its impact, resulting in lack of public support for strong protection measures.

2. The policy implications of the above findings are the following:

- (i) forest conservation and development goes beyond the forestry sector and would have to actively involve, in certain cases even be led by, other nonforestry sectors;
- (ii) development can either have positive or negative impact on the forest; proper guidance of the type and direction of development is crucial to forest management and development;
- (iii) equity creation and promoting good governance are important aspects of forest conservation;
- (iv) building up a good information base and decision-support systems (including inventories) for raising public awareness and political will are necessary.

3. The rapidly-diminishing forest resources of the Philippines, the continued persistence of the causes of such forest loss, the ineffectiveness of traditional approaches, and the challenges posed by changes at the national and global levels are creating new thinking and trends in forest management. These new thinking and trends are influenced by the following observations:

- (i) *Continued and increasing need for forest products:* the projections made by the Master Plan for Forestry Development for forest products up to the year 2015 show a need of from 685,000 cubic meters to more than 1 million cubic meters for sawnwood. The increase needed for domestic firewood is at 7 million cubic meters while that for rattan poles, so critical to the Philippine furniture industry, is at 768 million meters. The projected production is far from meeting the projected gaps. For example, only 35 percent of the Master Plan's area of forest plantation needed to meet future demand have been established.
- (ii) *Increase in clearing and farming of forest lands:* the projection is that there would be 15 million more Filipinos in the year 2010 with 3 million of this increase in the rural areas. Thirty percent of rural population increase would be in the uplands which means that at least half-a-million hectares of forest would be lost to clearing and farming. Per capita forest land will be reduced from 0.07 ha to 0.05 ha.
- (iii) *Decline in direct financial contribution of the forestry sector:* Philippine Environment and Natural Resources Assessment Project (ENRAP) studies showed that Philippine dipterocarp forests depreciated that its direct contribution to the economy has been much diminished. The gross value-added (GVA) share of forestry, mining and fishery sectors also decreased from 5 percent in 1985-90 to 2 percent in 1990-95 and only 1 percent during 1995-98. The GNP share declined from 15 percent to 11.8 percent during the same period.
- (iv) *Improving perception of the economic value of the ecological role of forests:* ENRAP studies show that if deforestation continues, then soil resource depreciation would increase. It was valued at P334 million in 1988 with a likely increase to P906 million in 1996. Foregone value-added from rice production was only estimated at P11 million in 1988. With more erosion, it has increased to P1.2 billion in 1997. The Master Plan for Forest Development estimated that hydrological deterioration of watersheds has on-site costs of at least P4.9 billion per year. There is increasing attention now given to water as a valued forest product, both for domestic use and for irrigation. With similar concern now also given to related coastal ecosystems and fisheries, the DENR has adopted the "watershed and ecosystem" approach in the Medium-term Philippine Development Plan (MTPDP). Ecotourism and biodiversity values are also increasingly being given attention as forest "products".
- (iv) *From corporate stockholders to community stakeholders:* Timber License Agreements (TLAs) used to cover 25 percent of the total forest area in 1990. By 1998, there were only 20 TLAs remaining covering about 1 million ha for a share of only 7 percent. Community-based forest land-use, on the other hand, was only 30,000 ha in 1982. In 1998, this dramatically increased to an estimated 4.9 million ha. The passage of the Indigenous Peoples Rights Act (RA 8371) further bolsters this trend as indigenous communities start claiming ancestral domain rights over large tracts of forest lands. This shift is causing change in forestry objectives, from focusing mainly on tree planting to taking a more comprehensive view of forest management and development.

- (vi) *From centralized to multistakeholder management:* The Local Government Code devolved the management of social forestry projects to local government units. The Code also gave LGUs 40 percent share of gross collection from the development and utilization of the “national wealth” which includes the forest within their jurisdictions. The National Integrated Protected Areas System Act transferred operational policy-making and management decisions over protected areas to multisectoral Protected Area Management Boards with most of the members coming from LGUs, indigenous communities, and NGOs. The Indigenous Peoples Rights Act made it a requirement that no activity or project can proceed without the “voluntary, free, and prior-informed consent” of the holders of ancestral domains.
 - (vii) *Increased linkages to global concerns:* The Philippines is party to the Convention on Biodiversity and to the Framework Convention on Climate Change as well as a signatory to the Kyoto Protocol. As such it has major projects supported through the Global Environmental Facility. The Philippines was also considered one of the world’s biodiversity hotspots and drawing attention from global conservation programs such as the Critical Ecosystems Partnership Fund. Increased Philippine commitments to forest conservation can open up opportunities for further funding support such as through the Clean Development Mechanism (CDM) of the Kyoto Protocol. On the other hand, increasing requirement for environmentally-friendly products by consumers will mean disadvantage for the Philippine wood industry unless it prepares for a forest/timber certification system now being required by some importing countries.
4. The policy implications of emerging trends in Philippine forestry are the following:
- (i) substantial investments for reforestation, plantation, and agroforestry development and management are needed to provide supply that matches demands;
 - (ii) there is a need to shift focus from forestry for national wealth creation (in traditional financial terms) to forestry for local poverty reduction (in more broader development terms);
 - (iii) community-based forest management should be further strengthened and expanded to “natural resources” rather than just “forest” management to take in the concept of an integrated approach or a “landscape approach”; as such it should also be broadened to encompass a concern for factors, inside and outside forest lands, that cause forest encroachment (e.g., lowland poverty, landlessness, illiteracy, and unemployment);
 - (iv) data acquisition and analysis should be broadened to include items that would help in the valuation of other nontraditional forest values (e.g., aesthetics, biodiversity, etc.) and impacts of forestry projects (e.g., livelihood development, employment generation, agroforestry, and plantations vs. other crops, etc.);
 - (v) agencies such as the DENR should shift from being solely regulatory to being providers and facilitators of forestry-related services and thus being more open to partnerships and sharing of powers;

- (vi) there should be more active participation of the country in regional and global networks and dialogue related to forestry concerns such as financing mechanisms (i.e., GEF), carbon offsets, timber trade especially timber certification, and even bioprospecting and biotechnology;
- (vii) mechanisms for strategic thinking and continuous monitoring of the match of policy and institutions to changes and trends at both local and global levels should be strengthened.

5. Substantial external assistance in the forestry sector was directed at the Philippines since 1990. Major financial support came from multilateral donor agencies such as ADB, World Bank (WB), Global Environmental Facility (GEF) and the United Nations Development Programme (UNDP). Bilateral donor agencies from countries such as Japan (JBIC), United States (USAID), the European Community (EU), Germany (GTZ and KFW), Canada (CIDA), Denmark (DANIDA) and Australia (AusAID) also made significant contributions. Nongovernment organizations (NGOs) have also successfully tapped various donor sources and implemented forestry projects in the field. The private sector's participation was in forest protection as part of their responsibility under their Timber License Agreements as well as in plantation development.

6. From an analysis of mission monitoring and evaluation reports, back-to-office reports, and completion reports or exit reports, the following key observations come out:

- Philippine forestry projects and programs are highly innovative in nature (e.g., use of an integrated rural development approach, experimenting with comanagement schemes) and thus the importance of looking at process and putting in place comprehensive monitoring and evaluation systems that assess progress over the long term; looking at both environmental and social development impacts, and that provide timely feedback to all partners for policy and institutional reforms;
- Relatively large size of the forestry project and program portfolio influences policy but also lead to counterpart fund and post-project sustainability problems; potential for graft and corruption also requires that good governance mechanisms are in place while great expectations generated by large funds make complementary public information programs vital;
- Links to poverty alleviation implicit rather than explicit; more have to be done to provide for sources of immediate yet sustainable income beyond the limited available employment in the project or program; other basic services such as education and health, even for social needs such as empowerment of women and greater participation of vulnerable groups in local governance need also to be provided;
- Consideration of governance issues needs strengthening; institutional analysis that boldly focus on sensitive issues such as graft and corruption, potential and existing political pressures on program/project implementors, and power conflicts that would impact on program/project

implementation should be made part of project- and program-design process;

- Knowledge base for effective and efficient forestry planning and management is lacking; the last national forest inventory was in 1988 and thus it would be useful to conduct another forest inventory to improve spatial planning, identify priority areas for intervention and develop more appropriate strategies for public, community, and private forestry practices;
- Projects and programs were implemented in an unstable sectoral and cross-sectoral policy environment; based on records of hearings for the proposed Sustainable Forestry Management Act, there are at least four key policy issues that have to be settled – delineation of the final forest line, economic incentives and market-based instruments to support private-sector investments, establishment of a forestry trust fund, and resolution of the total commercial logging ban vs. selective logging ban issue;
- Design errors lead to implementation problems; experience points to the fact that the institutional support level required of executing agencies and its participants is directly proportional to the level of departure from traditional policies and practices in the implementation design and thus provision of specific institutional support and building in provisions for flexibility are very important;
- Planned implementation periods are too short; providing for sustainability in agroforestry or plantation projects, for example, requires that the implementation period should at least cover the first harvest of forest products as well as the follow-up period that puts in place marketing, added-value processing, reinvestment of profits and refinement of policies and support structures;
- Lack of program and site complementation among donors; needed shift to a “watershed and integrated ecosystem approach” as mandated by DENR policy and the MTPDP implies that a common agreement on location and forest management approaches is developed among not only donors but also among government agencies, local government units, the private sector, and civil society organizations;
- Political will is needed to embark on major projects and programs and this could come from well-informed and empowered communities and citizenry that demand reforms as well as through networking and mobilization to gain access to policy-making bodies and governance mechanisms at the local and national level.

7. From a more specific analysis of what needs to be done or added to make forestry projects successful comes the following lessons learned:

- Provision of secure access to natural resources is a pre-requisite;
- There is need for community organizing and “social acceptability”;
- There are advantages to a multisectoral approach;
- There is need to also provide for other basic, nonforestry needs;

- Sustainability can be promoted through revolving funds and reinvestments;
- It is important to close the loop from production to processing and marketing;
- NGOs can provide strong support but their involvement has to be qualified;
- Institutional strengthening of implementing agencies is vital;
- There should be proper species matching and silvicultural management not only to match site requirements but also community needs; and
- Decision-support systems and monitoring and evaluation should be in place.

8. These analysis and lessons learned were presented to the Inception Workshop. The workshop validated the findings and added the following emphasis:

Design of Projects and Programs

- Forestry projects and programs should have conscious incorporation of adaptive management particularly when these are innovative and experimental in nature;
- The design should be based on the exigencies of local intervention and not on the dictates of the central-based agency and the funding institution;
- Involve local experts of international stature but who knows best the situation in the areas for implementation;
- Information, education, and communication (IEC) should be made an integral part of projects and programs and not just supplementary; and
- There is need to develop new tools for integration.

Unstable Policy Environment

- There is a need for a policy that reflects the continuing redefinition of “forest” from a wood-supply source to that which involves social dimensions; there should develop a common definition and understanding of what “sustainable forest management” is all about;
- Policy needs to be developed for “bankability” of existing tenure instruments; concept of “cultural forest”; and certification of forest products;
- There is need to reconcile the conflict between national and local concerns; and
- There is also need to consider the macropolicy context and cross-sectoral tradeoffs in forest policy.

Knowledge Base for Planning and Management

- There are many stakeholders and a lot of demand for information. There is a serious lack of knowledge base among LGUs. There should be

advocacy for the sharing of information among different government agencies. It is important to have a concerted effort to improve data gathering through new technologies (e.g., information technology, remote sensing).

Community Participation

- Project design and implementation should adopt a culture-based approach. Cultural nuances in relation to resource rights; relationships and ownership should be duly addressed at the project-design phase;
- There is need to develop indicators for “social acceptability” of forestry projects (i.e., Social Reform Agenda-Minimum Basic Needs Approach) as well as impact indicators, considering that concern should be focused not just on outputs but also on process;
- There should be sufficient time for preimplementation activities particularly for those communities that would be involved for the first time; and
- Project preparation should be provided more resources.

Multisectoral Involvement

- There is need for dialogue to clarify respective motivations, intentions, roles, and expectations so that everyone is clear about why certain influences are affecting decision making;
- There should be proper technical preparation and capacity building for those involved in multisectoral efforts;
- The role of the wood industry is to be more efficient and shift from resource utilization (i.e., logging of the natural forest) and into resource generation (i.e., plantation development); and
- The role of women in forest policy and management should be given more importance.

Capacity of Implementing Agencies

- Recognize the lack of capacity of counterpart Philippine Government agencies; the issue of need for massive forestry funding within inconsistent national fiscal priorities should be resolved;
- DENR needs not just institutional strengthening but institutional changes. DENR is expected to provide community services but it does not have an extension service; and
- Loans for forestry can be directed at LGUs but they should be provided safety nets in case of project failure.

Donor Coordination

- There is need for a “one portfolio-many accounts” approach. There should be one framework where all the donors and projects come into play.

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