

GROUP 3: INNOVATIVE FINANCING MECHANISMS

RECOMMENDATION	RATIONALE	TASK/ACTIVITY	INSTITUTIONS	TIMING
<p>1. Establish a Forest Development Fund with the following functions:</p> <p><i>a. Fund generation from various sources (annual appropriations; EPIRA/environmental charges collected by MERALCO, LTO, irrigation, LUWA, forest charges, fees from registrations and fines, sales of confiscated logs & other forest products, royalties; PES; PTFCF and FPE; CDM, REDD, and voluntary carbon trading; portion of EVAT for petroleum and taxation of idle lands; products, CDF of congressmen; selling of Forestry Bonds (including promotion of individual investments); aggregation of equity from small investors in trust operations; operation of sister city concept; donations; etc.) or coordination for funds like PES that are collected and used by other agencies in watershed management and forest restoration (NPC, MWSS concessionaires, etc.)</i></p> <p><i>b. Fund allocation to forest development and related R&D projects</i></p> <p><i>c. Providing guarantee for non-collateralized loans for forest development</i></p> <p><i>d. M&E and IEC</i></p>	<p>For increased and coordinated generation of funds that can be used for identified forestry development and related support projects</p>	<p>1.1 Establishment of legal mechanism (Act or Executive Order)</p> <p>1.2 Mobilization of Fund institutions</p> <p>1.3 Develop potential fund generating mechanisms</p> <p>1.4 Set up the mechanisms to actually realize the generation of targeted financing sources</p>	<p>Inter-agency Board chaired by DENR with representation from various collecting agencies to provide policy and management oversight; DENR to lead in mobilizing studies and resources for exploring potential financing sources; actual Fund management to be handed by professional fund managers taking directions from the Board</p>	<p>Establishment of the Fund within 1-2 years; simultaneous conduct of exploratory studies organized by DENR followed by setting up of the implementing mechanisms</p>

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2. Operate a National Forest Certification System	Not only to access markets and premium prices for certified forest products, but also to provide guarantees for loans of forest development projects thereby reducing or transferring the risk from banks that provide loans for forest development projects	2.1 Transform existing C&I into a forest certification standards 2.2 Develop a national forest certification organization 2.3 Develop third-party certifiers from the academe, NGOs, and other organizations 2.4 Operation 2.5 Align with ASEAN initiative or with FSC	1. DENR as the national forest certification organization 2. Academe, NGOs, and other organizations third-party certifiers 3. NGOs and civil society as countercheck of forest certification organizations and third-party certifiers	Operation of a national forest certification system is doable within 2 years
3. Operate a Forest Valuation System	To provide standardized valuation of projects that change ownership	3.1 Formulate the methodology 3.2 Provide training 3.3 Operation	1. DENR as the valuation issuer 2. Pool of trained experts as valuation estimators	Doable within 2 years
4. Promote an open market for forest products and provide market information services	To assist forest development projects in accessing markets so that they can pay for loans and plough back the financing for forest development	4.1 Establish a unit within DENR 4.2 Develop a forest products market information system 4.3 Develop links with markets such as through the internet	Options: Based at DENR; MOA with DTI in market promotion of forest products; contract professional marketing groups for market promotion and operation of marketing systems	Task 4.1 within 1 year Tasks 4.2 and 4.3 after another 1-2 years

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5. Promote contract tree growing	To link contract tree growers with institutions responsible for forest restoration which provide the financing	5.1 Formulate a system for accrediting tree growers 5.2 Train certifiers 5.3 Link accredited tree growers with their market	DENR	Within 2 years