

Report of Ex-post Evaluation

Project PD 225/03 Rev. 1 (F)

**Adoption and implementation of an appropriate system of criteria
and indicators for the Philippines.**

Prepared by

Don Wijewardana & B C Y Freezailah

44RFM-2b
28 October 2010

Table of Contents

Acronyms and Abbreviations	3
Executive summary	4
1 Introduction	6
2 Evaluation scope, focus and approach	7
3. Project Facts	8
4 Findings, Lessons Learned	9
5 Conclusions and recommendations	22
5.1 Conclusions	22
5.2 Recommendations	24
6. Acknowledgements	25
7. Annexes	27

Acronyms and Abbreviations

CADC	Certificate of Ancestral Domains Claim
CBFM	Community-based Forest Management
C&I	Criteria and Indicators (for sustainable Forest Management)
DAO	Department Administrative Order
DENR	Department of Environment and Natural Resources
FAO	Food and Agricultural Association of the United Nations
FMB	Forest Management Bureau
FMU	Forest Management Unit
IEC	Information Education and Communication
IPs	Indigenous People
ITTA	International Tropical Timber Agreement
ITTO	International Tropical Timber Organization
NGOs	Non-government Organisations
PD	Project Document
PFE	Permanent Forest Estate
PPD	Pre-project Document
PSC	Project Steering Committee
PWPA	Philippine Wood Producers Association
REDD	Reducing Emissions from Deforestation and Forest degradation
SFM	Sustainable Forest Management

Executive summary

This ex-post evaluation report relates to Project PD 225/03 Rev.1 (F) Adoption and implementation of an appropriate system of criteria and indicators for the Philippines. The project had a budget of US\$ 620,076 with the ITTO providing US\$ 520,076 and the Philippines contributing US\$ 100,000 mostly in kind. The project of 30 months duration commenced in June 2004 and was completed at the end of 2006. The executing agency for the project was the Philippine Department of Environment and Natural Resources.

The main issue that project PD 225/03 Rev. 1 (F) sought to address was how to develop institutional mechanisms to determine progress towards SFM.

The project's Development Objective was to promote and enhance the sustainable management of tropical forests of the Philippines. Of the two specific objectives one was to adopt and institutionalize an appropriate system of criteria and indicators for SFM, at the national and forest management unit levels. The main output expected under this objective was the adoption and institutionalisation of an appropriate system of criteria and indicators at the national and FMU levels. The second objective was to pilot-test and adopt an audit system for C&I for SFM. The main output related to this objective was adoption and implementation of an Audit System for Criteria and Indicators.

The ex-post evaluation was based on terms of reference, which included an assessment of the role and contribution of the forest to SFM in the Philippines taking into account specific studies and research undertaken as part of the project as well as its impact and effectiveness including relative success or failure.

Audited accounts and minutes of steering committee meetings confirmed that the project has been executed efficiently and in appropriate manner and delivered most of the agreed outputs within budget.

The two specific objectives had been broadly fulfilled thus contributing to the achievement of the development objective of promoting sustainable management of forests in the country.

An area where the project has not reached expectations relates to one element of Objective 1: 'institutionalizing' the C&I through an Executive Order. As an executive order could not be obtained the project concluded with a Memorandum of Instruction.

The project has produced some useful documents including the baseline report on C&I in 2003 and the first progress report in 2005. It also has developed a GIS-compatible database system for C&I, which will allow for the easy management of data, reporting, updating, retrieval and analysis to determine progress towards SFM. In addition, it has created a computer-based C&I Audit System, which is to be linked to the C&I Database. The system also contains an auto-generated arrangement showing a yearly trajectory curve criterion for both national and FMU databases to help determine performance of FMUs towards SFM.

One of the attractions of the C&I and the audit system developed within the project is the move away from a purely government run regulatory system to one where the work of the FMU is overseen by independent auditors. This bodes well for its credibility and for linking the system with voluntary certification in the future.

However, in planning and implementing the project the involvement of communities and NGOs appears to be minimal although one of the sites where the field-testing has taken place was a community forest. They are both major players in forestry in the Philippines and should have been more closely associated with the project for its credibility and effectiveness.

A factor that has major implications for implementing C&I and SFM in the Philippines is the gradual decline in the legally recognised boundaries of the permanent forest estate (PFE). The demarcation has not been done in recent years. In the meantime, the forest area has been dwindling away by mining, illegal occupation, allocation for other uses and government acquisitions, which carved out over a quarter of a million ha each year. This has a major impact on the efficiency of FMUs and tends to undermine government's efforts to implement SFM and stem the decline in the country's forest area.

The decline in forest cover and degradation of the forest resources in the Philippines are also major obstacles to SFM. This is clearly evident from the low percentage of forest cover and environmental impacts such as landslides and flooding. The challenge is therefore to protect and sustainably manage the remaining forests and at the same time undertake reforestation and forest restoration especially to protect water catchment areas and promote timber production. Such efforts will also strengthen the role of C&I in promoting SFM.

Another issue that needs attention in promoting SFM is to address problems related to the heavy reliance of communities on fuelwood. In 2006 Philippines produced 12.8 million cu m of fuelwood compared to less than three million cu m of industrial wood. This essential need, presumably met largely from natural forests, contributes to forest degradation and eventual deforestation unless sustainable sources are created.

The project has successfully achieved its objectives of developing an appropriate C&I process and an audit system for the Philippines. By itself the achievement is useful to help the country progress SFM. But it would remain dormant, and eventually become obsolete, unless action is taken to train officials, FMU staff and other relevant parties to use it. Efforts of the Executing agency to find resources for this purpose had so far failed.

1 Introduction

1.1 Purpose of evaluation

ITTO is an intergovernmental organization established in 1986 to administer the provisions and operation of the International Tropical Timber Agreement (ITTA), particularly in the promotion of international trade in tropical timber, the sustainable management of tropical forests and the development of tropical forest industries through international cooperation, policy work and project activities.

In pursuit of its objectives the Committee on Reforestation and Forest Management, at its Forty-third Session, decided to conduct the ex-post evaluation of the following projects relating to Criteria and Indicators of Sustainable Forest Management:

1. PD 225/03 Rev.1 (F) Adoption and implementation of an appropriate system of criteria and indicators for the Philippines.
2. PD 195/03 Rev.2 (F) To establish a national monitoring information system for the effective conservation and sustainable management of Thailand's forest resources.
3. PD 389/05 Rev.2 (F) Application of the internal monitoring of SFM performance at forest management unit level (Indonesia).

The primary purpose of the evaluation is to provide a concise diagnosis of the three projects related to criteria and indicators of sustainable forest management so as to point out the successful and unsuccessful outcomes, the reasons for successes and failures, and the contribution of the projects towards ITTO's Objective 2000 and the ITTO Yokohama Action Plan, and to draw lessons that can be used to improve similar projects in the future.

1.2 Project Details

This ex post evaluation relates to Project PD 225/03 Rev.1 (F) Adoption and implementation of an appropriate system of criteria and indicators for the Philippines.

Forest cover in the Philippines is estimated at 7.2 million ha amounting to 24 percent of the total landmass. Excessive and uncontrolled timber harvesting coupled with population pressures, especially in upland areas, has taken their toll on the forest resources of the country. In less than forty years (between 1968 and 2004) country's forest area has more than halved from 16 m ha to 7 m ha¹. During the period 2000-2005 the country recorded an annual net loss of forest cover of 157,000 ha. The serious loss and degradation of forest resources had resulted in environmental deterioration such as frequent and severe water shortages. Indeed this issue was being hotly debated at the time the evaluation team visited Manila.

To address the problem the Department of Environment and Natural Resources (DENR) through various Bureaus, especially the Forest Management Bureau (FMB), had taken a range of measures to sustainably manage the forest resources. Project PD 225/03 Rev.1 (F): Adoption and Implementation of an appropriate system of criteria and indicators for the Philippines was one such

¹ National Framework Strategy on Climate Change 2010-2022
http://www.neda.gov.ph/references/Guidelines/DRR/nfsc_sgd.pdf

initiative.

The project complies with Article 1 of ITTA 1994, in particular, the following:

- (c) To contribute to the process of SFM;
- (d) To enhance the capacity of members to implement a strategy achieve Objective 2000;
- (f) To promote and support research and development to improve forest management and efficiency of wood utilisation;
- (l) To encourage the development of national policies for sustainable utilisation of forest resources.

The project is also consistent with the ITTO Libreville Action Plan, in particular goals:

- (1) Support activities to secure the tropical timber resource base;
- (2) Improve the tropical timber resource base; and
- (3) Enhance technical, financial and human capacities to manage the tropical timber resource base.

The project also related to the Yokohama Action Plan, in particular to goals 1 and 2.

2. Evaluation scope, focus and approach

The ex post evaluation is based on the terms of reference of the consultants, which included the following:

1. The overall role and contribution of the project in light of sectoral policies, development programmes, priorities and requirements to improve the criteria and indicators of sustainable forest management (SFM) in the countries concerned.
2. The current status of criteria and indicators (C&I) of SFM in the concerned countries, the effectiveness of the project's implementation and its effectiveness in promoting SFM.
3. The contributions of the specific studies in various C&I-related tools/manuals/guidelines prepared by the project as regards the monitoring of sustainable forest management in the concerned countries.
4. The results and potential impact of applied research conducted by the project (if any) and its contribution to the overall knowledge on criteria and indicators of sustainable forest management in the country.
5. The impact of project activities on the improvements of forest management monitoring.
6. The effectiveness of dissemination of project results.
7. The overall post-project situation in the concerned country.
8. The unexpected effects and impacts, either harmful or beneficial, and the reasons for their occurrences.
9. The cost efficiency in the implementation of the project, including the technical, financial and managerial aspects.
10. Follow-up actions in order to enhance uptake of project results.
11. The project's relative success or failure, including a summary of the key lessons learnt; and the identification of any issues or problems that should be taken into account in designing and implementing similar projects in the future.

A team comprising Don Wijewardana from New Zealand and Dr B.C.Y. Freezailah from Malaysia undertook the evaluation. As part of the assessment the team visited the Philippines from 19 – 24 July 2010. Based on earlier communications with the ITTO Secretariat and the Philippines Department of Environment and Natural Resources (the Implementing Agency of the project), a programme of meetings with relevant officials and agencies, which included a field visit, was developed for the visit. Details of the programme and parties met are shown in Annex II. As indicated there, meetings were held not only with government officials, but also with a number of representatives of non-government organisations and the industry.

The following reports and documents relating to the project were made available to the consultants:

- (a) Progress reports 1-4;
- (b) Baseline reports National and for FMUs
- (c) C&I Report and annexes
- (d) C&I Audit Reports – national and FMU
- (e) Project completion report
- (f) Project audit reports
- (g) Project document

3 Project facts

The project PD 225/03 Rev.1 (F) had a budget of US\$ 620,076 with the ITTO providing US\$ 520,076 and the Philippines contributing US\$ 100,000 mostly in kind. The project of 30 months duration commenced in June 2004 and was completed at the end of 2006. The Executing Agency for the project was the Philippine Department of Environment and Natural Resources.

SFM is the overarching policy thrust of the Philippine government in relation to forest development, conservation and protection. Such a strategy was aimed at stemming the continuing decline in forest resources estimated at over 100,000 ha converted to other uses every year making the country a net importer of forest products. The project was planned to implement the results of the pre-project on “Development of Criteria and Indicators for Sustainable Forest Management in the Philippines” [PPD 29/01 Rev. 1 (F)]. The main problem that PD 225/03 Rev. 1 (F) sought to address was how to develop institutional mechanisms to determine progress towards SFM.

3.1 Objectives and Outputs

The project’s Development Objective was to promote and enhance the sustainable management of tropical forests of the Philippines. Of the two specific objectives one was to adopt and institutionalize an appropriate system of criteria and indicators for SFM, at the national and forest management unit levels. The main output expected under this objective was: “appropriate system of criteria and indicators adopted and institutionalized at the national and forest management unit levels.”

The second objective was to pilot-test and adopt an audit system for criteria and indicators for SFM including institutional arrangements and future linkage with timber certification. The main output related to this objective was Audit System for Criteria and Indicators adopted and implemented.

The following is a summary of planned activities:

Output 1: Appropriate system of criteria and indicators adopted and institutionalised at the national and FMU levels

Activities:

- a. Conduct of IEC to promote application of C&I system resulting from pre-project
- b. Consultations with DENR and other concerned agencies
- c. Enunciation of policies and measures to implement at national and FMU levels
- d. Updating national baseline report
- e. Design and formulate a database and MIS for C&I and audit system

Output 2: Audit system for criteria and indicators adopted and implemented

Activities:

- a. Formulate an appropriate audit system
- b. Pilot test on 4 FMUs
- c. Review, propose and enact guidelines and mechanisms for implementation

- d. Formulate manual of operations
- e. Conduct training for forest managers/third party organisations
- f. Conduct stakeholders consultations for eventual adoption of audit and C&I systems.

As seen from the array of activities the project intended to reinforce the C&I system developed and make it highly operational.

4 Findings, lessons learned

4.1 Achievements, realized versus planned

The project has been run efficiently to deliver most of the agreed outputs within budget. There has been a minor delay in completion but it had not caused any overrun on the budget.

The first specific objective of the project was to adopt and institutionalize an appropriate system of criteria and indicators for SFM, at the national and forest management unit levels, using the results of the ITTO pre-project on the development of criteria and indicators. The second of the two specific objectives was to pilot-test and adopt an audit system for criteria and indicators for SFM including institutional arrangements and future linkage with timber certification.

The broad fulfilment of the two specific objectives has also contributed to the achievement of the project's Development Objective: to promote and enhance the sustainable management of tropical forests of the Philippines.

An area where the project has not reached expectations relates to one element of Objective 1: 'institutionalizing' the C&I through an Executive Order. As an executive order could not be obtained the project concluded with a Memorandum of Instruction. The difference between the two is the latter can be annulled at a subsequent date by a simple instruction by the Secretary of DENR. Apart from that possibility it does not seem to have caused any practical difficulties in recognizing the results of the project. Nevertheless, action is currently underway to remedy the anomaly.

On its completion the Project proposal envisaged a situation where, among other things:

- a) A dedicated unit within DENR shall be created to implement C&I reporting and auditing.
- b) The various stakeholders including private forest concessionaires, community based forest management holders, concerned NGOs, private investors, donor communities, local governments, and other national agencies are fully aware and accepts the implementation of C&I and its audit requirements through IEC, and various consultations and workshops/meetings.
- c) A national and FMU levels database for C&I and audit parameters is operational with adequate qualified staff.
- d) Government implementers, forest managers, and third party qualified NGOs/private sector professionals can undertake audit and evaluation of SFM progress at national and FMU levels through training using C&I manuals in the project.
- e) The government will update its baseline national report based on C&I format and compile and evaluate all reports prescribed for FMU.

The project has been very successful in the development of the C&I and audit systems. However, it was not evident that many of the other outcomes expected at project completion had been fully realized. For instance, at the time of the visit of the evaluation mission in July 2010 the dedicated unit at a) had not been established. The main reason for this has been a government instruction to rationalize the bureaucracy. Nonetheless, C and I was mainstreamed in the existing Division, programs and projects under FMB- DENR. The evaluation team was unable to gain any insights on the involvement of community based forest organisations or NGOs in any significant manner in the

planning and implementation of the project or in the workshops and meetings. Regarding c) a national and FMU level database had been developed but it was not operational

This situation is understandable since the project aims were only to develop the C&I and audit systems. The undertakings in the project proposal relating to the post project situation seem somewhat extravagant given that funding was not provided to train the necessary staff in the government or the sector to make it operational. Efforts to secure additional funding for training through a subsequent proposal have not been successful due to lack of donor support.

4.2 Project Sustainability

There are a number of factors that suggest the project results are sustainable. At the same time, there are many that weigh against their sustainability. The reasons that tend to promote sustainability of the project results include:

- A number of key industry stakeholders acknowledging the need and usefulness of the C&I in their management. They are industry leaders whose decisions have a major impact on the sector.
- A similar recognition by political leaders and officials of the need to ensure the sustainability of the forest resources of the Philippines and the usefulness of C&I in this regard. For instance the DENR readily Executive Order endorsed the results as a guide in its future forest management and Presidential Order 318 of 9 June 2004 expressed in no uncertain terms the endorsement of SFM.
- Recurrent landslides and shortages of drinking water, which are stark reminders of the need for protection of catchment areas, through forest conservation and SFM.
- The availability of a highly relevant set of C&I developed to meet the specific conditions of the country and the concurrent development and successful testing of an audit system.

However, there are also several factors that militate against sustainability of the outcomes of the project:

- The project fulfilled its promise by producing and adopting the C&I and the audit system. But with its limited funding the project could provide training only to 200 forestry personnel whereas there were around 25,000 who needed to be trained in the use of the C&I and the audit system in order to make them effective. This will require large scale resourcing. A follow-up project proposal to the ITTO had ended in sunset without donor interest. Some funding has been obtained from the FAO to continue the training but that has been sufficient to support only about 100 additional trainees.
- Unlike in a number of neighbouring countries that have attracted interest from donor countries to help promote the sustainable management of the forest resource, or facilitate market access, or promote climate-change related forest management activities, Philippines has not drawn any major potential fund providers.
- Persistent erosion of operational forest area by acquisitions and illegal activities, along with weak law enforcement, has left the forest industry with the perception of lack of security of tenure to promote investment in forest resource development.
- A clearly demarcated permanent forest estate (PFE) is a critical component of an effective system of C&I. But the boundaries of the Philippines permanent forest estate have not been updated recently. During that time allocation of forestland for other purposes (such as for mining and IP settlement) has tended to eat away at the forest base of concession holders and other legitimate users. A clear, up-to-date demarcation of the PFE is essential to offer assurance of the borders of forest holdings of concessionaires and other users as well as for the long-term stability of the country's forest resource. In relation to this the DENR advised that the updating of the final forest line is ongoing and hoped to be completed by mid 2011. The IP settlement in forestland is recognized by law under the Indigenous People's Right Act. In fact at

present close to 3 million hectares of lands have been communally titled to IPs and this include those even in public forestlands.

– Indigenous people (IPs) play an increasingly important role in relation to forests in the Philippines. The two major tenure modalities involving the IPs– Community Based Forest Management Program and the Integrated Forest Management Program – currently cover 2.6 million hectares or 17 per cent of the total forestland. These tenure holders are given the authority to extract timber and non-timber forest products from their land. But owing to their relatively dispersed sizes, ranging from 1-25,000 ha, the DENR found it hard to monitor their SFM performance. Additionally, some industry players who could play a role in promoting SFM practices among IPs find it difficult working with them.

– Introduction of C&I will involve amending the existing forest management plans accordingly. But it is feared that some of the current license holders may challenge such impositions as overriding existing contractual arrangements.

– A way to ensure the adoption of C&I by FMUs is to use a ‘stick and carrot’ approach. It does not seem either was present on any significant scale in the Philippines forestry sector. Not being a major export industry and with a log exports ban in place, there is no pressure from overseas buyers demanding sustainably managed or legally sourced wood. As such, although officials considered certification as one of the aims of developing the C&I there has not been any major moves towards it unlike in the neighbouring countries such as Indonesia or Malaysia. Nor are there any noteworthy incentives for forest growing or managing forests sustainably. At the same time, there are no major regulatory pressures either on managers/owners to run their forest operations in a sustainable manner. Considering that furniture ranked number one in the export of forest products in the Philippines, the government may find it advantageous to promote forest certification in the country by providing incentives to FMUs. Otherwise, furniture from the Philippines exported to international markets is unlikely to gain the same market advantage exporters with certification enjoy.

Sustainability of the results of the project will eventually depend on how effectively the factors weighing against, are addressed.

4.3 Stakeholder involvement

– Stakeholder involvement is key to the success of SFM. In the case of the project some stakeholders, in particular, the forest industry, have been closely involved in the process of training. There have also been the participation of forestry consultants and representatives of the Philippine Society of Foresters as it became evident during our discussions.

– However, there were other important groups that were not similarly involved. With 2.6 million ha already under their management indigenous people play an increasingly important role in forest management in the Philippines. If their energies were not channeled properly it could destabilize efforts to promote SFM. This was an opportunity to do so. It would have been particularly important since some wood processors the ex post evaluation team interviewed found it difficult to work with IPs while some others held the contrary view. Although the evaluation team was unable to meet with any of the IP groups the DENR confirms that IPs were indeed involved in the consultative process though not in the training.

– Another group that worked closely with indigenous people were the NGOs. Both these groups do not appear to have been meaningfully involved in the planning or implementation of the project. Ex post evaluation team’s efforts to meet with them proved unsuccessful. But the DENR confirms that an NGO was actually a member of the Steering Committee, but he was out of the country during the evaluation period. Also that the outputs of the project were presented before a huge gathering of NGOs who were unanimous in stating that DENR should have taken this action a long time ago.

4.4 The overall role and contribution of the project in light of sectoral policies, development programmes, priorities and requirements to improve the criteria and indicators of sustainable forest management (SFM) in the Philippines.

The Philippine government is fully committed to SFM as evident from the Executive Order 318 of 09 June 2004 where the President underlined the commitment to manage forests on a multiple use basis and promote efficient and globally competitive practices in both public and private domains.

Although SFM has been agreed to, as the basis of forest management, so far, there had been no such agreement among officials on the use of C&I for this purpose. The main achievement of the current project is the consensus on criteria and indicators as the vehicle for implementing SFM.

Two main developments relating to the project have contributed to the improvement of C&I for SFM in the Philippines:

- The development and adoption of a comprehensive and well tested system of C&I applicable at both national and the FMU levels along with a relevant audit system.; and
- Recognition at the industry level and by the relevant government agencies, as well as political leaders, of the need for SFM and the role C&I can play in achieving it.

The FMB has used the regular meetings with the Department's regional offices to promote the C&I tools countrywide. In view of the adoption of SFM and C&I by DENR as the basis of forest management it has made easier to promote the output of the project. Tests carried out at the FMU level have also attracted the industry to C&I as the basis of management at the FMU level.

4.5 The current status of criteria and indicators (C&I) of SFM in the Philippines, the effectiveness of the project's implementation and its effectiveness in promoting SFM.

Project PD 225/03 has fulfilled its objectives by adopting and institutionalizing C&I and pilot testing and adopting an audit system. The government, as evident from the memorandum of order, has endorsed that outcome. Action is underway to lift this decision to Departmental Administrative Order (DAO) to allow for greater applicability.

The industry also has accepted the importance of adopting C&I as evident from the discussions the consultants have had with the President of the Philippines Wood Processors Association.

These are important developments in implementing C&I for SFM at both the national and FMU levels in the Philippines.

But the acceptance of the usefulness of the tools alone is not likely to lead to its adoption as the basis of forest management at all levels. That requires meeting at least three other conditions:

- i. Promotion of these tools sector-wide as the basis for promoting SFM;
- ii. Acceptance by the wider forest industry as well as other major forest users such as the indigenous people who are dependent on the forests, of the need to manage sustainably and use C&I for that purpose; and
- iii. Training of the staff involved and the auditors in the use of these tools.

Meeting these conditions will necessitate introducing incentives or legal requirements for the industry to use C&I and where necessary, finding the resources to meet the training needs. It will also require working closely with all stakeholders including IPs.

Also, another problem that needs to be addressed in terms of administering the changes is the need to enhance DENR's capacity to undertake effective implementation of SFM countrywide using C&I. The department's capability for guiding, overseeing and effectively monitoring the implementation of

SFM, as the project completion report noted, is currently weak. The FMB needs to enhance its technical ability and expertise to fulfil this task.

The technical requirements to facilitate reporting of progress by FMUs are also not ready yet. The database, as well as the facility for FMUs to provide online inputs, has to be fully established and tested for it to provide macro level data on the application of C&I on the ground on an ongoing basis.

4.6 The contributions of the specific studies in various C&I-related tools/manuals/guidelines prepared by the project as regards the monitoring of sustainable forest management in the country.

There were a number of useful documents that have been developed as part of the project. They include:

- Baseline report and the first progress report on criteria and indicators for sustainable management of natural tropical forests at the national level, March 2003 and March 2005.
- A training template design and training materials on the application of the Philippine C&I for SFM system including its audit system and procedures.
- **The project also developed a relational GIS-compatible database system for C&I. This contains the baseline and other data gathered on national- and FMU-level criteria and indicators for easy management of data, reporting, updating, retrieval and analysis to determine progress towards SFM.**
- **It also developed a computer-based C&I Audit System to be linked to the Philippine C&I Database which has created an auto-generated system showing a yearly trajectory curve criterion for both national and FMU databases. That helps to determine performance of FMUs towards Sustainable Forest Management. A user's manual has also been prepared for use of the databases for forest auditing of FMUs.**

These systems/studies will not only assist in the implementation of C&I in the Philippines and help in monitoring progress but also form the basis of training modules for future training in applying the tools including internal and external auditing. They will also be useful to other members of the ITTO who may be contemplating similar action.

4.7 The results and potential impact of applied research conducted by the project (if any) and its contribution to the overall knowledge on criteria and indicators of sustainable forest management in the country.

As noted in 4.6 above, the project documents have been produced following extensive research. As such they have the proven potential to be used in the implementation of C&I and associated auditing activities. The project has enabled the development of the essential elements to implement the C&I at the national and FMU levels. The effective use of technology in setting up systems relating to both C&I and the audit system bodes well for their future growth and ease of application.

The most challenging obstacle faced by any country embarking on SFM is gaining political commitment. Fortunately the Philippines has overcome this as evident from the Presidential Order 318 of 9 June 2004 expressing in no uncertain terms the endorsement of SFM. That provides a sound basis for implementing the research gained through the project to implement C&I on the ground.

It needs to be noted, however, that the C&I Questionnaire Manual is a complex set of structured questions that necessitates comprehensive training of technical personnel tasked to gather data, fill up the questionnaire, and analyze the information. As it became evident during the training, even technical staff sometimes faced difficulties in: a) comprehending highly technical indicators (e.g. biodiversity, soil and water, carbon stock, socioeconomic and cultural issues); and b) finding the sources of data/information.

Additionally, the maturity of the application process for the C&I and the auditing systems in the Philippines needs more time to fully develop. In addition to the required training, as the project

completion report noted, it has to undergo an iterative learning and consolidation process. So far the C&I have been pilot-tested only in two FMUs. The next stage is to expand training to cover all those who will require the necessary knowledge to apply them at both national and FMU levels.

4.8 The impact of project activities on the improvements of forest management monitoring.

The systems developed as part of the project are now being used by some of the FMB monitoring and assessment teams and the Philippine government (as format for reporting forestry-related achievements) for reporting, monitoring and assessment.

There is also recognition by political leaders and officials of the ability of the newly developed tools to help promote SFM of Philippine forests. In fact the C&I system is now being used by the government as a common framework for reporting Philippines' accomplishments to various international organisations/covenants.

All these augur well for monitoring forest management in a comprehensive manner. But with the limited number that has been trained in the use of the tools, their application is still confined to a minor segment of the sector. Also, the message needs to spread wider to cover other stakeholders – communities and NGOs.

In relation to the criteria and indicators that FMUs are required to apply the project has deemed it essential for them to report on macro level indicators such as biodiversity, water and soil aspects, and climate change related issues. These are critically important elements of ascertaining sustainability although some FMUs may not have the capacity to compile the information. **YES!**

4.9 The effectiveness of dissemination of project results.

Formulation and implementation of the Training Design for the application of the C&I and auditing system and procedures – had been intended as the basis to build capacity of DENR, FMUs, NGOs, and other stakeholders nationwide in their use and application. That commitment has been fulfilled. Also, through regular conferencing with regional offices the results have been disseminated throughout the departmental system.

However, due to financial limitations the formal training has so far covered only a minor proportion of those that needed to be trained. Our discussions with some of those who had undergone the training suggest that the current level of understanding by FMUs as well as the other stakeholders about SFM and the C&I system application is still limited. Their present knowledge is inadequate to enable them to fully enforce and implement the systems to a standard an independent audit would demand.

It may be necessary to reinforce what had been done in previous sessions through follow up action to strengthen the message. It may also be necessary to precede future training with more informed discussion on why forest management has to move away from the traditional silviculture-based approach to sustainable management.

Target beneficiaries of the project at the time it was enunciated included people's organisations under the community-based forest management programme, private forest investors, and the civil society. It is not evident that all these groups had the opportunity to learn of the project results.

4.10 The overall post-project situation in the Philippines.

The C&I and the auditing tools under project PD 225/03 Rev 1 (F) developed in consultation with key stakeholders have been tested at the FMU and national levels. These tests have proven their relevance and robustness. Furthermore, the stakeholders and the government have endorsed them as suitable for application at all levels to implement and monitor progress of SFM.

However, three major obstacles prevent their implementation nation-wide:

- Some of the indicators are complex and technical and the responsible government agencies or the stakeholders do not have the capacity to implement them at present without intensive training.
- Training in the use of the C&I and the audit system will require a major effort in terms of funding, to adequately cover the very large number that needs the guidance.
- Need to ensure two other stakeholder groups – community organisations and NGOs, are closely involved in training and follow up.

Also there may be a need to ensure the training package is suitable for varying conditions of different FMUs. It has been pilot-tested in four FMUs. It is not clear that it is sufficient to embrace local variations. In that background, a phased approach to implement C&I may be worth considering. Also a strategy may have to be developed to attract funding including encouraging the industry through incentives and regulatory measures to promote the adoption of these tools.

Carbon absorption and other REDD related issues have a major bearing on C&I and sustainable forest management. Yet the project has not been able to consider the issue, which needs to be addressed to ensure both elements mutually support SFM.

One of the aims of the project was to develop C&I with the aim of linking up with voluntary certification. Although the forest industry showed a keen interest in the issue it does not seem the country has made much progress in certification. Perhaps it is a reflection of the state of the industry, which is not a major exporter.

Although the situation of the forestry sector in the Philippines has strong parallels with major neighboring countries there is a key difference in terms of its attraction to donor countries and organisations. For instance, countries such as Norway and NGOs like WWF are involved in funding capacity building projects in a number of others. The role of Donors is critical for the success of efforts towards SFM in the Philippines and ways need to be found to draw their interest.

4.11 Unexpected effects and impacts, either harmful or beneficial, and the reasons for their occurrences.

The project received an unexpected boost in endorsement by the forest industry when the devastating landslides triggered by the successive typhoons wrought havoc and killed thousands in 2004 - the same year the project implementation commenced. The blame for the catastrophe was laid on rampant illegal logging in Regions 3 and 4. As a consequence, all logging and cutting permits throughout the country were suspended. This blanket enforcement brought consternation and dismay to conscientious FMUs. They saw in the project a monitoring and assessment tool that could clearly and immediately determine, whether an FMU is engaged in destructive/illegal or sound/sustainable forest management practices, based on assessment of solid data, information and empirical evidence. Thus there was a growing clamour for the immediate enforcement of the C&I system by the Philippine Wood Producers Association (PWPA) which had been aired often during Project Steering Committee (PSC) meetings.

Another unexpected issue was the inability to 'institutionalize' the C&I through an Executive Order as planned for under objective 1. As an executive order could not be obtained the project had to contend with a Memorandum of Instruction. The difference between the two is the latter can be annulled at a subsequent date by a simple instruction by the Secretary of DENR. Apart from that possibility it does not seem to have caused any practical difficulties in recognizing the results of the project. Nevertheless, action is currently underway to remedy the anomaly.

4.12 The cost efficiency in the implementation of the project, including the technical, financial and managerial aspects.

The consultants perused the audited accounts and minutes of steering committee meetings. There has been no suggestion that the project has been executed in other than efficient and appropriate manner.

In terms of technical aspects the project has produced some useful documents including the baseline report on C&I in 2003 and the first progress report in 2005. These are useful examples for the benefit of other members of the ITTO.

Two other technical advances achieved through the project will contribute to continuing increase in the efficiency with which C&I could be implemented and could be a useful lesson for other member countries. They are:

- a) **A GIS-compatible database system for C&I, which carries the baseline and other data, gathered on national- and FMU-level criteria and indicators. This will allow for the easy management of data, reporting, updating, retrieval and analysis to determine progress towards SFM. And**
- b) **The computer-based C&I Audit System, which is to be linked to the C&I Database. It has created an auto-generated system showing a yearly trajectory curve criterion for both national and FMU databases. That helps to determine performance of FMUs towards SFM. A user's manual has also been prepared for use of the databases for forest auditing of FMUs.**

According to the project document a total of 17 consultations/workshops were planned for the project. It would be desirable if the more important consultations were documented and reported as Technical Reports of the Project.

It is also noted that four experts were appointed to serve the project for varying periods of 8.5 – 14 months in C & I and SFM, policy and Technical Development, GIS and Data Base Management and IEC and Community Development. A concluding report by each of the consultants in the form of a Technical Project Report would have facilitated follow-up action in a structured way and help develop in-house expertise in the long term.

4.13 Follow-up actions in order to enhance uptake of project results.

- a. Now that the C&I system is in place and institutionalized, the essential next step is to implement it countrywide. For this it is necessary to train officials, concession managers and other relevant stakeholders, estimated to be around 25,000, to implement the C&I and the independent audit system at the ground level to deliver SFM.
- b. To ease the burden of reporting on FMUs (including CBFM and CADC) it would be desirable to use C&I and audit systems as part of the preparation of annual operation plans, medium-term plans and other management plans. Some form of incentives could also be attached to encourage good performance.
- c. The pressure on forests continues with mining and human settlement, among others, continually claiming large areas. This has added uncertainty to those entities responsible for managing the forest sustainably. An important ingredient to the successful implementation of SFM is a clear definition of the Permanent Forest Estate or areas legally constituted for purposes of timber production, biodiversity conservation and environmental protection including water catchment areas. A secure and clearly defined PFE is a pre-requisite to the implementation of SFM. Delineation of protected areas is clearly provided for in the National Integrated Protected Area System Law of 1992.

- d. The role of forests in mitigating impacts of climate change is becoming increasingly recognised worldwide. The Philippines 'National Framework Strategy on Climate Change 2010-2022' enunciated by the President has clear objectives relating to SFM. It aims "to reduce emissions from deforestation and forest degradation through the sustainable management of forests and protection of carbon stocks in watersheds, forests and other terrestrial ecosystems". Implementation of initiatives towards REDD has helped some other countries in a situation similar to that of the Philippines to attract large funding (for example funding by Norway for Brazil and Indonesia). It will be mutually beneficial for DENR to work with the Climate Change Commission to promote the implementation of C&I.
- e. SFM is built on three pillars: economic, social and environmental. All three are equally important for its success. One element that needs emphasis in the training is the inclusion of IPs who now account for a significant share of forestland.
- f. Another important need is for a better understanding of the extent and nature of the dependence of indigenous communities on forest resources, in particular non-timber forest products. An activity focusing on such issues could have provided vital information for C&I and planning purposes.
- g. The application of C&I for SFM could also benefit from attracting the interest of western donors who could negotiate preferential market access opportunities. A number of other neighbouring countries are in the process of negotiating such deals. The need to manage its forest resources sustainably is critically important for the Philippines as for her other neighbouring countries.
- h. The Philippines also lags behind other major Asian neighbours in promoting voluntary timber certification. This may be because it is not a major exporter. But there is widespread recognition within the industry and forestry officials of the need for certification. One of the aims of the project was to link C&I performance with certification. The link is yet to be made.
- i. the Philippines wishes to enter the lucrative export markets for logs, lumber and processed products to allow the forestry sector to realise its full potential, certification will be useful. As evident from the experience of other similar countries a precursor to SFM certification is verification of legality of the product. It would be cost effective to incorporate a module on legality to training on C&I for SFM.
- j. here seems to be some legal issues relating to imposing the application of C&I to concessions and other license holders whose agreements do not come up for renewal for quite some time. Whether the matter is resolved through a legal process or not, effort needs to be made to convince them that adopting C&I is to mutual advantage.
- k. The Philippines is relying increasingly on forest plantations to meet the growing demand for wood. However, its current rate of planting is insufficient to offset the decline in the area of natural forest. Appropriate incentives to boost new planting will be useful to promote SFM of the sector.
- l. The role of the NGOs will be increasingly important to establish credible SFM system using C&I. Although some project documents referred to their involvement, their presence was not clearly visible during the visit by the consultants. The future participation of NGOs needs to be actively promoted.
- m. With the community and the NGOs playing an increasingly important role in SFM the Forest Management Bureau may find it useful to establish an Extension Service in the regions. Such a service could play a critical role in promoting sustainable management using C&I and in other support activities.
- n. The existence of a large number of tenurial systems has led to some complications in enforcement of forest related requirements e.g. two categories dealing with grazing. It is worth considering simplifying these into a smaller number of manageable categories to facilitate the

implementation of C&I.

- o. Logging is now increasingly taking place in land with higher elevations, which could have an adverse impact on water catchments and soil protection. Sustainable management of forests can play a vital role in protecting catchment areas. Protection of soil and water is an important element of C&I for SFM.

4.14 The project's relative success or failure, including a summary of the key lessons learnt; and the identification of any issues or problems that should be taken into account in designing and implementing similar projects in the future.

There has been a growing recognition within the government of the urgent need for a common approach to sustainable forest management to stem the continuing deforestation and forest degradation. At the same time the forest industry was looking for opportunities to expand their industry including seeking a way out of the blanket logging ban imposed consequent to widespread landslides in a number of regions. The NGOs were similarly searching for a way to promote the sustainable management of forests. All these groups were keen to implement SFM. But there was no agreed common approach. The gap was filled by the newly developed C&I and the audit system, and all parties have welcomed the development as a means to implement and track the progress of SFM at all levels.

The testing of the C&I and the audit system at the ground level had confirmed that the ITTO C&I were highly relevant for adoption in the Philippines with suitable adjustments at the FMU level to take account of specific circumstances.

Although widely accepted, the C&I Questionnaire Manual was a complex set of questions that required trained technical persons, both at the government and industry levels, to gather data and analyse the information. Specific areas included: a) comprehending indicators such as biological diversity, soil and water, carbon stock, socioeconomic and cultural issues); and b) finding data/information.

The existing institutional capacity within government – the DENR-FMB – was deficient in the technical requirements and expertise to implement the system nation-wide. Nor did the FMUs or other stakeholders have the capacity without intensive training. Yet the Project could only support the development and adoption of the tools. At the time of the ex post evaluation the DENR was continuing to search for ways to implement the system countrywide.

The project has been a success. It has enabled the development of two key essentials of implementing SFM – Criteria and indicators and an independent audit system that apply at both the national and FMU levels. These have been widely endorsed by the industry and the government.

The key lessons learnt include:

- Using an effective consultative process is essential in developing systems that affect a wide cross section of stakeholders as proven by this project;
- The development of the tools has to be followed up with promotion of the need for their adoption, and providing the necessary training to implement them nation-wide.
- The development of the project could also have benefited if it had been preceded by a conceptualization so that factors bearing on the issue could have been fully captured. This includes, in particular, the impact of population pressures from an estimated three million indigenous people living in and around forest areas. They depend on forest resources for their livelihood to varying degrees, which often lead to illegal logging, poaching, encroachment, cultivation and other illegal activities.

- In developing similar projects in the future it would be useful to obtain an assurance of funding for follow up action without which the results of the project could remain dormant and end up as a wasted effort.

5 Conclusions and recommendations

5.1 Conclusions

The main conclusions that flow from the ex post evaluation of project PD 225/03 Rev.1 (F) are:

- i. The project has successfully embraced modern technology to assist with reporting on C&I, such as by linking with GIS data, setting up a database with DENR with the facility for FMUs to input data directly on progress made in implementing C&I. It has developed a computer-based C&I Audit System, which is to be linked to the C&I Database including an auto-generated system to determine performance of FMUs towards SFM. All these bode well for the efficiency of future such projects. However, these had not been made fully operational at the time of project conclusion.
- ii. The value of the project is evident in that the Philippines has already produced a baseline report on C&I as well as the first progress report. This should provide an incentive for the country to continue the process as well as for countries working towards applying C&I.
- iii. In planning and implementing the project the involvement of communities and NGOs appears to be minimal although one of the sites where the field-testing has taken place was a community forest. They are both major players in forestry and should have been more closely associated with the project for its credibility and effectiveness.
- iv. A factor that has major implications for implementing C&I and SFM is the gradual decline in the legally recognised boundaries of the permanent forest estate (PFE). The demarcation has not been done in recent years while the forest area has been whittled away by mining, illegal occupation, allocation for other uses and government acquisitions, which take away over a quarter of a million ha each year. This has a major impact on the efficiency of FMUs and tends to undermine government's efforts to stem the decline in the country's forest area.
- v. The role of forests in climate change mitigation has assumed growing importance worldwide. The Philippines 'National Framework Strategy on Climate Change 2010-2022' enunciated by the President recognises this significance. It has a major impact on SFM. Yet the current C&I do not accommodate the capture of detailed aspects relating to emerging climate related issues such as REDD.
- vi. The project has deemed it essential for FMUs to report on macro level indicators such as biodiversity, water and soil aspects, and climate change related issues. The move is very useful since these are critically important elements of ascertaining sustainability although some FMUs may not have the capacity to compile the information. The decision contrasts with the position of some other member countries.
- vii. An aim of the project was to develop C&I to link up with voluntary certification. Although the forest industry showed a keen interest in the issue it does not seem the country has made much progress in certification. Perhaps it is a reflection of the state of the industry, which is not a major exporter.
- viii. One of the attractions of the C&I and the audit system developed within the project is the move away from a purely government run regulatory system to one where the work of the FMU is overseen by independent auditors. This bodes well for linking the system with voluntary certification in the future.
- ix. Although the situation of the forestry sector in the Philippines has strong parallels with major neighbouring countries there is a major difference in its attraction to donor countries and organisations. For instance, countries such as Norway and NGOs like WWF are involved in funding capacity building projects in Indonesia and a number of others. The role of donors is critical for the success of efforts towards SFM in the Philippines.
- x. This was a project that has successfully achieved its objectives of developing an appropriate C&I system and an audit system for the Philippines. By itself the achievements are useful but they would remain dormant and eventually become obsolete unless action is taken to train

officials, FMU staff and other relevant parties to use them. Efforts of the Executing agency to find resources had so far failed.

- xi. The ability of the forest industry to benefit from applying the new tools would be the capability to venture into export markets. The European Union is currently in negotiation with a number of other countries such access. But the current log export ban will remain an obstacle for log exporters to benefit from greater market access.
- xii. Not being a major exporter illegal logging does not seem to feature currently in the Philippines market. However, if current SFM initiatives lead to opportunities for exporting the issue of legal verification is likely to arise. It would therefore be useful to incorporate legality into the training on C&I, as Indonesia has found useful.
- xiii. The decline in forest cover and degradation of the forest resources in the Philippines are its most serious problems. This is clearly evident from the low percentage of forest cover and environmental impacts such as landslides, severity of draughts and flooding. The challenge is therefore to protect and sustainably manage the remaining forests and at the same time undertake reforestation and forest restoration especially of water catchment area and for timber production. Such efforts will strengthen the role of C&I in promoting SFM.
- xiv. Another issue that needs attention in promoting SFM is the reliance of communities on fuelwood. On the basis of data for 2006 Philippines produces over 12 million cu m of fuelwood compared to less than 3 million cu m of industrial wood. This demand, which presumably is mainly met from natural forests, contributes to forest degradation and eventual deforestation.

5.2 Recommendations

5.2.1 Recommendations to ITTO

- a) At its conclusion the project has deemed it essential for FMUs to report on macro level indicators such as biodiversity, water and soil aspects, and climate change related issues. This view contrasts with the position of some other countries as being too complicated and impractical. On the other hand, its exclusion renders C&I ineffective in promoting SFM. This is an issue that needs to be addressed by ITTO for the benefit of all members.
- b) The role of forests in carbon absorption and other REDD related issues has a major bearing on C&I and sustainable forest management. Yet the project has not addressed the issue and ITTO C&I may need to consider evolving a common approach for members.

5.2.2 Recommendations to ITTO/Expert Panel

- c) This was a project that has successfully achieved its objectives of developing an appropriate C&I system and an audit system for the Philippines. By itself the achievements are useful but they would remain unused and eventually become obsolete unless action is taken to train officials, FMU staff and other relevant parties to use them. Efforts of the Executing Agency to find resources had so far failed. To avert the possibility of such a situation arising it is good to seek an assurance of continued funding before a project of this nature is approved as well as

5.2.3 Recommendations to Executing Agency/ Government

- d) In planning and implementing the project the involvement of communities and NGOs appears to be minimal. They are both major players in forestry and should be more closely associated with project of this nature for its credibility and effectiveness. Every effort should be made to ensure such involvement.
- e) A factor that has major implications for implementing C&I and SFM is the gradual decline in the legally recognised boundaries of the permanent forest estate (PFE). The demarcation has not been done in recent years while the forest area has been whittled away by mining, illegal occupation, allocation for other uses and government acquisitions. This has a major impact on the efficiency of FMUs and tends to undo government's efforts to stem the decline in the country's forest area. Urgent action by government is necessary to correct the situation.

- f) With the focus on SFM brought about by the new C&I package the forest industry is poised to gain greater efficiency to benefit from market opportunities. But the industry remains diffident compared with other major competitors without a major effort towards voluntary certification, assurance of legality of timber harvested etc. In confronting the issues the industry is likely responds positively to market incentives. One possible obstacle in this regard is the log export ban. Government may find it useful to review the embargo with a view to promoting a stronger industry.
- g) Although the situation of the forestry sector in the Philippines has strong parallels with major neighbouring countries there is a major difference in that its attraction to donor countries and organisations appears to be meagre. The responsibility is with the government to promote the country's situation with the donor community to underpin efforts towards SFM.
- h) The decline in forest cover and degradation of the forest resources in the Philippines are serious problems. This is clearly evident from the low percentage of forest cover and environmental impacts such as landslides, severity of draughts and flooding. The challenge is therefore to protect and sustainably manage the remaining forests and at the same time undertake reforestation and forest restoration especially of water catchment area and for timber production. Such efforts will strengthen the role of C&I in promoting SFM.
- i) An issue that needs attention in promoting SFM is the reliance of communities on fuelwood. In 2006 Philippines produced over 12 million cu m of fuelwood compared to less than three million cu m of industrial wood. This demand, which presumably is mainly met from natural forests, contributed to forest degradation and eventual deforestation. Options to address the problem, such as creating plantations, needs to be considered as part of promoting SFM.
- j) Given the diversity of parties utilising the forest, one effective way to move them towards sustainable practices is to establish a strong Extension Unit attached to FMB dealing with community relations, social forestry, conflict resolution on land disputes etc

6. Acknowledgements

Exp-post evaluation consultants Don Wijewardana and Dr B.C.Y. Freezailah, wish to thank Mr Marlo Mendoza, OIC Director, Forest Management Bureau, Mr Nonito Tamayo, Project Coordinator, Lisette Monteno and several other members of the staff of the Forest Management Bureau , Mr Ricardo Umali of *Sustainable Ecosystems*, Mr Aristeo Puyat of *Surigao Development Corporation*, Mr Jose Yap of *Jaka Investments Corporation* and many other officials and participants at meetings who assisted them in many different ways during their visit to the Philippines. The consultants are indebted to them for the information provided with frankness and openness. They also wish to thank FMB for providing the necessary logistical support and making arrangements for all the meetings and the field visit during the visit.

The team also wishes to express its gratitude to the Executive Director of ITTO Mr Emmanuel Ze Meka, and staff - Dr Ma, Mr Mansur and Ms Yang, for the opportunity to undertake the consultancy and the support extended.

7. Annexes

Table 1: Country data

		PHILIPPINES
Area (1,000 ha)		29,817
Population (1,000)		86,263
Per Capita GDP (USD) :		3,153
Estimated total forest area (m ha)		5.4-7.2
PFE (1,000 ha)		
	Natural closed forest	5,288
	Natural	4,700
	Planted Production	274
	Protection :	1,540
	Area/1,000 People :	83
	Annual change rate (%) :	-2.1
Production (1,000 m ³)		
	Woodfuel :	12,821
	Industrial roundwood :	2,927
Import (1,000 m ³)		
	Industrial roundwood :	138
	Sawntimber :	264
Export (1,000 m ³)		
	Industrial roundwood :	7
	Sawntimber :	184
Employment in forestry sector (1,000)		49
% contribution to		0.5



Sources: FAO (2009) State of the World's
Forests 2009

ITTO (2006) Status of Tropical Forest
Management 2005

22 July 2010	0900 1310	One-to-one meetings with staff who participated in the training. Review progress. Leave for Manila	Butuan City, Mindanao
23 July 2010	1000 1900	Exit meeting on preliminary conclusions of consultants. Chaired by Nonito Tamayo, Project coordinator. Attended by 15 participants (project team members, officials, forest industry, consultants including Ricardo Umali, Asian Development Bank, and Society of Foresters. Dinner hosted by Marlo Mendoza, Director Forest Management Bureau, DENR	DENR Conference Room, Manila. Restaurant
24 July 2010	All day 1100	- Compiling data and collating information collected during the week. - Follow up with Project Coordinator on missing information. - Dr Freezailah leaves Manila.	Hotel
25 July 2010	1400	Wijewardana leaves Manila.	