INTERNATIONAL TROPICAL TIMBER ORGANIZATION

ITTO

PROJECT DOCUMENT

TITLE	ADOPTION AND IMPLEMENTATION OF AN APPROPRIATE SYSTEM OF CRITERIA AND INDICATORS FOR THE PHILIPPINES
SERIAL NUMBER	PD 225/03 Rev.1 (F)
COMMITTEE	REFORESTATION AND FOREST MANAGEMENT
SUBMITTED BY	GOVERNMENT OF THE PHILIPPINES
ORIGINAL LANGUAGE	ENGLISH

SUMMARY

In order to secure the long-term stability of the Philippine forest resources, the Government of the Philippines re-assessed its prerogatives and shifted to Sustainable Forest Management (SFM) as its main policy thrust. It has since become the principal program of the Department of Environment and Natural Resources (DENR) and is the principal framework of all its activities involving the development, conservation and protection of forest resources. SFM must be periodically reported and evaluated through a system of C and I based on applicable initiatives of ITTO for tropical timber producing countries.

The proposal is a major output of the pre-project on "Development of criteria and indicators for sustainable forest management in the Philippines" [PPD 29 /01 Rev. 1 (F)] which was recently completed. The manuals, questionnaires, and action plan proposed in the pre-project have to be adopted formally and implemented by the government. This will provide effective forest management tools for the reporting of progress on SFM at national and FMU levels, determination of indicators and other factors hampering SFM, and identification and formulation of remedial measures to achieve goals and targets on SFM and Objective 2000. It will also generate necessary mechanisms for verifying and evaluating the proposed C and I system through appropriate audit procedures.

The project is expected to strengthen national capability for SFM in general and to determine projects and interventions to guide the country towards SFM. Policy and institutional reforms as critical components can assure enabling conditions for the application of C and I system. It will also pilot test and demonstrate the proper application of auditing systems useful to the country to carry out its mandates on SFM. This can further lead to national competence for internal and future external certification of forest product sources and processing employed.

EXECUTING AGENCY	DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES (DENR)
COOPERATING GOVERNMENTS	---
DURATION	30 MONTHS
APPROXIMATE STARTING DATE	TO BE DETERMINED

BUDGET AND PROPOSED SOURCES OF FINANCE	Source	Contribution in US$	Local Currency Equivalent
	ITTO	**520,076**	
	DENR (in kind equivalent)	100,000	
	TOTAL	**620,076**	

Adoption and Implementation of an Appropriate System of Criteria and Indicators for the Philippines

PART I: CONTEXT

1. Origin

This proposal originates from the results and recommendations of the pre-project on " Development of criteria and indicators for sustainable forest management in the Philippines" [PPD 29 /01 Rev. 1 (F)} which was recently completed. The manuals, questionnaires, and action plan proposed in the pre-project have to be adopted formally and implemented by the government. This will provide effective forest management tools for the reporting of progress on SFM at national and FMU levels, determination of indicators and other factors hampering SFM, and identification and formulation of remedial measures to achieve goals and targets on SFM and Objective 2000. It will also generate necessary mechanisms for verifying and evaluating the proposed C and I system through appropriate audit procedures.

The project is expected to strengthen national capability for SFM in general and to determine projects and interventions to guide the country towards SFM. Policy and institutional reforms as critical components can assure enabling conditions for the application of C and I and an audit system. This can further lead to national competence for internal and future external certification of forest product sources and processing employed.

It will build upon learning and experiences gained in the ITTO supported training / workshops on application of ITTO's criteria and indicators for SFM of natural tropical forests conducted in the Philippines last September 16-20, 2002 for FMU forest managers and government officials; and the auditing system for SFM held last February 24-28, 2003 for English speaking timber producer countries. Both of these institutional capability building initiatives conducted in the model SFM forest of SUDECOR in Surigao del Sur, Mindanao, aptly demonstrated the approaches and methodologies for the use of C and I as SFM tools at FMU level and the integrated approach to verify and evaluate the proposed C and I.

The project also supports previous and ongoing work within the Department of Environment and Natural Resources (DENR), Philippines, for the development of criteria and indicators (C&I) for sustainable forest management (SFM) in the country. Through the Natural Resources Management Program of DENR, a system of monitoring forest quality and other environmental quality parameters (e.g., quality of water bodies, flora and fauna composition) at the level of the forest management unit has been developed and is currently being tested in selected community-based forest management projects. This system – called the *Environmental Performance Monitoring* (EPM) system - is configured for community-based forest management units.

Initial efforts were also undertaken to review and evaluate the C&I template developed by the Center for International Forestry Research (CIFOR). The *Manual for the Application of Criteria and Indicators for Sustainable Management of Tropical Forests (National Indicators and Forest Management Unit Indicators)* developed by ITTO is currently being evaluated, with the objective of developing the appropriate C&I and auditing system for the Philippines. This is consistent with the commitment of the Philippines to ITTO's Year 2000 Objective. These efforts will be complemented by the adoption and institutionalization of the proposed C and I system for the country.

2. Sectoral Policies

Sustainable forest management (SFM) is the overarching policy thrust of the Philippine government in all aspects of forest development, conservation, and protection. SFM is envisioned to reverse the current critical state of forestry in the Philippines characterized by (i) continuing decline of forest resources, particularly the conversion of forests estimated at 100,000 hectares per annum; (ii) slow pace of reforestation and plantation development; (iii) decline in sustainable wood supply making the country a net importer while domestic demand continues to

increase due to population growth; (iv) being one of the countries in the Asia-Pacific region with lowest per capita forest cover; and, (v) very minimal contribution of the forestry sector to GNP (about 1%).

The attainment of SFM is the principal mandate of the Department of Environment and Natural Resources (DENR), the primary government executive agency responsible for the management of the country's environment and natural resources.

The policy shift to SFM is largely attributed to the implementation of key measures embodied in the 1987 Philippine Constitution, the Philippine Strategy for Sustainable Development and Philippine Agenda 21(1992, 1996), the Master Plan for Forestry Development (1990), and the adoption of community-based forest management as the main strategy for SFM (1995). These key measures were supported by various policy and institutional reforms embodied in the major forestry programs and projects supported by multi-lateral and bilateral funding institutions.

The following key legislation and policy directives support the SFM objective:

- The **National Integrated Protected Areas System Law (RA 7161)**, commonly known as the NIPAS Law, legislated in 1992, which mandated government to delineate and manage the national protected areas system, and the zoning of these protected areas into use-zones that enhance the biophysical and environmental attributes of these areas. Most of these areas are part of the state-owned forestlands.

- The **Local Government Code of 1991 (RA 7160)**, which made local government units as direct partners and implementors of certain forest management functions such as : (i) the implementation of certain community-based forestry projects like the Integrated Social Forestry (ISF), new reforestation projects, completed family and contract reforestation projects, and completed foreign-funded community-based forestry projects; (ii) management of communal forests up to 5,000 hectares in area; (iii) management, protection, rehabilitation and maintenance of small watershed areas which are sources of local water supplies; (iv) enforcement of forest laws in community-based forestry projects, small watersheds, and communal forests.

- The **Indigenous Peoples Rights Act (RA 8371)** of 1997, which seeks to recognize, promote, and protect the rights of indigenous peoples to their ancestral domains/lands, the right to self-governance and empowerment, the right to social justice and human rights, and the right to their cultural integrity. It also provides for the development of a titling system (Certificate of Ancestral Domains Title) for ancestral domains and lands. Most of these ancestral domains cover forestlands and resources.

- The development of the Philippine Strategy for Sustainable Development (PSSD, 1992) and the **Philippine Agenda 21**, which was officially adopted in 1996. Philippine Agenda 21 provides for a mix of strategies integrating sustainable development parameters in the country's overall development strategy.

- The adoption, in 1995, through Presidential Executive Order 263, of the **Community-Based Forest Management (CBFM) Strategy** as the principal strategy for the attainment of sustainable forest management objectives in the country. The CBFM policy redefined the forest management framework to one that covers a wide mix of concerns: forest resources management and rehabilitation, natural resources conservation, devolution and decentralization, natural resources assets reforms, tenure and access rights, and rural development. The CBFM strategy is incorporated in various inter-sectoral concerns and programs such as the Social Reform Agenda (1995), which metamorphosed into the present

National Anti-Poverty Alleviation Program, in the management of coastal, and nearshore marine resources, and in the agrarian reform program.[1]

The SFM agenda is further supported through the accession of the Philippines to various international agreements and covenants directly or indirectly related to forests, such as:

1. International Tropical Timber Agreement (1983, 1994)
2. Rio de Janeiro Declaration on Environment and Development (1992)
3. Global Agenda 21 (1992)
4. Non-legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests (1992)
5. Convention for the Protection of the World Cultural and Natural Heritage (1972)
6. Convention on the International Trade in Endangered Species of Wild Fauna and Flora (1979)
7. Convention on the Conservation of Migratory Species of Wild Animals (1979)
8. Convention on Biological Diversity (1992)
9. ASEAN Agreement on the Conservation of Nature and Natural Resources (1985)

3. Programs and Operational Activities

This Project reinforces the framework for the country's development outlined on the Philippine Strategy for Sustainable Development, which is the promotion of economic growth without putting into jeopardy the country's biological resources and its biodiversity, vital ecosystem functions and the overall environmental quality. It also supports the goals of the 25-year Master Plan for Forestry Development which is to attain in the long run the following conditions:

- Equitable access for all Filipinos to opportunities to develop and manage the forest and partake benefits derived from it;
- Scientific management, conservation and utilization of the forest resources by a mix of managers from the private sector and the local communities in partnership with the government;
- In appropriate ways and on a sustainable basis, satisfaction of the needs of people for forest-based commodities, services and amenities.

Operationally, this project will complement the various forest management programs and projects that are all on going:

- Natural Resources Management Program (with technical assistance from USAID)
- Developing Tropical Forest Resources through Community-Based Forest Management (financed by ITTO).
- Forestry Sector Program (FSP) (financed by the Japan Bank for International Cooperation and the Asian Development Bank)
- Community Forestry Program in Quirino (CFP-Q) (financed by the Germany)
- Watershed Resources Development Project (WRDP) (financed by World Bank)
- Industrial Forest Management Program (development of industrial forest plantations by the private sector)
- Community-Based Forest Management Program

[1] The Comprehensive Agrarian reform Program originally considered ISF as the upland component of agrarian reform. This has since been expanded such that CBFM is now the upland component of agrarian reform, with ISF being one of the several modes under CBFM.

PART II: THE PROJECT

1. PROJECT OBJECTIVES

1.1 Development Objective

Promote and enhance the sustainable management of tropical forest of the Philippines through the adoption and implementation of an appropriate system of criteria and indicators including auditing and monitoring.

1.2 Specific Objectives

1.2.1 To adopt and institutionalize 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.

1.2.2 To pilot test and adopt an audit system for criteria and indicators for SFM including institutional arrangements and future linkage with timber certification.

2. JUSTIFICATION

2.1 Problems to be addressed

The problems that this proposal seeks to address are summarized in Figure 1 (Problem Tree Analysis) and elucidated in more detail below.

The ITTO-assisted pre-project on the development of C and I for SFM I the Philippines formulated an appropriate system for the Philippines based on ITTO manuals, guidelines, and questionnaires at both national and FMU levels. These criteria and indicators had been tested in the field thru visits and interviews and subjected to stakeholders' consultation. Manuals, questionnaires, and an action plan have been formulated for implementation.

The proposed C and I system resulting from the project has to be implemented to provide tools for tracking the progress of the country towards SFM both at national and FMU levels. It will also determine required interventions and remedial measures to address identified indicators and factors hampering SFM in the country. There is urgent need to review and propose amendments to existing relevant forestry policies, rules, and regulations to enable the workability of the designed system for C and I. There may be constraints on harvest regulations, the management of secondary forests, biodiversity and conservation policies, and the current traditional timber evaluation being conducted by FMB – DENR.

Adoption and implementation of the system will entail the enactment of appropriate policies and administrative measures to provide enabling conditions for SFM and evaluation of constraining indicators. Institutional assessment for executing agencies and forest managers of FMUs should also be undertaken to determine the adequacy of qualified and trained personnel for C and I implementation. The government through DENR should set up a permanent dedicated unit with adequate qualified technical staff to implement a C and I audit system. Likewise, institutions given the privilege to exploit forest resources must be capable to handle matters pertaining to C and I implementation to improve sustainable management.

The implementation framework of the action plan is more comprehensive in scope than mere adoption of the C and I. The system will be meaningless if not applied along with auditing of the proposed C and I to be used by various FMUs including CBFM areas as a tool for SFM reporting, control, verification, and monitoring. As a tool for reporting and evaluating compliance to rules and regulations, we need to determine possible merging or integration of C and I audit with the preparation of IAOP, medium - term plans and other management plans by various FMUs including CBFM and CADC agreements. This will make the system more doable and cost-

effective by blending the traditional approach with SFM requirements based on C and I. This will also prevent the creation of another layer of control and monitoring system which entail added costs for FMUs.

The present system of timber evaluation for forest license holders is mainly silvicultural in nature and does not dwell on critical indicators on biodiversity, soil and water, and socio-economic aspects. A more comprehensive C and I system can address the need for determining benefits and impacts of timber harvesting and other forest activities and the identification of integrated approaches to forest planning and operations.

The country has to formulate the necessary policies and guidelines for implementing the Philippine audit system for C and I with focus on internal audits for SFM. The main policy should include what should be audited (C and I) who should be audited, the system to be used, the frequency the agencies auditing or certifying, and the means to verify the results of assessments. Recommendations should be made on adopting a national SFM certification scheme that can link to future internationally accepted initiatives on timber certification. This is consistent with the Phased-approach on certification adopted by ITTO.

Another problem is the Identification and assessment of institutions and organizations capable of implementing internal and external audits using the C and I system for the Philippines. The government and FMUs should designate appropriate units for the purpose of SFM audit for their own management and control. Third party private institutions, NGOs, and the academe should also be evaluated as potential external auditors for future certification.

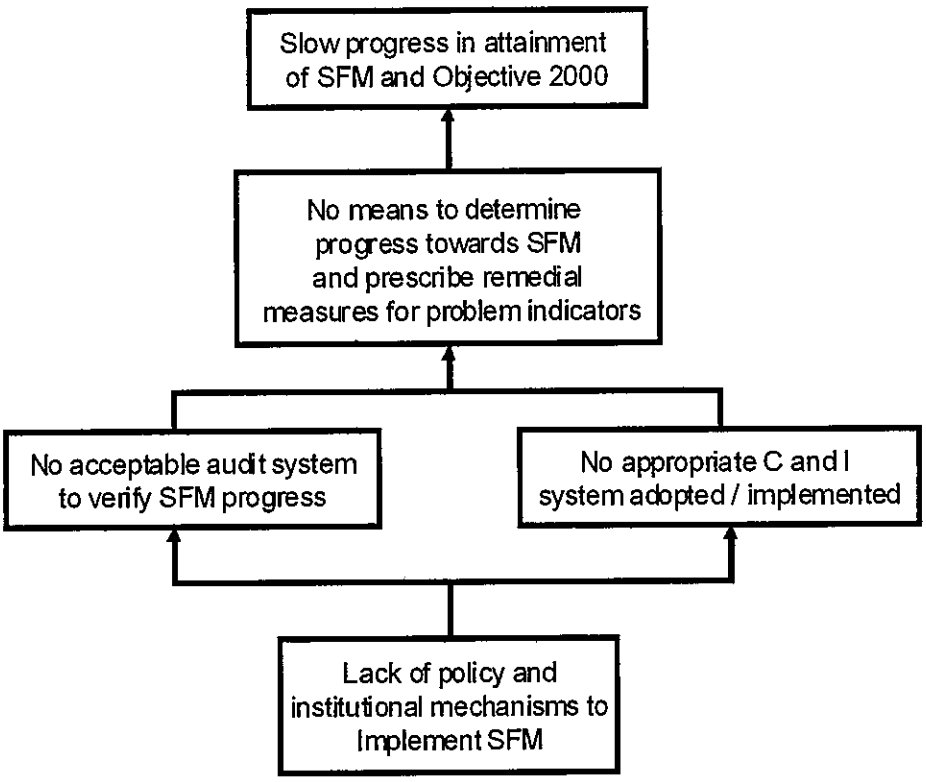
The audit system for C and I must be tested in selected pilot FMUs and their forest managers trained on the actual use. The C and I audit system as a new integrated tool for SFM must be applied on various FMUs like TLAs. IFMAs, and CBFM areas to test the variability of use and data required and means of verification. Norms and standards for various indicators need to be formulated as basis for auditing and future certification.

The project has to address the participatory nature of C and I adoption and implementation. Concerned agencies and all stakeholders must be involved in all phases from formulation to final approval and implementation for application of C and I and appropriate audit system. Social acceptability and effective implementation can be achieved with proper consultations and meetings and rapid assessment of stakeholders' needs and aspirations.

Adopting and implementing a suitable C and I system for the country and its audit mechanisms will promote and enhance SFM and contribute to its global commitment to Objective 2000. These novel SFM tools can provide the country with timely interventions to resolve critical problem areas as identified in various indicators and verifiers. They also supply acceptable means for reporting and monitoring progress towards SFM. To a great extent they also generate the needed policy and institutional mechanisms to achieve SFM.

The current scenario where C and I system is not adopted and implemented will further contribute to the main problem of slow attainment of SFM and Objective 2000.

Figure 1. Problem Tree

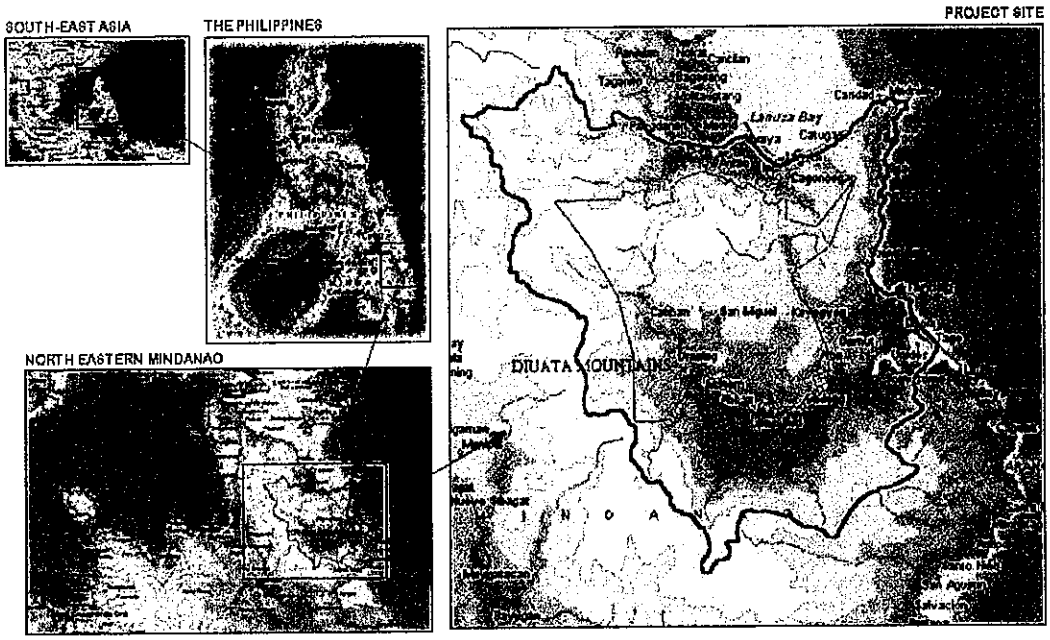


To pilot test and demonstrate the application of an appropriate audit system for the adopted C and I for SFM in the project, 2 FMUs are selected representing forest operations in a TLA (timber license agreement) and a community-based forest management agreement. These 2 types of forest agreements represent the main timber producers in the country and can provide comparative evaluation of the indicators and verifiers for auditing managed by the private investment sector and the upland communities and will yield slightly different sets applicable to their agreements. This choice was made by government officials and stakeholders consulted in the pre-project. The exact FMUs were proposed based on their current efforts towards SFM, the compliance to forest regulations, good forest cover, the economy of size, and availability of data for auditing C and I.

TIMBER LICENSE AGREEMENT PILOT AREA

For the TLA pilot area the timber concession of SUDECOR (Surigao Development Corporation) is proposed. The FMU is one of the very few remaining TLA areas where timber production and biodiversity conservation has been sustained within the last 40 years. The FMU is currently covered by a TLA granted to Surigao Development Corporation (SUDECOR) and encompasses a total aggregate area of 75,745 hectares. In 2011, the TLA will expire. The site map is shown in Figure 2.

Figure 2. SUDECOR Site Map



How this area will be administered upon expiry is yet to be clarified although the Sustainable Forest Management Plan prepared under PD 35/96 Rev. 2 (F) which now also servers as a model for other TLA areas on the country, has sought to address the management scenario beyond 2011. It contains intact forest cover that served as the site of ITTO PD 35/96 Rev. 2 (F). Portions of the project site are populated by Indigenous Peoples (IPs) as well as by other communities. It is an area of various sustainable forest management studies including those implemented under ITTO PD 35/96 Rev. 2 (F) and offers many opportunities for all types of forest users and institutional collaboration. Due to these opportunities and the lessons learned and recommendations in the completed project, a new project is under consideration by ITTO on " Collaborative Forest Management In a Timber-based "mountain-to-coast" Sustainable Development Unit, Surigao del Sur, Philippines

This FMU is also the field site for the completed ITTO funded training / workshops on application of ITTO's criteria and indicators for SFM of natural tropical forests conducted in the Philippines last September 16-20, 2002 for FMU forest managers and government officials; and the auditing system for SFM held last February 24-28, 2003 for English speaking timber producer countries. Both of these institutional capability building initiatives conducted in the model SFM forest of SUDECOR in Surigao del Sur, Mindanao, aptly demonstrated the approaches and methodologies for the use of C and I as SFM tools at FMU level and the integrated approach to verify and evaluate the proposed C and I.

The natural vegetative cover of the TLA area consists mainly of dipterocarp forests.

From sea level to 400 meters elevation, the climax is predominantly lowland and lower hill dipterocarp forests of the mixed lauan type. Dominant species are mayapis (*Shorea squamata* [Turcz.] Dyer), red lauan (*S. negrosensis* Foxw.), tanguile (*S. polysperma* [Blanco] Merr.), almon (*S. almon* Foxw.), white lauan (*Pentacme contorta* [Vid.] Merr. & Rolfe), and bagtikan (*Parashorea plicata* Brandis), all dipterocarps. The most prominent non-dipterocarp species is toog (*Combretodendron quadrialatum* [Merr.] Merr.).

From 400 m to approximately 800 m, the climax is upper hill dipterocarp forests. Although the dominant dipterocarps are the same as those observed at lower elevations, there usually is an increase of tanguile and almon, and a slight decrease of white lauan. The non-dipterocarps show increasingly more Fagaceae (*Lithocarpus spp.*), Lauraceae (*Litsea spp.*), Elaeocarpaceae (*Elaeocarpus spp.*), and Myrtaceae (*Syzyqium spp.*).

From 800 meters (sometimes 700 meters) to approximately 1,000 meters, the climax are montane dipterocarp forests, where tanguile tends to be the dominant dipterocarp, and where most trees are rather short-boled and poorly shaped. Above 1,000 meters, the climax are mossy forests. These are dominated by short to medium height Podocarpaceae, Myrtaceae, and Fagaceae. Typical is the abundance of epiphytes which cover trunks and branches of most trees.

An edaphic climax has evolved in the headwater area of Buyaan river, where prominently red-colored soils have developed on ultrabasic rocks. The short, even-canopy vegetation is dominated by heavy hardwood species belonging to the families Myrtaceae (*Syzyqium spp.*), Guttiferae (*Callophyllum spp.*), Ebenaceae (*Diospyrus spp.*) and Fagaceae (*Lithocarpus spp.*).

COMMUNITY – BASED FOREST MANAGEMENT AGREEMENT PILOT AREA

As a workable example of a community-based forest management agreement holder, the CBFM OF NGAN-PANANSALAN-PAGSABANGAN FOREST RESOURCES DEVELOPMENT (NPPFRDC) is selected. This CBFM for 25 years is covered by 14,800 hectares and granted in December 1997 to a People's Cooperative.

The NPPFRDC area is located in the municipalities of Compostela and New Bataan in the province of Compostela Valley, in the island of Mindanao. The area is presently made up mostly of natural forests: 75% are second growth forest, 5% are old growth and mossy forests, 7% plantations, 10% agro-forestry and 3% open grasslands. Found in this forest are common dipterocarp species such as lauan (Shorea spp), bagtikan and apitong (Dipterocarpus spp.). The old growth and mossy forests are found in Mt. Alimuyong, where the maximum elevation is 1,300 meters above sea level. The site map is depicted in Figure 3.

The area used to be a part of a 26,000-hectare timber concession. For 25 years (1969-1994), the area was under the management of the Valderrama Lumber Manufactures, Inc. When the Valderrama Timber License Agreement expired in 1994, the area was placed under the Community Based Forest Management Program (CBFMP) of the Department of Environment & Natural Resources (DENR). The Community Based Forest Management Agreement (CBFMA) between the DENR and NPPFRDC gives the latter tenurial rights over 14,800 hectares of forestlands for 25 years.

The whole area was previously forested. The lands have been subjected to many uses, which started during the period of the concession: timber harvesting, land clearing for settlement and farming, plantations and gold mining. It is estimated that only about 40% of the second growth forests (4,500 ha) have remained adequately stocked. Tree species introduced in the plantations are mainly exotic (i.e., gmelina, falcate, acacia mangium although these species have adapted well and are now being planted in many areas in the country. Small-scale mining for gold remains today although production in the mines is significantly lower.

The settlement areas have increased through time. Upland settlers consist mainly of former workers in the logging concessions, those working in the mines and some indigenous groups. The influx of population to the uplands have resulted in the conversion of forests into agricultural areas, which are planted to staple crops such as corn and to perennial crops such as coffee and fruit trees. Those engaged in mining tend to cut trees and use the timber to support underground tunnels.

The total area of forestlands of NPFRDC is approximately 14,800 hectares. The distribution of the area according to use is as follows:

- Old Growth & Mossy Forest : 755 ha
- Residual Forest (adequately & inadequately): 11,113 ha

• Grasslands/Brushlands/Open Areas	:	912 ha
• Cultivated and Settled Areas	:	1,485 ha
• Waterways	:	345 ha
• Roadways	:	190 ha
TOTAL AREA		***14, 800 ha***

The area sprawls over the mountainous area of Compostela Valley Province. The topography of the site ranges from moderately rolling to rough, particularly in the mossy forest. Most of the rolling areas are located at the southern and western part of the project site. The topography gradually changes from rolling to rough toward the interior part of the area with steep slopes along the riparian zones. The elevation within the area ranges from 600 to 1,300 meters above sea level.

The overall plan is for the cooperative to annually harvest from about 300 hectares of adequately stocked natural forests and from 100 hectares of existing plantations for a period of five years. The NPPFRDC will then process these into lumber. Proceeds from harvesting and processing will then be used to finance its forest management and enterprise development activities, including the establishment of tree plantations and agroforestry areas. It is envisioned that on the 15th year, the cooperative will be more dependent on the established plantations and agroforestry areas rather than on natural forests. The community will have more livelihood options. The natural forests can then be left to generate.

The NPPFRDC started its harvesting operations in August 1997 when it was granted an interim resource use permit by the DENR. In 1998, it was again granted an AAC of 2,000 cu m.

2.2 Intended Situation after Project Completion

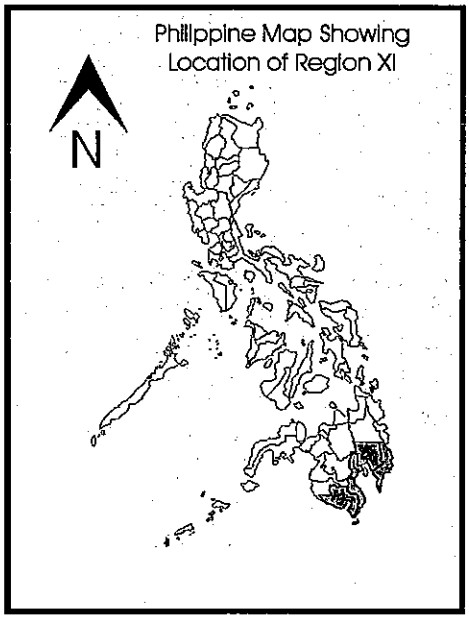
When the project is completed, the following are expected to be in place:

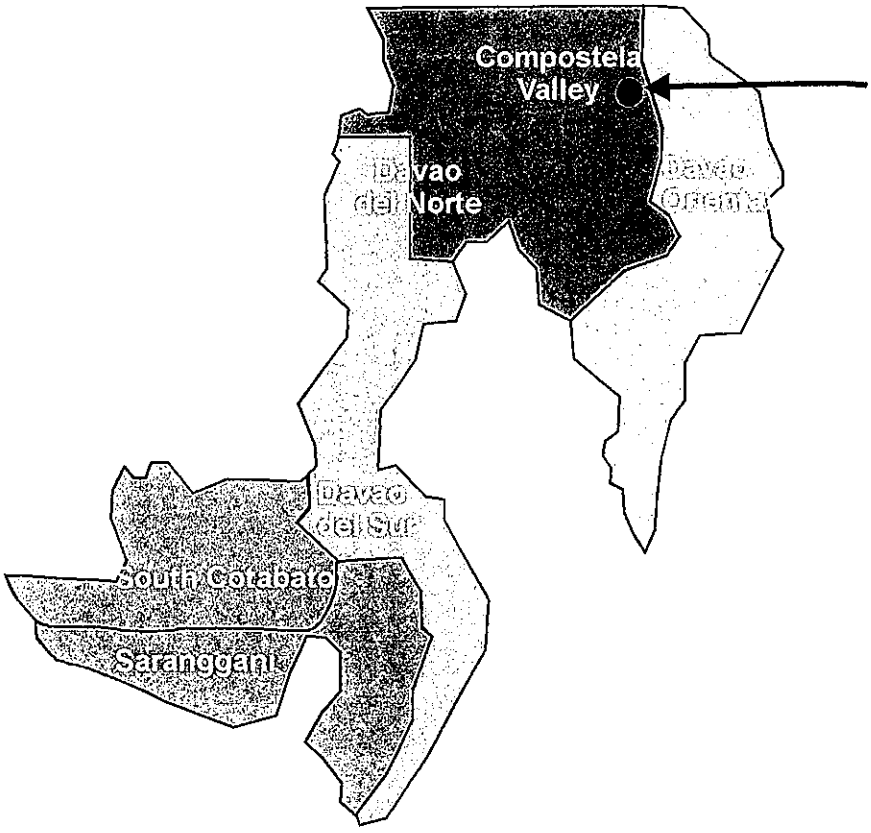
- The proposed C and I system based on ITTO manual and questionnaires has been adopted with issuances of administrative orders and implementing regulations by DENR and compliance by concerned agencies and forest managers.
- Likewise an appropriate audit system for C and I for SFM will be in place based on pilot testing of 2 pilot areas and the amendments and formulation of enabling policies and institutional arrangements. A dedicated unit within DENR shall be created to implement C and I reporting and auditing.
- 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 the C and I and its audit requirements through IEC, and various consultations and workshops / meetings.
- A national and FMU levels data base for C and I and audit parameters is operational with adequate qualified staff.
- 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 and I manuals formulated in the project.
- The government will update its baseline national report based on C and I format and compile and evaluate all reports prescribed for FMUs.

2.3 Project Strategy

The project is intended to implement the results and action plan developed in the pre-project funded by ITTO. The main strategy is the adoption by DENR of the proposed C and I system including an appropriate audit mechanism. This will be achieved through the enactment of implementing measures acceptable to all stakeholders concerned. Enabling policies for C and I audit system will be formulated and an appropriate regular unit at DENR will be created for

FIGURE 3. LOCATION MAP OF NPPFRDC CBFMA AREA



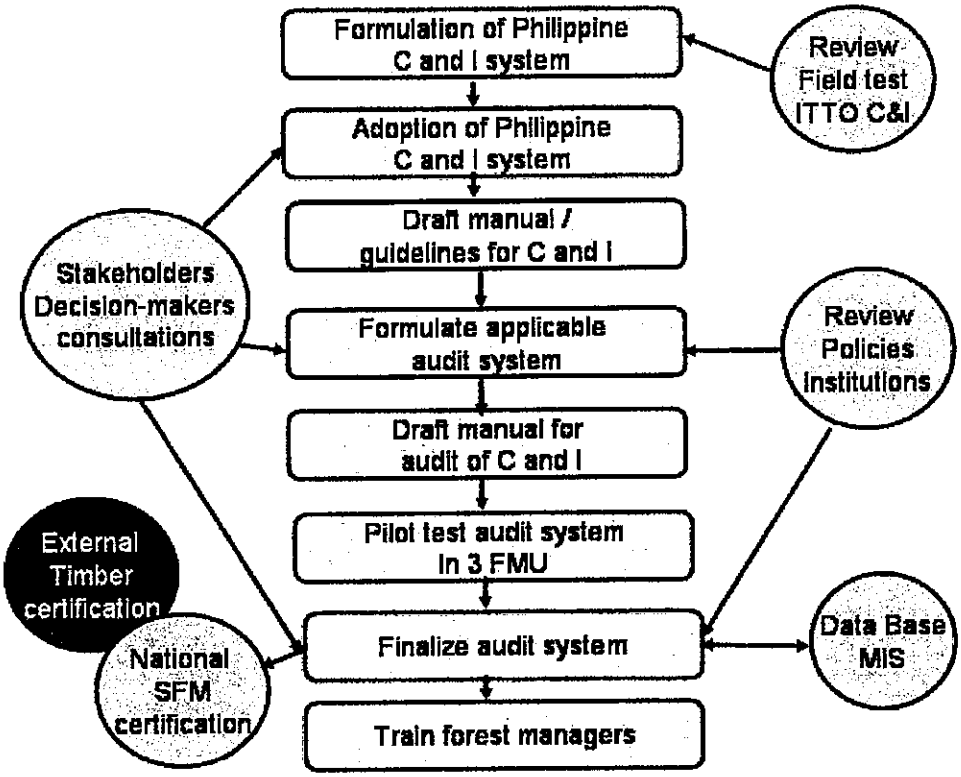


Ngan Pagsabangan Panansalan Forest Resources Development Cooperative (NPPFRDC)

Area: 14,800 ha

implementation of the C and I system. The implementation framework of the action plan developed in the Pre-project is shown in Figure 4 below.

Figure 4. Action Plan Implementation Framework



Acceptability of the proposed C and I system and the need for regular audit shall be achieved principally by direct stakeholders participation in various consultations, workshops / meetings to be conducted by the project. This will be complemented by IEC activities in the project to level-off understanding on C and I and the need for auditing. Application and utility of the C and I audit system shall be demonstrated by testing in 2 pilot FMUs representing the main forest concessions / integrated forest management agreements and community-based forest agreement holders.

Capability building for C and I implementation will be done through training of concerned government implementers, FMU forest managers, and third party qualified NGOs / private sector professionals especially for audit requirements and procedures. The project will formulate the necessary manuals for operations and prescribe guidelines for use.
Future monitoring, evaluation, and determination of progress towards SFM shall be done at both national and FMU levels using C and I parameters and verifiers to be installed in the projected GIS based data base.

2.4 Target Beneficiaries

Once completed, the project will benefit the national economy and the forestry sector. In particular, the following will be benefited by the results of the project:

1. The government, which will use the criteria and indicators and audit system to monitor the progress of its different programs/projects towards sustainable forest management,
2. Peoples organizations under the community-based forest management program to improve the management of the forest lands and resources under their stewardship;
3. Private forestry investors to improve their efficiencies, resource base, and market access;
4. Civil society, to gain increased understanding of the dynamics of tropical forest management, and to be able to contribute to the attainment of SFM in the country;
5. Multi-lateral and bilateral development assistance institutions, which would then be in a better position to assess the impacts of official development assistance in the country;
6. The international market for tropical forest products, which would have a better perception on the sustainability of the Philippine forests as source of marketed timber and forest products.

2.5 Technical and Scientific Aspects

To measure progress toward sustainable forest management, the DENR formulated a proposed criteria and indicators for SFM. Initially, the Environmental Performance Monitoring (EPM) System was developed under the Natural Resources Management Program (NRMP). Apart from the EPM, the Model Forest Project assisted by FAO and Japan has also designed a model forest level measurement of indicators. However, similar to EPM, the tool is specifically designed for a particular forest management unit managed by organized forest-dependent communities.

To assess the current state of SFM in the Philippine, it is necessary to have a full understanding of the various components of SFM and their impacts on forest resources and ecosystems. These requires a system of criteria and measurable indicators to evaluate the changes and conditions and management systems at national and forest management unit levels like timber concessions, industrial forest management areas, and community based forest management areas. In this context, the DENR through the FMB implemented the Pre-project with funding from the ITTO.

The Pre-Project is intended to address the need for a system for tracking the progress towards the achievement of SFM in the Philippines. It also seeks to harmonize and/or consolidate previous and ongoing efforts within the Department of Environment and Natural Resources which oftentimes are too focused or configured mainly for a particular forest management unit. Efforts under the Pre-Project will also lead to the determination of the level or degrees upon which various stakeholders have gone in the development of their areas. It would also lead into the assessment of the state-of-knowledge vis-à-vis SFM requirements and the present capabilities of the Philippine forest managers.

It will also lead to a common understanding of how to achieve sustainable forest management in the country by highlighting indicators that constrain or veer away from SFM. Remedial measures by means of key management interventions can be applied to put back on track the country's efforts towards SFM.

The pre-project was implemented with the basic philosophy of applying C and I as management tools for reporting progress towards SFM and enhancing capability of FMUs in managing their forest resources on a sustainable basis.

The process of formulating the Philippine C and I was carried out in a highly transparent and consultative manner. It involved consultations at specific forest management areas, and national level workshops.

Based on the comments and suggestions of the participants in the Tandag workshop, a draft of the Philippine C and I was prepared which was field tested in selected forest management units such as CBFM, TLA, CADC and IFMA in Regions 2, 11 and 13. Filling-up of the national C and I was likewise undertaken. The field testing revealed that it was possible to reduce the number of criteria from seven (7) to five (5) by combining soil and water and biodiversity conservation under the criterion on forest ecosystem health and condition.

As a result of the field testing, a revision of the draft Philippine C and I was prepared. This was presented in a national consultation to different stakeholders consisting of forest managers, DENR personnel, Peoples Organizations, NGOs, academe and other government agencies. A

further revision of the draft Philippine C and I resulted from this national consultation leading to the preparation of the C and I manual and reporting questionnaire both at the national and forest management unit levels. An action program was also formulated to institutionalize the Philippine C and I for SFM.

The draft system for C and I for the country's SFM incorporated the experts' evaluation and the comments of various stakeholders (DENR – FMB, other relevant agencies, communities including IPs, timber producers, NGOs, local governments, and military). Such draft was further subjected to national consultations / workshops and high – level meetings with DENR decision – makers. Once these consultative processes had been completed, a project framework and action program was developed for the institutionalization of the appropriate C and I system.

As a pre-project, it was expected that a full-blown proposal be submitted to the ITTO after completion based on the findings and recommendations embodied in a completion report. The new project proposal concentrated on the required implementation and institutional / policy strengthening to assure effective application. It is also necessary to demonstrate possible applications at other forest management units aside from SUDECOR. Lessons learned and recommendations / conclusions for both development and specific objectives have to be formulated as basis for the full-blown implementation proposal.

A major objective in the project aside from adoption of the C and I system is the formulation and implementation of an appropriate audit system for the country using the proposed C and I for SFM resulting from the pre-project. The implementation framework of the action plan is more comprehensive in scope than mere adoption of the C and I. The system will be meaningless if not applied along with auditing of the proposed C and I to be used by various FMUs including CBFM areas as a tool for SFM reporting, control, verification, and monitoring.

The country has to formulate the necessary policies and guidelines for implementing the Philippine audit system for C and I with focus on internal audits for SFM. The main policy should include what should be audited (C and I) who should be audited, the system to be used, the frequency the agencies auditing or certifying, and the means to verify the results of assessments. Recommendations should be made on adopting a national SFM certification scheme that can link to future internationally accepted initiatives on timber certification. This is consistent with the Phased-approach on certification adopted by ITTO.

The envisioned audit system for the country will be based on the ITTO draft manual / guidelines developed by Nsenkyiere and Simula (2000) and formulated on a framework as shown in Figure 5 below. This manual was tested in the first training / workshop on auditing for SFM for English speaking tropical producer countries conducted in the Philippines last February 24-28, 2003. The project will concentrate on internal auditing of C and I system for SFM and national certification, which can link in the future for market – driven external certification.

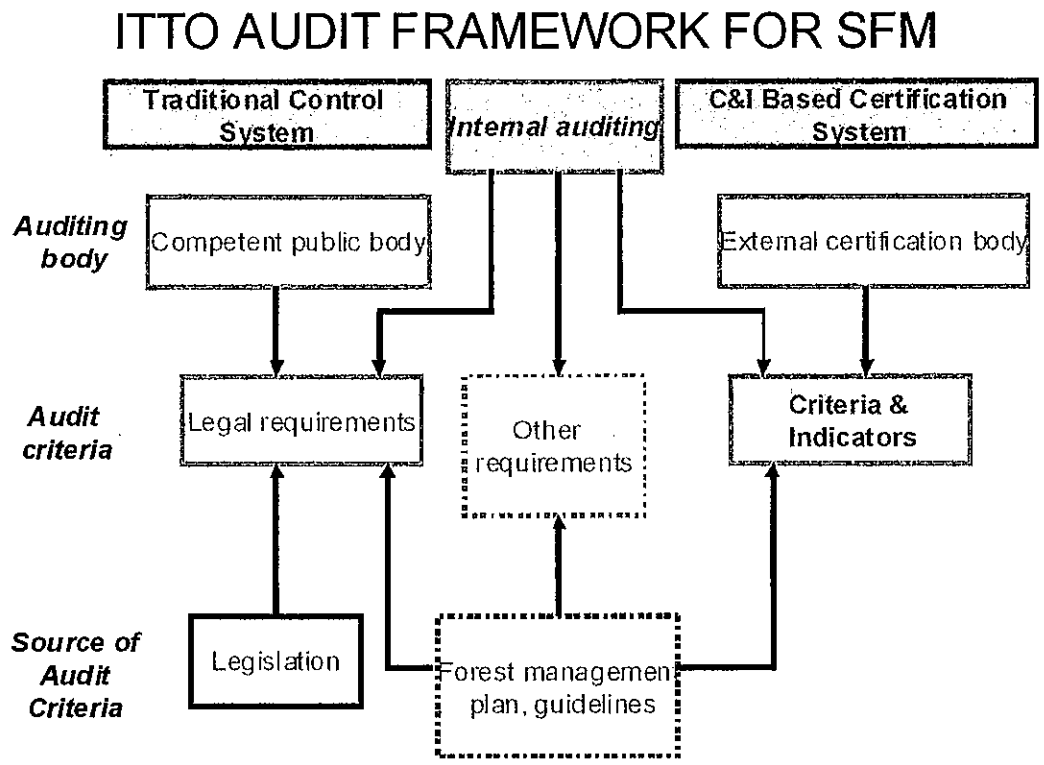


Figure 5. ITTO Audit Framework

2.6 Economic Aspects

The project is expected to generate economic and financial gains through improvements in the sustainable management of forest resources especially at FMU levels. Mitigating measures can be designed for indicators audited to be constraining or hampering efforts in SFM. Benefits from minimized environmental impacts and the costs for mitigation can be determined to provide overall guidance in cost-benefit analysis. Valuation and accounting of forest externalities can support the economic assessment for the project upon completion. This will complement the work currently being done in incorporating environmental and natural resources accounts in the country's economic accounts. It will also provide the necessary tools that will incorporate natural resource accounting and economic valuation into the decision-making processes at various levels of governance.

For the private forestry sector and the rural communities managing the forest resources on the ground, the Philippine C&I will provide the means by which they can gauge their effectiveness as forest managers. It will also give them confidence and cost-benefit analysis to engage in longer-term planning for their investments and their resource base.

The additional costs for C and I reporting and audit for FMUs can be off-set by general gains achieved towards SFM and specifically by sustainable methods of forest harvests and operations thus leading to better market access at national and international levels.

2.7 Environmental Aspects

The project will have positive environmental impacts as the C and I system including auditing have more comprehensive indicators for biodiversity; soil and water, and other environmental

parameters than current regulations on environmental impact assessment system and regular timber utilization evaluation.

Results of audit for C and I will guide the government and the forest managers of FMUs on what mitigating measures can be done for indicators and factors affecting slow or negative aspects of SFM including environmental impacts.

2.8 Social Aspects

Social acceptability of any development project is a contentious issue for the country. The project is expected to promote and enhance general acceptance and public support for C and I as tools for achieving SFM. It will provide a common framework for all stakeholders and government implementers and forest managers on how to direct forest operations and interventions at socially acceptable level. Project implementation will provide a direct venue for public participation in all aspects of harnessing C and I as effective tools for SFM.

The implementation of the C and I and audit systems will provide valuable data on the benefits of SFM to various socio-economic groups including indigenous people and forest dependent communities. It will also provide government and the FMU managers sufficient guidance on how to allocate equitably benefits from utilization of forest resources. Indicators on subsistence forest operations by communities and livelihood opportunities can be enhanced with proper government and private sector interventions.

2.9 Risks

The adoption and implementation of a national set of criteria and indicators, include its audit requirements, for the Philippines will have substantially positive technical and economic consequences. Putting in place the Philippine C&I for SFM will greatly enhance the management of the forest resources of the country. It will provide the tools needed to track the progress of achieving SFM. It will be invaluable in providing the necessary feedback mechanism for assessing the effectiveness of forest policy, of determining the efficiency of usage of public and private resources in forest management, and indicating the effectiveness of management interventions at the national and local management levels.

The main risk is the assumption that all stakeholders will understand, cooperate, and accept the implementation of the proposed C and I system including auditing. This risk will be addressed by employing a direct participatory process for all stakeholders concerned in SFM through project activities on IEC, consultations, and meetings / workshops.

Another risk pointed out in the pre-project was the reluctance of some FMU managers to readily accept the C and I system as it might mean additional layer of bureaucratic regulations and costs for forest operations. This can be resolved by demonstrating in the pilot areas activities that gains in SFM can far outweigh any added costs that may accrue to FMUs. Further, the review and formulation of enabling policies and guidelines by government will include the possible consolidation of other regulations on environmental impact assessment, timber utilization evaluation, and submission of operational and other plans and measures at present. The C and I system can provide a common comprehensive framework for reporting and assessment of SFM progress in the country.

3. OUTPUTS

Output 1. Appropriate system of criteria and indicators adopted and institutionalized at the national and forest management unit levels

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

4. ACTIVITIES

Output 1. Appropriate system of criteria and indicators adopted and institutionalized at the national and forest management unit levels

4.1 Activities for Output 1

a. Conduct of IEC to promote the application of proposed C and I system resulting from the pre-project
b. Consultations and high-level meetings / workshops with DENR, other concerned agencies, and various stakeholders for formal adoption of the C and I system
c. Enactment of policies and institutional measures for implementation at the national and FMU levels
d. Updating of the country's national baseline report based on C and I format, and dissemination and synthesis of various FMU C and I reports
e. Design and formulate a data base and MIS for C and I at both national and FMU levels for audit, monitoring, and other SFM purposes in the future.

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

4.2 Activities for Output 2

a. Formulate an appropriate audit system for the Philippine C and I system including verifiers and means of verification (data required and qualitative / quantitative assessments) for each indicator
b. Pilot test the Philippine audit system of C and I for SFM on 2 FMUs representing TLA and CBFM areas to determine modifications needed to fit certain conditions and nature of forest agreements.
c. Review, propose, and enact policy guidelines and institutional mechanisms for implementing the audit system
d. Formulate manual of operations for auditing the Philippine C and system based on results of pilot tests and review of policies and institutions enabling its implementation.
e. Conduct training of forest managers / third party organizations at various FMUs for the use and application of the Philippine audit system for C and I.
f. Conduct stakeholders and high-level government consultations and meetings for comments and eventual adoption of the audit C and I system.

5. Logical Framework Matrix

The Logical framework matrix is detailed in Table 1, pages 17-22.

6. Work Plan

The work plan is depicted in Table 2, pages 23.

7. Budget

Complete budget details are shown in the following:

Table 1. Logical Framework Matrix

Title: Adoption and Implementation of an Appropriate System of Criteria and Indicators for the Philippines

Project Elements	Indicators	Means of Verification	Important Assumptions
Development Objective Promote and enhance the sustainable management of tropical forest of the Philippines through the adoption and implementation of an appropriate system of criteria and indicators including auditing and monitoring	Progress on SFM attainment [and constraining indicators determined] *in the Philippines.* *Constraining Indicators regarding SFM attainment in the Philippines identified.* Stakeholders' involvement enhanced	National and FMU levels C and I reports; audit verification Stakeholders' participation in all phases of project planning and implementation	Compliance of FMUs and concerned agencies in reporting progress on SFM Awareness of stakeholders on C and I
Specific Objectives 1. To adopt and institutionalize 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	Adoption of C and I system proposed by pre-project	Enactment of policies and administrative measures for implementation *Appropriate C & I system or the Philippines*	Policy and institutional capability to implement in place
2. To pilot test and adopt an audit system for criteria and indicators for SFM including institutional arrangements and future linkage with timber certification	Audit system workable Appropriate audit system adopted *Institutional arrangements adopted and linkages in place*	Synthesis of pilot testing results Approved administrative policies and implementing orders *Appropriate institutional arrangements/mechanisms.*	Cooperation of identified FMUs and other organizations There is government commitment to implement

Output 1 Appropriate system of criteria and indicators adopted and institutionalized at the national and forest management unit levels	C and I implemented and institutionalized	Implementing policies and guidelines Creation of implementing units within DENR and at FMUs	Government willing to undertake policy and institutional reforms
	Acceptability by stakeholders	Consultations and meetings conducted	Stakeholders active in participation
	C and I data base and MIS in place	Operational data base / MIS	Hardware / software and personnel existing
Activity 1.1 Conduct of IEC to promote the application of proposed C and I system resulting from the pre-project			
Activity 1.2 Consultations and high-level meetings / workshops with DENR, other concerned agencies, and various stakeholders for formal adoption of the C and I system			
Activity 1.3 Enactment of policies and institutional measures for implementation at the national and FMU levels			

Activity 1.4 Updating of the country's national baseline report based on C and I format, and dissemination and synthesis of various FMU C and I reports Activity 1.5 Design and formulate a data base and MIS for C and I at both national and FMU levels for audit, monitoring, and other SFM purposes in the future			
Output 2 Audit system for criteria and indicators adopted and implemented	Appropriate audit system formulated Acceptance of audit system for implementation Audit system becomes part of forest management operations Capability for auditing established	Results of pilot testing and policy review Results of stakeholders consultations and high-level meetings Implementing orders and guidelines Audit units created for internal use and external third party auditors accredited Training conducted for government personnel and third party organizations	Presence of qualified organizations and technical personnel for pilot testing and training Stakeholders' aware and active There are no legal or administrative constraints on policy and institutional measures

Activity 2.1 Formulate an appropriate audit system for the Philippine C and I system including verifiers and means of verification (data required and qualitative / quantitative assessments) for each indicator Activity 2.2 Pilot test the Philippine audit system of C and I for SFM on 2 FMUs representing TLA and CBFM areas to determine modifications needed to fit certain conditions and nature of forest agreements. Activity 2.3 Review, propose, and enact policy guidelines and institutional mechanisms for implementing the audit system Activity 2.4 Formulate manual of operations for auditing the Philippine C & I system based on results of pilot tests and review of policies and institutions enabling its implementation.		Manual for auditing	

Activity 2.5 Conduct training of forest managers/other organizations at various FMUs for the use and application of the Philippine audit system for C and I Activity 2.6 Conduct stakeholders and high-level government consultations and meetings for comments and eventual adoption of the audit C and I system			

Table 2. WORKPLAN

Output/ Activity	M O N T H S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
Output 1 *Appropriate system of criteria and indicators adopted and institutionalized at the national and forest management unit levels*	
Activity 1.1 Conduct of IEC to promote the application of proposed C and I system resulting from the pre-project	
Activity 1.2 Consultations and high-level meetings/workshops with DENR, other concerned agencies, and various stakeholders for formal adoption of the C and I system	
Activity 1.3 Enactment of policies and institutional measures for implementation at the national and FMU levels and other stakeholders	
Activity 1.4 Updating of the country's national baseline report based on C and I format and dissemination and synthesis of various FMU C and I reports	
Activity 1.5 Design and formulate data base and MIS for C and I at both national and FMU level for audit, monitoring and other SFM purposes in the future	1
Output 2 *Audit system for criteria and indicators adopted and implemented*	
Activity 2.1 Formulate an appropriate audit system for the Philippine C and I system including verifiers and means of verification (data required and qualitative / quantitative assessments) for each indicator	
Activity 2.2 Pilot test the Philippine audit system of C and I for SFM on 2 FMUs representing TLA and CBFM areas to determine modifications needed to fit certain conditions and nature of forest agreements	
Activity 2.3 Review, propose and enact policy guidelines and institutional mechanisms for implementing the audit system	
Activity 2.4 Formulate manual of operations for auditing the Philippine C and I system based on results of pilot tests and review of policies and institutions enabling its implementation	
Activity 2.5 Conduct training for forest managers / other organizations at various FMUs for the use and application of the Philippine audit system for C and I	
Activity 2.6 Conduct stakeholders and high-level government consultations and meetings for comments and eventual adoption of the audit C and I system	2
Preparation of completion and other reports	
Activity ■ Output ▼	

Table 3. Project Budget by Activities and Inputs

OUTPUTS/ACTIVITIES	INPUTS	Budget Source	Unit	No.	Unit Cost (US $)	Quarter Year	Budget Compo-nent	Total Cost (US $)
Output 1. Appropriate system of criteria and indicators adopted and institutionalized at the national and forest management unit levels								
Activity 1.1 Conduct of IEC to promote the application of proposed C and I system resulting from the pre-project	SFM and C & I Specialist	ITTO	MM	1	7,000	Q1, Y1	16	7,000
	Policy and Institutional Development Specialist	ITTO	MM	1	2,300	Q1, Y1	11	2,300
	IEC & Community Dev't. Specialist	ITTO	MM	1	2,300	Q1, Y1	11	2,300
	Database /GIS Specialist	ITTO	MM	1	2,300	Q1, Y1	11	2,300
	IEC Staff	ITTO	MM	4	1,000	Q1, Y1	11	4,000
	Project Management Team	DENR-FMB	MM	4	2,000	Q1, Y1	13	8,000
	Technical Assistant	ITTO	MM	4	900	Q1, Y	13	3,600
	Administrative Personnel	ITTO	MM	4	450	Q1, Y	13	1,800
	Daily Subsistence Allowance	ITTO	man-days	150	40	Q1, Y1	31	6,000
	Local traveling expenses	ITTO			3,000	Q1, Y1	33	3,000
	Field Service Vehicle	ITTO	vehicle	1	22,000	Q1, Y1	43	22,000
	Desktop Computers	ITTO	set	3	1,000	Q1, Y1	44	3,000
	Notebook Computers	ITTO	set	2	2,000	Q1, Y1	44	4,000
	Supplies and materials	ITTO			1,000	Q1, Y1	50	1,000
	Spares	ITTO				Q1,Y1	50	300
	Fuels and utilities	ITTO				Q1,Y1	50	750
	Available Thematic Maps of FMUs	DENR-FMB	maps	20	100	Q1, Y1	61	2,000
Activity 1.2 Consultations and high-level meetings / workshops with DENR, other concerned agencies, and various stakeholders for formal adoption of the C and I system	SFM and C & I Specialist	ITTO	MM	0.5	7,000	Q1-Q3, Y1	16	3,500
	Policy and Institutional Development Specialist	ITTO	MM	1	2,300	Q1-Q3, Y1	11	2,300
	IEC & Community Dev't. Specialist	ITTO	MM	1	2,300	Q1-Q3, Y1	11	2,300
	Database /GIS Specialist	ITTO	MM	1	2,300	Q1-Q3, Y1	11	2,300
	Project Management Team	DENR-FMB	MM	5	2,000	Q1-Q3, Y1	13	10,000
	IEC Staff	ITTO	MM	2	1,000	Q1-Q3, Y1	13	2,000
	Technical Assistant	ITTO	MM	4	900	Q1-Q3, Y1	13	3,600
	Administrative Personnel	ITTO	MM	4	450	Q1-Q3, Y1	13	1,800
	Daily Subsistence Allowance	ITTO	man-days	100	40	Q1-Q3, Y1	31	4,000
	Local Traveling Expenses	ITTO			2,500	Q1-Q3, Y1	33	2,500
	Supplies and materials	ITTO			1,000	Q1-Q3, Y1	50	1,000
	Spares	ITTO				Q1,-Q3,Y1	50	300
	Fuels and utilities	ITTO				Q1-Q3, Y1	50	500
	Consultation/ Workshops	ITTO	no.	4	2,000	Q1-Q3, Y1	61	8,000
	Process Documentation	ITTO			1,500	Q1-Q3, Y1	61	1,500
Activity 1.3 Enactment of policies and institutional measures for implementation at the national and FMU levels	SFM and C & I Specialist	ITTO	MM	0.5	7,000	Q3, Y1	16	3,500
	Policy and Institutional Development Specialist	ITTO	MM	1	2,300	Q3, Y1	11	2,300
	IEC & Community Dev't. Specialist	ITTO	MM	1	2,300	Q3, Y1	11	2,300
	Database /GIS Specialist	ITTO	MM	1	2,300	Q3, Y1	11	2,300
	Project Management Team	DENR-FMB	MM	4	2,000	Q3, Y1	13	8,000
	Technical Assistant	ITTO	MM	4	900	Q3, Y1	13	3,600
	Administrative Personnel	ITTO	MM	4	450	Q3, Y1	13	1,800
	Daily Subsistence Allowance	ITTO	man-days	120	40	Q3, Y1	31	4,800
	Local Traveling Expenses	ITTO			3,000	Q3, Y1	33	3,000
	Supplies and materials	ITTO			1,000	Q3, Y1	50	1,000
	Consultation/ Workshops	ITTO	no.	2	2,000	Q3, Y1	61	4,000
	Process Documentation	ITTO			1,500	Q3, Y1	61	1,500
Activity 1.4 Updating of the country's national baseline report based on C and I format, dissemination and synthesis of various FMU C and I reports	SFM and C & I Specialist	ITTO	MM	1	7,000	Q3-Q4, Y1	16	7,000
	Policy and Institutional Development Specialist	ITTO	MM	1	2,300	Q3-Q4, Y1	11	2,300
	IEC & Community Dev't. Specialist	ITTO	MM	1	2,300	Q3-Q4, Y1	11	2,300
	Database /GIS Specialist	ITTO	MM	2	2,300	Q3-Q4, Y1	11	4,600
	Project Management Team	DENR-FMB	MM	5	2,000	Q3-Q4, Y1	13	10,000
	Technical Assistant	ITTO	MM	4	900	Q3-Q4, Y1	13	3,600
	Administrative Personnel	ITTO	MM	4	450	Q3-Q4, Y1	13	1,800
	Supplies and materials	ITTO			1,000	Q3-Q4, Y1	50	1,000
	Spares	ITTO				Q3-Q4,Y1	50	300
	Fuels and utilities	ITTO				Q3-Q4,Y1	50	500
	Workshop	ITTO	no.	3	2,000	Q3-Q4, Y1	61	6,000
	Process Documentation	ITTO			2,000	Q3-Q4, Y1	61	2,000

Table 3. Project Budget by Activities and Inputs

OUTPUTS/ACTIVITIES	INPUTS	Budget Source	Unit	No.	Unit Cost (US $)	Quarter Year	Budget Compo-nent	Total Cost (US $)
Activity 1.5 Design and formulate a data base and MIS for C and I at both national and FMU levels for audit, monitoring and other SFM purposes in the future	SFM and C & I Specialist	ITTO	MM	1	7,000	Q4, Y1	16	7,000
	Policy and Institutional Development Specialist	ITTO	MM	1	2,300	Q4, Y1	11	2,300
	IEC & Community Dev't. Specialist	ITTO	MM	1	2,300	Q4, Y1	11	2,300
	Database /GIS Specialist	ITTO	MM	1	2,300	Q4, Y1	11	2,300
	Project Management Team	DENR-FMB	MM	5	2,000	Q4, Y1	13	10,000
	Technical Assistant	ITTO	MM	3	900	Q4, Y1	13	2,700
	Administrative Personnel	ITTO	MM	3	450	Q4, Y1	13	1,350
	Supplies and materials	ITTO			1,000	Q4, Y1	61	1,000
	Workshop	ITTO	no.	3	2,000	Q4, Y1	61	6,000
	Process Documentation	ITTO			2,000	Q4, Y1	61	2,000
Output 2. Audit system for criteria and indicators adopted and implemented								
Activity 2.1 Formulate an appropriate audit system for the Philippine C and I system including verifiers and means of verification (data required and qualitative / quantitative assessments) for each indicator	SFM and C & I Specialist	ITTO	MM	1	7,000	Q1, Y2	16	7,000
	Policy and Institutional Development Specialist	ITTO	MM	1	2,300	Q1, Y2	11	2,300
	IEC & Community Dev't. Specialist	ITTO	MM	1	2,300	Q1, Y2	11	2,300
	Database /GIS Specialist	ITTO	MM	2	2,300	Q1, Y2	11	4,600
	Project Management Team	DENR-FMB	MM	5	2,000	Q1, Y2	13	10,000
	Technical Assistant	ITTO	MM	3	900	Q1, Y2	13	2,700
	Administrative Personnel	ITTO	MM	3	450	Q1, Y2	13	1,350
	Supplies and materials	ITTO			2,000	Q1, Y2	50	2,000
	Workshop	ITTO	no.	3	2,000	Q1, Y2	61	6,000
	Process Documentation	ITTO			2,000	Q1, Y2	61	2,000
Activity 2.2 Pilot test the Philippine audit system of C and I for SFM on 2 FMUs representing TLA and CBFM areas to determine modifications needed to fit certain conditions and nature of forest agreements	SFM and C & I Specialist	ITTO	MM	0.5	7,000	Q1-Q2, Y2	16	3,500
	Policy and Institutional Development Specialist	ITTO	MM	2	2,300	Q1-Q2, Y2	11	4,600
	IEC & Community Dev't. Specialist	ITTO	MM	1	2,300	Q1-Q2, Y2	11	2,300
	Database /GIS Specialist	ITTO	MM	1	2,300	Q1-Q2, Y2	11	2,300
	Project Management Team	DENR-FMB	MM	4	2,000	Q1-Q2, Y2	13	8,000
	Technical Assistant	ITTO	MM	3	900	Q1-Q2, Y2	13	2,700
	Administrative Personnel	ITTO	MM	3	450	Q1-Q2, Y2	13	1,350
	Daily Subsistence Allowance	ITTO	man-days	135	40	Q1-Q2, Y2	31	5,400
	Local Traveling Expenses	ITTO			3,000	Q1-Q2, Y2	33	3,000
	Supplies and Materials	ITTO			2,000	Q1-Q2, Y2	50	2,000
	Spares	ITTO				Q1-Q2, Y2	50	300
	Fuels and utilities	ITTO				Q1-Q2,Y2	50	1,000
Activity 2.3 Review, propose and enact policy guidelines and institutional mechanisms for implementing the audit system	SFM and C & I Specialist	ITTO	MM	1	7,000	Q3-Q4,Y2	16	7,000
	Policy and Institutional Development Specialist	ITTO	MM	2	2,300	Q3-Q4,Y2	11	4,600
	IEC & Community Dev't. Specialist	ITTO	MM	2	2,300	Q3-Q4,Y2	11	4,600
	Database /GIS Specialist	ITTO	MM	2	2,300	Q3-Q4,Y2	11	4,600
	Project Management Team	DENR-FMB	MM	5	2,000	Q3-Q4,Y2	13	10,000
	Technical Assistant	ITTO	MM	3	900	Q3-Q4,Y2	13	2,700
	Administrative Personnel	ITTO	MM	3	450	Q3-Q4,Y2	13	1,350
	Daily Subsistence Allowance	ITTO	man-days	120	40	Q3-Q4,Y2	31	4,800
	Local Traveling Expenses	ITTO			2,000	Q3-Q4,Y2	33	2,000
	International Traveling Expenses	ITTO			10,000	Q3-Q4,Y2	32	10,000
	Supplies and Materials	ITTO			1,000	Q3-Q4,Y2	50	1,000
Activity 2.4 Formulate manual of operations for auditing Philippine C and I system based on results of pilot tests and review of policies and institutions enabling its implementation	SFM and C & I Specialist	ITTO	MM	1	7,000	Q1-Q2,Y3	16	7,000
	Policy and Institutional Development Specialist	ITTO	MM	1	2,300	Q1-Q2,Y3	11	2,300
	IEC & Community Dev't. Specialist	ITTO	MM	1	2,300	Q1-Q2,Y3	11	2,300
	Database /GIS Specialist	ITTO	MM	1	2,300	Q1-Q2,Y3	11	2,300
	Project Management Team	DENR-FMB	MM	4	2,000	Q1-Q2,Y3	13	8,000
	Technical Assistant	ITTO	MM	3	900	Q1-Q2,Y3	13	2,700
	Administrative Personnel	ITTO	MM	3	450	Q1-Q2,Y3	13	1,350
	Daily Subsistence Allowance	ITTO	man-days	125	40	Q1-Q2,Y3	31	5,000
	Local Traveling Expenses	ITTO			3,000	Q1-Q2,Y3	33	3,000
	Supplies and Materials	ITTO			2,000	Q1-Q2,Y3	50	2,000

Table 3. Project Budget by Activities and Inputs

OUTPUTS/ACTIVITIES	INPUTS	Budget Source	Unit	No.	Unit Cost (US $)	Quarter Year	Budget Compo-nent	Total Cost (US $)
Activity 2.5 Conduct training of forest managers / third party organizations at various FMUs for the use and application of the Philippine audit system for C and I	SFM and C & I Specialist	ITTO	MM	0.5	7,000	Q2,Y3	16	3,500
	Policy and Institutional Development Specialist	ITTO	MM	1	2,300	Q2,Y3	11	2,300
	IEC & Community Dev't. Specialist	ITTO	MM	1	2,300	Q2,Y3	11	2,300
	Database /GIS Specialist	ITTO	MM	1	2,300	Q2,Y3	11	2,300
	Project Management Team	DENR-FMB	MM	4	2,000	Q2,Y3	13	8,000
	Technical Assistant	ITTO	MM	3	900	Q2,Y3	13	2,700
	Administrative Personnel	ITTO	MM	3	450	Q2,Y3	13	1,350
	Daily Subsistence Allowance	ITTO	man-days	150	40	Q2,Y3	31	6,000
	Local Traveling Expenses	ITTO			2,500	Q2,Y3	33	2,500
	International Traveling Expenses	ITTO			10,000	Q2,Y3	32	10,000
	Supplies and Materials	ITTO			2,000	Q2,Y3	50	2,000
	Spares	ITTO				Q2,Y3	50	300
	Fuels and Utilities	ITTO				Q2,Y3	50	500
Activity 2.6 Conduct stakeholders and high-level government consultations and meetings for comments and eventual adoption of the audit C and I system	SFM and C & I Specialist	ITTO	MM	0.5	7,000	Q2,Y3	16	3,500
	Policy and Institutional Development Specialist	ITTO	MM	1	2,300	Q2,Y3	11	2,300
	IEC & Community Dev't. Specialist	ITTO	MM	1	2,300	Q2,Y3	11	2,300
	Database /GIS Specialist	ITTO	MM	1	2,300	Q2,Y3	11	2,300
	Project Management Team	DENR-FMB	MM	4	2,000	Q2,Y3	13	8,000
	Technical Assistant	ITTO	MM	4	900	Q2,Y3	13	3,600
	Administrative Personnel	ITTO	MM	4	450	Q2,Y3	13	1,800
	Daily Subsistence Allowance	ITTO	man-days	100	40	Q2,Y3	31	4,000
	Local Traveling Expenses	ITTO			3,000	Q2,Y3	33	3,000
	Supplies and Materials	ITTO			1,500	Q2,Y3	50	1,500
	Spares	ITTO				Q2,Y3	50	500
	Fuels and Utilities	ITTO				Q2,Y3	50	750
	Consultation / Workshops	ITTO	no.	2	2,000	Q2,Y3	61	4,000
	Process Documentation	ITTO			1,500	Q2,Y3	61	1,500
ITTO Monitoring, Evaluation and Administration	Monitoring and Review Costs	ITTO					81	15,000
	Ex-Post Evaluation Costs	ITTO					82	15,000
	Program Support Costs	ITTO					83	24,627
	Refund of Pre-Project Costs	ITTO			(81,766)			
	GRAND TOTAL							**538,127**
	GRAND ITTO TOTAL*							**438,127**
	GRAND DENR-FMB TOTAL							**100,000**

Total ITTO contribution reduced from $499,048 to $438,127 due to reduction on personnel costs, duty travels, capital items & miscellaneous expenses.

Table 4. Overall Project Budget by Activity

OUTPUTS/ACTIVITIES + Non-Activity Based Expenses	BUDGET COMPONENTS								
	10. Project Personnel	20. Sub-Contracts	30. Duty Travel	40. Capital Items	50. Consum-able Items	60. Miscella-neous	ITTO Eval. And Monitoring & Admin Cost	Quarter Year	GRAND TOTAL
Output 1. Appropriate system of criteria and indicators adopted and institutionalized at the national and forest management unit levels									
Activity 1.1 Conduct of IEC to promote the application of proposed C and I system resulting from the pre-project	31,300 (I+E)		9,000 (I)	29,000 (I)	2,050 (I)	2,000 (E)		Q1, Y1	73,350
Activity 1.2 Consultations and high-level meetings / workshops with DENR, other concerned agencies, and various stakeholders for formal adoption of the C	27,800 (I+E)		6,500 (I)	- (I)	1,800 (I)	9,500 (I)		Q1-Q3, Y1	45,600
Activity 1.3 Enactment of policies and institutional measures for implementation at the national and FMU levels	23,800 (I+E)		7,800 (I)	-	1,000 (I)	5,500 (I)		Q3, Y1	38,100
Activity 1.4 Updating of the country's national baseline report based on C and I format, dissemination and synthesis of various FMU C and I reports	31,600 (I+E)		(I)	-	1,800 (I)	8,000 (I)		Q3-Q4, Y1	41,400
Activity 1.5 Design and formulate a data base and MIS for C and I at both national and FMU levels for audit, monitoring and other SFM purposes in the future	27,950 (I+E)		(I)	-	1,000 (I)	8,000 (I)		Q4, Y1	36,950
subtotal 1	**142,450** (I+E)		**23,300** (I)	**29,000** (I)	**7,650** (I)	**33,000** (I+E)			**235,400**
Output 2. Audit system for criteria and indicators adopted and implemented									
Activity 2.1 Formulate an appropriate audit system for the Philippine C and I system including verifiers and means if verification (data required and qualitative / quantitative assessments) for each indicator	30,250 (I+E)		(I)	-	2,000 (I)	8,000		Q1, Y2	40,250

BUDGET COMPONENTS									
OUTPUTS/ACTIVITIES + Non-Activity Based Expenses	**10. Project Personnel**	**20. Sub-Contracts**	**30. Duty Travel**	**40. Capital Items**	**50. Consum-able Items**	**60. Miscella-neous**	**ITTO Eval. And Monitoring & Admin Cost**	**Quarter Year**	**GRAND TOTAL**
Activity 2.2 Pilot test the Philippine audit system of C and I for SFM on 2 FMUs representing TLA and CBFM areas to determine modifications needed to fit certain conditions and nature of forest agreements	24,750 (I+E)		8,400 (I)	-	3,300 (I)	(I)		Q1-Q2, Y2	36,450
Activity 2.3 Review, propose and enact policy guidelines and institutional mechanisms for implementing the audit system	34,850 (I+E)		16,800 (I)	-	1,000 (I)	(I)		Q3-Q4, Y2	52,650
Activity 2.4 Formulate manual of operations for auditing Philippine C and I system based on results of pilot tests and review of policies and institutions enabling its implementation	25,950 (I+E)		8,000 (I)	-	2,000 (I)	- (I)		Q1-Q2, Y3	35,950
Activity 2.5 Conduct training of forest managers / third party organizations at various FMUs for the use and application of the Philippine audit system for C and I	22,450 (I+E)		18,500	-	2,800 (I)			Q2, Y3	43,750
Activity 2.6 Conduct stakeholders and high-level government consultations and meetings for comments and eventual adoption of the audit C and I system	23,800		7,000	-	2,750	5,500		Q2,Y3	
subtotal 2	**162,050 (I+E)**	**-**	**58,700 #**	**- -**	**13,850 -**	**13,500**			**209,050**
NON-ACTIVITY BASED EXPENSES									
subtotal 3	-	-	-	-	-	-	-	-	-
Sub-Total (ITTO)	**206,500**	**-**	**82,000**	**29,000**	**21,500**	**44,500**	**54,627**		**438,127**
Subtotal (Executing Agency)	**98,000**	**-**	**-**	**-**	**-**	**2,000**	**-**		**100,000**
TOTAL	**304,500**	**-**	**82,000**	**29,000**	**21,500**	**46,500**	**54,627**		**538,127**

(I) - Contribution of the ITTO **(E) - Contribution of the Executing Agency (DENR-FMB)**

Table 5a. Yearly Project Budget by Source - ITTO

Annual Disbursements / Budget Components	Total	Year 1	Year 2	Year 3
10. Project personnel	206,500	96,450	61,850	48,200
20. Sub-contracts	-	-	-	-
30. Duty travel	82,000	23,300	25,200	33,500
40. Capital items	29,000	29,000	-	
50. Consumable items	21,500	7,650	6,300	7,550
60. Miscellaneous	44,500	31,000	8,000	5,500
Subtotal 1	**383,500**	**187,400**	**101,350**	**94,750**
80. ITTO Monitor., Evaluat. and Admin. Costs				
81. Monitoring and Review Costs (effective estimation)	15,000			
82. Evaluation Costs (effective estimation)	15,000			
Subtotal 2	30,000			
83. Programme Support Costs (6% of Items 10-82)	24,810			
90. Refund of Pre-Project Costs	(81,766)			
GRAND ITTO TOTAL	**520,076**			

Table 5b. Yearly Project By Source - Executing Agency (DENR-FMB)

Annual Disbursements / Budget Components	Total	Year 1	Year 2	Year 3
10. Project personnel	**98,000**	46,000	28,000	24,000
20. Sub-contracts	-	-	-	-
30. Duty travel	-	-	-	-
40. Capital items	-	-	-	
50. Consumable items	-	-	-	-
60. Miscellaneous	**2,000**	2,000	-	-
Executing Agency (DENR-FMB) TOTAL	**100,000**	48,000	28,000	24,000

Table 6. Consolidated Total and Yearly Project Budget

	Budget Components	Total	Year 1	Year 2	Year 3
10	**Project Personnel**				
	11. National Experts (Tech. Asst/Resource Persons)	40,200	23,100	8,100	9,000
	12. National Consultants	89,700	36,800	32,200	20,700
	13. Other labour (Admin Personnel)	17,100	8,550	4,050	4,500
	14. Fellowships and Training	-			
	15. International Experts	-			
	16. International Consultants	59,500	28,000	17,500	14,000
	17. Project Management Team	98,000	46,000	28,000	24,000
	19. **Component Total**	**304,500**	**142,450**	**89,850**	**72,200**
20	**Sub-contracts**				
	21. Sub-contract	-	-	-	-
	22. Sub-contract	-	-	-	-
	29. **Component Total**	-	-	-	-
30	**Duty Travel**				
	31. Daily Subsistence Allowance	40,000	14,800	10,200	15,000
	32. International Travel	20,000	-	10,000	10,000
	33. Transport Costs	22,000	8,500	5,000	8,500
	39. **Component Total**	**82,000**	**23,300**	**25,200**	**33,500**
40	**Capital Items**				
	41. Premises				
	42. Land				
	43. Vehicle	22,000	22,000	-	-
	44. Capital Equipment	7,000	7,000		
	49. **Component Total**	**29,000**	**29,000**	**-**	**-**
50	**Consumable Items**				
	51. Raw Materials				
	52. Spares	2,000	900	300	800
	53. Fuel and Utilities	4,000	1,750	1,000	1,250
	54. Office supplies	15,500	5,000	5,000	5,500
	59. **Component Total**	**21,500**	**7,650**	**6,300**	**7,550**
60	**Miscellaneous**				
	61. Sundry	46,500	33,000	8,000	5,500
	62. Auditing				
	63. Contingencies				
	69. **Component Total**	**46,500**	**33,000**	**8,000**	**5,500**
80	**ITTO Monitoring, Evaluation and Administration**				
	81. Monitoring and Review Costs	15,000			
	82. Evaluation Costs	15,000			
	83. Programme Support Costs	24,810			
	89. **Component Total**	**54,810**			
90	Refund of Pre-Project Costs	(81,766)			
100	**GRAND TOTAL**	**620,076**			

Table 7. Consolidated Yearly Budget by Component and Source - ITTO

	Budget Components	Total	Year 1	Year 2	Year 3
10	**Project Personnel**				
	11. National Experts (Tech. Asst/Resource Persons)	40,200	23,100	8,100	9,000
	12. National Consultants	89,700	36,800	32,200	20,700
	13. Other labour (Admin Personnel)	17,100	8,550	4,050	4,500
	14. Fellowships and Training	-			
	15. International Experts	-			
	16. International Consultants	59,500	28,000	17,500	14,000
	17. Project Management Team	-	-	-	-
	19. **Component Total**	**206,500**	**96,450**	**61,850**	**48,200**
20	**Sub-contracts**				
	21. Sub-contract	-	-	-	-
	22. Sub-contract	-	-	-	-
	29. **Component Total**	-	-	-	-
30	**Duty Travel**				
	31. Daily Subsistence Allowance	40,000	14,800	10,200	15,000
	32. International Travel	20,000		10,000	10,000
	33. Transport Costs	22,000	8,500	5,000	8,500
	39. **Component Total**	**82,000**	**23,300**	**25,200**	**33,500**
40	**Capital Items**				
	41. Premises				
	42. Land				
	43. Vehicle	22,000	22,000	-	-
	44. Capital Equipment	7,000	7,000		-
	49. **Component Total**	**29,000**	**7,000**	**-**	**-**
50	**Consumable Items**				
	51. Raw Materials				
	52. Spares	2,000	900	800	300
	53. Fuel and Utilities	4,000	1,750	1,000	1,250
	54. Office supplies	15,500	5,000	5,000	5,500
	59. **Component Total**	**21,500**	**7,650**	**6,800**	**7,050**
60	**Miscellaneous**				
	61. Sundry	44,500	31,000	8,000	5,500
	62. Auditing				
	63. Contingencies				
	69. **Component Total**	**44,500**	31,000	8,000	5,500
	SUBTOTAL	**383,500**	**165,400**	**101,850**	**94,250**
80	**ITTO Monitoring, Evaluation and Administration**				
	81. Monitoring and Review Costs	15,000			
	82. Evaluation Costs	15,000			
	83. Programme Support Costs	24,810			
	89. **Component Total**	**54,810**			
90	Refund of Pre-Project Costs	(81,766)			
100	**GRAND TOTAL**	**520,076**			

Table 8. Consolidated Yearly Budget by Component and Source - Executing Agency (DENR-FMB)

	Budget Components	Total	Year 1	Year 2	Year 3
10	**Project Personnel**				
	11. National Experts (Tech. Asst/Resource Persons)	-	-	-	-
	12. National Consultants	-	-	-	-
	13. Other labour (Admin Personnel)	-	-	-	-
	14. Fellowships and Training	-			
	15. International Experts	-			
	16. International Consultants	-	-	-	-
	17. Project Management Team	98,000	46,000	28,000	24,000
	19. **Component Total**	**98,000**	**46,000**	**28,000**	**24,000**
20	**Sub-contracts**				
	21. Sub-contract	-	-	-	-
	22. Sub-contract	-	-	-	-
	29. **Component Total**	-	-	-	-
30	**Duty Travel**				
	31. Daily Subsistence Allowance	-	-	-	-
	32. International Travel	-			
	33. Transport Costs	-	-	-	-
	39. **Component Total**	-	-	-	-
40	**Capital Items**				
	41. Premises	-	-	-	-
	42. Land	-	-	-	-
	43. Vehicle	-	-	-	-
	44. Capital Equipment	-	-		-
	49. **Component Total**	-	-	-	-
50	**Consumable Items**				
	51. Raw Materials	-	-	-	-
	52. Spares	-	-	-	-
	53. Fuel and Utilities	-	-	-	-
	54. Office supplies	-	-	-	-
	59. **Component Total**	-	-	-	-
60	**Miscellaneous**				
	61. Sundry	2,000	2,000		-
	62. Auditing	-	-	-	-
	63. Contingencies	-	-	-	-
	69. **Component Total**	**2,000**	2,000	-	-
100	**GRAND TOTAL**	**100,000**			

PART III. OPERATIONAL ARRANGEMENTS

1. Management Structure

The Forest Management Bureau (FMB) of the Department of Environment and Natural Resources (DENR) shall be the Executing Agency. FMB is a government agency responsible for the development and formulation of policies and/or programs for the effective protection, development, occupancy, management and conservation of the forestlands and the watersheds, including grazing and mangrove areas. FMB is also responsible for the reforestation and rehabilitation of critically denuded and degraded forest reservations, improvement of water use and development, ancestral lands, wilderness areas and other natural preserves, development, utilization of timber and non-timber forest products to ensure their continued supply. As the Executing Agency, the Forest Management Bureau through the designated Project Management Office will be in-charge of the overall management and supervision of the different project activities. It will also be responsible for the reporting of all results to ITTO and other agencies who are members of the Steering Committee. Please refer to Annex A for the profile of the Executing Agency, and Annex B for the profile of the Key Personnel who will implement the Project together with the Project Consultants whose tasks and duties are shown in Annex C.

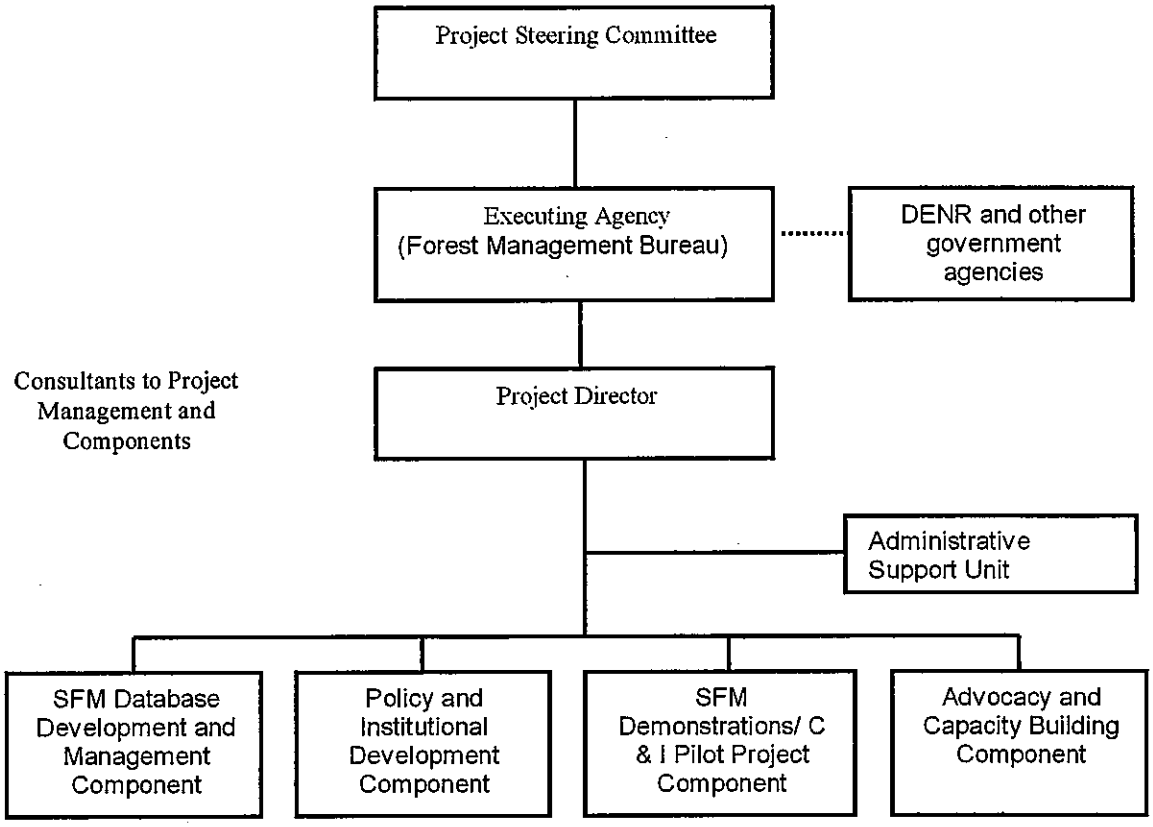
The Surigao Development Corporation (SUDECOR Timber License Agreement Area) shall be one of the two pilot sites for the project. They will be providing the information required by the project and shall be primarily responsible for implementing sustainable forest management. The planning unit and other key staff of the Corporation will be actively involved in the project.

The Ngan, Panansalan, Pagsabangan Forest Resources Development Cooperative (NPPFRDC), is a peoples' organization who was awarded a Community-Based Forest Management Agreement (CBFMA) under the Executing Agency's Community-Based Forest Management Program (CBFMP). The Cooperative manages a total area of about 14, 000 hectares of forestlands in Compostela Valley in Southern Philippines. Similar to SUDECOR, the NPPFRDC shall provide the on-site support services and other information that may be required by the project. They will also be primarily responsible for implementing sustainable forest management in their forest management unit.

The project Organizational Chart (**Figure 1**) shows that the project will be guided by a Steering Committee and will be managed by a Project Management Office headed by a Project Director. The Steering Committee will evaluate, define and guide project activities in close consultation with ITTO. The Committee will meet at least twice a year depending on the results and needs of project implementation. In summary, the Steering Committee will be composed of DENR top officials, Technical Executives of SUDECOR, PO Chairman of NPPFRDC, ITTO and other concerned government agencies. The Project Management Office will have three important components: Advocacy and Capacity Building Component, Policy and Institutional Development, SFM Data Base Development and Management, CSFM Demonstration/C & I Pilot project component.

In the pilot areas, management and monitoring of activities will be carried out in close coordination with the representatives of the forest management units and the DENR Field offices.

Figure 1. Project Organizational Chart



2. Monitoring, Reporting and Evaluation

Project Monitoring, review and evaluation will be in accordance with the *May 1999 Second Edition of the ITTO Manual for Project Monitoring, Review and Evaluation* and all subsequent *Council Decisions* on the matter.

a. *Project Progress Reports* – The Executing Agency will submit to ITTO a bi-annual Project Progress Report every 15th of February / August of each Calendar Year for the duration of Project Implementation (at least ten weeks before each Council Sessions). Such progress report shall contain all the information relevant to the financing and implementation of the Project, conforming with the model and content established by the ITTO manual Project Monitoring, review and Evaluation, and relevant Council Decisions. In particular, the Executing Agency shall inform ITTO promptly of any delay, obstacle, or other adverse event that may significantly endanger the attainment of the project's objectives.

b. *Project Financial Reports* – The Executing Agency will submit to ITTO an Audited Financial Statement following ITTO's Formats and Guidelines on the matter, within three (3) months of each Calendar Year; four (4) months from Project Completion; and, as may be required by the ITTO Secretariat.

c. *Project Mid-term Report* – A Project Mid-term Report will be submitted by the 16th month of Project Implementation of ITTO. If possible, the Executing Agency would present the Project Mid-term Report at the next Council Sessions following its submission.

d. *Project Technical Reports* – These shall be provided as appropriate during the project duration and within 3 months of Project Completion.

e. *Project Completion Report* – The Executing Agency will submit to ITTO the project Completion Report, conforming with the model and content established by the ITTO Manual for Project Monitoring, Review and Evaluation within three (3) months from Project Completion.

f. *Monitoring, Review, and Steering Committee's Visits* – The Project Steering Committee (PSC) shall meet shortly after Project start-up and at least once a year within 2-4 weeks before the upcoming council Session, and its decisions shall be by consensus. As may be necessary, the Project will be subjected to a Monitoring /Review mission by ITTO together with PSC members/representatives within 12 months of Project start-up.

g. *Evaluation* – Ex-post evaluation will be conducted as may be necessary.

3. Future Operation and Maintenance

With the development, acceptance and pilot implementation of the Philippine Criteria and Indicators for Sustainable Forest Management, both at the national and forest management unit level, the lessons and potentials that may be generated from the project will serve as a model to institutionalize the criteria and indicators for SFM in all of the country's forest management units, particularly those involve in the utilization of timber and other forest resources.

PART IV. TROPICAL TIMBER FRAMEWORK

1. Compliance with ITTA 1994 Objectives

The proposed pre-project will develop the criteria and indicators for sustainable forest management in the Philippines at the national and forest management unit levels. It will take the ITTO Criteria and Indicators as baseline. It will also review work undertaken by CIFOR in the development of a C&I template and the current work being undertaken in the Philippines in testing the Environmental Performance Monitoring (EPM) for community-based forest management projects.

The pre-project complies with the Objectives laid down in Article 1 of ITTA, 1994. In particular, these are:

Objective (c): To contribute to the process of sustainable development.

The pre-project will pave the way for the development of the Philippines criteria and indicators for sustainable management of tropical forest resources.

Objective (d): To enhance the capacity of members to implement a strategy for achieving exports of tropical timber and timber products from sustainably-managed sources by the year 2000.

The pre-project will enhance the capacity of the Philippines forestry sector to comply with the commitments to ITTO Year 2000 Objective.

Objective (f): To promote and support research and development with a view of improving forest management and efficiency of wood utilization as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests.

The pre-project will contribute to the improvement of forest management and utilization of tropical forest resources in the Philippine context.

Objective (I): To encourage members to develop national policies aimed at sustainable utilization and conservation of timber producing forest and their genetic resources and at maintaining the ecological balance in the regions concerned, in the context of tropical timber trade.

The pre-project will enhance the capacity of various stakeholders in Philippine forestry to achieve sustainable forest management.

2. Compliance with ITTO Action Plan

The proposed pre-project is consistent with the following goals of the Reforestation and Forest Management Section of the ITTO Libreville Action Plan:

Goal 1: Support activities to secure the tropical timber resource base.

Goal 2: Improve the tropical resource base.

Goal 3: Enhance technical, financial and human capacities to manage the tropical timber resource base.

Likewise, the proposed pre-project is in line with the following priority areas enumerated in the Year 2000 Objective of the ITTO Libreville Action Plan:

- Security of forest resources and prevention of unplanned deforestation;
- Production of the optimal mix of goods and services;
- Improvement of the utilization of the resource to give the greatest possible social benefit;
- Improvement of the social and political environment concerning forest management.

Lastly, the proposed pre-project relates to the priority actions defined in the context of the Year 2000 Objective of the ITTO Libreville Action Plan. Specifically, these are the following:

- Adopt a forest policy and apply legislation;
- Limit timber harvest to the sustained yield capacity;
- Raise public awareness that timber harvesting can be consistent with the sustainability of tropical forest;
- Focus forest research on the analysis and use of existing data and knowledge.

ANNEX A. PROFILE OF THE EXECUTING AGENCY

1. Terms of Reference

The Forest Management Bureau (FMB) is a Staff Bureau under the Department of Environment and Natural Resources (DENR). The following are the functions of FMB:

1.1. Recommend policies and/or programs for the effective protection, development, occupancy, management and conservation of forest lands and watersheds, including grazing and mangrove areas, reforestation and rehabilitation of critically and denuded/degraded forest reservations, improvement of water resource use and development, ancestral lands, wilderness areas and other natural preserves, development of forest plantations including rattan, bamboo and other valuable non-timber forest resources, rationalization of the wood-based industries, regulation of the utilization and exploitation of forest resources including wildlife, to ensure continued supply of forest goods and services;

1.2. Advise the DENR Field Operations on the implementation of the above policies and/or programs;

1.3. Develop plans, programs, operating standards and administrative measures to promote effectiveness in forest management;

1.4. Assisting in the monitoring and evaluation of forestry and watershed development projects;

1.5. Undertake studies on the economics of forestry and forest-based industries, including the supply and demand trend on the local, national and international levels, identifying investment problems and opportunities in various areas.

2. Infrastructure

The FMB has a total of two hundred eighty-six (286) manpower, mostly foresters. These are distributed in six (6) technical and two (2) support divisions. It operates in close coordination with sixteen (16) Regional DENR offices and close to two hundred twenty (220) community offices. Aggregately, the DENR has a total of more than twenty thousand (20, 000) personnel nationwide.

Annex B. Curriculum Vitae of Key Personnel (Executing Agency)

B.1 Project Director

1. CIVIL STATUS

Name	:	**Romeo T. Acosta**
Nationality	:	**Filipino**
Business Address	:	Natural Resources Management Program DENR Annex Bldg., Visayas Avenue, Diliman, Quezon City 1100 Philippines Tel.: (63) (02) 927-90-74 Fax: (63) (02) 928-22-26
Residence Address	:	Metro Manila, Philippines Tel.: (63) (02) 939-12-41 Email: rtacosta@skyinet.net

2. PRESENT POSITION/DESIGNATIONS

DIRECTOR IV - Department of Environment and Natural Resources
Forest Management Bureau (FMB)
June 2001 to date

Currently designated to the following positions/offices of the DENR in concurrent capacity:

Project Director, ITTO Pre-project on the "Development of Criteria and Indicators for Sustainable Forest Management in the Philippines"

Project Director, Southern Philippines Irrigation Sector Project

3. PROFESSIONALEXPERIENCES/POSITIONS HELD

1996-2001	*DIRECTOR IV* Parks and Wildlife Bureau
1993-1996	*DIRECTOR IV* Special Concerns Office, DENR
1992-1993	*DIRECTOR III* Planning and Policy Studies Office, DENR
1990-1992	*REGIONAL TECHNICAL DIRECTOR, Environmental Management And Protected Areas Services,* DENR Region 8 (Eastern Visayas)
1998-1990	*Chief Forest Management Specialist,* Forest Management Bureau
1986-1988	*Forest Development Specialist,* Forest Management Bureau
1982-1986	*Senior Forest Economist,* Bureau of Forest Development
1978-1980	*Supervising Planning Officer,* Bureau of Forest Development
1977-1978	*Chief,* Forest Management Division, Taggat Industries Inc. and Pamplona Redwood Veneer, Inc.
1974-1977	*Instructor,* Institute of Forestry, G. Araneta University Foundation

SPECIALIZED TRAININGS ATTENDED

1999	**Smartwood Certification Program Assessors' Training Workshop** (Tagum City, Philippines)
1998	**Advanced Workshop On Evaluation Systems,** International Law Institute Washington D.C., USA
1997	**International Seminar On Forest And Natural Resources Administration And Management**, Colorado State University, Colorado, USA

1993 **Environmental Economics And Policy Analysis Workshop**, Harvard Institute of International Development, Harvard University, USA
1993 Seminar On Environmental Economics And Policy (Pattaya, Thailand)
1992 **Executive Study Tour, Southern Asian Tropical Rainforest Management**, Australia
1992 **Information Systems Strategic Planning**, Development Academy of the Philippines

INTERNATIONAL INVOLVEMENT IN ENVIRONMENTAND NATURAL RESOURCES MANAGEMENT

Chair of the Philippine Steering Committee, *Project on Planning for Sustainability of Forests Through Adaptive Co-management,* Center for International Forestry Research (CIFOR). May 1999 to date

Resource Person, *Mekong Basin Countries Symposium on Forest Law Enforcement (World Bank-assisted)* Phnom Penh, Cambodia. June 1997

Member, *Expert Panel on Mid-Term Review Towards the Achievement of ITTO Year 2000 Objective,* International Tropical Timber Organization, Yokohama, Japan. March 1997

Member, *Asia Forest Network*

Philippine Representative to the 14th, 16th, 18th, and 20th *Meetings of the International Tropical Timber Council (ITTC);* Malaysia, 1993; Colombia, 1994; Ghana, 1995; and Philippines, 1996

Philippine Representative, *ASEAN Working Group on Environmental Economics (AWGEE).* 1997-1998

Policy Dialogue on Natural Forest Regeneration and Community Management, East-West Center, Hawaii. March 1994

B.2 Technical Support Staff

Name	:	**Nonito M. Tamayo**
Date Of Birth	:	07 August 1964
Nationality	:	Filipino
BUSINESS ADDRESS	:	Natural Resources Management Program DENR Annex Building, Visayas Avenue, Diliman, Quezon City 1100, Philippines Tel.: (63) (02) 927-90-74 Fax: (63) (02) 928-22-26 Email: nmt@edsamail.com.ph
RESIDENCE ADDRESS:		Bulacan, Philippines

EDUCATIONAL BACKGROUND

1983	***Forest Ranger Certificate (FRC),*** UPLB, College of Forestry and Natural Resources, Laguna
1986	***Bachelor of Science in Forestry (BSF),*** U P LB, College of Forestry and Natural Resources, Laguna
2002	***Master of Science in Forestry (MSF),*** UPLB, College of Forestry and Natural Resources, Laguna

PRESENT POSITION/DESIGNATION :

Senior Forest Management Specialist, DENR-Forest Management Bureau
Deputy Team Leader, C and I Pre-Project on the Development of C and I for SFM in the Philippines

PROFESSIONALEXPERIENCE/POSITIONS HELD

1998-2001	Designated as **Deputy Coordinator** and later on **Program Director**, Natural Resources Management Program
1997-1998	***Chief,*** Upland Community Management Section, Social Forestry Division, Forest Management Bureau
1998	***Technical Assistant,*** Office of the Head of Executive Assistant, Office of the Department's Secretary (DENR)
1986-987	***Regional Forestry Specialist for Region 4***, Social Forestry Division, Forest Management Bureau

OTHER PROFESSIONAL ACTIVITIES

1995-1996	***Technical Consultant,*** Association of Community Development Workers, Inc.
1995	***Technical Consultant***, Philippine Business for Social Progress
1994	***Technical Consultant,*** Philippine Business for Social Progress

SELECTED TRAININGS/SEMINARS ATTENDED:

1988	***Communicating Government Programs,*** Development Academy of the Philippines (DAP), Tagaytay City
1989	***Community Development Training For Foresters***, Baguio City
1989	***Advanced Development Planning***, Michigan State University, USA
1992	***Participatory Profiling, Process Documentation, And Monitoring And Evaluation***, PBSP, Manila
1993	***Trainers' Training For Social Forestry FAO-TSARRD***, Iloilo City

1998	***International Conference On Development And Climate Change,*** AIM, Makati City, Philippines
1998	***Study Tour On Environment And Natural Resources***, Jakarta, Indonesia
2002	***International Training on the Development of Measures of Performance for Forest Management units.*** Lampang, Thailand
2003	**International Workshop on Phased Approach to Certification.** Jakarta, Indonesia
2003	***Training-Workshop on the Development of C and I for SFM Using the ITTO Framework.*** Tandag, Surigao del Sur, Philippines
2003	***International Training on Forest Auditing***. Surigao City, Philippines

INTERNATIONAL INVOLVEMENT/MEMBERSHIP

Member, ITTO Ad Hoc Working Group on the Development of the Pan-ASEAN Scheme Re: Forest Certification

Annex C. Basic Terms of Reference for Consultants

Consultant	*Tasks and Duties*
C & I and SFM Expert (International but Filipino) **8.5 Man-months**	• Serve as overall Team Leader for the Team of project consultant. • Act as lead consultant in formulating, drafting and finalizing systems and procedures for the adoption of C & I both at the national & forest management unit level. • Organize and coordinate the conduct of consultation and high level meeting with stakeholders for adoption of C & I. • Facilitate the enactment of policies and institutional measures for implementation of C & I. • Coordinate the updating of the country's national baseline report based on C & I format; dissemination and synthesis of C & I report. • In coordination with other consultants and project implementors facilitate documentation and integration of all findings and activities and submit report to the PMO and members of the Steering Committee.
Policy and Technical Development Expert **13 Man-months**	• Handle the drafting, formulating the policies and institutional measures for implementation of C & I and audit system in coordination with DENR and other stakeholders. • Assist the C & I and SFM Expert in the pilot-testing of the audit system of C & I for SFM on 2 FMUs representing TLA and CBFM areas and determine modification needed to fit certain conditions and nature of forest agreements. • Assist in organization and conduct of stakeholders and high-level government consultation regarding the adoption of C & I and the audit system. • Provide technical inputs and assistance in the updates of the country's national baseline reports based on C & I format dissemination and synthesis of C & I report. • In coordination with other consultants and project implementors, provide assistance in the documentation and integration of all findings and activities. • Submit assigned report and assist in preparing required project report and other related matters.
GIS and Data Base Management Expert **14 Man-months**	• Handle the data base management component for C & I at both national and forest management unit level for audit monitoring and other SFM purposes. • Assist the Policy and Institutional Development Expert in updating the country's national baseline report based on C & I format. • Work with the other consultants in the formulation and drafting of systems and procedures for the institutionalization of the C & I. • Assist in the conduct of consultations and high-level meetings with the various stakeholders for the eventual adoption of C & I • Submit assigned report and assist in preparing required project level report and other related matters.
IEC and Community Development Specialist **12 Man-months**	• Handle the IEC and training of forest managers/third party organizations at various FMUs for the use and application of the Phillipine Audit system for C & I. • Develop IEC materials for the promotion of C &I for SFM. • Design and implement training programs for FMUs and other stakeholders. • Assist the team of consultants in the conduct of consultation and high-level discussion on C & I. • Work with the consultants in the pilot-testing of C & I with the 2 selected FMUs • Submit assigned report and assist in preparing required project level report and other related matters.

ANNEX D. Summary of amendments made in accordance with the of 26th ITTO Expert Panel.

RECOMMENDATIONS	ACTION TAKEN
1. Improve the logical framework matrix with special attention to the indicators and means of verification; indicators for activities do not need to be included in the logical framework matrix.	• *Logical framework was improved based on the recommendations of the Panel, specifically on some indicators and means of verification. Indicators for activities were deleted in the logical framework matrix as recommended by the Panel.*
2. Revise and scale down the budget in the following way;	
• Reduce the budget components for personnel, duty travel, capital items, and miscellaneous to reasonable levels;	• *The total proposed budget was reduced to $438,127 from $499,048.Personnel; duty travel, capital items and miscellaneous expenses were reduced to reasonable levels.*
• Adjust the ITTO monitoring and review costs to US$15,000 and the ex-post evaluation costs to US$ 15,000;	• *The ITTO monitoring and review costs was adjusted from $18,000 to $15,000 as suggested*
• Recalculate ITTO's Programme Support Costs specified in the budget so as to conform to the new Standard of 6% of the total project costs [ITTC Decision 2 (XXX)];	• *Project support costs were recalculated based on ITTO Standard of 6% of the total project costs. The revised figure was incorporated in the table of consolidated yearly budget. The program support cost was computed based only on the proposed ITTO contribution.*
• Include the refund of the pre-project costs.	• *An amount of $81,765.75 representing the actual budget spent for the Pre-Project (PPD 29/1 Rev 1 (F)), was indicated under Item (90) Refund of Pre-Project Costs.*