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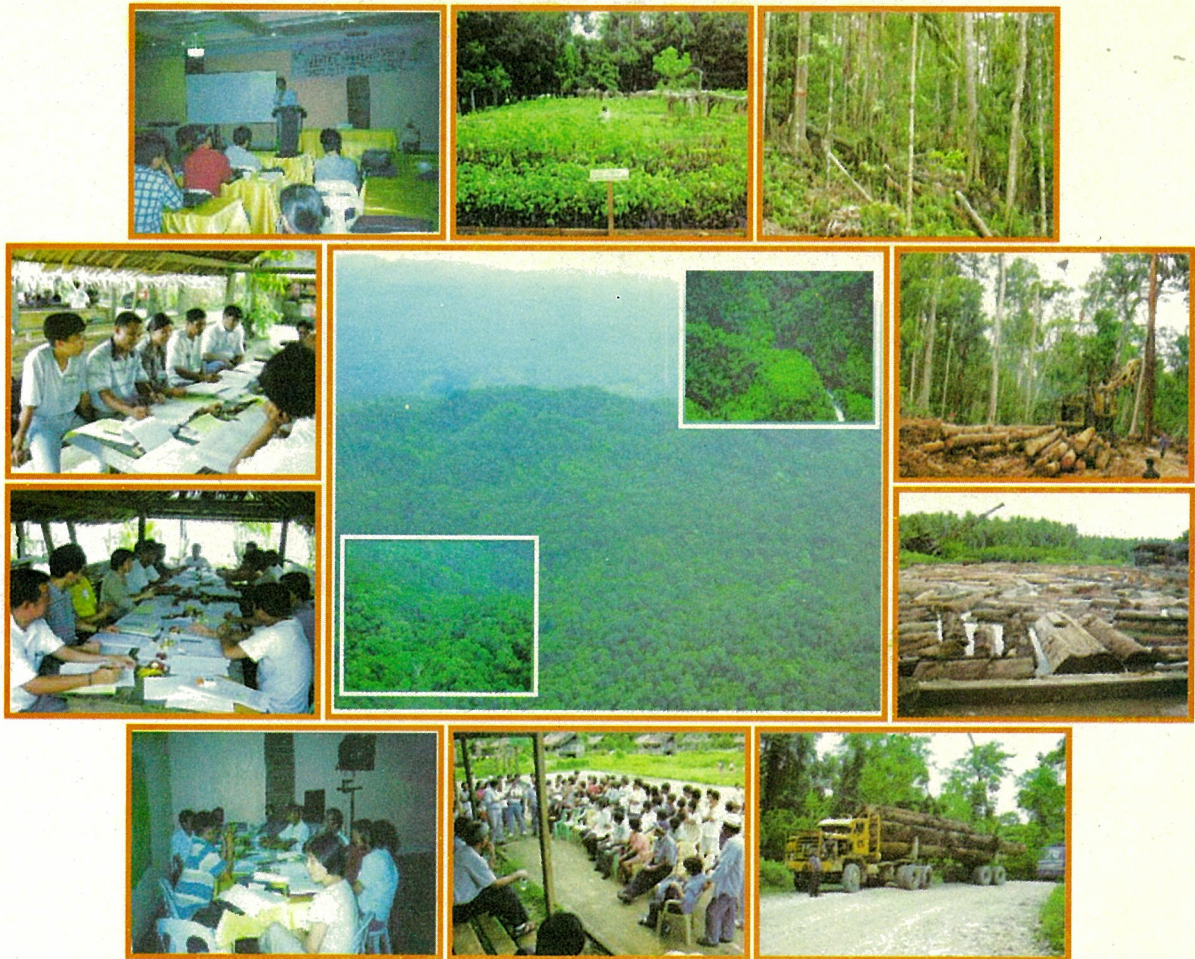
DEVELOPMENT OF CRITERIA AND INDICATORS FOR SUSTAINABLE FOREST MANAGEMENT IN THE PHILIPPINES

COMPLETION REPORT

JUNE 2003

**Forest Management Bureau
Department of Environment and Natural Resources**

International Tropical Timber Organization

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LIST OF ACRONYMS

CADC	Certificate of Ancestral Domain Claims
CBFM	Community-Based Forest Management
C & I	Criteria and Indicators
CIFOR	Center for International Forestry Research
DENR	Department of Environment and Natural Resources
EPM	Environmental Performance Monitoring
FAO	Food and Agriculture Organization
FMB	Forest Management Bureau
FMU	Forest Management Unit
FSIS	Forestry Statistics and Information Systems
GIS	Geographical Information System
GNP	Gross National Product
GOP	Government of the Philippines
IAOP	Integrated Annual Operation Plan
IFMA	Integrated Forest Management Agreement
IP	Indigenous People
ITTO	International Tropical Timber Organization
LGC	Local Government Code
LGU	Local Government Unit
MOA	Memorandum of Agreement
MIS	Management Information System
NGO	Non-Government Organization
NRMP	Natural Resources Management Program
OGA	Other Government Agencies
PCSD	Philippine Council for Sustainable Development
PO	Peoples Organization
SFM	Sustainable Forest Management
SUDECOR	Surigao del Sur Corporation
TLA	Timber Lease Agreement

PROJECT IDENTIFICATION

Title	:	Development of Criteria and Indicators for Sustainable Forest Management in the Philippines
Serial Number	:	PD 29/01 Rev 1 (F)
Executing Agency	:	Forest Management Bureau (FMB) Department of Environment and Natural Resources (DENR)
Host Government (s)	:	Republic of the Philippines
Starting Date	:	27 April 2002
Actual Duration (months)	:	12 months
Actual Project Costs	:	ITTO - US$88,646.00
		GOP - US$43,940.00
		TOTAL - US$132,586.00

1.1. Background Information About the Project

1.1.1 Key Problems

For the last four (4) decades, forest resources in the Philippine had steadily declined leading to ecological degradation and rural poverty. From about 15 million hectares in 1950, its forest cover has been reduced to about 4.7 million hectares at present, of which only 800,000 hectares are primary forests. The Philippine is now considered as one of the most severely deforested countries in the tropics and one of those countries with the lowest per capita forest cover in the Asia Pacific region. Reforestation and plantation development continue at a very slow pace, resulting to decline in sustainable wood supply and making the country a net importer of wood. Over the years, the contribution of the Philippine forestry sector to Gross National Product (GNP) has continuously declined.

In response to the alarming condition of the forestry sector, the Philippines has embraced the concept of Sustainable Forest Management as the main policy thrust in order to guarantee the long-term stability of its forest resources. Thus, SFM envisions reversing the current critical state of forestry in the Philippines.

The policy shift to Sustainable Forest Management is largely attributable to the implementation of measures embodied in the 1987 Constitution; the Philippine Strategy for Sustainable Development and the Philippine Agenda 21; the Master Plan for Forestry Development; and the adoption of the community-based forest management and watershed / ecosystem approaches as the main strategies for SFM. 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.

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 require 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.

This 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 degree 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.

The C and I for SFM will provide a common yardstick by which the various stakeholders can determine the state of the country's forest resources at any given time and at any particular location. With the adoption of a mutually agreed upon yardstick, the contentious debates that characterize discussions on Philippine forestry will be minimized.

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 FMU's in managing their forest resources on a sustainable basis.

1.1.2 Specific Objectives and Outputs

The **Development Objectives** of the Pre-Project is to promote sustainable management of the tropical resources in the Philippines in accordance with the ITTO Year 2000 Objective, through the formulation of criteria and indicators for sustainable forest management at the national and forest management unit levels, including appropriate monitoring, assessment and reporting systems.

Specific Objective No. 1 is to formulate the Philippines SFM criteria and indicators at the national and forest management unit levels, using the ITTO C & I as benchmark. The outputs to be achieved under this objective are the following:

a.   The Philippines Criteria and Indicators for SFM at the national and forest management unit levels.

b.   Procedure manuals for the monitoring, assessment and reporting systems for the Philippines C & I.

Specific Objective No. 2 is to develop action program for the application of SFM C & I in the Philippines, including the appropriate monitoring and assessment systems and institutional arrangements. The outputs to be produced under this objective are the following:

a.   Action program for the application and institutionalization of SFM C & I in the Philippines, including the appropriate monitoring, assessment systems and institutional arrangements;

b.   A project proposal that will build on ongoing initiatives in the Philippines to come up with the final set of C & I for SFM at the national and forest management unit level, set up mechanisms for institutional arrangements; monitoring and assessment systems.

1.1.3 Implementation Strategy

The Pre-Project is designed to formulate the Philippine Criteria and Indicators for SFM at the national and forest management unit levels. At the same time, it seeks to develop an action program for the application of Philippine C and I for SFM including the appropriate monitoring and assessment systems and institutional arrangements. A detailed project proposal will also be developed for implementation of the action program.

The general approach and methodology employed entailed a general framework for analysis of the current situation pertaining to the country's efforts in SFM and the formulation of an appropriate criteria and indicators to monitor and evaluate progress of forest management programs towards or away from SFM. It was logically done through a problem tree analyses that highlighted the present opportunities and constraints in achieving SFM at national and forest management units. The analytical framework considered the following major points:

➢   the Philippines has adopted SFM as the over-arching policy and key strategy for all plans and programs in the forestry sector;

➢   there is a proposed new forest policy 2001 within a watershed / ecosystem framework;

> ITTO funded the recently concluded project on biodiversity conservation in a Tropical forest production area in Surigao del Sur, Philippines and completed a model SFM plan for the SUDECOR concession;

> the vital law on SFM is still under deliberations and debate in the halls of Congress; the DENR adopted the ITTO definition and scope of SFM;

> SFM should be able to reverse the current critical state of forestry in the Philippines;

> the need to assess the current state of SFM in the Philippines that require a system of SFM criteria and measurable indicators to evaluate the changes and conditions of management systems at the national and forest management unit level;

> there are existing efforts to develop a national system for SFM criteria and indicators in the country;

> the ITTO system of criteria and indicators for natural production forests both at national and forest management units can provide the benchmark for an appropriate system for the country;

> the Philippines has not adopted officially a system for C&I for SFM; the global approach to timber certification for export of tropical forest produce coming from sustainable sources.

This framework on needs / solutions analysis provided the initial approach towards understanding what is applicable to the country based on current situation of SFM considering both constraints and opportunities.

The ITTO manuals and questionnaires on criteria and indicators for SFM were intensively reviewed and analyzed for possible application to the country. This has been initially done through the Training / Workshop conducted in the Philippines at Tandag, Surigao del Sur last September 16-20, 2002 participated in by about 53 participants from timber producers, government, NGO/academe, and communities. The evaluation was supplemented by a review of other efforts done at FMB – DENR and at the Philippine Council for Sustainable Development and foreign funded projects of direct relevance. The 7 criteria proposed by ITTO and their corresponding measurable indicators had been commented on and can be further refined for appropriate applicability. Existing C and I in the ASEAN region was also evaluated for comparative inputs.

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. Initially, a review of the ITTO manual for the application of Criteria and Indicators, CIFOR C and I templates,

and the Environmental Performance Monitoring System of NRMP/DENR was undertaken. The review indicated that the ITTO C and I for SFM encompasses the other C and I efforts of CIFOR and NRMP/DENR. Thus, during the Stakeholders Consultations held in Tandag, Surigao del Sur last August 2002, the ITTO C and I was reviewed and assessed for their applicability to the Philippine condition.

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.

A top-level consultation among top DENR management officials was conducted for the review and approval of the manual and the proposed action program. During this consultation, the Philippine C and I for SFM Manual and the reporting questionnaire at the national and forest management unit levels were adopted as well as the proposed action program.

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 were 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 the 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.

1.1.4 Planned Duration and Over-all Costs

The Pre-Project Memorandum of Agreement (MOA) was approved by ITTO on April 17, 2002 and was implemented for a period of 12 months. The first release of the budget however, was made only last June 2002. Despite the delay in the release of the initial budget, the review of the ITTO Manual for Application of C and I and other available materials related to the formulation of similar tools were undertaken. Other activities that require funds for mobilization were moved to later dates. Since majority of the activities were progressive in nature, other program tasks were also moved. For instance, the conduct of consultation workshop was held only last July instead of May. Consequently, field-testing of the same documents was effected only after the initial comments were consolidated and inputted into the draft C and I.

The Pre-Project operated with a total budget of US$132,586.00. Of this amount, ITTO provided contribution of US$88,646.00 and the remaining balance of US$43,940.00 was committed by the Government of the Philippines (GOP) through in-kind equivalent contribution.

All the expected outputs were completed within the project timetable and available budget.

1.2. Project Achievements

1.2.1 Outputs/Specific Objectives Achieved

Based on the approved work plan, the main outputs projected had been achieved and completed to satisfy the intended objectives.

Output 1.1. under Specific Objective number 1, which is the Philippine C and I for national and forest management unit levels were accomplished. This was achieved through a series of workshops and field consultations with the different stakeholders that included timber license holders, people's organizations, non-governmental organizations, members of the academe, other government agencies and local government units. The ITTO C & I was used as the major basis although C and I's of other institutions or groups were also used as references. The proposed appropriate system of C and I for the country resulting from the project has to undergo further decision processes for formal adoption including necessary administrative fiats for implementation.

Output 1.2. under Specific objective no. 1, which is the Manual of Procedures for the Monitoring, Assessment and Reporting System for Philippine C and I had been prepared and finalized. Before finalizing the manual, it was subjected to actual field-testing to find out if FMUs will be able to understand the terms, procedures and data requirements. This was also presented in a.top-level consultation among top-DENR officials for review and adoption.

Specific objective no. 2 is to develop an action program for the application of SFM criteria and indicators in the Philippine including the appropriate monitoring, assessment and reporting system. This objective was achieved with the completion of output numbers 1.1 and 1.2, which are the action program for the application of the Philippines C and I and proposal for projects that will support the implementation of the action program, respectively. The top management of the DENR has already approved these proposed action program and proposal during the top level consultation held on March 19, 2003 at the Sulu Hotel, Quezon City.

1.2.2. Contribution to the Achievement of the Development Objectives

The development of set of criteria and indicators will have a profound positive effect on sustainable forest management and on the forest resources in the country. It will provide the necessary information, which are essential for assessing the effectiveness of the forest policy, efficiency of usage of public and private resources in forest management and indicating the effectiveness of management interventions both at the national and local management levels. It will provide a common yardstick by which the various stakeholders can determine the state of the country's forest at any given time and at any specific location. It will also lead to a common understanding of the different roles and responsibilities that each stakeholder must play and thus achieve sustainability in the management of resources.

For the first time, the country will benefit from a novel forest management tool that can assist the government in reporting and assessing trends of SFM at the national level and at evaluating constraints and interventions needed for managing FMUs on sustainable basis. It will further lay the foundation for future internal and external auditing of SFM actions and market-driven certification of forest products harvested from sustainable sources.

1.3   Target Beneficiaries Involvement

Stakeholders, which included timber producers, peoples' organization, non-governmental organizations, academe, other government agencies, and other officials of DENR, have been actively involved in the Pre-Project implementation.

They were directly involved in the various discussions and consultations for the formulation of the draft C & I for the Philippines and the framework / action plan for implementation. The series of discussions resulted into a common notion among them that indeed, there is a need to come up with parameters or indicators that could be applied across forest management units to determine if the forest management activities being undertaken by the forest managers are leading towards sustainable development of forest resources.

The information that may be generated through the use of the C & I are extremely important to forest managers in knowing which forest management activities work and which are not and in the process undertake measures to further improve them. In like manner, it will also be useful to policy makers in the DENR in the preparation of guidelines and policies insofar as management of the forest resources is concerned.

The adoption of C and I manual and format at the national level enabled the country to comply with a first baseline national report in accordance with the ITTO C and I reporting format and Objective 2000. Yearly assessment of key issues and indicators that constrain SFM in the country will now be possible putting the country at par with other timber producer countries that complied with the ITTO reporting requirements. It will benefit directly ITTO and other multi-lateral and bilateral donors in determining key project interventions to assist the country attain its goals in SFM.

1.4 Lessons Learned

The main developmental and operational lessons learned from the pre-project implementation are discussed below.

A. Development Lessons

1. The highly participatory design of the project made it possible to arrive at a consensus that indeed there is a need to develop a tool for tracking progress to sustainable forest management. In spite of the various interests of the different stakeholders the various consultations conducted enabled them to realize the importance of arriving at a common criteria and indicators for sustainable forest management at the national and forest management unit level.

2. The various interactions that resulted during the different stakeholders, consultations enlightened different forest managers, DENR officials, researchers and other implementors in forest related projects on the need to establish a base line data using common standards.

3. The active participation of the different stakeholders (timber producers, peoples' organization, other government agencies, non-governmental organizations, academe and the DENR) are vital to the effectiveness of the Pre-Project implementation. It also facilitated the resolution of issues that were identified to affect the application of the C & I.

4. The combination of bottom-up and top-down approaches facilitated the development of C & I, including the application manual that could be applied across forest management units.

B. *Operational Lessons*

1. In general the ITTO C and I manual and questionnaire were found to be highly applicable to the country's requirements for SFM and reporting subject to minor modifications. Comparative evaluation with other existing C and I systems point to its comprehensiveness, flexibility, and adaptability in use.

2. There is a need to train the technical personnel task to fill-up the C and I reporting questionnaire.

3. There is difficulty in filling-up the C and I reporting questionnaire because of different priorities/emphasis of the different FMUs. Apparently, some information are not available at the FMUs because of the cost included in collecting the data and the task of technical expertise on the part of the FMUs staff. The government does not require certain C and I data not related to current regulatory requirements.

4. The field-testing of C and I questionnaire reveal that there are limited information relating to ecosystem health and condition more particularly on biodiversity conservation both at the national and FMU level. It seems that the problem is due to the fact that most of the management plans formulated focus on developmental and utilization activities. At the same time measurements of the information is very costly and need trained staff/personnel.

5. The pre-project design was focused on the forest management unit level. Because of this LGU involvement in the formulation of the C and I for SFM was very limited considering that with the passage of the Local Government Code, there is a need for more LGU participation in the formulation of C and I for SFM.

6. The field-testing highlighted the need to come-up with common definitions for various parameters used in the C and I manual. This is necessary to ensure common understanding of different terminologies, which is crucial in filling-up the questionnaire.

7. Initial testing of the draft C & I including the application manual generated a picture of the current forest management systems in the country and the likely gaps that need to be addressed vis-à-vis sustainable forest management and the capacities of forest managers. The gaps also included policies that may be needed and other implementation and institutional arrangements that are necessary to ensure effective C & I adoption.

1.5 Recommendations for Future Projects

After completion of the activities, it is recommended that the Pre-Project be elevated into a Project Mode in order to facilitate the application and institutionalization of the C & I including the Manual of Application. It would also help sustain the enthusiasm of the stakeholders who have been involved in the design and who will be the eventual users of the tool.

Framework and action programs are needed for government, FMUs, and others concerned to eventually implement the proposed system. Such action plan will be the basis and form the key activities for the required full-blown project proposal to be submitted to ITTO for funding to implement and institutionalize the proposed C and I system.

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, and monitoring. The audit system for C and I must be tested in selected pilot FMUs and their forest managers trained on the actual use.

The action plan not only includes the technical methods to evaluate the progress of SFM but the review and amendments of enabling conditions such as current policies and regulations. Participatory processes amongst stakeholders and decision-makers are also integral part of the action plan.

Hereunder are the proposed components / activities of the action plan within the framework of auditing C and I for SFM.

1. High-level consultation / meeting with DENR and other relevant government agencies for initial adoption of proposed C and I system.

2. Draft manuals and guidelines for Philippine C and I system. These should include the proposed 5 main criteria, the indicators listed, and the items enumerated in questionnaire for both national and FMU levels.

3. Formulate an appropriate audit system for the Philippine C and I system including applicable verifiers and means of verification (data required and qualitative / quantitative assessments) for each indicator. This should concentrate on national scheme for SFM and should focus on internal audit by forest managers and or government, which manage the public forests. Main intent is to provide tool for SFM control and monitoring. This should be designed to lead towards external audit and certification in the future for timber flow coming from the Philippines.

4. Formulate draft manual for Philippine internal audit for timber concessions, CBFM areas, IFMAs, and other FMUs. Manual can later be integrated with the C and I Philippine system manual and guidelines. This is necessary to complete an integrated approach to SFM planning, control, and monitoring. SFM can only be evaluated through a process of auditing verifiable indicators of the C and I system to determine compliance to SFM requirements of various policies, rules, and regulations and their end results to determine if forest management will be sustainable and areas for harvest can be classifies as sustainable sources.

5. Pilot test the Philippine audit system of C and I for SFM. It is ideal to test on various FMUs like TLA, CBFM areas, and IFMA to determine modifications needed to fit certain conditions and nature of forest agreements. Three pilot areas will be ideal for full-blown project.

6. Conduct stakeholders and high-level government consultations and meetings for comments and eventual adoption of the audit C and I system.

7. Review and proposed amendments to existing relevant forestry policies, rules, and regulations to enable the workability of the designed system for auditing 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.

8. As a tool for reporting and evaluating compliance to rules and regulations, 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.

9. Identify and assess 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.

10. Formulate draft final 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.

11. Subject the final audit system of C and I to stakeholders and decision-makers' consultations. Make the necessary changes based on comments and recommendations.

12. 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.

13. 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 to certification adopted by ITTO.

14. Conduct training of forest managers at various FMUs for the use and application of the Philippine audit system for C and I.

15. Design and formulate a database and MIS for C and I at both national and FMU levels for audit and other SFM purposes in the future.

The other recommendations include the following:

1. The current monitoring and evaluation system of the DENR should be linked to the criteria and indicators for SFM. This way, there will be a conscious effort among the forest managers to establish appropriate baselines and regularly update the database. This will lead to easier collection of information relating to C and I.

2. Existing policies should be examined to ensure that C and I for SFM are incorporated in existing guidelines and procedures for the management of forest resources.

3. Further studies should be undertaken that will lead to the adoption of a methodology for rating forest management units towards achieving sustainable forest management. The methodologies should capture the various priority objectives of the different forest management units in the country.

4. Further training will have to be undertaken among forest managers to orient them about the criteria and indicators for SFM including the measurements of the corresponding verifiers and the filling-up of the C and I questionnaire.

5. Focal persons should be designated within the DENR and the various FMUs who will be responsible for filling-up the C and I questionnaire. This will ensure consistency in filling-up the C and I questionnaire.

6. Similar projects of this kind in the future should closely involve the Local Government Units, considering the expanded role of the LGUs in the management of forest resources.

2.1. Project Results

2.1.1 Existing situation at Project Completion

The Pre-project has shown that it is possible to develop criteria and indicators for Sustainable Forest Management (SFM) at the national and FMU levels including monitoring and reporting systems. The criteria and indicators for SFM, which was formulated, was a result of the series of consultations with various stakeholders. Thus, this C & I has gain acceptance from the different forestry stakeholders because it underwent a series of consensus building process.

The various interactions during the consultations created awareness on the importance and benefits of C & I for the SFM. In the process, the different forest managers slowly understood the C & I monitoring and reporting questionnaire. As a result, they had better understanding of the different factors/ components that lead to SFM. For instance, the importance of biodiversity conservation as part of the forest management activities was well appreciated by the FMUs. They have now realized that the focus in forest management is not only towards plantation development and utilization but should also include maintenance of ecosystem health and condition. Over-all, the pre-project has created growing constituency in the forestry sector which advocates for the implementation of the Philippine C & I for SFM.

On the other hand, the formulation of an action program and project proposal has made the DENR management acutely aware that the pre-project is not a theoretical undertaking and that it does not end in the formulation of criteria and indicators and the monitoring and reporting questionnaires. There is clear understanding among them that beyond formulating the Philippine C & I for SFM is its link to forest auditing and certification. At the same time, the action program has enlightened the DENR management on the steps/ procedures for institutionalizing C & I for SFM in the forestry sector. There is now a growing demand for integrating C & I in the forestry monitoring and evaluation system as well as in forest policies.

2.1.2 Project Impacts

The pre-project has contributed substantially to the attainment of the development objectives which is to promote sustainable management of the tropical resources in the Philippines in accordance with the ITTO year 2000 objective, through the formulation of criteria and indicators for sustainable forest management at the national and forest management unit levels, including appropriate monitoring, assessment and reporting systems. Specifically, the following were the impacts of the pre-project:

1. Created consciousness and awareness among forest managers in the different indicators for SFM.

2. Among the top-level management of the DENR recognized the importance of establishing C & I for tracking progress towards SFM.

3. It created closer interaction among the government, forest managers, People's Organizations, NGOs, Academe that led to a consensus on the C & I for SFM at the national and FMU levels.

4. Forestry stakeholders have also realized the need to come up with an initial baseline/ benchmark data against which progress towards SFM may be compared.

5. There is now an emerging consensus among forest managers to integrate C & I for SFM in the monitoring and evaluation system of the DENR including the reporting system of the FMUs.

2.1.3 Project Sustainability

The manual and reporting questionnaire for the C & I at the national and FMU levels has already been presented and approved by the top management of the DENR. Its approval by the DENR top management indicated the commitment to institutionalize C & I for SFM in the bureaucracy. The simplified manual and reporting questionnaire developed under the pre-project will make easier for the various forest managers to fill up the data required for tracking progress towards SFM.

The action program and the proposal that were developed under the pre-project will further accelerate the process of institutionalizing the implementation of C & I for SFM in the forestry sector. Elevation of the pre-project into a project mode so that the project proposal to operationalize the action program for institutionalizing C & I for SFM, can be put into action.

The DENR as lead agency in implementing C and I in the country should formally adopt the proposed C and I system and initiate administrative measures and policies for implementation. It should also create a dedicated permanent unit to take charge of C and I implementation and related matters staffed with adequate personnel.

2.2. Synthesis of the Analysis

a. Specific Objective(s) Achievement

The two specific objectives of the project were realized.

b. Outputs

All of the four (4) main outputs were realized.

c. Schedule

Schedule was slightly delayed due to delay in the release of the initial budget. The Pre-project agreement was approved by ITTO on April 15, 2002 while the first release was made on June 2002.

d. Actual Expenditures

Actual expenditures were slightly below what is planned.

e. Potential for replication

The pre-project results have significant potential for replication. The manual which was prepared by the pre-project can be distributed to the different FMUs in the country for filling up and compilation / analysis. Likewise, the National C and I can be use as benchmark information and can be updated every year for monitoring and evaluation purposes.

f. Potential for scaling-up.

There is a significant potential for scaling-up the pre-project outputs into a project. There is government and stakeholders' commitment to formally adopt the proposed C and I and implement the proposed framework and action plan for implementation.

3.1. Development Lessons

1. The highly participatory design of the project made it possible to arrive at a consensus that indeed there is a need to develop a tool for tracking progress to sustainable forest management. In spite of the various interest of the different stakeholders the various consultations conducted enabled them to realize the importance of arriving at a common criteria and indicators for sustainable forest management at the national and forest management unit level.

2. The various interactions that resulted during the different stakeholders, consultations enlightened different forest managers, DENR officials, researchers and other implementors in forest related projects on the need to establish a base line data using common standards.

3. The active participation of the different stakeholders (timber producers, peoples' organization, other government agencies, non-governmental organizations, academe and the DENR) is vital to the effectiveness of the Pre-Project implementation. It also facilitated the resolution of issues that were identified to affect the application of the C & I.

4. The combination of bottom-up and top-down approaches facilitated the development of C & I, including the application manual that could be applied across forest management units.

3.2 Operational Lessons

1. There is a need to train the technical personnel tasked to fill-up the C and I reporting questionnaire.

2. There is difficulty in filling-up the C and I reporting questionnaire because of different priorities/emphasis of the different FMUs. Apparently, some information are not available at the FMUs because of the cost included in collecting the data and the task of technical expertise on the part of the FMUs staff.

3. The field-testing of the C and I questionnaire reveal that there are limited information relating to ecosystem health and condition more particularly on biodiversity conservation both at the national and FMU level. It seems that the problem is due to the fact that most of the management plans formulated focus on developmental and utilization activities. At the same time measurements of the information is very costly and need trained staff/personnel.

4. The pre-project design was focused on the forest management unit level. Because of this LGU involvement in the formulation of the C and I for SFM was very limited considering that the passage of the Local Government Code there is a need for more LGU participation in the formulation of C and I for SFM.

5. The field-testing highlighted the need to come-up with a common definitions for various parameters used in the C and I manual. This is necessary to ensure common understanding of different terminologies that is crucial in filling-up the questionnaire.

6. Initial testing of the draft C & I including the application manual generated a picture of the current forest management systems in the country and the likely gaps that need to be addressed vis-à-vis sustainable forest management and the capacities of forest managers. The gaps also included policies that may be needed and other implementation and institutional arrangements that are necessary to ensure effective C & I adoption.

3.3. Conclusions

The following are the conclusions:

1. Most of the criteria and indicators for SFM as developed by ITTO are also applicable in the Philippines.

2. A review of the different initiatives in developing Philippine C & I for SFM indicates that the ITTO C & I was more encompassing and comprehensive.

3. The criteria for SFM can be reduced into five (5) criteria for effectiveness and efficiency in data gathering and analysis, which include

   a. Enabling conditions for SFM

   b. Forest Resource Security

   c. Ecosystem Health and Condition

   d. Flow of forest Produce

   e. Social, Economic; and cultural aspect

4. An acceptable act for Philippine C & I for SFM can be developed through a consensus building process involving series of consultations among the various stakeholders

5. It is easier to gain support of management in institutionalizing C & I for SFM if there is a clear action program.

3.4 Recommendations Based on Operational Lessons

1. Further training of FMU managers and government personnel to be deployed for C and I implementation on the filling up of questionnaire at various FMU levels.

2. The DENR should immediately initiate the formal administrative measures and policies to implement the C and I system in the Philippines.

3. Immediate approval by ITTO on the full-blown proposal for the implementation of the framework and action plan for institutionalization of the proposed C and I system.

4. Creation by DENR of a permanent unit within FMB for the implementation of the Philippine C and I system and related matter. Adequate qualified and trained staff should be provided.

5. Install C and I database as menu in existing DENR compatible databases like FSIS supported by ITTO. As much as practicable this database should be GIS based or compatible.

6. All efforts in C and I should be tied up to future national capability for internal SFM of all FMUs and external certification to satisfy demands of global market for forest products harvested from sustainable sources or processing facilities.

3.5 Recommendations for Future Projects

After completion of the activities, it is recommended that the Pre-Project be elevated into a Project Mode in order to facilitate the application and institutionalization of the C & I including the Manual of Application. It would also help sustain the enthusiasm of the stakeholders who have been involved in the design and who will be the eventual users of the tool.

A framework and action program is needed for government, FMUs, and others concerned to eventually implement the proposed system. Such action plan will be the basis and form the key activities for the required full-blown project proposal to be submitted to ITTO for funding to implement and institutionalize the proposed C and I system.

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, and monitoring. The audit system for C and I must be tested in selected pilot FMUs and their forest managers trained on the actual use.

The action plan not only includes the technical methods to evaluate the progress of SFM but the review and amendments of enabling conditions such as current policies and regulations. Participatory processes amongst stakeholders and decision-makers are also integral part of the action plan.

Hereunder are the recommended components / activities of the action plan within the framework of auditing C and I for SFM.

1.   High-level consultation / meeting with DENR and other relevant government agencies for initial adoption of proposed C and I system.

2.   Draft manuals and guidelines for Philippine C and I system. These should include the proposed 5 main criteria, the indicators listed, and the items enumerated in questionnaire for both national and FMU levels.

3.   Formulate an appropriate audit system for the Philippine C and I system including applicable verifiers and means of verification (data required and qualitative / quantitative assessments) for each indicator. This should concentrate on national scheme for SFM and should focus on internal audit by forest managers and or government that manage the public forests. Main intent is to provide tool for SFM control and monitoring. This should be designed to lead towards external audit and certification in the future for timber flow coming from the Philippines.

4.   Formulate draft manual for Philippine internal audit for timber concessions, CBFM areas, IFMAs, and other FMUs. Manual can later be integrated with the C and I Philippine system manual and guidelines. This is necessary to complete an integrated approach to SFM planning, control, and monitoring. SFM can only be evaluated through a process of auditing verifiable indicators of the C and I system to determine compliance to SFM requirements of various policies, rules, and regulations and their end results to determine if forest management will be sustainable and areas for harvest can be classifies as sustainable sources.

5.   Pilot test the Philippine audit system of C and I for SFM. It is ideal to test on various FMUs like TLA, CBFM areas, and IFMA to determine modifications needed to fit certain conditions and nature of forest agreements. Three pilot areas will be ideal for full-blown project.

6.   Conduct stakeholders and high-level government consultations and meetings for comments and eventual adoption of the audit C and I system.

7.	Review and proposed amendments to existing relevant forestry policies, rules, and regulations to enable the workability of the designed system for auditing 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.

8.	As a tool for reporting and evaluating compliance to rules and regulations, 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 that entail added costs for FMUs.

9.	Identify and assess 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.

10.	Formulate draft final 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.

11.	Subject the final audit system of C and I to stakeholders and decision-makers' consultations. Make the necessary changes based on comments and recommendations.

12.	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.

13.	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 to certification adopted by ITTO.

14.	Conduct training of forest managers at various FMUs for the use and application of the Philippine audit system for C and I.

15. Design and formulate a database and MIS for C and I at both national and FMU levels for audit and other SFM purposes in the future.

The other recommendations include the following:

1. The current monitoring and evaluation system of the DENR should be linked to the criteria and indicators for SFM. This way, there will be a conscious effort among the forest managers to establish appropriate baselines and regularly update the database. This will lead to easier collection of information relating to C and I.

2. Existing policies should be examined to ensure that C and I for SFM are incorporated in existing guidelines and procedures for the management of forest resources.

3. Further studies should be undertaken that will lead to the adoption of a methodology for rating forest management units towards achieving sustainable forest management. The methodologies should capture the various priority objectives of the different forest management units in the country.

4. Further training will have to be undertaken among forest managers to orient them about the criteria and indicators for SFM including the measurements of the corresponding verifiers and the filling-up of the C and I questionnaire.

5. Focal persons should be designated within the DENR and the various FMUs who will be responsible for filling-up the C and I questionnaire. This will ensure consistency in filling-up the C and I questionnaire.

6. Similar projects of this kind in the future should closely involve the Local Government Units, considering the expanded role of the LGUs in the management of forest resources.

Responsible for the Report:

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Date : **30 June 2003**

Signature :