

When is decentralization in forest management a success and when is it a failure? Case Studies from the Philippines

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ABSTRACT

The decentralization reforms and political conditions in the Philippines present an ideal environment for forest management by recognizing the land entitlements of upland and indigenous communities and promoting the involvement of local government units. To grasp the present state of decentralization in the forestry sector in the Philippines, this study draws on case studies conducted in Nueva Vizcaya Province in assessing whether current conditions – policies, institutions, and programs – are conducive to effective decentralization. It attempts to answer a broader question: when is decentralization a success and when is it a failure? These case studies represent a mix of successes and failures that are of interest from a policy viewpoint. The study reveals that there are grass roots realities that slow or cause the failure of decentralization initiatives. The high number of actors and stakeholders affect the pace of decentralization reforms and make it difficult to assign or identify accountability. Some of the reasons for the failure were conflicting positions of institutions during the project planning, people's organizations being scattered over a large area, ineffective coordination of people's organizations, overlapping administration and forest management boundaries, and the politicization of local institutions. The study shows that decentralization reforms require highly capable community organizations and self-management capacity. It was found that a mix of site-specific interventions and community endeavors that focus on securing local livelihoods has led to some success. This is a strategy that helps decentralization reforms.

Keywords: Decentralization; Forestry; Local government units; People's organization; Philippines

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INTRODUCTION

The shift from centralized to decentralized management of natural resources, specifically the forests in developing countries, has been the focus of literature in the last two decades. This reflects the experiments and programs in community forestry or local forest management that aim to empower local communities, assigning responsibility or enabling devolution. Early literature on decentralization in forest management focused on communities (villages, user groups, and also formal and informal institutions) probably because of increased academic interest in common property resource management (Berkes, 1989; Hobley, 1996; Ostrom, 1990). However, recent literature is more concerned with local governance systems and downward accountability of local authorities (Andersson, 2004; Contreras, 2003; Larson, 2002; Manor, 2004; Ribot, 2004; Ribot et al., 2006). This reflects the efforts of developing-country governments particularly in the 1990s to shift responsibilities for resource management to local government units or municipal governments. There is a need for analysis of forest governance above the community level (Agrawal and Gibson, 1999), and of structures and functions of devolved formal authorities (Andersson, 2004) or local government administration (Grootaert and Narayan, 2004). There is also a need to describe the political economy of social-environmental interactions in view of widespread evidence of bribery and illegal exchange in natural resource management (Robbins, 2000). This is highly relevant in the context of increased emphasis on decentralization involving a number of actors and stakeholders. In sum, existing literature suggests there remain critical features of decentralization processes that need attention.

In this study, we attempt to determine if conditions are conducive to effective decentralization of the forestry sector in the Philippines. This study focuses on the Philippines because of its relatively extensive experience in forestry sector decentralization (Pulhin et al., 2007). It has a relatively long history of forestry programs that solicit the people's participation, and more policies and laws favoring devolution in forestry management than any other Asian-Pacific developing country (Banerjee, 2000). It uses a mix of democratic, administrative, and fiscal decentralization strategies in the natural resources sector. A major approach to decentralization in the Philippines involves transferring responsibilities from the national government to local government units and local communities. Grainger and Malayang III (2004, p. 11) suggest that decentralization in the Philippines forestry sector contributes to "democratization and localization, by changing relationships between villages, local and provincial governments and the state", and it is 'as much a social experiment as a forest management strategy'.

The Philippines also has one of the largest programs especially under Community-

based Forest Management (CBFM) projects. There are in all 5,503 CBFM project sites nationwide covering around 5.97 m ha and involving 690,691 households and 2,877 people's organizations. Around 1,577 sites are being managed through CBFM Agreements (Statistics provided by CBFM Division, Forest Management Bureau, The Philippines), whereas in the remaining sites different tenure arrangements, such as Certificate of Stewardship Contracts (hereafter stewardship contracts) and Certificate of Ancestral Domain Claims (hereafter ancestral domain), mainly intended for upland communities, are being implemented.¹

A review of literature on decentralization in forestry sector in the Philippines reveals that there are shortcomings in policy, institutional and program implementation (Contreras, 2003; Cruz et al., 1997; Cruz and Acay, 2004; Dahal and Capistrano, 2006; Dizon, 2004; Gauld, 2000; Geollegue, 2000; Grainer and Malayanf III, 2004; Magno, 2001; Pulhin and Inoue, forthcoming; Sabban, 1997; Sajise et al., 2003). The results show frequent changes in policy. Furthermore, the policy-making process is centralized, local government units do not have jurisdiction over forestry matters, inter-programs integration is poor, there are conflicting authorities in the forestry sector, and funding to sustain decentralization reforms is inadequate. A market-oriented approach to CBFM programs bypasses the targeted beneficiaries and informal benefit-sharing arrangements result in intra-community conflicts. The role of NGOs in the capacity-building of local communities has diminished over the years. To be precise, decentralization policy and implementation in the Philippines need improvement.

In addition to shortcomings in the implementation of policy, institutions, and programs, there are also grass roots realities that slow or cause the failure of decentralization reforms. However, there are also some collective community endeavors and interventions to secure local livelihoods that help decentralization reforms and inspire policy makers. This study analyses three Community-based Forest Management (CBFM) project sites in Nueva Vizcaya Province in the Philippines to assess site-specific factors that facilitate or hinder effective decentralization and address a broader question: when is decentralization a success and when is it a failure? Actors, stakeholders, and institutions at different locations and levels are analyzed to find out what forces are driving and constraining

¹ CBFM Agreements and stewardship contracts are awarded to communities and individuals, respectively, to use forestland for 25 years, renewable for another 25 years. Under stewardship contracts, allocated areas require actual occupation or private development of forestland by individuals prior to project implementation. Ancestral domain includes individual and community-owned areas, but ownership of the entire area is entrusted to the community. In this sense, ancestral domain and CBFM Agreements involve collective management responsibility, but ancestral domain is issued only to indigenous people who have always lived in the same place.

decentralization processes.

In the literature, increasing emphasis is also placed on the 'local aspect' of environmental policy as a key site for policy intervention (e.g., Gibbs and Jonas, 2000). In special circumstances, there is a need for contextualization of governance, which includes the integration of environmental conservation with local institutions, practices, and social structures to increase involvement of local actors and to coordinate programs with the place in question (Lejano et al., 2007). Decentralization empowers local people to deal with forest management but does not prescribe the appropriate strategies for achieving goals. In order to further examine this issue, this study attempts to show if site-specific interventions help decentralization reforms. The results of this study are of interest to varying degrees from a policy viewpoint for the Philippines as well as other developing countries following similar paths of decentralization.

CASE STUDIES OVERVIEW

Nueva Vizcaya Province in the Philippines was deliberately selected for this study because it has diverse CBFM programs. It is the site of the first locally-initiated CBFM pioneered by the Kalahan Educational Foundation, a well-known people's organization that sought governmental recognition of the Ikalahan tribe's claim over their ancestral land through an innovative land tenure arrangement with the Philippine government. It also hosted numerous government-facilitated CBFM programs with varying approaches and external assistance. There are currently 22 CBFM Agreements issued by the Department of Environment and Natural Resources (DENR) to people's organizations (some still in nascent stage) in Nueva Vizcaya, not to mention other CBFM initiatives established by local government units and people's organizations such as the Kalahan Educational Foundation. Nueva Vizcaya has more CBFM initiatives than most other provinces. Moreover, the combination of locally and externally initiated CBFM initiatives provides examples of the various issues and dimensions of decentralization in the Philippines.

We conducted case study investigations of the three CBFM initiatives, namely the Buenavista CBFM, the Kalahan reserve, and the Dumayop Watershed Project. These were purposively selected to represent a mix of successes and failures that are of interest from a policy viewpoint. Other selection criteria were representation in terms of the length of decentralization experience, community structure, and the roles of government and donor agencies. Buenavista and Kalahan represent more successful CBFM sites, and Dumayop a failure. Kalahan has the longest decentralization experience, followed by Buenavista and Dumayop. Dumayop and Buenavista are more heterogeneous in terms of community structure, while Kalahan is more homogeneous. All sites varied in terms of the roles of government and donor

agencies, with Kalahan more independent from external influence.

We interviewed key informants to collect information on decentralization in the forestry sector. These key informants include: officials of people's organizations, federations of people's organizations, and NGOs associated with the selected CBFM project sites; officials of concerned governmental agencies involved in planning and implementation of CBFM projects at different levels in Nueva Vizcaya Province, which are the Community Environmental and Natural Resources Office (CENRO) and local government units. A group discussion was also held with the beneficiaries of the selected CBFM projects. Below we briefly describe the case situations studied in Nueva Vizcaya Province.

Buenavista: a successful case of decentralization with external intervention

The CBFM project launched in 1995 in Buenavista Barangay in Bayombong Municipality is managed by the Federation of Vista Hills, Kalongkong, Kakilingan, Upland Farmers Inc. It is considered a successful case, being commended as a 'Model Sustainable Development Project' in the upland category (and Region 2) by the Regional Development Council in 2003 and 2004. Buenavista CBFM project site is now being promoted as a 'Model Reforestation Site' under the Clean Development Mechanism of the Kyoto Protocol. This project is aided by the International Tropical Timber Organization (ITTO) and also supported by the Department of Environment and Natural Resources (DENR). ITTO first established tree plantations on 177 ha in Buenavista during 1995–1997 (Phase I). Phase I was successful and to sustain these initiatives, ITTO implemented CBFM project during Phase II in 1998–2001 and expanded tree plantation.

Barangay Buenavista comprises five sitios; sitios are sub-units of a barangay although the recognized smallest political unit in the Philippines is the barangay itself. The federation comprises three people's organizations of upland sitios – Vista Hills, Kalongkong, and Kakilingan – which are responsible for the overall management of the CBFM project. The other two sitio, which are located in the lowland and traditionally involved in sedentary agriculture, are not direct stakeholders. The CBFM Agreement awarded to the federation by DENR includes 3,000 ha of classified forestland. Half of this forestland is natural second growth Dipterocarp forest and the rest is a mixture of tree plantations, regenerating forest, grassland, and agroforestry farms.

Kalahan reserve: a successful case facing new challenges posed by decentralization

During the early 1970s when new forestry-sector policy initiatives (Kaingin Management and Land Settlement Regulations in 1971, and the Forestry Reform

Code in 1975 aimed at containing slash-and-burn practices and to help settle their cultivators on degraded forestlands) were underway in the Philippines, there was an organized attempt by an indigenous people, the Ikalahan people in the Santa Fe Municipality, to secure tenure and management rights over their ancestral domain. Under the able guidance of a missionary leader, who had close relations with government agencies and NGOs in Manila (Magno, 2001), the Philippine government recognized ancestral land claims, or legal rights of the Ikalahan people on nearly 15,000 ha of forestlands through a 25-year communal forest lease agreement in exchange for the watershed protection by Ikalahan. This was the first such agreement in the Philippines and Asia (Rice, 2002). The Kalahan Educational Foundation, a people's organization that officially represented the Ikalahan people, was established to conduct initial negotiations with the government. This foundation oversees the management of Kalahan reserve.

Since the 1993 Kalahan reserve, encompassing 50,000 ha of forests, has been formally recognized as the ancestral domain of the Ikalahan people. Anticipating the problems of managing an ancestral domain of this size, the total area was divided into five clusters of varying sizes. Kalahan reserve managed by Kalahan Educational Foundation was classified as Cluster 1. The foundation is helping the other clusters (2 to 5) to formulate their management plans, while these clusters are also working at establishing themselves as separate entities.

Dumayop Watershed Project: a case of failed decentralization

The Dumayop Watershed Project was the most recent of the three initiatives implemented by DENR in the late 1990s using a loan from the Japan Bank for International Cooperation (JBIC). This CBFM project is spread over two municipalities, Bagabag (CBFM 1) and Quezon (CBFM 2), and constitutes the Dumayop River watershed. Bagabag includes two barangays, Berebet and Pogon Sino, and consists of four sitios, each having its own people's organization. Quezon, meanwhile, includes two barangays, Calaocan and Bonifacio, and consists of five sitios. Previously, each of these sitios had its own people's organization, but three sitios were later merged into one. The seven people's organizations are linked together under a federation called the Dumayop–Magat Agroforestry Development Association. This project ended in 2003 with the termination of external support.

POLICIES, INSTITUTIONS AND PROGRAMS FACILITATING DECENTRALIZATION

The forest policies and programs implemented in the Philippines since the 1970s initiated a process of recognizing the entitlements of upland and indigenous communities, and include swidden practices, unlike most developing countries where initial social forestry programs mainly focused on tree plantations. Although early programs in the Philippines failed, they opened a "policy window for addressing the resource utilization rights to forest occupants" (Magno, 2001, p. 273). In the early 1980s, a more comprehensive national program called the 'Integrated Social Forestry Programs' was started with active participation of volunteer groups, civil society, and reformers in the government. Despite financial support from foreign donors like the Ford Foundation, Inc. (Mercado, 2000), this programs focused on providing land tenure to upland individuals/families through stewardship contracts that gave them exclusive use and occupancy rights to upland public forestland. This program too failed to some extent owing to weak implementation, low beneficiary participation, poor government support, neglect of ancestral domain rights, and uncertainty over the sharing of forest products. However, a land tenure arrangement under the Integrated Social Forestry Programs laid the foundation for future CBFM programs in the Philippines.

Political events in the Philippines during the mid-1980s and subsequent new legislation facilitated the rise of people-oriented forestry programs and the establishment of CBFM. The 1987 Philippine Constitution brought local governance, agrarian and natural resource reforms, and formulation of forest policies with a more pragmatic approach. The Community Forestry Programs, with renewable 25-year agreements exclusively for forest communities, was initiated in 1989. It focused on the development and protection of residual forests and accelerated their transfer to community management, but with the active involvement of NGOs to sustain equity and conservation in forest management (Magno, 2001). This program provided communities with the leeway to extract forest resources for improved economic welfare. The program was seen as a means to alleviate upland poverty.

As community-based resource management (forestry, irrigation, and watershed management) gained momentum, government orders were formulated and enacted periodically to speed changes. Some of these orders were the Local Government Code (RA 7160 in 1991) that partially devolved some DENR functions to local government units and paved the way for their involvement in forest management; the National Integrated Protected Areas System Act of 1992 that encouraged community participation in delimiting land boundaries and managing protected areas; and the Rules for Ancestral Land and Domain Claims in 1993 that asserted the rights of indigenous people to their ancestral lands. The hallmark of these decentralization policies in the Philippines was Executive Order 263, issued in 1995, which adopted

CBFM as the national strategy for sustainable forest management and social justice in upland regions. This paved the way for institutionalization of local forest management. Various programs involving people's participation in forest management that existed in 1996 were integrated into CBFM.

In addition, passage of the Indigenous People's Rights Act in 1997 provided for recognition of indigenous peoples' vested rights over their ancestral lands. Together with Executive Order 263, these landmark policies constituted a primary means of allocating forests and forestlands to local communities, thereby significantly helping the decentralization process. Executive Order 318 of 2004 prescribed the pursuit of sustainable management of forests and forestlands in watersheds based on six key principles including community-based forest conservation and development (Pulhin et al., 2007). Under this new policy, CBFM remains the primary strategy of all forest conservation and development projects.

In sum, the CBFM strategy focuses on the *de jure* provision of secure land tenure to individuals and communities to bring social justice and equity in resource distribution as enshrined in the constitution. Furthermore, since the 1980s poor upland dwellers have received help through land reforms and democratized access to forest resources. These forest policies and political objectives to this day distinguish CBFM in the Philippines from decentralization policies in other developing countries. But do these reforms work in practice?

DECENTRALIZATION: SUCCESS OR FAILURE? EVIDENCE FROM CASE STUDIES

We assess the conditions that influence the success or failure of decentralization in the forestry sector in the Philippines. This analysis is based on three case studies undertaken in Nueva Vizcaya Province.

Securing local livelihoods

A prime factor of the decentralization success in Buenavista and Kalahan reserve is that the process has granted local people sustained access to conserved and rejuvenated forest resources and generated other livelihood opportunities. First we highlight the initiatives by Kalahan Educational Foundation in Kalahan reserve. In its initial years, the foundation restored deteriorated forests. These efforts spawned diverse and mostly forest-based livelihood opportunities such as fruit processing, organic vegetable farming, spring water bottling, furniture making, spice production, medicinal plants, resin, essential oil, handicrafts, and charcoal.² The foundation also

² But Kalahan reserve's success is unique. Other ancestral domains are fairly unsuccessful.

established public infrastructure. Around 10,000 ha of Kalahan reserve are production forest and 2,000 ha are under permanent agriculture and other land use. The remaining 3,000 ha are set aside permanently for conservation of flora and fauna.

In the case of Buenavista, there was extensive grassland and some forest cover prior to CBFM project implementation. This is typical of much land in the Philippines, where natural forests have been converted to secondary forests and then grassland by widespread logging and swidden (*kaingin*) farming. Local people in Buenavista illegally logged and made charcoal, and practiced extensive swidden farming. The first attempt to rehabilitate denuded forestlands in Buenavista was undertaken in the late 1980s under the Integrated Social Forestry Programs. However, this initiative was unsuccessful because of the program's limited resources and the continuous influx of new migrants who were not actively involved in the programs and impeded forest protection.

Following implementation of the CBFM project in Buenavista, swidden farming in forestlands was slowly replaced by agroforestry. Massive information, education, and communication campaigns on the destructive impacts of swidden farming versus the socioeconomic and environmental potentials of agroforestry practice, coupled with technical and material support (e.g., provision of free seedlings and vegetable seeds) contributed to the shift in farming practices by most of CBFM participants. Farmers are now cultivating paddy fields while employing soil and water conservation measures, and also undertaking intensive vegetable farming using better technology and with loans from people's organizations. This has led to increased agricultural production and income in Buenavista. Similarly, farmers have gained knowledge of the technical aspects of tree growing. The promotion of agroforestry under the CBFM project, and community-based enterprises such as vegetable and flower production and trading of agricultural supplies, have provided gainful local livelihood opportunities, thereby reducing dependency on forest resources. However, the recent instability of timber utilization policy within CBFM areas, as reflected in the nationwide cancellation of resource-use permits, threatens the potential of the planned livelihood activities.

Community composition and organization

Community homogeneity is one of the factors behind successful collective action in Buenavista. Vista Hills sitio consists mostly of Ilocanos. Kalonkong sitio has a mixed population of Ilocanos and Igorots – indigenous people who migrated to Buenavista in the 1990s. Kakilingan sitio is mainly inhabited by Igorots. Despite seemingly diverse ethnic origins, commonalities in Buenavista promote collective action.

See, e.g., Logong (2000).

Among these are cultural commonalities, livelihood dependence on common resources, and shared needs that dictate collaborative efforts. These community characteristics are complemented by robust leadership. On the other hand, Kalahan reserve, consisting of seven barangays, is populated by Ikalahan indigenous people. This has helped Kalahan Educational Foundation develop local forest management plans, which include harvesting timber and non-timber forest products as per the 1992 National Integrated Protected Area System Act, as well as agroforestry policies. The sustainability and success of the Buenavista CBFM project and Kalahan reserve are attributed to the commitment of local people and transparency of the institutional arrangements for forest management.

On the other hand, a major factor contributing to the failure of Dumayop Watershed Project is the scattered locations of the people's organizations over a large area, and heterogeneous community composition. The seven people's organizations involved in the project are sparsely distributed in nine sitios within four barangays and two municipalities in the 3,780 ha project area. Moreover, the people's organizations belong to varied ethno linguistic groups such as Ilocanos, Tagalogs, Isinay, Bicolanos, Igorots, and Cebuano, which, unlike the Kalahan reserve community, have little in common to foster collective action. This makes communication difficult amongst the people's organizations. There is limited participation of local people in project management, and in fact they are unaware of the activities undertaken by the federation. This has led to suspicion among the local people over the lack of transparency in transactions of the federation and people's organizations. There was also no focus on community organization during the initial years of Dumayop Watershed Project. Comprehensive site development and community organization were undertaken simultaneously. As the people's organizations/communities were not built to handle collective tasks and responsibilities, project implementation suffered. Conversely, in Buenavista, measures were taken to organize the community before implementing the CBFM project.

The lack of community organization in the early stages of CBFM project implementation, which ultimately led to the failure of Dumayop Watershed Project, is also attributed to ill-conceived NGO involvement. The NGO attempted but failed to organize the community and was instead more involved in project implementation. When the NGO's two-year contract expired, the people's organizations were left without the capacity to implement further project activities.

Management of development funds in a decentralized regime

In Buenavista, project funds are managed by only a few persons. The federation is being managed by a steering committee comprising International Tropical Timber Organization project staff and DENR officials at the provincial level. Funds can be

withdrawn only by submitting a project proposal to DENR that specifies intended activities. Meanwhile, the people on the front line of forest management and protection are paid in meals instead of wages. Such management of development funds has contributed to CBFM success in Buenavista. This arrangement, however, does not coincide with the concept of decentralization, whose policies have empowered barangays to determine the use of development funds like those originating from 'internal revenue allocation'. Fund management may be decentralized at the barangay level through a 'Fund Management Committee' that is accountable for the funds.

But due to fund misappropriation, one of the people's organizations, BADAKA Inc. in the Dumayop Watershed Project, failed miserably to deliver. The comprehensive development plan in this sub-project site was implemented in 1995 and focused on reforesting open and denuded forestlands for watershed protection and agroforestry to generate income for local people. According to the Project Completion Report (PCR, 2003), people's organizations performed poorly in project implementation; mobilization funds were mishandled; members were divided into factions; and some members lost interest in participating because of discontentment with management. The crux of the problem was drawing local people's attention toward money-related matters at a time when funds were readily available. The poor performance of this people's organization was reflected in the reduction of the original CBFM area by almost half, coupled with drought and fire in the project area.

In Kalahan reserve, all seven barangays have collectively and effectively managed the development funds and generated income under the mandate laid out by Kalahan Educational Foundation without any constraints since the early 1970s. However, in recent years, the new decentralized regime has generated conflicts in the community as political elements seek to dominate local institutions in order to control development funds. As elsewhere in the Philippines, such funds are seldom audited at the barangay level. Consequently, two barangays in Kalahan reserve, Malico Pangasinan and Santarosa, want to establish a separate entity so that they can utilise development funds as they see fit. Such politicisation of ancestral domains in the Philippines weaken local community management because most have yet to establish themselves as institutions.

Conflicting positions in decentralized institutions

The Dumayop case is a clear example of decentralization where views differ between DENR parties, particularly the Regional DENR Office and the CENRO. At project conception, the CENRO wanted to allocate the project area to each of the nine sitios in the hope that this strategy would result in effective management of small areas. Through this strategy, development funds would have been directed to each sitio, but the Regional DENR Office opposed it. They considered the entire

project area a watershed, with management under a federation of people's organizations from all sitios. Likewise, the funding agency, Overseas Economic Cooperation Fund of Japan and subsequently JBIC, was also against dividing the project area among sitios. However, the CENRO continued to resist the plans proposed by the Regional DENR Office and persisted in allocating management of the project area by sitio. The CENRO's stand was well supported by the National Forestation Development Officer with DENR supervising the disbursement of funds/loans.

In reality the division of project area by sitio did lead to project fund misappropriation, thus reducing overall community interest in the project. Originally PHP 46 million (US\$947,253) were allocated for this project, but this was later reduced as people's organizations did not meet their targets. Conversely, the federation of people's organizations in Buenavista was allocated only PHP 1.5 million (US\$ 30,896) seed money. Even when project funds were distributed by sitio in the Dumayop project, the federation existed in name only. One of the reasons for this is the diffusion over a large geographical area in the Dumayop. Moreover, both the people's organizations and the federation were weak. The interviewed CENRO staff members argued that, for the CBFM programs in the Philippines to be effective, people's organizations need to be strengthened or oversized federations are likely to fail.

Role of local government units

LGUs played a relatively minimal role in managing decentralization reforms in the case study sites. In Buenavista, the federation works along with the LGUs but it is DENR that controls most of the project activities. For example, all the hired technical staff members for community organization by International Tropical Timber Organization for both phases of the project were supervised by DENR. Similarly, LGUs have a minimal role in the management of the Kalahan reserve, as it is an ancestral domain.

The Dumayop Watershed Project failed for several reasons. Given that watersheds transcend political boundaries, questions have been raised over the LGUs' capability to run such projects (Geollegue, 2000). Moreover, the Sub-Project Management Officers assigned by DENR to the area were transferred to other positions six times during the project duration, which derailed project activities and contributed to the lack of supervision and poor performance of people's organizations. However, political intervention at the municipality level appears to be the dominant reason for project failure. The President of the federation and his followers in the four sitios, located in Bagabag Municipality (CBFM 1), and its former Mayor had different political affiliations. Owing to this political rivalry, project proposals under Dumayop Watershed Project in these sitios were not endorsed. Most of the funds were utilised by the sitios in Quezon Municipality (CBFM 2). Even development projects like water

supply and road construction were affected in Bagabag Municipality. Political support for the CBFM project was only realized when a new Mayor in Bagabag was elected who had the same political affiliation as that of the federation's president.

Counterproductive centralized policies

As discussed earlier, Presidential Decree 705, which is the major forestry law of the Philippines, has not been annulled despite its conflict with decentralization reform. As this decree continues to be enforced, constraints are imposed on ancestral domain, which recognizes the forests rights of indigenous people and secures land tenure. This decree mandates that all natural resources, even in titled lands, are state property. This implies the need for DENR permission to harvest trees in ancestral domain forests. DENR still retains the power to issue resource use rights, such as annual allowable cuts and mining rights (TPEGP, 2002), and also controls tree harvesting on private property.

In Kalahan reserve, local people are required to submit a logging plan to secure harvesting permits from DENR. This is a cumbersome process involving high bureaucratic transaction costs. To offset such costs, people often fell more trees than permitted. This means unsustainable harvesting in forests managed under ancestral domain, which could be seen as illegal logging by environmentalists and NGOs. Therefore, the continuation of these old policies may be considered counterproductive for ancestral domain, potentially eroding its significance because the new Executive Order 318 suggests that DENR has no role in forest management in such titled lands.

Furthermore, DENR's control over natural resource use in ancestral domain marginalizes the role of the National Commission on Indigenous Peoples, leading to the presence of two government agencies in the same forestland, which is a burden on local institutions. It could also pave the way for abuse by indigenous people. At present, as this commission is inactive in the Kalahan reserve, the Kalahan Educational Foundation has taken its place in enforcing forest policies. However, local people in Kalahan face the dilemma of abandoning traditional forest management and utilization to keep pace with changing forest policies. For example, they do not respect new conservation-oriented policies, and it takes much time to explain the policies and convince them.

CONCLUSION

By analyzing the case studies undertaken in Nueva Vizcaya Province, this study shows that interrelated issues that challenge decentralization in the forestry sector in the Philippines have not yet been resolved, this despite government policies to

promote decentralization for over three decades. Implementing more practical policies and developing institutional conditions to support decentralization reforms remains a major challenge.

This study highlights that there is too little co-ordination and limited capacity to make and implement policy in the forestry sector. There are Community-based Forest Management (CBFM) projects that straddle municipalities and barangays. There are also numerous people's organizations in large projects representing specific local communities (sitios) under the umbrella of a federation. The high number of actors and stakeholders affect the pace of decentralization reforms and make it difficult to assign or identify accountability. From an institutional economics perspective, to promote decentralization involves higher implementation costs. This implies that decentralization is a complicated process that needs site-specific intervention, as the Buenavista and Kalahan reserve case studies show.

Resource scarcity hinders decentralization, so the Philippine government needs to establish transparent procedures by assigning accountability at all levels. The case study of Dumayop Watershed Project revealed that even this well-funded project failed on many accounts. Some of the reasons were the conflicting positions of institutions during project planning, people's organizations being scattered over a large area, ineffective co-ordination of people's organizations, and ill-conceived involvement of incompetent NGOs. However, it was overlapping administration and forest management boundaries, politicization of local institutions, and, more importantly, the misappropriation of funds that caused the failure. Such challenges in large-scale decentralization reforms emphasize the need for bridge-building to develop co-operation and synergy for solving common-pool resource (CPR) problems.

The study also shows how the politico-economic gains or self-interest of a few can affect decentralization processes (see Ribot et al., 2006). One reason for the Dumayop Watershed Project failure was the firm grip of political elements on decentralized local institutions and, therefore, the project funds provided by donor agencies. The decentralization process in recent years sparked conflicts in Kalahan reserve, the first communal forest lease agreement in Asia. Here political elements sought to dominate local institutions in order to control development funds. This implies the need to build downward accountability in decentralized local institutions (and NGOs) by increasing their capacity and establishing rights and duties in decentralized administrative systems. The Kalahan reserve case study further reveals how the continuance of centralized policies constrict the development of grassroots forest management practices. However, the Kalahan reserve does prove that suitably empowered local communities can achieve sustainable forest management and that decentralization helps to build civil society from the bottom up (see, Manor, 2004).

This study shows that decentralization reforms require highly capable community organizations and self-management capacity. The Buenavista and Kalahan reserve case studies showed that people's organizations and the collective initiatives of local communities with long-term goals contributed most to decentralization success. The capable local leadership in Kalahan reserve implemented effective forest management on their own accord. Local people successfully undertook initial forest rehabilitation measures without any external intervention using the traditional method of pooling resources. Likewise, the Buenavista case study showed that systematic external intervention without undue interference by LGUs helped local communities implement the CBFM project.

The success of decentralization reforms also requires securing local livelihood, as the cases studies of Buenavista and Kalahan reserve demonstrate. Promotion of the agroforestry model to rehabilitate denuded forestlands in Buenavista has been successful and given confidence to once forest-dependent communities. Likewise, the Kalahan Educational Foundation's model for providing secure local livelihoods through a host of forest-based, agricultural, and non-agricultural activities tailored to conditions in the Kalahan reserve has created the right circumstances for effective decentralization. It shows that contextualization and site-specific interventions/adaptive management help sustain this new forest management regime (see, Lejano et al., 2007). These are factors behind the success of decentralization in forestry management, and should be promoted in the Philippines. To conclude, interventions at the local level that promote rural development and stimulate to metamorphose the social status quo contribute to decentralization and the capacity for self-management.

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