

# Resource Use Rights and Other Challenges to Sustainability in Philippine Community-Based Forest Management<sup>1</sup>

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## 1.0 Introduction

In 1995, the Philippines officially adopted Community-Based Forest Management (CBFM) as its strategy for sustainable forest management in recognition of the urgent need to put “social fences” in open access forests and forest lands. CBFM was conceptualized to partly respond to the issue of the state as being the biggest “absentee landlord” by recognizing de-facto resource management of communities, including indigenous peoples (Hyde and others, 1996). Many foresters and environmentalists, expected communities in CBFM areas would initiate effective actions that would minimize negative upstream-downstream and on-site-off-site impacts of forest management externalities (Wallace, 1993). Tenure, resource use rights, and support systems to communities were assumed to trigger self-perpetuating sustainable forests and forest lands practices. These were supposed to be the key incentives that would “push” CBFM into the major landscape of forests and forest land management in the Philippines.

The CBFM policy proclamation was made through Presidential Executive Order (EO No. 263 in 1995). Previous to this, forms of CBFM in one way or the other were partly responded to through allied the issuance of people-oriented policies and programs of the Department of Environment and Natural Resources (DENR). EO 263 identifies forest communities—both upland migrant communities and indigenous peoples, to be represented by their respective people’s organizations (POs)—as legitimate resource managers of the nation’s forests. The policy includes the mechanism for legitimizing resource access and use rights through the issuance of long-term tenurial instruments, particularly the Community-Based Forest Management Agreement (CBFMA) for upland migrant communities, and the Certificate of Ancestral Domain Claim (CADC) for indigenous peoples.

The CBFMAs legitimates the migrant communities’ rights with respect to the forests and forestlands upon which their livelihoods depend. The CADC recognizes the ancestral claims of indigenous peoples to public forests and forestlands and other natural resource assets therein, as well as their right to peaceably occupy, develop, manage, protect, and benefit from forestlands and resources. The rights of indigenous peoples were further strengthened in 1997 with the passage of the Indigenous People’s Rights Act (IPRA or Republic Act [RA] 8371) and its Implementing Rules and Regulations. The IPRA paved the way for the titling and private (individual or communal) ownership of ancestral forestlands. Both the CBFM and the IPRA are predicated upon participatory planning

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and bottom-up approaches to identifying and articulating communities' resource development, management, and protection strategies. In summary, all the major rhetoric of CBFM from largely state-driven (through reservations and protected area systems) and commercial-driven (awarding long-term privileges to firms for the management, development, and protection of forests and forest lands) approaches are in place. The challenge has always been to translate general and operational CBFM policies into realities at the community level.

Since the early beginnings and the gradual emergence of the CBFM strategy, it has always been anchored on applicable national policies of the Philippine government to (1) adopt sustainable development, (2) democratize access to forests and forest resources, (3) improve the upland communities' socioeconomic condition, (4) decentralize and devolve forest and forestland management, and (5) conserve biodiversity and maintain the environmental services of forests and forestlands to both on-site and off-site communities. Over the years, these CBFM pillars have continued to guide its evolution, refinement, and implementation.

Today, CBFM in the Philippines has become a strategy with multi-faceted perspective. From a largely forestry approach of rehabilitation that covers only individual/family upland farms or claims into one that ensures communal long-term tenure (and also addressing individual property rights within the communal tenure) encompassing larger forest areas and different land use mixes. Forests and forest lands of communities (both migrants and indigenous peoples) now include any or a combination of the following: (1) forestlands that have been planted or areas with existing reforestation projects, (2) grasslands that are quickly becoming the expansion area of upland agriculture, (3) areas with productive residual and old-growth forests, and (4) multiple-use and buffer zones of protected areas and watershed reservations (Borlagdan 1996; Guiang, 1996; Pulhin, 1998).

CBFM's multi-faceted emergence has brought to the fore key issues that are of national concerns. These issues are becoming tension points in the full implementation of the CBFM strategy. A good handle of these issues will eventually define sustainable forest management in the Philippines and clearly delineate a "niche" for the CBFM strategy. The first concerns itself with "resource allocation" – how much of public forests and forest lands should be allocated for community management, for "public goods" or "set asides" in the form of protected areas and reservations, for commercial use and management, and for the direct management of local government units? The CBFM strategy was supposed to be the recurring theme in the protection and management of public forests and forest lands, in the management and protection of protected areas and reservations, and in devolving forest management to local government units. But, despite CBFM's present coverage of at least 5 million hectares of forests and forest lands, the state has continued to cling to its power and insist to intensively regulate the forests and forest land management activities of communities.

The second issue concerns itself with "identifying, formulating, and providing incentives to communities and other local stakeholders e.g. local government units" - what are the incentives that could trigger communities and other local stakeholders to adopt behaviors that would ultimately contribute to sustainable CBFM areas? What kind of devolved governance mechanism and performance indicator systems are needed in order for CBFM to be a self-sustaining strategy in managing forests and forest lands?

The third issue concerns itself with the need to create or re-align existing organizational support systems for communities and LGUs as they take more and more authority, responsibility, and accountability in managing forests and forest lands – How will DENR, the national line agency, re-engineer itself to be responsive to CBFM so that community-managed forests and forest lands become sustainable with the appropriate initial and periodic support and assistance?

## **2.0 Scope, Objectives, and Limit of the Paper**

This paper partly responds to issues related to incentives and support systems to communities as they intend to pursue sustainable forests and forest lands management. The discussion on these issues will largely be based on the results of the Ford Foundation-funded study on Community-Based Natural Resource Management – Forestry Sector which was implemented by the Institute of Philippine Culture, Ateneo de Manila University in collaboration with the University of the Philippines at Los Banos, College of Forestry and Natural Resources. As shown in Annex A, the 29 sites that were studied represented the array of typical CBFM areas in the Philippines.

The paper will highlight and discuss CBFM sustainability as a function of increased community assets over time, which is largely the result of providing secured tenure and predictable resource use rights and assistance to capacitate and strengthen community organizations. The paper will also underline the observation that CBFM sustainability is dictated by the kind, type, and quantity of initial natural resources capital of communities in their forests and forest lands; and by the quality, timeliness, and appropriateness of assistance given to communities from various service providers or support organizations.

As mentioned, the discussion on CBFM sustainability in this paper is largely drawn on the generalization from the 29 sites that were studied. Thus, to a certain extent, the conclusions and summary are exploratory in nature. The framework of analysis, however, will generally apply to any CBFM site especially with respect to site-specific sustainability.

This paper is organized into three parts. The first part deals with the tension points in CBFM. These tension points invite the reader to the core issues on sustainability. The second part deals with a brief discussion on who should and what are the costs of sustainable CBFM areas. The last major part covers discussion on how CBFM could survive and compete under a scenario of globalizing world trade. Some recommendations are built in each of the major topics of the paper.

## **3.0 Tension Points in CBFM**

The emergence and expansion of CBFM into different types of forests and forest lands created both opportunities and constraints. These in turn are fueling tension points between and among various stakeholders, particularly between communities and the state, local governments and national line agencies, private sector and communities, environmental NGOs and the state, and different national line agencies i.e. National Commission on Indigenous Peoples (NCIP) and DENR. Part of the tensions arises from the difficulty of managing various expectations at the local level. The process of resolving these tension points are also draining away expensive expertise, resources,

and emotional energies, which could, otherwise, be invested in more productive activities.

Communities expect the state to be more forthcoming in providing assistance and issuance of resource use rights especially for timber and major non-timber products such as rattan and bamboos. The state expects the communities to “protect and manage their forests and forest lands, develop their upland farms and other marginal areas, and strengthen their own community organizations”. Local government units and communities expect DENR (representing the state) to deregulate, simplify, and decentralize issuance of resource use rights and other incentives. Communities expect the government and responsible civil society to help them get organized, mobilized, and linked to markets and sources of working capital and technology in their pursuit of sustainable CBFM. Civil society and other stakeholders expect DENR, military, and LGUs to be more transparent in their process of approving, reviewing, and monitoring resource use rights especially for timber and other key non-timber forest products.

In the midst of overwhelming expectations of CBFM from among stakeholders and as if forests and forest lands have been sustainably managed by commercial users, many skeptics continue to raise the issue of sustainability of CBFM-covered natural resources. Indeed, the control and use of forests and forest lands has shifted from commercial users<sup>3</sup> to communities<sup>4</sup>; but the shift has exposed the limited capacities of community organizations. CBFM needs an operational and enabling environment where the transaction costs in obtaining community resource use rights (because of regulations, requirements, and rent-seeking behaviors) are almost minimal, where capacities of various service providers are adequate and timely, and where support systems for enterprise development are being developed, established, or created.

Lastly, increasing concerns to conserve “biodiversity” and address upland poverty in the midst of increasing market demand for construction timber and fuelwood in the Philippines are creating tensions in CBFM. Clearly, the Philippines’ shift to CBFM has to strike a balance between economic needs that could easily be responded by small-scale, community-operated, and efficient technologies in agroforestry, forest production, harvesting, and processing systems.

### **3.1 Tension Point Number One: Issuance of Resource Use Rights for Timber And Non-Timber In Residual Natural Forests**

As part of their rights and privileges under CBFM long-term tenure to forests and forest lands (for both CBFMA and CADC holders) communities under current administrative policies are allowed harvesting rights to timber and non-timber forest products in residual natural forests, which are considered as production forests<sup>5</sup>. The CBFM program includes selective timber extraction as part of its concept of forest “management”.

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<sup>3</sup> Commercial users are those who hold timber license agreements (TLAs), industrial forest management agreements (IFMAs), pasture lease agreements (PLAs), and other forms of privileges issued to individuals and firms.

<sup>4</sup> In this paper, communities who hold forest management agreements and certificates of ancestral domain claims are placed under the overall category of CBFM-covered forests and forest lands.

<sup>5</sup> Loosely defined, production natural forests are those found in areas that are below 50% slope, below 1000 masl, those with adequate stock (at least 60 AAC per hectare), and not part of protected areas or critical watershed reservations. These areas are supposed to be delineated during the process of participatory resource management planning of communities with DENR technical staff.

Communities are also allowed to harvest existing mature plantations of fast growing hardwoods such as Albizzia or Gmelina in their community-managed areas. Although there are many potential products with existing markets in CBFM areas, rights to harvest timber and non-timber have been a major incentive to communities because these existing natural resources capital (standing capital) have high market values and could easily be converted into cash to meet local needs while generating employment, spillover economic activities, and tangible evidence that the government is serious in “giving the forests to the people” (Laarman and others, 1995; Seve, 1995; Dugan, 1989). Communities have seen how timber products have “turned into gold”. As an incentive mechanism, issuance of resource use rights for timber and non-timber to communities has been established as a key incentive in community forestry (McNeely, 1988; Ascher, 1995; Young, 1992; Honadle, 1981; Laarman and others, 1995).

Permitting communities to harvest timber has generated more discussion among program managers, advisors, and government foresters than any other feature of community forest management. Some argue that providing community harvest privileges is merely legalizing existing and destructive illegal logging. Others argue that communities should only access non-timber forest products because they are too weak organizationally, financially, and technically to manage timber extraction. Still others contend that timber extraction will produce so much income as to create a culture of too much too soon.

As economic analyses of CBFM have pointed out (Hyde and others, 1996; and Johnson, 1997), in an open access situation, accessible timber or other forest products with marginal values higher than their marginal extraction cost will be harvested and marketed legally or illegally. In the absence of adequate defense, most nominally “protected resources” will be lost. CBFM holders cannot be expected to protect and manage their forest lands, assist claimants and members, strengthen their organizations, and establish tree farms without recognition of this basic fact. Permitting modest and sustainable community harvests, within national guidelines preserving virgin forest and protecting the steepest slopes, recognizes economic reality, rewards community stewardship, and finances forest protection and re-development.

CBFM experience so far indicates that when forest communities choose to participate in CBFM, they begin immediately, even before the CBFMA is official, to curtail illegal logging and to prevent slash and burn grass fires. Protection activities resulting from increased “ownership” and stewardship of existing stand of natural forests in their CBFMA or CADC areas have been more than sufficient to compensate for the reduction of natural resource asset as a result of increased forest fires and illegal extraction, and small harvesting rights. Furthermore, community resource use plans do not include exaggerated expectations for timber harvest as some of CBFM’s initial critics predicted.

In an analysis made in 1998, Guiang and Harker (1998) found out that in nine CBFM sites, the total volume of affirmed (approved) Annual Allowable Cuts (AACs) is only 76% of their total Sustainable Annual Allowable Cut (SAAC) based on historical data. The total AAC is only 45% of the total SAAC resulting from pre-harvest forest resource inventories. Even more interesting is the fact that planned timber extraction rates (permitted extraction volume as a percentage of estimated standing timber volume) ranges from as low as 5% to as high as 35%. The range of AACs varies from more than 200 to 1,200 cubic meters per year for CBFM areas ranging from 1,200 to 4,900 hectares.

Indeed, timber harvest operations are constrained by the resources that local communities can mobilize. Timber sales from all CBFM communities typically produce income sufficient to pay market-based daily wages to community labor, rent needed equipment, and cover the costs of transport and associated marketing costs. No community has yet generated what might be termed a substantial financial surplus from its timber operations. The principal beneficiaries of CBFM timber harvests are those employed in the operations.

For CBFM or CADC holders with standing timber (whether from productive residual forests or mature plantations), the unpredictability of the approval of resource use rights combined with increasing transaction costs (costs of preparing required documents, pre-harvest inventories, processing of papers, obtaining all kinds of permits, etc.) serves as one of the tension points. Forest protection of several communities (such as Compostela, Kiblawan, Lianga Bay, among others) severely suffered when the DENR senior management in 1998 unilaterally canceled all harvesting rights of CBFM or CADC holders. This was further complicated when issuance of harvesting rights was resumed but with more restrictive requirements. Depriving communities of their major source of revenues to finance their forest management costs continues to be a “sore point” in the implementation of CBFM in the Philippines. Putting more restrictive rules on resource use rights of communities will greatly threaten the profitability with increasing transaction costs (Ascher, 1995; Abregana, 1999). This will have a general effect of cutting and transporting more than the legal allowable cut.

The future of CBFM areas does not completely depend on whether or not holders of long term tenure would be issued with resource use rights or not. At this point in time, however, communities in CBFM areas with existing standing capital do not consider this resource with economic value unless provided with resource use rights incentives. The government’s sincerity and commitment to CBFM is also put to the test. This tension point could only be resolved if there is willingness on both parties to discuss and negotiate on:

- >What resource use rights to natural resources products have existing market values in CBFM areas? Timber? Non-timber? Water? Tourism?
- >How much will be the minimum use rate e.g. AAC that will respond to the needs of communities and of sound protection and management of CBFM areas?
- >How long will the use right e.g. AAC for timber or non-timber is given to communities?
- >What would be the minimum regulatory and monitoring requirements that are within the capacity of local DENR and community organizations?
- >What would be the minimum required transaction costs that will not put a heavy burden on communities?
- >What systems have to be in place for the transparent and equitable mechanism of reviewing and issuing resource use rights?

A top down approach to addressing resource use rights in CBFM with complete disregard to community’s needs will likely result to increased small scale cutting and timber poaching as the local demand for construction timber, furniture wood, and fuelwood greatly exceed the legal sources of wood even with imports, using coco wood and steel as substitute, and allowable cuts given to operational timber license holders. The more than 5 million cubic meters of demand for construction timber growing at the rate of 2-5% per annum will continue serving as market incentives for illegal cutting

activities in existing productive residual forests, especially if these areas are highly accessible (Angeles, 1999; de los Angeles and Oliva, 1996; and Guiang, 2001). Communities and the national economy as a whole will suffer with “ad hoc” arrangement and unpredictable policy on providing resource use rights to CBFM communities. At the end of the day, the remaining natural forests and mature plantations in CBFM areas will slowly disappear as communities would not have vested interests to protect them from poachers.

### **3.2 Tension Number Two: Devolution of CBFM Areas to Local Government Units**

Under the principle of subsidiarity, local stakeholders should be accountable and have power, authority, and responsibility to manage natural resources. This governance perspective, however, has yet to be applied in CBFM areas. DENR remains to be exercising all powers and authority with respect to “allocation of forests and forest lands” e.g. issuance of long tenure on these lands, “issuance of resource use rights”, issuance of environmental compliance certificates (ECCs), and “releasing delineated A & D areas for titling” purposes. The continuing centralization of these powers at DENR puts local government units in a very precarious situation. Most LGUs would like to respond to the needs of CBFM communities; but, they play very marginal role in the issuance of tenure and resource use rights. Partial devolution of forest management to LGUs has been a major cause of contention between local government units and communities and DENR. Some proactive LGUs, however, are taking forest management issues into their hands with the support of communities. The provinces of Nueva Vizcaya and Bukidnon exemplify LGUs who are playing major role in directing and assisting communities to adopt sound forest management, develop marginal areas into tree plantations, and providing support systems in technology transfer, marketing, and financing.

The state through DENR, however, could not perform its responsibility of protecting and managing forests and forest lands without the active participation of LGUs, communities, private sector, and other government agencies. It could only have effective reach when LGUs and communities take upon themselves the challenge of protecting and managing forests and forest lands at the local level. The issue in this case lies on empowering communities and LGUs so that they take responsible actions in closing open access, and protect public forests and forest lands from further degradation. In this case, only secure leadership at DENR and responsive Congress will take up the challenge of further devolving the control and management of CBFM areas to LGUs and communities. After all, on- and off-site communities and the LGUs are the direct beneficiaries of improved and sustainable CBFM. The spillover effects are simply the sustainable supply of fiber and food to adjoining areas as soon as CBFM areas become productive and are generating economic activities.

The issue of devolution will remain as a tension point until DENR, the LGUs, and communities agree on key performance indicators of sustainable and sound protection and management of forests and forest lands in a province or municipality. These indicators will eventually define and clarify expectations and partnership arrangements on sustainable CBFM areas from all key stakeholders – DENR, LGUs, civil society, and communities. Co-management arrangements between and among DENR, LGUs, and communities will put more open access forests and forest lands into effective management (Johnson, 1998; Morfit, 1998). LGUs are more willing to invest part of their Internal Revenue Allotments (IRAs) to helping CBFM communities develop and protect

their forests and forest lands for political and economic reasons (Guiang and others, 2000). They could also play a major role in brokering private investments by using their access to finance and re-aligning public infrastructure budget to improve access to far flung CBFM areas. DENR's hesitance to "give away" public forests and forest lands to LGUs and communities, especially those areas that are not part of national protected area systems, has been constraining the active participation of LGUs in the implementation of CBFM and co-management agreements in the Philippines.

### **3.3 Tension Number Three: Allocation of Forests and Forest Lands to Indigenous Peoples**

Allocations of the state to "national protected area systems" as "set asides" for public good are emerging as conflict areas with the increasing demands of indigenous peoples (IPs) for their ancestral domains. Under the Indigenous Peoples Right Act (IPRA Law) in 1997 ancestral lands have been argued not to have been part of the state lands. Thus, even proclamations by the national government to set aside protected areas have to give priority to the claims of indigenous peoples. In some ways, IP claims and protected areas run in conflict with each other and have become tensions between and among government agencies (particularly the National Commission in Indigenous Peoples and DENR), civil society groups, and tenured migrants. This tension, for instance, has started to escalate in Mt. Kitanglad where the indigenous peoples are claiming the whole protected area system as part of their ancestral domains. The IPs have issued local rules for the issuance of "prior and informed consents" and for resolving "sala" (sort of punishment or penalty for those who violate the prior and informed consent rules). In this case, the "sala" was issued against the local DENR office.

The "tayan" communal forests in Mt. Province provides another example where tension occurs between what DENR requires before communities could harvest their Benguet pine plantations. The government claims that before harvesting these plantations, located in critical watershed and, therefore, within public lands, the indigenous peoples have to obtain necessary permits for cutting and transport. Since the government has been very hesitant to issue resource use rights in "tayans", many of these forests are cut illegally. Worse, the younger generation has become disinterested in nurturing existing communal forests. In contrast, "muyong" communal forests in Banawe, Ifugao are expanding because DENR was able to respond to the IP needs for resource use right to meet the demand of the carving industry and fuelwood requirements.

As the NCIP continues to flex its muscle as an agency that will continue to respond to IPs claims of ancestral domains, it is expected that tensions will take place between and among DENR, IPs, tenured migrants, and private sector especially when huge investment, existing mineral deposits or productive natural forests, and other resource use rights are stake.

### **4.0 Financing Sustainable CBFM Areas**

CBFM sustainability largely depends on the social preparation of communities as de-facto resource managers of forests and forest lands, the process of helping communities obtain long tenure and resource use rights, the actual protection and management of communities over their forests and forest lands, helping communities emerge as social organization into community enterprises, helping communities and their members strengthen their organizations, linking communities with the market and resource

institutions such as the LGUs and other service providers, and conducting periodic monitoring of how CBFM communities do their management of the forests and their forest lands. All these activities require costs! There has to be a long-term and continuous flow of financial and logistic support to CBFM in its different stages of implementation - from beginning, to implementation, and monitoring of performance – in order for these communities to increase the value of their assets as organizations. In many ways communities who are fortunate to have standing capital with predictable resource use rights are better off especially who have received adequate social preparation or those who have strong social cohesion before or during the awarding of CBFM tenure.

As found in the 29 sites that were analyzed under the CBNRM-Forestry Sector Study, most of the initial costs of implementing CBFM projects were funded out from donor agencies with or without counterparts from the national and local government agencies. The exceptions to this observation are those community forestry sites that were self-initiated or those that emerged from the forest management practices of indigenous peoples such as those found in muyong and tayan forests. Table 1 below lists the possible sources of funds that have or could finance CBFM implementation. To a large extent, the sources of funds are highly dependent on donor funds, government's budgetary allocation, commitments of the LGUs from their own development funds, counterpart of community organizations, and, to a lesser degree, private sector investment funds.

Moreover, people's organizations and LGUs could potentially bear the heavy burden of financing key CBFM activities. Donor agencies could be expected to finance initial CBFM activities. The only internally-sourced funds for the POs will be those generated from resource use rights (RUR) or donations. In most cases, the POs will contribute their "wage labor" as their initial counterpart in CBFM implementation. As soon as the POs obtain their CBFM tenure, they acquire the responsibility to protect and manage their CBFM areas, strengthen their own community organizations, link with various resource institutions, meet DENR requirements for any RUR applications, address and resolve possible conflicts on individual property rights/claims within the communal tenure, manage community-based enterprises, and disseminate relevant CBFM information within the community. These will require costs!

Without government subsidy or access to resource use rights, CBFM communities could hardly carry out their obligations under their tenurial agreements. Unless LGUs will realize or see some benefits (political, economic or otherwise), other competing needs will cloud their allocations of their IRA funds to help CBFM communities. Joint ventures with the private sector are possible sources of funds, technological support, and other assets for CBFM communities. Most private firms, however, are still hesitant to deal with CBFM communities because of tenure uncertainty. To date, the private sector's dealings with CBFM communities have been mostly on providing credit financing especially to those who were able to obtain resource use rights for timber and non-timber forest products. Thus, communities in CBFM areas without standing capital (residual forests, mature plantations, and bankable tourism site or water source) are left to struggle in the development and management of their areas. Fortunately, many of these communities were able to avail "reforestation contracts" from ADB and JBIC-funded forestry development project of DENR. These donor funds, however, are not long term source of funds for communities who want to develop marginal portions of

their CBFM areas. To date, many communities are left to their own resources in developing their upland farms into agroforestry systems or tree farms.

**Table 1. Possible sources of funds for CBFM implementation**

Key CBFM Activities\ Sources of funds	DENR	Donor Agencies	NGOs	Peoples Organizations	Income From RUR	LGUs	Private Sector
1. Planning and allocation of CBFM areas	Yes	yes	?	?	?	yes	?
2. Social preparation of communities	Yes	yes	yes	Yes	?	yes	?
3. Processing, validation, and awarding CBFM tenure	Yes	yes	yes	Yes	?	yes	?
4. Helping communities prepare their resource management plans and annual work plans including resource use rights	Yes	yes	yes	Yes	Yes	yes	Yes
4. Protection and management of CBFM areas	?	?	?	Yes	Yes	yes	?
5. Development of and support to CBFM areas with infrastructure, plantations, tree farms, individual property rights, community enterprises, savings and credit systems, etc.	Yes	yes	yes	Yes	Yes	Yes	Yes
6. Helping CBFM tenure holders obtain international certification on sustainable community forestry	?	yes	yes	Yes	Yes	yes	?
7. Monitoring CBFM areas for compliance according to key performance indicators	Yes	?	yes	Yes	Yes	yes	?
8. Providing NRM, enterprise development, and agricultural extension services to CBFM communities.	Yes	Yes	yes	Yes	Yes	yes	yes
9. Establishment of processing plants	?	yes	?	?	Yes	?	Yes
10. Procurement and management of business facilities	?	yes	yes	Yes	Yes	?	?

When CBFM strategy was adopted as the strategy for sustainable forestry and social justice in 1995, it was assumed that the state will put in adequate funds to DENR, LGUs, and other relevant agencies to help communities in their efforts to protect, develop, and manage forests and forest lands. The program, however, greatly suffered because after tenure issuance, most communities have been left to themselves to “operationalize” their obligations to “socially fence” their forests and forest lands, develop these areas, and protect these from all kinds of illegal forms of activities. Even DENR and the LGUs do not have organized and adequately-funded assistance programs to CBFM areas.

## **5.0 Making CBFM Competitive in a Global Economy**

Will CBFM communities survive the onslaught of globalization? This has always been a question as the Philippines opens itself to worldwide integration of markets and economies. Various forms of tariff reduction allowing the entry of cheap imports including wood and fiber products will definitely happen in the Philippines. In a way, globalization will hopefully reduce illegal cutting of natural timber especially if the local prices of illegally cut timber or lumber are extremely high compared with imported wood. Globalization would allow CBFM communities to tap export markets if they have the comparative advantage in terms of cost, product uniqueness, and marketing advantage. Globalization will allow communities to access more efficient equipment and technologies for processing and other post harvest treatments. In a sense the market for CBFM products goes global. But, would communities be able to take advantage of this opportunity? Or communities will be taken over cheap imported products rendering their products to rot in the market place?

There are at least three strategies that the government could do to prepare CBFM communities for globalization.

### **5.1 Providing Exclusive Resource Use Rights to CBFM Communities**

The biggest safety net measure that the government could give to CBFM communities in a globalizing economy is to provide them stable tenure over forests and forest lands with exclusive rights to harvesting timber and non-timber forest products in residual forests (Honadle, 1981). This monopolistic access to natural resources capital would ensure competitiveness of CBFM communities especially for the world quality "Philippine mahogany". Monopolistic access, however, has to have well defined and clear governance processes at the community level i.e. participation of civil society and broader membership.

To date, CBFM communities in the Philippines are now in control of at least 1.3 million hectares of residual forests (as compared with TLA's 0.5 million hectares and 0.2 million hectares under open access condition). This puts CBFM communities in a very unique situation, especially if the Congress of the Philippines will enact a law that will ban all kinds of commercial logging in residual forests (Guiang, 2001).

CBFM communities could easily supply at least 1.3 million cubic meters of Philippine mahogany in the domestic and export market assuming that a hectare of residual forest could easily yield 1 cubic meter annual growth increment under a 35 year cutting cycle (Angeles, 1998). This total volume could already meet almost one fourth of national demand for construction timber and will provide annual revenues to CBFM communities amounting to 5.2 billion pesos.<sup>6</sup> One fourth of that amount would be the total forest charges that would go to the national government. Of course, 40% of total forest charges would be earmarked for LGUs (province, municipalities, and barangays). Even just one half or one third of those amounts will be able to put CBFM communities in the global map. This could only happen, however, with the best support systems for CBFM communities.

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<sup>6</sup> Assuming that 1.3 million cubic meters are extracted and sold at an average price of 4,000 pesos per cubic meter.

## **5.2 Providing CBFM Communities with the Right and Timely Support Systems**

In order for CBFM communities to compete in the world market and even with their monopolistic access to the raw materials such as Philippine mahogany, they will need organized and timely assistance to improve the efficiency of their community organizations, harvesting and processing systems, transport and marketing. CBFM communities will need the best technicians to help adopt low impact harvesting systems. They will need assistance to access working capital loans, manage these funds well, and grow into stable community enterprises.

CBFM areas will need investments in infrastructure support so that their costs of production and transport will be reduced by at least 50%. CBFM communities will need partners from the LGUs, civil society groups, and local DENR to reduce “transaction costs” and the cost of rent-seeking behaviors. They will need long-term financing in order for them to develop small scale tree farms, agroforestry systems, and orchards so that they could diversify their production and target markets. CBFM communities who will develop plantations in the Philippines would be able to take advantage of impending wood crisis as supply from the natural forests and coconut grooves are expected to remain stagnant while the demand for wood will gradually increase over time.

CBFM communities will need help in identifying technologies to enable them to upgrade their present production and post harvest systems. Without these support systems either at the LGU level or DENR field offices or with the Department of Trade and Industry, CBFM will not be able to take advantage of the global markets and their monopolistic access to the raw materials of Philippine mahogany.

## **5.3 Assisting CBFM Communities Obtain International Certification**

With monopolistic access to the raw materials of Philippine mahogany and the support of national and local governments, CBFM will need further assistance in obtaining international certification on sustainable forestry. Only one of the 29 sites under the CBNRM-Forestry Sector Study was able to obtain International Certification on Sustainable Forestry. Smartwood has certified the Compostela CBFM site using slightly modified criteria and indicators, which are consistent with the requirements of the Forest Stewardship Council. As a certified CBFM site, its international certification would enable the communities to easily access international markets with price premiums. The Compostela site, however, has yet to be linked with the export-oriented furniture makers in Cebu City whose markets in the US and Europe is demanding the use of certified wood.

In general, certification will place CBFM communities in the list of world suppliers of certified wood to processors, manufacturers, and buyers of raw materials. Certified CBFM forests and forest lands would further strengthen community’s monopolistic access to residual forests. Certification would also elevate CBFM areas into a world class forest management units.

Although the merits of certification has been known, environmental NGOs in the Philippines have yet to be fully on board on the need to certify CBFM sites. Source of funding for certifying CBFM areas is also another major issue. Presently, there are no donor agencies or NGOs who are prepared to partly shoulder the cost of initial

assessment and certification of CBFM forests. USAID under the completed Natural Resources Management Program Part II had financed the process of developing criteria and indicators following participatory processes (Johnson, 1998). This was then adapted by Smartwood and used in the assessment and certification of the Compostela CBFM site.

## **6.0 Summary**

CBFM sustainability in the Philippines hinges on the condition of forests and forest lands that are found in community forests, strength and capacity of community organizations, support of various service providers, and responsive operational policies at the national and local levels. Strong community organizations with standing capital (residual forests or mature plantations) and receiving adequate support and assistance from various service providers have been found to be on the road towards sustainability. Organized communities who are starting with highly marginalized forests and forest lands have to have access to other support systems in order to develop and make their areas productive over time. In many ways, these are what the older CBFM sites have proven in the analysis of 29 sites under the CBNRM- Forestry Sector Study. Timely support system during the initial stages of assistance to poor upland farmers provided the initial impetus for them to increase the value of their assets – natural resources, organizations, and financial assets.

In order to move CBFM forward towards the road of sustainability, communities with access to standing capital should have predictable resource use rights to enable them to use internally-generated revenues to finance their own development and the protection and management of their forests and forest lands. Communities with marginal forests and forest lands need adequate support systems from LGUs and other service providers so that they could eventually increase the value of the natural resource assets through agroforestry, tree farms, and orchards. Accordingly, support systems to CBFM have to be tailored to various kinds of communities – from those who have been capacitated with no existing valuable natural resources to communities who do not have the organizational capacities but have access to standing capital. Variability of CBFM areas, capacity of community organizations, presence of markets and committed service providers including LGUs would spell the difference in the sustainability of CBFM in the Philippines.

In order for CBFM to survive globalization, communities should have monopolistic access to the raw materials for “Philippine mahogany”, get the right support systems, and provided with assistance to obtain international certification on sustainable forestry. These will eventually move CBFM into the global market and become sustainable at the community level. CBFM could only be sustainable when communities have rights to the land and forest resources that would almost approximate a monopolistic situation. Otherwise, they will not be able to compete in a globalizing market. Certification will help usher communities towards higher level of understanding and application of sustainable forest management.

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**Annex A.** List of community forestry sites visited and documented

Site	Year started	Key information
<i>Self-initiated</i>		
Ifugao Province (muyong)		Provided by the DENR with resource use permit and assistance in reforestation under ADB Forestry Loan I and II
Sagada, Mt. Province (saguday)		Developed a guide system named Sagada Environmental Guide Association (SEGA) for tourists
Bontoc, Mt. Province (tayan)		Ato system governing the decision making, information transfer, and cultural bonding of the community
Ikalahan, Sta. Fe, Nueva Vizcaya	1974	Stewardship over the Kalahan Reserve conferred to the community through the Kalahan Educational Foundation (KEF), by virtue of CFSA or MOA No. 1, dated 13 May 1974; with assistance from missionaries and funding support from various international organizations in the 1980s and 1990s
Minalwang, Claveria, Misamis Oriental	1996	Latest intervention in the area: awarding of CADC by the DENR to the Higaonon in October 1997, with assistance from the NRMP and the participation of a local NGO in community organizing and CADC and ADMP processing

Site	Year started	Key information
<i>Locally assisted</i>		
Barobbob Watershed, Nueva Vizcaya	1992	Initiative based on the implementation of the 1991 LGC; obtained assistance from the GOLD Project and partly from the NRMP
Lantapan, Bukidnon (Landcare)	1997	Obtained assistance from the ICRAF in the dissemination and refinement of the NVS technology
Guba, Cebu City (Mag-Ugmad Foundation, Inc.)	1981	With a farmer-based extension system which started in Guba; obtained initial assistance from World Neighbors in July 1981
Lunga, Valencia (Bukidnon Integrated Farming System Development Project)	1994	With another project (BRWDP) led by Ting Matiao Foundation (TMF) and approved by the Philippine-Australian Community Assistance Project (PACAP)
Malaybalay, Bukidnon (BEST Project- BENRO)	1993	Initiated barely a year after the devolution of ISFP projects to LGUs; started by the Bukidnon Environment and Natural Resources Office (BENRO)
Apolong, Valencia, Negros Oriental	1994	Part of the Banica River Watershed Development Project (BRWDP)
Buhi, Camarines Sur (BLUDPP)	1981	<ul style="list-style-type: none"> <li>• Implemented with the assistance of the USAID from May 1981 to April 1985</li> <li>• Key documents: Novick (1984); Seymour</li> </ul>

		(1985)
Senator Ninoy Aquino Kabulnan Watershed, Davao del Sur	1996	<ul style="list-style-type: none"> <li>Supported by ADB funds and assisted by the Mindanao Baptist Rural Life Center (MBRLC), which trained farmers in the Sloping Agricultural Land Technology (SALT)</li> <li>Indigenous cultural community</li> </ul>
Don Victoriano, Misamis Occidental	1993	Part of the ENR-SECAL/RRMP sites with World Bank funding; covered by the Mt. Malindang protected area system

Site	Year started	Key information
<i>National program</i>		
Mt. Kitanglad National Park, Bukidnon	1996	<ul style="list-style-type: none"> <li>Part of the CPPAP site receiving technical and financial assistance from the Global Environment Facility (GEF)-World Bank</li> <li>NGO assistance to the DENR-PASu in implementing CBFM in the multiple-use zone and buffer zone of the protected area system</li> <li>With strong LGU support</li> </ul>
Magdungao, Passi City, Iloilo	1985	Received technical assistance from RRDP, a USAID-funded project with the DENR, including farmers' training, small contracts for rehabilitation and infrastructure, and on-site project staff
Maasin Watershed, Iloilo	1990	<ul style="list-style-type: none"> <li>With assistance from the Ford Foundation, NGOs, and ADB Forestry Loan II</li> <li>Enjoys strong LGU participation and NGO advocacy support</li> <li>Watershed of the Iloilo City Local Water District</li> </ul>
Bamban, Ayungon, Negros Oriental (CVRP-CFP)	1984	<ul style="list-style-type: none"> <li>World Bank-funded CVRP I; implemented from 1984 to 1992</li> <li>Became a Community Forestry Program (CFP) site in 1995 under ADB Forestry Loan I</li> <li>Key document: Dugan (1989)</li> </ul>
Bulolacao, Nug-as, Alcoy, Cebu (ISFP/UDP)	1984	<ul style="list-style-type: none"> <li>One of the ISFP pilot projects begun in February 1984; partly funded by the Ford Foundation</li> <li>Key documents: Borlagdan (1987, 1992)</li> </ul>
Mt. Isarog National Park	1997	<ul style="list-style-type: none"> <li>Started with support from the European Union-NGOs for Integrated Protected Areas (EU-NIPA)</li> <li>Part of the protected area systems</li> <li>Participatory protected area management planning ongoing</li> </ul>

Labo, Camarines Norte (TKFPI)	1992	<ul style="list-style-type: none"> <li>• Obtained its CBFMA in 1992</li> <li>• Project initially funded by ADB Forestry Loan I and assisted by an NGO</li> </ul>
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Site	Year started	Key information
Mat-i, Claveria, Misamis Oriental (CFP)	1992	Started in early 1992 under NRMP Phase I and implemented under CFP with technical and community organizing assistance from an NGO
Upper Bala, Magsaysay, Davao del Sur	1989	One of the pilots of the Ford Foundation-funded and DENR-implemented Upland Development Program from 1989 to 1995
Monkayo, Compostela Valley (NPPFRDC)	1994	<ul style="list-style-type: none"> <li>• Received initial assistance (community organizing, capacity building, training, on-site technical assistance) from the NRMP in 1994- 1999</li> <li>• The first CBFMA holder in the Philippines that obtained certification on sustainable forestry from the Forest Stewardship Council (FSC), through Smartwood, in November 2000</li> </ul>
Kiblawan, Davao del Sur (Kiblawan Agro-forestry Project)	1987	One of the RRDP sites in 1987-1988 with funding support from the USAID for technical assistance, training, inputs, small infrastructure, and rehabilitation contracts
Quirino (CFP)	1993	Part of the Philippine-German Community Forestry Program for Quirino; started in 1993 with funding support from the <i>Gesellschaft fur Technical Zusammenarbeit</i> (GTZ)
Claveria, Misamis Oriental (ASPECTS)	1997	Initiated by the UPLB Institute of Agroforestry with funding support from the Ford Foundation and tie-up with the Misamis Oriental State College of Agricultural Technology (MOSCAT).
Bayombong, Nueva Vizcaya (DENR-ITTO)	1995	With funding support from the International Timber Trade Organization (ITTO) and part of the CBFM program
Claveria, Misamis Oriental (Landcare)	1996	Assisted by the ICRAF; one of the pilot sites in disseminating information on the NVS technology intended to control soil erosion and conserve water