

Administrative Order

No. 16

April 02, 1993

SUBJECT : Guidelines on the Implementation of the Forestry Sector Project

In the interest of the service and in order to effectively implement the Forestry Sector Project, the following guidelines are hereby promulgated.

The Forestry Sector Project shall utilize a sector approach to maximize its impact on upland and coastal resource development. Henceforth, activities to be implemented shall be in coordination with and in complementation to existing development strategies under the forestry projects of the DENR.

Section 1. Basic Policy

It shall be the policy of the DENR to use the community-based forest management as a development approach already incorporating the experiences generated and learned in the Forestry Sector Program and in the initiatives of other donor agencies to ensure sustainable resource management and so that investment activities in the future are driven by the meaningful participation of local communities and non-government organizations.

Section 2. Objectives

The Forestry Sector Project aims to:

- a) reverse the process of upland and mangrove forest degradation;
- b) ensure the long-term sustainability of activities begun under the sectoral investment component by the building of strong community capability in the management of natural resource-based enterprises and community development in general;
- c) improve the material well-being of rural communities by integrating several sustainable resource utilization activities into a solid economic base that provides improved family income.

Section 3. Definition of Terms

Whenever used in this Administrative Order, unless the context otherwise requires, the terms have the following meanings:

- a) **"FLMA"** means a Forest Land Management Agreement between DENR and one or more project participants, or the name of the instrument designed to make the joint venture binding. Per DAO 71, series of 1990, the qualified communities awarded with an FLMA are granted the sole and exclusive privilege to develop and manage the area covered by the FLMA for 25 years but in exchange, are obliged to pay during harvest time a production share to the government equivalent to the cost invested in reforesting such area.
- b) **"FLM"** or the Forestland Manager is the family/community awarded with an FLMA who shall develop, protect, maintain and utilize the trees and perennials that have been established in the plantations covered with an FLMA.
- c) **"CFMA"** means a Community Forest Management Agreement between DENR and one or more project participants in the Community Forestry Program, or the instrument or agreement designed to make the joint venture binding.
- d) **"CSC"** means a Certificate of Stewardship Contract, or the instrument or agreement designed to make the joint venture binding.
- e) **"DENR Regulations"** means the various administrative orders, rules, regulations, circulars, memoranda and guidelines including those pertaining to CFMA, FLMA and CSC issued by DENR and which are necessary for implementation of the project.
- f) **"MPFD"** means the Philippine Master Plan for Forestry Development.
- g) **"NFDO"** means the National Forestation Development Office.
- h) **"NGOs"** mean non-government organizations involved in the forestry sector.
- i) **"NPCO"** means the National Program Coordinating Office created in 1988 to act as secretariat of the Forestry Sector Program.
- j) **"Program Loan"** means the aggregate of the loans provided by the Asian Development Bank (Loan Nos. 889 and 890 PHI: Forestry Sector Program) and the Overseas Economic Cooperation Fund of Japan (Loan No. PHC 11).

- k) **"Project Area"** means forest and logged-over areas in the country where subprojects shall be implemented.
- l) **"Project Participants"** mean individuals, rural communities and community organizations living in or around the Subprojects sites who shall be involved as participants and beneficiaries of the watershed rehabilitation, reforestation and community-based forest management activities to be undertaken under the Project.
- m) **"Subproject"** means a site development already approved or still to be approved for financing out of the proceeds of the Forestry Sector Project loan.

Section 4. Project Components

4.1 Community-based Forest Protection and Management

Targeted for development under this component are different classes of forest lands gradually brought under community management through discrete subprojects as well as measures designed to protect, directly and indirectly, the remaining old-growth forests of the country.

Each subproject will be managed as a single administrative unit and will be supported by a plan based on DENR's survey, mapping and planning (SMP) procedures. The subprojects are described as follows:

- 4.1.1 Reforestation would stress on the development of production forests with the direct and active involvement of the local communities/families under the FLMA. The subprojects shall become a part of integrated site development that will include agroforestry farm development and regeneration forests on steep slopes.
- 4.1.2 Critical Watersheds would include areas to be managed primarily for sustained water yields to supply the needs and promote the socio-economic development of the people living within the watersheds. The area may or may not be declared as critical watersheds in the legal sense, with protection forest development as the primary activity and where agroforestry farm development is appropriate.
- 4.1.3 Upland Forest Management would stress the sustainable management of natural forests and the development of the participating community into a productive enterprise, capable of managing forest resources. The 33 CFP sites established under the Program Loan and the 19 additional

sites being established under the Natural Resources Management Program would be the focus of attention, initially.

- 4.1.4 Mangrove Forest Management would concentrate on the rehabilitation and management of existing mangrove forests as a part of larger coastal resource management activities that would include the control of destructive fishing methods, sea farming and development of sustainable marine life harvest as well as mangrove wood product harvest.

Aside from the above-mentioned investment components, the following are also included:

- 4.1.5 Demarcation of old growth forests shall cover the entire area of the remaining old-growth forest.
- 4.1.6 Development of buffer zones which will focus on the subproject components of the CBFM; and
- 4.1.7 Surveillance and monitoring to check field data, detect forest encroachments, and identify illegal activities.

4.2 **Policy and Institutional Reform Component**

The policy measures to be undertaken under the Project have been grouped into:

- 4.2.1 Prerequisites for the successful implementation of the investment components. This includes DENR regulations on contract reforestation including post planting management; community-based management of residual forests; development and pilot testing of one tenurial instrument in support of community-based management of forest lands; management of critical watersheds; and protection of virgin forests, control of illegal logging and enforcement of regulations.
- 4.2.2 Broader policy agenda which include a New Forestry Code; financial sustainability of forest management; participation of NGOs in DENR programs; incentives for forestry in private lands; and setting of clear responsibility areas for watershed management and protection.

4.3 Technical Support

Consultancy services will be required in the preparation of subprojects following the criteria established for the purpose.

The Technical Assistance grants for the Forestry Sector Project namely: (i) Establishment of Small Scale Community-based Wood and Non-wood Forest Product Industries; and (ii) Monitoring and Evaluation of Sector Investment Activities shall be under the supervision of the NFMFC.

Section 5. Priorities for the selection of Investment Sites

Proposed sites for subproject implementation shall be prioritized at the regional and subsequently at the national level based on the following parameters:

1. Deforestation Index
2. Open/Cultivated/Grassland areas (hectares)
3. Poverty Index
4. Upland Population Density
5. Regional Timber Product Requirement (10 years)
6. Presence of other Foreign Assisted Projects
7. Involvement and presence of Indigenous Cultural Communities (ICCs)

Section 6. Selection, Appraisal and Approval of Sub-projects

After priority areas for sub-project implementation shall have been identified, the following procedures shall be observed in the selection, appraisal, and approval of subprojects.

6.1 Selection of Sub-projects

The NFDO shall select subprojects on a preliminary basis with the assistance of DENR Regional and field offices. Such selection shall be made in accordance with the following criteria:

- a. existence of at least one competent NGO or other community organizations at the subproject site;
- b. evidence of a common desire among the project participants to manage and improve the forest resources at the subproject site;

- c. delineation of the subproject site on the ground and on an appropriately detailed map prior to implementation;
- d. ability of the project participants to satisfy and fulfill applicable DENR regulations;
- e. accessibility of the project site and contiguity to old growth forests;
- f. identification, delineation and reservation for agricultural purposes, of land suitable for agriculture and not covered with forests; and
- g. development of the site shall cause little or no adverse environmental impact.

6.2 Appraisal of Sub-Projects

NFDO shall carry out, with the assistance of concerned Project Consultants, detailed appraisal of subprojects for implementation under the Project in accordance with procedures agreed upon between DENR and the Asian Development Bank.

A Subproject should:

- (a) yield a minimum financial internal rate of return (FIRR) of eleven percent (11%);
- (b) yield a minimum economic internal rate of return (EIRR) of fourteen percent (14%); and
- (c) not cost more than the maximum investment costs indicated in DAO 31, Series of 1991.

6.3 Approval of Sub-Projects

DENR shall submit to the Bank the subproject appraisal reports together with the IEEs for the Bank's approval. These reports shall contain, among others;

- (a) estimates of (indirect and direct) foreign and local currency expenditures;
- (b) estimated amounts to be financed by the Asian Development Bank and other funding institutions;
- (c) a projected disbursement schedule.

Upon approval by the Bank of each subproject, DENR shall enter into a suitable reforestation or community-based forest management agreement (FLMA/CFMA) with the concerned project participants. DENR shall then furnish the Bank copies of Certificate of Stewardship Contracts (CSCs), FLMAs and CFMAs showing that the subproject sites are managed by concerned families/communities under appropriately concluded land tenure agreements.

Section 7. Project Management

A project organization is hereby established to make it more responsive to the demands of the Project. (Annex 1)

7.1 The Foreign-assisted and Special Projects Coordinating Board (FASPCB)

The Foreign-Assisted and Special Projects Coordinating Board created under DENR Special Order No. 114, Series of 1993, which is chaired by the Secretary, shall provide overall direction to all foreign-assisted and special projects which include the Forestry Sector Project.

The Board shall have the following as members:

1. all DENR Undersecretaries
2. all DENR Assistant Secretaries
3. all Bureau Directors
4. the NAMRIA Administrator

7.2 The National Forestation Management Committee (NFMC)

The National Forestation Management Committee (NFMC) shall be created to provide overall guidance in planning and policy formulation.

It shall be composed of the following DENR officials:

1. Undersecretary for Field Operations as Chairman
2. Undersecretary for Natural Resources Management as Co-Chairman
3. Undersecretary for Environment and Research
4. Assistant Secretary for Management Services
5. Assistant Secretary for Policy and Planning
6. The Director of the Forest Management Bureau (FMB)

7. The Officer in Charge of the Foreign-assisted and Special Projects Office (FASPO)
8. The Deputy Administrator for Remote Sensing, Resource Data Analysis and Information Management of NAMRIA
9. The Directors of the Ecosystems Research and Development Bureau (ERDB), Protected Areas and Wildlife Bureau (PAWB) and the Environmental Management Bureau (EMB).
10. Director of Planning and Policy Services
11. Head Executive Assistant

Representatives from the Departments of Finance, Agriculture, Agrarian Reform and National Economic and Development Authority and other oversight agencies as well as the Regional Executive Directors can be invited to meetings when necessary.

7.3 **The Project Management Committee (PMC)**

The Project Management Committee shall be created to:

1. recommend the issuance of Department Administrative Orders, memorandum circulars, special orders and other similar issuances needed in NFP implementation;
2. approve the annual work program, targets and budgets; and
3. provide project management and assistance to NFDO and monitor project implementation.

The members of the PMC who shall backstop the NFDO Project Director who shall sit as Chairman shall be multi-sectoral in nature and shall be composed of the following:

1. The Assistant Director of FMB, Vice Chairman
2. The Chief of the Social Forestry Division of FMB
3. The Chief of the Social Economics Division of FMB
4. The Chief of the Natural Forest Management Division of FMB
5. The Chief of the Reforestation Division of FMB
6. The Program Coordinator of the Community Forestry Program
7. The Program Coordinator of the Coastal Resource Management Committee
8. The Director of Remote Sensing, Resource Data Analysis Department of NAMRIA

9. Representatives from FASPO, EMB, ERDB, PAWB, Budget and Accounting of DENR
10. The two NFDO Assistant Project Directors

7.4 The National Forestation Development Office (NFDO)

The National Forestation Development Office (NFDO) shall be created and be directly under the NFMCC.

Its functions shall be the following:

1. act as the project office coordinating the implementation of forestry projects until such time that its functions have not yet been institutionalized at FMB;
2. manage the residual activities of the Forestry Sector Loan Program;
3. select, formulate and appraise sub-projects;

7.4.1 The Project Director - The NFDO shall be headed by a Project Director appointed by the Secretary, in consultation with the Asian Development Bank.

He shall have the following responsibilities:

1. overall implementation and supervision of the projects including procurement, disbursement and monitoring and evaluation;
2. supervision of the monitoring and documentation of remaining projects funded under the Forestry Sector Program loan;
3. coordinate with the Community Forestry Program (CFP) and Coastal Resource Management secretariat on the matter of site selection to enhance project implementation;
4. act as Chairman of the Project Management Committee (PMC);

7.4.2 The Assistant Project Directors - To assist the Project Director, two (2) assistant project directors (APDs) shall be designated to supervise the technical and support units of the NFDO. The technical units in their respective areas of concern shall:

1. coordinate the implementation of all community-based forestry management sub-projects such as forestland management, community forest management, and watershed rehabilitation;
2. coordinate the forest project protection activities, particularly the demarcation of old-growth forests;
3. handle the coordination of all other related special projects such as research and feasibility studies; and,
4. perform other related tasks as may be directed by higher authorities.

7.5 **The Regional Forestation Development Office (RFDO)**

At the regional level, the RFDO shall be created and headed by the Regional Executive Directors (REDs).

7.5.1 The Regional Management Committee (RMC)

To backstop the RFDO, a Regional Management Committee shall be created with the following members:

1. The Regional Forestation Development Action Officer or the RTD for Forestry
2. The Regional Technical Director for the Environment and Research
3. Chief of the Forest Resource Development Division
4. Chief of the Forest Resource Conservation Division
5. Provincial Environment and Natural Resources Officers
6. Community Environment and Natural Resources Officers

The Committee shall have the following responsibilities:

1. approve Administrative Orders, circulars, memoranda, special orders, and other similar issuances, in consonance with national policies;

2. endorse subprojects for funding;
3. regularly monitor project implementation;
4. assign selected regular staff of the regional Forest Management Sector to the RFDO;
5. approve the awarding of agreements; and
6. perform other related tasks as may be assigned by higher authorities.

7.5.2 The Regional Forestation Development Office (RFDO)

This office shall be headed by an action officer in the person of the RTD for Forestry. He shall be supported by a technical, financial and administrative staff to facilitate the monitoring, evaluation and documentation related to the reimbursement of project expenses.

The NPCO Regional Liaison Officers (RLOs), the Assistant Regional Liaison Officers (ARLOs), and the Project Evaluation Officers (PEOs) of NPCO shall be given priority in the manning of the technical, financial and administrative staff in view of the need to monitor and document projects funded by the Forestry Sector Program Loan.

Selected regular staff from the region's Forest Management Sector (FMS) shall be detailed to the RFDO.

RFDO shall have the following functions:

1. conduct pre-appraisal of project sites which include site prioritization, in coordination with the PENROs and CENROs;
2. award contracts for the preparation of feasibility studies (SMP/FIRR, EIRR and costings), subject to delegated authority;
3. assist in NGO accreditation, especially of those who will undertake community organizing, in coordination with regional NGO Desks;

4. recommend to the RMC the awarding of agreements, subject to delegated authority;
5. provide technical assistance to community organizers and local communities;
6. evaluate reports for billing purposes, in coordination with the PENROs and CENROs;
7. monitor and evaluate performance of contracted NGOs;
8. conduct Information, Education and Communications for community-based forest protection and management;
9. continue the monitoring and evaluation of projects established under the Forestry Sector Program, in coordination with the PENROs and CENROs;
10. initiate the preparation of vouchers, in coordination with the regional financial units;
11. provide financial and administrative support to program implementation;
12. document projects as a requirement for the reimbursement of expenses;
13. provide periodic reports on the status of project implementation; and
14. perform other tasks as may be assigned.

7.6 The Site Coordinators

Since it is the community who are the actual project managers, site coordinators shall have the following responsibilities:

1. provide technical assistance to the community and NGO contractors in project implementation;

2. facilitate the documentation of projects for billing purposes;
3. link DENR with the organized local communities in the sub-project sites;
4. assist the NGOs in training the community for capability building;
5. provide RFDO with periodic reports on the status of project implementation, copy furnished to the PENROs and CENROs; and
6. perform other related tasks as may be assigned from time to time.

Existing project managers, contract reforestation supervisors, forestry supervisors, regional liaison officers, assistant regional liaison officers, project evaluation officers and forest rangers as well as other DENR personnel who have good performance in their respective fields which are related to Community-based Forest Management and who are willing to work on a full time basis, shall be considered for the designation as Site Coordinators.

Site Coordinators shall be recommended by the RED to the USEC for Field Operations, for the issuance of the corresponding special orders for their detail.

Section 8. Institutionalization of the NFDO

To sustain the project, NFDO shall eventually be absorbed by the FMB at an appropriate time determined by the NFMC, in consultation with Asian Development Bank. (Annex 2)

In the regions, the functions of the RFDO shall likewise be absorbed by concerned regional offices subject to the review and evaluation by the RMC.

Section 9. Authority of the NFMC

The NFMC is hereby authorized to issue additional instructions and guidelines as may be necessary for the effective implementation of this order. For consistency, these guidelines may be adopted for other CBFM projects.

Section 10. Repealing Clause

The National Forestation Program (NFP) Advisory Board, NFP Steering Committee and the NPCO, upon effectivity of this Order, shall cease to exist. All personnel, records, documents, assets and liabilities of the NPCO shall be transferred to and be the responsibility of the NFDO, subject to the existing rules and regulations.

All other circulars and administrative orders whose provisions are inconsistent herewith are hereby repealed or amended accordingly.

Section 11. Effectivity

This order takes effect immediately.

ANGEL C. ALCALA
Secretary