

# **The Role of Standards-Based Approaches in Community Forestry Development**



Findings from Two Case Studies in Southeast Asia

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# Executive Summary

Standards-based approaches (SBAs) include certification, criteria and indicators, and any other instrument based on agreed benchmarks for monitoring and assessing forest management. Much has been written about the potential of SBAs to support community forestry initiatives in Southeast Asia, but little is known of their actual impact and effectiveness in this role. In one of the first substantial contributions to this area of inquiry, this study analyses the effects on local forest management capacities of two community-oriented SBAs: 1. Certification of village forestry associations in Lao PDR; and 2. Environmental performance monitoring (EPM) of community-based forest management in the Philippines.

Certification and EPM differ in a number of important respects, making comparisons between the two case studies difficult. Certification is a market-oriented approach, based on third-party verification of minimum agreed-upon standards (in the case of village forestry, based on the guidelines of the Rainforest Alliance's FSC-accredited SmartWood programme). EPM is a management-oriented approach, based on first-party verification (i.e. by communities themselves) of criteria and indicators developed mainly to monitor forest trends. In the case of certification, verification is designed to monitor compliance with the standard. In the case of EPM, verification is designed to provide information which communities can use to review and improve their forestry practices (the principle of adaptive management).

The effects of these two SBAs on management capacities have been mixed, reflecting in both cases a lack of certain enabling conditions. Large amounts of external financial and technical assistance, and some external pressure, have brought a village forestry system of uncertain economic, legal and political status to the point of certification. Villagers have played only a minor role in this process, although one of the aims of certification is to uphold village rights and responsibilities in forestry decision-making. Communities in the Philippines adopting EPM have been able to create a capacity for monitoring that did not exist before. This capacity, however, has been limited by an almost exclusive focus on the environmental criteria of EPM. Monitoring of the social and economic criteria of EPM presents a greater challenge, not only to communities, but also to forestry staff who see themselves as technical, not developmental, agents.

Both approaches offer options and opportunities for further application, both in their respective countries and further afield. At present, EPM has perhaps the most to offer, because it provides a relatively open and flexible framework that communities can use to create customised, locally applicable monitoring solutions.

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# Abbreviations

|           |  |
|-----------|--|
| AAC       | Annual Allowable Cut   |
| ACM       | Adaptive Collaborative Management                                |
| ADMP      | Ancestral Domain Management Plan                                 |
| AFAMCO    | Anilao Agro-Farmers Multi-Purpose Cooperative                    |
| AGMAMUPCO | Agsao Manobo Multi-Purpose Cooperative                           |
| ANR       | Assisted Natural Regeneration                                    |
| ASEAN     | Association of South East Asian Nations                          |
| AWP       | Annual Work Plan   |
| BOD       | Board of Directors (of a PO)                                     |
| C&I       | Criteria and Indicators  |
| CATRIDECO | Cabunog Tribal Development Cooperative                           |
| CBFM      | Community-Based Forest Management                                |
| CBFMA     | Community-Based Forest Management Agreement                      |
| CBFMU     | Community-Based Forest Management Unit                           |
| CBRMP     | Community-Based Resource Management Project                      |
| CENRO     | Community Environment and Natural Resources Office (Philippines) |
| CRMF      | Community Resource Management Framework                          |
| DAFO      | District Agriculture and Forestry Office (Lao PDR)               |
| DAI       | Development Alternatives, Inc.                                   |
| DENR      | Department of Environment and Natural Resources (Philippines)    |
| DENR-FMB  | Forest Management Bureau of DENR                                 |
| DFO       | District Forestry Office (Lao PDR)                               |
| DOF       | Department of Forestry (Lao PDR)                                 |
| ECC       | Environmental Compliance Certificate                             |
| EIS       | Environmental Impact Statement                                   |
| EPM       | Environmental Performance Monitoring                             |
| ESSC      | Environmental Science for Social Change                          |
| FMA       | Forest Management Area   |
| FMTU      | Forest Management Technical Unit (of a DFO)                      |
| FOMACOP   | Forest Management and Conservation Project                       |
| FSC       | Forest Stewardship Council                                       |
| GMCU      | Group Management and Certification Unit (of a PFO)               |
| ha        | hectare  |
| IEE       | Initial Environmental Examination                                |
| ILO       | International Labour Organisation                                |
| ISO       | International Standards Organisation                             |

|                |   |
|----------------|---|
| ITTO           | International Tropical Timber Organisation                        |
| JFM            | Joint Forest Management   |
| KRA            | Key Result Area   |
| LGU            | Local Government Unit   |
| m <sup>3</sup> | cubic metre   |
| MENRO          | Municipal Environment and Natural Resources Office (Philippines)  |
| NRMP           | Natural Resources Management Program                              |
| PAFO           | Provincial Agriculture and Forestry Office (Lao PDR)              |
| PCT            | Potential Crop Tree   |
| PDC            | Pacific Development Cooperative                                   |
| PENRO          | Provincial Environment and Natural Resources Office (Philippines) |
| PFCP           | Pilot Forest Certification Project                                |
| PFO            | Provincial Forestry Office (Lao PDR)                              |
| PO             | People's Organisation   |
| RUP            | Resource Use Plan [or Permit]                                     |
| SBA            | Standards-Based Approach  |
| SFMG           | Sustainable Forest Management Group                               |
| SFRDP          | Sustainable Forestry and Rural Development Project                |
| SGS            | Société Générale de Surveillance                                  |
| SMMTPC         | Santa Maria-Magkalape Tree Planters Cooperative                   |
| SWC            | Soil and Water Conservation                                       |
| TFT            | Tropical Forest Trust   |
| TSI            | Timber Stand Improvement  |
| USAID          | United States Agency for International Development                |
| VFA            | Village Forestry Association                                      |
| WWF            | World Wide Fund for Nature  |

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US\$1 = 7868 Lao kip

US\$1 = 55 Philippine pesos

# 1 Introduction to Case Studies

## 1.1 Background and rationale

In 2002, the Regional Community Forestry Training Centre for Asia and the Pacific (RECOFTC) commissioned a review of standards-based approaches to community forestry development (see Markopoulos, 2003). Standards-based approaches, or SBAs, comprise certification, criteria and indicators, performance evaluation and any other approach based on agreed benchmarks for monitoring and assessing forest management. They have attracted attention internationally because they offer not only a desired product, i.e. an agreed set of benchmarks, but also a valuable process for setting forest management goals and definitions in a transparent, participatory manner. The potential benefits of such a process are obvious in many countries whose systems of forest management and governance are still opaque and unresponsive to local needs.

In addition to surveying the status of SBAs in Asia and the Pacific, the review also identified some preliminary elements of a strategy for SBAs for RECOFTC. One of these elements, prompted by the general lack of empirical data found by the review, was to conduct case studies of selected community-based SBAs. Two possible cases were identified: certification of village forestry associations in Lao PDR, and environmental performance monitoring of community-based forest management in the Philippines. After a short period of consultation in January 2003, it was decided that these two case studies would form the next step in RECOFTC's programme on SBAs.

Certification and environmental performance monitoring (EPM) can both be characterised as SBAs. However, they differ in a number of important respects, and it is these differences that make their combined study so potentially instructive. Certification is a market-oriented approach, based on third-party verification of criteria and indicators that are external to the management unit, but which have been interpreted and applied internally. By contrast, EPM is a management-oriented approach, based on first-party verification of criteria and indicators that are partly internal, and partly external, to the management unit in question. In some respects, these two approaches lie on opposite ends of the SBA spectrum: management versus market-orientation, internal versus external criteria, and first-party versus third-party verification. Both, however, are voluntary approaches, though for different reasons.

The concept note developed for the case studies (see Appendices) puts the emphasis of inquiry on the impact and effectiveness of each SBA in improving community forest management. Each case study focuses on local forest management capacities (social,

technical, institutional, economic, etc.), and how these are used, created or enhanced by the SBA in question. The justification for focusing on capacity – in all of its forms – is that it will be the main determinant of improved forest management.

Owing to a lack of data (something the case studies are of course designed partly to overcome), it is difficult to know how or where a particular SBA might interact with local capacities. Nevertheless each case study, instead of being purely descriptive, aims to test some general propositions. First, the extent to which local forest managers contribute to setting benchmarks for an SBA is likely to determine how well those benchmarks reflect existing strengths and weaknesses. Second, the extent to which local forest managers are actively involved in meeting the benchmarks is likely to determine how far an SBA builds local capacities. Third, the extent to which local forest managers are actively involved in evaluating the outcome of an SBA is likely to determine how well future versions of that SBA, or future SBAs, incorporate and reflect changing needs and priorities.

The main thread running through these propositions is that the more control local forest managers have over an SBA – from development to deployment and review – the more likely they will be to use it and benefit from it. Ownership, in other words, will be a key incentive to participate. Of course, there will be other incentives, and ownership may not even be a major design goal of some SBAs. Nevertheless, unless those SBAs that are aimed at communities offer a high degree of local control or ‘configurability’, they may be unable to attract groups trying to improve their management.

## 1.2 Study methods

Preparations for the case studies began in March 2003 with the drafting of three concept notes: one for the case studies as a whole, and one for each study. (The notes are reproduced in the Appendices.) At the same time, contact was established with the donors and managers of the Pilot Forest Certification Project in Lao PDR (which financed village forest certification), and with the Department of Environment and Natural Resources (DENR) in the Philippines (which coordinated the development of EPM), to investigate the feasibility of a case study. The relevant concept notes were submitted to these stakeholders for their review and comment.

It should be stressed that the case studies were justified in terms of their value not only to RECOFTC, but also to their respective stakeholders. In Lao PDR, for example, the importance of monitoring the impact of village forest certification is recognised by government (Forest Management Program, 2001). The proposed case study, therefore, offered a springboard for documenting and evaluating the lessons of certification. Similarly, in the Philippines, the proposed study offered the first serious assessment of

the impacts and effectiveness of EPM, which was developed in 1998 but until now has not been reviewed or evaluated.

Once the feasibility of each study had been confirmed, and the necessary support and cooperation obtained from stakeholders, work began to identify informants, collect and review the relevant literature, and prepare field itineraries. Most informants were identified by a reputational approach, using information obtained from local contacts and from the literature, and on the basis of recommendations from other informants.

In view of the limited time and resources available for each study, careful planning was undertaken to maximise the value of fieldwork. In addition to reviewing literature and establishing contacts with other researchers or organisations working on similar topics, preparatory visits were made to both Lao PDR (13–14 March 2003) and the Philippines (22–28 June 2003). These visits gave the author an opportunity to meet informants, discuss the research approach and, in the case of the Philippines, identify possible subject communities.

The subject communities in Lao PDR were clearly defined as the beneficiaries of the Pilot Forest Certification Project. Those in the Philippines, however, were less obvious. EPM is no longer restricted to one project, but used in various forms by several different programmes and projects. DENR does not keep a central record of communities using EPM, and the information that is available is often incomplete or out of date. After consulting with DENR staff in Manila, it was decided to focus on communities in Caraga Region, who reportedly had made the most progress in adopting EPM under a project sponsored by the World Bank.

The preparatory visits were followed in each case by a two-week field study (1–14 June 2003 in Lao PDR, and 27 July–9 August in the Philippines). The itineraries for these studies are reproduced in the Appendices. In both cases, fieldwork was carried out with the help of a local counterpart (Mr Bouahong Phanthanousy of the Department of Forestry in Lao PDR, and Mr Amando Capiton of DENR Caraga in the Philippines). These counterparts helped to arrange meetings, interpret at interviews, and make other necessary arrangements. Both counterparts were also important informants in their own right.

The main research tools used in the field were semi-structured interviews with individual informants or small focus groups (3–10 people). A full list of informants for each study is included in the Appendices. Some field observations were also made, though these were a lower priority. In each case, fieldwork concluded with short wrap-up meetings with the counterpart and other key informants to confirm data and discuss findings.

For the most part, fieldwork proceeded smoothly. The only exception was in Caraga in the Philippines, where a day was lost in visiting a group of people's organisations (POs) that was erroneously reported to be using EPM. Security concerns in Caraga also prevented the author from visiting two POs known to be using EPM. Unfortunately, neither of these setbacks could have been foreseen during the exploratory visit to Manila or at the start of fieldwork.

### **1.3 Study limitations**

An inherent limitation of case studies, as opposed to a true sample, is the limited scope they offer for generalisation. This is particularly true of the present case studies, which deal with two different SBAs. Nevertheless, the studies illustrate some common themes underlying the application of SBAs, and are thought to be valuable sources of information in their own right.

A second limitation is the short duration of each field study. A lengthier analysis might resolve trends or effects that are beyond the scope of the present work. It is important, however, that these case studies are treated not as isolated exercises, but as the first stages in what will be an ongoing process of documentation and assessment. Ideally, village forest certification and EPM should be reviewed at regular intervals, and each review should build on the findings and lessons of the preceding one.

A third limitation is the relatively new and untested nature of the SBAs studied. Village forest certification and to a lesser extent EPM are still in the early stages of uptake and deployment. In both Lao PDR and the Philippines, the concepts that underlie these SBAs are still quite new and unfamiliar to many stakeholders. Any impacts of these SBAs, therefore, will be incipient at best, and their ultimate shape or significance can only be guessed at. Again, however, it must be stressed that each case study is intended as the precursor of a long-term monitoring process, not a definitive statement of impacts.

### **1.4 Structure of report**

Chapter 2 of this report discusses the main findings from the two case studies, and their implications for community forestry development in Southeast Asia. The case studies themselves form Chapters 3 and 4. The study of EPM in Chapter 4 contains a section analysing the history and development of EPM. The study of village forest certification in Chapter 3 does not cover the development of certification in the same manner, because this is more widely known, and is anyway discussed in detail by Markopoulos (2003). Readers unfamiliar with certification should refer to this paper.

## 2 Major Findings and Their Implications

As discussed in the previous chapter, the aim of the two case studies is not only to describe a particular SBA and its effects on local forest management capacities. It is also to try and correlate these effects with certain features of the SBA, for example the role of forest managers in its development, implementation and review. Any such correlation is necessarily tentative given the limitations discussed in the previous chapter. Nevertheless, the following sections identify some of the more obvious outcomes and linkages, and their implications for future development or extension of EPM, village forest certification, and related approaches.

### 2.1 Structure and function: the two approaches compared

#### Origins and purpose

Both EPM and village forest certification were developed in response to certain perceived weaknesses and opportunities in forest management. The principal motive and justification for village forest certification were financial: a desire to attract price premiums and new markets for lesser-used species, which would in turn help to sustain village forestry after external support was phased out. In the case of EPM, there were two interlinked driving forces: the lack of an outcome-oriented monitoring system for community forestry; and mutual mistrust and suspicion among stakeholders fed by the consequent lack of good, verifiable information.

Both approaches, of course, were driven by other motives and agendas. In each case, the SBA concerned offered a way of linking domestic forest problems with international trends and developments. The Philippine government pursued EPM partly to meet some of its international obligations to responsible forestry – it was a way of showing the world that the Philippines was not shirking its responsibilities for SFM. Certification, too, was seen as a way of improving the international profile of Lao forestry, but its external connections were at the same time more subtle and significant. The aid programme that piloted village forestry was, among other things, trying to open domestic timber trading to (international) market forces. Certification, if successful, would offer an excellent demonstration of the power and benefits of such forces.

Some motives, particularly in the case of village forest certification, have fluctuated in importance as the underlying management system has evolved and needs or priorities have changed. Market benefits are still a major driver of village forest certification, but Lao PDR's value-added forest industry sector is now seen as one of the main beneficiar-

ies, if not the main beneficiary. Experience with village forestry in the past three years has also lent greater weight and urgency to the monitoring, enforcement and control functions of certification. These were originally seen as useful, though minor, benefits for village forestry. Now, certification is expected to play a pivotal role in maintaining work standards, arbitrating between competing interests, and upholding the rights and responsibilities accorded to villages co-managing production forests.

### **Mechanics of development and implementation**

To group certification and EPM under the title of standards-based approaches is convenient, though somewhat misleading. The EPM C&I and SmartWood's interim certification standard for Lao PDR share the same underlying structure of principles, criteria, indicators and verifiers. In the field, they share similar means of verification and sources of information (interviews, participatory assessments, and so on).

The Lao interim standard, however, establishes minimum performance requirements, whereas the EPM C&I (their name notwithstanding) comprise mainly neutral criteria intended for monitoring management trends, not assessing performance. The Lao interim standard, therefore, is intrinsically more demanding than EPM, particularly as it is an 'all-or-nothing' approach, i.e. either the standard is met or it is not.

The structure of these two SBAs, and the ways in which they are implemented, stem from and contribute to their respective purposes. Because certification is primarily a market-oriented approach, it is based on third-party verification of minimum agreed-upon standards. In the case of village forestry, the certifier (SmartWood) has modified its own FSC-accredited guidelines to reflect Lao PDR's laws, policies and management instruments, and to take into account the findings of a certification pre-assessment. The resulting standard was used in the main assessment, and will continue to be used by SmartWood until region-specific or formally endorsed FSC standards for Lao PDR become available (hence its designation as 'interim').

On the other hand, EPM is a management-oriented approach, based on first-party verification of C&I developed specifically for community forests. These C&I, unlike the Lao interim certification standard, are the final product of a deliberately participatory process that focused entirely on end-users. First-party verification (i.e. by community forest managers themselves) of the EPM C&I would not satisfy the market demands for accountability that have given rise to certification, nor satisfy the monitoring and control objectives of village forest certification. It is well-suited, however, to EPM's goals of building communal capacity and strengthening relations between stakeholders in the Philippine's decentralised system of community-based forest management and governance.

Two aspects of EPM and village forest certification deserve further discussion. First, both approaches are voluntary, though for different reasons. EPM is voluntary because this is considered the best way of encouraging its active uptake and use by communities. Village forest certification – or rather the underlying mechanism of market-oriented certification – is voluntary mainly because it relies on financial incentives to improve management. It is possible, however, that the group certification scheme developed for co-managed village forests in Lao PDR will become the default form of organisation for all such forests in a given province. If and when this happens, certification could in effect become compulsory.

Second, an important feature of EPM, which reflects its goal of building trust among stakeholders, is joint monitoring. This refers to the practice of including local government and forestry staff, as well as representatives from NGOs and other groups, in the community monitoring teams formed to verify the EPM C&I. Joint monitoring is expected to improve the transparency and consistency of information gathering, as well as create a sense of responsibility and accountability among community forestry stakeholders.

### **Stakeholder roles and responsibilities**

Because EPM is management-oriented and community-specific, it is forest communities who are the principal stakeholders of the system. Once a community has decided to adopt EPM, it forms a monitoring team (or assigns the responsibility for monitoring to an existing body – see below). Other stakeholders may participate in monitoring, but they do so under the leadership of the community. In practice, community members are fully responsible for collecting data, converting data into information, evaluating this information, and communicating the results. What communities do with this information is up to them, but it is intended for a yearly progress assessment, the results of which will feed into the next year's cycle of work and resource-use planning.

Other community forestry stakeholders in the Philippines, for example forestry staff and local government units, may not only participate in monitoring, but also collate and use monitoring results for their own planning or management purposes. Most communities using EPM submit baseline data sets and monitoring reports to their local forestry offices. Contrary to what some communities fear, EPM cannot be used to evaluate their performance, because it lacks suitable targets or thresholds. Nor is it a purely environmental tool, because it also contains important social, economic and institutional criteria. In fact, as some forestry officials argued during development (only to be overruled by the supporting aid project), 'EPM' is something of a misnomer.

In contrast to EPM, villagers in Lao PDR have played only a minor role in organising, preparing for, and implementing certification. Ironically, even though one of the aims

of certification is to support village participation in forestry decision-making, the group certification scheme developed for village forests has been conceptualised and developed with little or no village input. Villagers have simply been invited to meetings to be given information on the new scheme and advised as to what aspects of management will be changed to comply with the required standard. Because the direct and indirect costs of certification have been financed (but not disclosed) by donors, and because the advertised benefits of certification are so attractive, villagers have had no incentive to question any aspect of this process or its implications.

Village forest certification is notable because it has introduced a new stakeholder into Lao forestry: the certifier. This is a stakeholder who can prove to be highly demanding, especially in donor-financed contexts in developing countries. The experience in Lao PDR has been no exception (see section 2.2).

### **Costs, benefits and time**

Their differing scales and outlooks mean that village forest certification and EPM have widely differing schedules of costs and benefits. These are distorted by several factors, however, not least of which are subsidies from donors. The costs of certification can be broken down into direct and indirect costs, the former being the costs of assessments, communicating with the certifier, and so on; and the latter being the costs of improving management practices. The direct costs of village forest certification are estimated at US\$40,000, and the indirect costs at US\$3.30/ha, or US\$16.50/m<sup>3</sup>. The figure for indirect costs is almost certainly an underestimate, as several pre-conditions of certification have still to be met.

Comparable figures for EPM are not available, but will obviously be much lower. Any community adopting EPM faces only one major cost, which is that of forming a monitoring team with the requisite skills, measuring equipment, and other tools. Once this team has been formed, the community will incur the material and labour expenses of monthly or quarterly monitoring of the C&I, and of preparing and presenting a yearly assessment.

In practice, most of these costs have been avoided by: a) taking advantage of donor-supported training in EPM; and b) using existing forest protection committees (whose mandate is to halt illegal logging) instead of creating dedicated monitoring teams. Members of these committees perform their duties either voluntarily or in return for a small honorarium. Hence the main cost of EPM is the opportunity cost of the extra time committee members spend on monitoring, which is typically one day a month in the baseline monitoring phase. This cost will be low in absolute terms – perhaps US\$1 for a farmer in Caraga who earns US\$27–36 per month – but over the course of a year

it could amount to between a third and almost half of one month's income for each committee member.

The potential financial benefits of certification are greater than those of EPM, mainly because EPM has no commercial application (the use of the EPM C&I in certification in the Philippines is discussed further below). Both approaches, however, have other similar managerial and financial benefits. One of these is reduced forest management costs through greater technical and administrative efficiencies. In the case of certification, such efficiencies can stem from the process of assessment and compliance, or from the monitoring and evaluation functions performed by certifiers. In the case of EPM, they stem from the use of monitoring information to review and improve existing practices, and to make better decisions about the consequences of new practices. Such usage is an integral, not optional, part of EPM that reflects its underlying philosophy of adaptive management.

From the standpoint of building capacity, it is significant that EPM puts the full burden of identifying and correcting inefficient or damaging practices on the forest manager, whereas certification puts part on the certifier and part on the manager. The corollary of this division of responsibility is that EPM offers no external mechanism or incentive to ensure that bad practices are corrected, not neglected. There are several policy options for correcting this weakness (see case study and section 2.3), but for the moment it is the will and commitment of the forest manager that determine how seriously EPM is practised.

### **Enabling and constraining conditions**

Neither certification nor EPM can be applied in a vacuum – both approaches require certain enabling conditions. In theory, certification will not be successful unless the laws, policies and institutions that underpin the candidate's management system are generally conducive to SFM. It is also reasonable to assume that market-oriented certification will not be successful unless the candidate has access to the information, capital, and markets needed to exploit its certified status. There are other, more prosaic, enabling conditions, including an ability to pay for certification services, and an ability to communicate and negotiate with certifiers.

The absence of any enabling conditions would be a serious constraint on certification, assuming a candidate had to draw on its own resources. The case of village forest certification, however, demonstrates how large quantities of external financial and technical assistance – and not a little external pressure – can bring a management system of uncertain legal, political and economic status to the point of certification. This process has brought great benefits for village forestry, but its speed, and inevitable compromises and omissions, have also created certain risks and dangers (see section 2.2).

The enabling conditions for EPM, in keeping with its narrower focus and inward orientation, are more modest than those of certification. Within the community, a vital requirement is an understanding and appreciation of the value of c&i and monitoring. As already discussed, it is the strength of a community's commitment to monitoring that will determine whether EPM leads to actual improvements in management.

Practical requirements for EPM include the availability of community members to undertake monitoring, and access to training and technical assistance for applying the EPM c&i and field methods. It is clear from the case study that the main sources of such assistance – forestry staff and local government units – may themselves need support to fulfil this function. Up to now, they have tended to concentrate on the more straightforward, technical aspects of EPM (in particular the environmental criteria), and ignore its more demanding, multi-disciplinary aspects (such as the organisational, social and economic criteria). This practice has reduced EPM to the more narrowly environmental tool that its name – falsely – implies.

One enabling condition for EPM that stems from and supports the provision of technical support is the existence of working relations with potential joint monitoring partners. In the absence of such links, communities will find it hard not only to implement EPM, but also to widen the circle of monitoring participants. A certain amount of trust, therefore, must already exist between a community and other forestry stakeholders if joint monitoring is to become a reality.

Table 2.1 Structure and function: A summary of the comparative analysis of EPM and village forest certification (continued over page).

| EPM  | VILLAGE FOREST CERTIFICATION  |
|--|---|
| <b>1. Origins and purpose</b>  |   |
| <ul style="list-style-type: none"> <li>▶ Provide an outcome-oriented monitoring system for community forestry.</li> <li>▶ Build trust and understanding among community forestry stakeholders.</li> <li>▶ Contribute to meeting Philippine's international obligations to responsible forestry.</li> </ul>   | <p><i>Originally:</i></p> <ul style="list-style-type: none"> <li>▶ Obtain price premiums/new markets for village timber.</li> <li>▶ Build financial self-sufficiency of village forestry.</li> <li>▶ Promote reform of domestic market policies.</li> <li>▶ Raise profile of Lao forestry.</li> </ul> <p><i>Subsequently also:</i></p> <ul style="list-style-type: none"> <li>▶ Strengthen domestic value-added forest products manufacturing sector.</li> <li>▶ Monitor and enforce work standards.</li> <li>▶ Monitor and enforce village rights and responsibilities.</li> </ul> |
| <b>2. Mechanics of development and implementation</b>  |   |
| <ul style="list-style-type: none"> <li>▶ Localised and participatory C&amp;i development process.</li> <li>▶ Based on criteria, indicators and verifiers, but criteria mainly neutral (for monitoring trends).</li> <li>▶ Voluntary because goal is active uptake, not passive acceptance.</li> <li>▶ Management-oriented, hence first-party verification (i.e. by community).</li> <li>▶ Community undertakes joint monitoring with other stakeholders (to build trust).</li> </ul> | <ul style="list-style-type: none"> <li>▶ Management standard based on certifier's own guidelines (no national standard-setting initiative yet).</li> <li>▶ Based on criteria, indicators and verifiers, but criteria specify minimum requirements (for assessing performance) and so more demanding.</li> <li>▶ Voluntary, but could become default management strategy for co-managed village forests.</li> <li>▶ Market-oriented, hence third-party verification (i.e. by certifier).</li> </ul>  |

Table 2.1 (continued)

| EPM   | VILLAGE FOREST CERTIFICATION  |
|---|---|
| <b>3. Stakeholder roles and responsibilities</b>  |   |
| <ul style="list-style-type: none"> <li>▶ Community is principal stakeholder.</li> <li>▶ Joint monitoring partners are under community leadership.</li> <li>▶ Forestry staff and local government units may participate in monitoring, or use monitoring data for internal planning or management purposes, but cannot use system to assess community's performance.</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Villages co-managing production forests only one (and to date relatively minor) stakeholder.</li> <li>▶ Group certification scheme conceptualised and developed with little or no village input.</li> <li>▶ Responsibility for financing and implementing certification almost entirely in hands of donors.</li> <li>▶ Certifier is a new, and demanding, stakeholder in village forestry.</li> </ul>  |
| <b>4. Costs, benefits and time</b>  |   |
| <ul style="list-style-type: none"> <li>▶ Major cost is forming a community monitoring team.</li> <li>▶ Recurring costs from monitoring, and preparing and communicating results.</li> <li>▶ Costs avoided by using existing forest protection committees instead of dedicated teams.</li> <li>▶ In practice, main cost is opportunity cost of extra time spent on monitoring by protection committees.</li> <li>▶ Potential financial benefits less than certification because has no commercial application.</li> <li>▶ Use of monitoring results to review management practices can result in greater technical and administrative efficiencies (adaptive management).</li> </ul> | <ul style="list-style-type: none"> <li>▶ Costs and benefits distorted by donor subsidies.</li> <li>▶ Direct costs (of assessment) estimated at US\$40,000.</li> <li>▶ Indirect costs (of improving management practices) estimated at US\$3.30/ha, or US\$16.50/m<sup>3</sup>.</li> <li>▶ Indirect costs probably underestimates because several pre-conditions still to be met.</li> <li>▶ Like EPM can result in technical and administrative efficiencies from process of compliance or from monitoring and evaluation by certifiers.</li> </ul> |
| <b>5. Enabling and constraining conditions</b>  |   |
| <ul style="list-style-type: none"> <li>▶ Main enabling condition is understanding and appreciation of C&amp;I and monitoring within community.</li> <li>▶ Other conditions include availability of community members to carry out monitoring; and access to training and technical assistance for monitoring.</li> <li>▶ Training and technical assistance have to focus on full range of C&amp;I, not just environmental criteria (as now happens).</li> <li>▶ Some level of trust between stakeholders needed for joint monitoring to proceed.</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Laws, policies and institutions conducive to SFM.</li> <li>▶ Access to capital, information and markets (market-oriented certification only).</li> <li>▶ Practical requirements, e.g. ability to pay for certification services, ability to communicate with certifier, etc.</li> <li>▶ In practice, external assistance (and pressure) can replace or accelerate many enabling conditions (though not without the attendant risks of forced growth).</li> </ul>   |

## 2.2 Emerging outcomes and implications

### Local management capacities – certification

The Lao interim certification standard is, by any measure, a demanding one. This has been well demonstrated by the recent (2002–03) experience of village forest certification, though certain mitigating circumstances must be taken into account. The first is the deterioration in the baseline performance of village forestry, caused by organisational changes, resource shortages, and overt interference in forestry decision-making. The second is SmartWood's strict – arguably too strict – interpretation of the standard, in particular its biodiversity aspects.

The deterioration in performance has, it is hoped, been reversed by the certification process. This benefit, although important, is limited to the village forestry associations taking part in the pilot group certification scheme. Those outside the scheme – about

two-thirds of all associations – continue to face the threat of deteriorating performance. They now also have to contend with a diversion of forestry staff and resources to their counterparts in the more-demanding group certification scheme. Both of these threats will persist until the certification group entities expand to cover all village associations in their respective provinces, or until the new World Bank forestry project starts local operations.

SmartWood's strict interpretation of the Lao interim standard has caused some disquiet among village forestry stakeholders, and for good reason. Without external support, the two group entities will be unable to satisfy the pre-conditions imposed on them after the main assessment. Instead of building local capacity for self-help, certification seems to be forcing forest managers to depend on continued donor assistance. The rigorous interpretation of the standard in the current pilot phase of certification has also set a precedent for its interpretation in a future operational phase, when, it is hoped, certification will be extended to other provinces.

If the time, labour and resources that have been put into village forestry, and are now being put into certification, are ever fully quantified, village forestry may prove to be one of the most highly capitalised forms of natural forest management anywhere in Southeast Asia. This is in stark contrast to its original purpose, which was to provide a labour-intensive resource-sharing system that could be implemented by villagers with only limited skills and capital.

It is significant that concerns over the rigour of certification, and its implications, have been voiced not by local forestry staff and villagers, but by village forestry advisors. This is largely because the former group has been given no information on either the direct or indirect costs of certification. At the same time, villagers have been told that certification will lead not only to SFM, but also to higher prices for their timber, and so higher incomes for their villages. Looked at from the skewed perspective of villagers, therefore, the demands of certification are reasonable because its net benefits are so great.

Imposing demands that necessitate external assistance would, from the point of view of the certifier, be unproductive unless the certification candidate had access to such assistance. This consideration sheds some light on why SmartWood may feel able to make such a strict reading of the standard. Because village forest certification is backed by the resources of, among others, the World Bank-WWF Alliance, financially and technically demanding conditions (such as an assessment of high conservation value forests) can be met with little difficulty. The danger, however, is that local stakeholders will play only a small role in meeting such conditions, and so lack the capacity

to maintain the resulting management system if and when external support is eventually withdrawn.

### **Local management capacities – EPM**

EPM was designed to build management capacities in three main ways: first, by the obvious route of creating a capacity for monitoring (which is lacking in many forest communities in the Philippines, even those who develop impact indicators for their management plans); second, by producing information that communities can use to review and improve their management practices and decisions (the principle of adaptive management); and third, by promoting understanding and cooperation among stakeholders through the mechanism of joint monitoring.

That EPM has indeed created a capacity for monitoring is undeniable. By adopting EPM, each of the communities in the case study has at one stroke created a system of monitoring and evaluation that did not exist before. It is still too early to say, however, whether this system will become truly adaptive (that is, an inherent part of management). There is evidence that EPM is prompting some communities to think about the consequences of specific practices, and to plan accordingly, but more definite conclusions must wait until more communities progress from the baseline to the periodic phase of monitoring.

The main weakness in current implementations of EPM is that communities are collecting only partial data sets, usually just for the environmental criteria of EPM. Inevitably, these give only a partial picture of the consequences of forest management, and of the overall sustainability of a community's management system. There are several reasons for this weakness, one of which is the use of forest protection committees – who have an exclusively environmental mandate – instead of dedicated EPM teams. There is also a tendency among local forestry staff to concentrate on the environmental aspects of EPM, either because they lack skills in economics or social development, or, more seriously, because they see themselves as technical, not developmental, agents. Removing these barriers, therefore, may entail changing official mindsets as much as building official capacity.

## **2.3 Scope for further application**

EPM has, for want of resources and institutional support, failed to establish a strong role and identity in community forestry in the Philippines. At present, its use is confined mainly to donor-assisted forestry projects. Attention within government, meanwhile, has shifted to a national C&I process based on the criteria of the International Tropical Timber Organisation (ITTO). This process will lead to a management audit, which is likely to be compulsory for all forest managers.

The future role of EPM in a regime of compulsory auditing, like its role now, is uncertain. It seems unlikely that communities will voluntarily maintain a monitoring system based on EPM if they have to submit compulsorily to another based on the ITTO C&I. What is certain, however, is that given a choice between two systems – one compulsory and one voluntary – communities would choose the latter. This is, after all, the reason why EPM was made voluntary in the first place: to encourage active uptake and ownership, not passive acceptance.

The findings of the case study suggest that, despite its present status, EPM deserves to play a much greater role in community forestry in the Philippines. First, at least two pieces of evidence suggest that EPM can reflect local needs and capacities quite faithfully. The first piece is indirect, and concerns the results of the ACM (Adaptive Collaborative Management) C&I initiative on Palawan (see Chapter 4, section 4.2). Despite rejecting EPM (possible because of some misconceptions), the community organisation involved in this initiative went on to develop a monitoring framework that was very similar to EPM. As the case study notes, this convergence suggests that the EPM C&I capture the essential elements of sustainability in Philippine community forestry.

What is apparent from the ACM initiative, however, is that EPM may seem a top-down approach to communities not involved in its development, designed by government to extend its control over local forest managers. Of course, the name ‘EPM’ does nothing to dispel this impression. Clearly, a mechanism is needed to link EPM more closely to local concerns and processes. The second piece of evidence from the case study suggests that an elegant solution to this need already exists, though it has never been recognised as such.

The communities in Caraga Region using EPM are integrating the impact indicators they developed for their long-term management plans with the EPM C&I. (They are free to do this if their indicators are within the scope of the EPM set.) Hence EPM is providing a generic, though comprehensive, monitoring framework, and the local impact indicators are providing site-specific measures of sustainability that complement the overall approach and increase its local relevance. One other strength of this approach is that it requires little extra development, unlike full-scale local interpretation of an external C&I set. Communities are required to develop impact indicators as a matter of course, and EPM is complete and relatively well-tested.

The ability to use EPM to monitor their impact indicators may not in itself offer communities a strong enough incentive to adopt EPM. And, as already discussed, other incentives might be needed to encourage communities to use EPM not just to monitor, but also to improve, management. Here again, however, there are options and opportunities for giving EPM a stronger role in community forestry development. One identi-

fied in the case study is using EPM to replace compliance monitoring of resource use plans and their associated environmental conditions. This substitution would contribute to deregulation of community forestry in the Philippines (already overburdened by rules and regulations), and self-regulation by communities.

To build a stronger role for EPM will demand political will and commitment, which are uncertain quantities in community forestry in the Philippines, even at the best of times. If the administrative route yields no results, however, the market may be able to compensate. Market-oriented certification is still largely irrelevant to the concerns of most Philippine forest communities. However, SmartWood has integrated the EPM C&I with its own guidelines and used the resulting standard in at least one community certification exercise. In future, the EPM C&I might form the basis of a national certification standard, in which case markets would take on a role in driving the uptake of EPM.

Markets are, in theory, one of the main drivers of village forest certification. The future development of village forest certification, however, is likely to be driven not so much by economic concerns as by social and institutional concerns. Assuming that the pilot certification groups are successful, and that the Lao government approves the group certification model for application in other provinces, the certified group will become the *de facto*, if not *de jure*, form of organisation for co-managed production forests. From that point onwards, village forestry will develop within a basic, certified framework, with the certifier taking on important responsibilities for enforcing work standards and the rights and responsibilities of villagers in forestry decision-making.

Some of the implications of this approach to certification are discussed above and in the case study. It is important, however, to keep a sense of perspective. It is possible that a future initiative to develop a formal certification standard for Lao PDR (based on either the FSC model, or the Pan-ASEAN model, or a mixture of both) will pay more attention to village needs and capacities when setting performance requirements. Indeed, a future initiative is almost bound to consider these aspects, given the Lao government's stated policy of co-management for natural production forests.

There are also important deficiencies in village forestry that have not been addressed, but which risk being overlooked by focusing too closely on certification. The emphasis on price premiums, for example, has diverted attention from the more pressing need to reform the log sales system to maximise basic prices and returns. One straightforward measure (reinstating timber auctions) would give an immediate boost to prices. These and other examples illustrate an important point that the experience in Lao PDR may have obscured – even without certification, it should be possible to create a system of management that offers its stakeholders strong incentives for SFM.

## 3 Village Forest Certification, Lao PDR

### 3.1 Background to village forestry

The Village Forestry Associations (VFAs) that are the subject of this study were formed between 1996 and 2000 in Khammouane and Savannakhet, two forest-rich provinces in the central region of Lao PDR (see Figure 3.1 below). They were established under the forest management sub-programme of the Forest Management and Conservation Programme (FOMACOP), an initiative of the Lao government financed chiefly by the World Bank and the Finnish government. The first five-year phase of FOMACOP ended in 2000.

Beginning in 1996, FOMACOP's forest management sub-programme<sup>1</sup> developed and piloted a model approach to participatory management of natural production forests, called village forestry. This was one of two contemporary efforts to pilot participatory natural forest management in Lao PDR, the other being the Joint Forest Management (JFM) project of the Lao-Swedish Forestry Programme. FOMACOP and JFM operated at different scales, and with different mandates, but both essentially sought to develop an equitable and sustainable resource-sharing system for State forests (Makarabhirom and Raintree, 1999; World Bank/Sida/Government of Finland, 2001a).

#### Local context for village forestry

FOMACOP worked at two pilot sites: the 100,000ha Dong Phousoi production forest in Khammouane, and 125,000ha Dong Sithouane production forest in Savannakhet. At these two sites, village forestry was piloted with 60 villages covering a total area of 145,000ha. Most of these villages are several decades old, and have well-established traditional boundaries enclosing territories of 400ha–6000ha (Katila, 2000). These territories are heavily forested (up to 70% cover in some cases), but the forests, like all natural forests in Lao PDR, are property of the State.

The villagers in the pilot area represent a variety of Lao and non-Lao ethnic groups, and many are extremely poor (World Bank, 2002). They rely on forests to meet a range of subsistence needs, and to provide occasional cash income or land for rice cultivation. Customary use of forests for subsistence purposes is sanctioned by law,<sup>2</sup> but this sanction is not immutable, and competition from other users can be intense.

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<sup>1</sup> Henceforth referred to simply as FOMACOP.

<sup>2</sup> Article 30 of the Forestry Law of 1996 (see Government of Lao PDR, 1996) recognises customary use of non-prohibited forest resources, provided that such use follows village regulations.

Much of the forest in the pilot area was selectively logged in the past, but its quality is still such that logging pressure remains high (Katila, 2000).

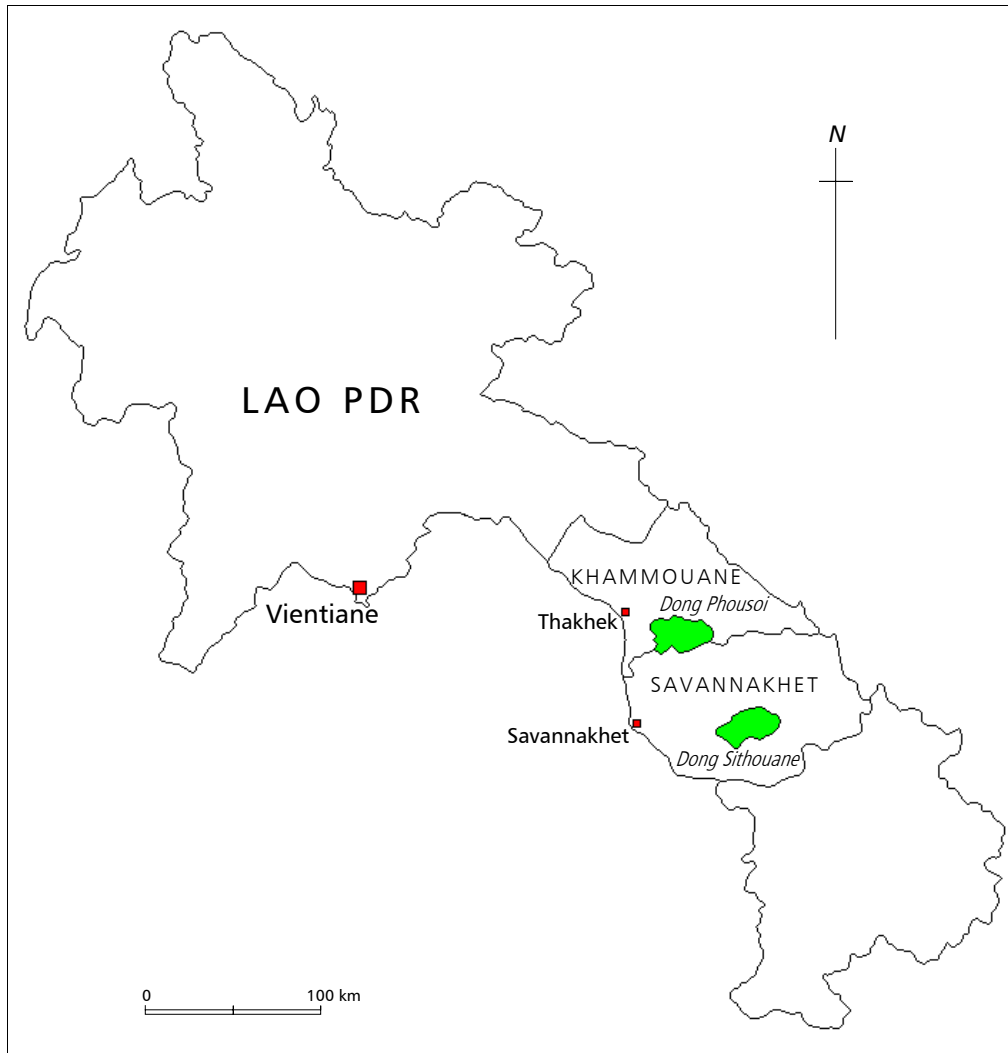


Figure 3.1 Map of Lao PDR. VFAS operate within Dong Phouoi and Dong Sithouane production forests (forest boundaries are approximate).

### The village forestry model

In essence, the village forestry model piloted by FOMACOP means organised villagers managing designated production forests in partnership with district and provincial forestry staff (Bonita and Sophathilath, 2001). Villagers do not receive ownership rights; instead, they are granted long-term commercial use rights to the forests in their territories. Existing customary use rights are unaffected by this arrangement.

To qualify for use rights, a village must prepare a 10-year management plan for its forests, and constitute a village body – the vFA – which will be responsible for implementing this plan. If these conditions are fulfilled, the village, represented by its vFA, signs a 50-year management contract with the government, represented by the district and provincial forestry authorities. This contract stipulates, among other things, that the village has the right to harvest and sell timber from its designated forest area, and to keep the surplus income after paying royalties and taxes. The obligations of district and provincial forestry staff include monitoring and providing training and technical assistance (FOMACOP, 1998).

Village forestry is on a smaller scale, and more labour-intensive, than the industrial harvesting systems still prevalent in Lao PDR. Profit maximisation is not an overriding concern (Bonita and Sophathilath, 2001). Management is based on low-intensity, low-impact logging, with short (5–10 years) cutting cycles that are designed to simulate natural rates of mortality. Production levels are conservative; typically, only 1–2 trees are cut per hectare.<sup>3</sup>

Villagers plan and manage most forest operations themselves, under the supervision and guidance of district foresters. The exceptions are harvesting and log transport, which are generally contracted to outside operators (though supervised by villagers); and timber sales, which are conducted by provincial forestry and commerce offices using a closed-bid auction<sup>4</sup> (again with village representation). The provincial forestry office is also responsible for allocating a yearly logging quota<sup>5</sup> to vFAs, and for depositing timber revenues in the bank accounts opened by vFAs for this purpose.

### **Village forestry in practice**

FOMACOP began piloting village forestry in Dong Sithouane in 1996, and extended the model to Dong Phousoi in 1997. The first group of seven vFAs was formed by 15 villages<sup>6</sup> in Dong Sithouane in 1998, and began harvesting operations in the dry season of 1998–99. Subsequently, 16 more vFAs (16 villages) were formed in Dong Sithouane, and 10 vFAs (10 villages) in Dong Phousoi. Together, these 33 vFAs have about 5000 members, and hold management contracts for over 111,000ha of natural production forest in three districts (DOF, 2001).

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<sup>3</sup> Actual removals are about 0.2m<sup>3</sup>/ha/yr (World Bank/Sida/Government of Finland, 2001b).

<sup>4</sup> FOMACOP introduced the auction as part of a wider effort to open timber trading to market forces.

<sup>5</sup> Logging quotas specify the amount of timber to be cut each year. They are set by central government, then shared among provinces. The system of setting and allocating quotas is opaque, and the end results often do not reflect sustainable yields (Tropical Rainforest Programme, 2000; World Bank/Sida/Government of Finland, 2001a). The Lao government has recently adopted policies to phase out quotas and make management plans the basis for all production (see Government of Lao PDR, 2000 & 2002).

<sup>6</sup> Some vFAs represent more than one village, either because the villages concerned have historically shared the same territory, or because they can gain economies of scale by pooling their designated forest areas (DOF, 2001).

For their first logging season in 1998–99, the seven VFAs in Dong Sithouane were allocated a quota of 7000m<sup>3</sup> (Carle and Southavilay, 1998). For various reasons, including untested harvesting procedures and a depressed market, the VFAs were able to extract only 3825m<sup>3</sup> of timber. This was auctioned to local buyers in Savannakhet, generating revenues of almost US\$400,000. Of these, 69% went to pay royalties and other taxes; 19% went to logging and transport contractors; and 12% went to the 15 villages (DOF, 2001). Roughly half of each village's average income of US\$3200 was used to pay forest management and labour costs, and the balance reserved for village development work (such as repairing school buildings).

The onset of harvesting in the pilot area triggered the first serious conflicts of village forestry. Villagers were not allowed to sell logs freely to maximise their returns, and many attempts were made to interfere with the selection and pricing of logging services (Katila, 2000). More crucially, central government indicated that the benefit-sharing system would be revised to allow district and provincial forestry offices to share the surplus income with VFAs (V. Litz, pers. comm.). The effects of this policy on village incomes might have been offset by freeing administrative controls on timber royalties,<sup>7</sup> or by permitting sales of logs to foreign buyers (both measures proposed by FOMACOP to drive up prices and income), but neither of these moves was sanctioned by government (DOF, 2001).

In Khammouane, where a revised benefit-sharing system was adopted in the 2000–01 logging season, VFAs now receive 43.34% of the surplus income. The rest is divided between the district administration, and the district and provincial forestry offices (Forest Management Program, 2001).<sup>8</sup> Under this new system, the income of VFAs has varied from US\$15/m<sup>3</sup> in 2000–01 to just US\$5/m<sup>3</sup> in 2001–02 (B. Vilaysone, pers. comm.).<sup>9</sup> The reasons for the sharp drop in income in 2001–02 are twofold: first, the province discontinued the more profitable auction instituted by FOMACOP (partly because of buyer collusion); and second, national restrictions on the export of rough sawnwood depressed the local market (P. Phetlamphane, pers. comm.).<sup>10</sup>

The new benefit-sharing system, though it means less income for VFAs, is in one respect vital. Provincial and district forestry offices have limited resources, and in the absence of a specific budgetary allocation to village forestry from central government,

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<sup>7</sup> Royalties (and until recently prices) are set by the Ministry of Commerce and Tourism, often with limited market information (World Bank/Sida/Government of Finland, 2001a).

<sup>8</sup> Savannakhet has yet to institute a benefit-sharing system similar to Khammouane's. However, VFAs in Dong Sithouane agreed in 2000–01 to allocate a quarter of their income to district and provincial forestry offices (Forest Management Program, 2001).

<sup>9</sup> To relate these figures to incentives, it may be noted that villagers reportedly consider US\$10–15/m<sup>3</sup> the minimum income necessary to sustain their participation in forest management (DOF, 2001).

<sup>10</sup> Poor market conditions have continued into the 2002–03 logging season.

find it difficult to afford yearly vFA support costs of US\$20,000–40,000 (Forest Management Program, 2001). Indeed, village forestry would have ended with FOMACOP in 2000 if the Finnish government had not financed a one-year extension (Forest Management Program, 2001). The new benefit-sharing system is designed to remove this constraint, although it is still vulnerable to market swings, fluctuating logging quotas, delays in sales and payments, and other threats.

The issues surrounding village forestry revenues and their use are complex and fluid. This is partly because the concept of villagers receiving and managing income from production forests is still contentious, and often at odds with entrenched attitudes and practices in the Lao forest sector. Partly, too, it is because village forestry, as piloted by FOMACOP, has never been officially endorsed, and the necessary implementing regulations exist only in draft form. The operation of the pilot model was authorised in 1998 by a prime ministerial declaration, and the legality of vFAs confirmed in the same year by an instruction from the Ministry of Agriculture and Forestry (DOF, 2001). Both of these directives remain in force, but they have in effect cemented the pilot status of village forestry. Of course, each vFA still has a management contract, but the changes in benefit-sharing, and a later decision to put village funds under the control of district forestry offices,<sup>11</sup> demonstrate the plasticity of its terms.

In 2002, the Lao government adopted a new policy on SFM that recognises the role of villagers in managing production forests (see Government of Lao PDR, 2002). This incorporates certain principles of village forestry, agreed with the World Bank and derived from the pilot work of FOMACOP, JFM and others. Key elements of this policy, however, such as the identification of production forest areas, the roles and responsibilities of management partners, and the use of revenues, still await the necessary implementing rules and regulations. The following discussion assesses some of the ways in which certification might contribute to this policy.

### **3.2 Early moves towards certification**

Certification was not originally a goal of FOMACOP, but its growing prominence in the mid-1990s did not go unnoticed by the programme. In late 1998, discussions began on using certification to gain additional financial benefits from marketing village timber (M. Katila, pers. comm.). These extra benefits – a combination of price premiums and new markets for lesser-known species – would, it was hoped, increase the incentives for village forestry and help to sustain vFAs after external financing was phased out. A number of other benefits were also foreseen (Phanthanousy and Katila, 1999):

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<sup>11</sup> Villages now must submit work plans to district forestry offices, who will release funds only if they approve the plans (B. Phanthanousy, pers. comm.).

- ▶ Increased transparency and competition in local timber markets.
- ▶ Independent verification and monitoring of village forestry sustainability.
- ▶ Technical guidance on improving the village forest management system.
- ▶ Competus for a wider debate on improving national forestry policies.
- ▶ Incentives for the Lao forest products industry to promote responsible forestry.

These expectations notwithstanding, certification was considered a relatively minor element of village forestry (M. Katila, pers. comm.). It was not regarded as the main monitoring, evaluation and control tool of village forestry, but it was seen as a complement to internal monitoring and control (M. Bonita, pers. comm.). FOMACOP also thought that because village forestry was based on advanced principles of sustainability, certification standards could be met with little additional planning or systems development (Litz, 2000).

Village forestry stakeholders responded positively, though in some cases cautiously, to certification. Project staff in Khammouane and Savannakhet were supportive, as were villagers at the pilot sites. To the latter group, however, certification was presented as a project activity and as such accepted without question (M. Bonita, pers. comm.). The Department of Forestry (DOF), which was responsible for implementing FOMACOP, initially greeted certification with some doubt. Not only was it new and unfamiliar, but DOF was also engaged in developing other management tools, including codes of practice and criteria and indicators. The cost of certification was also a deterrent to DOF, particularly as local timber markets at this time were severely depressed by the effects of the Asian economic crisis (J. Carle, pers. comm.).

Discussions, seminars and other educational exercises helped to persuade DOF that certification could be both beneficial and cost-effective. FOMACOP was fortunate, however, that while it was assessing certification, the Danish furniture company ScanCom (and some of its customers) formed the Tropical Forest Trust (TFT) to promote and finance certification.<sup>12</sup> ScanCom discovered that FOMACOP was pursuing certification and approached the programme to offer its support. The upshot was that TFT agreed to finance a certification pre-assessment of the Dong Sithouane pilot site, as well as contribute to a national seminar on certification and criteria and indicators (Poynton, 1999; V. Litz, pers. comm.). ScanCom also expressed an interest in buying logs from VFAs if they were certified (Lang and Pye, 2000).

### **The SGS pre-assessment and its after-effects**

In May 1999, the first batch of seven VFAs formed in Dong Sithouane was pre-assessed for certification. The pre-assessment was carried out by a two-man team from SGS

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<sup>12</sup> TFT was formed in March 1999.

(Société Générale de Surveillance) Malaysia, against the requirements of SGS's FSC-accredited Qualifor certification programme. The team found that many of the required elements for certification were in place, but identified several gaps and weaknesses in management planning, monitoring and assessment, and biodiversity conservation (SGS, 1999).

As part of the pre-assessment, SGS also assessed the VFAs against the Qualifor group certification requirements. FOMACOP had decided to pursue a group certification strategy because this promised to be the most cost-effective way of certifying a large number of small VFAs (Phanthanousy and Katila, 1999; Litz, 2000). At this early stage, however, no group system had been established in the Dong Sithouane pilot site, and none of the Qualifor requirements was in place (SGS, 1999). Subsequently, the Qualifor requirements were used to shape a parallel initiative by the seven Dong Sithouane VFAs to pool their resources and strengthen their marketing power by creating a group, or federation, of VFAs (Litz, 2000; DOF, 2001).<sup>13</sup>

The findings of the pre-assessment were deemed fair by village forestry stakeholders (M. Katila, pers. comm.). SGS's conclusion that village forestry was, in its essential respects, certifiable was welcomed as confirming and justifying the pilot approach. Plans were made to certify the Dong Sithouane group of VFAs in time for them to sell certified logs during the 1999–2000 harvesting season, and after that to certify a similar group in Dong Phousoi (Phanthanousy and Katila, 1999). Funding for the main certification assessment was secured from the World Bank-wwf Alliance (M. Bonita, pers. comm.).

The gaps and weaknesses identified by the pre-assessment were tackled together by VFAs, local forestry staff, and FOMACOP managers and advisors. Modifications were made to management plans and the curricula used in training villagers and forestry staff. A wildlife inventory was conducted, and plans made to develop a comprehensive, forest-wide conservation plan for Dong Sithouane that would be implemented and financed in part by the new VFA group (Litz, 2000; DOF, 2001). More comprehensive systems were developed to manage VFA records, and internal rules and regulations drafted for employment and compensation (Litz, 2000).

These changes and improvements reportedly helped to strengthen forest management, and to clarify the roles and responsibilities of village forestry stakeholders (Litz, 2000). One other important, though indirect, impact of the pre-assessment was that it created

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<sup>13</sup> The creation of such federations had been foreseen by the prime ministerial declaration of 1998 authorising FOMACOP's pilot operations (DOF, 2001).

space for a dialogue on the legal and institutional aspects of village forestry. According to Litz (2000):

Acknowledgement of [the unresolved issue of long-term tenure rights] by outsiders allowed project management and government officials to discuss larger policy issues and provided useful standards and indicators for its improvement at the local and national levels.

The issue referred to by Litz is the long-term status of the prime ministerial declaration in 1998 that authorised pilot operations (see above). As already discussed, this declaration remained in force after the end of FOMACOP, and is still in force today. The wider question of institutionalising village participation in forest management, however, has still to be fully resolved.

### **The ending of the certification process**

In the event, FOMACOP was unable to proceed with the planned certification assessments because central government withheld recognition of the Dong Sithouane group of VFAs and halted the certification process (PFCP, 2003b). The government's reasons for doing this are still unexplained, but appear to stem from a lack of understanding of certification, and a feeling that FOMACOP, and village forestry, were moving too quickly.

Certification was being pursued at a time of growing conflict between the Lao government and FOMACOP's donors, provoked by "slow and partial"<sup>14</sup> implementation of certain anticipated market and policy reforms. Some of the specific causes of this conflict were discussed in the introduction to village forestry, for example interference in timber sales, revision of the benefit-sharing arrangement, and the assumption of control over VFA funds by district forestry offices. To these may be added central government's refusal to allow foreign buyers to bid for village logs, aimed ostensibly at protecting and supporting Lao PDR's incipient value-added forest industry sector.

Although the contribution of certification to this conflict should not be overestimated, it is possible that some officials interpreted certification as an attempt by FOMACOP to gain an independent stamp of approval for village forestry, and so forestall any opposition from central government (M. Katila, pers. comm.). It should be noted, however, that certification was not a foregone conclusion (the group system was still weak), and even if successful the VFAs would have been unable to sell certified logs to international buyers such as ScanCom. This constraint would have undermined the primary economic argument and incentive for certification.

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<sup>14</sup> The quote is taken from extracts of a World Bank evaluation report on FOMACOP (dated 5 February 2000) in Rajesh (2000).

### **The village forestry sustaining phase**

At the end of FOMACOP's first phase in September 2000, the Lao government halted the programme. As already noted, the Finnish government agreed to finance a one-year extension, or "sustaining phase", designed to ensure that village forestry became self-financing (Forest Management Program, 2001). Certification was not actively pursued during the sustaining phase, but it remained an important mid-term to long-term strategy for village forestry. Many of the activities in this phase helped to consolidate the changes and improvements made after the SGS pre-assessment, though the nascent group certification system was abandoned.

By the end of the sustaining phase in October 2001, certification was no longer seen as a minor element of village forestry (see above), but as an important and necessary part of any effort to promote sustainable forest management in Lao PDR. The final report of the sustaining phase lists several reasons for this viewpoint (see Forest Management Program, 2001). One is the price premium for certified hardwood logs, which the report estimates at 10%–25% of basic prices. Another, given little prominence in 1999, is the critical role of certification in ensuring the future competitiveness and profitability of Lao PDR's value-added forest industries.<sup>15</sup>

A third reason, acknowledged in 1999 but of greater urgency in 2001, is the role of certification in maintaining work standards. A steady deterioration in the quality of village forest inventories had been noted during the sustaining phase. This was attributed to two causes: a reassignment of responsibilities between villagers and forestry staff; and a decline in financial and technical resources (only partly reversed by the sustaining phase).

The first cause followed the reorganisation of district forestry staff who worked with VFAS into Forest Management Technical Units.<sup>16</sup> These FMTUs were given responsibility for management planning in village forest areas, leaving villagers to collect the raw data. Because villagers were no longer actively involved in planning, they were less able to appreciate the need for accurate data. Coupled with the limited resources available for supervision, this meant that pre-harvest inventories had become increasingly inaccurate (Forest Management Program, 2001).<sup>17</sup> Some form of external monitoring and control of work standards was needed, and this was identified as certification.

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<sup>15</sup> The report claims that "unless certified wood becomes available in Lao PDR, three [forest products exporters] will have to close down, putting more than 600 people out of work and causing the government to lose revenue" (Forest Management Program, 2001).

<sup>16</sup> The creation of FMTUs at both district and provincial levels accompanied the division of production forests into forest management areas (FMAS) and sub-forest management areas (sub-FMAS). See discussion of the new group certification system below.

<sup>17</sup> The reduced accuracy of inventories should be seen in perspective. Elsewhere in Lao PDR, proper inventories are often dispensed with altogether (M. Katila, pers. comm.).

### 3.3 The Pilot Forest Certification Project

The village forestry sustaining phase ended in late 2001 with a proposal for a pilot project to work for certification of the VFAs in Savannakhet and Khammouane. By this time, a combination of donor pressure and industry lobbying had persuaded the Lao government to take village forestry, and certification, more seriously. During the design of a new World Bank participatory forestry project in 2001–02, the government evolved the concept of a forest management audit based on national criteria and indicators. The government was willing to consider certification as an alternative to this audit, but wanted first to create the necessary systems and capacity. To this end, a pilot certification project was approved and launched, again with financing from the Finnish government (PFCP, 2003b).

The Pilot Forest Certification Project (PFCP) began in May 2002. The focus of this one-year project was on developing a mechanism to certify forests at the provincial level, and linking this to projected national mechanisms for SFM, including the management audit based on criteria and indicators. In practice, this meant developing a group certification system, installing the system in Khammouane and Savannakhet, and obtaining FSC certification for the two resulting provincial groups. Related activities included a certification training programme for VFA members and forestry staff, and the creation of a forest certification working group in the Department of Forestry (PFCP, 2003b).

The following section describes in detail the group system developed by PFCP. In brief, it is based on a provincial structure known as a Sustainable Forest Management Group (SFMG). Within the SFMG, and in accordance with FSC's group certification guidelines, there are two separate entities: a legally recognised group entity which administers the certification system; and group members. The group entity of the SFMG is a unit of the provincial forestry office. Group members are 'sub-forest management area co-managers'; in essence, a partnership between a VFA and a district forestry office.

Six VFAs in Savannakhet (all but one of those involved in the 1999 pre-assessment) and five in Khammouane – together covering almost 50,000ha – were invited to form provincial SFMGs. Once these groups had been established, and a group certification policy developed, the Rainforest Alliance's FSC-accredited SmartWood<sup>18</sup> certification programme carried out a pre-assessment in November 2002. This was followed by a main assessment in May 2003, again carried out by SmartWood. The World Bank-wwf Alliance financed both assessments.

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<sup>18</sup> Both SGS and SmartWood (who eventually won) were invited to tender for certification services (PFCP, 2002).

SmartWood's final decision was not available at the time of writing, but the two SFMGs have been given advance warning that they must meet four major corrective action requests before a certificate can be awarded. These requests, or pre-conditions in the terminology of SmartWood, stipulate: 1. Increased participation by VFAs in forest management decision-making; 2. Official endorsement by provinces of the group forest certification policy developed by PFCP; 3. Development of a transparent and equitable formula for allocating timber revenues; and 4. Assessment of high conservation value forests in both groups' management areas (PFCP, 2003b).

With the ending of PFCP in May 2003, the responsibility for meeting these pre-conditions has passed to a succeeding project, largely because the new SFMGs do not have the necessary capacity or resources. One possibility being examined is a short (six-month) extension of PFCP, financed by the World Bank-wwf Alliance (R. Eve, pers. comm.). Beyond this, it is probable that the new World Bank participatory forestry project due to start in 2003 will take responsibility for supporting the Savannakhet and Khammouane groups, and perhaps institute similar groups in two other provinces (see section 3.6).

### **3.4 Group certification structure, policies and standards**

Aware that FOMACOP's effort to institute a group certification system based solely on VFAs ended in failure, PFCP decided to adopt a governmental group certification structure (PFCP, 2003b). This structure, the SFMG, consists of two entities: a legally constituted group entity; and group members. The group entity in this case is a unit of the provincial forestry office known as the Group Management and Certification Unit. In Khammouane, the GMCU was formed essentially by renaming and reorienting the provincial Forest Management and Technical Unit formed in 2000–01 during the village forestry sustaining phase.<sup>19</sup> In Savannakhet, which does not have a provincial FMTU, it was formed using provincial forestry staff from several different positions.

At present, the GMCU is headed by the provincial forestry chief, and derives its legal identity and authority from its position in the provincial forestry administration. In future, it may be formally recognised as a separate government organisation (PFCP, 2003b). The GMCU's role is to administer the provincial group certification scheme, ensuring that new and existing members comply with the group's certification policy and forest management standards. It is also responsible for contracting harvesting services, marketing timber, and distributing surplus income on behalf of group members.

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<sup>19</sup> Khammouane formed a provincial FMTU to take forward FOMACOP's work.

At this early stage, the GMCUS in Savannakhet and Khammouane do not have a separate budget for their certification-related activities. The Lao government has yet to make a financial commitment to the pilot group certification scheme (M. Bonita, pers. comm.). Nor do GMCUS have a separate staff: their officers, like the provincial forestry chiefs who head the units, have other duties and responsibilities within the provincial forestry administration. Furthermore, until new rules and regulations are introduced, GMCUS must work within the constraints of existing benefit-sharing agreements, sales procedures, and other policies. For example, because provincial commerce and finance offices now deal with most aspects of timber sales, the GMCUS cannot (yet) deliver directly on their commitment to market group members' output.

The group members of the SFMG are the co-managers of a sub-FMA; that is, a partnership between a VFA (or less-formal village forestry committee) and the Forest Management Technical Unit of a district forestry office. Like the provincial FMTUS, district FMTUS first appeared in Khammouane and Savannakhet in 2000–01, during the village forestry sustaining phase. They are one element of a participatory forest management system that the Lao government, after much debate (both internally and with donors), has decided to adopt for natural production forests (see Government of Lao PDR, 2002).

Under the new participatory forest management system, production forests are being divided for management purposes into FMAS along district boundaries. These FMAS are further divided into sub-FMAS along village boundaries.<sup>20</sup> One or more villages participate in managing a sub-FMA, subject to them signing a 50-year forest management agreement<sup>21</sup> with the district FMTU. Long-term management plans are prepared for both FMAS and sub-FMAS by the district forestry office and its FMTU, at present with little participation by villagers (other than collecting raw data, as discussed above).

An approved sub-FMA management agreement and plan are two requirements for membership of the group certification scheme. Prospective members must also make and demonstrate a commitment to the group's management standards, and pay a membership fee. Members are also obliged to pay part of the recurring costs of certification, for example the costs of yearly audits and five-yearly main assessments. This last requirement, coupled with a benefit-sharing arrangement that allocates part of the surplus income from timber sales to the GMCU, will constitute the main source of operating income for the group certification scheme (in the absence of donor financing

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<sup>20</sup> Four sub-FMAS were formed in three districts in Dong Phousoi in 2000–01 (MAF, 2003).

<sup>21</sup> Based on, but not necessarily similar to, the management contract developed by FOMACOP. Precise details have yet to be worked out.

or a specific budgetary allocation by government).<sup>22</sup> Applicants that meet all of these requirements sign a group membership agreement with the GMCU.

### Meeting the management standard

The management standard adopted by the Savannakhet and Khammouane SFMGs is SmartWood's interim certification standard for forest management in Lao PDR (see Appendices). This was finalised in April 2003<sup>23</sup> and is based on, among other sources, Lao national criteria and indicators for SFM.<sup>24</sup> SmartWood will use this interim standard until region-specific or formally endorsed FSC standards for Lao PDR become available (SmartWood, 2003). Whether Lao PDR will ever have a formal FSC standard, however, is an open question: the certification working group formed under PFCP has plans to develop a national standard under the umbrella not of FSC, but of the Pan-ASEAN Timber Certification Scheme<sup>25</sup> (V. Vongsiharath, pers. comm.).

Complying with SmartWood's interim standard has been difficult for the two SFMGs. Despite the achievements of FOMACOP, and those of the following sustaining phase, the quality of village forest management practices had deteriorated sharply by the start of PFCP in May 2002 (PFCP, 2003b). Two causes of this decline have been discussed: a lack of resources, and the smaller role played by VFAs in management planning after FMTUs were formed. Other, more serious, causes surfaced at the end of the sustaining phase in 2001. Provinces took advantage of the temporary policy vacuum to exclude VFAs entirely from decision-making in timber sales, and to allow holders of logging quotas to harvest in VFA management areas (PFCP, 2003b).<sup>26</sup>

PFCP managed partly to reverse this decline in standards, for example by improving the thoroughness and accuracy of pre-harvest inventories. PFCP also halted incursions by logging quota holders, though only in candidate certification sites (PFCP, 2003b). These efforts notwithstanding, SmartWood's pre-assessment of November 2002 found "clearly visible deterioration" in management, particularly in the ability of district and provincial forestry staff to service VFAs (SmartWood, 2002). SmartWood made 41 recommendations for improving management, nine of which it identified as high priori-

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<sup>22</sup> Although the provincial agriculture and forestry chief in Khammouane, when interviewed, said that he thought surplus income probably could not be used to pay foreign certifiers' fees without specific authorisation from central government (P. Phetlamphane, pers. comm.).

<sup>23</sup> The interim standard was used in the main assessment of May 2003. For the pre-assessment in November 2002 SmartWood used its generic guidelines for assessing forest management (SmartWood, 2002).

<sup>24</sup> Developed in 1999–2000 with support from the Finnish government, but still awaiting official endorsement (see DOF, 2000).

<sup>25</sup> Malaysia is leading development of this scheme.

<sup>26</sup> In Savannakhet, a group of companies has filled its quota for the past 2–3 years by logging in village forests in Dong Sithouane. Villagers reportedly are "very unhappy" with this situation, but have been monitoring the operations (B. Phanthanousy, pers. comm.). This incursion, and the exclusion of villagers from timber sales, may explain why the 15 VFAs in Thapangthong district in Dong Sithouane received no income in 2001–02 (information on income provided by Thapangthong FMTU).

ties for the main assessment. (Two of these priorities – an assessment of biodiversity values, and strengthening of the role of monitoring in management<sup>27</sup> – were also identified by SGS in its pre-assessment of 1999.)

In general, SFMG stakeholders seem to have accepted the results of the pre-assessment, though with some reservations. Some found the length and detail of SmartWood's report (almost 50 pages compared with SGS's 10), and the number of recommendations, excessive (B. Phanthanousy, pers. comm.). Others feel that the results of the pre-assessment "raised the bar for SFM too high, especially regarding biodiversity aspects" (M. Katila, pers. comm.). Villagers did not see the report (which is in English), but DOP prepared a summary in Lao for district and provincial forestry offices (B. Phanthanousy, pers. comm.).

The results of the pre-assessment were reviewed, and ameliorative measures identified for the priority issues, at workshops for SFMG members (forestry staff and villagers) in Savannakhet and Khammouane in March 2003 (PFCP, 2003a). Most of the priorities identified by SmartWood were addressed in the run-up to the main assessment: documenting the collection and use of non-timber products; signing of membership agreements between the GMCU and VFAS; recording of yearly production levels; strict marking of logs and stumps; and development of a record-keeping system to be integrated into a monitoring and assessment plan (PFCP, 2003a).

Several priority issues were not addressed, either because they were thought unnecessary, or because they were already routine practice. These included identifying ethnic differences and their impact on forest management (not considered important because most villages are ethnically homogeneous); and including sacred, cultural or archaeological sites in plans and maps (already done for sacred sites, the only such sites in village territories). The assessment of biodiversity values – perhaps the most technically challenging issue – was left specifically to the succeeding World Bank project (and as noted above is now a pre-condition of certification) (PFCP, 2003a).

One issue that caused particular difficulty, but was eventually set aside after negotiations with SmartWood, was the independence of the GMCU. FSC guidelines stipulate that the group entity of a certification candidate must be an "independent legal entity" (FSC, 1998). SmartWood indicated that because the GMCU was part of the provincial forestry office, and so both forest manager and forest regulator, it might not conform with this requirement (SmartWood, 2002). The SFMGs' response to this observation was that group members made management decisions independently, but would be

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<sup>27</sup> The critical role of monitoring is a feature of adaptive management, the philosophy underlying environmental performance monitoring (see next chapter).

regulated by the GMCU. It made little difference, therefore, if the GMCU was already part of the provincial regulatory structure (M. Bonita, pers. comm.).

In the end, SmartWood accepted the organisational structure outlined in the SFMG group certification policy. As noted above, however, SmartWood has imposed several pre-conditions on certification, three of which are designed to ensure that the GMCU acts in the interests of its members, not regulators. One is that the SFMGs' group certification policy is officially endorsed by the provincial governments of Savannakhet and Khammouane. Another is that mechanisms are designed and implemented to involve VFAs more closely in decision-making. The third is that a procedure for allocating revenues is drawn up.

In one respect, the outcome of the negotiations on the GMCU's independence was inevitable. Staff and resource constraints in Lao PDR mean that a group entity, if it is to be a governmental body (the only option at present), must be formed using existing staff in an existing technical hierarchy (B. Phanthanousy, pers. comm.). The only alternative to this would be to abandon group certification altogether.

### **3.5 Emerging impacts and constraints**

Up to this point in the discussion, little attention has been given to the VFAs and their villages, who arguably are the most important of the putative beneficiaries of certification. This is largely because VFAs have played a minor role in organising and preparing for certification, and, more seriously, have been marginalised in forest management. It should not be assumed that villagers in Dong Sithouane or Dong Phousoi are actively involved in developing their group certification policy (or in contributing to the Lao interim standard), any more than they are actively involved in formulating Lao PDR's participatory forestry policy. These are, and have been since certification was attempted in 1999, top-down initiatives led by government and donors.

If the execution of certification has not been highly participatory, the intent is at least benign. Certification, it is hoped, will bring a number of financial, technical and institutional benefits for village forestry. These all depend, however, on four main assumptions: first, that the pre-conditions and conditions of SmartWood's main assessment will be met; second, that the two pilot SFMGs will expand to cover all FMTU-VFA partnerships in their respective provinces; third, that the SFMG will be officially approved and propagated to other provinces; and fourth, that the system as a whole will maintain itself not for one or two certification contract cycles, but indefinitely.

It is still too early to say whether the first of these assumptions is justified, let alone the other three. Nevertheless, some emerging impacts, opportunities and constraints can be identified (subject to the limitations identified in Chapter 1).

### **Village impacts**

PFCP operated with a limited scope, schedule and resources. Many of the changes and improvements made in preparing for certification were necessarily limited to candidate VFAs. Incursions by logging quota holders, for example, have been halted only definitely in group members of SFMGs. Other villages, at least in Savannakhet, are still threatened by such incursions (B. Phanthanousy, pers. comm.). Furthermore, limited resources mean that district forestry staff in both Savannakhet and Khammouane are concentrating their time and attention on certification candidates. In Dong Phousoi, for example, three of the four field staff in Xebangfai district's FMTU work only with VFAs in the SFMG (information from interviews at Xebangfai). As a result, the level of support and information flowing to other VFAs has declined appreciably (S. Souvannasing, pers. comm., C. Niammanivanh, pers. comm.).<sup>28</sup>

The problems faced by VFAs who did not participate in PFCP may be overcome if the SFMGs are expanded, provided that the necessary approval and resources are forthcoming. This is unlikely to happen, however, for at least another logging season. In the intervening period, the ongoing diversion of staff and resources risks creating a second tier of poorly performing VFAs, who will need proportionately more support if and when they join the SFMG.

In the VFAs that have joined SFMGs, some effects of the certification process are already obvious. Interviews with six of these VFAs (three in Savannakhet and three in Khammouane) revealed an almost uniform expectation of two benefits from certification: 1. Sustainable forest management; and 2. Higher prices. None of the VFAs was aware of the direct costs of certification (or who had financed these), or had considered what proportion of costs they would be obliged to pay under their group certification agreements (see above).<sup>29</sup> Partly for these reasons, none of the VFAs was aware that a group certification system had been adopted because, among other things, it was a more cost-effective way of certifying VFAs. All of the VFAs interviewed, however, had copies of the group certification policy (in Lao), and a good, if general, understanding of the structure and functions of the SFMG.

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<sup>28</sup> Members of the (non-SFMG) Naxieng VFA in Thapangthong district, Dong Sithouane, were not even aware that six VFAs in their district had joined a group certification scheme (information from VFA interview).

<sup>29</sup> Provincial and district forestry staff were also uniformly unaware of the costs of certification.

Most vFA members said that they had first heard of certification at the workshops organised by PFCP in March 2003.<sup>30</sup> These meetings were attended by 2–3 members<sup>31</sup> from each vFA. Afterwards, the vFAs held general assemblies to inform their members of the certification process and its requirements. The response of members is reported to have been positive, although in one vFA (Thamlai vFA in Dong Phousoi) some members had expressed concern that certification would prevent them from cutting trees in their rice fields (which it will not – these trees are private property).

For many vFAs, the main outward change in management following the pre-assessment of 2002, and improvements of early 2003, appears to be better filing and organisation of their management plan, maps, records and other documents. Members of Nonsavang vFA in Dong Sithouane, for example, said that they were now better prepared to brief members, villagers and outsiders on their management system, but nonetheless still wanted more assistance in preparing documents and drawing maps. Other vFAs also pointed to improvements in their pre-harvest inventory procedures, and to more frequent monitoring of forest fire, hunting, and illegal logging.

Given the increased attention from forestry staff, it is not surprising that some SFMG vFAs, such as Some and Thamlai vFAs in Dong Phousoi, noted that their relations with district (and provincial) forestry offices had become closer, and contact more frequent, in the past year. All of the vFAs, however, observed that they still faced serious constraints to management, for example limited understanding of their plans and objectives, a lack of technical skills, and unfamiliarity with official rules and regulations, for example on the use of surplus income.<sup>32</sup>

### **Economic constraints and opportunities**

Some vFAs, particularly in Dong Phousoi, mentioned ongoing economic constraints such as a decline in their income, a lack of markets for some of the lesser-known species in their operating plans, and low wages for forestry operations.<sup>33</sup> In several interviews, the author's counterpart (Mr B. Phanthanousy of DOF) had to explain to vFA members that one reason for their low incomes was the ending of auctions, and that central government would investigate – within the scope of the forthcoming World Bank project – the potential to reinstate timber bidding.

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<sup>30</sup> Some probably heard of certification earlier (particularly those who participated in the 1999 and 2002 pre-assessments) but either forgot or did not make the connection with subsequent events.

<sup>31</sup> The chairman and manager of each vFA, and in some cases the village headman.

<sup>32</sup> Two vFAs had problems with members who wanted to use timber income for individual purposes. All such income, however, must be used for communal purposes (B. Phanthanousy, pers. comm.).

<sup>33</sup> vFAs in Xebangfai district in Dong Phousoi want the district forestry office to increase daily wages from 10,000 kip (US\$1.27) to 15,000 kip (US\$1.90) (information from Xebangfai FMTU). (As noted in the introduction to village forestry, district forestry offices now control village funds, and are responsible for paying labour costs.)

It is somewhat worrying that none of the vFA members interviewed realised that the higher prices they expect from certification are not guaranteed, but will depend almost entirely on what policy the Lao government adopts for the sale and marketing of timber from sub-FMAS, and allocation of the resulting revenues. Furthermore, none of the SFMG stakeholders interviewed – village, district or provincial – seem to have considered that price premiums, if they do exist, will accrue in the first place to manufacturers and retailers of value-added products. There is no guarantee that these companies, whether in Lao PDR or abroad, will pass on this premium to primary producers in the form of higher log prices.

These issues can be illustrated with reference to one company in Lao PDR facing market demands for certified products. Applied Arts Ltd, a Lao-Danish furniture manufacturer based in Khammouane, is actively looking for certified sources, and has expressed an interest in buying village timber. The company could use 3000m<sup>3</sup>–4000m<sup>3</sup> of certified timber yearly, though this would depend on an enlarged quota, and would be restricted to 3–4 species (E. Jørgensen, pers. comm.). Applied Arts would be unable to pay a premium to vFAs because: a) competition, even in certified markets, is increasingly on price; and b) any rise in selling prices would be offset by an estimated 5%–10% increase in costs from maintaining a certified chain-of-custody in the factory, kilns and transport chain (E. Jørgensen, pers. comm.).

The persistent emphasis on premiums has distracted attention from a key issue: if vFAs were allowed to auction logs to foreign buyers, they would generate a large ‘export premium’ merely from the difference between local and international prices. This would by itself strengthen the incentives for SFM and increase the resources available to sub-FMA co-managers and administrators. On top of this, the removal of administrative controls on royalties, and perhaps even hypothecation of some royalties to sub-FMA management, would further increase the resources available for SFM. This is not to argue that the financial benefits of certification are unimportant, but that they are uncertain, and should not distract attention from improving basic prices and returns.

Questions of price apart, villagers have yet to consider how increased revenues might translate into actual allocations. There are several reasons for thinking that larger revenues may not result in significantly higher incomes for villages. First, the poverty of most villages means that a relatively small amount of money can have a major impact on village welfare. The corollary of this is that village absorptive capacities are low, and increasing income beyond a certain level can be counterproductive.<sup>34</sup> A third reason is that part of any revenues will be reserved for development work in villages

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<sup>34</sup> FOMACOP allocated US\$10,000 for development work in each village, but limited absorptive capacities left much of this unspent. As a direct result, the World Bank is now proposing smaller per-village development funds of US\$8000 for its new project (DOF, 2001; MAF, 2003).

without productive forests, or to supplement the income of villages with only limited forest resources. These reasons feed a sentiment among forestry staff interviewed by the author that villages should get enough money to meet their development needs, but no more.

These considerations suggest that even if revenues grow substantially, income allocations may be adjusted to channel only a small part of this increase to VFAs – enough perhaps to give each association a stable income of US\$15–20/m<sup>3</sup>, which for most would be a strong incentive for SFM. Indeed, it is possible that income stability, not absolute growth, will be the main economic benefit of certification for villagers.

Of course, part of the potential revenues from certification must be reserved to pay its costs. The direct costs of certification are extremely high (an estimated US\$40,000 for SmartWood's pre- and main assessments), but may be expected to decline as the group system matures and, perhaps, Lao PDR develops internal certification capacity. The indirect costs of certification; that is, of raising management to the required standard, are unknown (and will remain so until every pre-condition has been met). PFCP's US\$165,000 budget, however, may be taken as a rough guide. Dividing this by the total forest area of the SFMGs (49,914ha) gives a figure of US\$3.30 per hectare for indirect costs, or US\$16.50 per cubic metre.<sup>35</sup> This too is high, but may also be expected to decline as base management standards improve and SFMGs grow in size.

The question of costs is important but, at present, academic. Certification has been financed entirely by donors, and it is probable that the new World Bank forestry project will continue to subsidise certification costs until well into the first contract cycle. As noted, one outcome of this support is that almost every informant – from villagers up to provincial forestry staff – was ignorant of the direct costs of certification. This all-too-common situation is dangerous for three reasons. First, group members are signing agreements that require them to share the costs of certification, yet they have been given no information on these costs, and their willingness-to-pay has not been tested. Second, some provincial forestry officials are underrating the importance of involving buyers in securing technical assistance and finance. Third, the buyers themselves may feel no compunction to support certification if donors do so, yet they stand to gain most from the existence of certified sources (see below).

### 3.6 Future issues and considerations

Before concluding this case study, it should be reiterated that the SFMGs are not yet certified. Four pre-conditions must be met, and these will require not only financial

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<sup>35</sup> Based on a harvesting rate of 0.2m<sup>3</sup>/ha/yr (see section 3.1).

and technical resources, but also some political will. It is likely, however, that with the resources of the World Bank-wwf Alliance, and those of the World Bank's new Sustainable Forestry and Rural Development Project (SFRDP), the SFMGs in Savannakhet and Khammouane will manage to win certification. When they do so, they will be one of the first participatory forestry initiatives to be certified in Asia.

In addition to supporting the new SFMGs, the SFRDP is expected to replicate the group certification scheme in two other provinces with sizeable forest resources. The final report of PFCP recommends that the SFMG be the starting point, and focal point, for all SFRDP activities concerning participatory sustainable forest management (PFCP, 2003b). Indeed the report does not stop there: it also suggests that if certification is cost-effective and compatible with national policy objectives, there is nothing to stop it becoming "the ultimate goal for all forest operations [in Lao PDR]" (PFCP, 2003b).

Even if the SFMGs do not achieve this goal, their stakeholders will have benefited from the preparatory process. PFCP managed to arrest the deterioration in village forestry practices, restore a number of practices instituted by FOMACOP, and make several improvements in the village forest management system. These changes, coupled with the training programme, and technical input from SmartWood's two assessments, have helped to regenerate village forestry and give it new impetus. Arguably SFRDP would have had a similar impact if PFCP had not taken place, but it would have done so at a later stage, and faced with correspondingly greater challenges.

If certification is to be successful, or at least meet the high expectations of stakeholders, a number of issues must still be addressed. The first is the strength of the SFMG structure, in particular the legal status of its entities and policies. The second is the capacity of the GMCU to implement the group certification policy and standard, and to absorb new members (crucial if an 'underclass' of uncertified VFAs is not to form). As discussed, too much emphasis has been placed on uncertain price premiums as the source of income for certified SFMGs. Of more immediate importance is reforming sales, marketing and tax policies to maximise basic timber prices. One straightforward measure – reinstating timber auctions – would give an immediate boost to prices if demand strengthens and buyer collusion can be prevented.

A crucial, though as yet unexplored, source of financial and technical assistance for certification will be manufacturers and exporters of forest products. If, as is claimed, the future competitiveness and profitability of Lao PDR's value-added forest industries depend on certification (even to the extent of preventing imminent factory closures and job losses), then it is they who logically should promote and finance certification. It is difficult to see why donors should continue to subsidise certification if its social and economic rationale is already so strong.

One of the limitations faced by VFAs is that they do not process their timber, and so are poorly placed to capture the value added by certification. This could be rectified by a number of strategies, all of which would involve buyers more closely in providing secure, remunerative markets; technical assistance for sales, marketing and communication; and finance for the direct costs of certification. In the long run, this demand-driven approach should replace the current supply-driven strategy.

At present, VFAs have little control over certification, and will have even less in future if it becomes the pervasive strategy envisaged by PFCP. It is vital, therefore, that certification procedures and standards are adapted to the needs and capacities of villagers in Lao PDR as soon as possible. As already discussed, there is some disquiet about the rigour of SmartWood's interpretation of the interim certification standard, particularly its biodiversity aspects. Even if these aspects are disregarded, it is clear that SFMGs cannot meet the interim standard without substantial external assistance.

In one sense, the rigorous interpretation of the standard is a consequence of PFCP itself. Any certifier would have fewer qualms about imposing strict demands and conditions if it knew that the certification candidate was backed by substantial donor resources. Otherwise there would be little point in asking the candidate to comply with a condition – such as assessing high conservation value forests – if it were plainly incapable of doing so. It would be fairer and more efficient to halt the certification process until the candidate was ready. However, when costs are met without being disclosed, and when conditions can simply be passed to the next aid project, stakeholders have little incentive to question the suitability of the certification standard, or their readiness to meet it or pay for implementing it.

In any case, a too-scrupulous approach to village forest certification would not serve certain purposes. Since FOMACOP ended, a role has been evolving for certification as a guarantor of village rights and responsibilities – a “champion of the cause of village participation in decision-making” (PFCP, 2003b). A secondary, related role is as a guarantor of work standards. Seen in this light, the question is not whether certification is the right approach, but how soon it can be implemented. This is the accelerated approach to sustainable forestry: build and deploy a system, then maintain it through external controls and incentives. It raises two questions: whether internal tensions and limitations in Lao PDR can be contained in this manner; and whether certification is flexible enough to accommodate natural, consensual development of the system.

## 4 Environmental Performance Monitoring, Philippines

### 4.1 Background to community-based forest management

In 1995, after more than two decades of gradual forest devolution, the Philippines cemented the role of local people as forest managers by adopting community-based forest management (CBFM) as the national strategy for “sustainable forestry and social justice” (Government of the Philippines, 1995). In 1996 the Department of Environment and Natural Resources (DENR) issued the implementing rules and regulations for the CBFM strategy, and in 1997 it followed these with a strategic action plan for its CBFM programme (see DENR, 1996 & 1997a).

Under the CBFM programme, upland migrant or indigenous communities (represented by their respective People’s Organisations, or POs) can apply for long-term tenure and resource-use rights to blocks of national forest land, including natural residual forests. The priority areas for CBFM are forest lands classified as ‘open access’, which are mostly former concessions vulnerable to encroachment and degradation. Communities accepted into the programme sign a 25-year, renewable Community-Based Forest Management Agreement (CBFMA) with the government, represented by DENR.

The CBFMA provides the necessary security and incentives for a community to invest in managing and protecting its allocated forest land. In return, the community must prepare and implement, in consultation with DENR, local government units (LGUs), and other stakeholders, a comprehensive management plan for the resources placed in its charge. The contents of this plan, or Community Resource Management Framework (CRMF), include environmental and socio-economic impact indicators defined by the community to monitor its performance under the CBFMA (DENR, 1997b). The CRMF, once it is ‘affirmed’ (i.e. approved) by DENR, leads to an Annual Work Plan (AWP), which contains a Resource Use Plan (RUP). Affirmation of the AWP/RUP constitutes permission for the community to extract and market the specified resources.<sup>36</sup>

DENR’s action plan for CBFM envisages about 9 million ha of forest land (over 56% of the total area of forest land) under the programme by 2008. Not all of this will be actual or potential open access land. Over 2.9 million ha will come from consolidating

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<sup>36</sup> The procedures for indigenous communities with recognised ancestral land or domain claims are slightly different. These communities are required to prepare an Ancestral Domain Management Plan, which is equivalent to a CRMF. They are also required to prepare an AWP and RUP, but only if they undertake non-traditional forms of extraction and resource use (DENR, 1997b).

seven existing people-oriented forestry projects under the CBFM programme. Progress towards this goal has been quite swift: by 1999 the programme covered 5.1 million ha in 15 administrative regions (DENR, 1999a). Over 78% of this area was under various types of tenurial instruments, including CBFMAS.

This necessarily simplified outline of the CBFM programme masks a great deal of complexity, and consequent tension, in its policies and relationships. Perhaps the main source of tension has been the issuing of harvest rights to CBFM communities in natural residual forests (Guiang, 2002). Such rights are a key incentive for communities to protect their forests, but some groups, including elements in DENR, question the ability of communities to manage their forests sustainably (Johnson, 1999). The cause of CBFM has not been helped by cases of illegal logging, corruption, mismanagement and other violations of CBFMAS, some attributable to POS that are dominated by outside interests and isolated from their communities. Concern over such abuses has on two occasions (September 1998 and January 2003) led DENR to suspend all CBFM resource-use rights. On the first occasion, the rights were not restored until 2000, and then only under more restrictive conditions (see DENR, 2000).

The 1998 suspension of rights was the trigger for a comprehensive evaluation of the CBFM programme, carried out in 1999. This found that, contrary to the belief of some in DENR and elsewhere, POS were abiding by applicable forest laws and successfully protecting the areas under their management (DENR, 1999b). Their efforts were being undermined, however, by organisational and financial weaknesses, excessive rules and regulations, a lack of staff and resources in the CBFM programme, and the only partial devolution of CBFM areas and responsibilities to LGUs.<sup>37</sup> Most of these findings were re-echoed by a second assessment of the CBFM programme, carried out in 2002.<sup>38</sup>

At present, DENR is taking advantage of renewed political support for CBFM to revive and strengthen the programme. Current priorities include an assessment of existing resource-use rights (which are being reinstated on a case-by-case basis); strengthening POS and their federations; “re-tooling and re-orientation” of CBFM coordinators and field staff; building partnerships with LGUs; and mobilising resources. Three new departmental administrative orders on CBFM, drafted in 2002 in consultation with POS, are under review. These would introduce a number of changes, including a three-year work plan instead of the AWP. They have been criticised by NGOs, however, for being

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<sup>37</sup> The management of community forests up to 5000ha in size devolved from DENR to LGU in 1992 as part of the wider devolution of powers under the Local Government Code of 1991. In practice, however, DENR retained substantial control over the implementation of this and other devolved functions (Sabban, 1998; Mercado, 2000). The result is that LGUs have been marginalised and few are working with DENR or POS to support CBFM projects in their jurisdiction.

<sup>38</sup> The findings of this assessment are summarised in DENR (2003a).

too complicated, too focused on timber extraction, and too vague about the role of CBFM stakeholders in reviewing and approving management plans (DENR, 2003a).

## 4.2 History, development and status of EPM

A recurring concern of various CBFM assessments has been the lack of a monitoring system to determine whether the programme is meeting its social and environmental goals. With the exception of the site-specific indicators developed for CRMFS, existing systems in DENR – such as the Key Result Areas (KRAs) used in budget planning – focus on outputs and activities, not desired outcomes. This has made it difficult for CBFM communities to prove they are managing their forests sustainably, either to outsiders or to themselves. This lack of proof, and consequent uncertainty, have fed mistrust by communities, DENR and other stakeholders of each other's sincerity, motivation and commitment to CBFM (Johnson, 1999).

In 1997, in an attempt both to provide communities with a means of monitoring their progress, and to build mutual respect and understanding among CBFM participants, the USAID-financed Natural Resources Management Program launched an initiative to define criteria and indicators of sustainable forest management. NRMP, then in its second phase, had played a part in almost every major development of the CBFM programme, starting in 1994 with the drafting of the executive order adopting CBFM as a national strategy (Mickelwait, Harker and Guiang, 1999). NRMP was also active in developing and lobbying for policies to strengthen cooperation between DENR and LGUs in their devolved forest management functions.

NRMP's initiative on criteria and indicators (C&I) was not only prompted by domestic concerns. It was also seen as a way for the Philippines to meet some of its international obligations to responsible forestry, for example Objective 2000 of the International Tropical Timber Organisation (of which the Philippines is a member).<sup>39</sup> Furthermore, NRMP and DENR (though not NGOs, as is discussed below) hoped that the initiative might respond to growing market demands for sustainably produced forest products, perhaps by evolving a national certification standard. For these reasons, early planning and conceptualisation of the C&I drew on a wide range of sources, including ITTO's incipient C&I for natural forests, the FSC principles and criteria, several national certification efforts, and the ISO 14000 series of standards for environmental management (T. Johnson, pers. comm.).

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<sup>39</sup> Objective 2000 refers to a non-binding pledge made by ITTO members to trade only in products from sustainably managed forests by the year 2000.

### Formulation of C&I for SFM

In the first stage of the c&i process, from December 1997 to February 1998, NRMP held consultations with DENR staff and POS. These produced a two-stage strategy: first, to solicit further input from POS, LGUS and DENR field staff; and second, to widen the circle of stakeholders and forest management regimes through regional, then national consultations (DAI, 1998). The objective at this stage was “to arrive at a cross-sectoral consensus on c&i for SFM at the forest management unit and national levels” (DAI, 1998). c&i would be developed, it was hoped, for all forms and intensities of forest management, but initial efforts were to concentrate on CBFM as this was NRMP’s primary concern.

A notable absence from the list of participants during this and other stages of the c&i process is the NGO community. In fact, NRMP made several overtures to national NGOs, but they reportedly refused to participate (T. Johnson, pers. comm.). The precise reasons for this refusal are unclear, but it seems that the NGOs had no wish to support a process that might lead to certification, and so provide incentives to continue logging in natural forests (which they opposed). It is possible, however, that NRMP’s efforts to involve NGOs were not as strenuous as they might have been: the project had had some bad experiences with NGOs, and no longer used them to work with its target communities (Mickelwait *et al.*, 1999).

Whatever the reasons for their failure to participate, the absence of NGOs allowed POS to dominate the second stage of the c&i development process. Between March and May 1998, a series of case-study workshops was held in five regions covered by NRMP.<sup>40</sup> At these workshops, POS formulated criteria and indicators for the major components of their CBFM activities.<sup>41</sup> About 400 such c&i were produced, and tested in the field (Johnson and Curtin, 1999). These, together with a set of c&i prepared by DENR, and materials from other initiatives, were then synthesised by NRMP into a draft national set of 18 criteria and their associated indicators. In June 1998, this draft set was reviewed and revised at a national workshop attended by POS and staff from DENR, NRMP and USAID (DAI, 1998).

In the latter half of 1998, the revised set of c&i from the national workshop was again tested in the field by POS involved in the case-study workshops. Several criteria were eliminated (Johnson and Curtin, 1999). Early in 1999, at a workshop attended by POS, DENR and NRMP, the remaining c&i were divided into core and process elements, and the number of criteria reduced to 10 (later increased to 13). In June 1999, NRMP published a guidebook and field monitoring manual for the c&i, the latter requested by

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<sup>40</sup> Regions 2, 5, 10, 11 and 13.

<sup>41</sup> c&i were developed for five components: forest protection; utilisation of minor forest products; residual forest management; reforestation; and timber utilisation (DAI, 1998).

pos and based on simple methods developed and tested in NRMP project areas (R. Paz, pers. comm.). In September 1999, the contract of NRMP's technical assistance team expired, taking with it many of the specialists involved in the c&i process and ending active support for the initiative.

Apart from its physical outputs, the c&i development process undoubtedly had an impact on the interests and attitudes of CBFM stakeholders. According to Johnson and Curtin (1999), over 120 community members, DENR staff and other individuals were directly involved in the c&i process. Johnson (1999) speaks of "more than 1000 voices that provided input to the process". It would be odd if this level of participation, coupled with the iterative nature of the development process, had failed to create an appreciation of the value of c&i, or instil a sense of ownership of the final product.

DENR field staff, some of whom initially resisted the process, eventually came to recognise its value and, more pragmatically, the lack of alternatives (T. Johnson, pers. comm.).<sup>42</sup> At higher levels within DENR, support for the process was less uniform: the Environment Secretary at the time the process began was supportive, but in 1998 a new Secretary<sup>43</sup> was appointed who gave little priority to CBFM and "ignored" the c&i (R. Acosta, pers. comm.). For their part, POS responded enthusiastically to the process, as evidenced by the hundreds of c&i that they produced for their case studies (E. Guiang, pers. comm.). They recognised that c&i offered a means of demonstrating responsible forest management, but were also interested in the concept of self-assessment, particularly of organisational strength (T. Johnson, pers. comm.).

One of the few discordant notes of the c&i process was struck by the naming of the final product. NRMP, which was trying to orient the c&i along performance and market lines, wanted to adopt the name Environmental Performance Monitoring (EPM) for the system as a whole (c&i and field methods). According to the then director of the CBFM programme, DENR thought this term "misleading", and argued for retaining the name 'c&i' (R. Acosta, pers. comm.). In the end, this debate was resolved in favour of NRMP. Nevertheless it can be argued – for reasons detailed below – that EPM is not an entirely appropriate name for this SBA.

### **The EPM system and its applications**

The EPM system developed by NRMP, DENR and POS is based on 4 core environmental criteria and 9 process criteria, and their associated indicators and verifiers (see table in Appendices). The core criteria have been identified as the ones that are most essential to SFM, and which provide basic and fundamental information on how well forest

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<sup>42</sup> This is borne out by observations in Caraga Region (see following section).

<sup>43</sup> These Secretaries were, respectively, Victor O. Ramos and Antonio H. Cerilles.

resources are being managed (Johnson and Curtin, 1999). The process criteria, which are divided into resource use and organisational development criteria, measure the growth in a PO's capacity to carry out and sustain its forest management responsibilities (Paz, 1999). This last aspect makes EPM one of the more explicitly capacity-oriented SBAs to be developed for community forestry in Asia.

The term EPM belies the broad social, economic and environmental scope of the c&i. Even the four core environmental criteria contain legal and process elements related to management rights and authorised practices. Moreover, it should not be assumed that because they are so designated, the core criteria are the most important. EPM is a fully integrated tool that attaches equal importance to every criterion (N. Tamayo, pers. comm.). Another possible source of confusion is the emphasis on performance. This suggests that the EPM c&i establish minimum performance requirements, and that the purpose of monitoring is to assess actual performance against these targets. This is not the case. The EPM c&i contain some performance (and process) elements, but their main function is to monitor trends against an arbitrary baseline set by the community.

The positive, as opposed to normative, nature of the EPM c&i is complemented by the voluntary nature of EPM itself. DENR gave some consideration to making EPM a requirement for all POS (a memorandum circular was drafted to this effect), but forbore over fears that this would undermine the developmental purpose of the tool (N. Tamayo, pers. comm.). NRMP and DENR wanted POS to adapt and use EPM freely, to guide their activities, not accept it passively as just another externally imposed requirement. This is a reasonable objective, but the failure to institutionalise EPM in any way, mandatory or otherwise, has limited its uptake and impact (see 'EPM Today' below).

The field methods and monitoring system developed for EPM are described in detail by Johnson and Curtin (1999), and Paz (1999). In brief, POS that adopt the system are advised to form a monitoring team, each member of which is responsible for a specific component or components of the system (forest protection, water quality, soil erosion, and so on). Monitoring takes two forms: baseline (the status of the forest management unit at the onset of monitoring; and periodic (to observe trends). The precise schedule of periodic monitoring depends on the PO, but monthly to quarterly monitoring of seasonal data is considered both feasible and adequate. Other data, for example on internal policies, income distribution, or employment, can be monitored yearly. At the end of the calendar year or AWP period, the monitoring team collates and processes its data for a yearly performance assessment. This assessment can be included in the PO's annual general assembly, or in the presentation and discussion of its AWP.

An important aspect of EPM, which reflects its original goal of building trust and respect among stakeholders, is joint monitoring. This refers to the practice of including

DENR and LGU field staff in the monitoring team, under the leadership of the PO managing the CBFM area. Participation from other interested parties, such as the Church or NGOs, is also strongly recommended (Johnson and Curtin, 1999). Joint monitoring is expected to improve the transparency and consistency of information gathering, as well as create a sense of responsibility and accountability among CBFM stakeholders. The participation of laypersons that it implies is one reason why so much effort was expended to test and validate the EPM C&I: they need to be simple enough for all stakeholders to understand, yet capable of rigorous, scientific verification (Johnson, 1999; T. Johnson, pers. comm.).

The information generated by EPM is primarily for the use of POs, to enable them to make better decisions about the consequences of specific practices (Johnson, 1999). EPM is based on the philosophy of adaptive management; that is, monitoring should be an inherent part of management. By producing information that can be used to review and improve existing practices, it “enables the understanding and definition of SFM to be continually refined” (Johnson and Curtin, 1999).

The information from EPM can also be useful at higher levels of management, particularly when data sets from different communities are aggregated. At the municipal or provincial level, this information can help DENR and LGUs to target their assistance to CBFM more effectively. At the regional level, this information can help to chart landscape-level changes and make policy recommendations upwards (Johnson and Curtin, 1999). In either case, the EPM system can be used to supplement, or replace, existing output-oriented systems of documentation and monitoring.

Beyond these uses, several other applications of EPM were either explored or anticipated by NRMP and DENR. One of these was the use of EPM in monitoring protected areas; another was its use in monitoring entire watersheds (for an analysis of the latter see Zador, 1999). Neither of these applications was fully tested, however, and today the use of EPM is confined mainly to upland CBFM areas.

In the context of deregulating CBFM, NRMP saw a role for EPM in the simplified procedures it was developing for environmental impact assessments. At the time, communities proposing to log in natural forests had to prepare an Environmental Impact Statement (EIS) before they could obtain the necessary Environmental Compliance Certificate (ECC) for their operations. The high costs of preparing an EIS, and obtaining an ECC, have consistently been cited as a barrier to efficient CBFM (see for example Mickelwait *et al.*, 1999; Guiang and Harker, 2001; DENR, 2003a). To lower this cost, NRMP worked with communities to develop a simple checklist format for an Initial Environmental Examination (IEE) to replace the full-blown EIS (Mickelwait *et al.*, 1999). EPM was seen as a natural extension of this checklist, and it was also seen as

a potential substitute for the IEE itself (Johnson and Curtin, 1999; E. Guiang, pers. comm.; N. Tamayo, pers. comm.). This substitution has not happened, but scope still exists for EPM to replace the compliance monitoring for ECCS and RUPS (see sections on Caraga and discussion in last section of case study).

As already mentioned, both NRMP and DENR saw the possibility that the EPM C&I might evolve into a national certification standard. The FSC principles and criteria were used as a reference for the development of the C&I, and in 1999 NRMP invited SmartWood to evaluate the suitability of the C&I as a basis for a national, FSC-based certification initiative (Johnson and Curtin, 1999). SmartWood compared the FSC principles and criteria with the EPM C&I, and found that the latter were not as comprehensive as the FSC set (largely because they focused on CBFM), but nonetheless covered similar ground (W. Smith, pers. comm.). At the same time, SmartWood merged the EPM C&I with its own guidelines, and used the resulting standard to certify an NRMP-supported PO in southern Mindanao.

For various reasons, this certification initiative made no further progress after SmartWood left the Philippines.<sup>44</sup> One barrier was the lack of interest from credible environmental NGOs, which still persists (Guiang, 2002; T. Johnson, pers. comm.). Another was the general lack of demand for certification among producers and buyers in the Philippines, which lacks an environmentally aware domestic market. A third, and for communities decisive, barrier was the high cost of certification.

### **Field testing and methodological assessment of EPM**

After the withdrawal of NRMP's technical support in September 1999, development of EPM in effect ceased. From 2000 to 2001, however, training in and field testing of the system continued at a small number of CBFM sites in four regions (5, 10, 11 and 13). The purpose of this testing was to determine the applicability of the EPM C&I and field methods under varying conditions, prior to revising the field manual and adopting it for use in all CBFM projects (Cabrera, 2000). DENR also made plans to extend field testing to three other regions (2, 4a and 4b), but a lack of resources halted most testing in 2002.

These field tests did not lead to revision or adoption of the field manual. In fact, neither the manual, nor the guidebook, nor the EPM C&I, have been revised since their original publication in 1999. However, the tests did suggest a number of areas where methodological improvements could be made (see below). Participants in the tests also reported that, by relating the impacts of CBFM activities to the overall health of

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<sup>44</sup> The PO in Mindanao (the Ngan, Panansalan, Pagsabangan Forest Resource Development Cooperative in Compostela Valley) is still certified. SmartWood has also kept its merged guidelines for use in any future assessments in the Philippines (W. Smith, pers. comm.).

the ecosystem, EPM led them to a better understanding of the role of CBFM as an SFM strategy. Furthermore, by providing a perspective of the organisational, social and economic development of POS, EPM gave them a better understanding of the needs and capabilities of POS in relation to their responsibilities (NRMP, 2002).

Some difficulties in implementing EPM had already been suggested by field tests during the C&I development process. For example, the members of many POS live in lowland areas, far from the upland areas that they are supposed to be monitoring (R. Paz, pers. comm.). Periodic monitoring can be laborious and time-consuming, particularly monthly monitoring of seasonal data. The management benefits of such monitoring may not compensate fully for its cost, particularly if they take 2–3 years to materialise.

The tests in 2000–01 produced many detailed observations and recommendations on the EPM field methods, though these were limited to the core environmental criteria. For example, the measurement of water turbidity using a *secchi* disk – the method recommended by the field manual – is not possible in shallow rivers or creeks, which are common in the test sites. The result also depends on the eyesight and judgement of the person making the measurement. For the sake of consistency, therefore, periodic measurements should be made by the same person, which is often impractical. Another problem is presented by the measurement of water height, which is done using a marker such as a large rock or calibrated rod. Changes in the shape of the riverbed caused by sedimentation can reduce the accuracy of this measurement (NRMP, 2002).

Many of the methodological issues raised by the field tests can be resolved by small changes in tools or techniques. Some present a more serious challenge. Perhaps the main difficulty found in monitoring the core environmental criteria is assessing the abundance and diversity of flora and fauna (indicator 3.5). Many POS lack the capacity even to identify the plants and wildlife in their management area, let alone measure their abundance or diversity. If they are to monitor these aspects, either for the baseline or periodically, they need training and expert assistance in biological survey methods. As can be imagined, it is extremely difficult for a resource-starved agency such as DENR to provide such assistance to several hundred or thousand POS.

### **EPM today**

Notwithstanding the field tests of the past three years, EPM has failed to recover the momentum that it lost in 1999 when NRMP's technical assistance ended. Many of the DENR staff involved in its development have moved to other positions, and several of the POS that contributed C&I have ceased operating because of legal or financial difficulties. The CBFM programme has more urgent priorities than EPM, although monitoring and evaluation remain important concerns (D. Tolentino, pers. comm.). In DENR as a whole, attention and interest in C&I have shifted to a new national process financed

by ITTO, and based on that organisation's c&i for natural forests (DENR, 2003b). This is expected to lead to c&i for all management systems, CBFM included, as well as a compulsory management audit (see last section of case study).

One reason for this state of affairs is weak institutional support for CBFM, and thereby EPM, for much of 1999–2001 (R. Acosta, pers. comm., D. Tolentino, pers. comm.). As discussed above, DENR had good reasons for not wanting to make EPM a compulsory requirement. What DENR overlooked, however, was that the management benefits of EPM were not a sufficient incentive for communities to adopt it voluntarily. Other incentives were needed, but because of weak support, or a lack of resources, none was ever created. Today, a community adopting EPM will not be freed from any legal requirements, nor given any preferential treatment, nor allowed to forgo any compliance monitoring. Nor will it be insulated from the vagaries of public policy, or the periodic swings in public opinion against CBFM (E. Guiang, pers. comm.). A case in point is the suspension of CBFM resource-use rights in January 2003, which affected every PO holding such rights, including those using EPM.<sup>45</sup>

Beyond the question of incentives, however, is a failure to integrate EPM into even basic planning for CBFM. As the introduction to CBFM above notes, communities are expected to define impact indicators for their management plans, or CRMFS. They are also expected to monitor these indicators, although this requirement is not made explicit in the CRMF guidelines (see DENR, 1997b). As a result, CRMFS include indicators but tend to lack details of the associated monitoring framework. It might be expected that these guidelines – which were developed by NRMP in 1997 – would be updated with the results of the EPM process, to stress the need for integrated monitoring and offer EPM as a solution or model. Again, however, a lack of institutional support has precluded any such revision (D. Tolentino, pers. comm.).

Because of these and other lost or blocked opportunities, EPM is now confined mainly to donor-assisted CBFM projects, where its main application is project monitoring and evaluation. Its use in one such project, the World Bank's Community-Based Resource Management Project (CBRMP), is analysed in detail in the following sections. Other projects using or planning to use EPM include the Ulot Watershed Model Forest Project on Samar Island (L. Wagan, pers. comm.), and the ITTO-financed Community-Based Forest Management Project in Nueva Vizcaya (I. Austria, pers. comm.). The second phase of the national Forestry Sector Project, financed by Japan, has incorporated the institutional development aspects of EPM into its monitoring and evaluation system (R. Paz, pers. comm.).

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<sup>45</sup> And including the Philippines' one and only certified CBFM PO.

In one project, EPM has served less as a model of monitoring than as an example of what to avoid. In 2000, a PO in Palawan began working with the Centre for International Forestry Research's Adaptive Collaborative Management (ACM) programme to develop a local monitoring system. This PO knew of EPM, but preferred the ACM approach because it saw EPM as just another obligation, and was concerned that DENR would use EPM to assess its performance (Hartanto, Lorenzo and Frio, 2002). According to Hartanto *et al.*, this reluctance to adopt EPM may have been because of "the lack of processes to adapt it to local conditions and the lack of the PO's participation in developing the monitoring framework". The same authors go on to state, however, that there was a "high degree of similarity" between EPM and the monitoring system eventually developed, and that the PO should be able to use this system to satisfy DENR requirements if EPM is enforced.

The experience in Palawan described by Hartanto *et al.* seems to be founded on misconceptions about the nature and purpose of EPM, either on the part of the PO, or on the part of local DENR staff. EPM is not an obligation, and its lack of targets or thresholds means that it cannot be used to assess performance. Of course, the PO may not have known this, and may have judged EPM solely on the basis of its name. Clearly, a need exists for more training and education in EPM, or perhaps C&I in general, because DENR's position is that it is "happy for POS to use ACM or EPM, as long as the idea and acceptance of C&I is there" (R. Acosta, pers. comm.). It is notable, however, that the results of the Palawan ACM process were so similar to EPM. Setting aside the question of process, this convergence suggests that the developers of EPM may have managed to capture the fundamental elements of sustainability in CBFM.

### 4.3 The use of EPM in Caraga Region

After the foregoing survey of the development and national status of EPM, the remainder of this case study will focus on the application and impacts of EPM in specific CBFM communities. The communities selected for this analysis are situated in Caraga Region, on the island of Mindanao in southern Philippines (see Figure 4.1 below).

Caraga (Region 13) was one of the regions covered by NRMP, and has been the site of various workshops, training events and field tests in EPM since 1998. At present, the communities in Caraga using EPM can be divided into two broad groups: 1. CBFM communities who participated in the field tests of 2000–01, some of whom are still using EPM; and 2. Communities participating in the World Bank's CBRMP, which covers four regions including Caraga, and has adopted EPM as the environmental component of its sub-project monitoring and evaluation strategy.

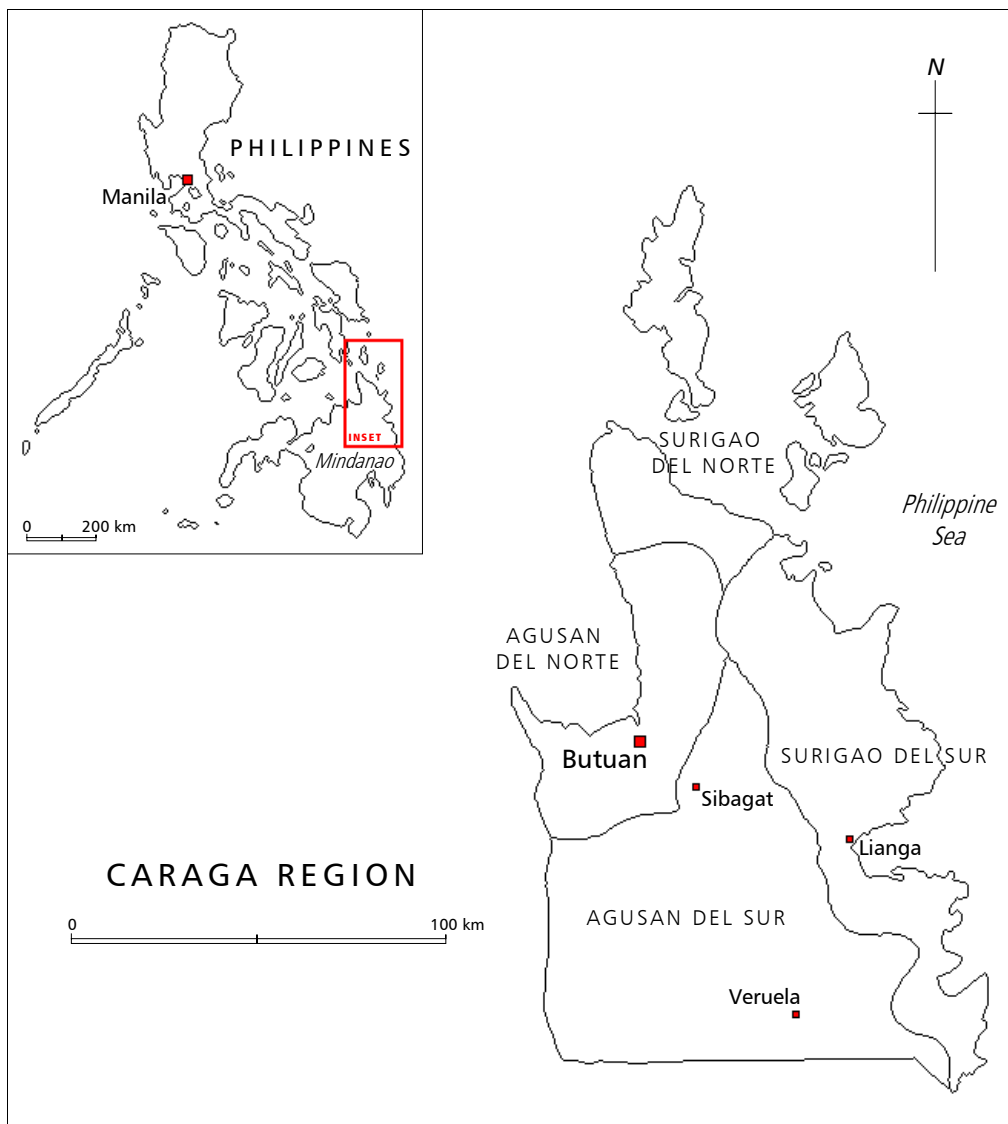


Figure 4.1 Map of Caraga Region, Philippines. The POS discussed in this case study are located in the municipalities of Veruela, Lianga and Sibagat.

The first group of communities is small (no more than four POS), although there are plans to expand it to six POS during the course of 2003 (B. Sedero, pers. comm.). EPM in this group was originally financed by NRMP, but the communities now receive only modest, non-financial support from Caraga's regional CBFM coordinator, and from CBFM staff in DENR's local Community Environment and Natural Resources Offices (CENROS). Financial support for all aspects of CBFM in Caraga is extremely limited: only three items in the nine-point regional CBFM action plan for 2003 have been

approved as KRAS (Key Result Areas), and so included in the regional budget. EPM is one of the six items excluded.<sup>46</sup>

For various reasons, including this year's suspension of resource-use rights, none of the communities in this first group has progressed beyond baseline monitoring of the EPM C&I. During baseline monitoring, the communities have been required to submit monthly reports to their CENRO. Some of the communities are able to prepare these reports themselves, but in general they are assisted by CENRO staff. Data gathering has focused on the core environmental aspects of the EPM C&I, in particular water quality and soil erosion. Not all of the communities have treated EPM as a serious, ongoing concern: some have been constrained by limited time and financial resources; others have questioned the point of monitoring variables such as water quality when these are beyond their direct control (for example, if a monitored watercourse crosses or borders a CBFM area, and so is affected by land usage in neighbouring areas not managed by the PO) (B. Sederro, pers. comm.).

If Caraga's CBFM coordinator can find support for EPM, periodic monitoring will be incorporated into the AWP/S of these communities on a quarterly basis (B. Sederro, pers. comm.). Attention will also be focused on areas where the cause and effect of environmental change are more obvious, for example watercourses that lie wholly within the boundaries of a CBFM area. This will give communities a clearer picture of the environmental impacts of their activities and, it is hoped, a greater incentive to continue monitoring. Incorporating EPM into AWP/S will also serve two other purposes. First, it will allow communities to incorporate the indicators they have developed for their CRMFS into the EPM framework. They are free to do this, provided that their indicators "are within the scope of the EPM C&I" (B. Sederro, pers. comm.).<sup>47</sup> Second, it will allow CBFM staff to evaluate EPM as a substitute for the semi-annual and annual compliance monitoring of the AWP/RUP.<sup>48</sup>

The second group of communities in Caraga using EPM are the participants in sub-projects financed by the World Bank's CBRMP. Through this project, low-income rural municipalities can obtain grants and loans for environmental management sub-proj-

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<sup>46</sup> DENR's regional offices, unlike its central office in Manila, do not have a CBFM division or dedicated CBFM budget. Instead, they have a CBFM coordinator, who is part of the regional Forest Resources Development Division. These coordinators prepare yearly action plans, which compete for financing with those of every other unit in the Division. Recently, CBFM coordinators have been excluded from the planning meetings at which regional priorities are determined (B. Sederro, pers. comm.). As a result, their concerns are being ignored, and CBFM is receiving even less support than usual.

<sup>47</sup> Hence EPM, in practice, will combine both internal indicators (i.e. from CRMFS) and external indicators (i.e. from the EPM C&I). This should greatly increase its flexibility and adaptability.

<sup>48</sup> Compliance with the terms and conditions of the AWP/RUP (including the associated ECC) is evaluated every six months by a composite team from DENR and the relevant LGU. A representative of the PO also participates in these evaluations.

ects, including forestry. DENR's role in the CBRMP is to assist in conducting feasibility studies, implementing sub-projects, and obtaining tenurial instruments for participating CBFM POS (Mickelwait *et al.*, 1999). DENR is also responsible for environmental monitoring and evaluation of sub-projects (DENR, 1999c). For this purpose it is using EPM.

In Caraga, 21 sub-projects have been established under the CBRMP (B. Ondona, pers. comm.). Starting in 2001, DENR's regional office has provided training in EPM to three successive batches of sub-project managers and participants. The third and final training workshop was held in March 2003. At each workshop, LGU sub-project staff and PO leaders have been given a grounding in the principles of SFM and EPM, and the methods used in field monitoring (DENR, 2003c). Trainees are expected to pass on, or 're-echo', what they learn to other community members and sub-project participants. This training, like the work of the first group discussed above, has concentrated on the environmental aspects of EPM. This is partly because DENR's mandate under the CBRMP is for environmental monitoring, and partly because DENR's regional office lacks staff with social or organisational development skills (A. Boiser, pers. comm., A. Capiton, pers. comm.).

As might be expected, the first group of sub-projects trained in 2001 has made the most progress in deploying EPM. Members of this group are now completing their first year of baseline data collection, and are preparing to start periodic monitoring. The experience of the most advanced sub-project – that of the municipality of Veruela in Agusan del Sur province – is discussed below. Other sub-projects are still gathering baseline data (J. Albia, pers. comm.). The sub-project management offices established by LGUS coordinate data collection and reporting for the POS in their jurisdiction. Both POS and DENR can use these data for CBFM planning and monitoring. LGUS are expected to use them to prepare and monitor a 'sustainability plan', which is intended to sustain sub-project achievements after financial support is phased out (B. Ondona, pers. comm.).

CBRMP has given DENR a valuable opportunity to promote and extend, in cooperation with LGUS, the uptake of EPM in Caraga. It has also helped to create a nucleus of foresters in DENR's regional office (members of a regional CBRMP technical working group) who are knowledgeable about EPM, appreciate its value, and are experienced in training POS to use the system. It is highly unlikely that this would have happened in the absence of CBRMP (A. Capiton, pers. comm.).

The future after CBRMP, however, is uncertain. DENR staff want to adopt EPM more widely in Caraga, and apply it – or similar tools – to non-CBFM forestry projects (A. Boiser, pers. comm.). But support from DENR's central office is limited, and regional

managers have yet to recognise EPM as a budget priority. Even if support is forthcoming, a question mark hangs over the future scope and function of EPM. Regional DENR staff tend to see, and portray, EPM as a tool for assessing environmental impacts. The POS in CBRMP sub-projects are collecting only environmental baseline data (see below). But EPM is supposed to be a comprehensive system, and any restriction of its scope will reduce its usefulness in assessing the overall sustainability of CBFM.

## 4.4 The Cabunog Tribal Development Cooperative

### Background to PO

The Cabunog Tribal Development Cooperative (CATRIDECO) is a second-order cooperative, formed in 2000 by indigenous farmers<sup>49</sup> from the *barangays* (villages) of Sampaguita and Sinobong in the municipality of Veruela. Veruela lies near the southern boundary of Caraga Region, in the province of Agusan del Sur (see Figure 4.1). It is a large but poor municipality, covering 44,000ha and 20 *barangays* with a combined population of over 31,000 (Municipality of Veruela, 2003). The main economic activity in this area is farming, with rice and maize being the principal crops. Monthly incomes for farmers range from 1500 to 2000 pesos (US\$27–36).

Veruela's municipal planning and development office manages one of the more successful CBRMP sub-projects in Caraga. This sub-project, which began in 2000 and finishes at the end of 2003, covers three *barangays* and over 1500 households in an area that is predominantly national forest land. The sub-project has three main components: 1. Natural resources management; 2. Livelihoods; and 3. Small-scale infrastructural development. The first of these components is the largest, with total funding of 18.7 million pesos (US\$340,000) from a sub-project budget of 22.6 million pesos (US\$410,900).

The purpose of the natural resource management component is to rehabilitate 900ha of degraded forest land lying within the 1740ha CBFM area awarded to CATRIDECO in November 2002. Large areas of forest in Veruela have been degraded by indiscriminate logging and extensive *kaingin* (swidden) cultivation. This has caused severe soil erosion on fragile slopes, leading to scouring of riverbanks and flooding (Municipality of Veruela, 2003). The sub-project is trying to reverse some of this damage through a combination of strategies, including plantation establishment and maintenance, agroforestry development, forest protection, and cash crop production.

Underpinning these strategies is institutional strengthening of CATRIDECO and its four member cooperatives. The former has received assistance from the sub-project to apply

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<sup>49</sup> Members of the Manobo ethnic group.

for a CBFMA, prepare a CRMF, and draw up its first AWP/RUP (which is now awaiting affirmation by DENR). The CRMF focuses on reforestation as CATRIDECO's main resource development strategy, but until 2008 resource utilisation will be limited mainly to selective logging of residual dipterocarp forests (CATRIDECO, 2002).<sup>50</sup>

### Details of monitoring system

The Veruela sub-project began using EPM in 2002, after the leader of CATRIDECO and the sub-project's natural resource management specialist attended the first of the training workshops organised by DENR. On their return, the sub-project tried and failed to organise EPM monitoring teams in CATRIDECO and its member POS, apparently because PO members were "too busy" (G. Salise, pers. comm.). In place of dedicated teams, therefore, the existing five-man *bantay kalikasans* (forest protection committees<sup>51</sup>) in each PO have been given the responsibility for EPM.

The EPM system is based on a network of four sites, not all of which are in the sub-project area. During baseline monitoring, which finished recently, the sites were visited monthly. As in other CBRMP sub-projects, monitoring has focused on the core environmental criteria of EPM, specifically forest cover, water quality, soil loss and, to a lesser extent, illegal harvesting of forest products. The baseline data set submitted to DENR by the sub-project contains no information on the resource use or organisational development criteria of EPM (author's own observations).

Members of forest protection committees work voluntarily on EPM and their other tasks. They spend at most six days every month on monitoring (G. Salise, pers. comm.). To date, PO members have not had any serious problems in using the EPM field methods, but they are always accompanied by the sub-project's natural resource management specialist, who can assist if a problem arises (R. Peliño, pers. comm.). Local DENR staff do not participate in monitoring. The raw data generated by monitoring are collected and stored on computer by the sub-project management office. A regular report of these data has been given to POS, who in turn share the information with their members (G. Salise, pers. comm.).

### Emerging impacts and constraints

Veruela is one of the most advanced municipalities in Caraga in terms of its attitude and progress towards managing the natural resources in its jurisdiction. After the end of the CBRMP sub-project, the municipality plans to create a Municipal Environment and Natural Resources Office (MENRO) to sustain and extend the sub-project's activi-

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<sup>50</sup> The CRMF covers not only CATRIDECO but also its member cooperatives.

<sup>51</sup> The main function of these committees is to halt illegal logging and other unauthorised activities. Johnson and Curtin (1999) note that though it may be beneficial for EPM teams to coordinate activities and share findings with these committees, the former have a much broader mandate.

ties. The management of these activities will shift to POS, but monitoring and evaluation will remain in the hands of the MENRO.

Veruela's sustainability plan foresees the creation of a municipal monitoring and evaluation committee, comprising the MENRO's environmental protection officer and the members of each PO's forest protection committee (Municipality of Veruela, 2003). The latter will be responsible for conducting EPM, the results of which will be submitted to the MENRO. The plan does not state whether MENRO staff will participate in monitoring, as sub-project staff do now, but this seems likely. If further technical assistance is needed, it may be sought from a sub-office that DENR intends to establish in the municipality to support the MENRO (A. Capiton, pers. comm.).

Assuming these plans bear fruit, the EPM system in Veruela will function in an almost ideal capacity, i.e. as a tool for binding and guiding the efforts of a three-way partnership between an LGU, its POS, and DENR. Some of the potential benefits of this system are already becoming clear. According to the municipal planning and development coordinator, joint monitoring has helped to improve working relations with POS, and persuaded some community members who opposed the sub-project to work more closely with it (G. Salise, pers. comm.). If this is the case, expanding the system beyond its present narrow focus on environmental criteria may strengthen relations even further.

Within CATRIDECO and its member cooperatives, the experience of the past year seems to have instilled a good sense of the value of environmental monitoring. In interviews, members of these POS professed themselves "very happy" with EPM and, moreover, happy with the idea of the municipality, DENR or even other *barangays* using the results to assess their practices. In part, this willingness stems from the close association between the EPM C&I and the impact indicators in CATRIDECO's CRMF. Some of the latter indicators – both environmental and socio-economic – were drawn from or based on the EPM C&I (G. Salise, pers. comm.). EPM speaks directly to the developmental concerns of CATRIDECO's members, who consequently have a vested interest in its success. Once again, however, the benefits of EPM might be increased if monitoring were extended to socio-economic indicators.

## **4.5 The Pacific Development Cooperative**

### **Background to PO**

The Pacific Development Cooperative (PDC) is one of the four CBFM POS in Caraga working on EPM with the regional CBFM coordinator. This group lacks the financial and technical resources available to CBRMP sub-projects for EPM, although PDC is playing a part in its municipality's CBRMP sub-project. PDC is a first-order cooperative,

formed in 1997 by the men<sup>52</sup> of Sitio Exemeria in the municipality of Lianga. Lianga lies on the east coast of Caraga, in the province of Surigao del Sur. The population of Exemeria is small and ethnically diverse (about 450 people from 14 different ethnic groups), but all are members of the Davizol Christi, a Catholic sect founded on communitarian principles. The head of each household in the community, of which there are 100, is a member of PDC.

PDC controls a CBFM area of 870ha, awarded in November 1999. This covers a variety of habitats, including mangrove forest, open tidal mudflats, coastal waters, and a group of small offshore islands with residual dipterocarp and other hardwood stands (PDC, 2000). Much of the natural residual forest in PDC's CBFM area requires rehabilitation, and under Philippine law the cooperative's mangrove forests must be protected against exploitation (D. Escaño, pers. comm.). In the short to medium term, therefore, the cooperative's main forest utilisation activities are limited selective logging of residual forests, coupled with salvaging of hardwood logs and stumps abandoned in its CBFM area by previous, now-defunct logging operations. The abandoned logs alone have a combined volume of over 1000m<sup>3</sup> (PDC, 2000).

### **Details of monitoring system**

Members of PDC received training in EPM in 2001, under the programme of training and field tests conducted by NRMP in 2000–01. The cooperative afterwards formed a dedicated EPM monitoring team with assistance from the CENRO in Lianga. This team has five members, all of whom work voluntarily. The team is joined in the field by a forester from the CENRO, who also helps to analyse data and prepare monitoring reports for the CENRO's CBFM office. The municipality of Lianga does not participate in monitoring.

PDC began monitoring in March 2002. Before this time the cooperative had not undertaken any monitoring or evaluation, although it had developed impact indicators for its CRMF in 2000 (information derived from interview with PDC members). Monitoring, which is still for baseline purposes, takes place on the fifteenth day of each month. The cooperative's EPM team, like those of other POS, has been focusing on environmental criteria, in particular water quality, soil erosion and the abundance of flora and fauna. The data generated by EPM, in addition to being submitted to the CENRO, are submitted to the cooperative's board of directors, which discusses them with the general assembly of members. The DENR forester working with PDC is present on these occasions to explain the results or discuss their significance (A. Pabas, pers. comm.).

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<sup>52</sup> The women of Exemeria have their own (non-CBFM) cooperative.

### **Emerging impacts and constraints**

At the outset of monitoring, PDC's EPM team experienced some difficulties in following the required procedures. These were overcome, however, with the support of the CENRO, and today the members interviewed consider themselves "experts" in the system. The main benefit of EPM, according to these members, is that it allows them to track the environmental impacts of their CBFM activities, and to plan appropriate mitigating measures. PDC was the only organisation to talk about EPM's role in mitigation in interviews, and in this respect it has made more progress towards an adaptive mode of management than any other PO in this study.

For PDC, the main constraint on EPM is its limited usefulness in monitoring coastal environments. Understandably, not all of the EPM C&I, which were developed for upland environments, are applicable to PDC's mangrove forests. Some key elements, such as water salinity, are absent. PDC raised this issue at the NRMP workshop it attended in 2001, and was told that criteria and indicators for coastal environments would be developed in due course (they have yet to appear). Members of the cooperative are unaware of the work of Zador (1999), who formulated C&I for coastal zones in an effort to develop a unified system of EPM for watersheds. Nor have they given any consideration to developing their own C&I for coastal zones, and incorporating these into their EPM system.

Like CATRIDECO (see above), PDC has taken steps to integrate the indicators in its CRMF with the EPM C&I. The former are less indicators than a list of mitigating measures for possible negative environmental impacts, but they nonetheless share some common elements with the EPM C&I. However, they lack any social, economic or organisational elements and this, coupled with the narrow environmental focus of EPM, means that PDC's current monitoring efforts do not yet give a balanced picture of its CBFM activities.

## **4.6 The Santa Maria-Magkalape Tree Planters Cooperative**

### **Background to PO**

SMMTPC is another of the POS in Caraga that has worked with the regional CBFM coordinator to implement EPM. In fact, according to the coordinator, SMMTPC was the only one of these POS to work "seriously" with EPM (B. Sederro, pers. comm.). It is doubly unfortunate, therefore, that a fall in timber prices in late 2001 forced SMMTPC to suspend its forest operations, and with them its EPM system.

SMMTPC is a first-order cooperative, formed in 1996 by migrant farmers from the *barangays* of Santa Maria and Magkalape, in the municipality of Sibagat in Agusan del Sur province. Like Veruela, Sibagat is a large and extremely poor municipality, cover-

ing over 55,000ha and 24 *barangays* with a combined population of about 28,000. The municipality has limited communications and infrastructure, and some *barangays*, including Santa Maria and Magkalape, still lack electricity. The predominant economic activity is farming, and maize, upland rice, cassava and bananas are among the principal crops.

SMMTPC's CBFMA, awarded in March 1999, covers 1880ha of mainly open, denuded forest land. The CBFM area has very little natural residual forest (just 7ha), but it does have almost 570ha of forest plantations (established under the first and second phases of the national Forestry Sector Project, and then turned over to SMMTPC), and a similar area of land under cultivation or agroforestry systems. The remainder of the CBFM area is mostly open grassland and brushland. SMMTPC has plans to establish a small area of protection forest and promote agroforestry, but the cooperative's main resource development strategy is plantation establishment, mostly with *Gmelina arborea* (J. Agua, pers. comm.).

### **Details of monitoring system**

The degraded status of SMMTPC's allocated forest land was one of the chief reasons for the cooperative's initial interest in EPM (B. Sederro, pers. comm.). Cooperative members were keen to use EPM to monitor the environmental improvements resulting from rehabilitating and reforesting their CBFM area. At the same time, the cooperative was able and willing to finance a monitoring system with part of the income generated by its RUP.

SMMTPC began baseline monitoring of the EPM C&I in January 2001, and continued until September of that year. Monitoring was carried out by the cooperative's six-man forest protection committee, under the guidance of a forester from the local CENRO. This forester also helped the committee to prepare monthly monitoring reports, which were discussed with the cooperative's board of directors and membership before being submitted to the CENRO (J. Agua, pers. comm.). The municipality of Sibagat did not participate in monitoring.

SMMTPC's monitoring system, perhaps in reflection of the cooperative's enthusiasm for EPM, is the only one in this study to cover all of the EPM C&I. In addition to monitoring monthly the level, turbidity and velocity of water in a creek running through the CBFM area, the monitoring team collected baseline data for every other EPM indicator. These data are not detailed, and many are qualitative, not quantitative, so establishing the scale of any movement away from the baseline could present problems in the future (author's own observations). Nevertheless, they represent possibly the only comprehensive application of EPM by a CBFM PO in Caraga.

### Emerging impacts and constraints

As already mentioned, falling prices for *Gmelina* timber forced SMMTPC to suspend its operations in the latter half of 2001. The cooperative was also forced to suspend monitoring, which incurred small but nonetheless significant costs (including a monthly honorarium of 500 pesos (US\$9) for each committee member). Timber prices have improved in recent months, and SMMTPC is now applying for renewal of its RUP. The cooperative's application, submitted for affirmation in August 2003, is for the extraction and sale of 800m<sup>3</sup> of *Gmelina* timber.

If its RUP is affirmed, the cooperative intends to re-establish its EPM system (J. Agua, pers. comm.). Recent staff changes in the CENRO, however, will severely limit the amount of support that DENR can give to monitoring. The forester who helped SMMTPC during 2001 has moved to another area, and the position of CBFM coordinator in the CENRO has been taken by someone with little experience of CBFM, and none of EPM. A high turnover of staff is a common feature of CENROS in Caraga and other regions (D. Tolentino, pers. comm.). This makes it difficult for POS to sustain the close working relationships with DENR field staff that are needed if joint monitoring is to succeed.

## 4.7 Future issues and considerations

It is difficult to make any conclusive statement about the impacts of EPM, because none of the POS in this study has progressed beyond baseline monitoring. Some effects, however, are incontrovertible. By adopting EPM, each PO has at one stroke created a system of monitoring and evaluation that did not exist before. This is enabling them to track the environmental impacts of their activities and, to a much lesser extent, adapt their management strategies accordingly. It is also enabling POS to monitor the indicators in their CRMFS, which provide – though this was not necessarily foreseen by the developers of EPM – a localised picture of sustainability to complement the broader picture given by the EPM C&I.

Perhaps the main drawback of EPM, as currently practised in Caraga, is its focus on environmental criteria. Only one PO in this study has collected baseline data for the resource use and organisational development criteria of EPM. The others have concentrated on water quality, soil erosion, and related indicators. Of course, any monitoring is better than none at all, but the comprehensive, integrated nature of EPM is its main strength and justification. Unless EPM is purposely being implemented in phases, with monitoring of the core environmental criteria coming first (which is not the case in Caraga), the partial use of criteria will not provide a balanced picture of sustainability in CBFM areas.

This emphasis on environmental criteria can be attributed to several causes. Within POS, the use of forest protection committees instead of dedicated EPM teams means that monitoring is conducted by individuals whose main responsibility is environmental protection. Within DENR, causes include the lack of expertise in social and organisational development within field offices, and, indirectly, the persistent tendency of field staff to see themselves as technical, not developmental, agents. In these respects, EPM is a tool ahead of its time, whose full potential will not be realised until DENR has undergone further institutional change. Lastly, an important cause in Caraga has been the use of EPM for environmental (but not socio-economic) monitoring and evaluation of CBRMP sub-projects. This constraint, however, must be balanced against the opportunity to promote EPM that CBRMP has given DENR.

Experience with EPM suggests several ways of using it to strengthen CBFM policies and procedures, all of course subject to the necessary political support. It could be more vigorously promoted as an answer to the performance monitoring requirements implicit in CRMFS. This would entail revision of the current guidelines. It could be used to replace compliance monitoring of AWPAs and RUPAs, and so contribute to deregulation of CBFM and self-regulation by POS. One possible objection to substituting EPM for compliance monitoring is that it moves EPM closer to the performance appraisal that its name implies, and some communities fear. But compliance monitoring is a fact, and communities should welcome anything that reduces their regulatory burden, especially if it has other important benefits.

Active development of EPM presupposes a coherent view of its purpose. Recent developments, however, suggest that DENR does not know what to do with EPM. As already noted, the focus of C&I development has moved to a national, ITTO-based process that will produce C&I for all management types (CBFM included). These will lead to compulsory management audits, and eventually may be tied to certification (DENR, 2003b). This initiative recognises EPM as an antecedent, and the process of developing C&I for CBFM described in DENR (2003b) in effect recapitulates the process of developing EPM. What is uncertain, however, is the role that EPM will play under a future regime of compulsory auditing (not to mention the response of communities to this regime). Some in DENR think that EPM could co-exist as the internal complement to an external audit (I. Austria, pers. comm.). Others think that EPM could be merged into the audit regime, perhaps as the basis of an audit itself (R. Acosta, pers. comm.).

Admittedly it may be too early to speculate about the role of EPM in the audit regime. The existing uncertainty nonetheless reflects the failure to build a strong role and identity for EPM in the four years since it was developed. The question now is whether DENR has the will and ability to reverse this failure, or whether it will leave EPM to run its course.

# Appendices

1. Interim certification standard used to assess VFAS in Lao PDR.
2. Criteria and indicators for Environmental Performance Monitoring of SFM in CBFM units.
3. Concept note for case study series.
4. Concept note for Lao PDR case study.
5. Field study itinerary, Lao PDR, 1–14 June 2003.
6. List of informants, Lao PDR.
7. Concept note for Philippines case study.
8. Field study itinerary, Philippines, 27 July–9 August 2003.
9. List of informants, Philippines.

# **1 Interim certification standard used to assess VFAs in Lao PDR (principles and criteria only). Source: SmartWood (2003).**

## **PRINCIPLE 1: COMPLIANCE WITH LAWS AND FSC PRINCIPLES**

Forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is a signatory, and comply with all FSC Principles and Criteria.

- I.1 Forest management shall respect all national and local laws and administrative requirements.
- I.2 All applicable and legally prescribed fees, royalties, taxes and other charges shall be paid.
- I.3 The provisions of all binding international agreements, such as Convention on Biological Diversity, shall be respected.
- I.4 Conflicts between laws, regulations and the FSC Principles and Criteria shall be evaluated for the purposes of certification, on a case by case basis, by the certifiers and the involved or affected parties.
- I.5 Forest management areas should be protected from illegal harvesting, settlement and other unauthorised activities.
- I.6 Forest managers shall demonstrate a long-term commitment to adhere to the FSC Principles and Criteria.

## **PRINCIPLE 2: TENURE AND USE RIGHTS AND RESPONSIBILITIES**

Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established.

- 2.1 Clear evidence of long-term forest use rights to the land (e.g. land title, customary rights, or lease agreements) shall be demonstrated.
- 2.2 Local communities with legal or customary tenure or use rights shall maintain control, to the extent necessary to protect their rights or resources, over forest operations unless they delegate control with free and informed consent to other agencies.
- 2.3 Appropriate mechanisms shall be employed to resolve disputes over tenure claims and use rights. The circumstances and status of any outstanding disputes will be explicitly considered in the certification evaluation. Disputes of substantial magnitude involving a significant number of interests will normally disqualify an operation from being certified.

### **PRINCIPLE 3: INDIGENOUS PEOPLES' RIGHTS**

The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognised and respected.

- 3.1 Indigenous peoples shall control forest management on their lands and territories unless they delegate control with free and informed consent to other agencies.
- 3.2 Forest management shall not threaten or diminish, either directly or indirectly, the resources or tenure rights of indigenous peoples.
- 3.3 Sites of special cultural, ecological, economic or religious significance to indigenous peoples shall be clearly identified in co-operation with such peoples, and recognised and protected by forest managers.
- 3.4 Indigenous peoples shall be compensated for the application of their traditional knowledge regarding the use of forest species or management systems in forest operations. This compensation shall be formally agreed upon with their free and informed consent before forest operations commence.

### **PRINCIPLE 4: COMMUNITY RELATIONS AND WORKER'S RIGHTS**

Forest management operations shall maintain or enhance the long-term social and economic well being of forest workers and local communities.

- 4.1 The communities within, or adjacent to, the forest management area should be given opportunities for employment, training, and other services.
- 4.2 Forest management should meet or exceed all applicable laws and/or regulations covering health and safety of employees and their families.
- 4.3 The rights of workers to organise and voluntarily negotiate with their employers shall be guaranteed as outlined in Conventions 87 and 98 of the International Labour Organisation (ILO).
- 4.4 Management planning and operations shall incorporate the results of evaluations of social impact. Consultations shall be maintained with people and groups directly affected by management operations.
- 4.5 Appropriate mechanisms shall be employed for resolving grievances and for providing fair compensation in the case of loss or damage affecting the legal or customary rights, property, resources, or livelihoods of local peoples. Measures shall be taken to avoid such loss or damage.

## **PRINCIPLE 5: BENEFITS FROM THE FOREST**

Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.

- 5.1 Forest management should strive toward economic viability, while taking into account the full environmental, social, and operational costs of production, and ensuring the investments necessary to maintain the ecological productivity of the forest.
- 5.2 Forest management and marketing operations should encourage the optimal use and local processing of the forest's diversity of products.
- 5.3 Forest management should minimise waste associated with harvesting and on-site processing operations and avoid damage to other forest resources.
- 5.4 Forest management should strive to strengthen and diversify the local economy, avoiding dependence on a single forest product.
- 5.5 Forest management operations shall recognise, maintain, and, where appropriate, enhance the value of forest services and resources such as watersheds and fisheries.
- 5.6 The rate of harvest of forest products shall not exceed levels which can be permanently sustained.

## **PRINCIPLE 6: ENVIRONMENTAL IMPACT**

Forest management shall conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes, and, by so doing, maintain the ecological functions and the integrity of the forest.

- 6.1 Assessment of environmental impacts shall be completed – appropriate to the scale, intensity of forest management and the uniqueness of the affected resources – and adequately integrated into management systems. Assessments shall include landscape level considerations as well as the impacts of on-site processing facilities. Environmental impacts shall be assessed prior to commencement of site-disturbing operations.
- 6.2 Safeguards shall exist which protect rare, threatened and endangered species and their habitats (e.g. nesting and feeding areas). Conservation zones and protection areas shall be established, appropriate to the scale and intensity of forest management and the uniqueness of the affected resources. Inappropriate hunting, fishing, trapping and collecting shall be controlled.

- 6.3 Ecological functions and values shall be maintained intact, enhanced, or restored, including:
- a) Forest regeneration and succession.
  - b) Genetic, species, and ecosystem diversity.
  - c) Natural cycles that affect the productivity of the forest ecosystem.
- 6.4 Representative samples of existing ecosystems within the landscape shall be protected in their natural state and recorded on maps, appropriate to the scale and intensity of operations and the uniqueness of the affected resources.
- 6.5 Written guidelines shall be prepared and implemented to: control erosion; minimise forest damage during harvesting, road construction, and all other mechanical disturbances; and protect water resources.
- 6.6 Management systems shall promote the development and adoption of environmentally friendly non-chemical methods of pest management and strive to avoid the use of chemical pesticides. World Health Organisation Type 1B and 1B and chlorinated hydrocarbon pesticides; pesticides that are persistent, toxic or whose derivatives remain biologically active and accumulate in the food chain beyond their intended use; as well as any pesticides banned by international agreement, shall be prohibited. If chemicals are used, proper equipment and training shall be provided to minimise health and environmental risks.
- 6.7 Chemicals, containers, liquid and solid non-organic wastes including fuel and oil shall be disposed of in an environmentally appropriate manner at off-site locations.
- 6.8 Use of biological control agents shall be documented, minimised, monitored and strictly controlled in accordance with national laws and internationally accepted scientific protocols. Use of genetically modified organisms shall be prohibited.
- 6.9 The use of exotic species shall be carefully controlled and actively monitored to avoid adverse ecological impacts.
- 6.10 Forest conversion to plantations or non-forest land uses shall not occur, except in circumstances where conversion:
- a) Entails a very limited portion of the forest management unit; and
  - b) Does not occur on high conservation value forest areas; and
  - c) Will enable clear, substantial, additional, secure, long-term conservation benefits across the forest management unit.

#### **PRINCIPLE 7: MANAGEMENT PLAN**

A management plan – appropriate to the scale and intensity of the operations – shall be written, implemented, and kept up to date. The long-term objectives of management, and the means of achieving them, shall be clearly stated.

- 7.1 The management plan and supporting documents shall provide:
  - a) Management objectives.
  - b) Description of the forest resources to be managed, environmental limitations, land use and ownership status, socio-economic conditions, and a profile of adjacent lands.
  - c) Description of silvicultural and/or other management system, based on the ecology of the forest in question and information gathered through resource inventories.
  - d) Rationale for rate of annual harvest and species selection.
  - e) Provisions for monitoring of forest growth and dynamics.
  - f) Environmental safeguards based on environmental assessments.
  - g) Plans for the identification and protection of rare, threatened and endangered species.
  - h) Maps describing the forest resource base including protected areas, planned management activities and land ownership.
  - i) Description and justification of harvesting techniques and equipment to be used.
- 7.2 The management plan shall be periodically revised to incorporate the results of monitoring or new scientific and technical information, as well as to respond to changing environmental, social and economic circumstances.
- 7.3 Forest workers shall receive adequate training and supervision to ensure proper implementation of the management plan.
- 7.4 While respecting the confidentiality of information, forest managers shall make publicly available a summary of the primary elements of the management plan, including those listed in Criterion 7.1.

#### **PRINCIPLE 8: MONITORING AND ASSESSMENT**

Monitoring shall be conducted – appropriate to the scale and intensity of forest management – to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.

- 8.1 The frequency and intensity of monitoring should be determined by the scale and intensity of forest management operations as well as the relative complexity and fragility of the affected environment. Monitoring procedures

should be consistent and replicable over time to allow comparison of results and assessment of change.

- 8.2 Forest management should include the research and data collection needed to monitor, at a minimum, the following indicators:
- a) Yield of all forest products harvested.
  - b) Growth rates, regeneration and condition of the forest.
  - c) Composition and observed changes in the flora and fauna.
  - d) Environmental and social impacts of harvesting and other operations.
  - e) Costs, productivity, and efficiency of forest management.
- 8.3 Documentation shall be provided by the forest manager to enable monitoring and certifying organisations to trace each forest product from its origin, a process known as the “chain of custody”.
- 8.4 The results of monitoring shall be incorporated into the implementation and revision of the management plan.
- 8.5 While respecting the confidentiality of information, forest managers shall make publicly available a summary of the results of monitoring indicators, including those listed in Criterion 8.2.

**PRINCIPLE 9: MAINTENANCE OF HIGH CONSERVATION VALUE FORESTS**

Management activities in high conservation value forests shall maintain or enhance the attributes which define such forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach.

- 9.1 Assessment to determine the presence of the attributes consistent with High Conservation Value Forests will be completed, appropriate to scale and intensity of forest management.
- 9.2 The consultative portion of the certification process must place emphasis on the identified conservation attributes, and options for the maintenance thereof.
- 9.4 The management plan shall include and implement specific measures that ensure the maintenance and/or enhancement of the applicable conservation attributes consistent with the precautionary approach. These measures shall be specifically included in the publicly available management plan summary.
- 9.5 Annual monitoring shall be conducted to assess the effectiveness of the measures employed to maintain or enhance the applicable conservation attributes.

## **PRINCIPLE 10: PLANTATIONS**

Plantations shall be planned and managed in accordance with Principles and Criteria 1–9, and Principle 10 and its Criteria. While plantations can provide an array of social and economic benefits, and can contribute to satisfying the world’s needs for forest products, they should complement the management of, reduce pressures on, and promote the restoration and conservation of natural forests.

- 10.1 The management objectives of the plantation, including natural forest conservation and restoration objectives, shall be explicitly stated in the management plan, and clearly demonstrated in the implementation of the plan.
- 10.2 The design and layout of plantations should promote the protection, restoration and conservation of natural forests, and not increase pressures on natural forests. Wildlife corridors, streamside zones and a mosaic of stands of different ages and rotation periods, shall be used in the layout of the plantation, consistent with the scale of the operation. The scale and layout of plantation blocs shall be consistent with the patterns of forest stands found within the natural landscape.
- 10.3 Diversity in the composition of plantations is preferred, so as to enhance economic, ecological and social stability. Such diversity may include the size and spatial distribution of management units within the landscape, number and genetic composition of species, age classes and structures.
- 10.4 The selection of species for planting shall be based on their overall suitability for the site and their appropriateness to the management objectives. In order to enhance the conservation of biological diversity, native species are preferred over exotic species in the establishment of plantations and the restoration of degraded ecosystems. Exotic species, which shall be used only when their performance is greater than that of native species, shall be carefully monitored to detect unusual mortality, disease, or insect outbreaks and adverse ecological impacts.
- 10.5 A proportion of the overall forest management area, appropriate to the scale of the plantation and to be determined in regional standards, shall be managed so as to restore the site to a natural forest cover.
- 10.6 Measures shall be taken to maintain or improve soil structure, fertility, and biological activity. The techniques and rate of harvesting, road and trail construction and maintenance, and the choice of species shall not result in long-term soil degradation or adverse impacts on water quality, quantity or substantial deviation from stream course drainage patterns.

- 10.7 Measures shall be taken to prevent and minimize outbreaks of pests, diseases, fire and invasive plant introductions. Integrated pest management shall form an essential part of the management plan, with primary reliance on prevention and biological control methods rather than chemical pesticides and fertilizers. Plantation management should make every effort to move away from chemical pesticides and fertilizers, including their use in nurseries. The use of chemicals is also covered in Criteria 6.6 and 6.7.
- 10.8 Appropriate to the scale and diversity of the operation, monitoring of plantations shall include regular assessment of potential on-site and off-site ecological and social impacts, (e.g. natural regeneration, effects on water resources and soil fertility, and impacts on local welfare and social well-being), in addition to those elements addressed in principles 8, 6 and 4. No species should be planted on a large scale until local trials and/or experience have shown that they are ecologically well-adapted to the site, are not invasive, and do not have significant negative ecological impacts on other ecosystems. Special attention will be paid to social issues of land acquisition for plantations, especially the protection of local rights of ownership, use or access.

## 2 Criteria and indicators for Environmental Performance Monitoring of SFM in CBFM units. Source: Johnson and Curtin (1999).

### I Core Environmental Indicators

| CRITERIA  | INDICATORS   | VERIFYING EVIDENCE   | METHOD OF MEASUREMENT/<br>SOURCE OF DATA   |
|---|--|--|--|
| 1. Forest managers have legal rights to engage in management activities | 1.1 Comprehensive management plan or framework is approved or affirmed                           | <ul style="list-style-type: none"> <li>▶ Current approved/affirmed CRMF, ADMP or other appropriate plan</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Approved/affirmed plan in organisation's files</li> </ul>                     |
| 2. Forest management practices follow approved management plan          | 2.1 Only authorised harvesting/hunting/usage and other developmental activities occur            | <ul style="list-style-type: none"> <li>▶ Activities vs. management plan</li> <li>▶ No reported violations</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Status reports on activities</li> <li>▶ DENR reports</li> </ul>               |
|   | 2.2 Environmental management measures are implemented  | <ul style="list-style-type: none"> <li>▶ EPM system operational</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Documentation/EPM reports</li> </ul>  |
| 3. Forest management ensures healthy forest ecosystem                   | 3.1 Forest cover in the area is maintained or increased  | <ul style="list-style-type: none"> <li>▶ Area of natural forest does not decrease</li> <li>▶ Tree plantations (forest trees and perennials) are established</li> <li>▶ Agroforestry areas (primarily perennials) are established</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Community mapping</li> <li>▶ Status reports on activities</li> </ul>          |
|   | 3.2 Area is protected against destruction by forest fire, timber poaching, or pests and diseases | <ul style="list-style-type: none"> <li>▶ No uncontrolled fire has occurred/damage is minimal</li> <li>▶ No illegal timber harvest within the area has occurred</li> <li>▶ New <i>kaingin</i> [swidden cultivation] has declined</li> <li>▶ No forest destruction from outbreaks of pests and diseases</li> </ul> | <ul style="list-style-type: none"> <li>▶ Field monitoring</li> <li>▶ Forest protection logbook</li> </ul>              |
|   | 3.3 Water quality and quantity are maintained or improved  | <ul style="list-style-type: none"> <li>▶ Water level fluctuations are normal</li> <li>▶ Coliform count at acceptable level</li> <li>▶ Water is clear</li> <li>▶ Bio-indicators for good quality water are evident</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Field observations</li> <li>▶ Water quality testing</li> </ul>                |
|   | 3.4 Soil loss/degradation is minimized   | <ul style="list-style-type: none"> <li>▶ Stream/river sedimentation has declined</li> <li>▶ Appropriate Soil and Water Conservation techniques are adopted (list to be provided)</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Field observations and measurements</li> <li>▶ Photo-documentation</li> </ul> |
|   | 3.5 Abundance and diversity of flora and fauna is enhanced                                       | <ul style="list-style-type: none"> <li>▶ Natural forest is maintained</li> <li>▶ Important species remain/continue to be evident</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Field observation</li> </ul>  |
| 4. Waste management is practiced  | 4.1 Appropriate waste disposal measures adopted  | <ul style="list-style-type: none"> <li>▶ There are community initiatives on waste management</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Documentation/field observation</li> </ul>                                    |

## II Process Indicators

### A Sustainable Resource Use and Development

| CRITERIA  | INDICATORS   | VERIFYING EVIDENCE   | METHOD OF MEASUREMENT/<br>SOURCE OF DATA   |
|---|--|--|--|
| 1. Special forest uses for livelihood is developed                        | 1.1 Non-extractive income generating projects are generated, e.g. ecotourism             | <ul style="list-style-type: none"> <li>▶ Income generating projects set up</li> <li>▶ Potential ecotourism areas are developed</li> <li>▶ Non-forest income and employment generated</li> </ul>                          | <ul style="list-style-type: none"> <li>▶ Documentation of new local businesses established</li> <li>▶ Employment records (no. of persons employed in non-extractive jobs)</li> </ul>   |
| 2. Open/degraded areas are reforested/rehabilitated                       | 2.1 Healthy forest plantations are established/expanded and maintained                   | <ul style="list-style-type: none"> <li>▶ Planted area</li> <li>▶ High survival rates</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Plan vs. actual establishment</li> <li>▶ Field measurement</li> </ul>   |
|   | 2.2 Volume increases   | <ul style="list-style-type: none"> <li>▶ Healthy plant growth</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Field assessment of vigor assessment (bole, branches, leaves, absence of pest/disease). Indigenous knowledge will be used.</li> </ul>   |
| 3. Residual forests are properly managed/enhanced                         | 3.1 PCT volume, growth and quality increase  | <ul style="list-style-type: none"> <li>▶ Silvicultural practices conducted (TSI, ANR, Protection, etc.)</li> <li>▶ Enhanced tree vigor</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Field assessment of vigor</li> <li>▶ Plan vs. actual accomplishment</li> <li>▶ Inventory records, if available</li> </ul>   |
|   | 3.2 Area of natural forest is maintained or increased                                    | <ul style="list-style-type: none"> <li>▶ Observed changes in forest boundaries</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Field observation</li> </ul>  |
| 4. Appropriate agroforestry and sustainable farming methods are practiced | 4.1 Adoption of SWC methods increase   | <ul style="list-style-type: none"> <li>▶ Farms with SWC methods</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Field observation</li> </ul>  |
|   | 4.2 Productivity and profitability of farms, and the diversity of crops increases        | <ul style="list-style-type: none"> <li>▶ Crop diversity increases (new crops produced in the area)</li> <li>▶ Production levels (per hectare) improve</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Production records</li> <li>▶ Key informant interviews</li> <li>▶ Field observation</li> </ul>  |
| 5. Timber/non-timber harvesting use sustainable rates and methods         | 5.1 Harvest rates are not more than growth rates   | <ul style="list-style-type: none"> <li>▶ Volume/number extracted not exceeding authorised harvest (i.e. AAC) or growth rate set in AWP/RUP or indigenous practices</li> <li>▶ Adequate restocking of resource</li> </ul> | <ul style="list-style-type: none"> <li>▶ Utilization records</li> <li>▶ Post-harvest residual inventory report (formal &amp; informal standard)</li> <li>▶ Field observation</li> </ul>  |
|   | 5.2 Harvest and transport methods do minimal damage to residual stand or plantation area | <ul style="list-style-type: none"> <li>▶ Minimal damage to residual stands</li> <li>▶ Log decks and skid trails properly sited</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Field assessment</li> <li>▶ Ocular inspection</li> </ul>  |
|   | 5.3 Access roads/trails minimise soil and water disturbance                              | <ul style="list-style-type: none"> <li>▶ Road construction in accordance with EIA requirements</li> <li>▶ Road and trails regularly maintained</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Ocular inspection</li> <li>▶ Road construction/maintenance records</li> </ul>   |
|   | 5.4 Processing activities are efficient  | <ul style="list-style-type: none"> <li>▶ Waste is minimised</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Production records</li> <li>▶ Documentation of production input volume vs. output volume</li> </ul>   |
|   | 6. Forests are sufficiently protected from all forms of destruction                      | 6.1 Adequate systems and structures to protect forests are present   | <ul style="list-style-type: none"> <li>▶ Regular patrol works done by trained and deputised PO members</li> <li>▶ Immediate PO responses to forest fires, reports of illegal logging, etc.</li> <li>▶ Participation in multi-sectoral forest protection</li> </ul> |

## B Organisational, Social and Economic Development for SFM

| CRITERIA  | INDICATORS  | VERIFYING EVIDENCE  | METHOD OF MEASUREMENT/<br>SOURCE OF DATA   |
|---|---|---|--|
| 1. The PO has the capability to conduct SFM   | 1.1 Policies and mechanisms to strengthen organisations exist   | <ul style="list-style-type: none"> <li>▶ Members are knowledgeable about internal policies</li> <li>▶ Members have access to records, documents and other organisational information</li> <li>▶ Selection of officers/leaders/members is open to all and elections are conducted freely, fairly, based on qualifications</li> </ul> | <ul style="list-style-type: none"> <li>▶ Key informant interviews</li> </ul>   |
|   | 1.2 Organisational practices promote participation and linkages, and enhance skills and knowledge         | <ul style="list-style-type: none"> <li>▶ Linkages with other institutions and groups are established</li> <li>▶ PO members are competent to perform assigned jobs</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Reports/documentation on accessed services and resources</li> <li>▶ Resolutions passed for support services</li> <li>▶ Meeting attendance sheets</li> <li>▶ Membership in multi-sectoral organisations and federations</li> <li>▶ Key informant interviews or random competency assessments</li> <li>▶ Training records (to show ongoing skills and capacity building)</li> </ul> |
| 2. The PO's SFM activities have to be financially viable  | 2.1 Business operations are viable  | <ul style="list-style-type: none"> <li>▶ Capital investments are based on sound feasibility/viability analysis (short and long-term)</li> <li>▶ Profits are being generated</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Financial records (to show capital investment vs. AWP target, and profits)</li> </ul>   |
|   | 2.2 Profits generated are reinvested in forest management and other enterprise activities                 | <ul style="list-style-type: none"> <li>▶ Projects or activities implemented out of profits</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Financial records</li> </ul>  |
|   | 2.3 Records keeping and financial reporting exist   | <ul style="list-style-type: none"> <li>▶ Regular audits conducted, reviewed by BOD and presented to the general assembly</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Internal/external auditor's report</li> <li>▶ BOD meeting minutes</li> </ul>  |
| 3. PO members and the community have equitable access to opportunities and to the distribution of benefits from SFM | 3.1 Equally qualified men and women and youth have equal access to jobs, training and other opportunities | <ul style="list-style-type: none"> <li>▶ Female and youth members are employed and trained</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Payroll and training records</li> </ul>   |
|   | 3.2 Members share equitably in profits  | <ul style="list-style-type: none"> <li>▶ Profit sharing or dividend distribution follows by-laws and other policies approved by general assembly</li> </ul>   | <ul style="list-style-type: none"> <li>▶ Financial records</li> </ul>  |
|   | 3.3 Local communities benefit from forest management operation in area                                    | <ul style="list-style-type: none"> <li>▶ Employment of community residents in forest management and other livelihood activities</li> <li>▶ PO assistance to the broader community, e.g. scholarships, donations, sponsorships, etc.</li> <li>▶ PO payment of taxes, fees, etc. to local governments</li> </ul>                      | <ul style="list-style-type: none"> <li>▶ Employment records (to know % of non-PO members in labor force)</li> <li>▶ Financial and other records</li> </ul>   |

### 3 Concept note for case study series

#### CASE STUDIES OF STANDARDS-BASED APPROACHES TO COMMUNITY FORESTRY DEVELOPMENT IN ASIA

##### **Background and Rationale**

The Regional Community Forestry Training Centre for Asia and the Pacific (RECOFTC) is currently evaluating the role of standards-based approaches (SBAs) in improving forest management by local groups and communities. SBAs comprise certification, criteria and indicators, performance monitoring and any other approach based on agreed benchmarks for determining how and if a forest is well-managed. Prior experience with such approaches suggests that they offer not only a desired product, i.e. an agreed set of benchmarks, but also a valuable process for negotiating forest management goals and definitions in a transparent, participatory manner. The aim of RECOFTC's work is to determine the uses to which different SBAs can be put, the conditions in which they will function most effectively, and their links and interactions with other market and policy instruments for improving local forest management.

As part of this work, RECOFTC is planning to undertake a series of case studies of SBAs in Asia. The aim of these studies will be to evaluate, at the local level, the impacts and effectiveness of selected SBAs in improving forest management. Each case study will focus on local forest management capacities (social, technical, institutional, economic, etc.) and how these are used, created or enhanced by a particular standards-based approach. The justification for focusing on capacity – in all of its forms – is that it will be the main determinant of improved forest management.

Owing to a lack of data (something the case studies are themselves designed partly to overcome), it is difficult to know how or where a particular SBA might have an effect on local capacities. Nevertheless each case study, instead of being purely descriptive, will aim to test some general propositions. First, the extent to which local forest managers contribute to setting benchmarks for an SBA is likely to determine how well those benchmarks reflect existing capacities and weaknesses. Second, the extent to which local forest managers are actively involved in meeting the benchmarks is likely to determine how far an SBA builds local capacities. Third, the extent to which local forest managers are actively involved in monitoring and evaluating an SBA is likely to determine how well future iterations of the SBA, or future SBAs, incorporate and reflect changing needs and capacities.

The main thread running through these propositions is that the more control local forest managers have over an SBA – from development to deployment and evaluation – the more likely they will be to use it and benefit from it. Ownership, in other words,

will be a key incentive to participate. There will be other incentives of course, but unless an SBA meets this central requirement it may not be able to attract local groups or communities whose goal is to improve their management. The proposed case studies will not provide a definitive answer to these propositions, and they will not allow much generalisation beyond certain limited contexts. Nevertheless, they are expected to be valuable sources of information in their own right, and will enable RECOFTC to refine the focus and assumptions of its SBA programme.

### **Potential Case Study Candidates**

A recent study of SBAs in Asia and the Pacific commissioned by RECOFTC (see Markopoulos, 2003) identified two possible case studies of community-based SBAs:

- ▶ **Certification of village forestry associations in Lao PDR.** This process began in 1999 with a scoping assessment of several associations established by a World Bank forestry project. After a hiatus of several years, certification resumed in 2002 with a second scoping assessment. A full certification assessment of 11 associations (organised into two provincial management groups) is planned for April 2003. The certification process is based on the principles and criteria of the Forest Stewardship Council (FSC), and is supported by the Finnish government and the World Bank-WWF Alliance.
  
- ▶ **Environmental Performance Monitoring of forest communities in the Philippines.** EPM is a relatively new approach, designed to improve operations in community-based forest management units. It is based on a set of 13 criteria and associated indicators developed by the Philippine government in consultation with people's organisations and NGOs. A small number of communities, as well as some donor-funded forestry projects, are currently using EPM, and it is serving as a point of reference for the development of local and national criteria and indicators of sustainable forest management.

Certification and EPM can both be characterised as standards-based approaches. However, they differ in a number of important respects, and it is these differences which make their combined study so potentially instructive. First, certification is a market-oriented approach, based on third-party verification of standards that are external to the management unit, but which have been interpreted and applied internally. By contrast, EPM is a management-oriented approach, based on first-party verification of criteria and indicators that are external to the (community) management unit, but which have been developed and tested with substantial community participation.

Second, both certification and EPM are voluntary approaches, but for different reasons. Certification is voluntary because it relies on market incentives to improve manage-

ment, and because compulsory certification could raise a technical barrier to trade. EPM is voluntary because this is seen as the best way of encouraging its active uptake and use. Of course, there are ways to explicitly or implicitly promote a particular SBA, without actually making it compulsory. An interesting aspect of the Lao PDR case is that certification is being linked to projected national mechanisms for sustainable forest management, including a compulsory audit based on national criteria and indicators. As has happened in other countries, certification may be allowed to substitute for this audit. In the Philippines, the EPM criteria and indicators have been incorporated into at least one certification assessment. Whatever the reasons for doing this, it may send a message that – for certification at least – EPM is not a voluntary approach but a required one.

Added to the differences (and interactions) between certification and EPM are several other reasons for selecting these two SBAs as case studies. One is that certification is being vigorously promoted in Asia by WWF and other parties, and just as vigorously debated in countries such as Indonesia. A large number of issues and uncertainties surround the use of certification in this region, but little work is being done to evaluate its local impacts (as opposed to its links or interactions with national laws and policies). A rigorous, detailed case study of certification may help to enlighten these debates and guide future promotional strategies (though it is recognised that the opportunities to generalise from one case study will necessarily be limited). A second reason is that the high profile of certification may well obscure the potential to improve forest management of less ambitious, more localised SBAs such as EPM.

### **Research Approach**

The first step in each case study will be to make contact with local forest managers and other stakeholders (including government) to investigate the feasibility of a study. Once this has been confirmed, the conduct, timing and scope of the study will be arranged with forest managers to minimise any possible disruption. In the case of Lao PDR, if the study goes ahead contacts will be made with the certification body to obtain background information and identify potential informants.

Each study will take the form of an independent field review, conducted by a consultant working for RECOFTC. It is envisaged that the consultant will work in collaboration with a locally nominated counterpart. The main tools of field investigation will be participatory assessments and key informant interviews; these will be complemented by primary and secondary literature reviews undertaken before fieldwork commences. Key informants will be involved in the post-fieldwork phase to confirm data and provide feedback on findings and interpretations.

**Outputs and Beneficiaries**

In each case, discussions will be held with stakeholders as to how to make the proposed study of maximum benefit to them, through the issues researched, the style of research, and the use of results. At this stage, it is hoped that the findings of each study will benefit stakeholders by providing an objective assessment of what the SBA under study can achieve or has achieved; highlighting any possible negative effects; delineating any links between the SBA and wider efforts to improve local forest management; and providing useful data with which to focus future monitoring and evaluation efforts. The combined findings of the case studies (which, it is hoped, will be available by September 2003) should also provide key input into RECOFTC's evolving programme on SBAs, and will be of general benefit to governments, communities, donors and other groups interested in the role and potential of SBAs in improving forest management.

## 4 Concept note for Lao PDR case study

### VILLAGE FOREST CERTIFICATION, LAO PDR

#### **Background and Rationale**

The Regional Community Forestry Training Centre for Asia and the Pacific (RECOFTC) is currently evaluating the role of standards-based approaches (SBAS) in improving forest management by local groups and communities. SBAS comprise certification, criteria and indicators, and any other approach based on agreed benchmarks for determining how and if a forest is well-managed. Prior experience with such approaches indicates that they offer not only a desired product, i.e. an agreed set of benchmarks, but also a valuable process for negotiating forest management goals and definitions in a transparent, participatory manner. The aim of RECOFTC's current work is to determine the uses to which different SBAS can be put, the conditions in which they will function most effectively, and their links and interactions with other instruments for improving forest management.

As part of this work, RECOFTC is planning to undertake a series of case studies of SBAS in Asia. The aim of these studies will be to assess, at the local level, the impacts and effectiveness of selected SBAS in improving participatory forest management. One of the case studies will focus on voluntary, market-based certification, which is designed to improve forest management by linking market demands for sustainably produced forest products with producers who can meet such demands. Although there are indications that certification will be effective in achieving its purpose, many issues and uncertainties have yet to be resolved. For example, how will producers bear the costs and risks of certification? How can the demands of certification be reconciled with local capacities for social, economic or institutional change? What impact will certification have on wider constraints to improving forest management, such as land-use conflicts? The answers to such questions, at least in Asia, tend to be speculative at best. Regional experience with certification is limited, although the number of individual certifications is growing slowly and vigorous debates on certification have started in several countries.

The 11 village forestry associations (VFAS) participating in Lao PDR's Pilot Forest Certification Project (PFCP) have been identified as a potential certification case study for two main reasons. First, PFCP's focus is not just on certifying VFAS, but on developing a mechanism to certify forests at the provincial level, and linking this to projected national mechanisms for sustainable forest management (including an audit based on national criteria and indicators). In this case, therefore, certification is being linked explicitly to other instruments for improving forestry, and, by virtue of their participation, VFAS might be expected to contribute to and influence this wider process of policy

development. Second, the legal and institutional basis for participatory forest management in Lao PDR is in a state of flux, and a successful outcome to certification could have important knock-on effects on the future scope and profile of this forest management form.

### **Purpose**

The purpose of this study will be to assess the actual and potential impacts of certification on VFAs and their local government counterparts, and its wider implications for participatory sustainable forest management in Lao PDR. This will help the VFAs, their stakeholders, the Lao government and similar initiatives in Asia to improve their decisions about if, and how, to develop, apply and monitor certification as a standards-based approach to improving participatory forest management.

### **Research Approach**

The study will take the form of an independent field review, conducted by Dr Matthew Markopoulos, a consultant working for RECOFTC. It is envisaged that Dr Markopoulos will work in collaboration with a locally nominated counterpart. Participatory assessments and key interviews will be used to assess the costs and benefits of certification, and how and to whom these have been distributed (from the perspective of the stakeholders themselves). The study will cover issues such as:

- ▶ Changes to stakeholders' rights, responsibilities, returns and relationships resulting from the certification process, and whether these changes have reached beyond the VFAs and their local government counterparts to other participatory forest management initiatives in Lao PDR or to the Lao Department of Forestry.
- ▶ Changes to forest management, including stakeholders' feelings about the speed and appropriateness of changes, and the resulting quality of management.
- ▶ Changes to the forest management capacities of VFAs and their local government counterparts resulting from the actions that have been taken to meet certification standards.
- ▶ Changes to the cost structure and commercial focus of the VFAs (including the relative division of resources and attention between domestic and export markets) that can be attributed to certification.
- ▶ Policy and institutional incentives and constraints faced by stakeholders during the certification process, as well as any areas where stakeholders feel that policies and institutions have improved (or have the potential to improve) as a result of certification.
- ▶ Assessment of how far any of the above findings can be correlated with particular aspects of the certification process; for example, certification body, assessment team, assessment approaches, standards used, corrective action requests or recommendations made by the certification body, time available and so on.

**Timing**

To be determined, but no earlier than June 2003 (after the main certification assessment has been completed).

**Outputs and Beneficiaries**

Discussions will be held with the Lao Department of Forestry, PFCP, VFAS and local government officers as to how to make the proposed study of maximum benefit to stakeholders, through the issues researched, the style of research, and the use of results. At this stage, it is hoped that the findings of the study will benefit stakeholders by:

- ▶ providing an objective assessment of what certification may be able to achieve;
- ▶ highlighting any possible negative effects;
- ▶ delineating the links between certification and wider efforts to implement participatory sustainable forest management in Lao PDR; and
- ▶ providing useful data with which to focus future monitoring and evaluation efforts.

The findings of the study should also provide key input to RECOFTC's evolving programme on standards-based approaches, and will be of general interest to governments, donors, communities and other groups interested in the role and effectiveness of standards in improving participatory forest management.

## 5 Field study itinerary, Lao PDR, 1–14 June 2003

### June

- 1 Arrive Vientiane
- 2 **am** Meetings with officials of DOF and Ministry of Agriculture and Forestry  
**pm** Meetings with advisors from Lao-Swedish Upland Agriculture and Forestry Research Programme, and SNV Laos
- 3 Review of literature in DOF Library
- 4 Travel to Savannakhet
- 5 **am** Meetings and interviews with staff of Savannakhet PAFO, PFO and GMCU, and owner of Km 4 Sawmill  
**pm** Travel to District of Thapangthong, Dong Sithouane; meetings and interviews with staff of Thapangthong DAFO, DFO and FMTU
- 6 Meetings and interviews with members of Bakkhoumkham and Nonsavang VFAS, Thapangthong
- 7 Meetings and interviews with members of Khoktaleu and Naxieng VFAS, Thapangthong
- 8 Travel to Khammouane (Thakhek)
- 9 Meetings and interviews with staff of Khammouane PAFO, PFO and GMCU; and managing director of Applied Art Trading Company Ltd
- 10 **am** Travel to District of Xebangfai, Dong Phousoi; meetings and interviews with staff of Xebangfai DAFO, DFO and FMTU  
**pm** Meetings and interviews with members of Some, Thamlai and Khoktong VFAS, Xebangfai
- 11 Return to Vientiane
- 12 **am** Interview with member of DOF Forest Certification Working Group  
**pm** Report writing
- 13 **am** Interview with country director of WWF Laos and wrap-up meeting at DOF  
**pm** Report writing
- 14 Depart Vientiane

## 6 List of informants, Lao PDR

### Vientiane (exploratory visit and field study)

1. Dr Phouang Parisak Pravongviengkham, Deputy Permanent Secretary, Ministry of Agriculture and Forestry
2. Mr Bouahong Phanthanousy, Director of Planning and Cooperation, DOF (and National Project Director, FOMACOP and PFCP)
3. Mr Vongdeuane Vongsiharath, Forest Certification Working Group, DOF
4. Dr Manuel Bonita, Consultants Team Leader, PFCP
5. Mr Roland Eve, Country Director, WWF Laos
6. Mr Michael Victor, Information Services Advisor, Lao-Swedish Upland Agriculture and Forestry Research Programme
7. Mr Joost Foppes, Non-Timber Forest Products Advisor, SNV Laos

### Savannakhet

1. Mr Thongeth Phrayvanh, Deputy Chief, PAFO
2. Mr Laty Phengsibay, Deputy Chief, PFO
3. Mr Keng, Owner, Km 4 Sawmill
4. Mr Somsakoun Souvannasing, Chief, DAFO Thapangthong
5. Mr Khamla, Chief, DFO Thapangthong
6. Mr Khongsavanh, Chief, FMTU, DFO Thapangthong
7. Mr Anong, Forester, FMTU, DFO Thapangthong
8. Mr Khamdy, Forester, FMTU, DFO Thapangthong
9. Mr Phoulay, Chairman, Bakkhoumkham VFA, Thapangthong
10. Mr So, Vice-Chairman, Bakkhoumkham VFA, Thapangthong
11. Mr Vanliday, Manager, Bakkhoumkham VFA, Thapangthong
12. Mr Pomma, Treasurer, Bakkhoumkham VFA, Thapangthong
13. Mr Vai, Inventory Team, Bakkhoumkham VFA, Thapangthong
14. Mr Chanthavong, Inventory Team, Bakkhoumkham VFA, Thapangthong
15. Mr Bounnan, Stores, Bakkhoumkham VFA, Thapangthong
16. Mr Long, Village Elder, Ban Bakkhoumkham, Thapangthong
17. Mr Khamvay, Village Headman, Ban Nonsavang, Thapangthong
18. Mr Shingkhamb, Chairman, Nonsavang VFA, Thapangthong
19. Mr Sounthome, Vice-Chairman, Nonsavang VFA, Thapangthong
20. Mr Somboun, Manager, Nonsavang VFA, Thapangthong
21. Mr Khampew, Vice-Manager, Nonsavang VFA, Thapangthong
22. Mr Khambone, Secretary, Nonsavang VFA, Thapangthong
23. Mr Khomesavanh, Treasurer, Nonsavang VFA, Thapangthong
24. Mr Pome, Village Elder, Ban Nonsavang, Thapangthong
25. Mr Damdy, Village Elder, Ban Nonsavang, Thapangthong
26. Mr Khambouan, Village member, Ban Nonsavang, Thapangthong

27. Mr Samian, Chairman, Khoktaleu vFA, Thapangthong
28. Mr Xiengsang, Vice-Chairman, Khoktaleu vFA, Thapangthong
29. Mr Sikham, Manager, Khoktaleu vFA, Thapangthong
30. Mr Home, Committee Member, Khoktaleu vFA, Thapangthong
31. Mr Khamla, Committee Member, Khoktaleu vFA, Thapangthong
32. Mr Sombath, Village Headman, Ban Khok (member village of Khoktaleu vFA)
33. Mr Noubeng, Chairman, Naxieng vFA, Thapangthong
34. Mr Louam, Vice-Chairman, Naxieng vFA, Thapangthong
35. Mr Kouang, Manager, Naxieng vFA, Thapangthong
36. Mr Kiengkham, Secretary, Naxieng vFA, Thapangthong
37. Mr Done, Inventory Team, Naxieng vFA, Thapangthong
38. Mr Tou, Village Elder, Ban Naxieng, Thapangthong
39. Mr Mone, Village Elder, Ban Naxieng, Thapangthong

### **Khammouane**

- I. Mr Phetsamay Phetlamphane, Chief, PAFO
2. Mr Khamphuang Thephakanh, Deputy Chief, PAFO
3. Mr Bounoum Vilaysone, Forester, GMCU, PFO
4. Mr Ejnar Jørgensen, Managing Director, Applied Art Trading Company Ltd
5. Mr Chanthanon Niammanivanh, Chief, DAFO Xebangfai
6. Mr Khammoune Phomhipak, Deputy Chief, DAFO Xebangfai
7. Mr Orlavanh, Chief, DFO Xebangfai
8. Mr Meena Sengsouk, Chief, FMTU, DFO Xebangfai
9. Mr Wanna, Forester, FMTU, DFO Xebangfai
10. Mr Bounthavy, Manager, Some vFA, Xebangfai
11. Mr Kousone, Bookkeeper, Some vFA, Xebangfai
12. Mr Pheng, Member, Some vFA, Xebangfai
13. Mr Pe, Member, Some vFA, Xebangfai
14. Mr Bounta, Deputy Village Headman, Ban Some, Xebangfai
15. Mr Bounhieng, Village Headman, Ban Thamlai, and Committee Member, Thamlai vFA, Xebangfai
16. Mr Khamphouvah, Secretary, Thamlai vFA, Xebangfai
17. Mr Daengdi, Bookkeeper, Thamlai vFA, Xebangfai
18. Mr Da, Member, Thamlai vFA, Xebangfai
19. Mr Bounthone, Member, Thamlai vFA, Xebangfai
20. Mr Souk, Member, Thamlai vFA, Xebangfai
21. Mr Sivilai, Manager, Khoktong vFA, Xebangfai
22. Mr Somepho, Secretary, Khoktong vFA, Xebangfai
23. Mr Peng, Inventory Team, Khoktong vFA, Xebangfai
24. Mr Tiene, Member, Khoktong vFA, Xebangfai
25. Mr Soubine, Member, Khoktong vFA, Xebangfai

26. Mr Done, Member, Khoktong vFA, Xebangfai

**Others (email only)**

1. Dr Marko Katila, Indufor Oy (and ex-FOMACOP)
2. Ms Vaneska Litz, University of Wisconsin (and ex-FOMACOP)
3. Mr Jim Carle, Senior Forestry Officer, FAO Rome
4. Mr Jeff Hayward, Asia Pacific Regional Manager, SmartWood
5. Mr Tomas Jonsson, Scandiaconsult Natura

## 7 Concept note for Philippines case study

### ENVIRONMENTAL PERFORMANCE MONITORING (EPM), PHILIPPINES

#### **Background and Rationale**

The Regional Community Forestry Training Centre for Asia and the Pacific (RECOFTC) is currently evaluating the role of standards-based approaches (SBAs) in improving forest management by local groups and communities. SBAs comprise certification, criteria and indicators, and any other approach based on agreed benchmarks for determining how and if a forest is well-managed. Prior experience with such approaches suggests that they offer not only a desired product, i.e. an agreed set of benchmarks, but also a valuable process for setting forest management goals and definitions in a transparent, participatory manner. The aim of RECOFTC's current work is to determine the uses to which different SBAs can be put, the conditions in which they will function most effectively, and their links and interactions with other instruments for improving forest management.

As part of this work, RECOFTC is planning to undertake a series of case studies of SBAs in Asia. The aim of these studies will be to assess, at the local level, the impacts and effectiveness of selected SBAs in improving participatory forest management. Each case study will focus on local forest management capacities (social, technical, institutional, economic, etc.) and how these are used, created or enhanced by a particular SBA. The justification for focusing on capacity – in all of its forms – is that it will be the main determinant of improved forest management.

The Philippines' Environmental Performance Monitoring (EPM) system was developed to support and improve operations in community-based forest management units (CBFMUs). It is based on four core environmental criteria and nine process criteria, and their associated indicators. Community forest managers deploy and monitor the system themselves, with the help of field staff from the Philippines' Department of Environment and Natural Resources (DENR). Managers are free to use the data from EPM in whatever way they choose; possible applications include decision-making, social communication, and communication with DENR, LGUs (local government units) and other government agencies. The system is still immature – field testing only finished in 2001 – and it has yet to be widely adopted by communities (though several donor-funded forest management projects are reported to be using it).

EPM has been identified as a potential SBA case study for several reasons. First, it has the explicit goal of building capacity, a lack of which is a key limiting factor in participatory forest management in the Philippines. The nine EPM process criteria directly

address capacity, which they define not only in terms of technical skills and environmental awareness, but also in terms of organisational cohesion and business viability. This capacity-building approach is complemented by the voluntary nature of EPM, and the participatory manner in which it was developed (see below). DENR hopes that these features will encourage the active use and ownership of the system.

A second reason for focusing on EPM is the way in which it was developed. The definition of the criteria and indicators, and their subsequent testing in the field, were deliberately participatory exercises. Although guided by DENR, the developmental process involved communities, people's organisations, NGOs, donors and several levels of government. The resulting product has benefited from a great deal of local input, both during development and during field testing. A number of changes have reportedly been made to the system as a result of feedback received from communities. Given its history, EPM might be expected to mirror local needs and capacities, perhaps more closely than other, externally developed, SBAs such as certification (though this is no more than supposition at present).

The reference to certification provides a third reason for selecting EPM: its role in wider market and policy processes in the Philippine forest sector. Participatory forest management in the Philippines is going through an uncertain phase, as DENR tries to shift its community-based forest management programme from a high-input, project-driven model to one that is more streamlined and draws in more private capital. New guidelines have been formulated that would reduce the regulatory burden on holders of community-based forest management agreements, and would permit them to enter into joint ventures with private businesses and other entities. These moves are being made against a backdrop of continued illegal logging and growing domestic demand for wood, which makes it imperative that any remaining natural forests are placed under sustainable management.

EPM's role in these processes is in some cases explicit. For example, the system is serving as a point of reference for the formulation of criteria and indicators of sustainable forest management at the national and forest management unit level. The EPM criteria and indicators are also being incorporated into the management standards used to certify forest operations in the Philippines, and would almost certainly figure in any future national certification standard. As a platform for the development of new market and policy instruments, therefore, EPM may have an important influence on the future state of Philippine forests. It is also possible, however, that EPM will play other, as yet undefined, roles. For example, if DENR were to open community-based forest management to private investment, communities could use EPM to signal the viability of their forest enterprise and so attract prospective investors. DENR could also use EPM as a basis for monitoring and regulating company-community partnerships.

**Purpose**

The purpose of this study will be to assess the actual and potential impacts of EPM on one or more CBFMUS, and its wider implications for participatory sustainable forest management in the Philippines. This will help community forest managers, people's organisations, the Philippine government and related initiatives in Asia to improve their decisions about if, and how, to develop, apply and monitor EPM as a standards-based approach to improving forest management.

**Research Approach**

The study will take the form of an independent field review, conducted by Dr Matthew Markopoulos, a consultant working for RECOFTC. It is envisaged that Dr Markopoulos will work in collaboration with a locally nominated counterpart. Participatory assessments and key interviews will be used to assess the costs and benefits of EPM, and how and to whom these have been distributed (from the perspective of the stakeholders themselves). The study will cover issues such as:

- ▶ Changes to stakeholders' rights, responsibilities and relationships resulting from EPM, and whether these changes have reached beyond the CBFMUS and their constituencies to LGUS, DENR, or other groups managing forests.
- ▶ Changes to forest management and administration, including stakeholders' feelings about the speed and appropriateness of any changes, and the resulting quality of management.
- ▶ Changes to the social, technical and organisational capacities of CBFMUS resulting from the actions that have been taken to deploy and monitor EPM, or to analyse and apply the resultant data.
- ▶ Policy and institutional incentives and constraints faced by stakeholders during the process of implementing EPM, as well as any areas where stakeholders feel that policies and institutions have improved (or have the potential to improve) as a result of EPM.
- ▶ Assessment of how far any of the above findings can be correlated with particular aspects of the EPM process, for example local involvement in formulating or field-testing EPM criteria and indicators; participation in applying and monitoring the system; local applications of EPM data; support or involvement from DENR field offices; and so on.

**Timing**

The study will take place sometime between May and July 2003. Actual dates will be determined in consultation with stakeholders.

### **Outputs and Beneficiaries**

Discussions will be held with DENR and the selected CBFMU(s) as to how to make the proposed study of maximum benefit to stakeholders, through the issues researched, the style of research, and the use of results. At this stage, it is hoped that the findings of the study will benefit stakeholders by:

- ▶ providing an objective assessment of what EPM can or has achieved;
- ▶ highlighting any possible negative effects;
- ▶ delineating any links between EPM and wider efforts to improve participatory forest management; and
- ▶ providing useful data with which to focus future monitoring and evaluation efforts.

The findings of the study should also provide key input to RECOFTC's evolving programme on standards-based approaches, and will be of general interest to governments, donors, communities and other groups interested in the role and effectiveness of standards in improving participatory forest management.

## 8 Field study itinerary, Philippines, 27 July–9 August 2003

### July

- 27 Arrive Manila
- 28 **am** Meetings and interviews with staff of DENR-FMB  
**pm** Meetings and interviews with staff of USAID/DAI EcoGovernance Project
- 29 Meetings and interviews with staff of DENR-FMB
- 30 Travel to Butuan City, Caraga Region
- 31 Meetings and interviews with staff of DENR Caraga and CBRMP Regional Project Management Office

### August

- 1 Travel to Municipality of Veruela, Agusan del Sur; meetings and interviews with staff of Municipality's CBRMP sub-project and members of 3 POS participating in sub-project (CATRIDECO, AFAMCO, AGMAMUPCO)
- 2 Travel to Municipality of Santa Josepha, Agusan del Sur; meeting with staff of Municipality's CBRMP sub-project and members of POS participating in sub-project\*
- 3 Report writing
- 4 Meetings and interviews with staff of DENR Caraga
- 5 **am** Travel to Municipality of Lianga, Surigao del Sur; meetings and interviews with staff of PENRO Tandag and CENRO Lianga, and members of Pacific Development Cooperative.  
**pm** Travel to Municipality of Bayugan, Agusan del Sur; meetings and interviews with staff of CENRO Bayugan and chairman of Santa Maria-Magkalape Tree Planters Cooperative.
- 6 Wrap-up meetings at DENR Caraga
- 7 Return to Manila
- 8 Wrap-up meetings at DENR-FMB
- 9 Depart Manila

\* This sub-project was erroneously reported to be using EPM.

## 9 List of informants, Philippines

### Manila (exploratory visit and field study)

1. Dr Romeo Acosta, Director, DENR-FMB
2. Mr Nonito Tamayo, Senior Forest Management Specialist, DENR-FMB
3. Mr Dionisio Tolentino, Director, CBFM Program Office, DENR
4. Mr Domingo Bacalla, Director, CBFM Division, DENR-FMB
5. Ms Remedios Evangelista, CBFM Division, DENR-FMB
6. Ms Isabelita Austria, ITTO Neuva Viscaya National Project Coordinator, DENR-FMB
7. Ms Lourdes Wagan, Model Forest National Project Coordinator, DENR-FMB
8. Mr Norlito Sarmiento, Forest Management Specialist, DENR-FMB
10. Mr Marcial Amaro, Officer-In-Charge, Policy Studies Service, DENR
11. Dr Ernesto Guiang, Chief of Party, USAID/DAI EcoGovernance Project
12. Ms Rebecca Paz, Deputy Chief of Party, USAID/DAI EcoGovernance Project
13. Ms Anabelle Plantilla, Director, Haribon Foundation
14. Fr Peter Walpole, Director, ESSC
15. Ms Sylvia Miclat, ESSC

### Caraga Region

1. Mr Amando Capiton, Chief, Foreign Assisted Projects Office, DENR
2. Ms Alejandra Boiser, CBRMP Regional Technical Working Group, DENR
3. Mr Jerome Albia, Agroforestry Specialist, DENR
4. Mr Bernardo Sedero, Regional CBFM Coordinator, DENR
5. Ms Maritess Ocampo, Chief, Planning and Management Division, DENR
6. Mr Bonifacio Ondona, Regional Project Coordinator, CBRMP
7. Mr Jeremias Molina, Community Development Specialist, CBRMP
8. Mr Diego Escaño, Provincial Environment and Natural Resources Officer, PENRO Surigao del Sur
9. Mr Milton Legaspi, CBFM Coordinator, CENRO Bayugan
10. Mr Philip Calunsag, Community Environment and Natural Resources Officer, CENRO Lianga
11. Mr Alfredo Pabas, Forester, CENRO Lianga
12. Mr Teodulo Awa, Scaler, CBFM Office, CENRO Bunawan
13. Mr Gil Salise, Municipal Planning and Development Coordinator, Veruela
14. Mr Robert Peliño, Municipal Natural Resources Management Specialist, Veruela
15. Dato Sumapnay, Chairman, CATRIDECO, Veruela
16. Dato Mambusayon, Vice-Chairman, CATRIDECO, Veruela
17. Mr Roberto Bacudel, Member, CATRIDECO, Veruela
18. Mr Joel Marestrado, Chairman, AGMAMUPCO, Veruela
19. Mr Julian Abuda, Chairman, AFAMCO, Veruela
20. Mr Jerry Jabines, Vice-Chairman, AFAMCO, Veruela

21. Mr Bonifacio Pagobo, Chairman, PDC, Lianga
22. Mr Diory Lamigo, Manager, PDC, Lianga
23. Mr Reynaldo Corsino, Member, PDC, Lianga
24. Mr Jobito Agua, Chairman, SMMTPC, Sibagat

**Others (email only)**

1. Mr Todd Johnson, Chief of Party, USAID/DAI Great Limpopo Transboundary Natural Resources Management Initiative (and ex-NRMP)
2. Mr Walter Smith, Senior Technical Specialist, SmartWood

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