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**FRAMEWORK
FOR
DENR-LGU
STRATEGIC
PARTNERSHIP
FOR NATURAL
RESOURCES
MANAGEMENT**

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Natural Resources Management Program

PREFACE

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ACRONYMS

ADB	-	Asian Development Bank
CENRO	-	Community Environment and Natural Resources Office
DA	-	Department of Agriculture
DAR	-	Department of Agrarian Reform
DENR	-	Department of Environment and Natural Resources
DILG	-	Department of Interior and Local Government
DPWH	-	Department of Public Works and Highways
FMB	-	Forest Management Bureau (of DENR)
FY	-	Financial Year
GOLD	-	Governance and Local Democracy Project (USAID)
LGU	-	Local Government Unit
LMFMO	-	Lower Magat Forest Management Office
MOA	-	Memorandum of Agreement
NIA	-	National Irrigation Authority
NGO	-	Non-Governmental Organization
NRMP	-	Natural Resources Management Program
PCSD	-	Palawan Council for Sustainable Development
PENRO	-	Provincial Environment and Natural Resources Office
RED	-	Regional Executive Director (of DENR)
RTD	-	Regional Technical Director (of DENR)
USAID	-	United States Agency for International Development

FRAMEWORK FOR DENR-LGU STRATEGIC PARTNERSHIP FOR NATURAL RESOURCES MANAGEMENT

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INTRODUCTION: WHY A DENR-LGU PARTNERSHIP?

Effective Partnerships: A Win-Win Opportunity

The 1991 Local Government Code mandated considerable devolution to LGUs, and periodic assessments indicate that considerable progress has been made in achieving the intended objective of more autonomous, responsive and accountable local government. Although challenges remain, USAID's eighth Rapid Field Appraisal of Decentralization (October 1998) provided a generally very positive assessment of devolution since 1991.

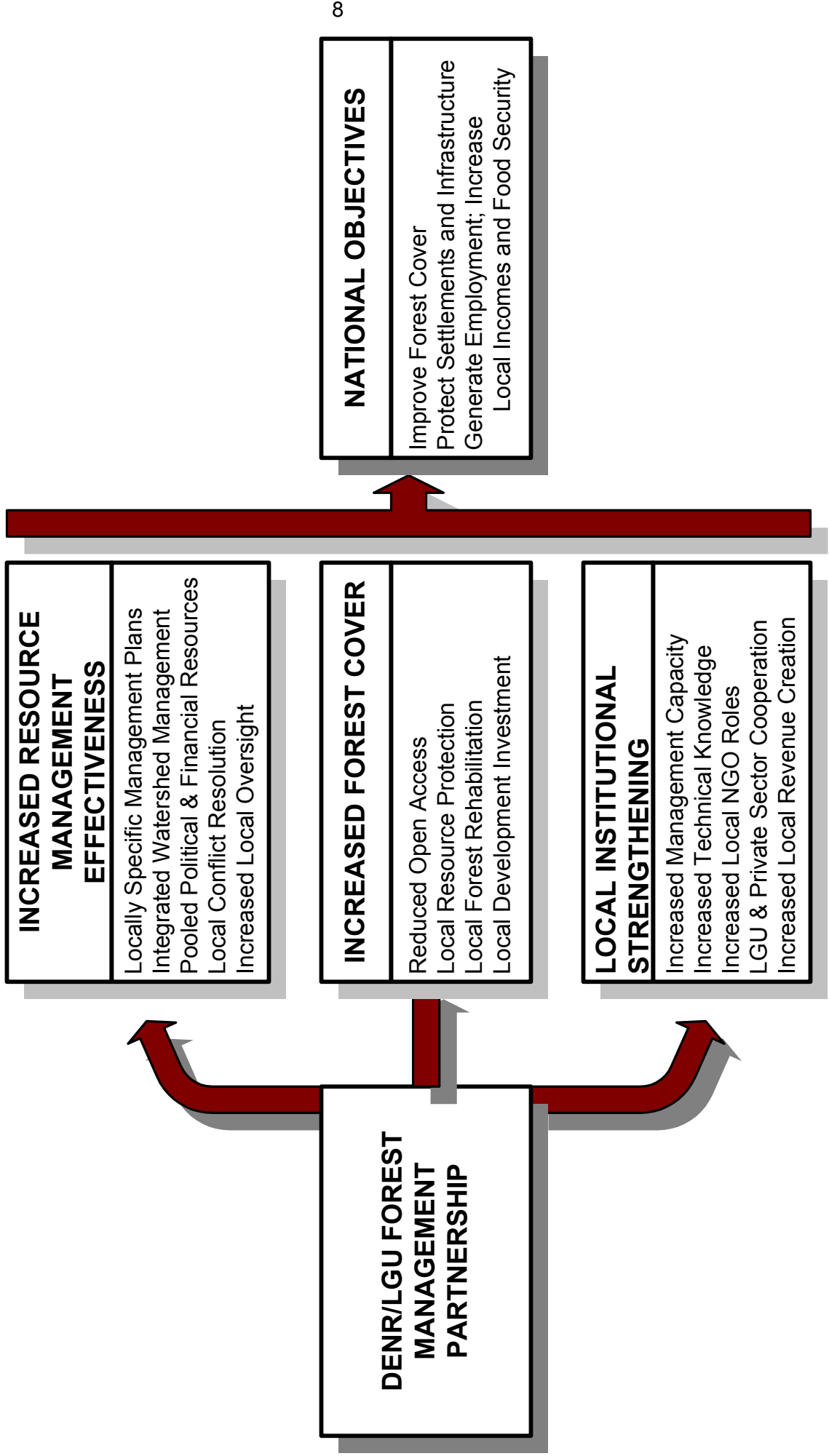
The environment, however, presents an exception from other sectoral programs devolved to LGUs under the Local Government Code. DENR specifically retains the ultimate responsibility for effective management of the Philippines' resources. It is charged with establishing national policies and exercising oversight, control and review of LGU environmental activities. While LGUs are given some increased authority, these are to be exercised within the framework established by DENR. With the environment, then, the issue is not so much one of devolving functions, but of developing an effective partnership between DENR and LGUs.

Strong partnerships are essential to the fulfillment of DENR's mission and the achievement of national objectives. The effective management of natural resources is highly challenging. We have learned that it requires not only technical skills, but also a sound understanding of the often unique social and economic issues in each locality, a mastery of the political dynamics of local communities and a sensitivity to local cultural norms. A unidimensional approach that does not incorporate these social, economic and political dimensions will not be effective. Only a more integrated approach, building on the complementary skills and strengths of DENR and LGUs, can achieve national objectives.

This is particularly true in dealing with the recently established legal requirements and the highly unique characteristics of lands that comprise ancestral domains or belong to indigenous peoples. Similarly, the special legal status of the Autonomous Region in Muslim Mindanao and the unique authorities conferred on the Palawan Council for Sustainable Development require some kind of new and vigorous working relationship between DENR and various LGUs.

FIGURE 1

DENR-LGU Partnership to Achieve National Objectives



Even a purely technical approach underscores the importance of a DENR-LGU partnership. There is broad agreement that improved watershed management is key to sustainable forestry management, protection of human settlements and infrastructure investments, sufficient water resources, flourishing agriculture and increased food security. A focus on watershed management, however, cuts across established bureaucratic boundaries. It will require DENR to build a new working relationship with DA and DAR, and also to forge strong partnerships with LGUs.

Given the severe budget restrictions that DENR is coping with, strong partnerships with LGUs also offer the opportunity to leverage increased funds for environmental programs. USAID's most recent two Rapid Field Appraisals (1997 and 1998) have noted the creativity of LGUs in identifying new revenue sources. In some cases, this has included a partnership with the private sector, which has demonstrated that it is prepared to make its own contributions to projects that it is convinced will yield real benefits. In addition, effective management of the forest resources of the Philippines, will yield increased government revenues over the longer term.

In summary, active pursuit of an effective partnership between DENR and LGUs offers a win-win opportunity. It will strengthen DENR's position, augment its resources, expand its influence and enhance its credibility. Through a DENR-LGU partnership, DENR will be better able to achieve both its mission as the guardian of the Philippines environment, and to achieve national poverty reduction objectives established by the new Estrada administration. Conversely, failure to actively promote a DENR-LGU partnership ultimately means failure to achieve the DENR mission and continued threat to the Philippines basic resource base. That is, "benign neglect" and the hope that somehow things will drift along without major problems, is not an option.

Challenges to DENR-LGU Partnerships

Building effective partnerships will have to overcome several obstacles inherited from the past, however, which tend to cloud relations between DENR and LGUs. Within DENR there are strong memories about staff transferred to LGUs in the early 1990's following the approval of the Local Government Code. LGUs reportedly assigned these technical specialists to a variety of tasks that were unrelated to their field of expertise and within DENR there is widespread sense that these valuable human resources were largely wasted by the LGUs. The fact the LGUs are also widely regarded as having few institutional resources and relatively limited technical expertise made this misallocation of scarce human capacity even more poignant. There is also belief within DENR that LGUs are not always reliable partners who can be depended upon to protect the environment. There is a concern that considerations of local political advantage will outweigh technical judgements.

This lack of confidence on the part of DENR is reportedly reciprocated by many LGUs. They believe that DENR has a poor track record as a steward of the nation's natural resources, and cannot be relied upon to provide genuinely dispassionate technical assessments. DENR is also frequently seen as imposing intrusive and heavy-handed regulations on LGU operations, making it difficult to develop forests in an environmentally responsible manner.

Concerns about "unfunded mandates" also make LGUs cautious in moving toward collaborative partnerships with national agencies. Provincial and municipal officials point out that there is a gap between the devolution of authority envisioned in the Local Government Code and the financial resources of local governments. Analyses undertaken by USAID's GOLD project indicate that despite significant devolution of functions and (in many cases) staff, the budgets of national agencies has increased significantly. Overall, the proportion of public funding allocated to LGUs has not increased, even though their responsibilities have been greatly expanded. Consequently, LGU officials are wary

of collaboration with DENR because they are fearful that cost centers will be shifted from the national to the local level, but the benefits will accrue only to DENR. A recent example of this was the meeting of the League of Governors. NRMP staff presented that Memorandum of Agreement between DENR and the provincial government for the management of the Lower Magat Forest Project in Nueva Vizcaya as a positive example of partnership between DENR and an LGU. Some governors, however, saw this as yet another example of a national ministry trying to devolve responsibility for a function without providing provincial governments with any additional funds to assume these new responsibilities. Rather than an innovation to be studied and possibly emulated, they saw another cost center being imposed on a provincial government.

The Importance of DENR Leadership

DENR and the LGUs have common interests and a common agenda: reversal of environmental degradation and the sustainable management of the natural resource base of the Philippines. DENR is the mandated steward of these resources, but the LGUs live directly with the consequences of either succeeding or failing to fulfill that mandate.

To move forward in establishing effective partnerships to pursue this agenda will require leadership, however. There are few candidates for this role. The Department of the Interior and Local Government (DILG) does not appear to be taking political or intellectual leadership to address the constraints to effective partnerships between DENR and LGUs. Although it formally is charged with being an active proponent of the interests of LGUs, it appears to be fairly inactive. Individual LGUs can participate in and support individual pilot efforts, but they are not in a position to help develop a framework for a strategic partnership that can be widely applied across the country.

Only DENR is a feasible candidate for this leadership role. It has the legal mandate, as well as the institutional experience and expertise. DENR already has some promising pilot efforts underway. These can serve as the foundation for promising work over the period ahead. The question is, how to do this? How can NRMP be used to capitalize on these initial investments and build momentum for effective partnerships between DENR and LGUs and capture the benefits of this win-win opportunity?

ENVISIONING A RANGE OF PARTNERSHIPS

The technical, legal and institutional issues surrounding management of the environment in the Philippines are complex. In addition to technical issues, there is a complicated thicket of laws, executive orders, regulations, and procedure requirements, sometimes imposing ambiguous or conflicting requirements on government officials at both the national and local levels. Each of these carries with it a set of institutional relationships, mandates, authorities and powers. The very different legal requirements for a wide variety of lands (from the Autonomous Region in Muslim Mindanao to ancestral domains and the rights of indigenous people) mean that there is no single model or “best” DENR-LGU partnership. We should be looking for examples of partnerships; a range of possible partnerships that can be adapted to different opportunities, needs and conditions.

This section outlines in general terms some basic models that might be considered and suggests the circumstances under which they might be appropriate. Some initial work has already been done by NRMP in the field and we have some promising examples of approaches. (Two of these are

discussed more specifically in the Annexes B and C of this report, with some recommendations about future actions that could be taken in the near term.)

The range of partnerships outlined below is presented in an ascending order, from a minimal partnership that gives relatively little authority to the LGU to a progressively more collaborative relationship that increasingly treats LGUs as an equal rather than a junior partner. These are not intended to be ideal types or mutually exclusive. (It might be possible to have different types of partnerships with the same LGU, depending on the needs of a specific project at one point in time, or on changing circumstances over time.) They are indicative of the range of relationships that DENR could pursue with LGUs and suggest a path for a steady progression toward a more equal and effective partnership that will both help DENR achieve its mission and fulfill the aspirations of the Local Government Code.

Primary implementer. DENR could be the primary implementer of all environmental projects, with LGUs merely informed of what is planned for their geographic region. The assumption underlying this type of partnership is that the national agency alone has the resources and technical expertise to undertake environmental programs, and that there is both little current capacity and little prospect of future capacity at the LGU level. It is essentially a static model that maintains the LGUs as minor and passive players in managing the natural resource base of the country. For the reasons outlined above, in this type of partnership DENR appears to be strongly predominant, but it is in fact less than effective. Furthermore, although a theoretical option, the Philippines has already rejected this model through the adoption of the Local Government Code, and DENR has moved beyond it through the adoption of programs such as CBFM as the guiding principle for its activities. Therefore, it is presented here simply for the sake of logical coherence and completeness.

Regulator. DENR could assume a role of technical review and approval of all LGU programs to ensure that they meet technical requirements and standards. This approach is appropriate where there is both relatively little technical capacity at the LGU level and few resources. This type of partnership leaves DENR in the lead position because the preponderance of funding now flows through DENR channels, and DENR maintains its control of key approval authorities. Thus, this type of partnership leaves LGUs in a clearly subordinate position.

Coordinator. In this type of partnership, DENR serves as the key coordination point for both national and LGU programs, checking to see that they are not overlapping but are complementary and that potential synergies between national and LGU programs are identified and exploited. Here the assumption is the LGU does not necessarily require the intensive oversight and supervision (as in the regulatory type of partnership) or intensive capacity development (as in the mentoring type of partnership). In this type, DENR has overall responsibility for ensuring that there is a coherent, technically sound and appropriate program, but it would be less intrusive in the implementation of LGU programs. Budgets and authorities for program implementation are divided between DENR and LGUs.

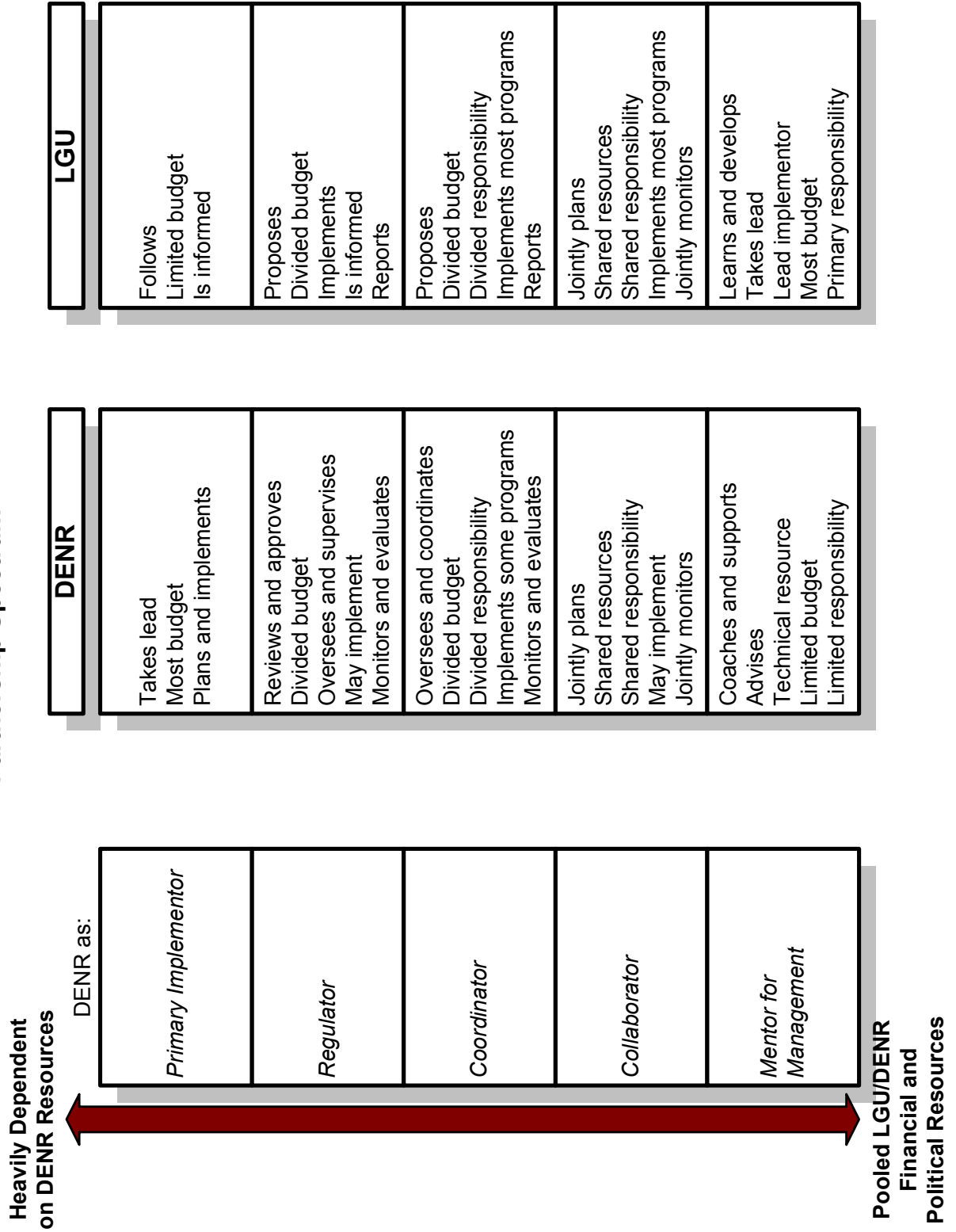
Collaborator. This would mark a significant step toward a more equal partnership between DENR and LGUs. Here the assumption is that there is a basic minimum technical capacity within LGUs and that they should be invited to work jointly with DENR in planning a common program, incorporating both DENR and LGU programs in a single integrated approach. This is not a matter of LGUs unilaterally reviewing and approving DENR programs or vice versa, but a collaborative effort to look together at the environmental challenges and needs of a given geographic area, and then to see how the available resources can be jointly programmed to achieve common objectives. Budgets and authorities for program implementation are shared.

Mentor for Management. DENR could assume a role of actively mentoring and supporting LGUs, helping to build their technical expertise and capacities. DENR coaching and training programs could be offered to ENROs, Provincial Planning Officers and their staff. Including LGU staff with DENR staff in joint training programs would also help build bridges and professional relationships between the two partners, opening channels of communication that can be utilized later as a more equal partnership emerges. (NRMP has already taken steps in this direction, offering training and assistance in monitoring and Forest Land Use Planning.) This is a deliberately transitional type of partnership, with the explicit intention of increasing LGU capabilities to assume greater responsibility in the future. It is less hands-on and controlling. Although it would recognize the superior technical capacities of DENR, this approach would look forward to the time when increased LGU institutional capacities and technical skills could be matched with increased LGU resources, either generated directly by LGUs or through shared national revenues. This approach would be consistent with the objectives of the Local Government Code but would be grounded in a realistic appraisal of their current capacities.

Again, it is important to emphasize that there is no single type of partnership that is right for all areas in the Philippines. Different local capacities, legal requirements, needs and opportunities will point to different models. Furthermore, gradually increasing technical capacities in LGU suggests that we should expect changes over time and movement from one type of partnership to another. Having said this, the advantages of an effective DENR-LGU partnership—and achieving the win-win potential that partnership offers—is probably better realized in an effort to move away from the “primary implementer” and

FIGURE 2

Partnership Spectrum



“regulator” types of partnership and toward the “collaborator” and “mentor” types of partnership as the predominant mode.

WATERSHED MANAGEMENT PLANNING – A KEY OPPORTUNITY

An effective partnership is not going to be achieved by reference to theoretical models or invocation of potential benefits that have been only theoretically demonstrated. A more effective partnership is not going to appear *a priori*, but is going to evolve through the experience of DENR working with its LGU counterparts. Common pursuit of shared agenda and shared activities will provide the basis for gradually developing and testing different types of partnerships. Not all experiments are going to succeed. Even less than optimal results, however, can be valuable if they can serve as important learning resources. In fact, insistence on success in every instance could have the perverse effect of reducing risk-taking and stifling innovation.

DENR has now at its disposal a conceptual and organizational instrument that can be used to promote this learning process through common activities and to advance its strategy for an effective partnership with LGUs: watershed management planning. This could serve as the conceptual and operational basis for building its partnerships with LGUs. DENR already has some experience with Forestry Land Use Planning that has brought together a variety of agencies and moved them toward a more collaborative, productive and effective relationship.

Watershed management planning builds on this initial experience. It has several strong assets. First, it creates a common agenda that cuts across institutional barriers and unites a number of government agencies and non-governmental organizations in a set of common interests. It speaks to common national interests and priorities: protect and improve forest cover, protect settlements, safeguard infrastructure investments, enhance food security.

Second, it is technically sound. Adopting watersheds as the basic planning unit opens the opportunity for the integrated approach that is required for the effective management of the Philippines natural resource base, from forestry to rivers and coastal zones.

Third, it is an agenda where DENR has a strong (but not overwhelming) interest. DENR can maintain its intellectual and political leadership while building an effective partnership with LGUs, moving from a mentoring/supporting partnership to a collaborative one.

Fourth, it is focused on future opportunities and is action-oriented, rather than captive of past programs. This increases the likelihood of being able to establish the necessary working relationships with the range of governmental and non-governmental organizations that will be required to achieve meaningful results.

Fifth, this is consistent with other programs already underway, such as the Watershed Resources Development Project. Therefore, it offers the opportunity to develop a common approach that will bring together a variety of different donor-supported programs.

Recommendations:

1. DENR should expand its current Forest Land Use Planning to adopt a broader watershed approach.
2. DENR should use this watershed management focus as the basis for engaging LGU's in producing improved Comprehensive Municipal Development Plans.
3. DENR should involve other relevant agencies (DA, DAR, NIA, DPWH) in joint watershed planning.

BUILDING ON INITIAL INVESTMENTS – NEAR-TERM DENR ACTIONS

NO MATTER WHICH OF THE ABOVE TYPES OF PARTNERSHIP IS SEEN AS APPROPRIATE TO A PARTICULAR LOCALITY, THERE ARE SEVERAL STEPS THAT DENR SHOULD CONSIDER TAKING TO MAINTAIN ITS INTELLECTUAL, TECHNICAL AND POLITICAL LEADERSHIP IN THIS AREA. THE STEPS OUTLINED BELOW TRY TO MEET THREE CRITICAL CRITERIA: (A) THEY ARE WITHIN THE PURVIEW OF DENR AND CAN BE TAKEN WITHOUT REFERENCE TO ANY OTHER AUTHORITY; (B) THEY ARE LOW-COST; AND (C) THEY OFFER THE PROSPECT OF CLEAR AND TANGIBLE RESULTS, IMPROVING DENR PERFORMANCE IN THE NEAR-TERM.

Establish Clear Center of Gravity

Within DENR, there needs to be a clear center of gravity for work on the DENR-LGU partnership. For forestry management, this should be FMB, but it is not clear that FMB sees that it now has this mandate or mission. NRMP staff has played a key role thus far, but we are now entering the final months of this project. FMB should identify senior watershed planning staff during the months ahead so that they will be able to take over and nurture the DENR-LGU partnership after NRMP is concluded.

Recommendation: DENR should identify a cadre of permanent staff to assume responsibility for watershed management planning and the DENR-LGU partnership.

Address Internal Bureaucratic Impediments/Constraints

There are several impediments to a more proactive effort by DENR to develop effective partnerships with LGUs. In many cases, there are low-cost and low-risk steps the DENR senior managers can take to address these.

- Staff incentives. It appears that currently there is little or no incentive for DENR staff at the provincial level to take risks, innovate or deviate from established practices and support a DENR-LGU partnership. It is not clear what benefits they could expect to realize from working toward a successful example of a strong partnership. Yet positive reinforcement has been shown to be most effective in promoting bureaucratic change, and incentives as a central instrument. “Incentives” need not be costly or involve a major overhaul of the civil service structures and procedures. Quick, inexpensive, low-risk and effective incentives are within the purview of DENR. Examples include:
 - A simple phone call from the head of the FMB to express his interest in a pilot effort. REDs, RTDs, PENROs and CENROs need to hear the message that that the DENR-LGU partnership is important to senior managers and that they care about the success of pilot efforts.
 - Use the periodic DENR National Consultations or regional workshops and planning meetings to highlight success stories, citing examples of good DENR-LGU partnerships, recognizing the contributions of individuals who have worked to innovate, nurture and develop partnerships with LGUs.
 - Invite good performers to attend workshops and seminars and to participate in study tours.
 - Hold up a PENRO or CENRO as a model by bringing other DENR staff to visit a pilot program that they are implementing.
 - Publicize pilot efforts through press articles, scholarly papers.
 - Establish a small “Innovation Fund” and invite proposals from RED’s or CENRO’s for small-scale (P200,000–P400,000) pilot efforts to support a DENR-LGU partnership.

Recommendation: Senior DENR managers should use low-cost, low-risk incentive mechanisms to encourage innovation and support for the DENR-LGU partnership at the regional, provincial and municipal levels.

- Decentralization within DENR. Although DENR has adopted a strategy of CBFM, organizational structure and delegations of authority may not have kept pace. There are probably important opportunities to increase the delegation of authorities within DENR. It has been reported that the RED exercises considerable authority within DENR, and that the bureaucratic culture does not encourage delegation of authority to the PENRO. This retention of authority at higher levels discourages innovation and the emergence of an effective partnership at the provincial, municipal or barangay level. Because DENR decisions are frequently passed back up the chain of command, decisions at lower levels have little credibility. There is a widespread sentiment that they are easily subject to several.

Furthermore, to the extent that the RED retains extensive authority, there is an asymmetry in the potential partnership because there is no LGU counterpart at that level. Consideration should be given to ways in which authorities could be further delegated to the PENRO, who is the appropriate counterpart for provincial government authorities.

Recommendations:

1. **DENR should review current delegation of authorities, seek to maximize delegations to CENRO and PENRO.**
2. **Implementation of current delegations should be reviewed to establish clear, known and predictable guidelines on the review and oversight of CENRO and PENRO decisions**

Experiment Systematically

NRMP is currently supporting several examples of evolving DENR-LGU partnerships. Annexes B and C of this report propose a number of steps to capture the insights and lessons from two such innovative activities, the Lower Magat River Project and the Palawan Council for Sustainable Development. The Annexes also suggest possible milestones to assess progress during the remaining months of NRMP. These activities could lead toward the formulation of guidelines and operating procedures that could be made available on a wider basis, encouraging innovations in other locations. In the early stages, it is probably more practical to think of these as “rules of thumb” to help concerned officials think about the issues they must address, rather than strictly defined bureaucratic procedures. Given the diversity and complexity of the locations and the relevant governing statutes and regulations, DENR may want to think in terms of guidelines that offer several different models, identify key decisions that must be made and suggest a limited range of options to respond to each of these decisions. This would combine the benefits of identifying “best practices” with the need for flexibility to adapt to different needs and conditions.

Recommendations:

1. **NRMP should establish as an explicit goal the development and articulation of 3-4 partnership examples by September 1999.**
2. **To the extent possible, these examples should be presented as “rules of thumb” or flexible guidance for the use of the CENRO and PENRO.**

Promote National Policy Dialogue

Both the complexity of issues and the relative lack of well-defined and tested examples of DENR-LGU partnerships underscore the importance of using the systematic experimentation proposed above as a basis for a national policy dialogue. It will be important to build common understanding and commitment to the concept of these partnerships at the most senior levels of government, and then to publicize this policy commitment to lower levels of the bureaucracy. At present, there appear to be few existing forums or established mechanisms that could be used to promote this policy dialogue. This presents both a challenge and an opportunity. DENR can demonstrate its intellectual and political leadership by consciously initiating this dialogue process. But it will have to do so with sensitivity, structuring the process in a way that demonstrates commitment to the idea of partnership. For example, it will be important to move the venue of the dialogue out of Manila and into the provinces, and to work closely with LGU representatives, such as the Leagues of Governors and

Mayors. NRMP can make a useful contribution to this process during its remaining months and it could begin by assisting DENR in a systematic review of recent experience. The process is probably best conceived as an ongoing one that should continue indefinitely. Perfection in the DENR-LGU partnership will almost certainly remain elusive and all parties will benefit from a transparent, well-informed, inclusive and participatory dialogue process that strengthens their cooperation.

Recommendations:

- 1. DENR should follow-up the recent Memorandum Circular signed with DILG with a series of regional and/or provincial roundtables and workshops on its implementation in specific localities, similar to those already underway in Region II.**
- 2. DENR should approach the League of Governors and League of Mayors to open discussions on workshops and roundtables on strengthening their partnerships with LGUs.**
- 3. NRMP should help contribute to this dialogue process by assisting with a systematic review of recent DENR experience.**
- 4. DENR should actively engage LGUs in assessments of CENRO and PENRO performances.**

Develop “Confidence-Building” Steps to Reduce Gap between DENR and LGUs

Pursuit of a DENR-LGU partnership needs to begin with the frank recognition that to some extent there is a legacy of suspicion and distrust on both sides. This can be tackled through a series of small but symbolically important measures that will build confidence in the viability of the partnership and the important opportunity for win-win outcomes.

Although many of the steps suggested below could be taken either by DENR or an LGU, DENR would be well-advised to take the lead. DENR control most of the resources, retains most of the key authorities and has the preponderance of technical skill. They can both confirm their leadership and build confidence by taking the initiative in one or more of the following ways.

- Information sharing. According to the seventh Rapid Field Appraisal report of USAID’s GOLD project, a frequent complaint of LGUs is that they have little knowledge of what national programs are being carried out within their jurisdiction. This contributes to a sense of resentment and distrust that is both unnecessary and counterproductive. A no-cost, no-risk step would be for DENR to make sure that the relevant LGUs know about DENR plans for their jurisdiction. Simple sharing of information will establish a common information base and can open the way for dialogue. (This would be consistent with the “coordinator” type of partnership.)
- Joint training. Consistent with the “mentor” type of partnership, DENR could invite LGU staff to participate in DENR-sponsored training programs. This will address one central DENR concern (lack of technical capacity of the ENROs), create a common knowledge base and promote dialogue. NRMP has already made some progress in this direction, for example offering training in community-based monitoring and Forest Land Use Planning training, and it is specifically included as one of the DENR roles in the Memorandum of Agreement governing the Lower Magat Forest Project.

- Roundtables. DENR could invite LGU staff to participate in DENR-sponsored roundtables to examine either technical or policy issues. Roundtables held in local venues would be a visible demonstration of DENR interest in strengthening its partnership with LGUs. These might begin with uncontroversial technical issues and could then move into more sensitive policy issues. It could be either national in scope, or focused on a specific area (such as a watershed). This would be consistent with the “coordinator” type of partnership outlined above.
- Joint monitoring. DENR could invite the relevant LGU personnel to participate with them in routine monitoring and field visits to DENR programs, with the implicit expectation that the LGU will reciprocate. This will contribute to increased transparency which in turn increases trust and credibility. Depending on the scope and mandate of the monitoring effort, this would be consistent with either the “coordinator” or “collaborator” types of partnership discussed above.

Recommendations:

- 1. DENR should establish routine procedures for informing LGUs of proposed national government programs in their jurisdiction.**
- 2. NRMP should continue and intensify its efforts to plan joint training programs, involving both DENR and LGU staff.**
- 3. NRMP should look for opportunities to use pilot partnership efforts as a basis for regional and provincial roundtables and**

CONTINUING CHALLENGES: THE FUTURE AGENDA FOR THE DENR-USAID PARTNERSHIP

WHY PARTNERSHIP WITH DENR IS IMPORTANT TO USAID

A basic premise of this report is that strong DENR-LGU partnerships are critical to effective and sustainable watershed management. If USAID is interested in supporting sustainable forest management, it has to be interested in this partnership. In turn, this suggests that USAID should continue to work closely with DENR, which is the critical agency for the success of these partnerships. Ignoring these institutional questions threatens the ability to achieve USAID environmental objectives, including contributions to solving global problems such as reductions in greenhouse gas emissions and biodiversity.

The partnership also brings together two key USAID objectives: sustainable management of the natural resource base, and democratic decentralization and increased responsiveness of local governments. Notable gains have already been made in exploiting potential synergies between NRMP and GOLD. (For example, NRMP took the lead in creating the Joint Memorandum Circular between DENR and DILG for Forest Land Management which was cited at the GOLD 8th RFA this week as a significant step forward.) Given USAID’s reported decision to extend GOLD so that it will continue for another 30 months, there are important opportunities for more intensive and systematic dialogue and coordination between the two projects – both within USAID mission or between *the two project staffs*.

Continuing Challenges, New Opportunities

The DENR-LGU partnership, however, is in its infancy. The recently signed Memorandum Circular between DENR and DILG is a positive and promising step, but it remains at a general level. There are significant policy and implementation issues to be addressed before this nascent partnership is able to develop and become the basis for the management of Philippines' watersheds. Policy uncertainties, lack of tested examples and the bureaucratic legacies of the past could all threaten continued progress. On the positive side, the Undersecretary for Environment and Programs Development is trying to move beyond a focus just on forests and instead emphasize integrated watershed management. This will require developing new working relationships with DA and DAR and also forging effective partnerships with LGUs. Conflicting policies and mandates affecting the National Power Corporation and local water district boards also have to be resolved.

WHY USAID CAN HELP DENR IN ITS PARTNERSHIPS WITH LGUS

USAID HAS A LONG-ESTABLISHED AND PRODUCTIVE RELATIONSHIP WITH DENR THAT GIVES IT A CLEAR AND COMPELLING COMPARATIVE ADVANTAGE. OTHER DONORS -- NOTABLY THE WORLD BANK AND ADB -- HAVE INCORPORATED COMMUNITY RESOURCE MANAGEMENT INTO THEIR LOAN-FINANCED PROGRAMS, BUT THEY ARE NOT YET PURSUING THE POWERFUL IMPLICATIONS IN TERMS OF A DENR-LGU PARTNERSHIP. NOR ARE THEY LIKELY TO DO SO BECAUSE OF THEIR INSISTENCE ON DEALING ONLY WITH NATIONAL-LEVEL AGENCIES. THE CONCLUSION SEEMS TO BE THAT IF USAID DOES NOT TAKE A LEADERSHIP ROLE IN THIS AREA, NO OTHER DONOR IS LIKELY TO DO SO AND THE ISSUE WILL REMAIN UNADDRESSED.

Framework for a Medium-term Program

USAID has recently embarked on a major strategic planning exercise, the results of which will not be known and established as an approved planning and programming framework for about 18 months. Yet NRMP comes to an end in about 11 months. Thus, there is a critical gap. A complete hiatus would arrest the momentum for change and probably undermine USAID credibility with DENR leadership. Consequently, the key question seems to be what kind of medium term bridging activities might be considered that would maintain the momentum for a partnership yet keep USAID's programming options open while the strategic planning process goes forward?

Possible Medium Term USAID Objectives (24 months):

- **Support a transparent, informed, inclusive and participatory policy dialogue process at the national, regional and provincial level**
- **Assist joint DENR-LGU watershed area development planning**
- **Help develop and test 2-4 types of DENR-LGU partnership**

1. **SUPPORT A VIGOROUS POLICY DIALOGUE. DENR MUST CONTINUE TO BE AN ACTIVE PART OF ANY SOLUTION TO WATERSHED MANAGEMENT IN THE PHILIPPINES, YET IT FACES CONSIDERABLE POLICY, REGULATORY AND PROCEDURAL HURDLES IN ESTABLISHING NEW AND MORE EFFECTIVE WATERSHED MANAGEMENT STRATEGIES. CURRENTLY THE POLICY PROCESS APPEARS TO BE SOMEWHAT AD HOC, NOT ALWAYS WELL-INFORMED, OFTEN NOT TRANSPARENT AND FREQUENTLY SEEN AS NOT VERY PARTICIPATORY. THERE APPEAR TO BE FEW OPPORTUNITIES TO REVIEW POLICY OPTIONS AND SUBJECT PROPOSALS TO WIDER SCRUTINY AND DEBATE. THE PERSPECTIVES OF LGUs DO NOT APPEAR TO BE SYSTEMATICALLY SOUGHT AND THERE IS RELATIVELY LITTLE PUBLIC ACCOUNTABILITY FOR POLICY DECISIONS.**

With relatively modest costs, USAID could make an important contribution by supporting a more transparent and participatory policy dialogue that will help maintain the earlier positive direction of DENR policies. This would also be another example of exploiting potential synergies between USAID's environment and democracy objectives. This should be done at two levels.

First, USAID could help organizations representing the interests of LGUs to articulate and lobby for their views in the national policy debate. The League of Governors and the League of Mayors are two potential organizations that could be assisted in examining policy options and pressing for positive policy changes. Possible groups that could contribute to this process include: the Foundation for the Philippine Environment, the Philippines Working Group, and the Haribon Foundation.

SECOND, IN ADDITION TO OPENING THE POLICY PROCESS TO ALLOW VIEWS FROM BELOW, USAID COULD ALSO FOCUS ON DENR LEADERSHIP AND ITS OPPORTUNITIES TO TAKE LEADERSHIP AT THE NATIONAL LEVEL.

2. **ASSIST WITH JOINT DENR-LGU WATERSHED AREA DEVELOPMENT PLANNING. DENR IS MOVING TOWARD WATERSHED PLANNING AS A CENTRAL ORGANIZING PRINCIPAL FOR ITS PLANNING AND PROGRAMMING. USAID CAN ASSIST IN DEVELOPING THE SKILLS, PROCEDURES AND PARTNERSHIPS THAT WOULD MAKE THIS POSSIBLE IN SEVERAL AREAS OF THE COUNTRY. THIS WOULD HELP ESTABLISH THE FOUNDATION FOR A POSSIBLE USAID-FUNDED FOLLOW-ON PROGRAM AND COULD ALSO HELP SHAPE OTHER DONOR PROGRAMS.**

3. **FOCUS ON DEVELOPING AND TESTING TYPES OF DENR-LGU PARTNERSHIP. TESTED EXAMPLES OF EFFECTIVE PARTNERSHIP ARE NEEDED TO TAKE THIS CONCEPT INTO THE MAINSTREAM OF ENVIRONMENT PROGRAMS IN THE PHILIPPINES. THIS CAN BE DONE BY BUILDING ON EXAMPLES WHERE NRMP IS ALREADY WORKING, SUCH AS NUEVA VIZCAYA AND THE PALAWAN COUNCIL FOR SUSTAINABLE DEVELOPMENT. NRMP HAS DEVELOPED SOME SPECIFIC IDEAS ON HOW CONTINUE TO WORK ON THESE DURING ITS REMAINING LIFE, BUT THESE EXAMPLES OF PARTNERSHIP WILL NOT BE FULLY DEVELOPED OR TESTED WITHIN THE TIME REMAINING FOR THIS PROJECT. THAT IS, THEY WILL NOT HAVE REACHED THE POINT OF SERVING AS A CONVINCING EVIDENCE OF THE POTENTIAL BENEFITS OF THE DENR-LGU PARTNERSHIP.**

IT IS A FEASIBLE OBJECTIVE TO DEVELOP 2-4 SUCH CO-MANAGEMENT EXAMPLES OVER THE NEXT 2 YEARS SO THAT WHEN/IF USAID DECIDES TO PURSUE A MORE AMBITIOUS FORESTRY (OR WATERSHED MANAGEMENT) PROGRAM, IT HAS SOME TESTED APPROACHES TO BUILD FROM. THIS WOULD BUILD ON THE SUCCESS OF NRMP AND GOLD, FOLLOWING UP ON THE JOINT MEMORANDUM CIRCULAR BETWEEN DENR AND DILG AND PROVIDING POSITIVE EXAMPLES OF "CO-MANAGEMENT" AND PARTNERSHIP. SPECIFIC RESULTS COULD INCLUDE GUIDELINES THAT HAVE BEEN FIELD-TESTED AND OFFER SEVERAL DIFFERENT MODELS, IDENTIFY KEY DECISIONS THAT MUST BE MADE AND SUGGEST A LIMITED RANGE OF OPTIONS TO RESPOND TO EACH OF THESE DECISIONS.

BECAUSE THE SCOPE WOULD BE LIMITED TO A FEW SUCCESSFUL CO-MANAGEMENT EXAMPLES, RATHER THAN A NATIONAL PROGRAM, COSTS WOULD BE RELATIVELY MODEST. IT WOULD GIVE A BASIS FOR CONTINUED DEVELOPMENT OF STAFF CAPACITIES WITHIN DENR FIELD OFFICES (WHICH HAVE BEEN HEAVILY RELIANT ON NRMP EXPERTISE THUS FAR), AND CONTINUED DEVELOPMENT OF TRUST BETWEEN DENR AND LGUs. IT WOULD PROVIDE THE BASIS FOR CONTINUED USAID ENGAGEMENT IN A VITAL POLICY DIALOGUE WITH DENR LEADERSHIP AT THE NATIONAL LEVEL. IT WOULD ALLOW USAID TO IDENTIFY AND TRY TO OVERCOME POLICY, LEGAL

AND REGULATORY CONSTRAINTS TO EFFECTIVE PARTNERSHIPS WITH LGUs.

Timing is Important

DENR is now developing its mid-term strategic plan and identifying its programs consistent with the priorities of the Estrada administration. Large World Bank and ADB programs are being planned. Timely USAID assistance can help make more effective use of these resources. With the strong interest within DENR in making “watershed management” a central organizing principle, there is an important opportunity to support innovations that will have a profound impact on the management of forests, agricultural land, coastal resources and addressing problems of urban pollution.