



## AFoCO Project Document

<b>Project code</b>	<i>AFoCO/016/2021</i>
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<b>Project Profile</b>	
<b>Project title</b>	<b>Promotion of Vertical Integration in Wood Processing through People’s Organizations in Community Based Forest Management Areas in the Philippines</b>
<b>Project duration</b>	Estimated start date: Quarter 3 CY 2021 Estimated end date: Quarter 2 CY 2026
<b>Implementing Agency</b>	Department of Environment and Natural Resources Forest Management Bureau
<b>Participating countries</b>	Philippines
<b>Project site</b>	One site each from two (2) Major Islands of the Philippines, that is, Visayas and Mindanao, specifically within the following areas: <ul style="list-style-type: none"> <li>▪ Visayas: within Region 7 or the Central Visayas, Province of Negros Oriental, Municipality of Bindoy, and</li> <li>▪ Mindanao: within Region 13 or the Caraga Region, Province of Agusan del Sur, Municipality of Prosperidad</li> </ul>
<b>Main objective</b>	To support the vertical integration in Community Based Forest Management (CBFM) areas through the promotion of community-based livelihood opportunities through utilization of existing plantations.
<b>Target Area<sup>1</sup></b>	Primary Target Area: Priority 4 “Local livelihood improvement and community- based small enterprise development” Secondary Target Area: Priority 1 “Initiating customized restoration and reforestation models”

<sup>1</sup> Refer to the list of target areas which is in accordance with the objectives and prevailing strategic plan of AFoCO (provided by the Secretariat).

<b>Budget and source of finance</b>	<b>Total: US\$ 1,118,536.60</b> - <b>AFoCO: US\$ 928,821.60</b> - <b>National: US\$ 169,315.00</b> - <b>Others: US\$ 20,400 (PO counterpart)</b>		
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**Abbreviation and Acronyms**

AFoCO	Asian Forest Cooperation Organization
PO/POs	People's Organization(s)
CBFM	Community Based Forest Management
DENR	Department of Environment and Natural Resources
FPRDI	Forest Products Research and Development Institute
LGUs	Local Government Units
SFM	Sustainable Forest Management
CBFMA	Community Based Forest Management Agreement
NGP	National Greening Program
FMB	Forest Management Bureau
FOB	Free on Board
NUFAI	Nalundan United Farmers Association, Inc.
MATILFAMCO	Mabuhay Timberland Farmers Multipurpose Cooperative
CRMF	Community Resource Management Framework
WPP	Wood Processing Plant
DOST	Department of Science and Technology
NGA	National Government Agency
DTI	Department of Trade and Industry
FASPS	Foreign-Assisted and Special Projects Service
ERDB	Ecosystems Research and Development Bureau
SEEB	Socio-economic and environmental baseline
SIAD	Sustainable Integrated Area Development
NPMO	National Project Management Office
PSC	Project Steering Committee
PTC	Project Technical Committee
PSMO	Project Site Management Office
PCU	Project Coordinating Unit

[Attachment-A]

RPC/PPC

Regional/Provincial Project Coordinator

WFP

Work and Financial Plan

## **SUMMARY**

The project is in line with AFoCO's Priority Area 4, "Local livelihood improvement and community based small enterprise development" and to some extent Priority 1 on "Initiating customized restoration and reforestation models. It is designed to address the lack of value adding and unsustainable timber production in Community Based Forest Management areas.

The project shall engage CBFM People's Organizations (CBFM-POs) into economic activities, adopting vertical integration as the business model in tree plantation establishment, utilization and marketing. Further, it will promote the sustainability of PO managed tree plantations to generate income from timber utilization and wood processing.

Specifically, the project is envisioned to:

1.) Promote the engagement of two (2) participating CBFM POs into value adding activities in wood production;

2.) Provide adequate market linkages for the two (2) participating CBFM POs in the operation of their wood-based enterprise; and

3.) Formulate and recommend enabling policy guidelines for the implementation of vertical integration as a business model for CBFM POs

In order to achieve the above objectives, the project shall initially endeavor to conduct a consultation to come up with a situational and gap analysis of two (2) pilot sites representing the major islands of Visayas and Mindanao. It shall be participated by POs, Department of Environment and Natural Resources (DENR) personnel and collaborating institutions like the Forest Products Research and Development Institute (FPRDI) and Local Government Units (LGUs).

Each project site shall undergo capacity building activities on product's value-addition, be provided with access to machineries and equipment in support to value adding activities, be provided with access to adequate funds, and assist them in establishing links with potential wood product buyers/traders in the domestic market. Moreover, the experience and lessons learned from the two pilot sites shall be consolidated/integrated to come up with policy recommendations.

By the end of the project, the initiative is expected to contribute in the development of an enterprise/livelihood that would lead toward the sustainable management of the forest under the Community Based Forest Management Program; and shall likewise to be translated into enabling policy guidelines which can further be used and replicated by other Asian countries.

## **SECTION A. PROJECT CONTEXT**

### **1. Background**

Since 1995, the Philippines has officially adopted CBFM as the country's overall strategy in achieving Sustainable Forest Management (SFM). Through the issuance of the Community Based Forest Management Agreement (CBFMA), the participating CBFM-POs shall be given tenurial security and incentives to develop, utilize and manage specific portions of forest lands for a period of 25 years renewable for another 25 years. The CBFM program's implementation framework is divided into four (4) stages, namely:

- (1) Preparatory Stage that includes information dissemination, delineation of the CBFMA's metes and bounds and establishment of PO networks and linkages;
- (2) PO Formation and Provision of Tenure Stage wherein community organizing is undertaken followed with eventual issuance of CBFMA;
- (3) Planning Stage at which point CBFM-POs are assisted in formulating their community plans; and
- (4) Implementation Stage wherein the CBFM-POs community plans are operationalized.

Over the years, CBFM as a Program consolidated all People Oriented Forestry Projects that started from individual/family upland farms into one that encompasses larger forest areas and different land use management, primarily through Agroforestry. Thus, CBFM also serves as the primary strategy in the implementation of flagship programs of the Department of Environment and Natural Resources (DENR) in the Philippines uplands principally the National Greening Program (NGP).

NGP is a massive forest rehabilitation program of the government established by virtue of Executive Order No. 26 issued on February 24, 2011 by then President Benigno S. Aquino III. It seeks to establish 1.5 billion trees in 1.5 million hectares nationwide within the period of six (6) years from 2011 to 2016. Further, the NGP was expanded by virtue of Executive Order No. 193 issued on 12 November 2015 which aims to cover all the remaining unproductive, denuded and degraded forestlands and extending its implementation until 2028 covering an additional area of 7.1 million hectares.

Apart from being a reforestation initiative, the NGP is also seen as a climate change mitigation strategy whereby it seeks to enhance the country's forest stock to absorb carbon dioxide and likewise designed to reduce poverty, providing alternative livelihood activities for marginalized upland and lowland households relating to seedling production and care and maintenance of newly planted trees.

Since Year 2011, a total of 1.9 million hectares of forest plantation have been established under NGP of which 25% or around 400,000 hectares were developed for timber production. Considering the timber plantations established under this program, specifically in areas being



managed by communities, the future for tenure holders (i.e. People's Organizations awarded with Community Based Forest Management Agreement or CBFMA) with established tree plantations are indeed promising in terms of livelihood and enterprise opportunities from timber utilization, wood processing and marketing.

Notwithstanding the above accounts, while there are opportunities to take advantage of, there are also challenges that need to be addressed. Foremost is the need to sustain the gains of government investment in forest development and conservation. To date, there is already an extensive government investment in forest production being managed by forest communities. From 2011 and 2016, the government has established 348,743 hectares of timber plantations in forestlands across the country. Harvestable volume is projected at around 6.5 million cubic meters in 2019, and will increase to 27.1 million cu.m. in 2028. The challenge is to keep these plantations sustainably producing timber by communities to whom these are turned over to, thereby sustaining the gains of the NGP.

Moreover, there is the need for appropriate support mechanism to ensure sustainable investments in forest plantation that is framed on the three pillars of SFM (social, economic and environmental). Such mechanism should be viable, comprehensive that would optimize the benefits derived by POs from forest plantations established within CBFM areas. Studies have shown that timber from smallholder plantations are being bought at stumpage value by traders that is much lower than the reported market price in the Philippines Forestry Statistics. In 2016, the study of the Forest Management Bureau (FMB) indicates that depending on the distance from the nearest road network, the stumpage value of the logs from plantation forest varies from 20% - 50% of the Free on Board (FOB) market value.

## **2. Conformity with AFoCO's Objectives and Strategic Priorities**

Since the project will embark on the optimization of the benefits derived from wood production which is seen to be a sustainable strategy, it is consistent with the Objectives of the AFoCO Agreement, especially on the promotion and implementation of action-oriented forest cooperation related to SFM as well as reforestation and forest rehabilitation. It is also supportive to climate change mitigation and adaptation, reduction of deforestation, forest degradation, desertification and land degradation, and mitigation of the impacts of forest-related disasters. Moreover, the piloting activities to be implemented by the project involve capacity building of stakeholders through research and development, sharing of experiences and transfer of technologies. Likewise, all lessons, experiences and best practices that will be generated by the project will be properly documented for further sharing at the regional (ASEAN/Asian) levels. One option is to share knowledge products from the project in the AFoCO website for easy access of AFoCO member countries. Regional sharing of project experiences may be promoted through other arrangements that can be facilitated by the AFoCO Secretariat.

The project is envisioned to continue and contribute to the core competencies of AFoCO based on its comparative advantage particularly on proven experience and expertise in forest

restoration and rural sector reform.

In terms of the Strategic Priorities of AFoCO, the project remains to be consistent with the principle of “People First and Sustainable Forestry Will Follow”, hence it is in line and directly contributing to Priority Area 4 “Local livelihood improvement and community-based small enterprise development” and complements with Priority 1 “Initiating customized restoration and reforestation models”, primarily in view of the following:

### ***2.1. Under Priority Area 4:***

*2.1.1. The project will enhance existing and potential livelihood and small enterprise by introducing viable technologies, sustained capacity building towards improved competitiveness in the Philippine wood industry.*

Vertical integration is a process when business entity controls more than one stage of the supply chain. When an entity turns raw materials into a product and is able to get it to the consumer, it presents more opportunities than if it involves itself in just one phase of the supply chain. It shall open windows of opportunity for POs to dictate the terms and prices of their products and to remain competitive when middlemen are eliminated between the producers and consumers. In the Philippines, there are at least five (5) categories of economic activities that is happening independently within a CBFM-PO with tree plantation: a) tree growing, b) harvesting, c) wood processing, d) value adding, and e) distribution/marketing. Vertical integration happens if a PO controls at least two (2) phases in this supply chain.

The project is designed to engage CBFM-POs into economic activities adopting vertical integration as the business model in tree plantation establishment, utilization and marketing. The CBFM-POs who are holders of CBFM Agreement are seen to achieve comparative advantage with the existing wood processing plant operators, since the source of raw wood materials will come from their own plantation, thus promoting additional value in each phase in the value chain.

*2.1.2. The project will promote sustainability and self-sufficiency, considering that what will be harvested shall be supported by replanting activities for tree growing to become a viable enterprise in CBFMA areas, thereby reducing dependence from the government;*

Moreover, reforestation programs in partnership with forest communities is always a case wherein government funds are infused starting from plantation establishment to maintenance and protection. When standing timber are sold in log form, this reduces the opportunity of the POs into a livelihood or source of short-term income rather than a business venture.

*2.1.3. The project will assist the CBFM-POs in the formulation of benefit-sharing mechanism with due consideration of the members’ needs and interests as well as sustainability of forest lands and its resources.*

Benefit-sharing is part of internal affairs of the PO, hence the government cannot compel them

to implement specific benefit-sharing arrangement. The role of the project then is to assist the CBFM-POs in the formulation of the benefit-sharing agreement. Existing CBFM policies in the Philippines require the formulation and adoption of a benefit-sharing scheme prior to provision of development assistance/project to the CBFM-CBFM-POs. A menu of benefit-sharing scheme comes in the form of benefits such as monetary (i.e. sales/income, interest, capital build up, project funds), non-monetary (i.e. infrastructures, machineries, equipment, vehicles) and non-monetary, non-material (i.e., representation on capacity building activities and improved ecological conditions of the area).

Said benefit-sharing schemes may also be applied not only to the CBFM-PO members but also to non-members living within the same community. Entitlement of benefits can be further defined by each respective organization through their internal policies.

## **2.2. Under Priority Area 1:**

*2.2.1. Spatial and development planning in CBFMA areas already uses the landscape approach as the overarching framework. Community plan of a certain CBFM-PO is always formulated to complement and in consonance with much bigger plans i.e. watershed/river basin plans, local development plans. Hence, any intervention under the project is considered part and parcel of a certain management plan for the entire landscape. Likewise, one of the activities of the project will be the updating of the CBFM-POs' Community Plans to incorporate the project activities to ensure complementation at different levels i.e. community, watershed, river basin, and landscape.*

*2.2.2. The project will involve continuous establishment of new plantations to ensure continuous supply of raw materials for the wood processing enterprise to be operationalized by the partner PO beneficiary. In the process, sustained establishment of new plantations will enhance forest ecosystems in terms of quantity and quality of forestland.*

*2.2.3. The economic activities that the project will promote in the CBFM areas of the participating POs will eventually lead to upliftment of the economic condition of the partner POs thereby reducing the threat of illegal resource use in the existing natural forests. This will be the contribution of the project in terms of forest restoration and rehabilitation efforts by keeping/conserving and even enhancing the existing natural forests in the Philippines.*

*2.2.4. Looking at the CBFM activities as a business endeavor will facilitate forest conservation and rehabilitation, considering that any economic activities will redound to the general welfare of the CBFM-PO. This will eventually lead to better management of the CBFM areas and thereby decreasing the tendency of the forest communities to unsustainably utilize available forest resources.*

Moreover, attainment of the above will also contribute to:

a) Improved forest governance as this will also address illegal trading of forest products and timber poaching, therefore reducing the pressure in utilizing the remaining natural

forests, and

b) Shall contribute in addressing the growing demand for domestic wood products vis-à-vis massive infrastructure development under the Build, Build, Build Program of the current government administration.

### **3. Regionality**

The project will lead the development of a business model to scale up the promotion and implementation of vertical integration and likewise promote the sustainability of PO managed tree plantations to generate income from timber utilization and wood processing. The documentation of the processes and experience in project implementation potentially can be used and replicated in other Asian countries which are similarly situated in the same geographical location and in terms of socio-economic situation in the uplands.

### **4. Information on project target area**

#### ***4.1. Geographic information***

The project will be implemented in tenured areas covered by a CBFM Agreements awarded to POs, particularly in two (2) sites, representing the major islands of the Philippines, i.e. Visayas, and Mindanao.

In the Visayas, the potential project site will be covered by the CBFM area of the Nalundan United Farmers Association, Inc. (NUFAI) located at Barangay Nalundan, Bindoy, Negros Oriental. It is located 9°48' 151 North latitude and 123°00'641 East longitude and its covering province is adjacent to the Province of Negros Occidental. The area has easy access for all kinds of vehicle due to its moderate terrain (*Annex A*).

For Mindanao, the project site will be the CBFM area awarded to Mabuhay Timberland Farmers Multipurpose Cooperative (MATILFAMCO), located at Barangay Mabuhay, Prosperidad, Agusan del Sur. The area lies between 8°42'00.1" North latitude and 125°58'01.5" East longitude encompassed primarily by the Municipality of Prosperidad in the Province of Agusan del Sur. The Municipality serves as the center of the Province of Agusan del Sur where the government center is located hence accessibility by land travel is already developed (*Annex B*).

#### ***4.2. Environmental information***

Generally, the project sites are located within upland areas with slopes of more than 18%, classified as forestlands, with elevation range of 200 to 980 meters above sea level (masl). The project sites cut across Climatic Type II characterized by a dry season with very pronounced maximum rain period from the months of November to January; and Climatic Type III that is characterized by a not very pronounced season with relatively dry season from November to April and wet season from the rest of the year.

The total project area covers 4,047 hectares, broken down as 1,932 hectares in Visayas (Region

7); and 2,115 hectares in Mindanao (Region 13). The areas are all accessible through all types of land transportation/vehicles, with distance ranging from three (3) to seven (7) kilometers away from the national highway and/or barangay roads. The CBFMA sites lie within particular sub-watersheds such as Ilog Hilabangan watershed in Visayas, and Gibong Watershed in Mindanao. Based on the approved and affirmed Community Resource Management Framework (CRMF)/Plan, the project areas mainly are allocated for production purposes (70-80%) and protection forest (20-30%).

Existing land uses within the sites are agroforestry (75%), tree plantation (25%), ecotourism, and settlement area. Planted timber species comprise of: *Acacia mangium*, *Gmelina arborea*, *Eucalyptus deglupta*, *Pterocarpus indicus*, *Casuarina equisetifolia*, *Swietenia mahogany*, *Falcataria mollucana*; with high-value forest crops such as *Coffea arabica*, and *Theobroma cacao*; with tropical fruit trees such as Avocado (*Persia Americana*), Durian (*Durio zibethinus*), Guyabano (*Annona muricata*), Jackfruit (*Artocarpus heterophyllus*), Lanzones (*Lansium domesticum*), Mango (*Mangifera indica*), Marang (*Artocarpus odoratissimus*), Rambutan (*Nephelium lappaceum*), Santol (*Sandoricum koetjape*) and Mangosteen (*Garcinia magostana*); and with agroforestry crops such as abaca, rubber, corn, upland rice, banana, cassava, and coconut.

#### **4.3. Socio-Economic information**

The number of households within the CBFMA areas ranges from 108-203 households comprising of 6-7 individuals per family/household. Majority of the PO members are literate as most of them have reached primary level of education while some have finished secondary and tertiary levels.

The primary source of the PO members' income is agroforestry farming which also enables them to meet their daily need for subsistence. The secondary source of income also includes carpentry, small merchandise/store, and paid labor. However, the income level of the CBFMA recipients is still classified as low, yielding an average amount of US\$1,420 - US\$2,620 (PhP71,000 – PhP131,000) annually. In terms of farm production, 60% of their farm yields are sold to market while the remaining 40% is for consumption. These yields are mostly agroforestry products such as upland rice, banana, abaca and other non-timber forest products. Timber products are sold in log form through a middleman and/or Wood Processing Plant (WPP) operators from the nearby urban areas.

The major facilities and infrastructure offering basic services to the communities include educational centers (day care and elementary school), potable water facility, clinics and feeding centers, barangay office, church, sports complex, toilet facility, roads, milling and product processing facilities, sports facilities, multi-purpose hall, waiting shed, and lending institutions and cooperatives, among others.

It is expected that the project funding and support will be provided for the PO as an organization. Hence, the entire membership will benefit from the project through a benefit-sharing agreement to cover interested and participating members of the community as a whole.

[Attachment-A]

## SECTION B. RATIONALE AND OBJECTIVES

### 1. Rationale

#### 1.1. Stakeholder analysis

The primary stakeholders are the direct beneficiaries/recipients of the project who are basically upland farming communities and/or members of a PO awarded with Community Based Forest Management Agreement (CBFMA). A CBFMA is a tenurial instrument, an agreement entered into by and between the government and the local community, represented by the POs, as forest managers, which has a term of twenty-five (25) years and renewable for another twenty-five (25) years.

To ensure the project's sustainability, criteria used for selecting the primary stakeholders also included PO maturity on financial, technical and organizational aspects. This is on top of the criteria on having readily available plantations as source of raw materials. Moreover, the project is designed in such a way the partner POs will have its counterpart fund to promote high sense of ownership of the project.

The secondary stakeholders are the concerned offices under the umbrella of the Department of Environment and Natural Resources (DENR), to include the Forest Management Bureau (FMB) as the lead implementing agency of the project, the Ecosystems Research and Development Bureau (ERDB) as well as the field offices from Regions 7 and 13 among others. Further, the project shall collaborate with other government agencies like the Forest Products Research and Development Institute (FPRDI) under the Department of Science and Technology (DOST) which is also a National Government Agency (NGA) like the DENR. Moreover, the involvement and cooperation of the Local Government Units (LGUs) under the jurisdiction of Regions 7 and 13 is important especially in sustaining the gains of the project upon completion.

Finally, the tertiary stakeholders are the investors, private sectors connected in the wood industry like holders of wood processing plants, and other government agencies/institutions like the Department of Trade and Industry (DTI) which can assist/guide the CBFM-POs in terms of marketing and packaging wood products and improving their business enterprise.

**Table 1. Stakeholder analysis table**

<b>Stakeholder group</b>	<b>Characteristics</b>	<b>Problems, needs, interests</b>	<b>Potential benefits</b>	<b>Involvement in the project</b>
<b>Primary stakeholders</b>				
CBFM Communities	CBFM communities are	<u>Problems:</u> <ul style="list-style-type: none"> <li>▪ Lack of</li> </ul>	Enhancement of skills on enterprise	Direct beneficiaries/

Stakeholder group	Characteristics	Problems, needs, interests	Potential benefits	Involvement in the project
/POs / Cooperatives	<p>basically upland dwellers and/or farming communities;</p> <p>The POs are holders of a land tenure instrument, that is, CBFMA</p> <p>Development and management of CBFM areas shall be in accordance with the approved/affirmed CRMF and the Five Year Work Plan, which include among others, the establishment and utilization of timber plantations.</p>	<p>support services</p> <ul style="list-style-type: none"> <li>▪ Low income</li> </ul> <p><u>Needs:</u></p> <ul style="list-style-type: none"> <li>▪ Technology (equipment and machineries, process and information)</li> <li>▪ Infrastructure Livelihood &amp; trainings</li> </ul> <p><u>Interests:</u></p> <ul style="list-style-type: none"> <li>▪ Business venture in value adding wood products</li> </ul>	<p>development (e.g. costing and pricing, financial management, business planning), wood processing and marketing</p> <p>Employment opportunities</p> <p>Increase in socio economic opportunities</p> <p>Competitive products goods, and services</p> <p>Linkaging to other government agencies and private companies</p> <p>Improved environmental condition</p> <p>POs will practice SFM</p> <p>Ensure /facilitate compliance towards government policies</p>	<p>implementer</p> <p>Partner organization</p>
<b>Secondary stakeholders</b>				



Stakeholder group	Characteristics	Problems, needs, interests	Potential benefits	Involvement in the project
DENR  FMB	DENR Staff Bureau; Provides technical assistance to DENR field offices and policy recommendation on forestry related concerns	Problems: <ul style="list-style-type: none"> <li>▪ Need to sustain the gains of government investment in forest development and conservation;</li> <li>▪ Need for appropriate support mechanisms (e.g. policies, inputs, credits, technologies, technical assistance [marketing]) to ensure sustainable investments in forest plantation</li> </ul>	Enhanced policy intervention  Replication of the project with other areas	Implementing Agency  Over-all management of the project  Supervision  Technical Assistance  Monitoring  Policy recommendation  Linkaging and networking, establish partnership
ERDB	DENR Staff Bureau; research arm of the DENR and provides technical assistance to field office	Needs: <ul style="list-style-type: none"> <li>▪ Determine viable business model for vertical</li> </ul>		Collaborating Offices Technical assistance & training  Development of production technologies with FPRDI (utilization)

Stakeholder group	Characteristics	Problems, needs, interests	Potential benefits	Involvement in the project
		integration  Interest: <ul style="list-style-type: none"> <li>▪ Linkage with funding institutions willing to support government initiatives</li> </ul>		
Concerned DENR sub-national/field offices (Regional, Provincial and Community Environment and Natural Resources Office)		<ul style="list-style-type: none"> <li>▪ Good governance and service excellence</li> </ul>		Direct link to the POs; provide technical assistance
DENR Central Office:  Office of the Undersecretary for Policy, Planning and International Affairs  Office of the Assistant Secretary for Staff Bureaus  Foreign-			Policy recommendation from the project in terms of policy development/ enhancement and improvement of management	Oversight function

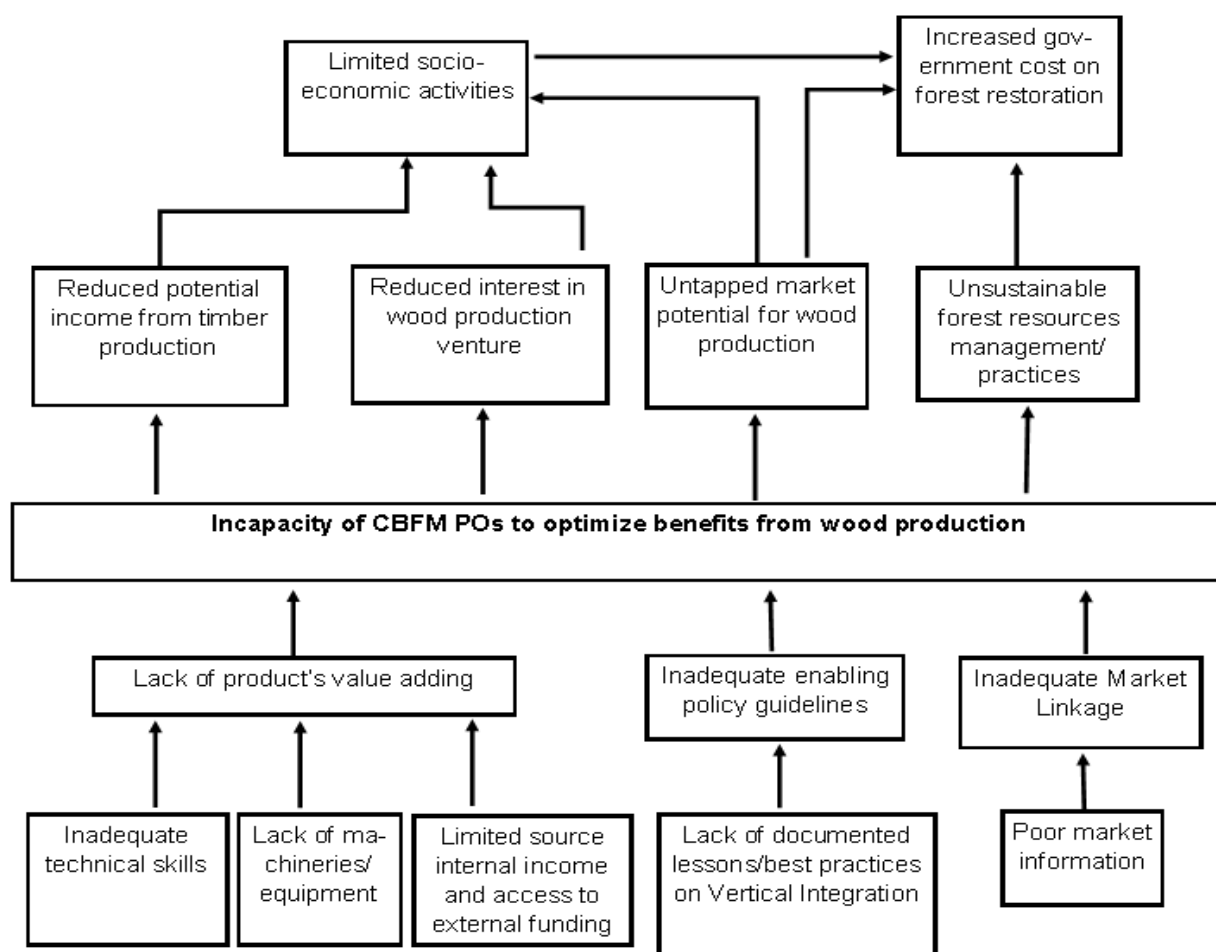
Stakeholder group	Characteristics	Problems, needs, interests	Potential benefits	Involvement in the project
Assisted and Special Projects Service (FASPS)				
DOST - FPRDI	<p>NGAs</p> <p>Development of technologies on wood processing and utilization</p>	<p>Problem:</p> <ul style="list-style-type: none"> <li>▪ Research result that would harmonize or recommend policy intervention/enhancement</li> </ul> <p>Needs:</p> <ul style="list-style-type: none"> <li>▪ Partnership and collaboration with other NGAs or LGUs</li> </ul> <p>Interest:</p> <ul style="list-style-type: none"> <li>▪ Policy recommendation</li> <li>▪ Technology adoptors (CBFMA Holders/POs)</li> </ul>	<p>Information</p> <p>Future reference</p> <p>Service excellence</p>	<p>Collaborating agency</p> <p>Technical assistance &amp; training on wood processing and utilization technologies</p> <p>Technology transfer</p>
Concerned LGUs	<p>Local executive in the Barangay, Municipality and Province</p>	<p>Needs:</p> <ul style="list-style-type: none"> <li>▪ Investment within its jurisdiction.</li> <li>▪ Adoption of technology beyond the pilot area.</li> </ul>	<p>Increase employment rate and income</p> <p>Service excellence</p> <p>Provision of basic needs</p>	<p>Linkage to PO initiatives</p> <p>Supervision and policy support through</p>

Stakeholder group	Characteristics	Problems, needs, interests	Potential benefits	Involvement in the project
		<ul style="list-style-type: none"> <li>▪ Business operation within the capacity of the local communities</li> </ul> <p>Interest:</p> <ul style="list-style-type: none"> <li>▪ Provide service excellence to its constituents</li> </ul>	Investment	ordinances
<b>Tertiary and other stakeholders</b>				
DTI - office concerned in developing small and medium enterprise	NGA concerned in developing small and medium enterprise	Limited manpower within the agency	Partnership  Knowledge products	Technical assistance on market linkaging, marketing and enterprise development
Private Sector          Other Non-PO members living within the same forest	Wood Processors or holders of wood processing plant permit  -Wood product buyers or the consumer sector	Lack of raw materials for lumber, plywood, furniture production etc. Quality of finished products  <u>Problems:</u> <ul style="list-style-type: none"> <li>▪ Lack of support services</li> <li>▪ Low income</li> </ul>	Linkage      Employment opportunities  Increase in socio-economic opportunities	Linkage Potential market for wood products

### 1.2. Problem Analysis

While there is potential in generating livelihood opportunities and enterprise development from timber utilization and wood processing, the core problem is CBFM-POs are not able to optimize benefits from wood production as a business venture. In terms of inputs to said business venture, CBFM-POs have raw materials from their existing tree plantations as well as human capital i.e. labor, potential skills. However, they are faced with problems related to inadequacy of appropriate technical skills, lack of machineries and technologies, documented lessons and experiences, limited source of income and access to external funding, and poor market information. These predicaments resulted to lack of product value-adding, inadequate enabling policy environment and market linkage.

As such, the CBFM-POs could not compete with private companies/corporations venturing into the business of harvesting and wood processing because of reduced potential income and interest of the CBFM-POs from timber production as well as unsustainable forest resources management/practices. With these coupled with limited socio-economic activities in CBFMA areas, government cost/subsidies on forest restoration/rehabilitation is increasing.



**Figure 1. Problem tree**

[Attachment-A]

**1.3. Logical framework matrix**

**Table 2A. Approved Logical Framework Matrix**

	<b>Narrative</b>	<b>Objectively Verifiable Indicators</b>	<b>Means of Verification</b>	<b>Assumptions</b>
Goal	To optimize the benefits derived from wood production by the CBFM Peoples Organizations through vertical integration	<ul style="list-style-type: none"> <li>• Increase in the number of CBFM POs engaged in wood-based enterprises through vertical integration from a baseline of less than one percent (2 out of 1,884 POs)</li> <li>• Increase in the number of CBFM POs implementing sustainable forestry practices vis-à-vis operation of wood-based enterprises from a baseline of from a baseline of less than one percent (2 out of 1,884 POs)</li> <li>• Decrease of at least 50% in government spending on reforestation projects within the CBFM areas of</li> </ul>	<ul style="list-style-type: none"> <li>• CBFM annual progress reports</li> <li>• Socio-economic and environmental baseline (SEEB) reports</li> <li>• Impact Assessment Reports</li> </ul>	<ul style="list-style-type: none"> <li>• Proposed policy recommendation on promoting vertical integration in CBFM areas adopted and approved by the DENR and other stakeholders</li> <li>• Participating CBFM POs sustain activities to protect and manage their forest resources consistent with SFM principles</li> </ul>

	<b>Narrative</b>	<b>Objectively Verifiable Indicators</b>	<b>Means of Verification</b>	<b>Assumptions</b>
		the participating CBFM POs		
Outcome	<p>1. Engagement of CBFM POs to value adding activities in wood production promoted</p> <p>To promote the engagement of the two (2) participating CBFM POs into value adding activities in wood production</p>	<ul style="list-style-type: none"> <li>Starting June 2023, participating CBFM POs are capably operating their respective wood-based enterprises in aspects of management, i.e. technical, organizational and financial capacity</li> <li>Starting June 2024, income of the two (2) participating CBFM POs has increased by 75 % from the baseline</li> </ul>	<ul style="list-style-type: none"> <li>PO accomplishment reports</li> <li>Organizational assessment reports</li> <li>PO accomplishment reports</li> <li>PO financial records</li> <li>Impact assessment reports</li> <li>SEEB reports</li> </ul>	<ul style="list-style-type: none"> <li>Peace and order situation remain stable in the CBFM areas of the participating POs</li> </ul>
	<p>2. Adequate market linkages to CBFM POs engaged in wood production provided</p> <p>To provide adequate market linkages for two (2) participating CBFM POs in the operation of their wood-based</p>	<ul style="list-style-type: none"> <li>Starting June 2023, participating CBFM POs are able to attain steady supply and demand of wood products from their established enterprises</li> </ul>	<ul style="list-style-type: none"> <li>PO accomplishment reports</li> <li>PO financial records</li> <li>PO inventory reports</li> </ul>	



	<b>Narrative</b>	<b>Objectively Verifiable Indicators</b>	<b>Means of Verification</b>	<b>Assumptions</b>
	enterprise			
	<p>3. Enabling policy guidelines for the implementation of vertical integration as a business model for CBFM POs developed</p> <p>To formulate and recommend enabling policy guidelines for the implementation of vertical integration as a business model for CBFM POs</p>	<ul style="list-style-type: none"> <li>• Policy guidelines on vertical integration developed based on the results of the pilot testing in two (2) participating CBFM POs, and recommended for adoption by the concerned authorities</li> </ul>	<ul style="list-style-type: none"> <li>• Draft policy recommendations</li> <li>• Policy briefs</li> <li>• Project accomplishment reports</li> </ul>	
Output	1.1.Enhanced technical skill of participating CBFM POs for both men and women in value adding activities in wood production	<ul style="list-style-type: none"> <li>• By end of June 2024, concerned officers and members of the two (2) participating CBFM POs have undergone at least five (5) training modules on wood production</li> </ul>	<ul style="list-style-type: none"> <li>• Activity reports</li> <li>• Training modules</li> <li>• Accomplishment reports</li> </ul>	
	1.2.Access of participating CBFM POs to machineries and	<ul style="list-style-type: none"> <li>• By the end of June 2021, machineries and equipment have been provided to the</li> </ul>	<ul style="list-style-type: none"> <li>• Receipts</li> <li>• Turn-over documents</li> </ul>	

	<b>Narrative</b>	<b>Objectively Verifiable Indicators</b>	<b>Means of Verification</b>	<b>Assumptions</b>
	equipment for value adding activities	two (2) participating CBFM POs and are installed in the wood processing facility	<ul style="list-style-type: none"> <li>• Acceptance documents</li> </ul>	
	1.3.Participating CBFM POs have enough internal fund and are able to access external funding support to invest in value adding activities to wood production	<ul style="list-style-type: none"> <li>• Starting July 2021, the two (2) participating CBFM POs have established and operationalized their business on wood production using the vertical integration as business model</li> </ul>	<ul style="list-style-type: none"> <li>• Business permits</li> <li>• PO accomplishment reports</li> <li>• Project accomplishment reports</li> </ul>	
	2.1. Improved access of participating CBFM POs to reliable market information on wood-based products	<ul style="list-style-type: none"> <li>• Starting July 2021, reliable market information on wood-based products are made available to the two (2) participating CBFM POs</li> </ul>	<ul style="list-style-type: none"> <li>• Market information matrixes</li> <li>• PO accomplishment reports</li> <li>• Project accomplishment reports</li> </ul>	
	3.1 Vertical integration as business model in CBFM POs are promoted through the documentation of best	<ul style="list-style-type: none"> <li>• By the end of June 2025, policy recommendations on the promotion of vertical integration in CBFM areas developed and submitted to the</li> </ul>	<ul style="list-style-type: none"> <li>• Draft policy recommendations</li> <li>• Policy briefs</li> </ul>	

	<b>Narrative</b>	<b>Objectively Verifiable Indicators</b>	<b>Means of Verification</b>	<b>Assumptions</b>
	practices and translation into policies	concerned approving authorities		
Activities	1.1.1 Networking/linkaging with research institutions	<ul style="list-style-type: none"> <li>Starting October 2020, research institutions identified and linked with for transfer of viable technologies on wood production</li> </ul>	<ul style="list-style-type: none"> <li>Documentation reports</li> <li>Agreements/MOUs</li> </ul>	
	1.1.2 Conduct of trainings/capacity building activities	<ul style="list-style-type: none"> <li>By the end of June 2021, at least twenty (20) trainings conducted with reports prepared</li> </ul>	<ul style="list-style-type: none"> <li>Activity reports</li> <li>Training modules</li> <li>Accomplishment reports</li> </ul>	
	1.1.3 Hiring of field-based assisting professionals to provide technical assistance to participating CBFM POs	<ul style="list-style-type: none"> <li>Starting July 2020, assisting professionals hired for each participating CBFM POs</li> </ul>	<ul style="list-style-type: none"> <li>Contracts</li> <li>Accomplishment reports</li> </ul>	
	1.2.1 Procurement of machineries and equipment	<ul style="list-style-type: none"> <li>By June 2021, machineries and equipment for the two (2) participating CBFM POs procured and turned-over to the PO</li> </ul>	<ul style="list-style-type: none"> <li>Receipts</li> <li>Turn-over documents</li> <li>Acceptance documents</li> </ul>	

	<b>Narrative</b>	<b>Objectively Verifiable Indicators</b>	<b>Means of Verification</b>	<b>Assumptions</b>
	1.2.2 Procurement of vehicles (state truck)	<ul style="list-style-type: none"> <li>• By June 2021, vehicle for the two (2) participating CBFM POs procured, with corresponding use agreement</li> </ul>	<ul style="list-style-type: none"> <li>• Project accomplishment reports</li> <li>• Photo documentations</li> <li>• Inspection reports</li> <li>• Agreements</li> </ul>	
	1.2.3 Establishment of wood processing facility	<ul style="list-style-type: none"> <li>• By September 2021, wood processing facility of the two (2) participating CBFM POs established</li> </ul>	<ul style="list-style-type: none"> <li>• Project accomplishment reports</li> <li>• Photo documentations</li> <li>• Inspection reports</li> </ul>	
	1.3.1 Establishment and operationalization of wood-based enterprises using vertical integration as the business model	<ul style="list-style-type: none"> <li>• By September 2020, situational and gap analysis conducted for the two (2) participating CBFM POs</li> <li>• By March 2021 Business plans prepared for the two (2) participating CBFM POs</li> <li>• By June 2021, respective benefit sharing scheme of the two (2) participating CBFM POs and its members were developed and adopted</li> <li>• By June 2021, respective reinvestment scheme of the</li> </ul>	<ul style="list-style-type: none"> <li>• Situational gap analysis report</li> <li>• Business plans</li> <li>• PO operational Plans</li> <li>• PO resolutions on benefit sharing</li> <li>• PO resolutions on re-investment scheme</li> <li>• CRMF</li> <li>• Implementation arrangements/ partnership agreements</li> <li>• Business permits</li> </ul>	

	<b>Narrative</b>	<b>Objectively Verifiable Indicators</b>	<b>Means of Verification</b>	<b>Assumptions</b>
		<p>two (2) participating CBFM POs and its members were developed and adopted</p> <ul style="list-style-type: none"> <li>• By March 2021, respective CRMFs of the participating CBFM POs have been updated to include Project objectives and activities</li> <li>• By December 2020, implementation arrangement has been formulated and adopted both by the DENR and the participating CBFM POs</li> <li>• Establishment of at least ten (10) hectares new tree plantations by the end of March 2025;</li> <li>• At least one partnership agreement with potential wood buyer for each PO forged by June 2021</li> </ul>		

	<b>Narrative</b>	<b>Objectively Verifiable Indicators</b>	<b>Means of Verification</b>	<b>Assumptions</b>
	2.1.1 Preparation of market information matrix	<ul style="list-style-type: none"> <li>• Survey for existing and potential markets conducted by the end of March 2021</li> <li>• Supply and demand analysis conducted by the end of March 2021</li> </ul>	<ul style="list-style-type: none"> <li>• Survey report</li> <li>• Supply and demand analysis report</li> </ul>	
	3.1.1 Formulation of policy recommendations	<ul style="list-style-type: none"> <li>• By June 2025, process documentations conducted</li> <li>• By June 2025, knowledge products developed for sharing with the ASIAN Region</li> <li>• Policy recommendations on promoting vertical integration formulated by June 2025</li> </ul>	<ul style="list-style-type: none"> <li>• Documentation reports</li> <li>• Knowledge products</li> <li>• Draft policy recommendations</li> </ul>	

**Table 3B. Proposed Enhanced Logframe** (using modified AFoCO template)

Output/Activities	Narrative	Objectively Verifiable Indicator (OVI)	Means of Verification (MOV)	Important Assumption
<b>GOAL:</b>				
To optimize the benefits derived from wood production by the CBFM Peoples Organizations through vertical integration towards sustainable forest management				
<b>Objectives/Outcomes:</b>				
1. Engagement of CBFM POs in value-adding activities in wood production is promoted.		<ul style="list-style-type: none"> <li>By end of 2025, income of two (2) CBFM POs derived from wood-based enterprises increased by 75% from the baseline by end of CY 2025</li> <li>By end of 2025, capacity (i.e. technical, organizational and financial) of 2 CBFM POs in implementing sustainable forestry practices vis-à-vis operation of wood-based enterprises increased by __% from the baseline by end of CY 2025</li> </ul>	<ul style="list-style-type: none"> <li>Socio-economic and environmental baseline (SEEB) reports</li> <li>Impact Assessment Reports</li> <li>CBFM Annual Progress report</li> <li>Draft Policy Brief</li> </ul>	<ul style="list-style-type: none"> <li>Proposed policy recommendation on promoting vertical integration in CBFM areas adopted and approved by the DENR and other stakeholders</li> <li>Participating CBFM POs sustain activities to protect and manage their forest resources consistent with SFM principles</li> </ul>
2. Better access to market for wood products developed by CBFM POs engaged in wood production.		By 2023, the two CBFM POs are actively using various marketing methods		
3. Enabling policy guidelines for the implementation of vertical integration as a business model for CBFM POs		By 4th quarter of Year 5, draft policy guidelines developed and presented to the DENR /FMB PTWG		
<b>Output 1.1:</b> Enhanced technical skills in value-adding activities in wood production of participating CBFM POs, for both men and women.		<ul style="list-style-type: none"> <li>Starting 2<sup>nd</sup> quarter of FY 2022, one (1) Capacity Building Plan developed and implemented</li> <li>Starting 3<sup>rd</sup> quarter of FY 2022, training designs/modules related to wood</li> </ul>	<ul style="list-style-type: none"> <li>Capacity Building Plan</li> <li>Training modules</li> <li>Activity Report</li> </ul>	PO was able to identify sufficient number of members who are willing to be trained and committed to apply their learnings for

Output/Activities	Narrative	Objectively Verifiable Indicator (OVI)	Means of Verification (MOV)	Important Assumption
		d production and processing developed and implemented • By end of project, a total ____ (number) participants trained	• Project Accomplishment Reports	the benefit of the organization
<b>Activity 1.1.1 – Networking/ Linkaging with Research Institution /s</b>	<ul style="list-style-type: none"> <li>Identify, coordinate and agree with potential partner agency/institution for short-term or long-term assistance needed by the Project</li> </ul>	<ul style="list-style-type: none"> <li>Summary list of identified potential partners, research institutions or agencies</li> <li>MOA with research institutions (e.g. FPRDI-DOST, Academe) drafted</li> </ul>	<ul style="list-style-type: none"> <li>Draft Agreement/MOA</li> <li>Documentation of coordination meetings</li> </ul>	Clear identification of role, expectations and schedule of assistance by the partner institutions
<b>Activity 1.1.2 – Conduct of Capacity Building activities/training</b>	<ul style="list-style-type: none"> <li>Conduct complete cycle of training or other strategies/methodologies to develop technical and organizational enterprise skills such as on tree inventory and harvesting, wood processing and business management, based on results of a simple training needs analysis (TNA), or Organizational Assessment, among others</li> </ul>	<ul style="list-style-type: none"> <li>No. of TNA Report submitted</li> <li>No. of training design/modules prepared</li> <li>No. of training reports prepared and submitted</li> <li>No. of participants (gender disaggregated)</li> </ul>	<ul style="list-style-type: none"> <li>TNA Report</li> <li>Design and modules per Training</li> <li>Activity Report or documentation, with photos and list of trainees (disaggregated data)</li> </ul>	
<b>Activity 1.1.3 – Hiring of field-based Assisting Professionals (APs)</b>	<ul style="list-style-type: none"> <li>Search, select and officially engage experts for deployment as APs in the two (2) pilot CBFM sites to provide technical assistance on value-adding activities in wood-based enterprise/s</li> </ul>	<ul style="list-style-type: none"> <li>No. of TOR developed and approved</li> <li>No. of Procurement Plan prepared</li> <li>No. of APs and staff hired</li> </ul>	<ul style="list-style-type: none"> <li>AP Contracts</li> <li>AP Monthly Accomplishment Report</li> </ul>	



Output/Activities	Narrative	Objectively Verifiable Indicator (OVI)	Means of Verification (MOV)	Important Assumption
<p><b>Output 1.2:</b> Access of the two (2) participating CBFM POs to machineries and equipment for value-adding activities in wood production</p>		<ul style="list-style-type: none"> <li>• By 3rd quarter of Yr. 2, two (2) wood processing facilities are legitimately established</li> <li>• Starting year 2, organizational/enterprise systems or operational and safety guidelines on the use of the machines and equipment are put in place</li> </ul>	<ul style="list-style-type: none"> <li>• Project Progress report</li> <li>• Location map and geo-tagged photos of the wood processing facilities</li> <li>• Video and/or photo documentations</li> <li>• Purchase/procurement records and delivery receipts</li> </ul>	<p>Necessary permits (i.e. harvesting/tree cutting and transport (if necessary) permit, WPP permit, permit to operate, business permit) and clearances (i.e. Environmental Compliance Certificate (ECC), Certificate of No Overlap (CNO) secured on time</p>
<p><b>Activity 1.2.1 –</b> Procurement of machineries and equipment</p>	<ul style="list-style-type: none"> <li>• Procure the identified machines and equipment for wood production based on the recommendations of the partner agency and/or AP following the procurement policies of the Philippines and AFoCO.</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement Plan prepared and approved</li> <li>• Bid Documents prepared</li> <li>• Bid Evaluation Report prepared</li> <li>• Contracts awarded</li> <li>• No. of machineries and equipment procured and distributed to POs</li> </ul>	<ul style="list-style-type: none"> <li>• Project Progress report</li> <li>• Assessment results / Recommendations of the partner agency and the AP about the needed machineries</li> <li>• Purchase/procurement records and delivery receipts</li> <li>• Deed of Donation (AFoCO to DENR)</li> <li>• Acceptance documents</li> </ul>	<p>Machineries and equipment are functional</p> <p>Housing, space and facilities are available in the pilot areas before delivery of the equipment and machines</p>

Output/Activities	Narrative	Objectively Verifiable Indicator (OVI)	Means of Verification (MOV)	Important Assumption
<b>Activity 1.2.2 –</b> Setting-up/ installation of wood processing equipment/facility	<ul style="list-style-type: none"> <li>• Construct/build the wood processing facility as the CBFM PO's counterpart contribution to this Project</li> <li>• Machines and equipment are carefully installed and made operational for the wood production enterprise of each of the two beneficiary POs</li> </ul>	<ul style="list-style-type: none"> <li>• PO Resolution for the location and construction of facility for the wood processing equipment</li> <li>• Required permits/clearances secured (e.g. ECC/CNC, WPP, Business permit, etc.)</li> <li>• Wood processing equipment installed</li> </ul>	<ul style="list-style-type: none"> <li>• Location map and geo-tagged photos of the wood processing facilities</li> </ul>	
<b>Activity 1.2.3 –</b> Procurement of vehicles	<ul style="list-style-type: none"> <li>• Procure the identified vehicles intended for the CBFM POs' wood processing activities based on the recommendations of the partner agency and/or AP following the Philippine procurement policies and AFoCO 's</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement Plan prepared and approved</li> <li>• Bid Documents prepared</li> <li>• Bid Evaluation Report prepared</li> <li>• Contracts awarded</li> <li>• No. of vehicles (trucks) procured</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase/procurement records and delivery receipts</li> <li>• Photo documentations</li> </ul>	Vehicles are in good running condition and space in each of the CENR or PSM office is available for the vehicles' maintenance and security.
<b>Activity 1.2.4-</b> Maintenance of vehicles	<ul style="list-style-type: none"> <li>• Maintain the vehicles procured by the project through the CENRO/PSMO</li> <li>• During the whole project period from date of procurement, two project vehicles are properly maintained and continuously made useful by the project</li> </ul>	<ul style="list-style-type: none"> <li>• No. of equipment and vehicles maintained</li> <li>• Project monitoring reports prepared and submitted</li> </ul>	<ul style="list-style-type: none"> <li>• Photo documentation</li> <li>• Project Progress reports</li> <li>• PSM Monthly Updates</li> </ul>	
<b>Activity 1.2.5 –</b> Maintenance of machines and	<ul style="list-style-type: none"> <li>• Upkeep the wood processing machines and equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Set of project-procured machines and equipment turned-over to POs</li> </ul>	<ul style="list-style-type: none"> <li>• Photo documentation</li> <li>• Project Progress reports</li> </ul>	CBFM POs assign individuals as caretakers of the machines and equipment

Output/Activities	Narrative	Objectively Verifiable Indicator (OVI)	Means of Verification (MOV)	Important Assumption
equipment and final hand-over / turn-over by government	<p>procured by the project through the two CBFM POs</p> <ul style="list-style-type: none"> <li>• During the whole project period from date of procurement to delivery/ distribution to the CBFM POs, two sets of machines and equipment on wood product value-adding are safely kept and maintained by the CBFM POs</li> <li>• One set of project-procured machines and equipment is handed-over or turned-over by DENR to each of the two CBFM POs</li> </ul>		<ul style="list-style-type: none"> <li>• Periodic updates from PSMO and AP</li> </ul>	
<p><b>Output 1.3:</b> Participating CBFM POs have enough internal fund and are able to access external funding support to invest in value-adding activities to wood production</p>		<ul style="list-style-type: none"> <li>• By 4th quarter of Yr. 1, MOA between the DENR and 2 POs are signed and implemented</li> <li>• Starting year 3, Partnership Agreement by the 2 CBFM POs with potential investors and/or other support agencies are signed and executed</li> <li>• By 2<sup>nd</sup> quarter of 2022, each PO has prepared and implemented a Business Plan and Operational Plan</li> <li>• Starting year 2023, PO Re-investment scheme prepared and adopted</li> <li>• By end of 2022, PO Benefit Sharing Scheme prepared and adopted</li> </ul>	<ul style="list-style-type: none"> <li>• MOA between DENR and POs</li> <li>• Partnership Agreements</li> <li>• PO Business Plans</li> <li>• PO Operational Plans</li> <li>• PO Benefit Sharing Scheme</li> <li>• PO Re-investment scheme</li> <li>• POs' CRMF/FYWP</li> <li>• PO production record</li> <li>• Project Progress Reports</li> </ul>	<ul style="list-style-type: none"> <li>• Presence of investors who are willing to enter into an agreement/ contract with the POs</li> <li>• The POs have enough/sufficient wood raw materials to process, supply and meet demands of the market</li> </ul>

Output/Activities	Narrative	Objectively Verifiable Indicator (OVI)	Means of Verification (MOV)	Important Assumption
		<ul style="list-style-type: none"> <li>By 4<sup>th</sup> quarter of 2022, CRMFs and FYWPs are updated, affirmed and approved</li> </ul>		
<b>Activity 1.3.1-</b> Establishment and operationalization of wood-based enterprises using vertical integration as business model	<ul style="list-style-type: none"> <li>Start-up operations and fully-implement the wood-based enterprise in each pilot CBFM PO through the conduct of planning activities; setting-up and operationalizing organizational/enterprise systems; and forging partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>Report on situational/gap analysis in each pilot site prepared and submitted</li> <li>Draft MOA between DENR and POs</li> <li>List of potential investors</li> <li>PO Resolution on the adoption of Business Plan</li> <li>PO Resolution on the adoption of PO Benefit Sharing Scheme</li> <li>PO Resolution on the adoption of PO Re-investment scheme</li> </ul>	<ul style="list-style-type: none"> <li>Project Progress reports</li> <li>Situational/gap analysis report</li> <li>Draft Partnership Agreement</li> <li>Draft PO Business Plans and Operational Plan</li> <li>Enhanced POs' CRMF/FYWP</li> <li>PO Resolution on Benefit Sharing</li> <li>PO Resolution on re-investment scheme</li> <li>Consultation Workshop/Activity Reports</li> </ul>	
<b>Activity 1.3.2</b> Establishment of new tree plantations	<ul style="list-style-type: none"> <li>Establish new tree plantations within the CBFM areas and replant harvested areas as PO counterpart</li> </ul>	<ul style="list-style-type: none"> <li>At least 5 ha of new tree plantations in each pilot CBFM PO established</li> </ul>	<ul style="list-style-type: none"> <li>Geotagged photos of existing and new plantations</li> </ul>	
Activity 1.3.3 Consultation Workshop with Potential	<ul style="list-style-type: none"> <li>Conduct consultation workshop to formulate partnership agreements with potential</li> </ul>	<ul style="list-style-type: none"> <li>Consultation workshops conducted</li> <li>Draft partnership agreement with potential wood buyer for each pilot CBFM PO</li> </ul>	<ul style="list-style-type: none"> <li>Workshop documentation</li> </ul>	

Output/Activities	Narrative	Objectively Verifiable Indicator (OVI)	Means of Verification (MOV)	Important Assumption
Buyers/Traders	domestic wood product buyers/traders		<ul style="list-style-type: none"> <li>• Draft Partnership agreements with potential investors/ buyers/traders</li> </ul>	
<b>Output 2.1:</b> Improved access of the two participating POs to reliable market information on wood-based products		<ul style="list-style-type: none"> <li>• By Year 2, supply and demand analysis report prepared</li> <li>• Starting Year 4, Partnership Agreement with prospective buyers signed and implemented</li> </ul>	<ul style="list-style-type: none"> <li>• Project's Progress Report</li> <li>• MOU/MOA/Marketing Contract</li> </ul>	<ul style="list-style-type: none"> <li>• Local to national level and international market information are available and updated</li> <li>• Prospects for marketing of wood-based products are promising</li> <li>• DTI and LGU offices give regular assistance to POs as regard to the prevailing market demand on wood products</li> </ul>
<b>Activity 2.1.1 -</b> Preparation of Market Information Matrix through a market survey and supply and demand analysis	<ul style="list-style-type: none"> <li>• Develop a market information matrix from results of market survey and supply and demand analysis resulting in wider opportunities for marketing of POs' wood products</li> </ul>	<ul style="list-style-type: none"> <li>• Survey instrument prepared</li> <li>• Data gathered and analyzed</li> <li>• Market Survey Report prepared</li> </ul>	<ul style="list-style-type: none"> <li>• Market survey reports and supply and demand analysis reports</li> </ul>	

Output/Activities	Narrative	Objectively Verifiable Indicator (OVI)	Means of Verification (MOV)	Important Assumption
<b>Output 3.1</b> Vertical integration as business model in CBFM POs is promoted through the documentation of best practices and translated into policies		<ul style="list-style-type: none"> <li>By end of year 5, knowledge products have been developed and packaged for sharing with other people-oriented forestry projects and with ASEAN Region</li> </ul>	<ul style="list-style-type: none"> <li>Knowledge products</li> </ul>	<p>Implementers are oriented/ trained to do process documentation</p> <p>Documentations of project activities and experiences comprehensively capture project learnings</p>
<b>Activity 3.1.1 –</b> Conduct of Process Documentations	<ul style="list-style-type: none"> <li>Conduct periodic project process documentation to generate lessons</li> </ul>	<ul style="list-style-type: none"> <li>No. of documentation reports prepared and submitted</li> </ul>	<ul style="list-style-type: none"> <li>Documentation reports</li> </ul>	<p>Implementers are oriented/ trained to do process documentation; Documentation of project activities and experiences comprehensively capture project learnings</p>
<b>Activity 3.1.2–</b> Development and dissemination of Knowledge Products	<ul style="list-style-type: none"> <li>Develop materials for sharing with ASEAN Region</li> </ul>	<ul style="list-style-type: none"> <li>No. of workshops conducted for the preparation of Knowledge Products</li> <li>Draft KPs for printing</li> <li>No. of KPs disseminated</li> </ul>	<ul style="list-style-type: none"> <li>Workshops/Activity Report</li> <li>Knowledge products</li> </ul>	<p>Process documentation of the project is intact from its inception to end</p>
<b>Activity 3.1.3 –</b> Formulation of policy recommendations	<ul style="list-style-type: none"> <li>Formulate policy recommendations to promote vertical integration in CBFM</li> </ul>	<ul style="list-style-type: none"> <li>No. of consultation workshops conducted for the preparation of policy brief</li> <li>Draft Policy Brief</li> </ul>	<ul style="list-style-type: none"> <li>Workshop proceedings</li> <li>Draft Policy brief</li> </ul>	

Output/Activities	Narrative	Objectively Verifiable Indicator (OVI)	Means of Verification (MOV)	Important Assumption
<b>PROJECT MANAGEMENT</b>				
Conduct of project inception meeting/workshop		<ul style="list-style-type: none"> <li>Inception Report prepared and submitted</li> </ul>		
Preparation of the Project Implementation Plan and Project Operations Manual		<ul style="list-style-type: none"> <li>PIP and POM prepared and submitted</li> </ul>		
Conduct of annual planning and assessment workshop		<ul style="list-style-type: none"> <li>Annual Plan prepared and approved</li> <li>Yearly Assessment report</li> </ul>		
Conduct of baseline studies		<ul style="list-style-type: none"> <li>TOR developed and approved</li> <li>Procurement Plan prepared</li> <li>APs hired</li> </ul>		
Conduct evaluation of consultant's/Aps performance		<ul style="list-style-type: none"> <li>Evaluation Report for AP's performance</li> </ul>		
Preparation and submission of quarterly and annual report		<ul style="list-style-type: none"> <li>No. of quarterly reports submitted</li> <li>No. of Annual reports submitted</li> </ul>		
Conduct of Asset inventory		<ul style="list-style-type: none"> <li>No. of Asset Inventory Reports submitted</li> </ul>		
Preparation and submission of the PCR and Sustainability Plan		<ul style="list-style-type: none"> <li>No. of PCR and Sustainability Plan prepared and submitted</li> </ul>		
Conduct of Closing event for the turn-over of the project to the beneficiaries and pertinent documents to concerned project stakeholders		<ul style="list-style-type: none"> <li>No. of closing and turnover ceremony conducted</li> </ul>		

### ***1.4 Justification***

The project will address the lack of or incapacity of CBFM-POs to optimize benefits from wood production. While considerable areas are already developed for timber production in CBFMA areas, the economic opportunities for timber utilization are still limited to livelihood level as harvested matured trees are being sold in log/flitches form. Through vertical integration, CBFM-POs will be able to leverage their timber production by way of further timber processing and marketing their products at a higher value. For vertical integration to happen, the inadequacy of financial resources and support services will be addressed by the project through transfer of viable technologies on timber inventory, harvesting and wood processing including appropriate capacity building for CBFM-POs. Likewise, assistance in marketing of timber products will be implemented to include expansion of market linkage. The ultimate benefit from the project is the transformation of the current level livelihood scale timber production and utilization in CBFMA areas into a viable business enterprise. With such kind of enterprise, CBFM-POs will be able to establish their tree plantation from their capitalization in order to perpetuate their business operation therefore promoting sustainable timber production in CBFMA areas.

Philippines is a net importer of wood and other wood products. Hence, demand for locally produced wood is certain, thus the market is high. Further, the project will address certification and chain of custody in terms of instituting safeguards in all aspects of wood production from harvesting, transport and processing.

In terms of project inputs, identified machineries/ equipment and transport vehicles are vital to the establishment of selected enterprise on vertical integration. The budget requirements for the purchase of said equipment and vehicles seem to be high. However, further replication of the project nationwide will be sustainable in view of the following:

1. Counterpart funds from the implementing CBFM-PO beneficiaries will be required in terms of construction of infrastructures to house the equipment and warehouse including maintenance;
2. The DENR will negotiate with Project beneficiaries to establish tree plantation commensurate to at least one (1) business cycle requirement or around 5 hectares per year in 5 years at no cost to the government;
3. It should be noted that from year 2011-2018 the Philippine government had spent around 1 Billion US dollar in reforestation projects. Should the vertical integration models proved to be viable business in the uplands, this will pave the way for the shift in fiduciary forest policies (in terms of government subsidies) in people-oriented programs from reforestation to enterprise development;
4. CBFM-POs will be linked to the loan-in-kind arrangement window from the DOST where the needed equipment/machineries can be provided under existing repayment scheme, i.e. DOST-Small Enterprise Technology Upgrading Program; and



5. In order to ensure marketability and viability of wood production business in CBFM areas, consolidation of CBFM-POs will be promoted to achieve economies of scale.

The above strategies are geared towards promotion ownership of the project by the CBFM-POs and responsive government policies for sustainability.

In the long run, the proposed project implementation will serve as a foundation for a more productive forest community with the ultimate aim to connect, establish linkage and network free flow of the basic services in the community.

## **2. Objectives**

### ***2.1. Main objective (development objective)***

The primary objective of the project is to support the vertical integration in CBFM areas through the promotion of community-based livelihood opportunities through utilization of existing plantations.

Implementing vertical integration will not be a start-from-scratch undertaking as it is within the scope and objectives of the DENR Department Administrative Order 2017-02 entitled “Guidelines on the Implementation of Sustainable Integrated Area Development (SIAD) Strategy”. This order aims to apply area-based interventions, concepts on natural resources development programs including but not limited to the NGP and takes into consideration vulnerability to climate change of marginalized sectors, including but not limited to indigenous peoples, farmers and fisherfolks toward the promotion of integrity in the development of environment and natural resource (ENR) programs and projects. The SIAD is grounded on the basic principles of the Philippine Agenda 21 (the country’s blueprint for sustainable development) and recognizes the need for participation of the government, business, civil society and local communities. Likewise, it promotes the social equity principle of a fair, just and equitable access of men and women in the different segments of development and use of the country’s natural resources.

Moreover, the project is envisioned to contribute to national goals as it is aligned with the 0+10 Point Socio-Economic Agenda of the Duterte Administration and the Philippine Development Plan (PDP) 2017-2022 particularly on the following:

- Promoting rural and value chain development toward increasing rural enterprise productivity;
- Investment in human capital development and training to meet the demand of businesses; and
- Promotion of science, technology and the creative arts to enhance innovation and creative capacity towards self-sustaining, inclusive development

Moreover, the Project is in line with the policy pronouncement of the DENR Secretary during

the Wood Summit on January 29, 2019 declaring Vertical Integration as the basic wood industry rationalization policy in tenured forest areas.

## ***2.2. Specific objective(s) and success criteria & indicators***

Specifically, the project aims to achieve the following:

- a. To promote the engagement of the two (2) participating CBFM POs into value adding activities in wood production;
- b. To provide adequate market linkages for the two (2) participating CBFM POs in the operation of their wood-based enterprise; and
- c. To formulate and recommend enabling policy guidelines for the implementation of vertical integration as a business model for CBFM POs.

### **Success Criteria and Indicator(s):**

- 1) ***Objective:*** *To promote the engagement of the two (2) participating CBFM POs into value adding activities in wood production;*

Engaging CBFM-POs into value-adding activities involves enhancement of the technical skills of both men and women, providing them access to machineries, equipment, and ensuring that they have access to both internal and external fund to venture into wood-based enterprises. Based on the FMB and FPRDI study concerning the assessment and value chain analysis of thirteen (13) wood processing plants in the Philippines, majority of the firms' male workers dominate both production and non-production workers. In one WPP, female workers dominate the log scaling and veneer splicing section noting that female workers are more meticulous in "mending" veneer splits. While on blockboard production, females can be found in the drying, assembly, finger-jointing and quality control sections. Hence, the technical trainings (e.g. harvesting, wood processing and product development) to be conducted shall be a hands-on learning exercise ensuring not only the participation of both men and women but more importantly with regard to their capacities and interest to be trained and learned. Likewise, to ensure knowledge transfer and the sharing of information, a pool of trainers shall be developed, while second line leaders shall be identified to ensure continuity of the wood-based enterprise beyond the project term

### **Criterion:**

PO organizational maturity and financial capability are in terms of venturing into wood-based enterprises.

### **Indicators:**

1. Starting Year 3, CY 2024, participating CBFM POs are capably operating their respective wood-based enterprises in aspects of management, i.e. technical,

organizational and financial capacity

2. By end of 2025, income of the two (2) participating CBFM POs has increased by 75 % from the baseline
  3. Starting Year 2023, the two (2) participating CBFM POs have established and operationalized their business on wood production using the vertical integration as business model;
- 2) **Objective:** To provide adequate market linkages for the two (2) participating CBFM POs in the operation of their wood-based enterprise;
- *Participating CBFM-POs with assistance from the Project shall establish linkage with partner government agencies and potential investors. Partnership agreements/contracts shall be forged by and between CBFM-POs and business partners.*

**Criterion:**

Availability of data and information on existing and potential markets across value chain for networking and partnerships

**Indicators:**

1. Starting Year 2024, participating CBFM POs are able to attain steady supply and demand of wood products from their established enterprises
  2. Starting Year 2, reliable market information on wood-based products are made available to the two (2) participating CBFM POs
    - 2.1 survey for existing and potential markets conducted by the 2<sup>nd</sup> Quarter of Year 2022
    - 2.2 supply and demand analysis conducted by 2<sup>nd</sup> Quarter of Year 2022
- 3) **Objective:** *To formulate and recommend enabling policy guidelines for the implementation of vertical integration as a business model for CBFM POs*
- *Based on the results of the project implementation, recommendations on policies regarding promotion of vertical integration in CBFMA areas shall be formulated. This will be participatory considering that inputs shall be coming from the different stakeholders' involved in project implementation. Stocktaking of related policies and standards shall be undertaken to come up with policy recommendations for endorsement and consideration by the DENR management.*

**Criterion:**

Responsiveness of policy recommendations

**Indicators:**

1. Policy guidelines on vertical integration developed based on the results of the pilot testing in the two (2) participating CBFM POs, and recommended for adoption by the concerned authorities
2. By the end of Year 5, policy recommendations on the promotion of vertical integration in CBFM areas developed and submitted to the concerned approving authorities

2.1 By 2nd Quarter of Year 5, process documentations conducted

2.2 By end of Year 5, knowledge products developed for sharing with the ASIAN region

By 3<sup>rd</sup> Quarter of Year 5, policy recommendations on promoting vertical integration formulated.

**SECTION C. DESCRIPTION OF PROJECT INTERVENTIONS**

**1. Work Plan and Schedule** (recalibrated timeline)

Activity	Performance Indicator	Responsible Person/Body	Annual Timelines																							
			2021				2022				2023				2024				2025				2026			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Objective 1: To promote the engagement of the two (2) participating CBFM POs into value adding activities in wood production</b>																										
<b>Output 1.1 Enhanced technological skill of participating CBFM POs in value adding activities in wood production</b>																										
A.	Networking/linkaging with research institutions vis-à-vis technology transfer	one (1) institutional arrangement prepared	DENR																							
B.	Capacity building of participating CBFM POs on tree inventory and harvesting, wood processing and business management	at least forty (40) trainings conducted with reports prepared	DENR and PO Beneficiaries																							
C.	Hiring of field-based assisting professional for the three sites	two (2) APs hired	DENR																							
<b>Output 1.2 Access of participating CBFM POs to machineries and equipment for value adding activities</b>																										

Activity		Performance Indicator	Responsible Person/Body	Annual Timelines																							
				2021				2022				2023				2024				2025				2026			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
D.	Procurement of machineries and equipment	two (2) sets of machineries and equipment procured	DENR																								
E.	Procurement of vehicles (trucks)	two (2) vehicles procured	DENR																								
F.	Setting up/installation of wood processing equipment/facility	two (2) wood processing facility installed/ set-up	PO beneficiaries																								
G.	Maintenance of vehicles	two (2) vehicles maintained	DENR																								
H.	Maintenance of machineries and equipment	two (2) sets of machineries and equipment maintained	PO beneficiaries																								

*Output 1.3 Participating CBFM POs have enough internal fund and are able to access external funding support to invest in value adding activities to wood production*

Activity	Performance Indicator	Responsible Person/ Body	Annual Timelines																							
			2021				2022				2023				2024				2025				2026			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
I.	Establishment and operationalization of wood based enterprises using vertical integration as the business model																									
I.1	Workshop for the formulation of DENR and PO agreement	two (2) consultation workshops conducted with draft agreement prepared	DENR and PO Beneficiaries																							
I.2	Consultation workshop for the conduct of situational and gap analysis	two (2) consultation workshops conducted with situational/ gap analysis report prepared	DENR and PO Beneficiaries and other stakeholders																							
I.3	Training on resource assessment and data gathering	two (2) trainings conducted with reports prepared	DENR																							

Activity		Performance Indicator	Responsible Person/Body	Annual Timelines																							
				2021				2022				2023				2024				2025				2026			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
I.4	Workshop on the preparation of business plan	two (2) business plans prepared	DENR and PO Beneficiaries																								
I.5	Workshop on the formulation of benefit sharing agreements	two (2) benefit sharing agreements prepared	DENR and PO Beneficiaries																								
I.6	Workshop on the formulation of re-investment scheme	two (2) reinvestment schemes prepared	DENR and PO Beneficiaries																								
I.7	Workshop on the updating of the Community Resource Management Framework	two (2) CRMFs updated	DENR and PO Beneficiaries																								
I.8	Operation of the business	two (2) business operationalized	PO Beneficiaries																								



Activity	Performance Indicator	Responsible Person/Body	Annual Timelines																									
			2021				2022				2023				2024				2025				2026					
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
J.	Establishment of new tree plantations	ten (10) hectares new tree plantations established	PO Beneficiaries																									
K.	Conduct of consultation workshop for the formulation of partnership agreements with potential wood product buyers/traders in the domestic markets	two (2) partnership agreements prepared	DENR and PO Beneficiaries and other stakeholders																									
<b>Objective 2: To provide adequate market linkages for the two (2) participating CBFM POs in the operation of their wood based enterprise</b>																												
<i>Output 2.1 Improved access of participating CBFM POs to reliable market information on wood based products</i>																												
L.	Preparation of market information matrix																											
L.1	Conduct of survey for existing and potential markets	Two (2) market survey	DENR																									

Activity	Performance Indicator	Responsible Person/Body	Annual Timelines																							
			2021				2022				2023				2024				2025				2026			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	reports prepared																									
L.2	Conduct of supply and demand analysis reports prepared	DENR																								
<b>Objective 3: To formulate and recommend enabling policy guidelines for the implementation of vertical integration as a business model for CBFM POs</b>																										
<i>Output 3.1 Vertical integration as business model in CBFM POs are promoted through the documentation of best practices and translation into policies</i>																										
M.	Conduct of process documentations	DENR																								
N.	Formulation of policy recommendations																									
N.1	Conduct of consultation workshop for the review, integration and formulation of policy	DENR																								

Activity		Performance Indicator	Responsible Person/Body	Annual Timelines																									
				2021				2022				2023				2024				2025				2026					
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
	recommendations on vertical integration	policy recommendations as the final output																											
O.	Publication of knowledge products	at least two (2) sets of knowledge product prepared	DENR																										
P.	Project Management and Supervision		DENR																										
P.1	Staff resource allowance																												
P.2	Management support to operations																												
P.3	Procurement of office equipment																												
P.4	Monitoring and evaluation																												
Q.	Contingency		DENR																										

Activity		Performance Indicator	Responsible Person/Body	Annual Timelines																									
				2021				2022				2023				2024				2025				2026					
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
R.	External Audit		DENR																										
S.	Program Support		AFoCO Secretariat																										

## 2. Budget (USD)

Kindly note that this is the budget per approved project proposal and still subject for review and reprogramming to compensate for the forex loss and necessary adjustments in order to entertain the possibility of increasing the amount for the procurement of project vehicle or truck as recommended by field implementers. The exchange rate at the time of developing the proposal is assumed at USD1=PhP50; however, with the present economic setback brought about by the pandemic, the prevailing exchange rate on the average is now at USD1=PhP47. To augment the need for additional funds, an option to increase the counterpart funding from the DENR/Government of the Philippines (GOP) will be negotiated.

Activity	Budget Allocation by Year									
	Unit	Unit Cost	Quantity	Total	Year 1	Year 2	Year 3	Year 4	Year 5	
<b>Objective 1: To promote the engagement of the two (2) participating CBFM POs into value adding activities in wood production</b>										
<i>Output 1.1 Enhanced technological skill of participating CBFM POs in value adding activities in wood production</i>										
A.	Networking/linkaging with research institutions vis-à-vis technology transfer	no.	(To be done by the project personnel)	1						
B.	Capacity building of participating CBFM POs on tree inventory and harvesting, wood processing and business management	no.	1,350	40	54,000.00	10,800.00	21,600.00	10,800.00	5,400.00	5,400.00
C.	Hiring of field-based assisting professional for the two sites	person months	1,400	120	168,000.00	16,800.00	50,400.00	50,400.00	33,600.00	16,800.00
<i>Output 1.2 Access of participating CBFM POs to machineries and equipment for value adding activities</i>										

Activity	Budget Allocation by Year								
	Unit	Unit Cost	Quantity	Total	Year 1	Year 2	Year 3	Year 4	Year 5
D. Procurement of machineries and equipment	lot	104,000	2	208,000.00	208,000.00				
E. Procurement of second hand stake truck (preferably Korean brand)	no.	15,000	2	30,000.00	30,000.00				
F. Setting up/installation of wood processing equipment/facility	lot	(4,000: labor and materials are PO counterpart)	2						
G. Maintenance of vehicles	no.	(1,400: DENR Counterpart)	2						
H. Maintenance of machineries and equipment	no.	(1,200: PO Counterpart)	2						
<i>Output 1.3 Participating CBFM POs have enough internal fund and are able to access external funding support to invest in value adding activities to wood production</i>									
I. Establishment and operationalization of wood based enterprises using vertical integration as the business model									
I.1 Workshop for the formulation of DENR and PO agreement	no.	1,800	2	3,600.00	3,600.00				
I.2 Consultation workshop for the conduct of situational and gap analysis	no.	3,150	2	6,300.00	6,300.00				

Activity	Budget Allocation by Year								
	Unit	Unit Cost	Quantity	Total	Year 1	Year 2	Year 3	Year 4	Year 5
I.3 Training on resource assessment and data gathering	no.	1,800	2	3,600.00	3,600.00				
I.4 Workshop on the preparation of business plan	no.	1,800	2	3,600.00	3,600.00				
I.5 Workshop on the formulation of benefit sharing agreements	no.	1,800	2	3,600.00	3,600.00				
I.6 Workshop on the formulation of re-investment scheme	no.	1,800	2	3,600.00	3,600.00				
I.7 Workshop on the updating of the CRMF	no.	3,600	2	7,200.00	7,200.00				
I.8 Operation of the business	no.	(PO Counterpart)	2						
J. Establishment of new tree plantations	has.	(1,000/ha for 5 has in 3 years: PO counterpart)	2						
K. Conduct of consultation workshop for the formulation of partnership agreements with potential wood product	no.	1,800	2	3,600.00		3,600.00			

Activity	Budget Allocation by Year								
	Unit	Unit Cost	Quantity	Total	Year 1	Year 2	Year 3	Year 4	Year 5
buyers/traders in the domestic markets									
<b>Objective 2: To provide adequate market linkages for the two (2) participating CBFM POs in the operation of their wood based enterprise</b>									
<i>Output 2.1 Improved access of participating CBFM POs to reliable market information on wood based products</i>									
L. Preparation of market information matrix									
L.1	Conduct of survey for existing and potential markets	no.	(To be done by the project personnel)	2					
L.2	Conduct of supply and demand analysis	no.	(To be done by the project personnel)	2					
<b>Objective 3: To formulate and recommend enabling policy guidelines for the implementation of vertical integration as a business model for CBFM POs</b>									
<i>Output 3.1 Vertical integration as business model in CBFM POs are promoted through the documentation of best practices and translation into policies</i>									
M.	Conduct of process documentations	no.	(To be done by the project personnel)	2					
N. Formulation of policy recommendations									
N.1	Conduct of consultation workshop for the review, integration and formulation of	no.	3,000	8	24,000.00	5,400.00			9,000.00 9,600.00

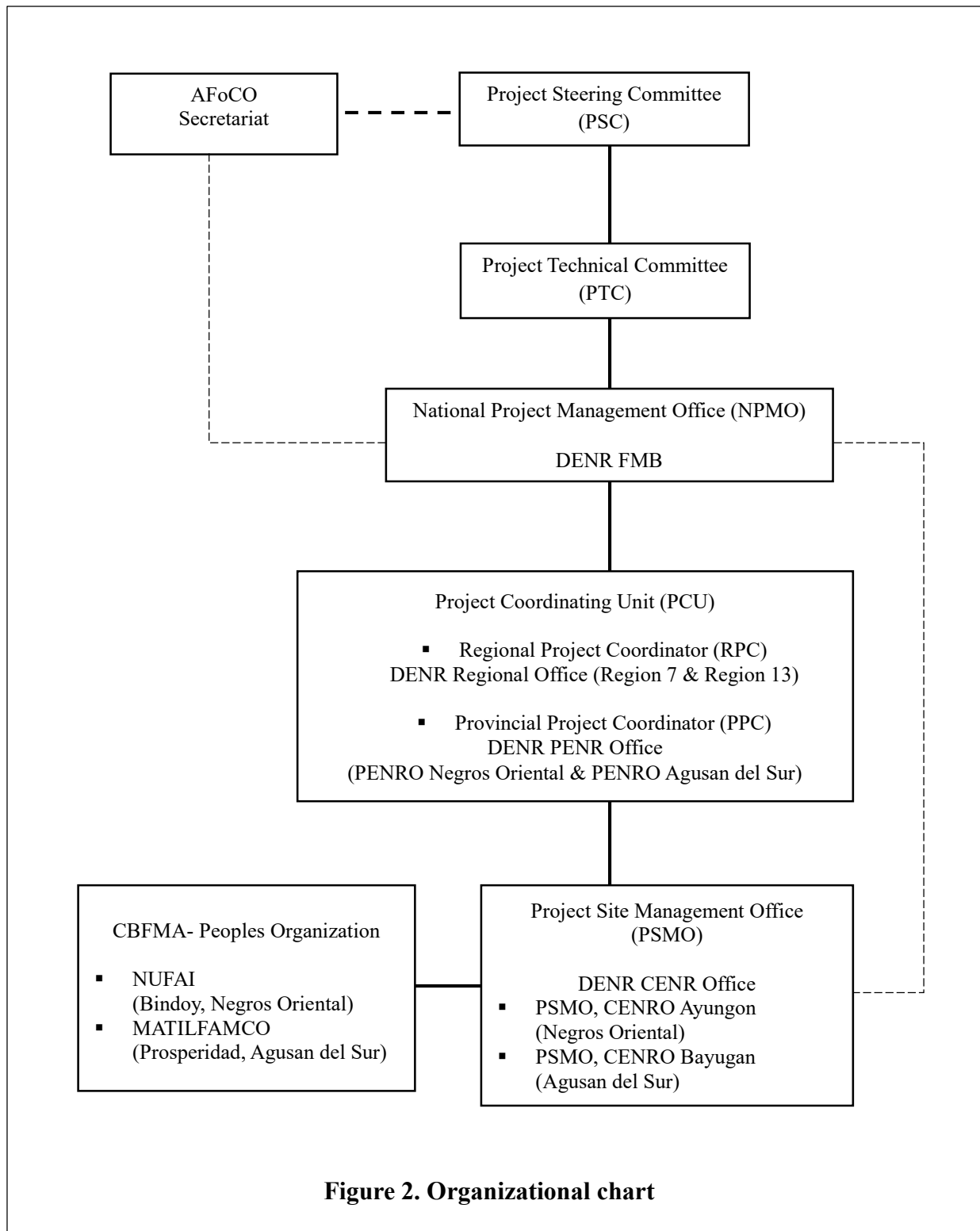


Activity	Budget Allocation by Year								
	Unit	Unit Cost	Quantity	Total	Year 1	Year 2	Year 3	Year 4	Year 5
policy recommendations on vertical integration									
N.2 Hiring of local consultant as resource person	person day	200	40	8,000.00				4,800.00	3,200.00
O. Publication of knowledge products	lot.	6,000	1	6,000.00					6,000.00
P. Project Management and Supervision				266,550.00	63,972.00	50,644.50	50,644.50	50,644.50	50,644.50
P.1 Staff resource allowance				146,602.50	29,320.50	29,320.50	29,320.50	29,320.50	29,320.50
P.2 Management support to operations				53,310.00	10,662.00	10,662.00	10,662.00	10,662.00	10,662.00
P.3 Procurement of office equipment				13,327.50	13,327.50				
P.4 Monitoring and evaluation				53,310.00	10,662.00	10,662.00	10,662.00	10,662.00	10,662.00
Q. Contingency				26,655.00					26,655.00

Activity	Budget Allocation by Year								
	Unit	Unit Cost	Quantity	Total	Year 1	Year 2	Year 3	Year 4	Year 5
R. External Audit	no.	3,000	1	3,000.00					3,000.00
S. Program Support				99,516.60	19,903.32	19,903.32	19,903.32	19,903.32	19,903.32
<b>TOTAL</b>				<b>928,821.60</b>	<b>386,375.32</b>	<b>146,147.82</b>	<b>131,747.82</b>	<b>123,347.82</b>	<b>141,202.82</b>

## SECTION D. IMPLEMENTATION ARRANGEMENTS

### 1. Organizational structure



**Figure 2. Organizational chart**

The DENR through the FMB shall lead in Project Implementation. The FMB Director/ASOF Leader will take the responsibility of the project, which will be supported by the AFoCO Focal Person. The Project shall involve different government agencies, as follows:

- **The FMB of the DENR** is the primary government agency that provides technical guidance for the effective protection, development, and conservation of forestlands and watersheds in the Philippines. It also recommends policies and programs towards the achievement of SFM, based on science and principles of good forest governance;
- **The FASPS** of the DENR oversees, coordinates and facilitates the preparation, implementation and evaluation of the DENR's foreign assisted and special projects;
- **The ERDB** is the principal research and development (R & D) unit of the DENR. It's R & D and extension activities are focused on the five major ecosystems of the Philippines, which include forests, upland farms, grassland and degraded areas, coastal zone and freshwater and urban areas;
- **The FPRDI of the DOST** is the primary agency that conducts research and development on wood and non-wood forest products, transfer technologies; and provide technical services and trainings; and
- **The DTI** is the primary government agency tasked as the main economic catalyst that enables innovative, competitive, job generating, inclusive business, and empowers consumers. It acts as catalyst for intensified private sector activity in order to accelerate and sustain economic growth through comprehensive industrial growth strategy, progressive and socially responsible trade liberalization and deregulation programs and policymaking designed for the expansion and diversification of Philippine trade - both domestic and foreign..

### **Management Arrangement**

The project will be implemented through a three-level project management structure, i.e., the (a) National level, (b) Field Office Level, and (c) Site Level or CBFM PO level. Each level may have additional sublevels of supervising teams or operations committees that will ensure an organized implementation of the Project.

There will be three (3) layers at the National level, namely: the Project Steering Committee (PSC), the Project Technical Committee (PTC) and the National Project Management Office (NPMO). Meanwhile, the Field Office Level will include the Project Coordinating Unit (PCU) and the two (2) Project Site Management Offices (PSMOs). These implementing units will be created through the issuance of a DENR Special Order following the membership composition and functions as proposed below:

## **I. Project Steering Committee (PSC)**

### **A. Composition**

Chairperson: Undersecretary for Policy, Planning and International Affairs (PPIAs), DENR

Co-Chair: Assistant Secretary for Policy, Planning and Foreign Assisted and Special Projects (PPFASPS), DENR

Members:

- AFoCO Secretariat
- Director, Foreign Assisted and Special Projects Service (FASPS), DENR
- Director, Forest Management Bureau (FMB)
- Third Party Expert (will ensure Environmental and Social Safeguards)

### **B. Functions of the PSC**

The PSC shall be the supervisory and decision-making body that will provide direction, guidance and oversight for the effective implementation of the project. Specifically, the PSC shall perform the following roles and responsibilities:

1. Provide strategic directions and guidance for implementation of the project towards achievement of project outputs and outcomes;
2. Approve annual work-plans and budgets, and as needed, any essential deviations from the original plan;
3. Oversee prudent and efficient use of project funds and other resources; and
4. Provide guidance and support for the resolution of project-related concerns, issues and or challenges.

The PSC shall meet at least once a year as deemed necessary.

## **II. Project Technical Committee (PTC)**

### **A. Composition**

Chairperson: Director, Forest Management Bureau (FMB), DENR

Co-Chair: Assistant Director, FMB, DENR

Members :

- Director, DENR Policy and Planning Services (PPS), DENR
- Director, Ecosystems Research and Development Bureau (ERDB), DENR
- AFoCO Focal Person (National Focal Point)
- Regional Executive Director -Region 7
- Regional Executive Director - Region 13
- Representative, DENR-FASPS

- Representative, Forest Products Research and Development Institute (FPRDI) of the Department of Science and Technology (DOST)
- Representative, National Economic Development Authority (NEDA)
- Representative, Department of Trade and Industry (DTI)

### **B. Functions of the PTC**

PTC is an inter-agency body which recommends policy direction, measures, and safeguards and shall perform the following specific functions:

1. Provide technical guidance, inputs and recommendations to the PMU as regards the project implementation;
2. Review and evaluate work plan and budgets, for endorsement to the PSC, in the event that a high-level decision and approval are needed;
3. Review project's progress, mid-term review and evaluation reports, and make recommendations for follow-up actions for timely and quality implementation;
4. Serve as venue for communicating project learnings and good practices to the respective sectoral agencies to enhance sustainability; and
5. Provide guidance on post-project sustainability, institutional and financial arrangements, keeping in view the recommendations of external reviews.

The PTC shall meet twice a year (once every semester) or as the Chairperson may deem necessary.

## **III. National Project Management Office (NPMO)**

A National PMO shall be created at the Forest Management Bureau (FMB) under the overall supervision and guidance of the FMB Director (Project Director), in close coordination with the AFoCO Focal Person.

### **A. Composition**

- Project Director
- AFoCO Focal Person
- Project Manager
- Assisting Professional
- Project Support Staff

### **B. Functions of the NPMO**

The NPMO shall be responsible for the overall management and coordination of the project. Specifically, the PMU shall perform the following roles and responsibilities:

1. The NPMO shall plan, direct, coordinate and lead the activities of the project;
2. Provide project management guidance, systems, tools and standards in project execution;

3. Develop and implement the Project Operations Manual;
4. Perform periodic project monitoring and evaluation;
5. Submit reportorial requirements to concerned oversight bodies and/or agencies;
6. Provide guidance and assistance in organizing activities, workshops and training courses of the Project;
7. Act as secretariat support to the PSC and PTC; and
8. Facilitate coordination activities with the AFOCO Secretariat and DENR Regional Offices and other agencies involved in the project.

#### **IV. Project Coordinating Unit (PCU)**

A Project Coordinator for the respective Region and Province shall be designated by the Regional Executive Director (Region 7 and CARAGA) and shall be endorsed to the NPMO. The concerned DENR Provincial Office (PENRO Negros Oriental and PENRO Agusan del Sur) shall recommend to the Regional Office, its chosen Provincial Project Coordinator.

The Regional Project Coordinator (RPC) shall perform the following functions:

1. Monitor the accomplishments and deliverables of the Project under their administrative jurisdiction;
2. Provide necessary technical assistance, and administrative/logistical support to the Project Site Management Office (PSMO) and NPMO as necessary;
3. Ensure that project activities and accomplishments shall be properly coordinated, documented and reported to the NPMO and respective officials (i.e. ARDs and RED) of the Regional Office ;
4. Take the lead in the consolidation of regular physical and financial reports, including the Project Completion Report (PCR) with both physical and financial updates, for submission to the NPMO;
5. Assist the CBFM PO in linkaging and networking with potential markets and support agencies;
6. Tap and coordinate with relevant offices or units in the Region for expertise-sharing; and
7. Maintain and safekeep complete project records.

The Provincial Project Coordinator (PPC) shall perform the following functions:

1. Monitor the accomplishments and deliverables of the Project within their administrative jurisdiction;
2. Provide necessary technical assistance and administrative/logistical support to the Project Site Management Office (PSMO) and the NPMO as necessary;
3. Assist in the consolidation of regular physical and financial reports, including the Project Completion Report (PCR) with both physical and financial updates, for submission to the NPMO through the final endorsement of the RED;
4. Ensure that project activities and accomplishments shall be regularly and properly coordinated and reported to the PENR Officer and Regional Project Coordinator;

5. Assist the CBFM PO in linking and networking with potential markets and support agencies;
6. Tap and coordinate with relevant offices or units in the PENR Office for expertise-sharing; and
7. Maintain and safekeep complete project records

The RPC and PPC shall likewise support the PSMO and PO in terms of networking and linking work with Local Government Units (LGUs), government agencies (i.e. DTI, DOT etc.) and even private institutions in their respective localities.

## **V. Project Site Management Office (PSMO)**

The PSMO shall be created at the CENRO Ayungon, Negros Oriental and CENRO Bayugan, Agusan del Sur under the overall guidance of the CENR Officer. The PSMO shall be headed by a Project Site Manager (PSM) and shall be supported by hired project staff.

Specifically, the PSMO shall perform the following specific roles and responsibilities:

1. Oversee and be responsible for the day-to-day operations of the project and mainly of the primary and direct beneficiary/partner CBFM;
2. Ensure the timely implementation of project activities and target deliverables;
3. Provide assistance in organizing PO-level activities, including workshops, training courses and turn-over ceremonies;
4. Work in close collaboration with the assigned AP in providing guidance and assistance to the CBFM PO;
5. Prepare progress reports and records of activities implemented and accomplished including relevant technical documents, recommendations and financial and liquidation reports. Such reports shall be endorsed by the CENR Officer to the PENRO, for further endorsement to the RED and up to the NPMO;
6. Assist in the consolidation of all documents and reports for the packaging of the project completion report (PCR) and in preparation for project audit and external evaluations, in collaboration with the PPC, RPC and the CBFM PO; and
7. Maintain record of activities implemented and accomplished including technical documents, recommendations and consultancy reports.

The Regional Executive Director (RED) will issue a separate Regional Special Order on the composition of the RPC, PPC, and PSMO.

### **2. Staff resource plan**

The NPMO shall be supported by a Project Manager who shall be designated by the Director of DENR-FMB among the pool of FMB personnel. The office shall likewise hire Project Support Staff (e.g. technical, finance and/or administrative staff) and Field-Based Assisting Professionals. Apart from the hired staff, the FMB Director may create a Technical Working



Group (TWG) within FMB to provide support for the Project. The Field-Based Assisting Professionals will be hired by the DENR-FMB, but they will work full-time in the project sites where they will be assigned and shall do periodic reporting in the NPMO.

Under the over-all guidance of the Director of FMB, in close coordination with the AFoCO Focal Person, the Project Manager shall be responsible for the following, to wit:

- 1) Management of the project office (i.e. NPMO), staff and financial matters to ensure the operation of the Project and delivery of service at the highest possible standard and quality;
- 2) Coordination with relevant officials, coordinators and site managers at the DENR field office level and focal points from the AFoCO Secretariat;
- 3) Ensure the timely implementation of activities identified in the Project Document/work plan;
- 4) Prepare, review and submit physical and financial reports, and other necessary reports of the project as required by the AFoCO Secretariat;
- 5) Maintain record of activities implemented and accomplished including technical documents, recommendations and/or consultancy reports;
- 6) Ensure managerial and financial accountability in accordance with the Project criteria and existing operational guidelines of the AFoCO; and
- 7) Provide guidance and assistance in organizing activities, workshops and training courses of the Project.

On the other hand, the PSMO, shall be led by a Project Site Manager (PSM) who shall be designated by the concerned Regional Executive Directors. The PSM shall be supported likewise by hiring Project Support Staff (e.g. technical/finance/admin staff) and the AP who shall be deployed by the NPMO. The PSM shall perform the following duties and responsibilities:

- 1) Overall supervision and management of the project, office, staff and financial matters including th direct supervision to partner CBFM-POs;
- 2) Ensure the timely, efficient and effective implementation of project activities and deliverables in their respective site ;
- 3) Provide assistance in organizing PO-level activities, including workshops, training courses and turn-over ceremonies;

- 4) Work in close collaboration with the assigned AP in providing guidance and assistance to the CBFM PO;
- 5) Ensure the proper preparation of progress, periodic reports of activities implemented and accomplished including relevant technical documents, recommendations and financial and liquidation reports for endorsement and submission to NPMO;
- 6) Maintain record of activities implemented and accomplished including technical documents, recommendations and consultancy reports; and
- 7) Ensure managerial and financial accountability in accordance with the Project criteria and existing operational guidelines of the AFoCO and applicable government rules and regulations.

Salaries of hired staff shall be based on existing Salary Standard Law (4<sup>th</sup> Tranche) in the government with 20% additional premium as required under the existing domestic rules and guidelines. Further, for the Assisting Professional, salaries shall be based on FMB standard.

### **3. Reporting and monitoring arrangements**

#### ***3.1. Monitoring and Evaluation***

Monitoring and Evaluation is an embedded concept and constitutive part of the project. Monitoring activities will be done to determine if the project is proceeding based on the identified activities and schedules. While during an evaluation, information from previous monitoring activities will be used to understand the ways in which the project should proceed and whenever adjustments have to be taken. Further, evaluation process will be an analysis or interpretation of the collected data which delves deeper into the relationships between the results of the project, the effects produced by the project and the overall impact of the project

The Project Site Management Office (PSMO), being responsible for the direct supervision over the partner CBFM POs, shall conduct monitoring on a regular basis and shall prepare reports pertaining thereto, among other documentary requirements. On the other hand, the NPMO shall conduct periodic monitoring (quarterly or whenever necessary). Further, NPMO shall undertake project evaluation internally.

To ensure effective and efficient monitoring of project implementation, performance indicators as well as process indicators for milestone accomplishments shall be developed based on the Project's approved WFP.

#### ***3.2 Reporting***

The project will follow the standard in reporting for AFoCO and all documents and reports will

be done in English language. The reporting flow shall be in consonance with the delineation of functions of the implementing entities/stakeholders as embodied in the organizational structure. Reporting submissions are as follows:

- a) The PSMO will submit regular progress reports composed of activity reports (e.g. monitoring, capacity development activities etc.) and financial status reports (e.g. balance sheet, statement of cash flow and statement of expenditures) on a monthly/quarterly basis (or as necessary) to the PCU for endorsement by the RED to the NPMO. Nevertheless, reports on specific activities, such as, but not limited to, training/workshops and project monitoring, along with the corresponding expenses, shall be prepared and submitted to the concerned PCU within one (1) month, or as prescribed, after the completion of each activity.
- b) As the outputs of project implementation, all workshop materials/technical documents or reports will be produced and disseminated.
- c) The respective PPC and RPC shall review and evaluate the accomplishments and deliverables of the Project within their administrative jurisdiction. Subsequently, the RPC shall endorse the reports to the NPMO, which, if necessary, evaluation and recommendations for the approval of the NPMO shall also be incorporated therein.

Same process as that of item c) shall apply to the next level of authority (i.e. NPMO to PTC and PTC to PSC) based on the established management arrangement and functions of the implementing bodies.

#### **4. Risk management and sustainability**

##### ***4.1. Assumptions and risks***

###### **Assumptions:**

The success of the project is heavily influenced by the current forest policies of the Philippine government and prevailing market situation, to wit:

- 1) Executive Order No 23 issued in year 2011 which bans the harvesting of trees within natural and residual forests. The prohibition of logging within natural forests creates positive impacts and prospects for the Project as it promotes utilization of timber coming from forest plantations. This is further supported by the recent policy pronouncement of the DENR Secretary on the implementation of Vertical Integration as the basic wood industry rationalization policy in tenured forest areas.
- 2) Executive Order No 263 issued in 1995 declares CBFM as the national strategy in the implementation of SFM. While CBFM remains as the strategy for SFM, there is greater assurance of meeting the objectives of the Project, more particularly in terms of capacity building and technology transfer which will employ CBFM approaches.
- 3) Currently, there is low supply, high domestic demand for wood and wood products. This situation assures that the wood products derived from the project will be absorbed by the local market at the very least. The increase in the demand of wood and wood products became more evident in view of the Build Build Build Program of the government with an estimated budget of US\$160-200 Billion worth of infrastructure projects.

###### **Risks and Risk Management:**

- 1) Notwithstanding the above assumptions, the timber utilization activities to be done in the Project will be subject to permitting process and requirements of the government. Hence, part of the potential risks that the project will have to be addressed is the level of compliance by the CBFM-POs with standing forest policies. CBFM-POs belong to the informal sector of the society such that there may be some difficulties that will be encountered to comply with permitting regulations. On this aspect, DENR through the Project will provide the needed assistance for the PO to cope up with the paper and reportorial requirements accordingly.
- 2) The adaptive capacity of the PO in venturing into tree harvesting and wood processing and marketing may affect their productivity. This is in view of the limited management and entrepreneurial knowledge and skills of the PO. Likewise, the capacities of the PO to adapt to the current state of technologies may influence the quantity and quality of wood products from the project. For these, the project will embark on capacity building activities and technology transfer that will consider local knowledge as well

as simple and practical approaches.

- 3) Unstable peace and order situation cannot be discounted as part of the risks considering that the project will be implemented in upland areas. Such situation may infuse some delays in project implementation. For this, the project is expected to conduct sustained and inclusive consultations including Information Education and Communication with the project stakeholders.

## **Social and Environmental Safeguards**

### ***Social Safeguards***

The Project shall be conscious and respectful of the partner communities' culture; be just, inclusive and mindful of gender balance and people's participation; and embrace the value of collaboration even in managing conflicts and challenges. These social safeguards include:

- 1) Ensuring the CBFM PO partners' full knowledge, understanding and voluntary consent to participate in the Project for the whole project duration. A CBFM PO Board Resolution from each will attest to this;
- 2) Barangay Local Government Unit's (BLGU) assistance in ensuring peace and order in the area where the project shall operate, through the project implementers' coordination and feedback giving with the Barangay Chief Executive;
- 3) Guarantying legitimate, gender-fair and inclusive participation and recognition of children's rights in the enterprise;
- 4) Establishing and implementing a fair PO benefit sharing system from the wood processing enterprise. This matter shall be included in the CBFM PO's Business Plan.
- 5) Installing PO internal policy as regards safeguards in the wood processing area;
- 6) Upholding/respecting IP rights and their indigenous knowledge, systems & practices (IKSP);
- 7) Promoting in the CBFM PO's Business Plan the PO members'/workforce's safety and health in the workplaces;
- 8) Educational, church, health and other service facilities in the community are protected from noise, dust particles from the wood processing operations by locating the WPP sufficiently distant from the said facilities where people congregate and designing it based on community health standards; and
- 9) Using and/or mobilizing existing schemes, structures or authorities in addressing complaints, grievances and conflicts related to this project or may arise from project implementation.

### **Environmental Safeguards**

The Project shall be mindful of the impacts of the project activities to the environment, like:

- 1) Ensuring that project activities are compliant with environmental standards and safeguards, and as specified in any or both of the two appropriate environmental clearances, i.e., Environmental Compliance Certificate or ECC and Certificate of Non- Coverage or CNC;
- 2) Sustaining availability of timber from plantations through continuous replanting and/or plantation establishment, and ensuring the protection of natural and residual forests from being made the enterprise's source of timber for the wood processing enterprise; and
- 3) Mitigating damages in the plantations by developing a practical harvesting plan and using appropriate harvesting techniques.

#### ***4.2. Sustainability Mechanism***

The sustainability of the Project will be ensured given the following support and sustainability mechanisms:

- 1) **Political Support** – part of the inclusivity aspects of project implementation is the inclusion of the concerned LGUs at all stages of the project. The buy-in of the LGUs at the very start will be critical to the success and sustainability of the project to realize its activities, objectives and goals. Also, concerned government agencies are expected to provide enabling environment to promote vertical integration;
- 2) **Institutional/organizational capacity of the beneficiaries** – this will take off from the outputs of the capacity building needs assessment of the POs in order to recognize potential trainers and second liners in the process. The approach of all capacity building activities will be hands-on/on-the-job to effectively develop PO trainers and second liners depending on individual inclinations. Likewise, business management course will be provided as this will somehow provide wider visions for the PO to sustain its business operations.

Criteria used for selecting the project sites also included PO maturity on financial, technical and organizational aspects. This is on top of the criteria on having readily available plantations as source of raw materials.

The project is designed in such a way the partner POs will have its counterpart fund to promote high ownership of the project.

- 3) **Environmental** – the Project will employ standards based on the

Philippine Environmental Impact System and ensuring legality of wood products from tree harvesting to wood processing and transport.

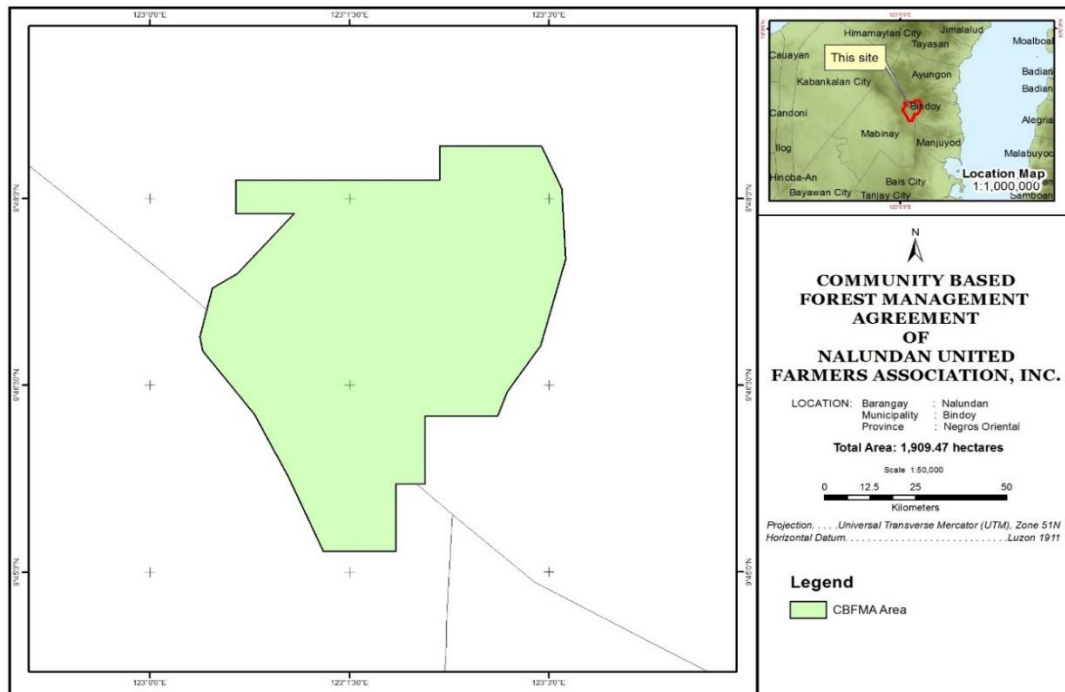
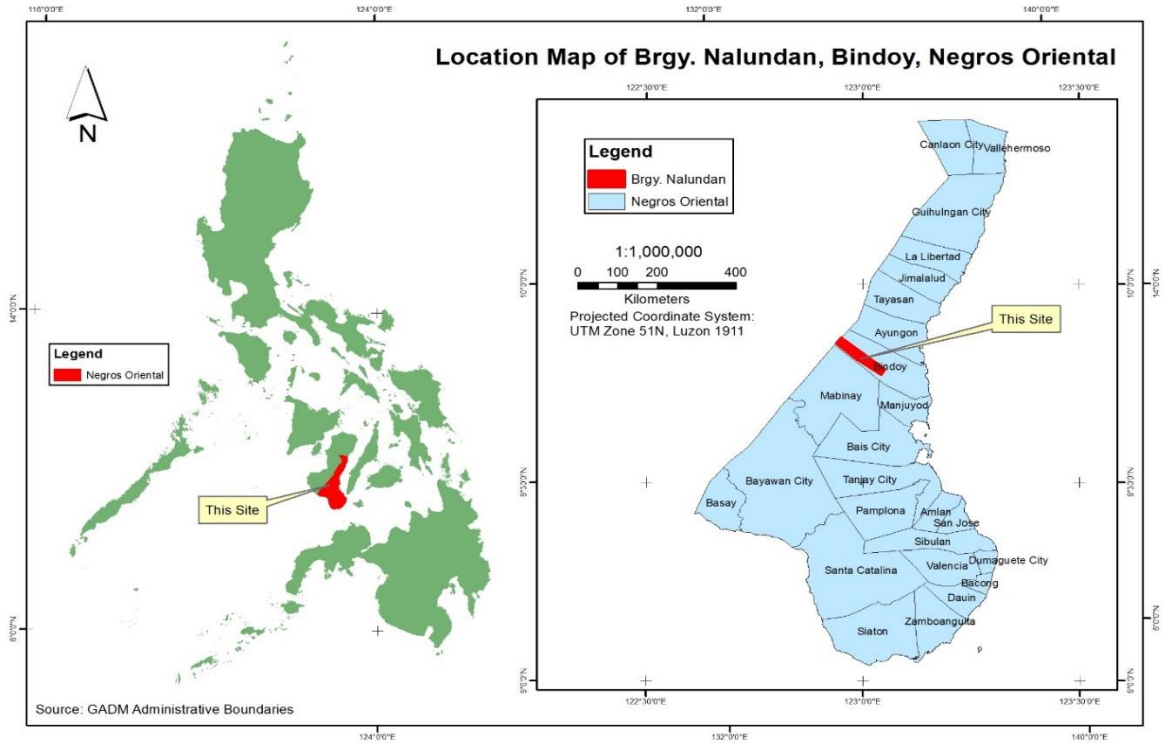
- 4) Financial – the Project will promote and facilitate the implementation of revolving fund and benefit-sharing concepts at the level of the POs. Likewise, sustainable wood production and maximum utilization which will entail tree plantation establishment as part of business operation will ensure financial reinvestments. Forest certifications as promoted under existing laws of the Philippines (Executive Order No. 23) shall be pursued in due course to provide premium to wood products under Vertical Integration.
- 5) Technological – simple technologies and practical techniques will be promoted in the project including the maintenance. Since capacity building activities will entail hands-on approaches, user friendly technologies will be considered. The use of social media platform will be integrated as part of the marketing strategies.

Technologies for wood harvesting and processing are already present within the immediate environs of the targeted PO beneficiaries. However, most if not all of the CBFM-POs are not able to access such technologies due to financial and technical limitations. A handful of CBFM-POs are already into wood processing business but relatively few (about three or four CBFM-POs nationwide) with reference to around 1,800 CBFM Agreement holders. Likewise, some of the CBFM-POs have indigenous craftsmanship which can be considered in the value-chain (e.g. wood carvers in the northern part of the Philippines can be tapped in the production of wood furniture and novelty items).

Project lessons, experiences and good practices will be consolidated for subsequent translation into government policy promoting Vertical Integration. Since the project will involve pilot testing in two major islands of the Philippines, the project learnings will be translated into policy for nationwide application.

ANNEX A

**Visayas Project Site: Nalundan United Farmers Association, Inc. (NUFAI) located at Barangay Nalundan, Municipality of Bindoy, Province of Negros Oriental**





## **Geographic Information**

The CBFM area of the NUFAl is situated at Barangay Nalundan, Bindoy, Negros Oriental. It is located 9°48' 151 North latitude and 123°00'641 East longitude and its covering province is adjacent to the Province of Negros Occidental.

The area's climate belongs to Type II climate, characterized by a dry season with a very pronounced maximum rain period from the months of November to January. On average the area's elevation is 980 above sea level, with moderate terrain. The area has easy access for all kinds of vehicle due to its terrain.

## **Socio-economic Information**

NUFAI has a total membership of 203 (134 male, 60 female), with an average household size of seven (7) for each household.

The average household income is recorded at Php 85,985.90/year per member, considered as low. The primary source of income of the inhabitants is farming, while the secondary sources of income include carpentry, reforestation, and labor. The primary source of income is farming as the area has vast fertile fields that produce rice, corn, sugar cane, coconut, and abaca. On average, a farm lot of a member has a size of four (4) to five (5) hectares.

Being in the Municipality of Bindoy, the area is rich in culture with many festivals and fiesta, Libod Sayaw Festival celebrated every month of April, being the most common. Most of the inhabitants in Bindoy speak Cebuano dialect, with understanding in English language. Christianity predominates as the major religion.

Existing social facilities in the area include potable water facility, lighting facility, health facility, waste disposal facility, toilet facility, road networks, lending institution and cooperatives, and milling facility.

## **Environmental Information**

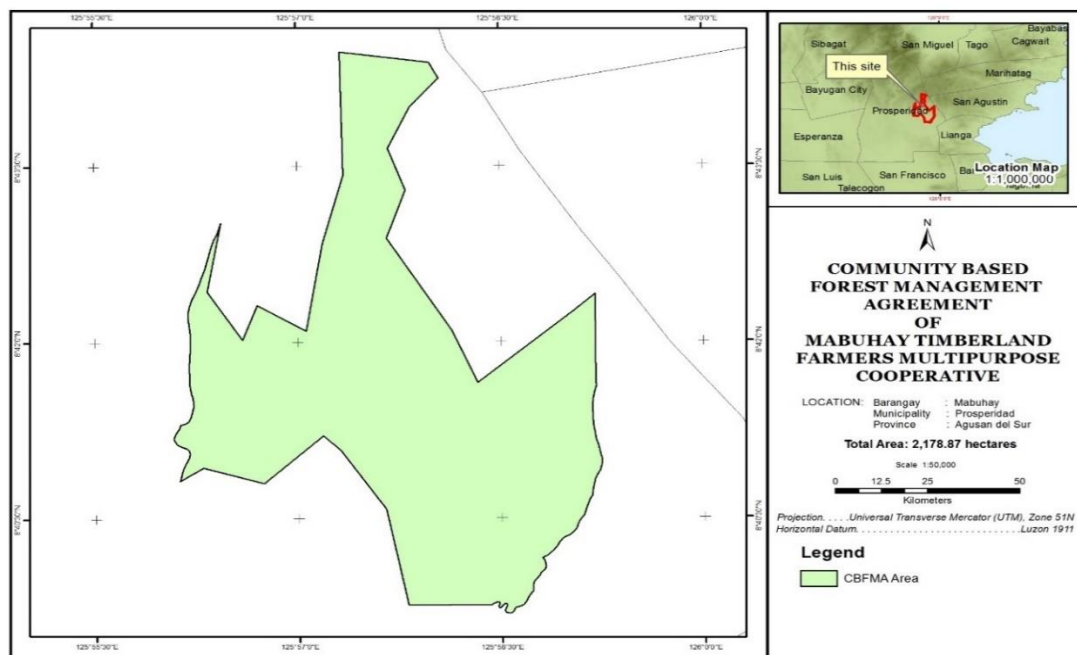
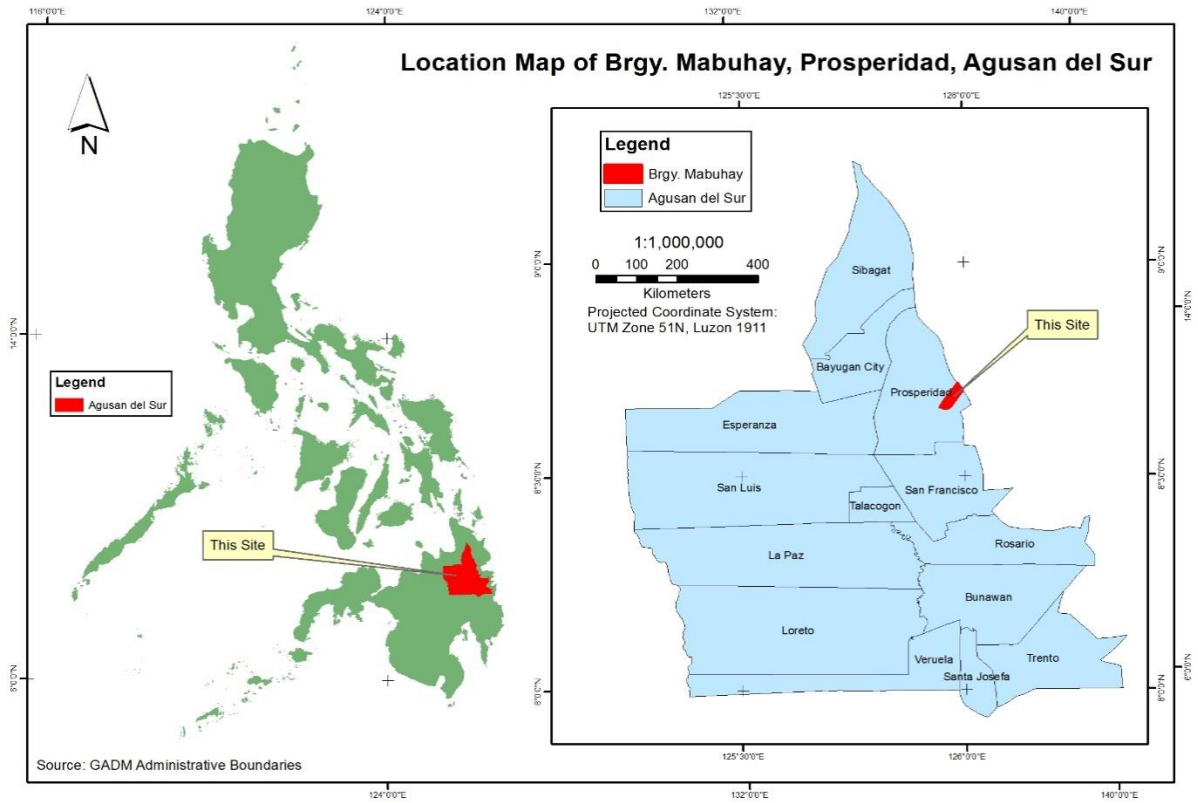
The CBFM area of NUFAl has a total coverage of 1,932 hectares of forestlands, further delineated as 1,454 hectares production forest and 478 hectares protection forest. The area also forms part Ilog Hilabangan watershed, a reserve which is a highly challenged forest ecosystem, having suffered 46% forest cover loss in the past 40 years.

Existing land uses in the area are agroforestry, agriculture, forest plantation, and residential area.

The area houses vast flora such as *Acacia mangium*, *Gmelina arborea*, *Eucalyptus deglupta*, *Pterocarpus indicus*, *Casuarina equisetifolia*, *Sweitenia mahogany*, *Shorea polysperma*, *Aquilaria cumingiana*, and *Melia azedarach*, and native fauna such as spotted dove, warty pig, snake, lizard, and slender billed-crow.

**ANNEX B**

**Mindanao Project Site: Mabuhay Timberland Farmers Multipurpose Cooperative (MATILFAMCO), located at Barangay Mabuhay, Municipality of Prosperidad, Province of Agusan Del Sur**



## **Geographic Information**

The CBFM area of MATILFAMCO is located at Barangay Mabuhay, Prosperidad, Agusan del Sur which lies between 8°42'00.1" North latitude and 125°58'01.5" East longitude encompassed primarily by the Municipality of Prosperidad in the Province of Agusan del Sur. The whole CBFM area of MATILFAMCO is classified as production forest with an estimated area of 2,115 hectares, with primary existing land uses such as agroforestry, tree plantations and settlement areas.

Prosperidad is a first-class municipality situated at 55km southwest portion of Butuan City, the regional center of CARAGA Region. Municipality of Prosperidad serves as the government center and main producer of commodities such as rice and oil palm.

The project area is accessible through "habal-habal" or single motor cycle, primarily used in remote areas in the Philippines. The barangay proper on the other hand is seven (7) kilometers from the Maharlika National Highway through paved/concrete Municipal road of Prosperidad which can be reached by any means of land transportation.

The general topographical feature of the project area is characterized by a combination of rolling to moderate terrains. Its elevation ranges from 200 to 600 meters above sea level. Surface stoniness and rock-out crop can be observed in open areas. The dominant parent material of the site is developed from metamorphic rocks while the soil type is generally mountain soil. It falls within Climate Type II of the modified Coronas Classification, characterized by a dry season with a very pronounced maximum rain period from the months of November to January.

The whole province of Agusan del Sur, covering the municipality of Prosperidad is known to have a climate ideal for tree plantations thus, dubbed as the Timber Capital of Mindanao. Vast tract of land in the province are currently planted with fast growing species suitable for veneer and plywood production, match splints production, and other uses. For planted species alone, the total production yielded an increased rate of 19.47% from 2008-2013, considered as high.

## **Socio-Economic Information**

The CBFM-PO has a total membership of 108 comprised of 65 males and 43 females. The average total household size of the families residing within the area is 6-10.

All the members are literate as most of them attended primary level of education while some have finished secondary, and quite a few have attended/finished tertiary level.

Through agroforestry farming, majority of the members are able to meet their daily needs and during seasons of harvest, their farm production can yield surpluses that they sell to the market. Further, majority of the PO members have an annual income of Php71,500. Secondary sources of income within the community include sari-sari (small) store, habal-habal driving, labor, construction working, and certain sort of small businesses.

Facilities and infrastructures established within the community are day care center, barangay health center, clinic for feeding center, barangay office, church, sports facilities, multi-purpose hall, waiting shed, road, elementary school, piped water, nursery facilities, CBFM-PO office and water reservoir.

### **Environmental Information**

The whole CBFM area of MATILFAMCO is within the Gibong Watershed which covers a total area of 41,554.1260 hectares per Geographic Information System (GIS) generated map which further covers 15 barangays (FYWMP-GNIS, 2001). About 31,075.424 hectares and 10,478.702 hectares are classified as forest and cultivated, respectively.

In terms of flora, the area has abundant species of trees such as : *Dipterocarpus grandiflorus*, *Falcataria mollucana*, *Gmelina arborea*, *Wrightia pubescens*, *Swietenia mahogany*, *Acacia mangium*, *Pterocarpus indicus*, *Shorea negrosensis*, *Shorea contorta* and *Vitex parviflora*; and fruit trees including *Persea americana*, *Banana*, *Theobroma cacao*, *Durio zibethinus*, *Guyabano*, *Artocarpus heteropyllus*, *Lansium domesticum*, *Mangifera indica*, *Artocarpus odoratissimus*, *Carica papaya*, *Nephelium lappaceum*, and *Sandoricum koetjape*, and *Garcinia mangostana*.

A number of fauna can also be found including mammals such as : bats, monkey, musang, wild pigs and wild cats; birds such as: fowls, grass owl, kamukon, karagi, kingfisher, kokok, labuyo, layang-layang, marang kaprang, balinsasayaw, uwak, wild ducks, Philippine Eagle and Serpent eagle; amphibians and reptiles such as: frog/toad, iguana, gecko/tuko, monitor lizard, snake and turtles; rodents and shrews such as mouse and rats and some fishes like tilapia, biya, hito, dalag, shrimps and shellfishes.

## ANNEX C

## List of machineries, equipment and vehicle to be purchased (per approved project proposal)

Purpose	Machineries/ Equipment	Estimated Unit Cost		Target Unit per Project Site	Budgetary Requirement per site (PhP)		Target Units for Two (2) Sites	Total Budgetary Requirement for two sites	
		PhP	USD equivalent (@ 50PhP per dollar exchange rate)		PhP	USD equivalent (@ 50PhP per dollar exchange rate)		PhP	USD equivalent (@ 50PhP per dollar exchange rate)
<b>A. For Wood Harvesting</b>	chainsaw	35,000	700	5	175,000	3,500	10	350,000	7,000
	cant Hook	30,000	600	3	90,000	1,800	6	180,000	3,600
<b>SUB-TOTAL FOR WOOD HARVESTING</b>		<b>65,000</b>	<b>1,300</b>		<b>265,000</b>	<b>5,300</b>		<b>530,000</b>	<b>10,600</b>
<b>B. For Lumber Production</b>	wood mizer	900,000	18,000	1	900,000	18,000	2	1,800,000	36,000
	single blade edger	170,000	3,400	1	170,000	3,400	2	340,000	6,800
	pendulum cross cut saw	350,000	7,000	1	350,000	7,000	2	700,000	14,000
	kiln dryer w/moisture	1,300,000	26,000	1	1,300,000	26,000	2	2,600,000	52,000

Purpose	Machineries/ Equipment	Estimated Unit Cost		Target Unit per Project Site	Budgetary Requirement per site (PhP)		Target Units for Two (2) Sites	Total Budgetary Requirement for two sites	
		PhP	USD equivalent (@ 50PhP per dollar exchange rate)		PhP	USD equivalent (@ 50PhP per dollar exchange rate)		PhP	USD equivalent (@ 50PhP per dollar exchange rate)
	meter, electrical capacitance- type								
<b>SUB-TOTAL FOR LUMBER PRODUCTION</b>		<b>2,720,000</b>	<b>54,400</b>		<b>2,720,000</b>	<b>54,400</b>		<b>5,440,000</b>	<b>108,800</b>
<b>C. For Product Development</b>	table saw	150,000	3,000	2	300,000	6,000	4	600,000	12,000
	radial arm saw	190,000	3,800	1	190,000	3,800	2	380,000	7,600
	planer/jointer	250,000	5,000	1	250,000	5,000	2	500,000	10,000
	thickness planer	15,000	300	1	15,000	300	2	30,000	600
	bandsaw	220,000	4,400	1	220,000	4,400	2	440,000	8,800
	wood lathe	120,000	2,400	1	120,000	2,400	2	240,000	4,800

Purpose	Machineries/ Equipment	Estimated Unit Cost		Target Unit per Project Site	Budgetary Requirement per site (PhP)		Target Units for Two (2) Sites	Total Budgetary Requirement for two sites	
		PhP	USD equivalent (@ 50PhP per dollar exchange rate)		PhP	USD equivalent (@ 50PhP per dollar exchange rate)		PhP	USD equivalent (@ 50PhP per dollar exchange rate)
	single head multi-spindle machine	200,000	4,000	1	200,000	4,000	2	400,000	8,000
	belt sander	20,000	400	1	20,000	400	2	40,000	800
	air compressor with FRL, hose and fittings	20,000	400	1	20,000	400	2	40,000	800
	gravity type spray gun	20,000	400	1	20,000	400	2	40,000	800
	disc sander	180,000	3,600	1	180,000	3,600	2	360,000	7,200
	universal grinding machine	300,000	6,000	1	300,000	6,000	2	600,000	12,000
	straight knives grinding machine	300,000	6,000	1	300,000	6,000	2	600,000	12,000

Purpose	Machineries/ Equipment	Estimated Unit Cost		Target Unit per Project Site	Budgetary Requirement per site (PhP)		Target Units for Two (2) Sites	Total Budgetary Requirement for two sites	
		PhP	USD equivalent (@ 50PhP per dollar exchange rate)		PhP	USD equivalent (@ 50PhP per dollar exchange rate)		PhP	USD equivalent (@ 50PhP per dollar exchange rate)
	bench type drill press	70,000	1,400	1	70,000	1,400	2	140,000	2,800
	portable router	10,000	200	1	10,000	200	2	20,000	400
<b>SUB-TOTAL FOR PRODUCT DEVELOPMENT</b>		<b>2,065,000</b>	<b>41,300</b>		<b>2,215,000</b>	<b>44,300</b>		<b>4,430,000</b>	<b>88,600</b>
<b>SUB-TOTAL FOR EQUIPMENT</b>		<b>4,850,000</b>	<b>97,000</b>		<b>5,200,000</b>	<b>104,000</b>	-	<b>10,400,000</b>	<b>208,000</b>
<b>D. For Wood Product Transport</b>	<b>Second-Hand Vehicle (Stake Truck) preferably Korean brand</b>	<b>750,000</b>	<b>15,000</b>	<b>1</b>	<b>750,000</b>	<b>15,000</b>	<b>2</b>	<b>1,500,000</b>	<b>30,000</b>
<b>GRAND TOTAL COST</b>		<b>5,600,000</b>	<b>112,000</b>		<b>5,950,000</b>	<b>119,000</b>		<b>11,900,000</b>	<b>238,000</b>

Note:

The list of machineries and equipment is subject to change upon consultation and validation with the DOST-FPRDI or Assisting Professional.



**List of machineries, equipment and vehicle to be purchased (cost comparison using the exchange rate of USD1=PhP50 and USD1=PhP47)**

Purpose	Machineries/Equipment	Estimated Unit Cost			Target Unit per Project Site	Budgetary Requirement per site (PhP)			Target Units for Two (2) Sites	Total Budgetary Requirement for two (2) sites		
		PhP	USD equivalent (@ 50PhP per dollar exchange rate)	USD equivalent (@ 47PhP per dollar exchange rate)		PhP	USD equivalent (@ 50PhP per dollar exchange rate)	USD equivalent (@ 47PhP per dollar exchange rate)		PhP	USD equivalent (@ 50PhP per dollar exchange rate)	USD equivalent (@ 47PhP per dollar exchange rate)
A. For Wood Harvesting	Chainsaw	35,000	700	744.68	5	175,000	3,500	3,723	10	350,000	7,000	7,447
	Cant Hook	30,000	600	638.30	3	90,000	1,800	1,915	6	180,000	3,600	3,830
<b>SUB-TOTAL FOR WOOD HARVESTING</b>		<b>65,000</b>	<b>1,300</b>	<b>1,383</b>		<b>265,000</b>		<b>5,638</b>		<b>530,000</b>	<b>10,600</b>	<b>11,277</b>
B. For Lumber Production	wood mizer	900,000	18,000	19,148.94	1	900,000	18,000	19,149	2	1,800,000	36,000	38,298
	single blade edger	170,000	3,400	3,617.02	1	170,000	3,400	3,617	2	340,000	6,800	7,234
	pendulum cross cut saw	350,000	7,000	7,446.81	1	350,000	7,000	7,447	2	700,000	14,000	14,894
	kiln dryer w/ moisture meter, electrical capacitance-type	1,300,000	26,000	27,659.57	1	1,300,000	26,000	27,660	2	2,600,000	52,000	55,319
<b>SUB-TOTAL FOR LUMBER PRODUCTION</b>		<b>2,720,000</b>	<b>54,400</b>	<b>57,872</b>		<b>2,720,000</b>	<b>54,400</b>	<b>57,872</b>		<b>5,440,000</b>	<b>108,800</b>	<b>115,745</b>
C. For Product Development	table saw	150,000	3,000	3,191.49	2	300,000	6,000	6,383	4	600,000	12,000	12,766
	radial arm saw	190,000	3,800	4,042.55	1	190,000	3,800	4,043	2	380,000	7,600	8,085
	planer/jointer	250,000	5,000	5,319.15	1	250,000	5,000	5,319	2	500,000	10,000	10,638
	thickness planer	15,000	300	319.15	1	15,000	300	319	2	30,000	600	638
	bandsaw	220,000	4,400	4,680.85	1	220,000	4,400	4,681	2	440,000	8,800	9,362
	wood lathe	120,000	2,400	2,553.19	1	120,000	2,400	2,553	2	240,000	4,800	5,106
	single head multi-spindle machine	200,000	4,000	4,255.32	1	200,000	4,000	4,255	2	400,000	8,000	8,511
	belt sander	20,000	400	425.53	1	20,000	400	426	2	40,000	800	851
	air compressor with FRL, hose and fittings	20,000	400	425.53	1	20,000	400	426	2	40,000	800	851
	gravity type spray gun	20,000	400	425.53	1	20,000	400	426	2	40,000	800	851
	disc sander	180,000	3,600	3,829.79	1	180,000	3,600	3,830	2	360,000	7,200	7,660
	universal grinding machine	300,000	6,000	6,382.98	1	300,000	6,000	6,383	2	600,000	12,000	12,766
	straight knives grinding	300,000	6,000	6,382.98	1	300,000	6,000	6,383	2	600,000	12,000	12,766
	bench type drill press	70,000	1,400	1,489.36	1	70,000	1,400	1,489	2	140,000	2,800	2,979
portable router	10,000	200	212.77	1	10,000	200	213	2	20,000	400	426	
<b>SUB-TOTAL FOR PRODUCT DEVELOPMENT</b>		<b>2,065,000</b>	<b>41,300</b>	<b>43,936</b>		<b>2,215,000</b>	<b>44,300</b>	<b>44,300</b>		<b>4,430,000</b>	<b>88,600</b>	<b>94,255</b>
<b>SUB-TOTAL FOR EQUIPMENT</b>		<b>4,850,000</b>	<b>97,000</b>	<b>103,191</b>		<b>5,200,000</b>	<b>98,700</b>	<b>107,811</b>	-	<b>10,400,000</b>	<b>208,000</b>	<b>221,277</b>
D. For Wood Product Transport	Vehicle (truck)	2,000,000	40,000	42,553.19	1	2,000,000		40,000	2	4,000,000	80,000	85,106
<b>GRAND TOTAL COST</b>		<b>6,850,000</b>	<b>137,000</b>	<b>145,745</b>		<b>7,200,000</b>		<b>147,811</b>		<b>14,400,000</b>	<b>288,000</b>	<b>306,383</b>

## ANNEX D

**Cost assumption** (per approved project proposal; assuming an exchange rate of USD1=PhP50)

Activity		Budget Allocation by Year							
		Unit	Unit Cost	Cost Assumption	Quantity	Total	% share from total	Total Project Cost (w/counterpart)	% share from total
<b><i>Objective 1: To promote the engagement of the two (2) participating CBFM POs into value adding activities in wood production</i></b>									
<b><i>Output 1.1 Enhanced technological skill of participating CBFM POs in value adding activities in wood production</i></b>									
A.	Networking/linkaging with research institutions vis-à-vis technology transfer	no.	(To be done by the project personnel)		1				
B.	Capacity building of participating CBFM POs on tree inventory and harvesting, wood processing and business management	no.	1,350	food and accommodation of 15 participants for 3 days @ 30 USD per day	40	54,000.00	5.8%	54,000.00	4.83%
C.	Hiring of field-based assisting professional for the three sites	person months	1,400		120	168,000.00	18.1%	168,000.00	15.02%
<b><i>Output 1.2 Access of participating CBFM POs to machineries and equipment for value adding activities</i></b>									
D.	Procurement of machineries and equipment	lot	104,000	See attached list with cost estimates	2	208,000.00	22.4%	208,000.00	18.60%
E.	Procurement of vehicles (stake trucks)	no.	15,000		2	30,000.00	3.2%	30,000.00	2.68%

Activity		Budget Allocation by Year							
		Unit	Unit Cost	Cost Assumption	Quantity	Total	% share from total	Total Project Cost (w/counterpart)	% share from total
F.	Setting up/installation of wood processing equipment/facility	lot	(4,000: labor and materials are PO counterpart)		2		0.0%	8,000.00	0.72%
G.	Maintenance of vehicles	no.	(1,400: DENR Counterpart)		2		0.0%	2,800.00	0.25%
H.	Maintenance of machineries and equipment	no.	(1,200: PO Counterpart)		2		0.0%	2,400.00	0.21%
<i>Output 1.3 Participating CBFM POs have enough internal fund and are able to access external funding support to invest in value adding activities to wood production</i>									
I.	Establishment and operationalization of wood based enterprises using vertical integration as the business model								
I.1	Workshop for the formulation of DENR and PO agreement	no.	1,800	Food and accommodation of 20 participants for 3 days @ 30 USD per day	2	3,600.00	0.4%	3,600.00	0.32%
I.2	Consultation workshop for the conduct of situational and gap analysis	no.	3,150	Food and accommodation of 35 participants for 3 days @ 30 USD per day	2	6,300.00	0.7%	6,300.00	0.56%
I.3	Training on resource assessment and data gathering	no.	1,800	Food and accommodation of 20	2	3,600.00	0.4%	3,600.00	0.32%

Activity		Budget Allocation by Year							
		Unit	Unit Cost	Cost Assumption	Quantity	Total	% share from total	Total Project Cost (w/counterpart)	% share from total
				participants for 3 days @ 30 USD per day					
I.4	Workshop on the preparation of business plan	no.	1,800	Food and accommodation of 20 participants for 3 days @ 30 USD per day	2	3,600.00	0.4%	3,600.00	0.32%
I.5	Workshop on the formulation of benefit sharing agreements	no.	1,800	Food and accommodation of 20 participants for 3 days @ 30 USD per day	2	3,600.00	0.4%	3,600.00	0.32%
I.6	Workshop on the formulation of re-investment scheme	no.	1,800	Food and accommodation of 20 participants for 3 days @ 30 USD per day	2	3,600.00	0.4%	3,600.00	0.32%
I.7	Workshop on the updating of the CRMF	no.	3,600	Food and accommodation of 20 participants for 3 days @ 30 USD per day (two meetings)	2	7,200.00	0.8%	7,200.00	0.64%
I.8	Operation of the business	no.	(PO Counterpart)		2				

Activity		Budget Allocation by Year								
		Unit	Unit Cost	Cost Assumption	Quantity	Total	% share from total	Total Project Cost (w/counterpart)	% share from total	
J.	Establishment of new tree plantations	has.	(1,000/ha for 5 has in 3 years: PO counterpart)		2		0.0%	10,000.00	0.89%	
K.	Conduct of consultation workshop for the formulation of partnership agreements with potential wood product buyers/traders in the domestic markets	no.	1,800	Food and accommodation of 20 participants for 3 days @ 30 USD per day	2	3,600.00	0.4%	3,600.00	0.32%	
<b>Objective 2: To provide adequate market linkages for the two (2) participating CBFM POs in the operation of their wood based enterprise</b>										
<i>Output 2.1 Improved access of participating CBFM POs to reliable market information on wood based products</i>										
L.	Preparation of market information matrix									
L.1	Conduct of survey for existing and potential markets	no.	(To be done by the project personnel)		2					
L.2	Conduct of supply and demand analysis	no.	(To be done by the project personnel)		2					

Activity	Budget Allocation by Year								
	Unit	Unit Cost	Cost Assumption	Quantity	Total	% share from total	Total Project Cost (w/counterpart)	% share from total	
<b>Objective 3: To formulate and recommend enabling policy guidelines for the implementation of vertical integration as a business model for CBFM POs</b>									
<i>Output 3.1 Vertical integration as business model in CBFM POs are promoted through the documentation of best practices and translation into policies</i>									
M.	Conduct of process documentations	no.	(To be done by the project personnel)		2				
N.	Formulation of policy recommendations								
N.1	Conduct of consultation workshop for the review, integration and formulation of policy recommendations on vertical integration	no.	3,000	Food and accommodation of 20 participants for 3 days @ 30 USD per day	8	24,000.00	2.6%	24,000.00	2.15%
N.2	Hiring of local consultant as resource person	person day	200		40	8,000.00	0.9%	8,000.00	0.72%
O.	Publication of knowledge products	lot.	6,000		1	6,000.00	0.6%	6,000.00	0.54%
P.	Project Management and Supervision			50 % of the operations cost (Item A-O)		266,550.00	28.7%	433,065.00	38.72%
P.1	Staff resource allowance			55% of the Project Management and		146,602.50			

Activity		Budget Allocation by Year							
		Unit	Unit Cost	Cost Assumption	Quantity	Total	% share from total	Total Project Cost (w/counterpart)	% share from total
				Supervision Cost (Item P) - for the Hiring of project staff at the Central and Field Level and provision of Honorarium to Organic personnel working for the project					
P.2	Management support to operations			20% of the Project Management and Supervision Cost (Item P) - for the procurement of supplies, materials and other operational expenses		53,310.00			
P.3	Procurement of office equipment			5% of the Project Management and Supervision Cost (Item P) - for the procurement of at least		13,327.50			

Activity		Budget Allocation by Year							
		Unit	Unit Cost	Cost Assumption	Quantity	Total	% share from total	Total Project Cost (w/counterpart)	% share from total
				1 desktop computer for each operating unit					
P.4	Monitoring and evaluation			20% of the Project Management and Supervision Cost (Item P) - for airfares, travelling allowances and other related expenses		53,310.00			
Q.	Contingency (5% of the operations cost)			5% of the Operations Cost		26,655.00	2.9%	26,655.00	2.38%
R.	External Audit	no.	3,000		1	3,000.00	0.3%	3,000.00	0.27%
S.	Program Support			12% of Items A-R		99,516.60	10.7%	99,516.60	8.90%
<b>TOTAL</b>						928,821.60	100.0%	1,118,536.60	100.0%

Note: The cost assumptions will be updated upon review and revision of the approved budget.



## ANNEX E

**Personnel Attribution for the implementation of the AFoCO Project on Vertical Integration**

<b>Office/personnel</b>	<b>Salary per month (USD)</b>	<b>Projected No. of days devoted for the Project per month</b>	<b>Personnel - time Cost Attribution per month</b>	<b>Personnel - time Cost Attribution for five years</b>
<b>Forest Management Bureau</b>				
Director, FMB	2,000.00	0.5	45	2,727
Assistant Director, FMB	1,800.00	0.5	41	2,455
AFoCO Focal Person	1,200.00	2.5	136	8,182
Project Manager (at least senior forest management specialist)	800.00	5.5	200	12,000
Deputy Project Manager (at least senior forest management specialist)	800.00	5.5	200	12,000
Planning Officer	800.00	2.5	91	5,455
Technical Officer (from Forest Resource Use Assessment Section)	1,200.00	2	109	6,545
Technical Officer for Luzon Site (from Community Forestry Section)	800.00	2	73	4,364
Technical Officer for Visayas Site (from Community Forestry Section)	800.00	2	73	4,364
Technical Officer for Mindanao Site (from Community Forestry Section)	800.00	2	73	4,364
Technical Support for Enterprise Development	800.00	2	73	4,364
Technical Support for Enterprise Development	600.00	2	55	3,273
Admin and Finance Officer	800.00	2.5	91	5,455
Property Officer	800.00	2.5	91	5,455
Budget Officer	800.00	0.5	18	1,091
Procurement Officer	600.00	1	27	1,636
Cashier	400.00	2.5	45	2,727

<b>Office/personnel</b>	<b>Salary per month (USD)</b>	<b>Projected No. of days devoted for the Project per month</b>	<b>Personnel - time Cost Attribution per month</b>	<b>Personnel - time Cost Attribution for five years</b>
Sub-Total			<b>1,432</b>	<b>85,909</b>
<b>DENR Central Office</b>				
Usec. for Policy, Planning and International Affairs	2,400.00	0.5	55	3,273
Assistant Secretary for Staff Bureaus	2,400.00	0.5	55	3,273
Sub-Total			<b>109</b>	<b>6,545</b>
<b>Foreign Assisted and Special Projects Service</b>				
Director	2,000.00	0.5	45	2,727
Chief, Project Management Division	1,600.00	0.5	36	2,182
Chief, Project Monitoring and Evaluation Division	1,600.00	0.5	36	2,182
Sub-Total			<b>118</b>	<b>7,091</b>
<b>Regional Offices (two sites)</b>				
Regional Executive Director	2,000.00	0.5	45	5,455
Assistant Regional Director for Technical Services	1,800.00	0.5	41	4,909
Provincial ENR Officer	1,800.00	0.5	41	4,909
Community ENR Officer	1,600.00	0.5	36	4,364
Chief, Conservation and Development Division	1,600.00	1	73	8,727
Regional CBFM Coordinator	800.00	2.5	91	10,909
Provincial CBFM Coordinator	600.00	2.5	68	8,182
CENRO CBFM Coordinator	600.00	6.0	163	19,515
Sub-Total			<b>558</b>	<b>66,970</b>

<b>Office/personnel</b>	<b>Salary per month (USD)</b>	<b>Projected No. of days devoted for the Project per month</b>	<b>Personnel - time Cost Attribution per month</b>	<b>Personnel - time Cost Attribution for five years</b>
<b>GRAND TOTAL</b>			<b>2,217</b>	<b>166,515</b>