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NATIONAL ECONOMIC AND DEVELOPMENT
AUTHORITY



VISCA FOUNDATION FOR AGRICULTURAL AND
RURAL DEVELOPMENT, INCORPORATED



VISAYAS STATE COLLEGE OF AGRICULTURE

**THE EFFECTS OF LOGGING BAN
IN REGION 8**

A USAID-NEDA FUNDED PROJECT
APRIL 1990



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**THE EFFECTS OF LOGGING BAN
IN REGION 8 ^{1/}**

**J. M. ALKUINO, JR., P. T. ARMENIA
D. M. TUDTUD, JR., B. S. DABUET
D. M. GONZAL**

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BEST AVAILABLE DOCUMENT

FINAL REPORT

I. PROJECT NO. 49 - USAID/NEDA
PROJECT TITLE: The Effects of Logging Ban in Region 8

II. MAJOR RESEARCHERS: Dr. J. M. Alkuino Jr.
Prof. P. T. Armenia

Co-Workers: Dr. B. S. Dabuet
Mr. D. M. Tudtud Jr.
Prof. D. M. Gonzal

Lead Agency:

Department of Agric'l. Economics and Agribusiness
Visayas State College of Agriculture
Baybay, Leyte

Cooperating Agencies:

National Economic and Development Authority
Region 8

Department of Environment and Natural Resources
Region 8

III. TIME FRAME:

A. Date Project Started: December 1, 1989

B. Date Completed: April 30, 1990

IV. SUMMARY DESCRIPTION OF PROJECT:

Objectives of the Study

The general objective of this study was to determine the magnitude of economic dislocation effected by the logging ban in Region 8. The specific objectives were threefold:

1. To determine the impact of the logging ban on:
 - a. employment and income of displaced workers,
 - b. migration pattern of households,
 - c. level of living of the affected workers.
2. To identify livelihood skills possessed by the displaced workers.
3. To determine alternative solutions and recommend appropriate livelihood projects for the displaced workers.

Approaches Taken

Conceptual Framework. It was recognized that sustained logging activities seriously affected not only the environmental conditions but also the lives and property of people. As an offshoot of the growing clamor against the environmental consequences of continued logging activities, two bills were proposed for approval: 1) total logging ban (SB 706), and 2) selective logging ban in provinces with existing forest cover of above 40 percent (SB 917).

This study focused on the cross-section of logging firms, related industries partly dependent on logging firms, and households dependent on such firms and industries. Among others, the study brought into focus the:

- a) Families engaged in the logging industry;
- b) Migration pattern of the population directly dependent on logging ;
- c) Income pattern/living conditions;
- d) Sources of income other than logging;
- e) Skills/potentials of affected population; and

f) Livelihood projects that may be appropriate for the affected population (other than logging-related activities) based on the resources of the region and the livelihood programs of government line agencies.

With the two proposed bills under consideration, the study documented the economic and social dislocations including the forest destruction and its consequential effects, if the total logging ban is not lifted in the areas affected.

Data Sources and Data Collection. Both primary and secondary data were used in the study. The primary data were collected from: a) the logging firms, b) the related industries dependent on logging firms, c) the households dependent on the logging firms and d) the households dependent on the related industries. The secondary data were taken from the records of the logging firms, the office of the Department of Environment and Natural Resources (DENR), and key informants in the locality.

Survey design. Relevant data and information needed in this study were collected based on the following strategy:

1. Logging firms Complete enumeration of four affected logging firms within the region

2. Households employed in logging firms Stratified random sampling of 142 logging workers by type of job to select representative households employed by the four logging firms
3. Related industries Stratified random sampling of 54 establishments by type of industry to choose the representative industries
4. Households from related industries Complete enumeration of 100 workers employed in chosen related industries who favorably responded during the survey

Analytical Tools. Descriptive statistical tools were mainly used to analyze the data and information collected from the survey. Analysis and presentation of results took into consideration the effects of the total logging ban in the affected areas.

Summary and Conclusions

The moratorium on the logging operations resulted in the displacement of logging workers. In general, the study indicated that the displaced workers were economically worse off as a result of the implementation of the logging ban in the region. Those temporarily retained by the logging companies as skeletal working force suffered cuts or decrease in economic benefits. Such negative impact was observed mainly from the decrease in: a) the quantity and quality of food taken, b) schooling of children, c)

recreation, d) and family income. While a sizable number of non-resident workers have already left the logging sites and others planned to go home or migrate to other places, more than 20 percent of such workers may finally opt to stay and look for other sources of livelihood in case the logging ban is imposed permanently. Despite the expected negative effects of the logging moratorium on industries dependent on forest products such as the lumber and furniture industries, the study found that the moratorium did not have a significant impact on the business operations of lumber dealers and furniture shops. The study, instead, noted a significant increase in the raw materials supplied by small "permit-holders."

This implies that the imposition of the moratorium may have temporarily brought about disruptions on the business operations of these forest-related business establishments, but that after some time, their operations normalized as alternative suppliers of forest products became available. Data also seem to indicate the absence of significant impact on the nature of work, income, and level of living of related-industry workers. Such indication reinforces the finding concerning absence of any significant effect on the operations of related industries as a result of the logging ban.

Data and information from the survey also show the apathetic attitude of rural households concerning forest protection. The main concern of the logging workers and other rural households was mainly on how to survive and feed their families rather than think about forest protection. Although the "kaingin" system did not significantly increase during the period of moratorium, the absence of more attractive livelihood opportunities for rural households in the area is a compelling factor that may drive these people to cultivate the available openlands in the absence of TLA concessionaires.

Although the logging ban was issued in response to the alleged massive destruction of forest resources on Samar island which allegedly brought about the occurrences of natural catastrophes such as flooding and irregular climatic conditions, field data and information gathered strongly suggest increased illegal logging activities during the period covered by the logging ban. Such field information was reinforced by the survey data which indicated an increase on the volume of lumber supplied by small permit-holders and handsawyers.

Recommendations for Policy Consideration

Due to the increasing concern for the conservation of forest resources to maintain the ecological balance and to prevent the occurrence of irreparable

environmental consequences, it is imperative for policymakers to adapt a workable and realistic policy scheme to protect our dwindling forest resources. Our natural forests being a renewable resource, sustainable productivity has always been the preferred policy direction concerning the management of such resource. This guiding principle of forest products renewal has not definitely been adhered to in view of the faster rate of forest product extraction compared to the rate of forest renewal. For instance, the commercial forest area in Region 8 in 1979 was 563,527 hectares; at present, it has gone down to 269,650 hectares (RDC, 1989). If such trend is allowed to continue, it is apparent that these resources will definitely be depleted in the very near future. What is needed, therefore, is a strong political will and commitment on the part of the government and a comprehensive policy agenda addressed to this problem. This brings into focus the prevailing policy options on selective or total logging ban.

No matter what policy option is adopted by our government the real bottomline of such public policy agenda is its effectiveness and smooth implementation, considering the existing bureaucratic impediments. The effectiveness and smooth implementation of a policy action, however, require two alternative issues for consideration. For effective implementation, public policy may either be based on a framework considering

the existing realities faced by the implementing institution(s), or based on the premise that the implementing institution(s) should be revitalized or strengthened to effectively espouse the directions and goals of such policy action.

Based on the study's results, several recommendations may be drawn regarding what policymakers can do to strike a balance between the effort to protect the country's forest resources, on the one hand, and the need for forest products particularly for domestic consumption including its responsibility to look into the alternative livelihood of people in the affected industries, on the other hand.

First, for an effective forest protection program within the selective log ban scheme, the DENR must have a very strong and aggressive regulatory program. The continuous dwindling of our forest resources despite the mandate given to DENR is an obvious fact that the agency cannot totally enforce its mandate to those who violate the law. Under the current structure, it is quite apparent that the DENR field staff know the "real score" and the extent of forest destruction and the illegal logging activities going on in their areas of responsibility. Perhaps a number of the DENR field personnel appear lax in the enforcement of forest laws, helpless in the presence of armed men who guard the

illegal activities, or tend to be more of the "bantay salakay" type.

Second, there is a need to totally enforce the sustainable production and renewal of forest resources and for mandatory protection of critical areas of the remaining virgin forests in the region as the only way to protect the environment and the ecological conditions in the region. While selective logging has long been one of the operational agenda reflected in the logging firms' operations plans submitted to the DENR, there is a need for more strict regulatory mechanism that must be satisfied by TLA holders if selective logging is adopted. This scheme calls for mandatory protection of a given area of virgin forests within each TLA site and the total enforcement of selective logging based on sustainable production of the forest resources in the TLA areas. The above scheme shall be enforced whether the existing TLA holders be allowed to resume their logging operations under a new streamlined regulatory mechanism or a new set of community-based TLA-holders shall be allowed to operate by the concerned agency. It should be pointed out that under the present set-up, there is no guarantee that the remaining virgin forest resources would not be depleted through continued logging operations and illegal logging activities.

Third, if the current TLA-holders are allowed to resume their operations, most of the affected logging workers can be re-hired by the logging companies. Forest protection activities of the various TLA-holders must become vital components in our overall effort to protect the entire forest resources in the region. If and when large scale logging operations are canceled in favor of community-based logging activities, it should likewise be pointed out that a more comprehensive forest protection program should be properly drawn with collaborative participation of various line agencies and the rural village residents. Under this set-up, the DENR will have an enormous responsibility as the lead agency in community organization and other related activities. Needless to say, our past experiences on project coordination among line agencies were not so impressive. This implies that some "piloting" is still needed when it comes to community-based logging operations.

Lastly, if the ban on large-scale logging operations is not lifted, the following are recommended:

1. The logging firms must be allowed to dispose of the existing stocks of manufactured lumber and cut logs immediately. These inventories are said to have been stocked before the logging moratorium order and observed to be deteriorating in quality. The same is true with the round

timber awaiting processing. There is no point of holding on to these stocks for the reason of following the moratorium order. The most practical approach to minimize losses to the logging firms and sustain payments for the salaries of the skeletal force and the uncollected back wages of the displaced workers is to allow the firms to process the logs and dispose of their stocks. The disposal of old inventory, however, must be strictly monitored by the DENR in order to minimize possible anomalies.

2. A system of incentives and conversion of assets scheme must be made for the affected logging firms to liquidate their capital investments.
3. On the part of the displaced logging workers, the study revealed that not all of the workers would continue to stay in the area but would go back to their places of origin. Only about 30 percent would remain and have planned to undertake various livelihood activities according to skills they possess. Unfortunately, the only livelihood skills common to most of the workers are those related to logging operations. These skills may serve as a strong point for consideration in the study of implementing the following alternatives.
 - a. The first alternative is setting up a cooperative-type timber lease agreement which would be composed of all the displaced workers

instead of the present corporate, commercial type of logging. The idea is to organize the displaced workers into cooperatives and grant them a timber lease agreement similar to that of the commercial logging firms. Definite guidelines on how to implement this program has to be drawn up by the DENR similar to their recommendation on community-based logging.

There are several advantages of this scheme over the commercial-type logging. First is its distributive effect on income which goes to the small farmers instead of the rich entrepreneurs. Second, which is built into this scheme, is the controlled logging to satisfy only the needs of the region, thus minimizing the tendency of overcutting. Third is the cooperative effort in policing illegal cutters. The cooperatives, on the other hand, will have to be made responsible for the protection and reforestation of the areas covered by their license. These cooperatives must also be responsible for selecting the most appropriate trees to cut as covered by existing or to be enacted forest laws and regulations. In order to be representative of the community's interest, these institutions must be isolated from

external influence either political or vested-interest groups.

- b. The second alternative that needs consideration is to make a serious study of who among these workers are in a position to be given ISF contracts especially among the 36 percent who signified to stay and farm in case the ban on logging is not lifted.
- c. Another alternative is to undertake a system of reforestation of denuded areas where the displaced logging workers would be given top priority to implement. This may have to be undertaken with close supervision of the local DENR offices for close monitoring and maintenance of the reforested areas.

The first alternative needs piloting as this may overwhelm the workers. With a little help from the Management Association of the Philippines (MAP) who is actively assisting the government in the LEAD program, the concept sounds very feasible.

The second alternative is easier to implement inasmuch as there are already existing guidelines for its implementation.

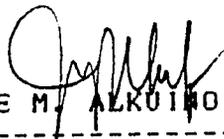
V. TECHNICAL REPORT (See Attached Copy)

VI. PROBLEMS ENCOUNTERED AND RECOMMENDATIONS:

The problems encountered in the conduct of the project were as follows:

1. Late confirmation of the approval of the study resulted also to the late commencement of the project causing a snow-balling effect on our time table.
2. We were caught up with the final exams in the college which required some of our time to prepare those final exams, check them, and compute the grades of the students.
3. Thesis of graduating students also required our immediate attention for them to be able to graduate causing further delay in the completion of the study.

To solve these problems it was recommended that a one-month extension (until April 30, 1990) be given without additional cost for us to be able to prepare the final report.


JOSE M. ALKINO JR.

Project Coordinator

31 May 1990

Date