

HIGHLIGHTS

Meeting of the PDF-WG on Sustainable Rural Development

May 03, 2007 (2:00 o'clock in the afternoon)

Kabalikat sa Kalikasan Conference Room

3F DENR Main Building

Visayas Avenue, Quezon City

A. Attendees

1. Undersecretary Segfredo Serrano	DA
2. Mr. Peter Keller	GTZ
3. Mr. Juan Echanove	EC
4. Ms. Virginie Tighe	EC
5. Ms. Emily Mercado	EC
6. Ms. Mayumi Amaike	JICA
7. Mr. Makoto Iwase	JICA
8. Ms. Reyna Reyes	AusAID
9. Dir. Eriberto Argete	DENR
10. Ms. Juliet Texon	DENR
11. Ms. Cynthia T. Cardenas	DAR
12. Ms. Violeta S. Corpuz	NEDA-PMS
13. Mr. Jesse David	NEDA-PMS
14. Ms. Charisma Malixi	NEDA-PIS
15. Ms. Sheila Marie Encabo	NEDA-AS
16. Ms. Normita Mendiola	NEDA-AS
17. Ms. Raquel Mendiola	NEDA-AS

B. Highlights of Discussion

The meeting was called to order by Mr. Peter Keller at 2:25 in the afternoon. He welcome the members of the Working Group and the resource persons from NEDA and EC to the meeting. He also thanked the DENR for hosting the meeting.

1. Adoption of Agenda

The provisional agenda was presented by Mr. Keller. Ms. Mercado clarified that there will be no presentation on EC Support to Disaster Preparedness, but she will only make some updates on EC initiative to support the topic disaster preparedness which was included in the 2006 Policy Note on Sustainable Rural Development. With regards to Other Issues, EC would like to raise the issue on illegal logging in some areas covered by EC's Upland Development Program and which might undermine the gains of the project as well as the implementation of recently passed EO 606 *Pursuing Sustainable Upland Development Anchoring on Food, Wood and Non-wood Security and Economic Productivity and Providing the Mechanisms for Its Implementation and*

for Other Purposes. Without any further comment and additional topics for inclusion, the agenda was adopted by the body.

2. Approval of the Highlights of the WG Meeting on May 3, 2007

Mr. Keller solicited comments on the draft Highlights of the Previous Meeting which has earlier been circulated to the members of the working group . On the item Feedback on PDF, Ms. Mercado suggested to include her earlier comment *that the WG was not able to come up with timelines for the priority issues identified during the PDF meeting.* This was noted by the secretariat and will be incorporated in the final version of the Highlights of the previous meeting.

3. Business Arising from Previous Meeting

On Operational Concerns/ designation of regular representatives to the WG, Mr. Keller acknowledged the receipt of a copy of the DENR Special Order designating its permanent representatives to the WG namely, Undersecretary Manuel Gerochi, Director Eriberto Argete and Director Ma. Lourdes Ferrer.

4. Inputs to Rationalization of Investments in the sector

a. NEDA Presentation

A two-part presentation was made by NEDA representatives – Ms. Sheila Encabo of the Agriculture Staff for *Part I: Magnitude and Status of Official Development Assistance (ODA) for the Agriculture, Agrarian Reform and Natural Resources (AARNR) Sector* and Ms. Violeta Corpuz of the Project Monitoring Staff for *Part II: Status of Ongoing ODA Commitments in Agriculture, Agrarian Reform and Natural Resources Sector.*

Mr. Keller expressed appreciation of the presentation. However, he finds it difficult to evaluate the trends in investments to the sector in the absence of annual historical data. NEDA can make available the data on investments in the last 5 years.

The perception of decreasing ODA support to the RD sector raised by Mr. Echanove was confirmed by Ms. Corpuz. She further explained that this is true not only for the RD sector but for the overall ODA investments. The problem on the provision of GOP contribution/ budget cover was cited as the general constraint. Usec. Serrano also noted the changes in view on ODA among NGAs since the fiscal discipline was imposed, i.e. before, the focus was developing the pipeline to generate more investments; under the current situation and in view of the foreseen problem on budget cover , only a few proposals were developed.

In term of investments/funds that go directly to LGUs, NEDA do not have the information and cannot capture such information, it can only capture investments at the level of NGAs. However, such information may be available at MDFO.

NEDA inquired as to how effective are NGAs in advocating for cost-sharing; cost-recovery and market-based instruments. DA, DAR and DENR representatives expressed compliance with the policy and cited their practices on cost-sharing/ equity participation schemes, although there were some problems in relation to securing contribution from 5th class municipalities and POs.

On cost recovery, Usec. Serrano informed the body that the idea of cost-recovery needs to be fully appreciated, especially among LGUs, as there are conflicts in pronouncements in this regard (example given was the collection of Irrigation Service Fee which was originally intended for cost recovery but was later suspended). Mr. Keller also opined that the Philippines may not be ready or not yet in a good position to use regulatory fees as cost recovery.

Other issues affecting ODA implementation that were discussed include:

- a.1 Delays/Deferred implementation of projects due to lack of GOP funds
- a.2 Frequent changes in leadership
- a.3 Non-implementation of institutional reform/ rationalization
- a.3 Suspension of the issuance of CBFMAs (although DENR/ Dir. Argete clarified that DENR has substantially lifted the suspension in many areas covered by ODA)

b. EC Presentations

b.1 *Strategic Projects Facility II*

This presentation seeks to introduce a new EC financing facility and solicit comments from the members of the WG.

Ms. Virginie Tighe informed the body that this is a continuation of the Small Projects Facility, a funding facility managed directly by the EC Delegation for the implementation of short-term, high impact projects (mostly focused on governance and trade) in 2003-2007. With the emergence of good practices at local level, the Delegation-based funding instrument will be maintained in 2007-2013 with governance as a focus chosen. The EC has allocated 6.5 million EUR (5.6 million EUR as grant allocation) for this facility. Grants are allocated mainly through calls for proposals and require 15% counterpart contribution. Individual projects should have an implementation period of two years. The themes initially identified

include support to decentralization process (e.g. performance benchmarking of LGUs, financial stability of LGUs, harmonization of capacity building programs for LGUs and legislative reform) and improving local governance through support to pilot projects.

The body readily identified topics which are relevant to the WG on Sustainable Rural Development – **convergence** (e.g. information sharing and development of common data towards harmonized planning, more systematic planning at the local level, support to agribusiness, capacitation of LGUs to absorb more devolved functions) and **environmental management/governance of natural resources** (e.g. watershed/natural resource domain as approach to inter-LGU planning, solidwaste management).

Usec. Serrano, however, emphasized that NGAs must converge on LGUs and what should evolve are LGU-led projects and not NGA-imposed projects. He also emphasized that LGUs consist of three levels – province, municipalities/cities and barangays and further suggested that support should not be confined to only one level.

Other themes worth considering: capacitation of LGUs to do economic planning (not operational planning as now practiced), strengthening the barangay justice system, inter-LGU cooperation

Considering that the facility can only support projects with two- year implementation period, Mr. Keller also advised Ms. Tighe to consider the reasonable period of time for projects that are complicated and may take longer to implement, specifically not to land titling.

Ms. Tighe thanked the WG for the suggestions and informed the body that she will make similar presentations to the other PDF working groups to solicit comments and suggestions for areas/themes which are worth considering and relevant for their group.

b.2 EC Support to Disaster Preparedness

Ms. Mercado informed the body of EC's favorable response to her earlier proposal requesting for support to disaster preparedness, a topic that was included in the 2006 Policy Note on Sustainable Rural Development. EC allocated EUR 420,000 to be committed within the year and hence, would require the immediate submission of an appropriate Terms of Reference (TOR) within may-June 2007. In order to make wise use of the fund, she sought the confirmation from

the WG whether the topic disaster preparedness is still relevant. The members of the working group from DA, DAR and DENR confirmed the importance and relevance of this topic in the RD sector. They also reported on their efforts along disaster preparedness and gaps in the implementation of their respective activities, among them, the need to design a program that would help communities cope with the disaster at a faster rate (DA), large scale hazard maps and IEC materials to support communication and advocacy (DENR) and strengthening the capacities of communities for disaster preparedness (DAR). Ms. Mercado will consider these issues in her discussion with EC and give feedback to the WG later.

5. Preparations for the May Action Planning/Workshop

Ms. Dolatre presented the proposal for the workshop, i.e. dates, initial list of participants, venue and workshop design:

Participants: There will be 20 participants - 11 from Government partners (DA, DAR, DENR and Convergence TWG) and 9 from Donors; six participants from GOP oversight agencies (DOF, DBM, NEDA) will also be invited to the Action Plan presentation

Duration/Venue: The workshop will start in the afternoon of May 23, Tuesday (with overnight stay) and whole day on May 24, Wednesday at the MMLDC in Antipolo City.

Workshop Design: The Action Planning workshop will be carried out over one-and-a half days (details presented in Attachment__).

An external facilitator will be contracted to manage the process.

While there were some suggestions to invite representatives from LGUs, NGOs and the private sector in line with participatory planning , Usec. Serrano and Mr. Keller shared the view that the action planning workshop exercise is an internal process of the WG and including them in this exercise would change the character of the workshop – from action planning to a consultation process. The suggestion to involve people outside the WG, however, was considered after this exercise where consultations would be necessary to gain their support and participation.

As there were no major objections to the proposal, the body gave its approval for the action planning workshop. The secretariat was instructed to make the necessary arrangement for the venue. The members of the WG were requested to confirm their participation with the secretariat and inform the same in case there will be additional participants.

4. Other Matter/s

Mr. Juan Echanove, EC Environment Focal Point, raised his concern on the illegal logging activities in certain areas covered by the EC's Upland Development Program as these are undermining the gains of the program. Also, considering that the affected areas are model sites where experiences have been important inputs in formulating EO 606, a common solution have to be obtained in order not to jeopardize the implementation of such EO.

Mr. Echanove cited the illegal logging operations in specific areas in Davao Oriental and Agusan del Sur and asked whether DENR can suspend logging operations or impose logging ban in these areas. In response, Director Argete cited the experience of DENR – where logging ban cannot be imposed totally , especially in areas under IFMA. If government will suspend its operations, government have to pay back the investors for the investments they have made. If logging is within the forest areas, there are existing regulations and these are issues on law enforcement which can be appropriately discussed with LGUs as well. To be clarified on the matter, Director Argete promised to get a report on this. Ms. Mercado informed the body that the EU Ambassador will officially write DA and DENR on these concerns. Usec. Serrano further suggested for EC to see and discuss the issue with the LMP which was responsible for formulating the EO and its IRR.

With no other issues for discussion, the meeting was adjourned at 5:30 in the afternoon.

Prepared by:

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