



The Poverty-Environment Initiative in the Philippines

The Government of the Philippines (GOP), through its Department of the Interior and Local Government (DILG), and the United Nations Development Programme-United Nations Environment Programme (UNDP-UNEP), in a joint agreement, implemented the Philippines Poverty Environment-Initiative (PPEI) in line with the vision of the GoP of a green and inclusive development through rational utilization of natural resources (NR) for economic growth, environmental protection, social equity and especially for the benefit of poor communities in rural areas.

Poverty and environmental integrity are closely linked; people utilize environment and natural resources (ENR) to mitigate poverty but in doing so the resources are exploited that may aggravate poverty. Hence, the PPEI focuses on poverty reduction and sustainable development by integrating pro-poor agenda and environmental concerns into development planning and decision-making process. It aims at demonstrating that, if managed properly and sustainably, natural resources can propel the country to a path of an inclusive and sustainable development.

PPEI has adopted a development agenda that is anchored on key pillars of the Social Contract of present administration. The

Social Contract highlights the critical importance of increasing investments and generating revenues to fund its poverty program. One source is the tax from the utilization of ENR, particularly from the extractive industries such as mining and energy sectors.

Likewise, the Project facilitates the efforts of the government, civil society and the business sector to utilize revenues and benefits from sustainable ENR management for poverty reduction and environmental protection. It seeks to influence institutions, policies and investments to harness the potential of the country's natural resources to achieve a greener and more inclusive development path.

PPEI is directed to make an impact on various ENR sectors, namely:

**Mining
Energy
Forestry
Marine and coastal resources,
and
Water resources**

Since 2011, the focus has been on mining and energy. PPEI aims to cover other resources beginning this 2013.

Further, PPEI's objectives are consistent with the government push for good governance as it is a clear and strong manifestation of transparency and accountability especially in the management of the country's natural resources.



Promoting sustainable use of natural resources for poverty reduction and environmental protection

Background

Poverty eradication remains a challenge in the Philippines. Despite the country's positive economic growth over the past six years, poverty still persists. According to the latest report of National Statistical Coordination Board (NSCB), the poverty incidence among the population was estimated at 27.9% in the first semester of 2012—"practically unchanged" from the same period in 2009 (28.6%) and in 2006 (28.8%). In the first 6 months of 2012, there were 16 provinces that have over 40% of their population living below the poverty threshold; most of them are located in Mindanao. 10% of Filipino families are rated "extremely poor".

The country is endowed with rich natural resources which could provide significant economic and ecological functions to the population; however, many of these resources are suffering from differential decay. According to the Department of Environment and Natural Resources (DENR), the Philippines faces severe deforestation, declining fish production and overflowing trash. Moreover, climate change impacts further aggravated the condition of the country.

Ironically, most of the resource rich communities in the country are homelands of the poor population. 75% of all poor families live in rural areas. They depend disproportionately on natural resources and are thus more vulnerable to environmental degradation.

Although natural resources have been identified nationally as an important growth driver and the country is 5th most mineral-rich in the world, this sector has yet to contribute significantly to economic growth and human development.

Clearly, sustainable management of ENR holds tremendous opportunities for poor and vulnerable Filipinos. Integrating poverty-environment initiative (PEI) into national and local governance, and capacitating local government units (LGUs) and communities for PEI offer hope to reverse the persistent poverty situation by turning the country's ENR as capital for poverty eradication and environmental sustainability.

Expected results

PPEI is critically designed to deliver Outcome 2 of United Nations Development Assistance Framework (UNDAF) which states that "More men and women will have decent and productive employment for sustainable, inclusive and greener growth". It also helps to achieve Millennium Development Goals 1 (Eradicate extreme poverty and hunger) and 7 (Ensure environmental sustainability).

By 2015, the following are the expected results of the project:

1. Strengthened capacities of local communities including LGUs to access and manage assets and revenues from ENR for local economic development;
2. Increased budget allocation and level of spending for poverty-environment measures in lead agencies, sectoral departments and LGUs;
3. Improved capacity of LGUs to integrate pro-poor and environmental concerns into the design and implementation of local development plans and programs;
4. More efficient processes on the distribution of National Wealth (NW) between national government and LGUs through policy reforms and systems improvement;
5. Full public disclosure of ENR revenues collection and payment, and its utilization by LGUs;
6. Increase in number of people gaining employment and/or venturing into productive enterprises from sustainable management of ENR, especially from resource extraction activities such as mining, oil and gas, geothermal, and
7. More LGUs adopted green growth strategy through shift into renewable energy (RE) sources and clean development mechanisms (all LGUs with RE resources map and energy plans integrated in their Comprehensive Development Plan (CDP), and improved access of local communities to RE resources).



Water Lily Processing Project for the Manobo Tribe in Surigao del Norte; Sustainable Agriculture Livelihood Technology (SALT) Project in Siocon, Zamboanga del Norte; Bangui Wind Mills of Ilocos Norte.



Philippines PEI approaches & action points

■ The overall approach is strengthening the capacities of local governments and communities to sustainably manage and utilize the natural resources and revenues derived from them for the benefit of the poor and vulnerable Filipinos and the environment. ■

Influencing national and local governments' policy processes towards good governance of natural wealth

PPEI serves as a venue for discussing substantive policy issues related to the management of ENR and revenues generated from them by the government, and responsible investment by the private sector. The Project aims to improve policies governing the following: benefit sharing of ENR revenues between the national government and LGUs; publicly disclosing of ENR revenues and payments and its utilization by LGUs; increasing the amounts that LGUs receive from NW; giving LGUs greater flexibility in the utilization of their shares for sustainable development programs, among others. PPEI also works to strengthen these policies through multi-sectoral involvement in policy development processes. Proposals to amend laws, improve current inter-agency policies, and enhance information systems were formulated.

Creating capacity to integrate poverty-environment linkages in local governance

Program on anti-poverty with clear environmental protection cum climate change adaptation mode is a big leap towards sustainable development. The focus of PPEI on capacity development of LGUs and local communities on poverty and environment mainstreaming is on course. Such capacitation aims at producing P-E responsive LGU policies, plans and programs (CDP, CLUP, AIP) and improving financing of local environmental management with link to poverty outcomes.



PPEI efforts directed at maximizing the economic and social benefits of the development and utilization of ENR, particularly extractive industries while enforcing regulatory measures to minimize their environmental and socio-cultural risks.

Advocating transparency in extractive industries through EITI

PPEI has been supporting the national government towards implementation of Extractive Industries Transparency Initiative (EITI) through advocacy campaigns and capacity development activities. A computerized system will be developed to support the government, particularly the Mines and Geosciences Bureau (MGB) to accurately monitor, document and disclose amount of taxes, fees and charges paid by mining companies. PPEI also promotes the adoption of EITI at the subnational level for public disclosure of natural resource revenues collection and payment, and its utilization by LGUs.

Promoting transparent and accountable utilization of ENR revenues by LGUs

Despite the large potential capital for development coming from natural resource revenues, host communities continue to suffer from poverty and further declining environmental quality. Therefore, PPEI looks at local initiatives and practices, and monitors the socio-economic and environmental impacts of resource extraction in local communities. Further, in the interest of transparency and full disclosure, enhancements to the current reporting system of LGU's fiscal and financial performance and other mechanisms are being proposed to track their expenditures.

Sharing best practices between LGUs through P-E advocacy education and action platform

PPEI facilitates the review, documentation and sharing of best practices from LGUs in the use of revenues from natural resources towards reducing poverty and protecting the environment. It supports the aggregation of relevant information and studies into formal knowledge management platforms.

Building sustainability through creating P-E mainstreaming champions and anchor institutions

To sustain support for PEI at national and subnational levels, institutional partnerships are being strengthened from national and regional agencies, academes, private sector, civic organizations, civil society groups, and peoples' organizations. They perform tasks that include capacity building, technical support, and documentation-modelling of experiences. Network of LGUs are also being established that could be at the forefront of developing sustainable provinces, cities and municipalities.

Building ecologically sustainable local economy by venturing into green industries

Foremost of PPEI's development agenda is enjoining local communities to embark on a green growth strategy. This includes encouraging LGUs to shift into renewable sources of energy and clean development mechanisms (i.e. community-based solar and wind, mini-hydro; waste-to-energy projects; sustainable agriculture; retrofitting, green architectures, etc.).

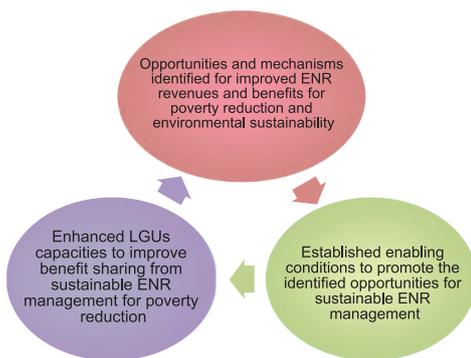
PPEI supports establishing green economy policies to help the national and local governments attain economic and social gains on several fronts — improved access of local communities to renewable energy resources, improved resource efficiency through investments in cleaner production approaches, promote use of clean alternative fuels and energy, among others. Further, PPEI aims to demonstrate benefit stream from green investments through documentation of good practices by LGUs and businesses, and sharing such practices to other stakeholders.

PPEI also works at capacitating LGUs and communities to host, manage and implement sustainable energy projects. It supports the national government to attain the objectives of the Philippine Energy Plan and making a shift to a resource-efficient and low-carbon economy.

Philippines PEI development agenda and direction

PPEI PHASE 1 (CYS 2011-2012): Establishing the Baseline and Initializing Reforms

The Ph1 Work Plan was structured around three intended outcomes which were achieved through various projects and activities. The outputs of these projects and activities took five forms: **(1)** analytical studies; **(2)** policy reforms and advocacy for legislative actions; **(3)** systems improvement; **(4)** communications and advocacy, and **(5)** capacity building / technical assistance.



What have we done so far?

- Reviewed existing procedures and practices on the computation and collection of ENR revenues and the release of the share of LGUs from National Wealth;
- Reviewed budget allocation and spending for ENR concerns and advocated for increase resources for poverty alleviation and environmental protection;
- Advocated for data-sharing and transparency in the collection, distribution and utilization of ENR revenues which led to the Philippines pronouncement to implement EITI;
- Developed guidelines, tools and methodologies on mainstreaming poverty-environment (P-E) linkages in LGU planning, programming and budgeting system, and

- Conducted capacity building activities on P-E development linkage planning and management for LGUs, and valuation of mineral products for MGB personnel.

PPEI PHASE 2 (CYS 2013-2015): Scaling-Up and Institutionalizing the Gains

PPEI Phase 2 builds on the body of work and lessons from Phase 1. It focuses on improving benefits from large-scale mining and limiting its environmental impacts, improves the regulatory aspects of small scale mining and encourages the switch of LGUs towards more environmentally friendly sources of energy. PPEI Phase 2 envisions five development outcomes:

OUTCOME 1	Timely release of Environment and Natural Resource revenues to LGUs
OUTCOME 2	Improved utilization of ENR revenues for social services delivery, poverty reduction and environmental sustainability through mainstreaming P-E linkages in the planning and budgeting system of LGUs
OUTCOME 3	Developed national and local government capacities on linking poverty-environment concerns in governance
OUTCOME 4	Transparent collection of ENR revenues applied through the introduction of EITI
OUTCOME 5	Improved regulatory framework for small scale mining for an optimized contribution to sustainable development

Working strategically

The Department of the Interior and Local Government is the lead implementing agency with the Department of Environment and Natural Resources as co-implementing agency for phase two. Further, the Department of Finance, the Department of Budget and Management, the Department of Energy, and the National Anti-Poverty Commission serve as responsible partners, working with the implementing agencies on specific outputs. PPEI is also working with LGU leagues and local government units, private sector, CSOs/NGOs, academic institutions and other stakeholders.



Photo taken during the PPEI's Forum on the Utilization and Development of Natural Wealth with the theme "LGUs Advancing Good Governance for Greener, Inclusive Growth", last 21 Feb. 2013.

Available publications

PPEI knowledge products available at <http://www.dilg.gov.ph/ppei>

For more information

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