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Our Ref.: FORM – IL 1/20

Your Ref.:

LETTER OF AGREEMENT

Provision of funds from the Food and Agriculture Organisation of the United Nations to the Forest Management Bureau (FMB), Philippines (PR 26229)

1. Introduction

The Food and Agriculture Organisation of the United Nations (hereinafter referred to as "FAO"), will make available to the Forest Management Bureau (FMB), (hereinafter referred to as "Recipient Organization"), a financial contribution in support of the Forest Resources Assessment Programme.

2. Purpose

- a) The activities of the NFI Project for which the funds provided by FAO under this Agreement shall be used are the following:
 - i) built up national capacity in forest inventory project design, planning and implementation;
 - ii) Plan and implement forest and tree inventory and assessment in selected sites as to serve a practical exercise for the training of the national team from the central and regional levels.
 - iii) Set-up a monitoring system of the forestry resources in the Philippines through establishment of permanent sample sites throughout the country;
 - iv) Develop an information system on forest and trees outside forest in the Philippines for future resources monitoring.
(hereinafter referred to as the "project")
- b) The background, the terms of reference, the inputs to be provided by the Recipient Organization and FAO, if any, the budget of the project and the identification of the Budget-Holder are given in detail in the attached Annex which constitutes an integral part of this Agreement.

3. General Conditions

- a) Funds provided by FAO under this Agreement are to be used by the Recipient Organization exclusively in support of the project.
- b) The Recipient Organization will be responsible for the organization and conduct of the project. FAO will not be held responsible for any accident, illness, loss or damage which may occur during the implementation of the project.

- c) The use of the official emblem and name of FAO on any publication, document or paper is specifically prohibited without prior written approval from FAO.
- c) All intellectual property rights (including copyright) in the work to be performed under this Agreement shall be vested in FAO, including, without any limitations, the right to use, publish, translate, sell or distribute, privately or publicly, any item or part thereof. Neither the Recipient Organization nor its personnel shall communicate to any other person or entity any confidential information made known to it by FAO in the course of the performance of its obligations under the terms of this Agreement nor shall it use this information to private or company advantage. This provision shall survive the expiration or termination of this Agreement.
- d) The personnel assigned by the Recipient Organization to the organization and running of the project shall not be considered as staff members of FAO and shall not be entitled to any privilege, immunity, compensation or reimbursement by FAO. Neither the Recipient Organization nor its personnel shall be allowed to incur any commitment or expense on behalf of FAO. Nothing in this Agreement or in any document relating thereto, shall be construed as constituting a waiver of privileges or immunities of FAO, nor as conferring any privileges or immunities of FAO on the Recipient Organization or its personnel.
- e) The present Agreement shall be governed by general principles of law, to the exclusion of any single national system of law.
- f) If, after meeting the costs of the project, there are unexpended funds under this Agreement, the Recipient Organization shall return such unexpended funds to FAO.
- g) FAO shall have the right to terminate this Agreement, by written notice to this effect, if it considers that the continued implementation of the Agreement is impossible or impractical:
 - i) For unforeseen causes beyond the control of FAO;
 - ii) In the event of a default or delay on the part of the Recipient Organization.
- h) In the event of the Recipient Organization's non-compliance or partial compliance with the terms of this Agreement, it will refund to FAO any payment already received in respect of activities that have not been performed by the Recipient Organization to a standard considered acceptable to FAO.
- j) In the event of termination by FAO for unforeseen causes beyond its control, FAO shall complete all payments which may be due up to the effective date of termination.

4. Reporting

- a) The Recipient Organization shall submit to Peter Holmgren, Senior Forestry Officer and Budget-holder, Forest Resources Assessment, (FRA), FAO, Rome:
 - (i) *A report on project planning and the resources deployed for project implementation. This report should be submitted no later than 31.05.2003;*
 - (ii) *A mid term progress report that should be submitted no later than 31/7/2003*
 - (iii) *A final report of the project activities, assessment of performance of field crews and evaluation of field data quality as well as achieved results under the present LoA. This report should be submitted no later than 31/9/2003.*

- b) The Recipient Organization shall submit to Peter Holmgren an itemized "statement of expenditures" (certified by the Chief Accountant or similar officer of the Recipient Organization) prior to receiving final payment for the works/services performed.
- c) The Recipient Organization shall submit to Peter Holmgren a final audited statement of accounts showing the utilization of funds as determined under this Agreement within one month following the completion of the project. If the legal status of the Recipient Organization precludes the provision of audited financial statements, a statement certified as to its correctness by the officer responsible for maintaining them will be provided. In such cases the Organization shall have the right to review the relevant records.

5. Settlement of Disputes

Any dispute between FAO and the Recipient Organization arising out of the interpretation or execution of this Agreement shall be settled by mutual agreement. If FAO and the Recipient Organization are unable to reach agreement on any question in dispute or on a mode of settlement other than arbitration, either party shall have the right to request arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), as at present in force. FAO and the Recipient Organization agree to be bound by any arbitration award rendered in accordance with the above, as the final adjudication of any such dispute.

6. Amendments

Any amendment to this Agreement shall be effected only on the basis of written mutual consent by the Parties.

7. Entry into Force

- a) The present Agreement will enter into force upon signature by both Parties.
- b) The Recipient Organization must sign two copies of this Agreement and return one to Peter Holmgren, Senior Forestry Officer, FRA, FAO, Rome

Signed on behalf of the Food and Agriculture Organization of the United Nations (FAO):

Signature

M. Hosny El-Lakany
Assistant Director-General
Forestry Department

Date:

Signed on behalf of the Forest Management

Bureau (FMB):

Signature

Romeo T. Acosta
Director
Forest Management Bureau
Philippines

Date:

***Pilot Assessment of Forest Resources
The Philippines***

Terms of Agreement

1. Background

The presently available information on the extent, location, volume and condition of the Philippine forest resources were obtained in the 1980's. As a consequence, the data and information used to prepare plans and programmes on the management, development, protection and utilisation of forest resources are obsolete. In addition, the information from the latest national forest inventory refers only to designated forest land, and only to the biophysical properties of the forest. Current information requirements include to cover forest and tree resources on all types of land, and to include information on management and uses of the resources, including changes over time.

The second national forest inventory (NFI) was carried out 1979-1988, with the assistance of donor funding throughout this time. It was designed as a conventional national forest inventory, based on a large number of sample plots, backed up with full-cover aerial photo interpretation. The inventory covered the legally designated "forest land", i.e. about 19.4% of the land area (FRA 2000). The inventory was designed mainly to support decisions related to the production of wood. The NFI was an ambitious project, following the state-of-the art of the discipline at the time. In the present situation, however, some modifications to the approach must be considered. Information from all land is requested, related to all products and services obtained from the forest. Also, the information is required urgently, which means that national level results should be made available in much shorter time than the nine years used for the second NFI.

Two donor-assisted attempts have been made to update some of the national level information, using satellite remote sensing to map the land cover/land use for the entire country. In 1987/88 Spot images were used to map the entire country, which provided newer land cover statistics compared to the NFI which had an average inventory year about five years earlier. Unfortunately, the information was not compatible with the NFI and could not be used to establish trends. Since 1997, a project using Landsat images from recent years has produced another land cover map, presently covering about 80% of the country, mainly in the scale 1:100,000. Also this information showed to be incompatible with previous surveys, and reliable calculations of land use area changes can still not be made. Also, the precision and accuracy of area classifications are unknown in the two map sets. These two projects illustrate difficulties when relying on satellite remote sensing for area statistics generation. They also cover only the area aspect, and no new information on the condition or use of forest resources has been obtained.

Conclusively, an updated national forest assessment is deeply needed for the Philippines.

An assessment of national forests should be designed according to the requirements of national level planning and policy development/implementation, including requirements for international reporting. It is then not necessary to have full-cover information – as long as a sample is known to be representative for all land and provide sufficient precision in estimates when aggregated to the national level. Furthermore, it is necessary to obtain information in the local management scale about the different and potentially conflicting benefits from the forest and tree resources. Finally, the ownership of the assessment process must be firmly in the hands of national institutions.

The current project is to be carried out by the Forest Management Bureau (FMB) of the Department of Environment and Natural Resources (DENR), in collaboration with FAO's Forestry Department. The FAO Forestry Department is supporting national forest assessments through its Forest Resources Assessment Programme. In addition, the national forest programmes facility, operated by FAO, is associated with the current project.

2. Terms of Reference

The project aims at enhancing the social, economic and environmental functions of forest and trees resources through their sustainable management on basis of better knowledge of their qualitative and quantitative importance. It also aims at improving the contribution of these resources in the national economy.

2.1 Activities

The project will contribute in achieving these through implementation of the following activities:

- ▶ To assist the Forest Management Bureau in the Philippines in develop and strengthen where applicable the national capacity at central and regional levels to collect, compile and analyse field data and disseminate reliable and up-to-date information on the forest and tree resources to policy makers.
- ▶ To assist the national forestry institutions in the Philippines to plan and carry out national forest and tree resources inventory, develop up-to-date and sound baseline information and set up a long term resources monitoring system. The inventory will cover a large array of biophysical and socio-economic variables with emphasis on management and use of resources.

2.2. Outputs

The project will contribute in reaching the following outputs:

1. Assist the Forest Management Bureau in the Philippines in develop and strengthen where applicable the national capacity at central and regional levels to collect, compile and analyse field data and disseminate reliable and up-to-date information on the forest and tree resources to policy makers

- Output 1.1 The capacity of the Forest Management Bureau to plan and implement forest inventories, monitor the resources, manage the related information, and contribute to advance sustainable forest management by enabling an increased use of forestry knowledge in national forest policy development and implementation enhanced and strengthened.
- Output 1.2 The national team within the Forestry Department adequately trained in forest inventory techniques and project management through on-the-job training.
- Output 1.3 A national database on the forestry resources established, data processed and results disseminated to users.
- Output 1.4 Follow on programme defined including development of forestry programme, Adjustment of forestry policy/strategies, identification of specific projects for forest and tree resources development and/or conservation, etc.

1. Assist the Forest Management Bureau in the Philippines to plan and carry out the national forest and tree resources inventory, develop up-to-date and sound baseline information and set up a long term resources monitoring system. The inventory will cover a large array of biophysical and socio-economic variables with emphasis on management and use of resources.

Output 2.1 National forest and tree inventory methodology continuously refined on the basis of the approach developed by FRA and taking into account the information needs for national use and international reporting.

Output 2.2 National forest and tree inventory carried out with focus on the multiple environmental, social and economic functions of the forest and tree resources, their management, uses and users.

Output 2.3 Monitoring of the forest and tree resources set up and national register of permanent observation sites for future surveys established.

2.3 Duration

The duration of the Agreement is fixed at 6 months.

2.4. Monitoring and Progress Reporting

The Recipient Organization shall submit to Peter Holmgren, Chief and Budget-holder, Forest Resources Development Services, FORM, FAO, Rome:

- (i) *An inception report on activity planning and resources deployed to reach the planned outputs. This report should be submitted no later than 31 May 2003;*
- (ii) *A mid term progress report that should be submitted no later than 31/7/2003*
- (iii) *A final report of the project activities, assessment of performance of field crews and evaluation of field data quality as well as achieved results under the present LoA. This report should be submitted no later than 31/8/2003.*

- *A final report on evaluation of the project performance and results attained against the planned activities and outputs. This report should be submitted no later than one month after the date limit of the LOA.*

2.5. Linkages

The current project complements ongoing or planned activities related to forest policies in the country:

- A “forestry statistical and information services” project is supported by ITTO. The project will develop information services on forest resources and products. The currently proposed assessment project will serve as an extensive source of data and information;
- Criteria and Indicators for Sustainable Forest Management are being identified at national and sub-national/forest management unit levels according to the ITTO initiative, which the Philippines have ratified. The current project is an excellent opportunity to obtain a reliable nation-wide status report for Indicators. Furthermore, revisiting the sampled sites in the future would be one way to monitor changes in the Indicators. It is important to ensure that variables related to the indicators are included in the current assessment;
- The national Forest Master Plan (FMP) was formulated in the early 1990s. Initiatives are now taken to update the FMP. The current project would serve as an information source to this exercise, and would possibly also be useful for evaluations of the previous version of the FMP.
- Community forestry initiatives are evolving in all regions under the Community-Based Forest Management (CBFM) programme. Since the current project will focus on local management and use of forest resources, the experiences of involving local communities will be useful and relevant.
- The Protected Areas and Wildlife Bureau (PAWB) is developing a Biodiversity Monitoring System, whereby a structured monitoring of key biodiversity parameters is made by local communities at selected sites. The current project complements this selective monitoring, by providing monitoring possibilities in a systematic sample grid. The combination of systematic, representative information from the current assessment, and information from sites subjectively selected because of specific features, may be very useful for an overall analysis of biodiversity.

3. Inputs to be provided by the Government

The FMB will provide all physical facilities (offices for staff, computer, training space, local transportation, communications means, etc) and the needed national counterpart staff at secretariat and professional level.

The Forest Management Bureau (FMB) shall have the overall co-ordinating role, including to design and plan the assessment. FMB shall assign a project co-ordinator. FMB shall also organise the field teams, making use of staff at DENR’s regional offices. FMB shall have the technical responsibility for biophysical measurements/observations at all sites, and field interviews at sites outside protected areas. FMB shall also take responsibility for evaluating the pilot assessment and for initiating follow-on activities.

4. Approach

The pilot assessment is built up around a systematic pilot assessment, using a grid of field sample sites that will be permanently established (Appendix 2: Sample location map). Currently, a design with a site at each 15" latitude and 15" longitude is considered. This produced 395 sites nation-wide, possibly with some stratification and sub-sampling using the recent land cover maps at scale 1:100,000. Existing, historical aerial photos may also be used to establish trends in land use.

Data will be collected through fieldwork at these sites, including measurement/observation of biophysical properties, as well as interviews with local stakeholders as to the uses and management of the forest/trees. It is expected that all sites can be visited within one year, thus generating new national level information with known precision after a relatively short time.

Variables to be collected are to be defined by national interests and requirements. FAO has selected a base set of variables, representing international information requirements. Starting from these, national variables can be specified to refine the data collection within important fields. For the Philippines this includes to ensure that all selected Indicators are represented, and to include variables related to particular forest products, such as rattan.

Information generated by field crews at these sites, as well as aggregated findings, will be made public. FAO will assist GOP in the organisation and dissemination of information over the Internet.

The assessment findings will, besides directly supporting policies and planning processes, be useful for decisions on continued monitoring of forest resources.

6. *Monitoring /Certifying Officer*

Peter Holmgren, Chief and Budget-holder, Forest Resources Development Services, FORM, in FAO Headquarters is designated to monitor the proper implementation of the Agreement and to certify to the disbursing officer that the terms of the Agreement have been satisfactorily met and that appropriate payment can be made.

Sample plot location map

