

An Institutional Assessment of the Integrated Protected Area Fund (IPAF) in the Philippines

(Final Report)

Alexander D. Anda Jr.

July 2006

Comments should be sent to: Alexander D. Anda Jr. Resources, Environment & Economics Center for Studies (REECS), Suite 712, The Tower at Emerald Square, J.P. Rizal cor. P. Tuazon Sts., Project 4, Quezon City 1109, Philippines; Telephone No.: (632) 913-3899

Email: alexanda80@yahoo.com or reecs@reecsph.bayandsl.ph

EEPSEA was established in May 1993 to support research and training in environmental and resource economics. Its objective is to enhance local capacity to undertake the economic analysis of environmental problems and policies. It uses a networking approach, involving courses, meetings, technical support, access to literature and opportunities for comparative research. Member countries are Thailand, Malaysia, Indonesia, the Philippines, Vietnam, Cambodia, Lao PDR, China, Papua New Guinea and Sri Lanka.

EEPSEA is supported by the International Development Research Centre (IDRC); the Danish Ministry of Foreign Affairs (DANIDA); the Swedish International Development Cooperation Agency (Sida); the Canadian International Development Agency (CIDA); and the MacArthur Foundation.

EEPSEA publications are produced by Corpcom Services Sdn. Bhd. in association with the Montfort Boys Town, Malaysia. This program provides vocational training to boys from low-income families and home-based work to mothers. EEPSEA publications are also available online at <http://www.eepsea.org>.

ACKNOWLEDGEMENTS

I would like to express my deep gratitude to EEPSEA for funding this project, and I personally thank Dr. David Glover, Dr. Herminia Francisco, and Ms. Cathy Ndiaye for their support. I am indebted to Dr. Nancy Olewiler, Dr. Dale Whittington, and Dr. Vic Adamowicz for their constructive comments and suggestions, and to Dr. Herminia Francisco for seeing me through from inception to the completion of this study.

I appreciate the cooperation of all Protected Area Superintendents, Protected Area Management Board members, officials of the DENR, particularly the Regional Executive Directors, the Regional Technical Directors and Division/Section Chiefs of the Protected Areas & Wildlife Sector, who provided their unselfish insights and share their valuable time during the field interviews. I also acknowledge the support of the Protected Areas and Wildlife Bureau, especially Ms. Norma Molinyawe, Ms. Tess Blastique, Ms. Lina Seguiñal and other officers of Biodiversity Division who have extended assistance during the conduct of the interviews and validation, and for providing valuable data.

The author is also thankful to the officers and staff of REECS, headed by Dr. Germelino Bautista, for their organizational support. I am also grateful to my wife Edna for her encouragement and understanding, and to Danny Pedragosa and Mario Naz for helping me in the statistical analysis.

TABLE OF CONTENTS

Executive Summary	1
1.0 Introduction	4
1.1 Description of the Problem	4
1.2 Research Objectives	6
1.3 Review of Literature	7
2.0 Research Methods	9
2.1 Hypotheses/ research issues	9
2.2 Assessment Framework	10
3.0 Methodology	13
3.1 Scope of the Study/Site Selection	13
3.2 Approach	14
3.2.1 Secondary Data Collection	14
3.2.2 Primary Data Collection.	14
4.0 Results and Discussion	15
4.1 IPAF Characterization (Hypothesis 1)	15
4.1.1 Categories of Protected Areas	15
4.1.2 Region/Office of jurisdiction	16
4.1.3 Sources of Income	18
4.1.4 Number of visitors	22
4.1.5 Unique Physical Features/Resources of PA	23
4.1.6 Budget Allocation	23
4.1.7 Size of protected areas	24
4.1.8 Other Variables	25
4.2 Factors Affecting IPAF Generation (Hypothesis 2)	27
4.2.1 Adequacy of revenue collection system	27
4.2.2 Management system in operation	28
4.2.3 Management initiatives by different offices	29
4.2.4 Management supervision by different offices	29
4.2.5 Presence of livelihood opportunities	29
4.2.6 Peace and order problem	30
4.2.7 Unwarranted political interference	30
4.2.8 Threats to protected areas	31
4.3 Tedious bureaucratic procedures in IPAF Releases (Hypothesis 3)	31
4.4 IPAF (75:25) fund sharing allocation (Hypothesis 4)	32
4.5 IPAF promotes resource extraction and development activities (Hypothesis 5)	35

4.6	Change in the inflow of other funds into protected areas (Hypothesis 6)	35
5.0	Conclusion and recommendations	36
5.1	Conclusion	36
5.2	Policy Recommendations	37
References		41

LIST OF TABLES

Table 1.	Summary of protected areas in the Philippines	5
Table 2.	Criteria and indicators used to evaluate the IPAF system.	12
Table 3.	Distribution of protected areas by region and number of samples per group	14
Table 4.	Categories of protected areas and the number of earning and non-earning protected area samples.	16
Table 5.	Distribution of non-earning protected areas samples (Group 1) by region	17
Table 6.	Distribution of earning protected areas samples without IPAF releases (Group 2) by region	18
Table 7.	Distribution of earning protected areas samples with IPAF releases (Group 3) by region	18
Table 8.	Average income of protected areas from various sources and the percent of protected areas contributing to the earnings, by earning classification	19
Table 9.	Visitor category per earning classification	22
Table 10.	Unique features/resources class per earning classification	23
Table 11.	Annual budget allocation class per earning classification	24
Table 12.	PA size class per annual income category	25
Table 13	Other variables that may affect the annual average income of protected areas, by earning classification	25
Table 14.	Revenue collection system and earning classification	28
Table 15.	Management system in operation and earning classification	29
Table 16.	Livelihood opportunities and earning classification	30
Table 17.	Peace and order problem and earning classification	30
Table 18.	Unwarranted political interference and earning classification	31
Table 19.	Satisfactory IPAF disbursement and discouraging effect on IPAF use by earning classification	32
Table 20.	Reasonableness of fund sharing by earning classification	32
Table 21.	Contribution/donation class per earning classification	36

LIST OF FIGURES

Figure 1. IPAF Process Flow	11
Figure 2. Breakdown of sample PAs by Category	15

APPENDICES

Appendix A — IPAF Assessment Framework	43
Appendix B — List of 45 Protected Areas Selected, By Groups	44
Appendix C — List of Acronyms	46

AN INSTITUTIONAL ASSESSMENT OF THE INTEGRATED PROTECTED AREA FUND (IPAF) IN THE PHILIPPINES

Alexander D. Anda Jr.

EXECUTIVE SUMMARY

The *National Integrated Protected Areas System (NIPAS) Act of 1992* was enacted in response to an urgent need to protect the rich biological diversity of the Philippine ecosystems, which is seriously threatened by human exploitation. One of the critical elements of the law is the creation and administration of a trust fund, known as the *Integrated Protected Areas Fund (IPAF)* intended to finance the projects of the system. All incomes earned by the protected areas are deposited to the National Treasury as a trust fund, with 75% of the collection to be allocated to the protected areas that generated the revenue, and the balance, retained by the central IPAF to support non-revenue earning protected areas and the operation of the IPAF Governing Board.

After NIPAS law's 12 years of implementation, this paper looked into the institutional and operational issues attendant to the establishment and operation of the IPAF, such as the multiple management structure, tedious bureaucratic procedures in accessing the fund, perceived increase in exploitative/development activities, and revenue sharing allocation will be explored and documented in details. To a certain extent, the study also explored how the presence of IPAF has affected the inflow of other funds into the protected areas and how come many protected areas are not generating its own revenue or not obtaining financial support from the central IPAF as intended.

The study has established that 12 years after the NIPAS law, only 12 of the 68 protected areas that earned IPAF revenues have managed to secure the release of its IPAF fund and not one of the 140 non-earning protected areas has obtained financial support from the central IPAF.

For non-earning protected areas, the main reasons offered by respondents why no fees or income are collected are: no resolutions passed to do so by many PAMBs, either due to lack of time to meet about or lack of capacity of members and the lack of policy, guidelines, or systems on how PAMB could raise funds. Some of them have the necessary resolution passed but are awaiting approval by DENR on this action.

Protected areas have been earning from any or a combination of a) lease proceeds (including facilities rentals); b) donations, grants, or endowments; c) Fees and Incomes (e.g entrance fees, user fees, royalties, tourism revenues) and e) other sources (e.g. fines). The study noted that the potential of protected areas to develop lease and rentals as a stable source of income are not fully explored. Likewise, donation/contribution is not fully explored as a source of revenue for protected areas such as from water users like the

water districts, irrigation water users, and hydropower plants who benefit from protection of the protected areas. While user fees represent a major source of income for those able to collect such, very few PAs understand how it can be implemented in their own jurisdiction. Capitalizing on the unique feature of the PA is definitely important in raising revenue for the Park.

Government allocation to PA management is generally small, ranging from less than USD3,000 to more than USD 18,000 per annum. The ability of the PA to raise funds and make contributions to the IPAF logically determines how much budget it could get with average revenue from government ranging from PhP0.25 million for non-earning PAs to PhP3.6 million to earning, with IPAF release PAs. Location of the PA, rather than size, is the determining factor in the ability of the PA to raise revenue, with the more accessible to urban centers earning the highest revenue. It was also found that the presence of the management board (PAMB) is no assurance that the PA will be able to raise and manage its resources well; many of the PAMBs are not functional at all. This was noted to be the rule for many non-earning PAs, indicating that big role of a functional management entity in the ability of the PA to generate resources. Likewise, having donor organizations operating a project in the PA will not necessarily lead to improved income standing of the PA, particularly if either revenue generation or livelihood improvement is not a clear objective of the PA. Interestingly, those PAs who are able to raise more revenues are able to provide better livelihood opportunities to its people.

Finally, on the operation of the PAs that were visited, it was noted that many do not adopt a transparent and systematic recording system of its revenue collection; many suffers from lack of systematic management system in place; and many do not receive guidance and monitoring from government agencies like PAO/PASu, PAWS/RTD, ORED, PAMB, and PAWB. On the reportedly tedious process of fund release under IPAF system, majority concurs that the process is indeed too slow and unsatisfactory. But many qualified that by itself, it is not sufficient to discourage the PA from raising their revenue collection. Whether the PA found the 75:25 ratio unreasonable is validated by majority of those PA who are already earning through the IPAF system. Those who are non-earning or earning but are not yet able to get back their IPAF funds said that the ratio is reasonable. As of the time of the study, the Central IPAF has earned from its 25% since 1996 an amount of over PhP22 million (>US\$0.44 million). This amount set by the regulations should be used to fund non-earning IPAF but no such disbursement has been made. In fact, many of those interviewed in the study are not even aware (nor familiar with the procedure) on how they could avail of this amount. Incidentally, while this study is being completed, a new regulations was issued, which also qualify earning PAs from obtaining funds from central IPAF. This could put aside non-earning PAs in contention for funds. This new regulation also abolished the IPAF Governing Board and centralize control over the use of central IPAF to the PAWB Director and the DENR Secretary— a move that runs counter to the policy of decentralization and subsidiarity principle as well as the objective of achieving fiscal autonomy for protected areas, and therefore needs a thorough policy review to attain a more cohesive approach to integrate all PAs.

To improve the financial viability of IPAF, there is a need to issue specific implementing guidelines as to how the different sources of revenues can be collected, including the operational procedures to set up an adequate and transparent revenue collection system and other management systems in PAs. Many issues also need clarification such as ‘taxes from permitted sale and export of resources’, royalty, fines, retention of donation, donation in-kind, billing procedure for resource use and development (like offsite use of water), sharing of tourism-revenue with LGUs or NGOs or POs that put up improvements within protected areas, setting-up or updating fee rates, criteria for setting revenue target per PA category, fund sharing ratio, criteria for using IPAF. In addition, decent budget per PA should be allocated, especially for non-earning PAs, to build their revenue potential and perform basic conservation functions. Assuring management commitment and capability building at all PA levels are equally important. It is also recommended that less tedious and faster process of releasing IPAF should be formulated, including the possibility of approving the IPAF disbursement of the 75% share at the local or regional level.

1.0 INTRODUCTION

1.1 Description of the Problem

The Philippines has one of most diverse ecosystems in the world. Its 7,107 islands with 30 million hectares of land and 18,000 kilometers of coastline are home to unique species of flora and fauna that has a high percentage of local endemism¹. However, the country's remaining biological diversity and the ecosystems that support it are in constant threat of destruction. Deforestation, incompatible land conversion, overfishing and wanton development, aggravated by growing population (2.3% annual growth), exert persistent pressure on all of the country's distinct biogeographical regions.

In view of the urgent need to protect and conserve the country's biodiversity amidst destructive human exploitation, the National Integrated Protected Areas System (NIPAS) Act of 1992 or Republic Act No. 7586 was promulgated in the Philippines. The NIPAS law provided the basic framework for the establishment and management of protected areas including the creation and administration of a trust fund known as the **'Integrated Protected Areas Fund' (IPAF)** to finance the projects of the system². All incomes earned by the protected areas are deposited to the National Treasury as a trust fund. At least 75% of the collection is allocated to the protected areas that generated the revenue, and the balance is retained by the central IPAF to support non-revenue earning protected areas and the operation of the IPAF Governing Board, which administers and allocates the IPAF among the various components of the NIPAS³.

As of 2004, there were only 68 protected areas that earned IPAF revenues, and that only 12 of these revenue-generating protected areas have managed to secure the release of its IPAF fund (Table 1). Conversely, 56 protected areas have not actually received back their IPAF earnings and not one of the 140 non-earning protected areas has obtained financial support from the central IPAF. Considering the 12 years of NIPAS law implementation, the current IPAF operation raises serious doubt as to the capacity of the IPAF to finance the NIPAS as envisioned by law. As there is no official pronouncement or explanation on IPAF financial performance at present, the legal/regulatory framework of IPAF could serve as the starting point of inquiry.

The NIPA System is placed under the administrative control and supervision of the Department of Environment and Natural Resources (DENR) while the general management of each protected area is under a site-specific 'Protected Area Management Board' (PAMB), which is organized by the DENR and chaired by the relevant DENR Regional Executive Director. Moreover, in regions where protected areas have been established, the Protected Area and Wildlife Division/Service of the DENR, which is under the supervision of the Regional Technical Director, are tasked to 'manage

¹ It is estimated that about half of the plant and wildlife species are not found anywhere in the world.

² Section 16 of the NIPAS law or RA 7586

³ Section 61 of the DENR Department Administrative Order No. 25, June 1992.

protected areas and promote the permanent preservation, to the greatest extent possible of their natural conditions⁴. Regional DENR offices also received separate government budget for its operation, including the management of protected areas within its administrative jurisdiction. The multi-layered management structure of the NIPAS suggests complex multi-level decision-making and possibly, overlapping functions and work duplication, which could have diminished the performance of IPAF, especially in terms of revenue generation.

Table 1. Summary of protected areas in the Philippines

<i>Category</i>	<i>2004</i>	<i>% of Total</i>
Total number of protected areas	208	100%
Number of non-revenue earning protected areas	140	67%
Number of IPAF-generating Protected Areas	68	33%
Number of IPAF-generating Protected Areas with IPAF Disbursement	12	6%
Number of IPAF-generating Protected Areas without IPAF Disbursement	56	27%

The law also states that the “Disbursements from the Fund shall be made solely for the protection, maintenance, administration, and management of the System, and duly approved projects endorsed by the PAMBs, in the amounts authorized by the DENR”⁵. Clearly, the specific criteria for allocating the Fund were left primarily to DENR’s determination. While the IPAF is a groundbreaking concept in natural resource management, it is nevertheless attended by birth pains, as a recent study on IPAF (Rosales 2003) demonstrated the tedious procedure of IPAF disbursement and noted that it takes an average of about 5 months for the whole process (of accessing the funds by the earning protected areas) to be completed, which was deemed too long before the protected areas can use the much-needed funds it generated for its mandated conservation and maintenance activities. The issue whether this bureaucratic process discourages the protected areas from using the IPAF facility or there are other contributory factors will be addressed in this paper.

The prevailing IPAF rules promulgated by the DENR required all incomes generated from the protected areas, which are derived from (a) taxes from the permitted sale and export of flora and fauna and other resources from protected areas; (b) proceeds from lease of multiple-use areas; (c) contributions from industries and facilities directly

⁴ Section 10 of RA 7586.

⁵ Also Section 16 of RA 7586

benefiting from the protected area; and (d) such other fees and incomes derived from the operation of the protected area (including entrance fees, users fees and other tourist-related income); accrue to the IPAF. This policy (a, b & d) could operate as an incentive to extract timber and other products from the protected areas, or overdevelop the protected areas rather than to conserve biodiversity, as the revenues from these extractive/lease/operational activities could directly benefit the different stakeholders of the protected areas (PAMB members, POs, NGOs, LGUs, etc.).

With regard to the sharing allocation (75:25) of IPAF by means of a DENR directive, although this is administratively expedient, there were no published reports or pronouncements that explain the basis of the distribution. Nevertheless, its effect to the revenue generation of protected areas is ambivalent. It could operate either as an incentive to protected area managers to raise income, even if it is contrary to conservation objectives, in order to boost its operating expenses, or as a disincentive to improve revenue if the reduction of their share makes a difference in their operation.

The effect of IPAF to the inflow of funds, including government budget allocation, into the protected areas, is also murky. There were no official policy pronouncement regarding government budgetary allocation *vis a vis* IPAF allocation. For instance, is an IPAF-receiving protected area still entitled to receive government budget allocation or will there be a corresponding budget reduction? In case IPAF is not disbursed in the current year, will it be available the following year? Moreover, there were also no published reports or literature that determine whether the implementation of IPAF affect the inflow of other funds into the protected areas.

After NIPAS law's 12 years of implementation, there is now a felt need to examine and characterize, first and foremost, the various funding structures/features of the protected areas in the Philippines in relation to its mandated purposes of financing the NIPAS. Necessarily, the institutional and operational issues attendant to the establishment and operation of the IPAF, such as the multiple management structure, tedious bureaucratic procedures in accessing the fund, perceived increase in exploitative/development activities, and revenue sharing allocation will be explored and documented in details. By and large, the study will also assess how the presence of IPAF affects the inflow of other funds into the protected areas and how come many protected areas are not generating its own revenue or not obtaining financial support from the central IPAF as intended.

1.2 Research Objectives

The general objective of the research project is to conduct an institutional assessment of the Integrated Protected Areas Fund in the Philippines.

The specific objectives are:

1. To characterize the protected areas in the Philippines relative to their earnings and funding structures;

2. To identify and evaluate the factors that influence the performance of IPAF implementation;
3. To assess the influence of IPAF implementation on the resource extraction and development in protected areas;
4. To examine the effect of IPAF implementation to the inflow of other funds into the protected areas; and
5. To make policy recommendations based on the results.

1.3 Review of Literature

There were few literatures that are directly related to the use of the Integrated Protected Area Fund in the Philippines. A recent study by Rosales (2003) described in detail the current flow of IPAF disbursement, identified the administrative problems in IPAF disbursement such as cumbersome and lengthy process of accessing the fund and the centralized nature of the system, and presented options for a more efficient process to be put in place such as (a) removing the DENR central office from the approval process; (b) transforming the role of PAWB into a monitoring body; (c) delegating the central DBM (Department of Budget and Management) functions to DBM regional offices; (d) capacity building of PAMB members in effective negotiation; (e) rationalizing the laws affecting protected area management and responsibilities of all government bodies involved; and (f) creating flexibility in the determination of PAMB membership. Rosales also presented a case study, among others, on a protected area under the NIPAS — the Apo Island Protected Landscape and Seascape (AIPLAS), and looked whether revenues generated from entrance fees of scuba divers over the years are being ploughed back to the community, either for improving standard of living or for ecological enhancement of the reef and its resources. The study found that despite the mostly positive impacts of the AIPLAS on the lives of the local residents and coral reef enhancement/conservation practices, there was a low level of overall satisfaction with PA management as most respondents preferred the old set-up where the local residents and local government had control over the management of the AIPLAS.

Step-by-step guidelines for establishing and running the IPAF are described in the “Handbook for the Establishment and Management of Integrated Protected Area Sub-funds. Essential of Protected Area Management in the Philippines” (Bacudo et al. 2001). As an instructive operational manual, it covers the rudimentary steps in the setting up of an IPAF sub-fund, collection, deposit and disbursement processes, accessing funds from the Central IPAF, setting up and maintaining a self-financing scheme for protected areas, and explains the role of the different administrative orders promulgated by the DENR relative to IPAF establishment and management, among others.

In the United States, the National Park Service (NPS), Bureau of Land Management (BLM), US Forest Service (USFS), and the Fish and Wildlife Service (FWS), and have been authorized by the US Congress in 1996 to implement the

“Recreational Fee Demonstration (Fee Demo) Program” for three years, which was extended until 2000 by subsequent legislations (Watson 2001). The law allows at least 80% of revenues to be retained locally for on-site facility and program improvements. At the Siuslaw National Forest, Oregon, the management objective of the fees was partial recovery of operating costs, while the traditional government funding allocation has not been reduced as a result of implementing fees (Lindberg 2003). Some of the questions raised were: whether the public support recreation fees; how fees might change visitor experience; how fees might be inconsistent with the society’s cultural-political values; how fees might have a negative equity effect (low income groups, minority or local resident most affected); or how fees might reduce business opportunities (Watson 2001 and Lindberg 2003).

The Progress Report to U.S. Congress for fiscal year 2000 of the Recreational Fee Demonstration Program (U.S. Department of the Interior and U.S. Department of Agriculture 2001) highlighted the following: a) visitation to recreation sites participating in the Program continues to appear unaffected in any significant way by the new fees, b) the Program provides a substantial source of revenue for the four participating agencies, c) the participating agencies are using fee revenue as Congress intended and they are improving the rate of approving and obligating recreation fee revenues for projects and d) interagency coordination of program management makes it easier for visitors to pay fees and receive services.

In 2002, the U.S. Department of the Interior reviewed the Recreational Fee Demonstration Program being implemented by National Park Service and Bureau of Land Management, and confirmed that the Fee Demo revenues provided the two agencies with the additional fund to undertake many improvement projects that may not have otherwise been possible. These projects include the construction and repair of trails, roads, campgrounds, and facilities; rehabilitation of sewage treatment plants; and stabilization of historic structures, all of which have improved visitor enjoyment and protected resources. These agencies, which are directed to consider the Fee Demo revenues as supplemental to their appropriated funds, are also prohibited to use such revenues to offset the salaries of any existing park staff, hire permanent staff (except for positions involved in the direct collection of fees) or fund any employee housing projects. It was believed that the major factor in ensuring the success and public acceptance of the Fee Demo Program was the translations of fee revenues into visible improvements or ‘how much better the public is served at recreation sites’. However, it was found that NPS has not completed Fee Demo projects in a timely manner, as the Fee Demo revenues are not obligated⁶ as fast as these revenues are collected —and these delays have not enhanced the quality of visitor experiences. The report also identified the eight factors that adversely affected the timely completion of Fee Demo projects: 1) delays in the project approval process, 2) lack of professional and technical staff, 3) lack of project completion goals, 4) litigation, 5) project cost increase, 6) work scheduling, 7) delays in allocating Fee Demo revenues to parks and 8) banking Fee Demo revenues. They concluded that because of delays in completing Fee Demo projects, NPS has not

⁶ An obligation is the amount of an order placed, contract awarded, service rendered, or similar transactions during a given period that will require payment during the same or future period.

enhanced the quality of visitor experiences. It was also believed that both NPS and BLM could enhance the benefit of their Fee Demo Programs by improving their program accountability. These can be done by establishing clearly defined goals and objective for their Program, developing accountability standards for managers, ensuring ready access to current and accurate data, and adequately complying with established security guideline over the collection of Fee Demo revenue.

The IUCN- The World Conservation Union (2000) published “Financing Protected Areas. Guidelines for Protected Area Managers”, which demonstrates the importance of developing a financial strategy, discusses the mechanisms for generating revenue flows from both public and private sources and gives an overview of potential grant-based sources of financing. A related paper entitled “Guidelines for Financing Protected Areas in East Asia” (IUCN-World Commission on Protected Areas 2001) enumerates various financial mechanisms, process of assessing the feasibility of funding options and recommends steps in developing financial plan.

Haeruman (2001) proposes a new paradigm for national park financing in Indonesia through a mechanism that assign costs to those who accrue benefits, works toward conservation goals within individual parks, and considers the overall objectives of the park system. He also enumerated several alternative-financing mechanisms similar to that of IUCN-WCPA Guidelines.

James (1999) noted a disparity on budgetary resources between the developing and developed countries (US\$157 per square km vs. \$2,058 per square km), where the developing countries’ budgets are less than one third adequate to meet their stated conservation objectives. One solution offered is to allow the protected area agencies retain the revenues raised from different sources and achieve financial autonomy. This requires institutional change at various levels, including the corporate culture and the attitude of resource users.

2.0 RESEARCH METHODS

2.1 Hypotheses/ research issues

The hypotheses/issues that will be addressed in this research are:

1. Relative to earnings and funding structures, protected areas would differ in terms of the (i) PA Category (ii) Region/Office of jurisdiction , (iii) sources of income, (iv) number of visitors (v) unique physical features/resources, ,(vi) budget allocation (vii) sizes of protected areas, (viii) proximity to communities/town center, (ix) presence of PAMB, (x) presence or absence of donor organizations (external fund); and (xi)marine or terrestrial ecosystem,

2. The likelihood that a protected area would generate revenues depends on (i) adequate revenue collection system; (ii) management system in operation, (iii) management initiatives, (iv) management supervision, (v) livelihood opportunities, (vi) peace and order problem; , (vii) unwarranted political interference; and (viii) presence of threats to protected areas
3. The tedious bureaucratic procedures attendant to fund access deters the use (disbursement) of IPAF by protected areas;
4. The IPAF (75:25) fund sharing allocation operates as a disincentive for the individual protected areas to improve or raise revenue;
5. The implementation of IPAF operates as an incentive to resource extraction and development in protected areas; and
6. The implementation of IPAF affects the inflow of other funds into the protected areas.

2.2 Assessment Framework

The general process flow of IPAF is presented in **Figure 1**, which consists of three distinct activities: **collection, deposit and disbursement**. However, it must be noted that before a protected area can start revenue collection, it must have a functional IPAF sub-fund and related collection and deposit systems in place, as provided under the DENR Administrative Order No. 96-02 [Guidelines on the Establishment and Management of Integrated Area Funds] and the usual government accounting and auditing rules and regulations.

The actual collection of revenues from protected area operation is being undertaken by the protected areas, through their duly appointed Special Collection Officers⁷ (SCOs), who correspondingly issues official receipt or ticket at the point of collection. Collections are deposited to an authorized bank in two separate numbered accounts: 75% of the collections is remitted to Protected Area Sub Fund account and the remaining 25% is remitted to the Central IPAF account. For the purpose of this paper, the collection and deposit activities shall be referred to as the '**fund generation**' phase.

Fund disbursement means the access and release of accumulated funds either from any of these two accounts, in accordance with the criteria, policy and guidelines set for its establishment. As the fund generation phase follows prescribed bureaucratic processes, the fund disbursement phase likewise adheres to a different set of prescribed government rules and procedures, which was earlier described as a tedious and lengthy process.

⁷ In addition, the PAWB is also authorized to receive grants and donations.

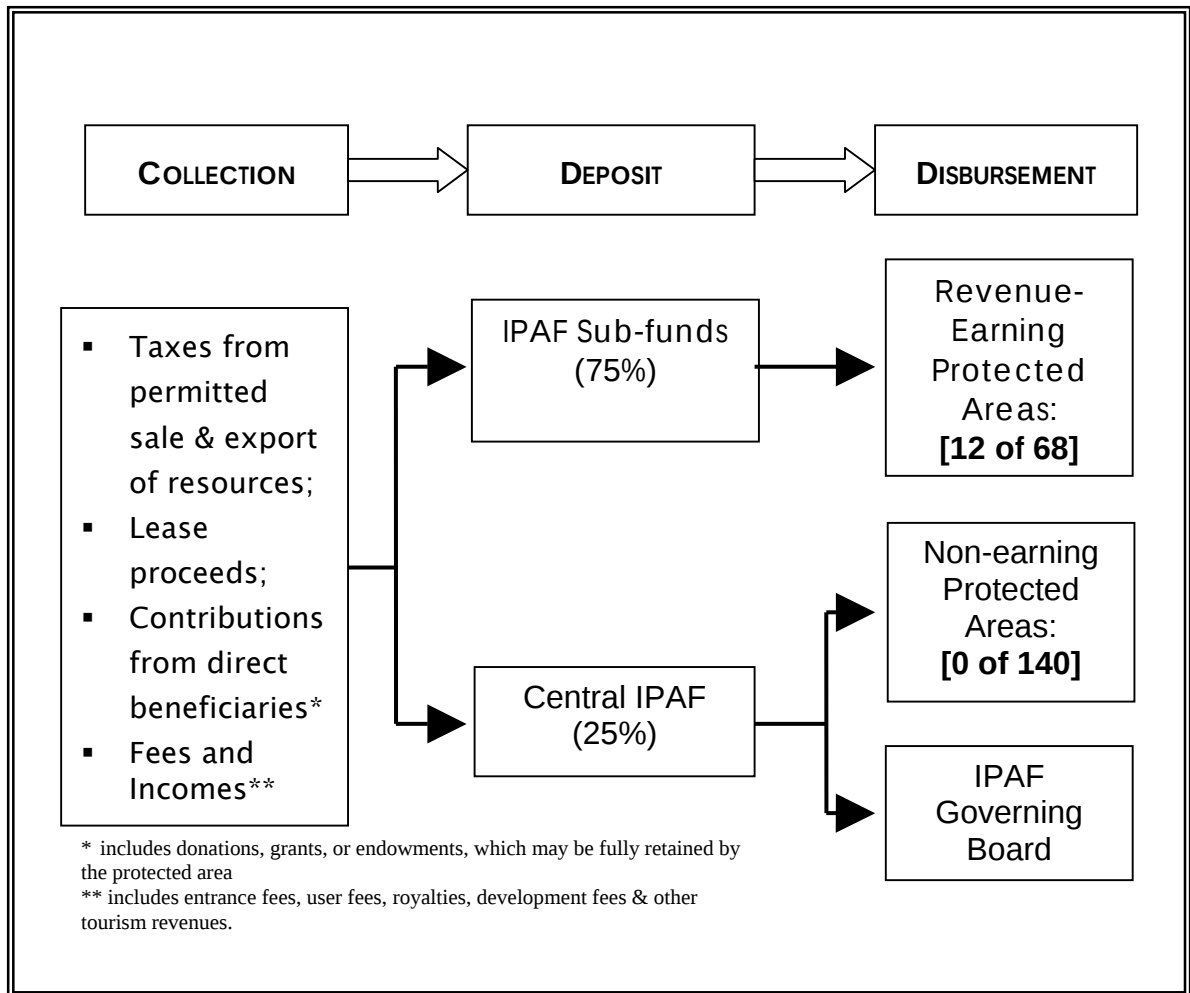


Figure 1. IPAF Process Flow

The *performance of IPAF* refers to the actual operation and accomplishment of protected areas in terms of fund generation and disbursement. As this study focuses on the performance of IPAF, the calculable set of indicators relates to the implementation and use of IPAF facility in funding activities of the NIPAS. These are presented in **Table 2**.

Table 2. Criteria and indicators used to evaluate the IPAF system.

Criteria	Criteria Description	Indicators /Parameters
Fund generation proficiency (Hypotheses #1, #2 and #4)	Adequacy, transparency and competence of management structure and system to implement the fund generation system	Management level/s that pursue fund generation; Number of PAMB in operation; presence of adequate revenue collection system; Number of visitors/users; Type of services provided by protected area; Amount generated per revenue source; Amount of budget allocated; Size of protected area; Distance to nearest community; Presence of external donors, livelihood opportunities, unwarranted political interference, and peace/order problem; presence of management constraints;
Disbursement proficiency (Hypotheses #1, and #3)	Adequacy, transparency and competence of management structure and system to implement the fund disbursement system	Acceptable number of weeks/months for fund to be disbursed/used; Perception of the process
Resource extraction and development (Hypotheses #1 and #5)	Resource extraction refers to the degree of commercial use of a resource allowed within the protected area over a specific time; Development refers to the use of the land or other resource for the purpose of undertaking a permitted small. medium or large scale of development	Amount of taxes imposed on permitted sales and export of flora and fauna and other resources; Amount of resource user fee collected (according to types of forest products) in the past years ; Amount of development/concession fee collected in the past years (according to types of facilities constructed);
Inflow of other funds (Hypotheses #1 and #6)	Other funds include budget appropriated and released by the national government and funds in the form of donations, grants and endowment from local and international donors that are not direct beneficiaries of the protected areas.	Budget allocated in the past years; Amount contributed/donated in the past years; perception on budget reduction/removal, external funding and private sector participation to inflow of funds.

Appendix A shows the assessment framework of this study, which is divided into three components. Component 1 deals with the description and characterization of the IPAF facility or system, which includes the procedural flow of activities, the relevant offices/officers involved, other sources of protected area funds, and the institutional arrangements present or in effect at the time of study. This preliminary component also address hypothesis #1.

Component 2 focuses on data gathering and analysis using the selected criteria and indicators/parameters to tackle or test the hypotheses (#2 to #6) mentioned in section 4.1.

Component 3 identifies the results and recommendations of this study.

3.0 METHODOLOGY

3.1 Scope of the Study/Site Selection

Forty Five (45) protected areas were examined in greater detail. These are broken down in three groups, based on the reported official earnings:

	Protected Area Group	No. of Protected Areas Studied
1—	Non-Earning	23
2—	Earning without IPAFund Disbursement	14
3—	Earning with IPAFund Disbursement	8
	Total	45

These correspond to 16% and 25% sampling intensity for groups 1 and 2, respectively. As there are only 12 study sites for group 3, it was originally intended to cover them all in this study but due to time constraint, only 8 were surveyed.. The protected areas for groups 1 and 2 were chosen using two selection criteria such as availability of data, and DENR control/jurisdiction of the site. Hence, protected areas within the exclusive jurisdiction or control of other agencies or government instrumentalities like the Subic Bay Management Authority (SBMA), Autonomous Region of Muslim Mindanao (ARMM), and National Power Corporation (NPC), were excluded. The final study sites were randomly selected for groups 1 and 2 and the list is presented in **Appendix B**, including that of group 3. However, due to lack of time, regions 4B, 5 and 7 were not covered.

The distribution of protected areas by region and the number of samples are shown in Table 3 below.

Table 3. Distribution of protected areas by region and number of samples per group

Region	Group 1	Group 2	Group 3	Total Samples
	Non-Earning	Earning/ No IPAF Releases	Earning With IPAF Releases	
Ilocos Region (R1)	3	2	2	7
Cagayan Valley (R2)	1	1	1	3
Central Luzon (R3)	1	1	1	3
CALABARZON (R4A)	5	1	0	6
Western Visayas (R6)	3	0	0	3
Eastern Visayas (R8)	0	3	0	3
Western Mindanao (R9)	3	2	0	5
Northern Mindanao (R10)	0	3	1	4
Southern Mindanao (R11)	0	1	0	1
Central Mindanao (R12)	3	0	0	3
CARAGA (R13)	3	0	0	3
Cordillera Autonomous Region	1	0	1	2
PAWB	0	0	2	2
Total Samples	23	14	8	45
Percent of Total Samples	51%	31 %	18 %	100 %
Percent of Group Population	16 %	25%	67 %	22 %
Population	140	56	12	208

3.2 Approach

3.2.1 Secondary Data Collection

Secondary data were collected, mainly from the DENR, particularly its regional offices and the PAWB. To facilitate data collection, a separate form for preliminary/secondary data was devised and used as a guide to the various secondary data that have to be obtained. These data collected were encoded and processed.

3.2.2 Primary Data Collection.

Interview schedules were prepared, field tested and finalized. Questions that appears to be repeated from the preliminary/secondary data form (usually indicated by the shaded portions) served as guides or initial input for discussion during the key informant interview, and counterchecked data emanating from different sources. Appointments for interview were scheduled with various respondents, which include the pertinent officials of DENR, Protected Area Superintendent (PASu), Protected Area Management Board (PAMB), Local Government Units (LGUs), Non-Governmental

Organizations (NGOs) and People's Organizations (POs). Anonymity of the respondents is assured and they were told that only aggregate findings will be published.

4.0 RESULTS AND DISCUSSION

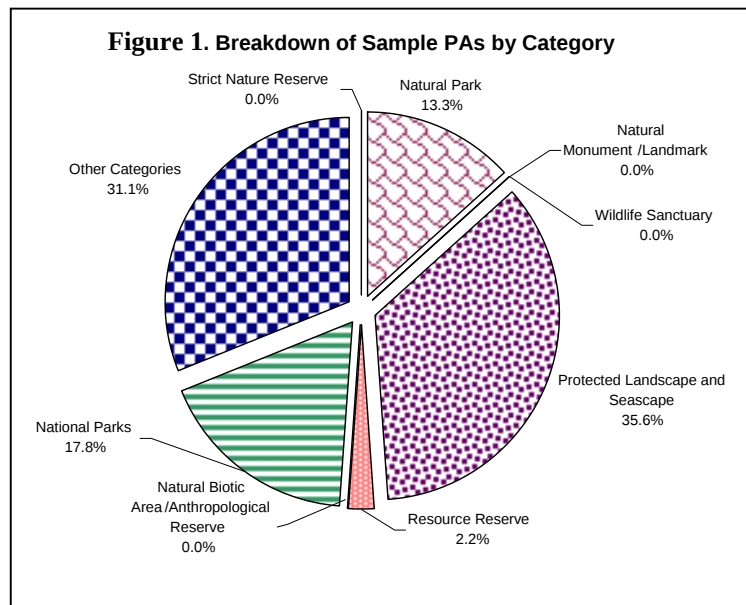
4.1 IPAF Characterization (Hypothesis 1)

4.1.1 Categories of Protected Areas

Based on the DENR Memorandum Circular No. 2004-09 dated August 30, 2004, which amended the Criteria and Guidelines for the Categorization of Protected Areas under the NIPA System, the recent categories of protected area samples by group are presented in Table 4 and Figure 2. . The 'Protected landscape/seascape' (PL/S) is the most common category, other than the 'Other categories' and 'National Parks' groups. This is very understandable considering its versatility and tolerance to accommodate many uses, provided these uses are pursuant to the approved management plan and management zoning— which are regrettably wanting in many PL/S. Whether or not this trend can lead to biodiversity and sustainable development of protected areas remains to be seen, but this category requires the crafting and implementation of a very complicated management system to be effective. Such a system needs complex skills, resources, experience and political will of implementers, which are unfortunately in short supply in many protected areas.

'Other categories' has the most number of non-earners (12 out of 14); most PAs in this category are not yet classified according to the rules; this shows that these protected areas are not a management priority in the government.

National Parks is added, despite this category was delisted in the NIPAS law, owing to the many sites that retain its status as national parks. If the NIPAS law is to be applied, national parks would be converted into protected areas, and then, the proclaimed protected areas will be sorted back under the national parks system of land classification, pursuant to the Constitution. Some of the emerging issues are the possible inclusion of marine areas in the land classification of



‘national parks’, which does not admit water bodies like seas and oceans, and the possible confusion in property rights especially between private land owners within protected areas and the State.

It must be noted that there were no random samples obtained that could represent PA categories like Strict Nature Reserve, Wildlife Sanctuary, Natural Monument/Landmark, and Natural Biotic Area/Anthropological Reserve. It is not conclusive to state that very few PAs would fall under these categories nationwide. Nevertheless, current policy does not distinguish PAs categories that should or should not earn; hence, it could be presumed that the policy applies to all categories, and all PAs should generate its own revenue. This should not be the case. A well thought policy could consider the purpose, resources and limitation of individual protected areas vis a vis revenue targets.

Protected areas in the ‘other categories’ include those that lies in limbo, the protected areas that are part of the initial components of NIPAS, protected areas that are recommended for dis-establishment and those that are not included in any other categories.

Table 4. Categories of protected areas and the number of earning and non-earning protected area samples.

PROTECTED AREA CATEGORIES	EARNING CLASSIFICATION			Total
	Non-earning (Group 1)	Earning /No IPAF Releases (Group 2)	Earning/ With IPAF Releases (Group 3)	
Natural Park	0	6	0	6
Protected Landscape and Seascape	7	5	4	16
Resource Reserve	0	1	0	1
Other categories	12	1	1	14
National Parks	4	1	3	8
Total	23	14	8	45

4.1.2 Region/Office of jurisdiction

Non-earning Protected Areas (Group 1) By Region

Table 5 shows the distribution of randomly selected non-earning protected area samples (Group 1) by region. Region 4A (CALBARZON) rank first among the regions that have the most number of non-earning protected areas; this is followed by R1, R6, R9, R12 and R13..

Table 5. Distribution of non-earning protected areas samples (Group 1) by region

Region	Frequency	Percent of group sample
	No. of Non-earning PA samples (n)	%
Ilocos Region (R1)	3	13
Cagayan Valley (R2)	1	4
Central Luzon (R3)	1	4
CALABARZON (R4A)	5	22
Western Visayas (R6)	3	13
Western Mindanao (R9)	3	13
Central Mindanao (R12)	3	13
CARAGA (R13)	3	13
Cordillera Autonomous Region	1	4
Total	23	100

For non-earning protected areas , the reasons offered by respondents why no fees or income are collected are:

- a. PAMB-related [33%] — no resolutions passed, lack of meeting and coordination, prolonged discussion, PAMB not organized or has just been organized, lack of capacity of PAMB members;
- b. System-related [30%] — no/lack information, policy, guidelines, or systems;
- c. Capital-related [18%] — lack of facilities, infrastructures and initial capital/fund;
- d. Process-related [17%] — resolution to collect fees not yet endorsed by DENR officials or was just approved; awaiting proclamation of protected area, lack of priority given by DENR officials for PA to earn income; and
- e. Others [5%] — no need for income generation, area is occupied by squatters.

Earning Protected Areas (Groups 2 & 3) By Region

Among the protected areas samples without IPAF releases (Group 2), the regions that rank first in terms of frequency are R8 and R10, followed by R1 and R9 (Table 6). The average annual income for group 2 is PhP 146,300 (US\$2,900).

Table 6. Distribution of earning protected areas samples **without IPAF releases** (Group 2) by region

Region	Frequency	Percent of group sample
	No. of Earning PA samples (n)	%
Ilocos Region (R1)	2	14
Cagayan Valley (R2)	1	7
Central Luzon (R3)	1	7
CALABARZON (R4A)	1	7
Eastern Visayas (R8)	3	21
Western Mindanao (R9)	2	14
Northern Mindanao (R10)	3	21
Southern Mindanao (R11)	1	7
Total	14	100

The PAs that managed to have their IPAF released are present only in six regions/offices., with PAWB and R1 ranking first (Table 7). The average annual income for group 3 is PhP 688,360 (US\$6,250)

Table 7. Distribution of earning protected areas samples **with IPAF releases** (Group 3) by region

Region	Frequency	Percent of group sample
	No. of Earning PA samples (n)	%
Ilocos Region (R1)	2	25
Cagayan Valley (R2)	1	13
Central Luzon (R3)	1	13
Northern Mindanao (R10)	1	13
PAWB	2	25
Cordillera Autonomous Region	1	13
Total	8	100

4.1.3 Sources of Income

Protected areas have five legitimate sources of income to finance its projects and these sources and their average annual collections are presented in Table 8.

Table 8. Average income of protected areas from various sources and the percent of protected areas contributing to the earnings, by earning classification

SOURCES OF INCOME	AVERAGE ANNUAL INCOME	
	Earning/ No IPAF Releases (Group 2) n =14	Earning/ With IPAF Releases (Group 3) n =8
i. Taxes from permitted sale & export of resources;	0	0
ii. Lease proceeds (including facilities rentals)	PhP 92,965 (43%)	PhP 96,970 (63%)
iii. Contributions from direct beneficiaries (including donations, grants, or endowments)	PhP 1,043 (50%)	PhP 30,601 (50%)
iv. Fees and Incomes (including entrance fees, user fees, royalties, development fees & other tourism revenues).	PhP 115,333 (86%)	PhP 605,698 (100%)
v. Others	PhP 1,897 (57%)	0

Each of these sources will be discussed in greater detail below.

Taxes from permitted sale & export of resources

This study found out that in the sample sites, permits for sale and export of resources taken from the protected areas are not allowed. Hence, no income from tax from this activity is reported, even if the NIPAS law lists such taxes as viable revenue source.

Lease proceeds, including facilities rentals

The mean annual income from protected areas that collect lease proceed/rental is PhP 93,000 to 97,000 (US\$1,860-1,940) which is a substantial contribution to the financial need of a protected area. There are about 43% in Group 2 (No IPAF release) and 63% of samples in Group 3 (with IPAF release) that earn income from lease and facilities rental. Those who are not able to earn this type of income are those in inaccessible sites. In some sites, however, there is a potential to develop lease and rentals as a stable source of income and this should be explored. Along this area, the role of private investment through the government's BOT (Build-Operate-Transfer) scheme has not been seen in protected areas where government funds are difficult to obtain. Private capital may fund the construction of needed facilities, such as lodging inns for tourists,

souvenir shops, visitors' center, and food stalls/booth, which the protected areas may, later on, lease or rent.

Contributions from direct beneficiaries (including donations, grants, or endowments)

While the law explicitly stated direct beneficiaries, this is interpreted liberally, to include donations, grants or endowments, even from indirect beneficiaries. There is also confusion whether or not the amount contributed or donated to a particular protected area is subject to the sharing ratio (75:25). The implementing rules and regulations did not make any exemption but the manual for the establishment of IPAF (Bacudo et al 2001) specifically mentioned that the full amount may be retained by the protected areas. However, in reality, no amount can be retained by the protected areas as all amount deposited in the government authorized bank in the name of the protected area are remitted to the National Treasury and forms part of the national fund or special budget.

The mean annual contribution/donations, which vary considerably across earning classifications, are PhP 1,897 and PhP 30,601 for groups 2 and 3, respectively. About 50% of the protected areas for both groups 2 and 3 managed to raise revenue through this scheme.

Like lease/rental, donation/contribution is not fully explored as a source of revenue for protected areas. Direct beneficiaries, especially the water users like the water districts, irrigation water users, hydropower plants, fishers, and resort operators have not been adequately tapped to contribute to the upkeep of the protected areas, which provided them untold benefits. Donations/contributions in-kind have great potential to the IPAF system but there was no consistent procedure being followed by protected areas to pursue, develop, properly account, monitor and manage this sort of contribution.

Fees and Incomes (including entrance fees, user fees, royalties, development fees & other tourism revenues)

The biggest revenue sources of revenue for protected areas are fees and incomes, which account for more than half of total revenue generated by protected areas, with 55% of the protected area earners for groups 2, are using this scheme. All high earning protected areas (group 3) are also using this scheme.

The usual fees are entrance fees and parking fees, which need an urgent review, reflect the full use value of the resource or at the very least, to keep tab with inflation and changing demand in each protected area. Entrance fees are generally priced between PhP5 (US \$0.10) to PhP 20 (US \$0.40) per visitor, which could be low if only inflation alone is considered. The problem with updating fees lies not only with the technical skills, resources and political will of multi-level policy makers (PAMB members, PASu, regional directors, and protected area chiefs/officials) but also with rigid procedures adopted to effect the needed changes, as any fees-setting policy would require the top-level clearance of the department head.

User fees and development fees were not prominently figured as a revenue source as only two protected areas (4% of sample population) managed to collect user fees and no protected areas have established development fees. Although these types of fees are now starting to get recognized as a veritable revenue source, very few understand its application, implication and importance, much less the proper procedures for its establishment. If properly done, it can provide the bread-and-butter for protected areas for many years, which have always been chronically underfunded. Unfortunately, this was not given proper attention and priority in the past, resulting in the undervaluation or underpricing of protected area resources. The DENR prescribed the use of willingness-to-pay principle or resource rent principle to determine the user or development fee in any protected area, but this is hardly followed. Largely, this was due to the protected area officials' lack of proper information, awareness and working knowledge about the value of the protected area resources and the lack of procedures to implement the fee system on the ground.

Another resource that is not monetized is water. There are so many protected areas that are watershed forest reserves and produce water for big users like local water districts, National Irrigation Administration (NIA), and National Power Corporation. However, these agencies have not been billed for water user fee. If only they can share a small portion of their income to the protected areas that generated the raw water, many of such watersheds could be improved.

Royalties did not play any part as a revenue item nor was articulated or pursued in any protected areas.

Package tour fee as a tourism revenue is being considered in few protected areas. If ever it is present, the fee goes to tour guides, tour operators or the Local Government Units. Sharing of tourism income and other institutional arrangement need further discussion, as well as the responsibilities of tour guides, tour operators and LGUs, more particularly in the promotion and maintenance of the protected areas.

Other Incomes

'Other incomes' is segregated in this study from 'fees and incomes' category in an attempt to describe what these consist of in actual practice. Very few protected areas have this 'catch-all' category, and its contribution to the mean annual income of protected areas is not significant. Among the items registered under this class are Countryside Development Fund (CDF) allotted by a sponsoring congressman, payment for the use of electricity/water, local government fund allotment, proceeds from fund raising project like raffle/lottery, and other undescribed miscellaneous items. Most of these revenue items were not subjected to IPAF sharing allocation, for good reasons — CDF is a national government budget item made pursuant to a specific appropriation law; utilities payment of concessionaires/stallholders should go for the payment of utilities; local government allotment need not received by the protected areas as LGUs enjoy fiscal autonomy and can legally disbursed this fund for use in the protected area; raffle/lottery proceeds are by nature a donation. The question now is whether or not this type of

revenue should form part of IPAF system. Again, the law made no distinction and its implementing rules made no further qualification.

Another area that was not touched as part of the IPAF system is the fines and penalties imposed in protected areas under the NIPAS law or any other applicable laws. Where should the money go? Should it be remitted to the National Treasury as part of the general fund or as part of the IPAF/special budget of the protected areas? For lack of qualifying rules or guidelines on this matter, the default government mode is the former. However, it is believed that the NIPAS law intended the latter. A relevant example is the law regarding the requirement for an environmental clearance to undertake projects within protected areas, and where the PAMB of a protected area needs to issue a resolution to approve such projects. In case this clearance is violated and fine is imposed by the government to an offending party, the amount goes to the general fund and not to IPAF. The protected area has to contend with whatever damages and cost the offending projects may cause. The same is true with illegal logging/ fishing/ cutting/ poaching/ hunting within protected areas, which is also prohibited by a forestry code, fishery code or wildlife act. The fines and whatever proceeds from the sale of confiscated products of these illegal acts go straight to the general government fund, notwithstanding the fact that these products came from protected areas and the violation caused damages to the protected area.

4.1.4 Number of visitors

As fees and income are major contributory factor to protected area mean annual earnings, the number of visitors is a major factor to this. However, not all protected areas that reported visitors have corresponding income as well.

Table 9 shows the frequency of protected areas per number of visitor category by earning classification. Five (23%) non-earning protected areas (group 1) reported a number of visitors but no income was generated. If we consider the entire 140 non-earning protected areas, about 30 of these PAs could have collected income through tourist arrival but failed to do so. This percentage represents considerable income opportunities that the PAMB could look at, or foregone revenue, if not collected at all.

Table 9. Visitor category per earning classification

Visitors Category	Earning Classification		
	Non-earning (Group 1)	Earning/ No IPAF Releases (Group 2)	Earning/ With IPAF Releases (Group 3)
No Visitors	17	0	0
Minimal Number of Visitors (1-5000)	4	8	2
Medium Number of Visitors (>5000-55,000)	1	1	4

Many Visitors (>55,000)	0	2	2
Total	22	11	8

4.1.5 Unique Physical Features/Resources of PA

The unique physical features and resources of the protected area, such as its biophysical, historical/cultural/archeological, socioeconomic and other notable features, are important contributors to their income generation. The more a protected area has unique features/resources, the better for its revenue generation.

Table 10 is a cross-tabulation of the ‘Unique Features/Resource Class’ and Earning Classification. There is little doubt that many non-earning protected areas are well-endowed with enough unique features/resources, which can be used as capital asset to raise revenue.

Table 10. Unique features/resources class per earning classification

Unique Features/Resources Class	Earning Classification		
	Non-earning (Group 1)	Earning/ No IPAF Releases (Group 2)	Earning/ With IPAF Releases (Group 3)
Very few (1-3)	7	0	0
Few (4-6)	6	7	3
Fair (7-9)	6	5	2
Many (10-12)	3	1	3
Very many (>12)	0	1	0
Total	22	14	8

4.1.6 Budget Allocation

The annual budget allocated by the national government to protected areas management and operation consists of three items: personal services (PS), maintenance and other operating expenses (MOOE) and capital outlay (CO). The bulk (64%) of the total budget is earmarked for PS, and the rest is for MOOE and CO. CO was found only in four study sites. The annual appropriation is downloaded to DENR regional office and/or provincial office where the protected area is located. However, the full amount as allocated does not necessarily get disbursed or used by the protected area office. The usual practice is to contribute portion of the protected area’s MOOE to the expenses of the DENR field offices that supervises or directs the operation of the protected areas.

Even PS budget may not necessarily be used for protected areas as personnel can be transferred from one position to another without changing the PS allocation.

Table 11 tabulates the yearly budget allocation class per earning classification. While over a half (52%) of the non-earning protected areas receives small budget, the other remaining half (47%) receives medium to large budget, which are not used to generate its own revenue. The smallness of the annual budget (up to PhP150,000=US\$3,000) may not be effective at all to run the essential activities of the protected area, and this allocation should be looked at each protected area..

However, as shown by groups 2 and 3, having small or medium budget is not an excuse for not raising revenue. In the same manner, having a large budget is not a assurance that a protected area could earn its own revenue or necessarily lead to a release of its IPAF, as gleaned from groups 1 and 2.

It should also be noted that very few PAs sampled have budget allocated to revenue-generating activities like entrance ticket printing, establishing gates and fences, construction of infrastructures for visitors' use, ecotourism, billing and collection.

Table 11. Annual budget allocation class per earning classification

Budget Allocation Class	Earning Classification		
	Non-earning (Group 1)	Earning/ No IPAF Releases (Group 2)	Earning/ With IPAF Releases (Group 3)
Small budget (PhP1-150,000)	12	1	0
Medium budget (PhP 151,000 – 900,000)	9	11	5
Large budget (>PhP900,000)	2	2	3
Total	23	14	8
Group Mean Annual Budget	PhP 0.25 million	PhP 1.1 million	P3.6 million

4.1.7 Size of protected areas

High and medium earning protected areas are usually small in size (Table 12).The highest earning protected area is incidentally the second smallest in size— the Ninoy Aquino Parks and Wildlife Center (NAPWC), which has an area of about 22.8 hectares but it generated the highest annual mean revenue (PhP 3.25 million or US\$64,912). The smallest protected area is the Hinulugang Taktak Protected Landscape (HTNP), with an area of 3.2 hectares, earns an average of PhP0.9 million (US\$18,432) annually, and comes as the second highest earner. The largest protected area, which is Samar Island

Natural Park, covers 333,300 hectares in three provinces, has a minimal income (mean annual revenue of PhP 31,557 (US\$ 631).

Table 12. PA size class per annual income category

Protected Area Size Class	Income Category		
	Minimal Income (PhP 1-150,000)	Medium Income (>PhP 150,000-900,000)	High Income (>PhP 900,000)
Small (1-30,000 ha)	12	4	3
Medium (30,001-120,00 ha)	0	1	0
Large (>120,000ha)	2	0	0
Total	14	5	3

4.1.8 Other Variables

Other secondary data variables that are examined are summarized in Table 13 below.

Table 13 Other variables that may affect the annual average income of protected areas, by earning classification

VARIABLES	EARNING CLASSIFICATION		
	Non-earning (Group 1)	Earning/ No IPAF Releases (Group 2)	Earning/ With IPAF Releases (Group 3)
Proximity to town center (km), mean	7.4 (n=22)	4.8 (n=14)	2.3 (n=8)
With PAMB (%)	78 %	100 %	75 %
With donor organization (%)	30%	69%	25%
Types of Uses/Services Provided (1-9), mean	4	3	4
Ecosystem type: Marine	13%	7%	13%
Ecosystem type: Terrestrial	70%	71%	75%
Ecosystem type: Marine & Terrestrial	17%	21%	13%

Proximity to town/community center

The distance of the protected area to the nearest town or community center is expected to have an inverse effect to the income generated by protected areas: as the distance decreases, the income increases. Table 12 shows the mean distance in kilometers for each sample group. Non-earning protected areas tend to be located farther from town center than earning protected areas. Apart from distance, another factor that affects fund generation could be the PA's inaccessibility as many non-earning and less-earning protected areas can not be easily reached by the usual form of transportation, although the distance is not too far. The roads and bridges may not be passable by car or public transport.

Presence of PAMB

The establishment of the Protected Area Management Boards (PAMBs) in every protected area is expected to contribute to their income generation potentials. However, mere creation and organization of PAMB is not associated with the income generated by protected areas. Table 13 shows that while 75% (6/8) of the earning protected areas with IPAF disbursement (Group 3) have PAMBs, it was quite surprising to note that 25% manage to earn without an organized management board, like the PAWB-managed NAPWC and HTNP. It is also worth noting that in Group 1, 78% of protected area samples with organized PAMB did not able to generate any income at all.

Presence of Donor Organization

Apart from government budget appropriation, there are protected areas that receive external funding support from local or international donor organizations. It is assumed in this study that this type of assistance will improve the revenue of protected areas toward sustainability. However, the results of this study shows that the presence of donor organization does not necessarily lead to apparent improvement in income generation. About 30% of non-earners (Group1) has donor organizations while 69% and 25 % of earning protected areas in Group 2 and Group 3, respectively, has donor organizations. One reason for the low impact of donor organization to income generation could be traced to the specific objective of the external assistance: such as whether or not income generation is part and parcel of their program for the protected area or compatible activities are included and their corresponding timetable.

Types of Uses/Services Provided

Protected areas may provide any of the following permitted uses or services:

- 1 -Maintenance of biodiversity and environmental services
- 2 -Scientific research/educational activities/environmental monitoring
- 3 -Protection of cultural, historical, or archeological heritage; scenic beauty
- 4 -Resource utilization/extraction
- 5 -Tourism and recreation
- 6 -Maintenance of indigenous use or habitation
- 7 -Multiple use/open options
- 8 -Contribution to rural development

It is expected that as protected areas provide more variety of uses/services, the income likewise increases.

A typical protected area provides about 3-4 counts of uses/services (Table 13). The types of uses/services pursued by current government policy are not necessarily revenue-focused but mostly, except tourism and recreation, protection efforts. While real benefits are derived from the uses/services provided by the protected areas, these benefits are not transformed into revenue for the protected areas, mainly because many of these benefits are free and can be accessed openly. For instance, one of the valuable resources of the protected areas is water. It is used for irrigation, hydro-power generation, fishing, domestic and industrial supply but the revenue collected is miniscule compared to the benefits it provided.

Marine and/or Terrestrial Ecosystem

Protected areas are situated in either marine or terrestrial ecosystem, or both. Terrestrial PAs are no less than 70% (Table 13) and the rest are shared by marine or PAs with both ecosystems, with no marked difference among the group samples.

It is believed that management systems and practices differ in these types of ecosystems, and therefore, affect the income as well. The present management system is the same regardless of ecosystem types. However marine protected areas are at a disadvantage as management systems and practices are apparently designed mostly for terrestrial environment. This is evidenced by the lack of standard operating procedures and skilled personnel in marine protected areas *vis a vis* terrestrial protected areas. If this predicament continues, marine protected areas, which comprise about a third of the total protected areas in the country, may deteriorate faster than their terrestrial counterparts.

There is also a large gap in the institutional arrangements as conflicting jurisdiction arises in marine protected areas — there are the Bureau of Fisheries and Aquatic Resources (BFAR) and the Local Government Units (LGUs) that are equally exerting their authorities and legal mandates in these areas.

4.2 Factors Affecting IPAF Generation (Hypothesis 2)

4.2.1 Adequacy of revenue collection system

The basic procedure for revenue collection is the issuance of an official receipt for any amount received by the protected area office. The authorized collector is the PASu but this is usually delegated to his/her subordinates or other designated persons, like tour guides and forest rangers, for practical reasons. No screening or background check of assigned fee collectors is done as a matter of standard procedure. Tickets are also used, especially for entrance fee, and issued at the gate or point of entries. Any amount collected are tallied and recorded at the end of the day. Logbooks of visitors are sometimes used in some areas but not consistently. Monitoring and counter-checking of

visitors' entries are not part of any official procedures adopted by PAMB but some PASus are allegedly doing this on their own initiatives. However, they also admit that free riding can not be totally eradicated due to many reasons like vastness of the area, multiple entries, no fence, lack of guards, and political patronage. As the protected area records are not readily accessible and with the absence of consistent counter-checking mechanism in operation, any protected area is highly susceptible to under-reporting of revenues.

Other incomes like lease proceeds, rentals, development fee and resource user fees are also collected using the official receipt system, but it needs a system of billing before these can be collected in due time. Unfortunately, this is one area that is not included in the manual for protected area management, and the PAO, which is often undermanned, may not have the adequate skills and manpower to do this. It is not surprising to know if uncollected rent and fees abound, but it is not possible to determine the amount just yet because no reliable monitoring data can be had at present to make a reliable comparison. This is a work in progress.

Thus if only the revenue collection system in a protected area can be improved and be made more transparent, the income of protected area will surely improve. It also goes without saying that if only non-earning protected areas will put an adequate revenue collection system, it will generate funds. Table 14 shows that all non-earning protected areas, 71% of group 1 and 50% of group 3 have inadequate and not transparent revenue collection system.

Table 14. Revenue collection system and earning classification

Adequacy and transparency of revenue collection system	Earning Classification		
	Non-earning (Group 1)	Earning/ No IPAF Releases (Group 2)	Earning/ With IPAF Releases (Group 3)
Inadequate & Not transparent	23	10	4
Adequate & Not transparent	0	1	1
Adequate & Transparent	0	3	3
Total	23	14	8

4.2.2 Management system in operation

A big portion (87%) of non-earning protected areas has no management system in operation, while 64% and 100% of PAs in groups 2 and 3, respectively, has management system operating (Table 15). The role of management system in protected areas can not be overemphasized. Without management system, there is not much to go by. This includes the presence of management plans, management zoning, security and protection system, maintenance and operating system and revenue collection system.

Table 15. Management system in operation and earning classification

Management system in operation	Earning Classification		
	Non-earning (Group 1)	Earning/ No IPAF Releases (Group 2)	Earning/ With IPAF Releases (Group 3)
ABSENT/Not in operation	20	5	0
PRESENT/ In operation	3 (13%)	9 (64%)	8 (100%)
Total	23	14	8

4.2.3 Management initiatives by different offices

Several offices or officials can initiate or champion the fund generation of the protected area through plan and proposal preparation, consultation, advocacy/lobbying, information-education-communication (IEC) campaign, marketing and promotion and others.

This study found that the initiatives taken by the PAO/PASu, PAMB, LGUs, NGOs, POs and other government agencies along this line are noteworthy contributors to the earnings of protected areas while those from the ORED, PAWS/RTD, PAWB, and OSEC are not considerable enough to affect the fund generated by protected areas.

This also implies that in non-earning protected areas, the initiatives of PAO/PASu, PAMB, LGUs, NGOs and other government agencies are lacking.

4.2.4 Management supervision by different offices

Management supervision of fund generation may also be provided through monitoring and evaluation, auditing, providing feedback and others. The supervision done by PAO/PASu, PAWS/RTD, ORED, PAMB, PAWB, LGUs, NGOs and other agencies appear to be important to the income generated by protected areas while any supervision works by POs could be inconsequential.

This also suggests that, in non-earning protected areas, the management supervision of PAO/PASu, PAWS/RTD, ORED, PAMB, PAWB, LGUs, NGOs and other agencies are not present.

4.2.5 Presence of livelihood opportunities

Livelihood and other economic opportunities are necessary for the local communities that depend on the protected areas for its basic needs. If their livelihood is compatible with the thrusts of the protected area, it is very possible that the income of the protected area will also increase.. In non-earning protected areas, compatible livelihood

opportunities diminish in favor of illegal and exploitative resource use to sustain their livelihood. In Table 16, the percentage of PAs with livelihood opportunities increases as protected areas generate income.

Table 16. Livelihood opportunities and earning classification

Livelihood Opportunities	Earning Classification		
	Non-earning (Group 1)	Earning/ No IPAF Releases (Group 2)	Earning/ With IPAF Releases (Group 3)
Absent	9	2	1
Present	10 (53%)	12 (86%)	7 (88%)
Total	19	14	8

4.2.6 Peace and order problem

About 81% of the protected area samples in group 1 has no peace and order problem but no revenues were generated (Table 17). If it is present, as in group 2, it is not considered as a factor that can influence the earnings of protected area.

Table 17. Peace and order problem and earning classification

Peace and order problem	Earning Classification		
	Non-earning (Group 1)	Earning/ No IPAF Releases (Group 2)	Earning/ With IPAF Releases (Group 3)
No peace & order problem	17 (81%)	10 (71%)	8 (100%)
With peace and order problem	4	4	0
Total	23	14	8

4.2.7 Unwarranted political interference

Political interference to protected area could be positive or negative. Positive political support is needed to carry out the programs of the protected area, like the granting of fund by a congressman to the PAMB. However, there is also adverse political pressure which could stymie any fund-raising activity in the protected area.

About 36% and 50% of the protected area samples in groups 2 and 3 experiences unwarranted political interference in their activities but this is not sufficient to affect fund generation (Table 18).

Table 18. Unwarranted political interference and earning classification

Unwarranted political interference	Earning Classification		
	Non-earning (Group 1)	Earning/ No IPAF Releases (Group 2)	Earning/ With IPAF Releases (Group 3)
ABSENT/No unwarranted political interference	11	9	4
PRESENT/ With unwarranted political interference	10 (43%)	5 (36%)	4 (50%)
Total	23	14	8

4.2.8 Threats to protected areas

Among the threats to protected areas that are considered are kaingin/shifting cultivation, illegal logging, illegal fishing/hunting, encroachment, illegal mining, squatting, pollution, flash floods and forest fires. The threats of illegal logging, illegal fishing /hunting and flashflood were noted to affect earnings. As earnings increase, these threats decrease because perhaps part of the income can be used to combat these threats. If such threats intensify, the income of the protected areas declines.

4.3 Tedious bureaucratic procedures in IPAF Releases (Hypothesis 3)

No less than 85% of the samples who are aware of the IPAF disbursement procedures agrees that the process adopted is too slow and unsatisfactory for them (Table 19).

However, 62%, 45%, and 100% for groups 1, 2 and 3, respectively, believes that current system does not discourage them enough so as not to raise or improve their revenue and use the IPAF system, notwithstanding the tedious and lengthy process attendant to the use of the fund generated. But while the amount of fund for release is small, the perception of discouragement is present, which will subside as the IPAF releases increase. So, what seem to be important are the amount of fund for release, which the protected areas are looking forward to, and not essentially the slow bureaucratic process of releasing such fund. However, since there are still many PAs that have no earnings and no IPAF releases, the discouragement perception still need to be addressed by expediting or streamlining the IPAF process.

Many PAs can put up with a processing time of no more than three months, and suggest regionalization or localization of IPAF processing and approval to streamline procedures.

Table 19. Satisfactory IPAF disbursement and discouraging effect on IPAF use by earning classification

Variables		Earning Classification		
		Non-earning (Group 1)	Earning/ No IPAF Releases (Group 2)	Earning/ With IPAF Releases (Group 3)
Satisfactoriness of IPAF disbursement process	Not satisfactory	11 (85%)	12 (92%)	8 (100%)
	Satisfactory	2	1	0
Is the system discouraging IPAF use?	Not Discouraging	8 (62%)	5 (45%)	7 (100%)
	Discouraging	5	6	0

4.4 IPAF (75:25) fund sharing allocation (Hypothesis 4)

About 28% (7 out of 25 protected areas) agrees that IPAF is sufficient to fund the activities of the protected areas and about 85% (33 out of 39 protected areas) believes that the sharing ratio of 75:25 is reasonable (Table 20). However, this perception (reasonable ratio) will hold only for protected areas with little or no earnings. Once the earnings increase and IPAF are released, the percentage of PAs that perceived the fund ratio is unreasonable increases. Earning PAs want more share of their income, which is naturally to be expected.

Table 20. Reasonableness of fund sharing by earning classification

Reasonableness of fund sharing	Earning Classification			Total
	Non-earning (Group 1)	Earning/ No IPAF Releases (Group 2)	Earning/ With IPAF Releases (Group 3)	
NOT REASONABLE	0	1	5	6
REASONABLE	18	13	2	33
Total	18	14	7	39

In fact, no less than 90% of the group samples believed that the 75:25 sharing ratio does not operate as a disincentive to improve or raise revenue.

Other schemes like having a moratorium (retention of earnings for a specified period of time, say 5 years) or threshold (retention of earnings until a certain amount is reached) seem reasonable for non-earning and less-earning protected areas as these could give them better opportunity to stabilize its organization, build up its fund base and prepare for a long term program that is more sustainable, responsive and effective to the protected area's objectives. Between moratorium and threshold level, the former is more practical and easy to implement and monitor than the latter.

Use of the 75% share (Sub IPAF)

Pursuant to the NIPAS law and DENR regulations, the 75% IPAF share can be only used by the protected area for its protection, maintenance, administration and management, which is wide enough to cover almost any known expenses in the protected areas. A more definitive list of activities and priority items could be more helpful to guide the PAO in the prudent use of its limited fund.

The PAMB members and PASu in the samples study sites were asked about where they intend to use the 75% IPAF share, and their answers were sorted in four major clusters and these are summarized below:

Intended uses of the 75% IPAF share	Impact to Fund generation	Percent of total answers
Ecotourism-related expenses:		
Construction of cottages, parking space, board walk, signages, picnic sheds, lodges, rest rooms, visitors' center, food stalls, trails/path walks, gates and other ecotourism facilities.	High	24%
Livelihood development expenses:		
Seaweed culture, abaca, mat-weaving, souvenir-making, food-preparation, tour-guiding and other short-gestation, environmental-friendly livelihood activities.	High	6%
Administration & management expenses:		
Salary/allowances/honorarium of PAMB members, PAO staff, volunteers; meeting cost; capability building of PAMB; construction of PAO office, repairs and maintenance of office/rest rooms and other facilities; management zoning; conduct of boundary survey	Medium-Low	40%
Maintenance & protection expenses:	Medium	30%

Intended uses of the 75% IPAF share	Impact to Fund generation	Percent of total answers
Rehabilitation of degraded areas; reforestation, mangrove planting; patrolling and law enforcement; ground maintenance		
	Total	100%

Ecotourism and livelihood development activities represent high impact to the fund generation of protected areas because these produce quick income. Ecotourists /visitors bring in the revenue directly through the entrance fees and other fees they pay to the protected areas. If the facilities are built for them, then there is a high probability that visitors will come in an increasing number. Compatible livelihood activities are also significant contributors to the increased earnings of protected areas, apart from helping the local communities veer away from resource-destructive activities. Regrettably, only 30% of the respondents subscribed to spending the IPAF 75% share to these activities.

About 70% of total answers subscribed to the idea of using the IPAF 75% share for administration & management expenses, and maintenance and protection activities. While these expenses are also important, these do not produce the impact as the first two clusters, and require long-term-investment. A correct proportion and timing is therefore in order, which should suit the peculiarities of individual protected area, while keeping in mind the need to increase revenue without sacrificing the stability of the protected areas.

Use of the 25% share (Central IPAF)

The IPAF 25% share is intended to support non-earning protected areas. This share, which is being remitted to the Central IPAF since 1996, has now accumulated over PhP 22 million (>US\$0.44 million). While the Central IPAF is administered by a multisectoral Governing Board, no interest income was reported and the deposited amount remains basically the same throughout the period of many years. The only disbursements made were the expenses paid to defray the cost of meeting, workshops, honorarium and transport of the IPAF Governing Board in the amount of PhP595,350. No non-earning protected areas have availed of this fund.

The major reason why the respondents from non-earning protected area have not availed of the Central IPAF was because many (74 %) were not aware about the existence or availability of such fund. For those respondents who are aware, over two-thirds would like to spend the fund for administration and management of protected areas, and maintenance and protection expenses, which have medium-low impact to fund generation. The remaining third of the respondents from non-earning protected areas, and eligible to apply for such fund, would like to spend it in ecotourism and livelihood-related activities, which should be encouraged because it can greatly enhance fund generation. One respondent mentioned the difficulty of accessing such fund and another complained about the lack of personnel to prepare the paperwork.

4.5 IPAF promotes resource extraction and development activities (Hypothesis 5)

The apprehension that IPAF implementation can operate as an incentive to protected area managers to raise revenue for their operational expenses by pursuing resource extraction and development activities beyond the conservation objectives, is not supported by data. It was claimed in fact that resource extractive activities for flora and fauna are not permitted in the study sample sites.

The prevailing sentiment of many protected area managers is not to take any resources out of the protected area because they believed it is not only contrary to the intention of the protected area, but they are also wary of its detrimental consequence: it would be difficult to control utilization once it is underway, considering their very limited resources to monitor and enforce the law.

In the unlikely event that sale and export of resources from protected area are permitted, the next question to be clarified is what are these taxes and how do these affect the taxes being collected by the government, like the forest charges, realty tax and others.

There were also no development fees collected/reported by any study sites since 1996. Resource user fees were only collected in two protected areas. (Please see section 4.1.3 for related discussion on fees). Taken altogether, this only indicates that resource extractive and development activities are not being pursued in protected areas to increase IPAF earnings. However, it does not necessarily mean that there are no resource extractive and development activities in protected areas. Illegal resource extraction and wanton development pose a continuing threat to protected areas. A number of protected areas, especially those that are being recommended for disestablishment, is illegally occupied by private establishments and squatters who have invested in buildings, facilities and other development within the protected areas, without paying any IPAF fees or rent, and laid claim over the land they illicitly possessed.

4.6 Change in the inflow of other funds into protected areas (Hypothesis 6)

Protected areas annually receive budget appropriation from the national government. There is no government policy that states that once the protected area is earning revenue, the budget can be removed or reduced. About 69% of the samples believes that the budget will not be removed or reduced even if the protected area is earning.

As to the likelihood that a protected will get external funding if it is earning, 75% of respondents believes that it has a better chance of obtaining external funding than a protected that is not earning. Table 21 supports this perception as no non-earning PAs receive any contribution or donations. Earning PAs has better potential to get external funds than earning ones. Donors may find it sensible to give financial support to earning PAs because these are better organized and have specific uses of the contribution or donation.

About 88% of the respondents also believe that if the members of the PAMB will be increased from the ranks of the private sector, such as NGOs, and POs, the chance of getting external funding will also increase. Unfortunately, this belief was held mostly by PAs that received no contribution or donations.

Table 21. Contribution/donation class per earning classification

Annual Contribution/donation Class	Earning Classification		
	Non-earning (Group 1)	Earning/ No IPAF Releases (Group 2)	Earning/ With IPAF Releases (Group 3)
None (Php0))	23	10	5
Little Contribution/donation (Php 1 – 30,000)		4	
Moderate Contribution (Php30,001-130,000)			3
Total	23	14	8

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

Based on the results of this study, the following conclusions can be drawn:

1. Protected areas differ in terms of the (i) PA Category; (ii) Region/Office of jurisdiction; (iii) sources of income; (iv) number of visitors; (v) unique physical features/resources; (vi) budget allocation; (vii) PA size; and (viii) proximity to communities/town center;
2. The likelihood that a protected area would generate revenue depends on (i) adequate revenue collection system; (ii) management system operating; (iii) management initiatives by PAO/PASu, PAMB, LGUs, NGOs, POs and other agencies; (iv) management supervision by PAO/PASu, PAMB, ORED, PAWS/RTD, PAWB, LGUs, and other agencies; (v) presence of livelihood opportunities; and (vi) absence of threats to protected areas
3. The presence of PAMB, marine or terrestrial ecosystem, presence or absence of donor organizations (external fund), types of services provided, unwarranted political interference, peace and order problem have no noticeable association with the annual earnings of protected areas;

4. The tedious bureaucratic procedures attendant to fund access do not deter the generation and use (disbursement) of IPAF by protected areas, especially if the amount for release is large. However, since the amount is less or none in many PAs, the perception of discouragement pervades.
5. The IPAF revenue sharing does not operate as a disincentive for the individual protected areas to improve or raise revenue; The IPAF 75:25 sharing ratio is reasonable. If the PAMB would decide, a substantial portion (70%) of the retained IPAF 75% share would be used in administration/management expenses, where the impact to fund generation may be medium to low, rather than in ecotourism and livelihood-related activities, which could produce high impact and quick results to revenue generation.
6. The central IPAF, consisting of the 25% share from earning protected, now total over Php22.0 million. However, no non-earning protected areas have availed of this fund ever since it was established, owing mainly to lack of information about the existence and availability of the Central IPAF, and on how to access it. Further, both the Central IPAF and IPAF Sub-Funds are also not managed as income-earning investment just like any other trust/endowment funds so that interest income could be realized and its use is maximized.
7. The implementation of IPAF does not operate as an incentive to resource extraction and development in protected areas as no resource extraction taxes and development fees are collected ever since IPAF was introduced by law.
8. The implementation of IPAF does not affect the inflow of other funds into the protected areas. Even if a PA is earning income, the annual budget appropriation from the national government is expected to remain, although small for PA's need. Donors favor to extend assistance to earning PAs rather than non-earning PAs. Private sector (NGOs and POs) members of PAMB are not expected to improve the potential of the protected areas to obtain external funding.

5.2 Policy Recommendations

The NIPAS law intended to use the institution of IPAF to augment the meager annual budget allotted to the protected areas by the national government to finance the projects of the NIPA system in a sustainable manner. As the national fund dries out, the need to depend on IPAF facility becomes more pressing and important than ever before. The DENR and PAWB have been identifying the gaps, and changes in the implementing rules and regulations (IRR) of the NIPAS law. It is therefore timely to pursue the following recommendations, which have been initially discussed with a number of DENR/PAWB officials:

1. To fully explore the different sources of revenue of PAs and capitalize on their unique features, there is a need to issue specific implementing guidelines as to how these revenues can be collected per source, including the operational procedures to set up an adequate and transparent revenue collection system and other management systems, which are wanting in many protected areas. These systems will not only reduce the vulnerability of PAs to under-report revenues but it will also improve collection efficiency.
2. Some policy and regulatory issues that need elaboration or clarification are ‘taxes from permitted sale and export of resources’, royalty, fines, retention of donation, donation in-kind, billing procedure for resource use and development (like offsite use of water), sharing of tourism-revenue with LGUs or NGOs or POs that put up improvements within protected areas, setting-up or updating fee rates, criteria for setting revenue target per PA category, and system to encourage sharing of costs or the provision of counterpart funds from stakeholders and donors;
3. The whole budget allocation guidelines for PAs, particularly earning and non-earning PAs should be reviewed. . The present trend to allocate more budgets to PAs that earn more revenues may put many non-earning PAs out of commission. Non-earning PAs need to receive decent budget allocation to build its revenue potential and perform basic conservation functions. Alongside budget allocation should be the strong resolve (thru a memorandum order) of the DENR management to prioritize activities that will raise IPAF and use it wisely to finance conservation. These management directives should also systematically incorporate the active involvement of the PAO/PASu, PAMB, LGUs, NGOs, POs and other agencies in PA management because their roles are critical for fund generation. The supervision of PAO/PASu, PAMB, ORED, PAWS/RTD, PAWB, LGUs, and other agencies are equally important.
4. To further support these guidelines, budget allocation and management commitment, those involve in PA management such as PASu, PAMB and PA staff should embark a continuing capability building and research program in the area of PA management, including resource assessment and valuation, fee rating or price setting, impact and risk assessment, data collection and processing, IPAF budgeting and utilization, PA financing and accounting, and IPAF billing and collection, targeting mechanisms and decision support tools.
5. In terms of IPAF disbursement or use, less tedious and shorter procedures are needed to be institutionalized by the DENR, through consultation, if IPAF facility is to be relied upon in financing protected areas sustainably, particularly for the large proportion of PAs that has no or little earnings. The fund sharing ratio (75:25) may not need to be changed, for two reasons: first, the sharing ratio does operate as an incentive to improve revenue for many PAs, and secondly, the median preferred ratio obtained in this study is 80:20,

which is not far away from the current sharing ratio. However, other reasonable schemes may be tested such as ‘3-10 year moratorium’ on IPAF remittance, or imposing a threshold, say PhP1 million before applying the fund sharing ratio. These schemes are primarily calculated to give PAs that have no or little earnings the opportunity to stabilize its organization and fund base, and a better chance of financial viability.

6. The recent issuance (revision) of DENR regulation⁸ on the use of the Central IPAF (25% share) allows not only non-earning PAs to avail of the fund but also any earning PAs. Instead of improving the chance of non-earning PAs to initiate fund generation, this regulation could effectively put aside non-earning PAs, which have little resources and capability to compete with earning PAs in obtaining funds. Most importantly, this new regulation also politicizes the IPAF facility and centralizes control over the fund as it also abolishes the IPAF Governing Board (with multi-agency and multi-sectors membership) that approves the Central IPAF disbursement, and transfers this function mainly to the PAWB Director, and the DENR Secretary. This shift in fund control requires qualified staff, management systems and resources to handle the requirements of effective fund management, which are also not addressed by the new regulation as it was in the old regulation it amended. Moreover, these changes do not sit well with the current policy of the government to decentralize natural resource management, and with the ‘subsidiarity principle’ of sustainable development, where decision should be made at the lowest possible level. These also run counter to the directions that many other countries currently take in field of parks or protected area management, which is the pursuit of fiscal autonomy to encourage and institutionalize financial viability of protected areas. A policy review of this regulation is therefore highly in order to come up with a more cohesive approach that will consider and integrate all PAs, not just a few.
7. Auxiliary policy issues that need to be addressed:
 - a. As there are limited policy pronouncement regarding National Parks and Protected Areas under NIPAS law, it would be helpful for protected area managers to clarify the institutional relationship between the two systems and how the DENR proposed to merge the two in accordance with the prevailing law, especially those national parks that were established before the NIPAS law and become part of the initial component of the NIPA system, only to be reclassified again as national parks. What would happen to private lands within protected areas or national parks that can not be inherently segregated? Will the constitutional land classification of ‘national parks’ also include marine protected areas declared under by the NIPAS law? Would there be a difference on the funding and budgeting system, if ever old national parks do not become protected areas

⁸ DENR Administrative Order No. 2005-21 dated October 14, 2005 entitled “Revised Guidelines on the Establishment and Management of Integrated Protected Areas Fund (IPAF)”

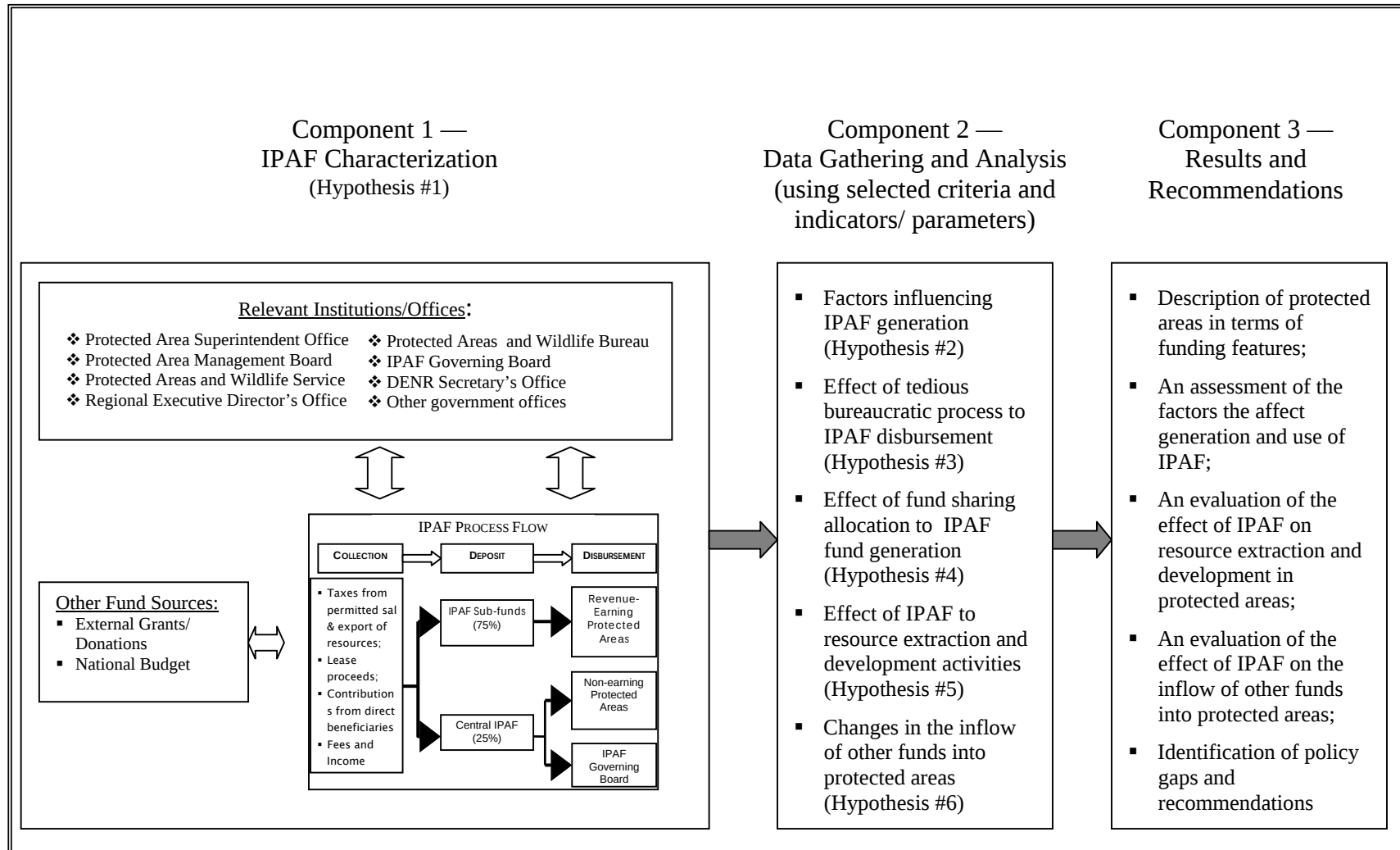
eventually? At the moment, a big policy gap exists on these emerging issues.

- b. Currently, existing systems are more suited to terrestrial ecosystems. Separate management systems and prescribed practices suited for marine PAs should also be formulated.
- c. In cases of protected area disestablishment, there is a need to re-study the possible impacts and reasons behind such recommendations. The study encountered two areas that are proposed to be disestablished because of the presence of occupants/settlers/squatters. If this will set a precedent in PA disestablishment, many protected areas would encourage illegal occupation and could suffer similar fate.

REFERENCES

- Bacudo, I., Aglionby J., Rambaldi, G., Matsuura P., Blastique, T. 2001.** “Handbook for the Establishment and Management of Integrated Protected Area Sub-funds. Essentials of Protected Area Management in the Philippines”, Volume 10. NIPAP, PAWB-DENR, Philippines.
- Bulgarian Protected Area Fund Strategy. 2003.** Internet download: http://www.pafbg.org/printpic.php?pic=PAF_Strategy_eng.pdf
- DENR Administrative Order No. 47, Series of 1993.** “Revised Rates of Fees for the Entrance to and Use of Facilities Inside Protected Areas”. DENR, Philippines.
- DENR Administrative Order 2000-51. 2000.** “Guidelines and Principles for Determining Fees for Access to and Sustainable Use of Resources in Protected Areas”. DENR, Philippines.
- DENR Memorandum Circular No. 2004-06.** “Amending DMC 35, series of 1993 re: Criteria and Guidelines for the Categorization of Protected Areas under the National Integrated Protected Areas System (NIPAS)”. DENR, Philippines.
- DENR Administrative Order No. 2005-21** “Revised Guidelines on the Establishment and Management of Integrated Protected Areas Fund (IPAF)”. DENR, Philippines.
- Haeruman, Herman Js. 2001..** Financing Integrated Sustainable Forest and Protected Areas Management in Indonesia: Alternative Mechanisms to Finance Participatory Forest and Protected Areas Management
- IUCN – The World Conservation Union. 2000.** Financing Protected Areas. Guidelines For Protected Area Managers. Financing Protected Areas Task Force of the World Commission on Protected Areas (WCPA) of IUCN, in collaboration with the Economics Unit of the IUCN. Best Practice Protected Area Guidelines No.5. Adrian Philips (Series ed)
- IUCN-World Commission on Protected Areas. 2001.** Guidelines for Financing Protected Areas in East Asia. IUCN, Gland, Switzerland and Cambridge, UK.
- James, Alexander. 1999.** Institutional constraints to protected area funding. PARKS: 9 (2): 15-26. World Commission on Protected Areas of IUCN – The World Conservation Union

- Lindberg, K. 2003.** *The “Sale” of Biodiversity to Nature Tourists.* Organisation for Economic Co-operation and Development and Colorado State University, Fort Collins, Colorado, USA.
- Republic Act No. 7586. 1992.** “National Integrated Protected Areas System Act of 1992”. Philippines.
- Rosales, R.M.P. 2003.** Developing Pro-Poor Markets for Environmental Services in the Philippines. International Institute for Environment and Development and Resources, Environment and Economics Center for Studies, Inc.
- U.S. Department of the Interior and U.S. Department of Agriculture. 2001.** *Recreational Fee Demonstration Program.* Progress Report to Congress for Fiscal Year 2000. January 31, 2001
- U.S. Department of the Interior – Office of the Inspector General. 2002.** Recreational Fee Demonstration Program. National Park Service. Bureau of Land Management. Report No. 2002-I-0045, August 2002.
- Watson, A.E. 2001.** “Sustainable Financing of Wilderness Protection: An Experiment with Fees in the United States”. *International Journal of Wilderness.* December 2001. 7(3):12-15.
- (WRI) World Resources Institute 1999.** Coastal and Marine Resources: Marine Biodiversity. Internet download: <http://www.wri.org>



APPENDIX A — IPAF ASSESSMENT FRAMEWORK

APPENDIX B — LIST OF 45 PROTECTED AREAS SELECTED, BY GROUPS

No.	REGION	PROTECTED AREA	LOCATION
GROUP 1 — NON EARNING PROTECTED AREAS			
1.	1	Bigbiga Protected Landscape	Narvacan, Ilocos Sur.
2.	1	Lidlidda Protected Landscape	Lidlidda, Banayoyo, Ilocos Sur.
3.	1	Northern Luzon Heroes Hills National Park	Santa, Ilocos Sur
4.	2	Quirino Protected Landscape	Diffun, Cabarroguis, Aglipay, Maddela and Nagtipunan, Quirino
5.	3	Pantabangan-Carranglan Watershed Reservation	Pantabanga, Carranglan, Nueva Ecija.
6.	6	Bulabog-Putian National Park	Dingle and San Enrique Iloilo.
7.	6	Aklan River Watershed Forest Reserve	Madalag and Libucan, Aklan.
8.	6	Jaluar River Watershed Forest Reserve	Calinog, Iloilo.
9.	9	Aliguay Island Protected Landscape/ Seascap	Dapitan City, Zamboanga del Norte.
10.	9	Selinog Island Protected Landscape and Seascap	Dapitan City, Zamboanga del Norte.
11.	9	Mangroves in Sibugay Bay Zamboanga del Sur.	Tagalisay to the mouth of Tigbao River including east of Vitali island.
12.	12	Sarangani Bay Protected Seascap	Maitum, Kiamba, Maasim, Sarangani
13.	12	Allah Watershed Forest Reserve/Sebu WFR	Isulan, Banga, Surallah, Kiamba, South Cotabato.
14.	12	Libungan Watershed Forest Reserve	Libungan and Alamada Cotabato.
15.	13	Andanan River Watershed Forest Reserve	Sibagat and Bayugan Agusan del Sur.
16.	13	Cabadbaran Watershed Forest Reserve	Cabadbaran, Agusan del Norte.
17.	13	Island of Awasan, Cabilan, Capaquian, Sugbuhan, Tagboaba ; Island of Dinagat, Hikdop, Sibale, Hanigad; Island of Lamagon, Cepaya and Corbeto	Awasan Bau, Surigao Strait Panag Bay, Surigao del Norte.
18.	4A	Pamitinan Protected Landscape	Rodriguez, Rizal.
19.	4A	Binahaan River Watershed Forest Reserve	Pagbilao, Mauban, Quezon.
20.	4A	Calauag Watershed Forest Reserve	Calauag, Quezon.
21.	4A	Tibiang-Damagan-dong Watershed Forest Reserve	Quezon, Quezon
22.	4A	Bondoc Peninsula Mangrove Forest Reserve	Tayabas Bay, Bondoc Peninsula, Quezon
23.	CAR	Mt. Data National Park	Along the Baguio Bondoc National Road, Benguet, Ifugao and Mt. Province

NO.	REGION	PROTECTED AREA	LOCATION
GROUP 2 — EARNING PROTECTED AREAS WITHOUT IPAF DISBURSEMENT			
1.	4A	Mts. Banahaw San Cristobal Protected Landscape	Majayjay, Laguna and Lucban, Tayabas, Quezon.
2.	10	Mt. Kalatungan Range Natural Park	Talakag, Valencia, Maramag & Pangantuan, Bukidnon.
3.	8	Mahagnao Volcano Natural Park	Burauen and La Paz, Leyte.
4.	10	Baliangao Protected Landscape/Seascape	Misamis Occidental.
5.	2	Magapit Protected Landscape	Gattaran and Lal-lo, Cagayan.
6.	1	Agoo-Damortis Protected Landscape and Seascape	Agoo, Sto. Tomas & Rosario, La Union.
7.	1	Hundred Island National Park*	Alaminos, Pangasinan
8.	8	Lake Danao Natural Park	Ormoc, Leyte.
9.	9	Jose Rizal Memorial Protected Landscape	Dapitan City, Zamboanga del Norte.
10.	9	Siocon Watershed Forest Reserve*	Siocon, Zamboanga del Norte.
11.	3	Mt. Arayat National Park	Arayat and Magalang, Pampanga.
12.	8	Samar Island Natural Park	Provinces of Samar, Eastern and Northern Samar
13.	10	Mt. Kitanglad Natural Park	Talakag, Baungon, Libona, Manolo Fortich, Sumilao, Impasug-ong, Malaybalay & Lantapan Province of Bukidnon.
14.	11	Malagos Watershed Reservation*	Guianga, Davao City.
GROUP 3 — - EARNING PROTECTED AREAS WITH IPAF DISBURSEMENT			
1.	PAWB	Ninoy Aquino Parks and Wildlife Nature Center (NAPWNC)	Diliman, Q.C.
2.	PAWB	Hinulugang Taktak Protected Landscape	Antipolo City.
3.	3	Biak-na-Bato National Park	San Miguel and Doña Remedios Trinidad, Bulacan.
4.	1	Manleluag Hot Spring Protected Landscape	Bgy. Malabobo, Mangatarem, Pangasinan
5.	CAR	Mt. Pulag National Park	Buguias and Kabayan, Benguet; Kiangnan, Ifugao; and Kayapa, Nueva Viscaya
6.	1	Paoay Lake National Park	Paoay, Ilocos Norte
7.	2	Batanes Protected Landscape & Seascape	Batanes.
8.	10	Initao-Libertad Protected Landscape & Seascape	Initao and Libertad Misamis Oriental

*moved from non-earning group during the survey as these were found to be earning.

APPENDIX C — LIST OF ACRONYMS

ADB — Asian Development Bank
AIPLAS — Apo Island Protected Landscape and Seascape
BLM — Bureau of Land Management
CDF — Countryside Development Fund
CO — Capital Outlay
DENR — Department of Environment and Natural Resources
FWS — Fish and Wildlife Service
HTNP— Hinulugang Taktak Protected Landscape
IPAF— Integrated Protected Areas Fund
IEC— Information, Education and Communication
IPs — Indigenous Peoples
LGUs — Local Government Units
MOOE — Maintenance and Other Operating Expenses
NAPWC — Ninoy Aquino Parks and Wildlife Center
NGOs— Non-Governmental Organizations
NIPAS — National Integrated Protected Areas System
NPS — National Park Service
OSEC— Office of the Secretary, DENR
ORED — Office of the Regional Executive Director, DENR
PA— Protected Area
PAs — Protected Areas
PAMB — Protected Area Management Board
PAO — Protected Area Office
PASu — Protected Area Superintendent
PAWB — Protected Areas and Wildlife Bureau
PAWS — Protected Areas and Wildlife Service
POs — Peoples' Organization
PS — Personnel Service
RED — Regional Executive Director
RTD— Regional Technical Director
SCOs — Special Collection Officers
USFS — US Forest Service
US \$1.0 = PhP 50.00