



## ENVIRONMENTAL INSECURITY

# The cost of misgovernance

► By **JONATHAN D. RONQUILLO** and **RACHEL O. MORALA\***

### Introduction

**I**N the last week of July 2007, the Philippine media carried headlines on the pending water crisis in the country. The lack of rain and the consequent severe drought was wreaking havoc on the country's already problematic agriculture sector. The drying up of dams was causing panic among water consumers.

As if on cue, the very next day after the water crisis landed in the headlines, the Philippine government attributed the problem to global climate change and immediately announced a plan to take mitigating measures to address the crisis. Apart from declaring that all government offices shall begin implementing energy- and water-saving schemes and vowing to disburse millions of funds for mitigating measures, the government also gallantly pronounced that it shall employ emergency powers if necessary to address the severe impact of the crisis, particularly for the poor.

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At around the same period as this disturbing news hit the general public, a new Secretary, with a very sketchy track record on the environment, was appointed to the Department of Environment and Natural Resources. All mining activities were centralized, through an Executive Order,<sup>1</sup> under the Office of the President. The President's son and brother-in-law, both with no established track record on the environment, were appointed Chairperson of the Congressional Committee on Energy and the Congressional Committee on Environment and Natural Resources, respectively.

The unfolding of events more than signals government's understanding and commitment to environment sustainability. Furthermore, it is replete with the existing problematique that defines the sad realities of the Philippine environment. For one, to reduce the pending water crisis as a mere consequence of the global climate change is rather too simplistic and ignores the many environmental issues that hound the country. Second, the attempts at developing mitigating measures demonstrate government's tendency to have knee-jerk reactions to what are in fact long-standing problems; it also points to the lack of a more programmatic approach in dealing with the environment. Lastly, the water crisis occurs as government prepares for its official report on its accomplishment for the Millennium Development Goals, particularly Goal 7: Environment Sustainability—where it is expected to claim marked improvements in all identified indicators for environment sustainability.

The parallel MDG review undertaken by citizens' organizations and social movements could not have come at a more appropriate time. This paper focuses on reviewing the Philippine's performance in achieving MDG 7 using four review parameters: policy, institutions, programs and financing. It asks, given the current status of policy, institutions, programs and financing for environment sustainability, whether the Philippines genuinely meets the targets set out in achieving the seventh Millennium Development Goal.

### **Status and progress in terms of policy on environment sustainability**

The 1992 Earth Summit in Rio gave birth to the Philippine Council for Sustainable Development (PCSD) and the subsequent framework document

for sustainable development in the Philippines, the Philippine Agenda 21 (PA 21). Since PA 21 clearly established the framework for environmental sustainability vis-à-vis economic development, the Philippines had no problem acceding to the MDGs and other international outcome documents. The Philippines is signatory to most if not all international environmental agreements:

1. Montreal Protocol, to phase out the use of Ozone-Depleting Substances.
2. UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol.
3. Stockholm Convention on Persistent Organic Pollutants
4. Basel Convention Hazardous Wastes.
5. Convention on Biological Diversity.
6. Ramsar Convention on Wetlands (Ramsar).
7. Convention on International Trade in Endangered Species of Flora and Fauna (CITES).
8. International Convention for the Prevention of Marine Pollution from Ships (Marpol).
9. Bonn Convention on the Conservation of Migratory Species of Wild Animals (CMS).
10. United Nations Conference on the Law of the Sea (Unclos).
11. Millennium Development Goals

It is also one of the most overlegislated countries, more so when it comes to environmental laws and policies. There are legislations covering the green, brown and blue environments, including:

1. Executive Order No. 318 - "Promoting Sustainable Forest Management in the Philippines".
2. The Ecological Solid Waste Management Act
3. The Clean Air Act of 1999
4. The Clean Water Act of 2004
5. The Fisheries Code of 1998
6. The Wildlife Resources Conservation and Protection Act of 2001
7. National Caves and Cave Resources Management and Protection Act
8. EO 430, creating the National Committee on Bio-safety of the Philippines

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<sup>1</sup> Executive Order 636 transfers the Philippine Mining Development Corporation from the DENR to the Office of the President.well-being.

9. RA 8371, Indigenous Peoples Rights Act of 1997

However, there are also legislations and administrative policies that run contrary to the spirit of landmark environmental laws:

1. The Philippine Mining Act of 1995
2. DENR Administrative Order 96-40, Revised Implementing Rules and Regulations of the Mining Act.
3. Executive Order 270, A National Policy Agenda on Revitalizing Mining in the Philippines (2004)
4. Executive Order 636, Transferring the Philippine Mining Development Corporation from the DENR to the Office of the President.
5. DENR Administrative orders issuing forest tenurial instruments aimed primarily at improving forest production areas, instead of forest protection areas.

Overall, the Philippines has a sound policy environment. Translating this to actual programs and allocating the needed resources for environmental sustainability is another matter.

### **Institutional inconsistency**

While in the process of reviewing our country's progress in meeting the commitment to ensure environmental sustainability by 2015, the GMA government has made significant moves to pursue the exact opposite.

Under the Arroyo administration's six year in office, six environment secretaries were appointed, giving each one an average of just one year in office. These top-level appointments are in fact not driven by a need to find the most appropriate executive official to take the lead in managing the environment; they are more apparently paybacks to key political allies. The changing leadership of the Department has yielded inconsistencies in defining directions and priorities for the department. The entry of Secretaries, each with his or her own team of officials that are often external to the bureaucracy, has also entrapped the Department in a constant period of transitions, reviews and reorganization.

As a case in point, the most recent Cabinet revamp, the sixth, resulted in the appointment of former Manila Mayor Lito Atienza as Department of Environment and

Natural Resources chief, moving then Environment Secretary Angelo Reyes to the Department of Energy. Even before the formal oath taking and actual turnover of posts, several environment groups expressed serious concern with these Malacañang appointments, given their track record or lack of it, in the environment and energy sectors. Mayor Atienza was the major proponent of the "beautification project" of Mehan Garden in the City of Manila. This project paved the way for trees to be cut within the park and even extended to the banks of Pasig River. Peoples organizations and environmental groups had pointed out that the environment was severely compromised under Mayor Atienza's "Buhayin ang Maynila" program. Secretary Reyes is undoubt-



edly unpopular among environment groups, but to appoint a more unpopular man to this post smells of political payback. On the other hand, then Secretary Raphael Lotilla of the Department of Energy has made substantial efforts to pursue renewable energy as a priority of the department.

Along with changing Department secretaries, the GMA administration has revived the mining industry to jumpstart her economic program; she recently signed Executive Order 636, transferring the Philippine Mining Development Corporation from the DENR to the Office of the President. This is a follow-up to E.O 270 detailing the National Policy Agenda on Revitalizing Mining in the Philippines. Clearly, mining, specifically large-scale mining continues to get high priority in GMA's government largely due to the potentially high revenues from investments generated in this industry—revenue that is badly needed to prime the government's economic strategy. While the mining industry indeed has huge economic potentials, issues

related to prudent and responsible management of the country's mineral resources remains uncertain. Besides the government's poor record in promoting responsible mining, the move to set up a mining agency directly under the Office of the President is seen by many as simply a means to hasten the provision of mining and mineral exploration permits, with very minimal consideration for strict compliance with established environment protection regulations.

### Scant resources and misplaced priorities

Last year, Social Watch Philippines, in coordination with different NGOs and opposition Representatives, initiated the development of an "Alterna-

tive Budget". The project aimed to influence how government allocated its budget to critical thematic areas such as education, health, agriculture and the environment.

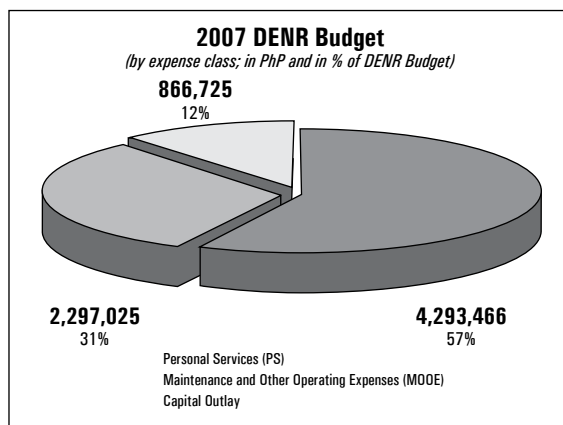
The Philippine Rural Reconstruction Movement (PRRM) along with the La Liga Policy Institute were tasked to study<sup>2</sup> government's budget allocation for the environment and natural resources sector, specifically the DENR's proposed budget for FY 2007. The study showed that environmental sustainability ranks low in the priorities of the GMA government since the budget allocated for the environment from 2005-2007 continued to be less than 1 percent of the total government budget as shown in Table 1.

**Table 1. 2007 Budget by Sector Allocation**

| Sectoral Allocation (in PhP '000)                     | 2005 Actual        | 2006 Adjusted      | 2007 Proposed      |
|---|--------------------|--------------------|--------------------|
| <b>Total Proposed Budget (in PhP M)</b>               | <b>947,554</b>     | <b>1,053,277</b>   | <b>1,126,339</b>   |
| <b>Economic Services</b>                              | <b>173,874,983</b> | <b>196,945,207</b> | <b>223,173,094</b> |
| <b>Sub-Sector: Natural Resource &amp; Environment</b> | <b>7,266,226</b>   | <b>7,570,118</b>   | <b>8,899,400</b>   |
| NRM budget in percent of Total                        | 0.77               | 0.72               | 0.79               |
| <b>Department/Agencies</b>                            | <b>6,304,421</b>   | <b>6,348,366</b>   | <b>7,531,126</b>   |
| <b>DENR</b>   | <b>6,240,072</b>   | <b>6,282,798</b>   | <b>7,457,216</b>   |
| DENR budget as a percent of total                     | 0.66               | 0.60               | 0.66               |
| Office of the Secretary                               | 5,191,945          | 5,146,430          | 5,616,223          |
| Environment Management Bureau                         | 286,547            | 337,646            | 395,321            |
| Mines and Geo-Sciences Bureau                         | 450,253            | 484,060            | 544,329            |
| National Mapping and Resource Info Authority          | 311,327            | 314,662            | 901,343            |
| <b>DOST</b>   | <b>64,349</b>      | <b>65,568</b>      | <b>73,910</b>      |
| Forest Products Research & Devt Institute             | 64,349             | 65,568             | 73,910             |
| <b>Budgetary Support to Government Corporations</b>   | <b>121,135</b>     | -                  | -                  |
| Laguna Lake Development Authority                     | 51,135             | -                  | -                  |
| Natural Resources Devt Corporations                   | 70,000             | -                  | -                  |
| <b>Other Special Purpose Funds</b>                    | <b>840,670</b>     | <b>1,221,752</b>   | <b>1,368,274</b>   |
| Agrarian Reform Fund (DENR)                           | -                  | 355,742            | 570,790            |
| AFMA  | na                 | na                 | 30,000             |
| Miscellaneous Personnel Benefits Fund                 | -                  | 166,707            | 224,264            |
| Allocation to LGUs - Pasig River Rehab Commission     | 840,670            | 450,403            | 543,220            |
| Compensation Adjustment Fund                          | -                  | 248,900            | -                  |

<sup>2</sup> "Finding the Cost of Environmental Sustainability". PRRM Community and Habitat. Monograph Series, April 2007.

The study also showed that for 2007, the DENR will be content with continuing its previous programs without changing its priorities, since almost 90 percent of its budget is allocated for Personnel Services (PS) and Maintenance and Other Operating Expenses (MOOE), and only 12 percent is for Capital Outlay (CO) for new programs or expansion projects, infrastructure development and new equipments. (Chart 1)



It also revealed that the government did not make any clear budget allocation for critical environmental policies such as the National Land Use Act, Clean Water Act, Clean Air Act, Solid Wastes Management Act as well as for biodiversity conservation programs. The DENR again expects these programs to be funded by foreign-assisted projects (FAPs), as has been the case in the past three years.

The budget review further showed the real priorities of government in terms of key environmental issues in mining and forestry. With its scant resources, the government is actually allocating funds directed at further exploiting the environment for its economic gain, instead of using these funds to achieve environmental sustainability.

The DENR's budget showed a clear push for a more intensive implementation of mining projects, even with unresolved issues on large-scale mining disasters and widespread opposition to irresponsible mining.

Community-Based Forest Management (CBFM), the mandated national strategy for the sustainable development of forest lands aimed primarily to ensure forest protection areas, received the lowest budget allocation. Instead, projects intended to support forest production areas were given a bigger share in the budget.

## Raising questions on official indicators for MDG compliance

Official government indicators to check how we are faring in our commitment to MDG Goal 7 tend to show that the condition of the environment is improving with the exception of the data on the proportion of households with access to secure housing tenure. All other indicators showed improvements, albeit in trickles. An in-depth deliberation of these indicators, however, casts serious doubt on the assertion of improving environmental conditions.

## On forestry

Data on proportion of land area covered by forest shows that forest lands are actually growing. The National Forest Assessment done in 2003 helped in updating and actually determining the remaining Philippine forest cover. But as PRRM Senior Vice President Isagani Serrano aptly puts it, the good news ends there. The data fail to show the steady decline of the quality of forest areas, as shown by Conservation International's report on the degradation of Philippine flora and fauna. The country has also been identified by the International Union for Conservation of Nature (IUCN) as a biodiversity "hotspot"—or one where biodiversity is extremely threatened by deforestation, conversion, fragmentation of natural habitats, unregulated trade, and overall low environmental quality.

Deforestation is particularly severe in the Luzon and Visayas islands, and is currently acute in Mindanao. Palawan has the highest remaining proportion of forest cover among the major islands. Principal causes of deforestation in the Philippines include illegal logging, shifting cultivation and forest fires, as well as conversion to agricultural lands and human settlements.

From 1989 to 1995, the average annual rate of deforestation was about 130,000 hectares. The remaining primary forest is estimated at 800,000 hectares. Since 1992, all primary forests have been declared part of the National Integrated Protected Areas System for biodiversity conservation and environmental protection.

According to the Environmental Management Bureau (EMB) of the Department of Environment and Natural Resources (DENR), "reforestation projects have a very low success rate." There has been no consistency in the number of hectares reforested annually. Government-led reforestation projects are imposed on local communities without an adequate planning,

monitoring and implementation framework.

A closer look at forest statistics also reveals government's clear bias for areas intended for forest production areas instead of forest protection areas. While the number of Timber License Agreements for commercial logging has significantly gone down, forest tenurial instruments such as SIFMA and IFMA, intended for forest production, are increasing.

Even the 2007 DENR budget tends toward commercial use of forest and not protection of remaining forest lands. CBFM gets the lowest fund allocation for Forest Management even if it covers the largest forest areas; while SIFMA and IFMA get the higher allocation even with the small coverage.

Data on illegal logging have remained inaccurate as they are only based on the number of apprehensions and volume of logs apprehended or confiscated. A more accurate database is yet to be done by DENR.

The forest assessment in 2003 was aimed not only at updating data on forest cover, but more important, it was supposed to provide baseline data to once and for all delineate forest lands and determine their corresponding use and management.

While official indicators point to a growing forest cover, recent disasters involving landslides, mudslides

and flash floods are proof of the continued loss of the forest cover and degraded state of forest areas.

### On biodiversity

Again, the area of coverage for biodiversity protection has seen some improvement from 4.5 percent of total land area in 1990 to 6.0 percent in 2005. However, biodiversity in the Philippines has continued to decline and the trend is still far from being arrested, much less reversed.

The Philippines is among the world's 17 "mega-diversity" countries and is included in the list of biodiversity "hotspots" or threatened areas with very high levels of biodiversity. The country is divided into 15 biogeographic zones, with 18 sites identified as centers of plant diversity and six major island centers of animal diversity.

Conservation International has reported the critical state of Philippine Biodiversity and identified "Biodiversity Hotspots" across ecosystems. Widespread destruction and conversion of natural habitats, overexploitation and pollution have led to rapid biodiversity loss. The Philippines has also been identified by the International Union for Conservation of Nature and Natural Resources as one of the most endangered of the world's biodiversity hotspots.

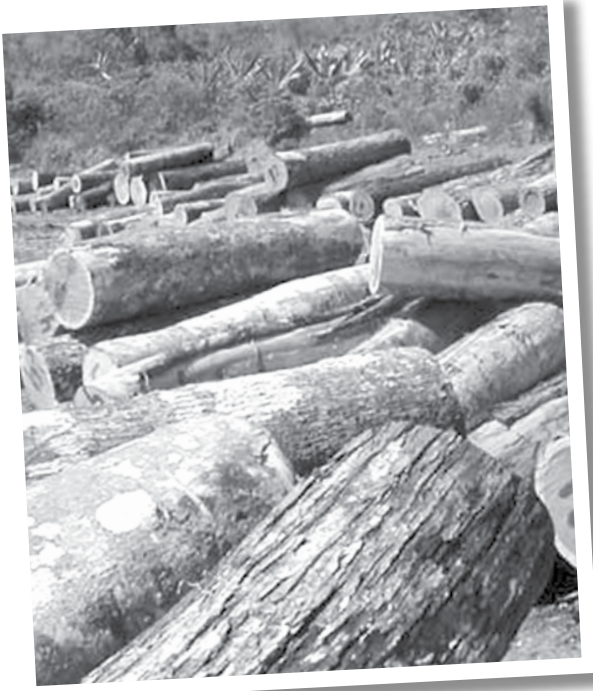
Data from EMB show that from 1990 to 1998, the number of endangered species increased from 212 to 284. In addition, results of a recent biodiversity assessment show that existing infrastructure (roads, power and energy, ports and harbors, and growth areas) seriously threaten an estimated total area of 1.6 million hectares of biodiversity-rich ecosystems.

The 2005 WB Environment Monitor detailed the declining state of the marine ecosystem and also identified marine biodiversity hotspots in the Philippines.

### On ozone-depleting substances and CFCs

Official indicators show a steady decline in the consumption of chlorofluorocarbons or CFCs since year 2000. Because of sustained initiatives from the government, private sector and environment groups, consumption of CFCs from the service sector, which accounts for 75 percent of total, has decreased.

While the government has adopted measures that adhere to the Montreal protocol, other areas of the



CFC chain must also be addressed, such as the wanton illegal venting of recovered A/C refrigerants because of the absence of monitoring mechanisms and appropriate technology for recovered CFC disposal.

### On sustainable access to safe drinking water

While the proportion of households with access to safe water supply minimally increased from 80 percent in 2000 to 80.2 percent in 2004, the improvement of coverage of safe drinking water may be a function of the privatization of water systems, and not necessarily through government intervention.

There are also many “grey areas” when it comes to management and regulation of water resources. There are different government agencies and regulatory bodies for different water service providers. For example, the National Water Resources Board (NWRB) monitors quality provided by private water companies like Manila Water and Maynilad, but it does not monitor water refilling stations and bottled water providers, since the Bureau of Food and Drugs (BFAD) is the agency tasked to monitor these. It is also unclear what government agency regulates and monitors private water supply providers that deliver water using trucks to areas not serviced by water companies.

Even with the privatization of water resources, safe water supply remains a basic problem in far-flung areas. In 2003, the Department of Interior and Local Government (DILG) identified 189 “waterless municipalities”—or where 50 percent of the population have no access to safe water supply.

Recent outbreaks of dysentery and other diseases have been attributed to contaminated water. The official indicators tend to only look at the issue of access to safe drinking water, failing to show the state of water resources. They also fail to show the real score on water resources management in the country.

### On improving access to secure tenure of slum dwellers

The demolition of urban poor communities continue. The most current is the ongoing operation in the North Triangle area in Quezon City that is even backed by an Executive Order (EO 260) forming the Triangle Development Commission for the Central Business District Plan of Quezon City. This project will displace 16,000 families from the North Triangle, East Triangle and the Veterans area.



Ironically, this is happening in the heart of Quezon City, an MDG Resource City expected to implement programs and policy reforms to achieve the eradication of poverty and inequality in the city.

Clearly, the government’s priority is biased for maximizing strategic urban lands for economic gains even at the risk of displacing families and communities.

The indicators for measuring environmental sustainability must go beyond a mere numbers game. It should capture the realities plaguing the environment in order for decision-makers to make informed decisions.

### Conclusions and challenges

“Environmental Insecurity: The Cost of Mis-Governance” set out to investigate the current status of policy, institutions, programs and public financing for environment sustainability. In the context of a deeper understanding of the current situation of these four

parameters, reviewing the country's accomplishment in achieving targets within MDG 7 leads to an all-too-familiar but still sad conclusion.

A comprehensive framework and supporting policies conducive to environmental sustainability exist in the country today. If we can only genuinely pursue these policy directions, and provide an on-the-ground concrete translation of these policies, perhaps we can achieve more than what MDG 7 has targeted.

These things are sorely lacking: a consistent implementation of the environmental sustainability framework, and policies that translate into systematic and concrete programs and projects with clear and additional funding allocation. Consequently, it becomes

counterintuitive when government claims to be on its way to achieving the targets within MDG 7.

It becomes a real quandary how we can achieve these targets even when government has not (a) adopted in its policy language the MDG; (b) defined specific programmatic mechanisms, programs and projects aimed at achieving the MDG 7 targets; (c) allocated fresh resources available for actual capital investments even on existing programs that can somehow contribute in achieving MDG 7.

The challenge we face seems simple enough. We must make good on our word. But unfortunately as it is turning out (or as Filipino clichés go), words are now not enough, and we need to put our money where our mouth is. ■