



USAID
FROM THE AMERICAN PEOPLE



CHICKEN, SUGAR, RICE – A BALANCED DIET FOR WATERSHED PROTECTION?

A SMALL CITY TAKES ON THE BIG CHALLENGE OF CONSERVATION FINANCING

Negros, the 4th largest island in the Philippines, is best known for sugar and grilled chicken. However, the charcoal that fuels restaurant owners' income challenges the source of livelihood for rice and sugar farmers. What is the link between a tasty grilled chicken and a cup of rice? Well, the demand for charcoal puts pressure on the island's remaining natural forest that protects the watersheds. The forests in the uplands are a common source of wood used for charcoal production. As the forest diminishes, the steady stream of water that irrigates rice fields in the lowlands slowly turns to a trickle. "Without water, we cannot produce rice. But without a healthy watershed, we cannot produce water," said Andre Untal, Negros Occidental's Provincial Environment and Natural Resource Officer of the Department of Environment and Natural Resources (DENR).

Aware of the problem, and committed to work for its more than 170,000 mainly agriculture-dependent constituents, the Bago City government passed an ordinance in January 2016, later affirmed by the Provincial Legislative Council, to collect an Environmental Protection Fee (EPF) from all of the city's water users. Its proceeds will fund forest protection work in the uplands to ensure a sustained flow of water. "With this initiative we have not only assured sustainable environmental governance financing, but also highlighted the value and importance of the ecosystem services of our forests and the role of the different stakeholders to ensure its sustainable management," says Bago City Mayor Nicholas Yulo.

PROTECTING FORESTS AND BIODIVERSITY IS A SHARED RESPONSIBILITY

With a land area of 400 square kilometers, Bago City covers four coastal and two upland barangays. Close to 4,000 hectares of natural forest in the protected areas of Mt. Kanla-on Natural Park and the Bago River Watershed are within the city's jurisdiction. It is those forests that ensure the steady supply of water to 19,000 hectares of irrigated farmland, the 34,000 households that require water for domestic use, as well as various businesses. Due to their proximity, upland communities often take on the responsibility to protect the forest. The Environmental Protection Fee is a way to share the financial responsibility for that protection work among all direct water users. "Consumers need to contribute to a fund to protect the watershed," Mayor Yulo reflects. Acknowledging this interdependency, Bago City took the bold step to pass the EPF ordinance. Through public hearings and stakeholder meetings, the city government ensured transparency and inclusiveness in the development of the ordinance. "We in Bago City believe that a well-informed populace is a supportive constituency," says Vicente Mesias, Bago City's Environment and Natural Resource Officer.

THE ENVIRONMENTAL PROTECTION FEE – FEASIBLE AND FAIR

To ensure support for the ordinance, it had to be feasible and fair. In Bago's case, every water consumer is charged based on a defined consumer category. Businesses pay 2 percent of their business tax upon establishing or renewing their business permit. Rice producers pay a fee of 75 pesos per hectare per year, while sugar producers are charged 1 peso per 50-kilogram bag, equivalent to 75 pesos per hectare per year. Individual households connected to a water meter pay 50 centavos per cubic meter of water consumed, while households without a meter are charged 5 pesos per month. One of the biggest challenges so far is the collection process. While business permit renewal is done at the City's Treasurer's Office, collecting from farmers and individual households requires the City of Bago to link up with strategic partners such as irrigation and farmers' associations, cooperatives, and barangay councils. "Bago City is the first LGU to implement the Environmental Protection Fee Ordinance so I am very proud that our irrigation association is involved in this undertaking," says Rosemary Caunca, a retired government employee turned rice farmer. At 80 years of age, Mrs. Caunca is the President of the Irrigation Association in Bago, one of the collecting agents the city partnered with. For their collection efforts, each organization (except for the Treasurer's Office) is entitled to a 10 percent share of the collected fee to cover administrative costs. The funds are aggregated at the Treasurers' Office where accounting and reporting of the projected PhP 3 to 4 million per year follows government rules and regulations.

FUNDS FOR PROTECTION

The money collected from water users will be reinvested into forest conservation interventions that are outlined in the city's Forest Conservation Area Plan. This plan provides an analysis of the current state of the forest, describes desired future forest conditions, defines measurable conservation targets, and spells out the conservation strategies that will be implemented to achieve the targets. Bago's conservation area plan focuses on two broad interventions to address forest loss and degradation: technical interventions for forest protection and socio-economic interventions to address the causes of forest destruction. To protect the natural forest, a joint team of Department of Environment and Natural Resources (DENR) rangers and community volunteers, regularly patrol the protected area. "I joined the Kanla-on Green Brigade to help protect the forests so that natural disasters of today will no longer trouble my children tomorrow," says Ronnie Millas, team leader of the Kanla-on Green Brigade. The support from the local community is important not only to increase man-power for protection, but also to identify appropriate

responses to observed threats. Beyond protection, the city focuses to develop and implement alternative livelihoods outside the protected area to counter the drivers of deforestation, most predominantly charcoal making and agricultural land use. This is in line with the city's target to eliminate 80 percent of observed threats to the natural forest and to reduce forest degradation by 50 percent within the next five years.

PAYMENT FOR ECOSYSTEM SERVICES – INCENTIVIZING ENVIRONMENTAL PROTECTION

An ongoing initiative to address illegal wood gathering within the Mt. Kanla-on Protected Area is a 90-hectare woodlot, which was established on small-scale farmers' private land adjacent to the boundaries of the protected area. Considered a threat-prevention strategy, Bago City provides financial incentives to farmers to plant fast growing trees for fuelwood in this buffer zone. "I oversee the implementation of fuelwood production in the 15 hectares of land here in Barangay Mailum, Bago City," says Rodel Cadigal, General Manager of Friends of the Highlands, a 62-member strong association of Agrarian Reform Program beneficiaries. Mr. Cadigal and the other members receive PhP 20,000 per hectare per year from Bago City to plant fuelwood on their respective lots of land. This concept to pay for forest protection is known as Payment for Ecosystem Services, or PES. Currently, the expenses for sustainable fuelwood production are covered by Bago City's government budget. In the future it is envisioned that more efforts in the uplands to reduce pressures on the natural forest, can be funded from the proceeds of the Environmental Protection Fee fund.

The Bago City conservation financing model is still in its early stage of implementation. However, the city government and all involved stakeholders are eager to move forward. And with plans to establish a more efficient "green charcoal" production in the future, the next grilled chicken in Negros might even contribute to forest protection.

The Bago City government receives technical support through the Biodiversity and Watersheds Improved for Stronger Economy and Ecosystem Resilience (B+WISER) Program, jointly developed and implemented by the United States Agency for International Development (USAID) and the Philippines' Department for Environment and Natural Resources (DENR).