Philippines (Mt. Kanla-on Natural Park)

Kanla-on Spring Water Plant Payment for Environmental Services (PES) contributions

SUMMARY

The Kanla-on Spring Water Plant supports the farmers within the Mt. Kanla-on Natural Park in implementing sustainable agroforestry activities in order to protect the quality of its bottled water.

MATURITY OF THE INITIATIVE

Ongoing since 1997 and active as of 2008.

DRIVER

The source of the water used by the Kanla-on Spring Water Plant (KSWP) can be traced to the innermost strict protection zone of the park. The company's business therefore depends on the maintenance of the watershed function of the forest. The forest is continually degraded by migrants and indigenous people who are economically and culturally dependent on the forest.

STAKEHOLDERS

Supply

Landowners within the natural park, in the infiltration area of the spring/groundwater reservoir that the company is exploiting. Mt Kanla-on was declared a protected area in 1997and it serves as a headwater catchment for three major river systems.

Demand

The Kanla-on Spring Water Plant (KSWP), owned by La Tondena Distillers Inc., is located eight kilometres away from the park, but the source of the spring water it uses is located within the park.

Intermediary

La Tondena Foundation carried out the project in collaboration with the Philippine Business for Social Progress (an NGO).

Facilitator

Major funds for parallel livelihood projects, park protection and conservation activities came from Global Environment Facility-World Bank (GEF-WB). Other bodies involved include the Department of Environment and Natural Resources (DENR) and National Integrated Protected Areas Systems (NIPAS).

MARKET DESIGN

Service

Water quality protection.

Commodity

Improved Management Practices, through sustainable agroforestry aimed at stabilization of riverbanks and soil conservation measures .

Rehabilitation of existing ecosystems for protection, also through reforestation.

Payment Mechanism

Unclear. Intermediary-managed. Funds are used alongside parallel funds from GEF-WB in the area.

Terms of Payment

In-kind payments: i) *tree saplings*- the buyer has also established two nurseries and 100,000 fruit trees were planted along with some forest trees. ii) *technical training:* 51 local farmers receive technical assistance to adopt sustainable agroforestry practices such as Sloping Agricultural Land Technology (SALT) (e.g. multi-storey planting, rock walling and use of organic fertilizers) (Rosales and de los Angeles, 2001, cited in Arocena-Francisco, 2003). iii) other social development forms of compensation include ground boxes, an access road, school buildings, medical clinics, food programmes and cash donations.

Funds Involved

In 1997, about twenty-eight upland farmers were involved in the process of reforestation and rehabilitation of the land, with a budget of P200,000 (approx. US$3,700 at current rates).

ANALYSIS OF COSTS AND BENEFITS

Economic

Short-term income benefits from labour.

Environmental

20 hectares were reforested and 80 hectares of forestland were rehabilitated.

According to the requirements of the Environmental Compliance Certificate issued by the Department of Environment and Natural Resources, the Spring Water Company was also required to undertake additional environmental protection activities (Arocena-Francisco, H., 2003).

Social

In addition to forest rehabilitation activities the company also invests in social development projects:
- provides the host community with spring boxes (ground water collection devices) benefiting 50 households
- one to two kilometres access road
- a two-room school building
- free medical clinics
- nourishment programs
- cash donations
- it has assisted the organization of the Ilijan Development Organization (IUDO)— a community group of 98 farm families contracted to do reforestation and provided with livelihood enhancement programmes (Arocena-Francisco, H. 2003).

LEGISLATION ISSUES

Legal basis for collection of fees for environmental services is defined in the National Integrated Protected Area System Act (*NIPAS*, RA 7586) which creates the Integrated Protected Area Fund (IPAF) where funds for resource protection and management can be channelled.

MONITORING

No information available.

MAIN CONSTRAINTS

Benefits to livelihood projects took a long time because of the long process of community preparatory work, unclear guidelines on the use of the livelihood fund, and a lengthy learning process on the approval procedures (Arocena-Francisco, H. 2003).

MAIN POLICY LESSONS

No information available.

OTHER INFORMATION

No information available.

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Arocena-Francisco, H. 2003. Environmental Service "Payments": Experiences, Constraints and Potential in The Philippines. Bogor, Indonesia, ICRAF- World Agroforestry Centre.

Rosales and de los Angeles (2001). Estimating Watershed Protection Service Fees for Extraction of Spring Water from Mt. Kanla-on Natural Park (MKNP). Final report submitted to the NGOs for Integrated Protected Areas (NIPA). NIPA Inc/REECS.

http://www.worldagroforestry.org/sea/networks/rupes/download/paper/Hermi_RUPES.pdf

LINKS

No information available.